

**McDonald's Corporation Annual Shareholders' Meeting  
May 25, 2023**

Operator:

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Rick Hernandez:

Good morning. My name is Rick Hernandez. It's my honor as Chairman of your Board of Directors to welcome you to McDonald's Corporation's 2023 Annual Shareholders' Meeting. I now call this meeting to order. Information about meeting procedures and standards of conduct can be found in the "Meeting Materials" box on your screen. Also on the line and attending today's meeting are my fellow members of the board, our President and Chief Executive Officer, Chris Kempczinski, and our Chief Legal Officer and Corporate Secretary, Desiree Ralls-Morrison.

I'll first provide a few comments before we turn to the formal business of the meeting, and then we'll hear from Chris. As I reflect upon the past year, McDonald's exceptional performance in 2022 served as proof that our *Accelerating the Arches* growth strategy is working. In fact, McDonald's annual stock performance and our total shareholder return outperformed the Dow Jones Index by 7% and the S&P 500 by 18%. Furthermore, we returned more than \$8 billion to shareholders through dividends and share repurchases in 2022. We have a strong history of returning capital to our shareholders and have raised our dividend for 46 consecutive years since first paying a dividend in 1976.

Additionally, the continued integration of our purpose to feed and foster communities within our business plan is critical to driving customer trust, and it further solidifies our position as one of the most admired and innovative brands in the world. Others are echoing this sentiment as evidenced by our listing on Fortune's Most Admired Companies list for the 15<sup>th</sup> year in a row. This is in addition to earning the #2 spot on Fast Company Magazine's World's Most Innovative Companies list of 2023. Admiration stems from trust and we are proud of the progress we have made toward our ambitious goals in the core areas that matter most to our communities and stakeholders: food quality and sourcing; community connection; jobs, opportunity, and inclusion; and planet.

McDonald's is creating a secure, sustainable future for food by advancing safety and quality, prioritizing animal health and welfare, and making balanced meals more accessible to families across the world. Last year, we released our Broiler Welfare Progress update, showcasing our progress across eight commitment areas for broiler welfare in 14 of our key markets, which we expect to fully be implemented by the end of 2024. Additionally, we made substantial strides towards achieving our Global Happy Meal goals in 26 significant markets accounting for almost 85% of Global Happy Meal sales.

We understand that our business thrives when our communities thrive, so we endeavor to think globally and act locally to help feed and support people when and where they need it most. We are proud to support the network of over 260 local chapters of Ronald McDonald House Charities, which spans 60 countries and regions and focuses on improving the health and welfare of children and their families. McDonald's continues to implement strategies that promote economic growth and cultivate a workforce and network of franchisees that is inclusive and representative of the communities we operate in. Our Compensation Committee continues to implement metrics that tie executive leadership compensation to improving diverse representation, diversifying our franchise bases, and ensuring we have a strong talent pipeline for years to come.

We're acting now to deliver on our climate ambitions, protect natural resources, accelerate solutions to reduce waste, and transition to more sustainable packaging and toy materials. As part of our progress towards our climate ambition to reach net zero emissions globally by 2050, two additional large-scale U.S. virtual power purchase agreements (VPPAs) were brought online last year contributing more renewable energy to the grid. In addition, we remain committed to our ongoing Board refreshment strategy, which has led to changes in our Board and Committee composition.

As part of this strategy, we recently elected four new independent directors to the Board: Tony Capuano, Kareem Daniel, Jennifer Taubert, and Amy Weaver, whose expertise and experience contribute to our work in critical areas such as digital innovation, brand strategy, sustainability, and real estate. At this time, I would like to thank Sheila Penrose, Bob Eckert, and John Rogers for their service on the Board. Sheila retired in September 2022, and Bob and John will retire from the Board following today's meeting. All three directors have made invaluable contributions to McDonald's, and we are most grateful for their leadership and dedication to the Company. McDonald's is stronger today because of their service.

