

## C0. Introduction

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## C0.1

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

McDonald's Corporation, together with its subsidiaries worldwide (the "Company") operates and franchises McDonald's restaurants in the global restaurant industry. These restaurants serve a locally-relevant menu at various price points in more than 100 countries around the world, with more than 37,000 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 optimal ownership structure for an individual restaurant, trading area or market (country) is based on a variety of factors, including the availability of individuals with the entrepreneurial experience and financial resources, as well as the local legal and regulatory environment in critical areas such as property ownership and franchising.

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

The Company is primarily a franchisor and believes franchising is paramount to delivering great-tasting food, locally-relevant customer experiences and driving profitability. Franchising enables an individual to own a restaurant business and maintain control over staffing, purchasing, marketing and pricing decisions, while also benefiting from the financial strength and global experience of the Company. However, directly operating restaurants is important to being a credible franchisor and provides Company personnel with restaurant operations experience. In Company-operated restaurants, and in collaboration with Franchisees, the Company further develops and refines operating standards, marketing concepts and product and pricing strategies, 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 endeavors to improve its social responsibility and environmental practices to achieve long-term sustainability, which benefits McDonald's and the communities that the Company and its Franchisees serve.

The data required for the raw material metrics outlined in this Information Request is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (IMPACT). Results of the raw material survey are reviewed by sourcing or category leads and compared against transactional or similar data sets. Where large differences exist, the data is reviewed to better understand the inconsistencies. Where comparable data sets do not exist, sourcing or category leads work with suppliers to understand information reported and ensure plausibility.

Additional detail about the Company structure and definitions used herein but not defined can be found on pgs. 1-3 of McDonald's Corporation's 2017 Annual Report, pg. 14 of McDonald's Corporation's Form 10-Q for the quarter ending March 31, 2018 and 2014 Good Business Report.

## C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

## C0.3

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

Australia  
Brazil  
Canada  
China  
France  
Germany  
Japan  
United Kingdom of Great Britain and Northern Ireland  
United States of America  
Other, please specify (Data extrapolated for other >100 markets)

## C0.4

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

USD

## C0.5

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

Financial control

## C1. Governance

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### C1.1

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

Yes

## C1.1a

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### (C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	Our Board of Directors' Sustainability and Corporate Responsibility Committee reviews and monitors the Company's strategies and efforts to address Brand trust through its performance as a sustainable organization, including environmental and social issues. See attached committee charter and pg. 32 of 2018 Proxy Statement.
Chief Sustainability Officer (CSO)	The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing actions relating to climate change, and serves as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably and develop and operate the most environmentally efficient McDonald's restaurants. The Chief Supply Chain and Sustainability Officer serves together with the Chief Communications Officer, Chief People Officer and Chief Marketing Officer as the Company's Brand Trust Leadership Team, which ensures the organization fulfils its overall Global Sustainability Framework performance, which includes goals and actions relating to climate-related issues.
Other C-Suite Officer	The Company's Chief Supply Chain and Sustainability Officer is responsible for overseeing actions relating to climate change, and serves as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably and develop and operate the most environmentally efficient McDonald's restaurants. The Chief Supply Chain and Sustainability Officer serves together with the Chief Communications Officer, Chief People Officer and Chief Marketing Officer as the Company's Brand Trust Leadership Team, which ensures the organization fulfils its overall Global Sustainability Framework performance, which includes goals and actions relating to climate-related issues.

## C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The principal oversight responsibilities of the Sustainability & Corporate Responsibility Committee, a standing committee of our Board of Directors, include: (1) the review and monitoring of the Company's strategies and efforts to address McDonald's short- and long-term brand trust opportunities and brand leadership priorities that are significant to the Company, its customers, franchisees, developmental licensees and other stakeholders; including food, sourcing, the environment, community engagement, philanthropy, and diversity and inclusion; (2) the review and monitoring of the development and implementation of the goals the Company may establish from time to time for its performance with respect to its sustainability framework and initiatives, the review and monitoring of the development of metrics and procedures to gauge progress toward achievement of those goals, and the monitoring of the Company's progress against those goals; (3) the review of the Company's global sustainability communication plans and the global reports issued from time to time in connection with the sustainability initiatives as outlined in the Committee's charter. The Committee also assists the Board of Directors in fulfilling its enterprise risk oversight responsibility by periodically assessing and responding, as appropriate, to risks relating to matters within its purview. See attached committee charter and pg. 32 of 2018 Proxy Statement.

**C1.2**

**(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.**

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

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.**

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 fulfills its overall Global Sustainability Framework performance.

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

### C1.3

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

Yes

### C1.3a

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**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.**

**Who is entitled to benefit from these incentives?**

Board/Executive board

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Other, please specify (Global Sust. Framework aspirations)

**Comment**

Recognition and support for global sustainability vision and goals, now framed as our Scale for Good platform, which includes global 'Climate Action' priority and goals to reduce greenhouse gas emissions. - See pages 3 – 4 and 36- 37 of 2018 proxy statement. Chairman Enrique Hernandez, Jr. writes on page 4: "The Board has long supported and provided input into and oversight of the Company's efforts around sustainability and corporate responsibility. More recently, as the reorganization and turnaround took root, the Company looked to revitalize McDonald's sustainability vision and to embed it into the markets' business plans...the Scale for Good framework establishes the Company's commitment to global priorities - beef sustainability, packaging and recycling, commitment to families, investment in people and climate action, which are aligned with our strategy and designed to drive meaningful, industry-wide change in areas where McDonald's global scale and reach can fuel collaboration and action. The Board, Sustainability & Corporate Responsibility Committee and Public Policy & Strategy Committee monitor and provide input on these initiatives and work to raise the bar on what it means to be a responsible organization committed to people and the planet... During the Board's trip to the UK in 2017, we visited a long-time strategic advisor to McDonald's at its headquarters - a working farm. We saw firsthand sustainable sourcing innovations for beef and learned from expert farmers and scientists how these solutions can and will address industry-wide climate change challenges and animal welfare issues, among other benefits." Available here: <https://corporate.mcdonalds.com/content/dam/gwscorp/investor-relations-content/annual-shareholders-meeting/McDonald%27s%20Corporation%202018%20Notice%20of%20Annual%20Shareholders%27%20Meeting%20and%20Proxy%20Statement.pdf> - More information on the Scale for Good platform: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/using-our-scale-for-good.html>.

