



## Dear Shareholders, the Global McFamily, and our Customers,

A little more than a year ago, I said that we were witnessing the beginning of the next great chapter at McDonald's. There has never been a better time to be part of Brand McDonald's than right now—and this past year showed what makes McDonald's unique: the strength of our people, the scale of our supply chain, the agility of our System, the importance of local owners operating in the communities we serve, and the power of the McDonald's Brand.

The best part of leading McDonald's is the pride I feel seeing the commitment of our System and the leadership of our restaurant managers and crews. They take our strategy of *Accelerating the Arches*

and translate it into meaningful experiences for our customers, embodying our mission to make delicious, feel-good moments easy for everyone. They bring our purpose to feed and foster communities to life every second of the day. And they do this all with a grounding in both knowing their communities and being good neighbors.

### Always guided by our purpose to feed and foster communities

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McDonald's is part of the cultural fabric in communities around the world. That's why it is important that *Accelerating the Arches* is a holistic strategy, integrating our business objectives and our responsibility to meet society's evolving expectations of modern businesses to make a difference in the world. It is clear that this will be ever more important in 2022, as we continue to support communities through the multitude of challenges they face—whether the ongoing impacts of COVID-19 or the rapidly changing and devastating humanitarian crisis in Ukraine and throughout Europe.



We continued to meaningfully advance efforts that focused on our broader role in communities. This includes our commitment to achieving net zero emissions across our global operations by 2050, our progress to create more sustainable Happy Meal toys by the end of 2025, our \$5 million commitment with the NextGen Consortium to accelerate and scale sustainable packaging, and our commitment to increasing spend with diverse-owned media partners in the U.S. to help dismantle growth barriers for diverse-owned companies.

And through the newly established McDonald's Community Fund, the Company is better prepared than ever to respond when people need us most—whether by investing in Chicago-based neighborhood organizations that are actively and effectively working to address the youth opportunity crisis in our hometown, or a corporate contribution of \$5 million to an employee assistance fund to support our Ukrainian colleagues through the ongoing crisis.

When times are at their darkest, again and again, we see the Golden Arches shine their brightest. And while what happens next in Ukraine is unclear, we will continue to support our McFamily and communities in Ukraine for as long as is needed.

## A banner year because of the unparalleled strengths of the McDonald's System

Our significant progress—despite continued challenges like none of us have experienced in our lifetimes—is remarkable. In 2021, we achieved record global Systemwide sales<sup>1</sup> of \$112 billion, with revenues of \$23.2 billion. We reported annual comparable sales growth in the U.S. of 13.8%, which represents over \$5 billion of Systemwide sales<sup>2</sup> growth. We delivered record operating income of more than \$10 billion. And Franchisee cash flows hit all-time highs in most of our top markets, including the U.S., U.K., Canada, Germany and Japan.

McDonald's and our Franchisees are not only well positioned to withstand the ongoing global pressures, but we are set up for the long-term.

**When times are at their darkest, again and again, we see the Golden Arches shine their brightest.**

<sup>1</sup> Consists of both Company and franchise sales

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## Supporting restaurant teams through a culture of care

2021 was a reminder that people remain central to everything we do and everything we seek to achieve. When it comes to being a people business, we will, as Fred Turner said, “never forget it.” At every location, through even the most difficult moments, our crews have stayed strong, keeping our restaurants running while providing hope, inspiration and extraordinary service to our customers and our communities.

We are proud to offer programs and resources that support our people, both at work and at home. Over the past two years, this has included simplifying our menu to improve the crew experience, implementing COVID-19 safety measures to protect the wellbeing of crew members, enhancing parental leave for U.S. McOpCo management, and modernizing our employee value proposition. We continue investing to make our entire System even stronger, creating an environment where Franchisees, suppliers and employees thrive through initiatives such as the implementation of Global Brand



Standards to strengthen our commitment to fostering safe, respectful and inclusive workplaces; our Mutual Commitment to Diversity, Equity and Inclusion alongside our suppliers to support diverse-owned businesses; reaching global gender pay parity; and raising wages at U.S. company-owned restaurants.