I'd also like to take the time today to honor the late McDonald's Chairman Emeritus, Andy McKenna, who passed away in February 2023. Andy's leadership was marked by a strong sense of purpose, guiding our organization and leading with unwavering integrity. Moreover, Andy was a devoted family man and an active member of the community, which reflected his compassionate and human approach to leadership. The Board has renamed the McDonald's boardroom as the Andrew J. McKenna boardroom in his honor.

As I look towards the future, I'm confident that our *Accelerating the Arches* strategy will ensure our brand stays relevant and continues to create value for our shareholders for years to come. Thanks to the hard work and dedication of our colleagues, crew members, franchisees, and customers, we'll continue to find new ways for the Arches to shine as a familiar place of comfort and hope for millions. At this time, I'll turn the meeting over to Chief Legal Officer and Corporate Secretary, Desiree Ralls-Morrison, who will describe the procedures for the business of today's meeting.

Desiree Ralls-Morrison:

Thank you, Rick. The Board fixed March 27, 2023 as the record date for determining shareholders entitled to vote at today's meeting, I have been advised by Broadridge Financial Solutions, our independent Inspector of Elections, that a quorum of our outstanding shares is present to conduct today's meeting. Accordingly, we will proceed with the business of the meeting. A representative of Broadridge is present with us today as is a representative of our independent auditor, Ernst & Young.

If today's meeting ends unexpectedly before the polls close and if we are unable to re-establish the webcast within 30 minutes, the meeting may be adjourned to a later time or to a new date and time, in which case we will make an announcement on the "Investor" section of our website regarding the details for reconvening and conducting the business of the meeting. The polls are open and will close following the presentation of the proposals. Shareholders of record or their proxy holders may now vote online. If you have not already voted your shares, please vote using the online ballot on the left-hand side of your screen. If you voted by proxy before the meeting, you do not need to vote now unless you wish to revoke or change your prior vote. As Rick mentioned, the meeting agenda and procedures and standards of conduct are in the "Meeting Materials" box on your screen.

Here is today's order of events. The Chairman will introduce each proposal as well as the presenters of the seven shareholder proposals. The voting results for today's meeting, once certified by the Inspector of Elections, will be filed with the SEC on a Form 8-K within four business days of the meeting and will be posted on our website. Following the adjournment of the formal portion of the meeting and Chris's remarks, I will facilitate a question-and-answer session pursuant to the meeting procedures and standards of conduct. Shareholders may submit a question by typing in the "Ask a Question" box on your screen and clicking the "Send" button. Similar questions may be combined so that we may have time to answer questions on a variety of topics. Due to time constraints, we may not be able to answer all questions. Questions and answers relevant to the meeting matters will be posted to the "Investor" section of our website after the meeting. I will now turn the meeting back over to Rick for the presentation of the proposals.

Rick Hernandez:

Thank you, Desiree. Our first item of business is Proposal #1, the election of 13 directors to hold office until the Company's 2024 Annual Shareholders' Meeting and until their successors are duly elected and qualified. The Board's director nominees standing for re-election, all of whom are with us at today's meeting, are Anthony Capuano, Kareem Daniel, Lloyd Dean, Catherine Engelbert, Margaret Georgiadis, Rick Hernandez, Chris Kempczinski, Rick Lenny, John Mulligan, Jennifer Taubert, Paul Walsh, Amy Weaver, and Miles White. Additional information about each director nominee is included in the Company's proxy statement. For the reasons outlined in the Company's proxy statement, the Board recommends that shareholders vote for the re-election of all 13 of its director nominees.

The second item of business is Proposal #2, an advisory vote to approve executive compensation. For the reasons outlined in the Company's proxy statement, the Board recommends that shareholders vote for the approval of executive compensation.

The third item of business is Proposal #3, an advisory vote on the frequency of future advisory votes on executive compensation. Shareholders have the option of voting in favor of holding such votes every one, two, or three years. For the reasons outlined in the Company's proxy statement, the Board recommends that shareholders vote for the one-year option.