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**Who is entitled to benefit from these incentives?**

Chief Executive Officer (CEO)

### Types of incentives

Recognition (non-monetary)

### Activity incentivized

Other, please specify (Global Sust. Framework aspirations)

### Comment

Recognition and support for global sustainability vision and goals, now framed as our Scale for Good platform, which includes global 'Climate Action' priority and goals to reduce greenhouse gas emissions. See pages 3 – 4 and 36- 37 of 2018 proxy statement. Chairman Enrique Hernandez, Jr. writes on page 4: "The Board has long supported and provided input into and oversight of the Company's efforts around sustainability and corporate responsibility...The Scale for Good framework establishes the Company's commitment to... climate action... aligned with our strategy and designed to drive meaningful, industry-wide change in areas where McDonald's global scale and reach can fuel collaboration and action. The Board...provide input on these initiatives and work to raise the bar on what it means to be a responsible organization... During the Board's trip to the UK in 2017, we visited a...working farm. We saw firsthand sustainable sourcing innovations for beef and learned from expert farmers and scientists how these solutions can and will address industry-wide climate change challenges and animal welfare issues, among other benefits." Available: <https://corporate.mcdonalds.com/content/dam/gwscorp/investor-relations-content/annual-shareholders-meeting/McDonald%27s%20Corporation%202018%20Notice%20of%20Annual%20Shareholders%27%20Meeting%20and%20Proxy%20Statement.pdf> Scale for Good platform information: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/using-our-scale-for-good.html> "We are proud to build on our strong commitment to the communities where we operate. With these bold actions, McDonald's is embracing our leadership responsibility and demonstrating the incredible opportunities we can create for our customers, our people and our stakeholders when we harness our Scale for Good around the world." - Steve Easterbrook, President and CEO Climate Action goals information: <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/climate-action.html> "To create a better future for our planet, we must all get involved. McDonald's is doing its part by setting this ambitious goal to reduce greenhouse gas emissions to address the challenge of global climate change. To meet this goal, we will source our food responsibly, promote renewable energy and use it efficiently, and reduce waste and increase recycling." - Steve Easterbrook, President and CEO

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### Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

### Types of incentives

Recognition (non-monetary)

### Activity incentivized

Other, please specify (Sustainability/climate goals)

### Comment

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

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### Who is entitled to benefit from these incentives?

Chief Procurement Officer (CPO)

### Types of incentives

Recognition (non-monetary)

### Activity incentivized

Other, please specify (Sustainability/climate goals)

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**Comment**

McDonald's Chief Supply Chain (Procurement) Officer and Chief Sustainability Officer are the same leader, in a combined role of Chief Supply Chain and Sustainability Officer, held by Ms. Francesca DeBiase. Our global sustainability and climate action goals cover McDonald's supply chain, and as the leader and executive sponsor of this strategy and function, this requires a significant amount of supply chain engagement on sustainability matters. There is a "Scale for Good" (sustainability) category in McDonald's global supplier awards program, which Ms. DeBiase oversees. "We're aware that we live in a world of rapid change, with continued opportunities to embed sustainability across our business. Our values of responsible leadership are even more relevant to our customers and stakeholders today, influencing our business plans more directly than ever before." Francesca DeBiase, Chief Supply Chain and Sustainability Officer Ms. DeBiase is the Executive Sponsor of the Climate Action strategy and goals, and also leads the Scale for Good leadership team, for which information can be found on the Governance page of the Scale for Good website (link below): "The Scale for Good leadership team was formed in 2016, bringing together cross-functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership. These leaders and their teams worked together to develop and guide our new Scale for Good platform and goals. The team is chaired by Francesca DeBiase, Chief Supply Chain and Sustainability Officer. She leads the team along with Robert Gibbs, Chief Communications Officer; Silvia Lagnado, Global Chief Marketing Officer; David Fairhurst, Chief People Officer; and Jerry Krulewicz, General Counsel. Each member of the team looks after a specific area of our Scale for Good work. Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that we share the progress we're making through our brand communications globally and across the local markets. They meet multiple times a year to discuss strategy and progress. The leadership team is supported by a strong CEO voice, placing accountability at the very top of our organization." <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.htm>

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**Who is entitled to benefit from these incentives?**

Other C-Suite Officer

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Other, please specify (Sustainability/climate goals)

**Comment**

Additional C-Suite Officers oversee the Company's sustainability and climate goals: Information can be found on the Scale for Good Governance page of the website (link below): "The Scale for Good leadership team was formed in 2016, bringing together cross-functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership. These leaders and their teams worked together to develop and guide our new Scale for Good platform and goals. The team is chaired by Francesca DeBiase, Chief Supply Chain and Sustainability Officer. She leads the team along with Robert Gibbs, Chief Communications Officer; Silvia Lagnado, Global Chief Marketing Officer; David Fairhurst, Chief People Officer; and Jerry Krulewicz, General Counsel. Each member of the team looks after a specific area of our Scale for Good work. Together, they ensure that we establish plans and monitor progress to achieve our goals and commitments, and that we share the progress we're making through our brand communications globally and across the local markets. They meet multiple times a year to discuss strategy and progress. The leadership team is supported by a strong CEO voice, placing accountability at the very top of our organization." <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/esg-reporting/governance.htm>

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**Who is entitled to benefit from these incentives?**

Environment/Sustainability manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Other, please specify (Global Sust. Framework aspirations)

**Comment**

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

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**Who is entitled to benefit from these incentives?**

Buyers/purchasers



### Types of incentives

Monetary reward

### Activity incentivized

Environmental criteria included in purchases

### Comment

McDonald's sustainable sourcing and climate action goals map out specific environmental priorities for key commodities and supplier engagement in our supply chain. Where these purchasing managers and their employees' annual Individual Performance Plans set out objectives related to sustainable sourcing and climate action strategy, targets and issues, salary increases and bonuses are directly related to the attainment of those objectives (along with other factors). Examples of such Individual Performance Plan objectives might include establishing new supplier engagement programs related to beef sustainability (e.g. Flagship Farmers - <https://corporate.mcdonalds.com/content/corpmcd/scale-for-good/our-people-and-communities/farmer-livelihoods.html>), supplier engagement programs to advance progress on McDonald's Climate Action goals to reduce greenhouse gas emissions across McDonald's supply chain, coordination of supplier recognition and awards for sustainability/Scale for Good, and/or behavior changes.

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### Who is entitled to benefit from these incentives?