## Significant progress in the first year of our holistic strategic plan, *Accelerating the Arches*

It would not have been possible to lead our industry for over 65 years if we remained content with yesterday's successes. 2021 was no exception. In the first full year of *Accelerating the Arches*, we met the changing needs of our customers by leaning into the competitive advantages essential to our future as we Maximized our Marketing, Committed to our Core Menu, and Doubled Down on the 3 Ds of Digital, Drive Thru and Delivery.

While each pillar of our *Accelerating the Arches* strategy is formidable on its own, the real power is when the M, C and D come together in combination—with the customer at the center. We continued to strengthen our leadership to support execution of the strategy. Last year, I was proud to announce McDonald's first ever Chief Customer Officer—Manu Steijaert—to lead the newly created Customer Experience Team, which will ensure we stay focused on creating frictionless experiences that are seamless and memorable.

Manu's appointment was complemented by additional leadership moves, including Paul Pomroy as Corporate Senior Vice President, International Operated Markets; and Morgan Flatley as Global Chief Marketing Officer. We were also excited to appoint Desiree Ralls-Morrison as our new General Counsel and Corporate Secretary.

I am honored to surround myself with a leadership team that elevates and expands our collective thinking, and delivers results that propel our brand forward.



Our focus on the M-C-Ds has driven broad-based growth in 2021. Our digital engine continues to make the customer experience more seamless and fuels growth in the process. In our top six markets, more than a quarter of Systemwide sales, or \$18 billion, came from digital channels in 2021—a 60% increase over 2020. Three of our largest markets—the U.S., Germany and Canada—all launched loyalty programs in 2021. With loyalty programs now in more than 40 markets, MyMcDonald's Rewards has exceeded expectations in terms of enrollment and participation. After just six months in the U.S., there are more than 30 million loyalty members enrolled and more than 21 million active members earning rewards. We also announced new long-term global strategic partnerships to support McDelivery.

While we expect that 2022 will be a year of continued progress, we also anticipate that many of the challenges we experienced in 2021 will endure. Focusing on our foundational operations, expanding our growing digital advantages, and continuing to put the health and safety of our customers and crew first will remain critical to executing on *Accelerating the Arches*. These accomplishments highlight the power of our System when we come together across functions and geographies, and quickly follow our customers' lead.

## A stronger Brand than ever before

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Ray Kroc built McDonald's as the most independent and interdependent Brand on the planet. We see the power and collaborative spirit of our Brand every single day—and together, as a System, we will continue to bring Ray's vision for collaboration to life, while providing customers the food they crave, experiences they treasure, and the Brand they love. It's this commitment that will accelerate the arches while helping us feed and foster communities, everywhere.

Earlier in April and for the first time in four years, we came together as a System at our Worldwide Convention. Amid the excitement of being together

in person after so long, we asked ourselves, as we have done throughout our history, how we ensure the Brand stays relevant. The answer lies in the founding principles of our model: building a business representative of our customers and communities, where equity of opportunity is central to our business. That's why, late last year, we announced a new Franchisee recruitment initiative to increase the number of Franchisees from all backgrounds, including historically underrepresented groups, in McDonald's U.S. and all McDonald's International Operated Markets. This includes a \$250 million commitment in the U.S. over five years to provide alternatives to traditional financing to help candidates join the McDonald's System. During a period of record performance, we must challenge ourselves—even more—to invest in the future. We owe that to our communities—and to the people who make up the McDonald's System.

The enduring strength of McDonald's Brand gives us confidence that our strategy will continue to deliver sustained, long-term profitable growth for our System and shareholders. The McDonald's Board of Directors has provided counsel and an unwavering dedication to ensure that in pursuit of this objective, we continue to represent all stakeholders. I want to thank them, our System, our shareholders, and our customers for their continued support.

And most importantly, on behalf of the McDonald's System, I extend our heartfelt gratitude to our crew.

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**Chris Kempczinski**  
President and CEO  
McDonald's Corporation