The fourth item of business is Proposal #4, an advisory vote to ratify the appointment of Ernst & Young as the Company's independent auditor for 2023. For the reasons outlined in the Company's proxy statement, the Board recommends that shareholders vote for the ratification of Ernst & Young's appointment. As Desiree noted, a representative of Ernst & Young is present with us today and will be available to answer any shareholders' questions during the question-and-answer session at the end of today's meeting.

Before I introduce the presenters of the remaining shareholder proposals, I would like to remind everyone that, in accordance with the stated meeting procedures and standards of conduct, each shareholder proponent will limit their remarks to a two-minute presentation of their specific proposal. I would also like to remind everyone that, for the reasons outlined in the Company's proxy statement, the Board recommends that shareholders vote against each of these shareholder proposals.

At this time, I call on Sister Susan Mika of the Benedictine Sisters of Boerne, Texas, who will present Proposal #5, an advisory vote on a shareholder proposal requesting that the Company adopt specific antibiotic policy, in two minutes or less. Operator, will you please open Sister Mika's line?

Susan Mika:

Yes, good morning. This is Sister Susan Mika. We feel that McDonald's has increased its exposure to medically important antibiotic use in its supply chain instead of reducing it. In 2018, McDonald's published its goal, its global vision for antibiotic stewardship in food animals, which included a goal to prohibit routine preventative use of antibiotics by meat suppliers and committed to developing species specific policies outlining our requirements and implementation timelines for suppliers providing chicken, beef, dairy, cows, pork, and laying hens for use in McDonald's restaurants. It also introduced and announced the goal of setting reduction targets for medically important antibiotics across 80% of its global beef supply chain by the end of 2020.

We feel that McDonald's did not fulfill that promise. In March of 2022, it replaced its commitment to set targets for reducing use of medically important antibiotics with targets for responsible use of the drugs. However, the responsible use approach does not incorporate timelines, milestones, and enforcement mechanisms, meaning that we feel that McDonald's pledge is not aligned with the WHO's imperative to achieve absolute antimicrobial reductions inclusive of medically important antibiotics by at least 30% to 50% by 2030. We've been talking with you since 2014 about these policies. Together, we have achieved this type of policy on chicken. We are looking forward to the day that we can say that about beef and pork. We ask you to vote for this resolution. Thank you.

Rick Hernandez:

Thank you, Sister, and my apologies for mispronouncing your name. I very much appreciate your comments.

The next item is Proposal #6, an advisory vote on another shareholder proposal requesting that the Company adopt a specific antibiotics policy. This time I call on Sara Murphy of The Shareholder Commons, who will present Proposal #6 in two minutes or less. Operator, will you please open Ms. Murphy's line? Good morning.

Sara Murphy:

Shareholders ask McDonald's to comply with World Health Organization guidelines on antimicrobials use in food-producing animals throughout its supply chains. McDonald's is the largest beef purchaser in the U.S. and one of the largest in the world. Its policies thus have tremendous influence on the market as a whole. McDonald's failed to meet its own 2018 commitment to set antibiotic use reduction targets for its beef supply chains by the end of 2020.

When it finally announced significantly weakened targets last December, McDonald's chose optics over substance.

McDonald's meat suppliers continue to overuse antibiotics exacerbating antimicrobial resistance or AMR, which the WHO describes as one of the top-10 global public health threats facing humanity. AMR damages diversified portfolios. When the efficacy and availability of life-saving drugs are compromised, the entire economy suffers, and when the economy suffers, investors lose. By 2050, AMR could cause \$100 trillion in lost global production, thus lowering the economy's intrinsic value. A healthy economy is a far greater value driver for diversified portfolios than the profits of any one company within those portfolios.

Numerous studies have shown that systematic factors explain 75% to 94% of average portfolio return. Thus, whatever marginal increase in returns McDonald's might deliver to shareholders using cost-cutting measures that cram animals into disease-promoting conditions is dwarfed by the outsized cost diversified shareholders absorb across their portfolios from the economic damage arising from antibiotics abuse that harms a crucial pillar of modern medicine. McDonald's decision-makers, who are heavily compensated in equity, have a conflict of interest with the Company's diversified shareholders and won't make the right decision without investor pressure. To protect your diversified portfolio value, please vote for Item #6.