Corporate executive team

### Types of incentives

Recognition (non-monetary)

### Activity incentivized

Other, please specify (Global Sust. Framework aspirations)

### Comment

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

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### Who is entitled to benefit from these incentives?

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

### Types of incentives

Recognition (non-monetary)

### Activity incentivized

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

### Comment

McDonald's Worldwide Convention: 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-related issues. The formal evaluation, which takes place every 1 to 3 years, is complemented by regular reviews that provide feedback. This process provides dedicated opportunities for discussion and opportunities for recognition of supplier sustainability performance.

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## C2. Risks and opportunities

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### C2.1

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

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

**C2.2**

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

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

**C2.2a**

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

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

**C2.2b**

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

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

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

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

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

**C2.2c**

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

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

**C2.2d**

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

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

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

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

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

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

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

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

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

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

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

## C2.3

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

Yes

## C2.3a

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

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

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

**Type of financial impact driver**

Other, please specify (See comment box)

*Policy and legal: Increased costs and/or reduced demand for products and services*

**Company- specific description**

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

**Time horizon**

Unknown

**Likelihood**

Unknown

**Magnitude of impact**

Unknown

**Potential financial impact**

0

**Explanation of financial impact**

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

**Management method**

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

**Cost of management**

0

**Comment**

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

---

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Supply chain

**Risk type**

Transition risk

**Primary climate-related risk driver**

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

**Type of financial impact driver**

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

**Company- specific description**

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

**Time horizon**

Unknown

**Likelihood**

Unknown

**Magnitude of impact**

Unknown

**Potential financial impact**

0

**Explanation of financial impact**

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

**Management method**

Through collaboration and partnership with our suppliers and producers, the Company commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. In 2015, the Company developed a comprehensive deforestation-free commitment, our Commitment on Forests. The Commitment clarifies & expands on the Company's goals to sustainably source beef, fiber, coffee, palm oil & poultry (inclusive of feed) & recognizes the role of reducing deforestation for climate change mitigation. More information can be found here:

<http://corporate.mcdonalds.com/mcd/sustainability/sourcing.html>. Additionally, the Company 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. In the U.S., the Company tracks cost-saving actions among supplier companies & categorizes which are sustainability-related actions.

**Cost of management**

0

**Comment**

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

**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Supply chain

**Risk type**

Transition risk

**Primary climate-related risk driver**

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

**Type of financial impact driver**

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

**Company- specific description**

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

**Time horizon**

Unknown

**Likelihood**

Unknown

**Magnitude of impact**

Unknown

**Potential financial impact**

0

**Explanation of financial impact**

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

**Management method**

In the case of packaging, HAVI monitors and tracks these requirements to identify occurrences to enable compliance, as well as to

identify important trends, which are considered during strategic planning.

#### Cost of management

0

#### Comment

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

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#### Identifier

Risk 4

#### Where in the value chain does the risk driver occur?

Supply chain

#### Risk type

Physical risk

#### Primary climate-related risk driver

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

#### Type of financial impact driver

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

#### Company- specific description

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

#### Time horizon

Unknown

#### Likelihood

Unknown

#### Magnitude of impact

Unknown

#### Potential financial impact

0

#### Explanation of financial impact

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

#### Management method

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

#### Cost of management

0

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**Comment**

The cost of risk management is built into global supply chain and operations, but is unknown at this time. We support sustainable production of raw materials and on-the-ground projects. Examples include: BEEF: The Company is a founding member of the U.S. Roundtable for Sustainable Beef and has been working with the industry to establish a set of metrics that will improve beef sustainability throughout the supply chain. The Company and our Franchisees have committed \$4.5 Million over 3 years to support research including exploring Adaptive Multi-Paddock (AMP) grazing to remove carbon from the atmosphere and store in the soil. COFFEE: The Company and its Franchisees invested over \$6 million over 4.5 years in farmer technical assistance in Guatemala. Since launching the technical assistance program in 2012, participating farmers reported harvesting 48%\* bigger yields in production of green coffee than their neighbors. \*Initial results for participating farmers through 2015-16 harvest.

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**Identifier**

Risk 5

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

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

**Type of financial impact driver**

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

**Company- specific description**

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

**Time horizon**

Unknown

**Likelihood**

Unknown

**Magnitude of impact**

Unknown

**Potential financial impact**

0

**Explanation of financial impact**

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

**Management method**

As we build and remodel more restaurants, we see the continued opportunity to develop McDonald's restaurants that are less impactful—saving energy and water, while using environmentally preferred building materials. Since McDonald's restaurant design and construction is locally based—considering local building codes, regulations and differing infrastructures—our approach is tailored to each market. Specific efforts from select markets can be found on our corporate website at: <https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/smart-restaurant-design.html>, including how we work to innovate and scale sustainable design solutions. This includes the implementation of more energy efficient equipment, management of energy use, and more sustainable sourcing practices in many markets. In addition, the Company set a goal to partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year.

**Cost of management**

0

**Comment**

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

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**Identifier**

Risk 6

---

**Where in the value chain does the risk driver occur?**

Supply chain

**Risk type**

Physical risk

**Primary climate-related risk driver**

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

**Type of financial impact driver**

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

**Company- specific description**

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

**Time horizon**

Unknown

**Likelihood**

Unknown

**Magnitude of impact**

Unknown

**Potential financial impact**

0

**Explanation of financial impact**

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

**Management method**

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

**Cost of management**

0

**Comment**

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

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**Identifier**

Risk 7

**Where in the value chain does the risk driver occur?**

Customer

**Risk type**

Transition risk

**Primary climate-related risk driver**

Reputation: Shifts in consumer preferences

**Type of financial impact driver**

Reputation: Reduced revenue from decreased demand for goods/services

**Company- specific description**

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

**Time horizon**

Unknown

**Likelihood**

Unknown

**Magnitude of impact**

Unknown

**Potential financial impact**

0

**Explanation of financial impact**

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

**Management method**

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

**Cost of management**

0

**Comment**

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

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**C2.4**

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

Yes

**C2.4a**

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

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Other

**Type of financial impact driver**

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

**Company- specific description**

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

**Time horizon**

Current

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Potential financial impact**

**Explanation of financial impact**

Financial implications vary by region.

**Strategy to realize opportunity**

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

**Cost to realize opportunity**

**Comment**

Varies by market and region.

**C2.5**

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

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

**C2.6**

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

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

**C3. Business Strategy**

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**C3.1**

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

Yes

**C3.1a**

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

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

**C3.1c**

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

CLIMATE ACTION AND BUSINESS STRATEGY:

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

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

## SCIENCE BASED TARGET:

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

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

## BUSINESS PROCESSES:

The Company has a number of cross-functional working groups led by members of Global Supply Chain & Sustainability (GSCS) that help integrate climate change concerns into our business strategy, including analysis to gain a better understanding of our greenhouse gas footprint, identifying priorities for emissions reductions in McDonald's restaurants and supply chain, and working with suppliers and franchisees to implement emissions reduction programs.

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

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

- **Beef Sustainability:** We're working with farmers, ranchers, our beef suppliers, and industry leaders to identify, magnify and share best practices on farming, grazing, and conservation, in ways that empower more producers to adopt those practices. We're one of the world's biggest buyers of beef, so – although we don't own farms or rear animals directly – it's no surprise that we take seriously our responsibility to help lead the industry toward more sustainable production practices. We support beef production that's environmentally sound, protects animal health and welfare, and improves farmer and community livelihoods, and we have done for over a decade. This global movement is gaining extensive momentum through conversations, collaborations, pilot programs, and global and local roundtables, and is helping influence not just beef in McDonald's supply chain, but beef production around the world.
- **Smart Restaurant Design:** Together with our Franchisees, we're continuing to tackle restaurant energy usage and sourcing through innovations and programs to promote energy efficiency and renewable energy. This includes equipment and building design innovation, energy monitoring, and crew training programs which could provide long-term cost savings.
- **Packaging and Recycling:** By 2025, 100 percent of McDonald's guest packaging will come from renewable, recycled, or certified sources. Also by 2025, the Company has set a goal to recycle guest packaging in 100 percent of McDonald's restaurants. We understand that recycling infrastructure, regulations and consumer behaviors vary city to city and country to country, but we plan to be part of the solution and help influence powerful change.

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

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

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

### C3.1g

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

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

## C4. Targets and performance

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### C4.1

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

Both absolute and intensity targets

### C4.1a

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

**Target reference number**

Abs 1

**Scope**

Scope 1+2 (market-based) +3 (downstream)

**% emissions in Scope**

100

**% reduction from base year**

36

**Base year**

2015

**Start year**

2018

**Base year emissions covered by target (metric tons CO2e)**

12100000

**Target year**

2030

**Is this a science-based target?**

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

**% achieved (emissions)**

**Target status**

New

**Please explain**

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

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**C4.1b**

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

**Target reference number**

Int 1

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

82.6

**% reduction from baseline year**

20

**Metric**

Other, please specify (mt CO2e/GC, converted from actual metric)

*mt CO2e/GC, converted from actual goal metric of restaurant kWh per number of sales transactions, or "guest counts" (GC). The Company did not have an explicit emissions reduction goal at the time this goal was first set. It has an energy intensity goal, which is a 20% increase in energy efficiency of Company-owned restaurants in 9 top 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).*



**Base year**

2013

**Start year**

2013

**Normalized baseline year emissions covered by target (metric tons CO2e)**

0.000745

**Target year**

2020

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**% achieved (emissions)**

12

**Target status**

Replaced

**Please explain**

Note- the metric above is written as mt CO2e/GC, converted from our actual goal metric of restaurant kWh per number of sales transactions, or "guest counts" (GC). As of Q1 2018, McDonald's has now retired this target and replaced it publicly with an SBTi-approved Science-Based Target to reduce emissions across our entire value chain (Scopes 1, 2, 3). This new target was in development over the course of the reporting year, and was in final review stages as of December 2017, before the Q1 2018 launch. With the increasing percentage of McDonald's restaurants being franchised globally, we felt the former target structure focused on energy efficiency at Company-owned restaurants had become obsolete. We are now pursuing a much more ambitious science-based target encompassing greenhouse gas emissions related to Company and franchised restaurants, as reported in the next row. In the next field, we do not report a percentage figure because we do not have this data tracked in this format related to our prior target. We will report more comprehensive absolute emissions estimates in future years.

**% change anticipated in absolute Scope 1+2 emissions****% change anticipated in absolute Scope 3 emissions**

---

**Target reference number**

Int 2

**Scope**

Scope 3: Purchased goods &amp; services

**% emissions in Scope**

100

**% reduction from baseline year**

31

**Metric**

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

*Metric tons CO2e per metric ton food and packaging***Base year**

2015

**Start year**

2018

**Normalized baseline year emissions covered by target (metric tons CO2e)****Target year**

2030

**Is this a science-based target?**

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

**% achieved (emissions)****Target status**

New

**Please explain**

Through collaboration and partnership with our suppliers and producers, the Company commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. The Company will also partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. This combined target has been approved by the Science Based Targets initiative (SBTi). Baseline year Scope 3 emissions (CO2e) involved in establishing our intensity target with the SBTi are aggregated into the "Purchased Goods and Services" figure in C6.5. Future progress tracking for the new intensity target metric (a 31% reduction in mtCO2e per mt of food and packaging) will involve both these relevant supply chain greenhouse gas emissions and relevant volumes of supply chain food and packaging. At this time, we are in the process of streamlining the measurement approaches for the volumetric figures across disparate supply chain commodities, which will be used to track the aggregate intensity metric as we assess progress against our new target. We plan to share more information about the intensity metric tracking approach and baseline details in future reporting cycles.

**% change anticipated in absolute Scope 1+2 emissions**

0

**% change anticipated in absolute Scope 3 emissions**

**C4.2**

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

**C4.3**

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

Yes

**C4.3a**

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

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*	8	27552
Implemented*		
Not to be implemented		

**C4.3b**

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

**Activity type**

Energy efficiency: Building services

**Description of activity**

Lighting

*In the U.S., LED lighting is standard for all new and rebuilt McDonald's 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 2016, all new McDonald's restaurants in the U.K are 100% LED. Starting in 2012, LED lighting technology has been implemented in new restaurants in India.

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

27552

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

4938

**Investment required (unit currency – as specified in CC0.4)**

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

LED lighting investment amounts vary by region and are incorporated into the overall cost of a standard new or rebuilt U.S. restaurant (for both the Company and Franchisees), thus we do represent an 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 C4.3b 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.