Rick Hernandez:

Operator, can you please close Ms. Murphy's line? Thank you, Ms. Murphy. And again, we appreciate your comments.

The next item is Proposal #7, an advisory vote on a shareholder proposal requesting an annual report relating to the Company's operations in China. This time I call on Paul Chesser of The National Legal and Policy Center, who will present Proposal #7 in two minutes or less. Operator, please open Mr. Chesser's line. Good morning, Mr. Chesser.

Paul Chesser:

Good morning. So why did McDonald's put the term "Communist China" in quotation marks when it labeled our proposal in the proxy statement? Does McDonald's not believe China is truly communist, or are Company officials just signaling to the Chinese Communist Party that our proposal wasn't their idea so McDonald's won't lose access to the country or be punished by Chairman Xi? It's amazing what dictatorial regimes can do to make a so-called capitalist corporation do to protect its profits and to shield communists.

To make a comparison, I don't recall McDonald's putting the term "Black Lives Matter" in quotation marks in any of its materials when the so-called movement was looting and burning down our major cities a couple of years ago. Now, we see that the main grifters of that movement, the BLM Global Network Foundation, have burned through tens of millions of dollars from donations, much of it from corporations. BLM now borders on insolvency, according to reports earlier this week, after the co-founder bought mansions in wealthy neighborhoods and funneled hundreds of thousands of dollars to friends and family members. Meanwhile, a city like McDonald's home of Chicago is left in tatters and may very well be the murder capital of the U.S. Virtue signaling to buy off the defund the police crazies has a cost.

Last year, McDonald's CEO Chris Kempczinski raised concerns about the conditions of stores, employee safety, and being able to recruit staff at the Windy City headquarters. This is what

corporations like McDonald's reap when they demonize law enforcement with a broad brush like when it said "We stand for victims of systemic oppression and violence." Why is McDonald's so bold to stand up to phony systemic racism among law enforcement in the U.S., but refuses to honestly identify the oppressive and genocidal nation of China as communists? Such evasion is why we'd like more disclosures about the Company's risk of doing business in China. Please, vote for Proposal #7.

Rick Hernandez:

Operator, will you please close Mr. Chesser's line? Thank you, Mr. Chesser.

The next item is Proposal #8, an advisory vote on a shareholder proposal requesting an audit analyzing the impacts of the Company's DEI policies on civil rights, non-discrimination, and returns to merit. At this time, I call on Ethan Peck of The National Center for Public Policy and Research, who will present Proposal #8 in two minutes or less. Operator, please open Mr. Peck's line. Good morning, Mr. Peck.

Ethan Peck:

Good morning. McDonald's has special employee groups for women, blacks, Asian, Hispanics, LGBT people, and other groups arbitrarily deemed diverse, but none for men, whites, or straight people. How is that any different from whites-only water fountains? The Company is also intentionally, openly, and proudly selecting employees and suppliers because they are women, black, LGBT, or members of another group deemed diverse. This is very illegal. Hiring employees and treating them differently based on their skin color or sex violates the Civil Rights Act, yet the Company continues to champion these illegal and immoral practices as accomplishments of so-called diversity, equity, and inclusion, or DEI. In its opposition statements to our proposal to audit the Company's DEI policies, the Board doubled down on DEI stating that it is "a core value that defines who we are and how we run our business."

Well, esteemed members of the Board, we're taking you at your word. We believe you that McDonald's does in fact value DEI. Fine, but that is exactly the problem because DEI is just an Orwellian slogan for racism, sexism, and exclusion. Integrating DEI into Company operations is nothing to be proud of. DEI is wicked nonsense. It's bigoted against men, whites, and straight people by wrongly assuming that they are inherently racist and sexist oppressors whose opportunities need to be artificially hijacked and forcibly redistributed to those arbitrarily deemed diverse.