---

**Activity type**

Energy efficiency: Processes

**Description of activity**

Other, please specify (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 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 instant, personalized action plan with four key priorities: 1) people, 2) operational best practices, 3) monitoring and reporting tools and 4) automated energy controls.*

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

0

**Scope**

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

0

**Payback period**

Please select

**Estimated lifetime of the initiative**

Ongoing

### Comment

Actual investment costs and estimated monetary and CO2e savings results vary by restaurant. Company and Franchisee employees are provided resources about how to reduce energy use in restaurants and across the Company. More broadly, the Global Supply Chain and Sustainability intranet has a Restaurant Sustainability Resource Center with country-level best practice case studies for energy efficiency and GHG emissions reductions. Country energy and sustainability 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 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. For example, over 2,000 McDonald's restaurant staff in the UK have completed the online training module, Planet Champions, which covers actions and information relating to energy and water reduction, recycling, litter and sustainable sourcing.

---

### Activity type

Energy efficiency: Building services

### Description of activity

Building controls

*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 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 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.*

### Estimated annual CO2e savings (metric tonnes CO2e)

0

### Scope

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3

### Voluntary/Mandatory

Voluntary

### Annual monetary savings (unit currency – as specified in CC0.4)

0

### Investment required (unit currency – as specified in CC0.4)

0

### Payback period

1-3 years

### Estimated lifetime of the initiative

Ongoing

### Comment

Actual investment costs and estimated monetary and CO2e savings results vary by restaurant.

---

### Activity type

Energy efficiency: Processes

### Description of activity

Process optimization

*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 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.*

### Estimated annual CO2e savings (metric tonnes CO2e)

0

**Scope**

- Scope 1
- Scope 2 (location-based)
- Scope 2 (market-based)
- Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Actual investment costs and estimated monetary and CO2e savings results vary by restaurant.

---

**Activity type**

Energy efficiency: Processes

**Description of activity**

Process optimization

*REMODEL GUIDELINES 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. 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.*

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

0

**Scope**

- Scope 1
- Scope 2 (location-based)
- Scope 2 (market-based)
- Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Actual investment costs and estimated monetary and CO2e savings results vary by restaurant.

---

**Activity type**

Energy efficiency: Building services

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**Description of activity**

Other, please specify (Kitchen equipment)

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

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

0

**Scope**

Scope 1

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

0

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

In addition to the Low volume (LOV) fryer, kitchen equipment enhancements include • Proprietary Universal Hoods for kitchen ventilation that reduce the exhaust air rate by about 40% compared to previous models, reducing overall energy usage • The High Density Universal Holding Cabinet that increases hot holding capacity and reduces energy use by about 31% compared to the previous holding cabinet • New bun toasters that provide up to 55% better energy efficiency than the previous model 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.

---

**Activity type**

Low-carbon energy installation

**Description of activity**

Solar PV

*The Company 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 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.*

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

0

**Scope**

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

0

**Payback period**

Please select

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Actual investment costs and estimated 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**

Low-carbon energy purchase

**Description of activity**

Other, please specify (hydro, wind, solar, biomass)

*In Europe, the Company encourages markets to develop a roadmap to integrate renewable energy into their overall sustainability plans. Aspects for consideration include availability, quality, and the associated costs of energy from renewable sources, as well as buying renewable energy from electricity suppliers, supporting direct developments or generating renewable energy onsite. 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, 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.*

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)****Investment required (unit currency – as specified in CC0.4)****Payback period**

Please select

**Estimated lifetime of the initiative**

Ongoing

**Comment**

We are working towards tracking and quantifying those renewable energy purchases and will start to report market based data in 2018 reporting process.

---

C4.3c

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

Method	Comment
Dedicated budget for other emissions reduction activities	Varies by market
Employee engagement	Varies by market
Other	Supplier engagement programs
Internal incentives/recognition programs	Varies by market. Corporate sustainability team leads who led the science-based target development and approval process with SBTi received a team recognition award at a quarterly Global Supply Chain and Sustainability Town Hall
Dedicated budget for energy efficiency	Varies by market

**C4.5**

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

Yes

**C4.5a**

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

**Level of aggregation**

Company-wide

**Description of product/Group of products**

As a franchise organization, the Company provides Energy saving solutions and technologies to Franchisees which enable them to avoid emissions. 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, applicable for both Company-owned and Franchisee restaurants, can help to reduce GHG emissions.

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

Low-carbon product

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

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

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

0

**Comment**

We do not track % of revenue involved.

---

**Level of aggregation**

Product

**Description of product/Group of products**

Electric Vehicle Charging Stations: In some markets, McDonald's restaurants have installed Electric Vehicle Charging Units as an added service benefit for customers. For example, by the end of 2016 there were about 40 U.S. restaurants with a total of 80 charging stations installed or planned. 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.

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

Avoided emissions

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

Other, please specify (Electric vehicles can reduce GHGs)

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

0

**Comment**

We do not track % of revenue involved.

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**C5. Emissions methodology**

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## C5.1

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

### Scope 1

**Base year start**

January 1 2013

**Base year end**

December 31 2013

**Base year emissions (metric tons CO2e)**

216206

**Comment**

### Scope 2 (location-based)

**Base year start**

January 1 2013

**Base year end**

December 31 2013

**Base year emissions (metric tons CO2e)**

1674777

**Comment**

### Scope 2 (market-based)

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## C5.2

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

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

## C6. Emissions data

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### C6.1

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

**Row 1**

**Gross global Scope 1 emissions (metric tons CO2e)**

176060

**End-year of reporting period**

<Not Applicable>

**Comment**

The Company has engaged Aligned Incentives to estimate the greenhouse gas footprint for McDonald's restaurants and offices in compliance with WRI's GHG Protocol (Scopes 1, 2 & 3, including the Company and Franchisees.). The Company has not independently verified the analysis, methods, data, calculations or extrapolation of data.

**C6.2**

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

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

**Comment**

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. Data compilation, cleansing, extrapolation and emission calculations have been done by a third party consultancy without verification from McDonald's. The Company has engaged Aligned Incentives to estimate the greenhouse gas footprint for McDonald's restaurants and offices in compliance with WRI's GHG Protocol (Scopes 1, 2 & 3, including the Company and Franchisees.). The Company has not independently verified the analysis, methods, data, calculations or extrapolation of data.

**C6.3**

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

**Row 1**

**Scope 2, location-based**

775745

**Scope 2, market-based (if applicable)**

<Not Applicable>

**End-year of reporting period**

<Not Applicable>

**Comment**

The Company has engaged Aligned Incentives to estimate the greenhouse gas footprint for McDonald's restaurants and offices in compliance with WRI's GHG Protocol (Scopes 1, 2 & 3, including the Company and Franchisees.). The Company has not independently verified the analysis, methods, data, calculations or extrapolation of data.