But, DEI is also bigoted against women and black and LGBT people and other ethnic minorities by wrongly assuming that they are inherently perilous victims who can't succeed on their own, who need this artificial push. It's the bigotry of no expectations, no matter the justification ends or intentions. However twisted and incoherent, it always was and always will be wronged to treat people differently based on their immutable characteristics.

And, again, it's also illegal. In addition to being morally abhorrent and clearly illegal, DEI also runs counter to shareholder interests. By not relying on merit alone when hiring, promoting and choosing suppliers, and by sowing division between employees, the Company is selling short its competence and productivity, thereby also violating its fiduciary duty. It's time to put an end to this madness and we should start by diagnosing the extent of the problem. That is what our audit seeks to make clear to shareholders. And the last thing that I'll say –

Rick Hernandez:

Mr. Peck, could you wrap?

Ethan Peck:

I don't care. The last thing that I'll say is that this shareholder meeting is a sham.

Rick Hernandez:

Operator, please close Mr. Peck's line. Thank you, Mr. Peck.

The next item is Proposal #9, an advisory vote on a shareholder proposal requesting an annual report on the Company's lobbying activities. At this time, I call on Julie Monroy, who will present Proposal #9 on behalf of SOC Investment Group, in two minutes or less. Operator, please open Ms. Monroy's line. Good morning, Ms. Monroy.

Julie Monroy:

Good morning. My name is Julie Monroy. I've been working at McDonald's in Los Angeles for more than 10 years. I am proud to present Proposal #9 for the SOC Investment Group, calling for lobbying transparency at McDonald's. Unsafe working conditions are too common working at McDonald's and the fast food industry. That's why the fast food workers at McDonald's fought the law establishing a Fast Food Council to bring us to the table with our employers to address issues like safety. Last year, I was sexually harassed by a co-worker. I told my supervisor and was moved to another store. I noticed they cut my hours just at 10 per week, less than part-time. My family cannot survive with this.

McDonald's has spent \$5.6 million and [inaudible] lobbying effort to stop the Fast Food Council laws. National Trade Associations like the National Restaurant Association and others have spent tens of millions of dollars into overturning the [inaudible] at 2024 representing initiative as of March 2023 to save our local restaurants. The Company has received about \$21 millions and the contribution with the McDonald's has given additional \$5.5 million in this misguided referendum effort. McDonald's is a member of the NRA. Part of the dues this Company goes to lobby, pay to the lobby, just how much. The Company knows, but the shareholders and employees don't. McDonald's politics needs to be out in the open so shareholders can hold the Company accountable. I ask the investors to vote the Proposal #9, please. Thank you.

Rick Hernandez:

Operator, please close Ms. Monroy's line. Thank you, Ms. Monroy.

The next item is Proposal #10, the advisory vote on a shareholder proposal requesting an annual report on the Company's global political influence. At this time, I call on Nathalie Alvarez of Corporate Accountability, who will present Proposal #10 on behalf of John Harrington, in two minutes or less. Operator, please open Ms. Alvarez's line. Good morning, Ms. Alvarez.

Nathalie Alvarez:

Good morning. Thank you for this opportunity to introduce Proposal #10 on behalf of Harrington Investments requesting full global political disclosure. I am Nathalie Alvarez, Latin American

Climate Campaign Director with Corporate Accountability. As you just heard from prior proponents, McDonald's U.S. political disclosures are both lacking and inconsistent. Now consider that the U.S. is about one of more than a hundred countries in which McDonald's does business where disclosures are even more lacking.

For example, McDonald's has launched a full-court offensive against proposed EU laws on waste reduction even as the corporation generates the weight of more than 100 Eiffel Towers in the packaging each year. To the backdrop of The Next Wave's' global plastic treaty negotiations, the corporation's politically motivated activities around plastic waste reinforce the need for rigorous and global disclosures. Perhaps most of McDonald's political activities are those in my home region, Latin America, where our sister organizations regularly contend with the displacement of indigenous peoples and mass deforestation.

But McDonald's has suppliers like Cargill. Investors have no visibility into the potential complicity of the corporation in social activities. In place of disclosure, investors will instead find lofty CSR commitments with largely unverifiable progress claims and a political code of conduct, the evidence to which investors are asked to take on faith. For a corporation that takes pride in being a good neighbor, doing the right thing, and putting people first, it is urgent and imperative that investors are offered full visibility into all of these political activities across all regions. I urge you to vote yes on Proposal #10 and the many aligned proposals before you today. Thank you.

Rick Hernandez:

Operator, please close Ms. Alvarez's line. Thank you, Ms. Alvarez.

The last item is Proposal #11, an advisory vote on the shareholder proposal requesting disclosure regarding the Company's poultry welfare program. At this time, I call on Karla Dumas of the Humane Society of the United States, who will present Proposal #11. Again, there's a two-minute limit. Operator, please open Ms. Dumas's line. Good morning.

Karla Dumas:

Good morning, and thank you. I'm going to keep this very short and just say that we think the proposal speaks for itself and would refer anyone who wants more information on it back to the proxy materials. Thank you.

Rick Hernandez:

Thank you, Ms. Dumas. Operator, please close her line.

Again, the Board's voting recommendations for all 11 proposals are outlined in the Company's proxy statement. In summary, the Board recommends that shareholders vote for the election of all of the Board's 13 director nominees, for the approval of executive compensation, for the one-year option on the frequency of future shareholder votes on executive compensation, for the ratification of Ernst & Young as the Company's independent auditor for 2023, and against each of the seven shareholder proposals. At this time, I'll turn the meeting back over to Desiree, who will lead the online voting process.



Desiree Ralls-Morrison:

Thank you, Rick. If you are voting at today's meeting, please complete your online ballot now. Again, if you voted by proxy before the meeting, you do not need to vote now unless you wish to revoke or change your prior vote. We will now pause for one minute so that any voting by online ballot may occur.

[One-minute pause.]

The polls are now closed. The voting results for today's meeting, once certified by the Inspector of Elections, will be filed with the SEC on a Form 8-K within four business days of the meeting and will be posted on our website. And now, back to Rick.

Rick Hernandez:

Thank you, Desiree. Now that we've concluded the formal business of today's meeting, I declare the meeting adjourned. And now, it's my great privilege to introduce McDonald's President and CEO, Chris Kempczinski. Good morning, Chris.

Chris Kempczinski:

Good morning. Thank you Desiree, Rick and the rest of the Board of Directors for your ongoing partnership. I want to express my sincere appreciation for everyone listening in and participating. And to all our shareholders joining us today, we are grateful for your continued investment and support of McDonald's. As we reflect on yet another extraordinary year, even as we confront challenges and uncertainties in the world, there has never been a better time to be part of Brand McDonald's. In a rapidly changing and unpredictable external environment, the past few years have demonstrated the resilience of the McDonald's brand and our ability to drive impressive growth. We've continued to transform the customer experience, build a culture of care for our restaurant teams, and create an environment where employees, franchisees, and suppliers all thrive.

Last year we achieved strong business performance despite external pressures in markets around the globe. We saw global comparable sales grow by almost 11% and global guest counts grew 5%. Our success is a direct result of our continued focus on our MCD growth pillars. Moreover, since 2020, we've achieved an increase in Systemwide sales of nearly \$20 billion.

As we talk about resilience, our team members in Ukraine have demonstrated unshakable fortitude as we've reopened the majority of restaurants across the country. We look forward to reopening additional restaurants over this summer, which we hope will continue to bring much needed jobs and commerce to the region.

And, as we started 2023, our momentum continues. Our progress is remarkable. I believe that we are well positioned for the long term even as inflation, supply chain issues, labor availability, and geopolitical tensions persist. There's power in dialing up our execution and focusing on what's within our control during challenging times. Continuing to put the customer first and executing on our plan while living our values is and has always been our model for driving growth regardless of the backdrop. Through our evolved *Accelerating the Arches* strategy, we continue to find new ways to reach our customers where they are and make their experience more seamless and personalized. We're building customer affinity by elevating our creative risk taking with fan truths

demonstrated through activations like our Famous Orders and our largest global campaign ever for the FIFA World Cup, “Wanna go to McDonald's?”