**C6.4**

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

Yes

#### C6.4a

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

**Source**

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

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

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

Emissions are not relevant

**Explain why the source is excluded**

These emissions sources were not estimated due to incomplete and insufficient data availability at corporate level for estimation and/or extrapolation. In recent years, estimated emissions for Company-owned or controlled fleets 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 2017 analysis.

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#### C6.5

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

## Purchased goods and services

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

31745364

### Emissions calculation methodology

Purchased goods and services refers to food and packaging supply chain categories only, including agriculture, processing and distribution activities. McDonald's Scope 3 emissions calculation methodology is described in detail on pg. 114 of 2012-2013 CSR Sustainability Report (attached and here [https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012\\_2013\\_csr\\_report.pdf](https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012_2013_csr_report.pdf)). The same methodology has been used to extrapolate with available business data to 2015 emissions per relevant categories. For key commodities (Beef, Chicken, Cheese) in particular, the emissions are calculated by multiplying cradle-to-farm gate emission factors per region with purchased volumes from those regions. Additionally, emissions of processing are estimated and included. Other purchased goods and services emissions are derived from the 2012 carbon footprint, then extrapolated based on sales. Additional detail on the estimated relative breakdown of emissions from purchased goods and services can be found on pg 56-57 of 2012-2013 CSR & Sustainability Report:

[https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012\\_2013\\_csr\\_report.pdf](https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012_2013_csr_report.pdf) Note - this data is for 2015. We choose to include 2015 emissions estimates for this Scope 3 category to provide directional context of our supply chain-related emissions relative to restaurant-related emissions, and we plan to report updated emissions figures for these categories next year. We consider this as our current 2015 base line figure and plan to further refine and extend these analyses with a new data tracking system going forward.

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

100

### Explanation

Emissions estimates for this Scope 3 category were calculated using supply chain spend data in a hybrid LCA model and reflect goods and services purchased for both Company-owned and Franchisee restaurants due to format of spend data used for analysis. Other Scope 3 Franchisee emissions data reported below are from 2017.

## Capital goods

### Evaluation status

Relevant, not yet calculated

### Metric tonnes CO2e

0

### Emissions calculation methodology

N/A

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

0

### Explanation

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

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

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

1422677

### Emissions calculation methodology

Extrapolated from 2012 Carbon footprint to 2015 based on total sales.

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

### Explanation

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

745592

### Emissions calculation methodology

McDonald's Scope 3 emissions calculation methodology is described in detail on pg. 114 of 2012-2013 CSR & Sustainability Report (attached and available here [https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012\\_2013\\_csr\\_report.pdf](https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012_2013_csr_report.pdf)). The same methodology has been used to extrapolate with available business data (e.g. sales) to 2015 emissions per relevant categories. Note - this data is for 2015. We choose to include 2015 emissions estimates for this Scope 3 category to provide directional context of our supply chain-related emissions relative to restaurant-related emissions, and we plan to report updated emissions figures for these categories next year. We consider this as our current 2015 base line figure and plan to further refine and extend these analyses with a new data tracking system going forward. We do not analyze full Purchased Goods & Services and Upstream Transportation & Distribution every year because to do so would be too resource intensive. 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: [https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012\\_2013\\_csr\\_report.pdf](https://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/2012_2013_csr_report.pdf)

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

100

### Explanation

Emissions estimates for this Scope 3 category reflect upstream transportation and distribution for both Company-owned and Franchised restaurants due to format of data used for analysis. Other Scope 3 Franchisee emissions data reported below are from 2017.

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

1487635

### Emissions calculation methodology

The waste emissions have been based on sample restaurant waste data from US and European markets for 2015, then extrapolated to global restaurants using business data. We consider this as our current 2015 base line figure and plan to further refine and extend these analyses with a new data tracking system going forward.

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

### Explanation

We choose to include 2015 emissions estimates for this Scope 3 category to provide directional context of estimated emissions, and we plan to report updated emissions figures for these categories in the future. We do not analyze all Scope 3 categories every year because to do so would be too resource intensive.

## Business travel

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

17507

### Emissions calculation methodology

The business travel emissions have been based on data from US and European markets for 2015, then extrapolated to global using business data. We consider this as our current 2015 base line figure and plan to further refine and extend these analyses with a new data tracking system going forward.

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

100

### Explanation

We choose to include 2015 emissions estimates for this Scope 3 category to provide directional context of estimated emissions, and we plan to report updated emissions figures for these categories in the future. We do not analyze all Scope 3 categories every year because to do so would be too resource intensive.

## Employee commuting

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

115459

### Emissions calculation methodology

Extrapolated for Company-owned locations based on sales and past years' analysis.

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

100

### Explanation

Estimated emissions from the Scope 3 categories calculated and reported as relevant for 2017 represented nearly 86% of Scope 3 emissions in more holistic Scope 3 analyses in 2012-2013. As such, remaining Scope 3 categories such as this one are considered non-relevant.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

### Emissions calculation methodology

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

### Explanation

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

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

### Emissions calculation methodology

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

### Explanation

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

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

### Emissions calculation methodology

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

### Explanation

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

## Use of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

### Emissions calculation methodology

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

### Explanation

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

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

756660

### Emissions calculation methodology

Extrapolated for Company-owned locations based on sales and past years' analysis.

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

### Explanation

Emissions estimates for this Scope 3 category reflect both Company-owned and Franchised restaurants due to format of data used for analysis.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

### Emissions calculation methodology

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

### Explanation

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

## Franchises

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

7089891

### Emissions calculation methodology

Represents Franchisee Scope 1 & 2 emissions for 2017. 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, 2017. Refrigerant emissions were estimated using linear extrapolation of Company-owned restaurant data. The Company has engaged Aligned Incentives to estimate the greenhouse gas footprint for McDonald's restaurants and offices in compliance with WRI's GHG Protocol (Scopes 1, 2 & 3, including the Company and Franchisees.). The Company has not independently verified the analysis, methods, data, calculations or extrapolation of data.

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

0

### Explanation

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, 2017.



**Investments**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

**Emissions calculation methodology**

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

**Explanation**

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

**Other (upstream)**

**Evaluation status**

Please select

**Metric tonnes CO2e**

**Emissions calculation methodology**

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

**Explanation**

**Other (downstream)**

**Evaluation status**

**Metric tonnes CO2e**

**Emissions calculation methodology**

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

**Explanation**

C6.7

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

No

C6.10

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

**Intensity figure**

0.0000417092

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

951805

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

2282000000

**Scope 2 figure used**

Location-based

**% change from previous year**

49.04

**Direction of change**

Decreased

**Reason for change**

See above reasons for change. Major driver was re-franchising of Company owned restaurants during 2016 and 2017. Total 2017 revenues \$22,820,000,000 taken from pg 12 of 2017 Form 10-K, attached on prior section of questionnaire. 2017 intensity is 49% lower than 2016 intensity. 2016 intensity figure reported to CDP last year: 0.0000813212 based on \$24,622,000,000 revenues in 2016.

**C7. Emissions breakdowns**

**C7.1**

**(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?**

Yes

**C7.1a**

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	110353	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	30	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	128	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	65550	IPCC Fifth Assessment Report (AR5 – 100 year)

**C7.2**

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Asia, Australasia, Middle East and Africa <i>McDonald's internal designation for this region is "APMEA": Asia Pacific Middle East Africa.</i>	30631
Europe	64802
Latin America (LATAM)	11
North America	80616

**C7.3**

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

By activity

**C7.3c**

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

Activity	Scope 1 emissions (metric tons CO2e)
Fuel Combustion	110526
Fugitive Emissions	65534

**C7.5**

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Asia, Australasia, Middle East and Africa	131647			
Europe	394399			
Latin America (LATAM)	226			
North America	298242			

**C7.6**

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

Please select

**C7.9**

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

Decreased

## C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities	1050487	Decreased	52	For Scope 1 & 2 combined, estimated emissions for 2017 totaled 951,805 mt CO2e, which represents a 52% decrease from estimated emissions for 2016, which totaled 2,002,292 mt CO2e. The majority of this change is due to the transition of Company-owned stores to Franchisee restaurants. This change is also due to emissions reductions activities such as greater fleet efficiency and other factors, but we cannot assign specific percentage changes to each reason.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

## C7.9b

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

Location-based

## C8. Energy

### C8.1

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

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

## C8.2

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

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

## C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	Please select	0	528270	528270
Consumption of purchased or acquired electricity	<Not Applicable>	270396	1601239	1871635
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	270396	2129509	2399905

## C8.2b

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

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

## C8.2c

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

#### Fuels (excluding feedstocks)

Natural Gas

#### Heating value

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

433926

**MWh fuel consumed for the self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

---

**Fuels (excluding feedstocks)**

Other, please specify (Mobile Fuels)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

92795

**MWh fuel consumed for the self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

---

**Fuels (excluding feedstocks)**

Other, please specify (Propane and LPG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

1550

**MWh fuel consumed for the self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

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

**Natural Gas**

**Emission factor**

**Unit**

metric tons CO2e per MWh

**Emission factor source**

**Comment**

**Other**

**Emission factor**

**Unit**

metric tons CO2e per MWh

**Emission factor source**

**Comment**

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**C8.2e**

**(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity				
Heat				
Steam				
Cooling				

---

**C8.2f**

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

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**C9. Additional metrics**

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**C9.1**

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

**Description**

Please select

**Metric value**

**Metric numerator**

**Metric denominator (intensity metric only)**

**% change from previous year**

**Direction of change**

<Not Applicable>

**Please explain**

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**C10. Verification**

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**C10.1**

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

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

**C10.2**

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**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, we are waiting for more mature verification standards and/or processes

**C11. Carbon pricing**

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**C11.1**

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

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

**C11.1d**

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

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

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## C11.2

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

No

## C11.3

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

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

## C12. Engagement

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### C12.1

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

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

### C12.1a

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

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**

98

**% total procurement spend (direct and indirect)**

66

**% Scope 3 emissions as reported in C6.5**

**Rationale for the coverage of your engagement**

% total procurement spend: 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 account for nearly 2/3 of annual spend). % of suppliers by number: All suppliers must sign McDonald's SUPPLIER CODE OF CONDUCT, requiring that their facilities meet the standards & promote the principles outlined in the Code, which are intended to advance McDonald's commitment to all aspects of sustainability, including environmental management. The SUPPLIER WORKPLACE ACCOUNTABILITY program articulates our expectations of how suppliers should treat the people within their supply chain, and through the program's Self-Assessment Questionnaire we ask suppliers if they utilize an environmental scorecard or comparable system to track environmental impacts & measure continuous progress, and if they have identified & documented environmental legal requirements. Globally, 98% of our suppliers completed the Self-Assessment Questionnaire in 2017. We prioritize our other methods of engagement with suppliers based on their role in our value chain & the communication channels best suited to engage them. Most recently, we set a science-based target to reduce emissions through collaboration and partnership with our suppliers and producers as we commit to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels. More broadly, the Company prefers to have long-term & strategic relationships with suppliers & recognizes that achieving sustainable supply is a team effort. We established 7 "Priority Impact Areas" on which to focus our sustainability work that extends across our entire value chain. These include: Advance economically viable farming; Conserve forests; Address climate change; Reduce food & packaging waste; Respect human rights; Promote the health & welfare of animals; Protect water. We communicate Priority Impact Area expectations through channels such as the GLOBAL SUSTAINABLE SOURCING GUIDE, which is available to all of our suppliers.

**Impact of engagement, including measures of success**

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). Sustainability expectations, including those on climate, are integrated into regular supplier performance reviews.

**Comment**

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**Type of engagement**

Please select

**Details of engagement**

<Not Applicable>

**% of suppliers by number**

**% total procurement spend (direct and indirect)**

**% Scope 3 emissions as reported in C6.5**

**Rationale for the coverage of your engagement**

**Impact of engagement, including measures of success**

**Comment**

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**C12.1b**

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**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement**

Education/information sharing

**Details of engagement**

Run an engagement campaign to education customers about your climate change performance and strategy

**Size of engagement**

100

**% Scope 3 emissions as reported in C6.5**

**Please explain the rationale for selecting this group of customers and scope of engagement**

Our methods of engagement campaigns with customers vary. For the Climate Action announcement launching our new science-based targets (developed in the reporting year), we created a short video featuring our CEO celebrating the announcement that was shared across numerous social media and website channels. Additionally, both our Chief Supply Chain and Sustainability Officer and Chief Communications Officer were interviewed in national media outlets sharing details about our goals and the expected impact in emissions reductions, which reached millions of impressions on social and traditional media. % size of engagement rationale: The millions of people reached by social and traditional media campaigns around the climate target launch exceeded the number of customers we serve each day at McDonald's restaurants. We do not expect and we cannot track that 100% of our customers saw the specific climate announcement news, but we share this statistic to provide relative context to the number of people that the announcement reached globally. Additionally, our recent years' CSR and Sustainability reports and current Scale for Good website are customer-facing and their releases were accompanied by communications plans to inform and engage consumers and stakeholders. For each announcement, we develop & share social media posts about our strategies to address impacts across our value chain, prioritizing popular platforms such as Twitter & Facebook.

**Impact of engagement, including measures of success**

We measure success of these interactions using traditional and social media engagement rate data. Statistics from our climate target launch indicated the announcements reached several million people around the world.

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**C12.1c**

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

We're committed to building a better McDonald's and that includes using our scale to help address this defining issue for current and future generations. In 2018, we became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce our greenhouse gas emissions.

The Company **will partner with Franchisees** to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year.

Franchisees operate over 90% of McDonald's restaurants worldwide.

**C12.3**

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

Direct engagement with policy makers

Other

**C12.3a**

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
<p>Other, please specify  <i>We have promoted both the White House American Business Act on Climate Change Pledge and supported work to address Climate Change as a key challenge facing our business.</i></p>	<p>Support</p>	<p>In 2015, McDonald's put forth the White House American Business Act on Climate Change Pledge, which outlined commitments that help address climate change through specific actions on issues such as deforestation, beef production and energy used in McDonald's restaurants. This is supported by McDonald's Energy and Climate Position Statement from 2014, which set out our view on taking effective, collaborative action to tackle climate change. Since announcing McDonald's climate commitment in 2018, members of the company have been meeting with members of Congress to discuss the commitment and the importance of having a climate target. On May 16, McDonald's participated in a briefing hosted by the Bipartisan Climate Solutions Caucus, which is co-Chaired by Reps. Curbelo (R-FL-26) and Deutch (D-FL-22) and is comprised of 78 bipartisan members who meet regularly to discuss the threats posed by climate change to their districts, the U.S. and on a global scale. This was a valuable opportunity for McDonald's to tell our Climate story to multiple Members and their staff who care about and are proactively engaging on climate policies. The following day, leadership from McDonald's Sustainability team met with five Senate offices to discuss the commitment and how US Owner/Operators would be involved. Later this summer on June 21, the Director of Sustainability spoke on a panel for the US House of Representatives Sustainable Energy and Environment Caucus (SEEC), regarding McDonald's climate commitments. The audience is eight to ten Members of Congress.</p>	

**C12.3e**

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

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

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

2. Commitment on Forests: The Company understands that deforestation is a major global challenge with broad & far-reaching implications for generations to come due to loss of biodiversity & contribution to climate change. After the Company endorsed the New York Declaration on Forests in 2014, the following year, McDonald's announced a global Commitment on Forests across the Company's global supply chain. The commitment encompasses the entire supply chain and focuses on priority products, for which the Company has started to develop specific time-bound sourcing targets. 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.

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.

4. Science Based Target Initiative: In March 2018, McDonald's became the first restaurant company in the world to address global climate change by setting a Science Based Target to significantly reduce greenhouse gas emissions. The Company will partner with Franchisees to reduce greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year. Through collaboration and partnership with our suppliers and producers, the Company also commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across our supply chain by 2030 from 2015 levels.

5. We Are Still In: In 2018, McDonald's joined more than a dozen others on the We Are Still In Leaders Circle. To demonstrate this commitment, McDonald's participated in the Boston Mayor Marty Walsh's Climate Summit, which brought together thought leaders and problem solvers to discuss how cities and states and national and international governments can work together to address climate change.

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

7. Renewable Energy: Encouraged by the emergence of cost-competitive renewable energy (RE) solutions in the U.S. & to deliver on McDonald's recent global climate commitments, the McDonald's North America Sustainability team is in the process of developing a strategy to implement RE purchasing. The program prioritizes RE solutions that are cost-neutral (or cost-saving) & that do not require significant capital outlay (a key requirement surfaced by operators).

## C12.3f

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

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

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

## C12.4

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

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

McDonald's 2017 Annual Report.pdf

McDonald's Sustainability & Corporate Responsibility Committee Charter.pdf

**Content elements**

Governance

Strategy

Risks & opportunities

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

20180724\_Climate Action\_ESG Reporting website\_ McDonald's.pdf

**Content elements**

Governance

Strategy

Risks & opportunities

Emission targets

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**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

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

McDonalds\_White House\_Climate Pledge\_Oct 19 2015 (1).pdf

**Content elements**

Strategy

Emission targets

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

20180724\_Our Scale for Good Approach\_website\_ McDonald's.pdf

**Content elements**

Strategy

Risks & opportunities

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**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

Using Our Scale for Good\_ Taking Big Steps to Reduce Our Carbon Footprint\_Press release.pdf

**Content elements**

Strategy

Risks & opportunities

Emission targets

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**Publication**

In other regulatory filings

**Status**

Complete

**Attach the document**

McDonald's Sustainability & Corporate Responsibility Committee Charter.pdf

McDonald's Corporation 2018 Notice of Annual Shareholders' Meeting and Proxy Statement.pdf

**Content elements**

Governance

Strategy

Emission targets

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

20180724\_Scale for Good Governance\_including Climate Action\_website\_ McDonald's.pdf

20180724\_ESG Progress and Performance\_website\_ McDonald's.pdf

20180724\_ESG Reporting Website\_ McDonald's.pdf

**Content elements**

Governance

Emissions figures

Other metrics

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

McDonald\_s\_2016\_Sustainable\_Fiber\_Report.pdf

McDonalds\_2016\_Coffee\_Sustainability\_Report.pdf

2017 McDonald's-Beef-Sustainability-Report.pdf

**Content elements**

Strategy

Risks & opportunities

Other metrics

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## C14. Signoff

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### C-FI

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

C6.5: McDonald's 2012-2013 Corporate Social Responsibility & Sustainability Report is attached here for the purpose of providing our detailed emissions calculation methodology for 2013.

The Company has engaged Aligned Incentives to estimate the greenhouse gas footprint for McDonald's restaurants and offices in compliance with WRI's GHG Protocol (Scopes 1, 2 & 3, including the Company and Franchisees.). The Company has not independently verified the analysis, methods, data, calculations or extrapolation of data.

2012\_2013\_McDonald's\_CSR\_Sustainability\_Report.pdf

## C14.1

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

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

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

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

**Please confirm below**

I have read and accept the applicable Terms