We're increasing the frequency in which we connect with our customers through our loyalty program, which now boasts almost 50 million active loyalty users in our top six markets. McDelivery continues to demonstrate huge growth potential, and the competitive strength of our drive-through locations around the world provides unparalleled convenience to our customers. We have also evolved our *Accelerating the Arches* strategy to set up a strong foundation for future growth. This includes accelerating the pace of new restaurant openings and implementing *Accelerating the Organization* to modernize the ways we work as a company. Through *Accelerating the Organization*, we are fundamentally rethinking how we as a company can work better together to become faster, more innovative, and more efficient.

In order for McDonald's to leverage our scale more effectively to meet the needs of our System and customers and unlock significant growth potential, we're instituting three significant shifts within our organization. Implementing Horizontal Ways of Working is going to help us to reduce silos, address and solve valuable problems, and then scale solutions globally faster than ever. Adopting One McDonald's way means it will move with greater agility and collaborate more effectively by using common processes. And, by investing in Digitizing Our Organization, we will use new tools and platforms that make it easier for employees to access information, to gain insights, and drive performance.

All of these actions will provide value back to the business, our people, our franchisees, and our suppliers, and help create even more memorable customer experiences for generations to come. McDonald's continues to meaningfully advance efforts to enable us to live our purpose, to feed and foster communities to the fullest. From our progress toward achieving net zero emissions across our global operations by 2050 to our ongoing work to create more sustainable Happy Meal toys. Investing in our people is equally important. By providing a holistic employee value proposition, McDonald's creates the type of environment where people want to work. We do so through our global brand standards, our Mutual Commitment to Diversity, Equity, and Inclusion, ongoing efforts to reach global gender pay parity, and more.

In the last year, we awarded more than \$20 million in tuition assistance and partnership with U.S. franchisees through our Archways to Opportunity program. Since its inception, the program has awarded college tuition assistance to more than 65,000 restaurant employees and more than \$185 million in highschool and college tuition assistance. Furthermore, we launched funding for 40 non-profits in Chicago that provide pre-employment support and skills development, primarily to black and Latinx communities. We have also taken additional steps to champion entrepreneurship and generational wealth across our System as we strive to increase our recruitment of first-time owners from underrepresented groups.

These actions advance our efforts to keep equity of opportunity central to our business while ensuring that our franchisee base reflects the communities that we serve. As we work to raise our ambition and *Accelerate the Arches*, we will continue to shape opportunities in ways that help people and McDonald's achieve their full potential. I truly believe our best days are ahead of us. Thank you.

Desiree Ralls-Morrison:

Thank you, Chris. We received numerous questions and comments in advance of today's meeting and have received many others during the meeting as well. As a reminder, questions

must conform to the guidelines set forth in the meeting procedures and standards of conduct. And, we have grouped together questions and comments that are substantially similar so that a variety of topics can be addressed. Now, let's get started. Chris, this first question is for you. How is McDonald's living its purpose and driving global impact?

Chris Kempczinski:

Thanks, Desiree. Well, as you know, our purpose of feeding and fostering communities is built on the 40,000 restaurants that we have around the world. And it takes shape in a number of forms, but it starts with our prioritization around four opportunities that Rick mentioned earlier: our planet; food quality and sourcing; jobs, inclusion, and empowerment; and community connection. And in any of those areas where they touch our business, McDonald's is certainly willing to partner and make our voice known.

I would say, equally important, we recognize that we need to be very selective on the issues that we weigh in on. And that's something that I do in partnership with our Board of Directors. And so I think with McDonald's, you'll see us continue to lean into our role in our communities to focus on the areas where we believe we have relevance and it's relevant to our business. But also be mindful about how we engage on topics and do so in partnership with our Board of Directors.

Desiree Ralls-Morrison:

Great, thank you. Rick, the next one is for you. Do you have any information to share on potential changes to our dividend practices or a potential stock split?

Rick Hernandez:

Thanks, Desiree. Well, I think just looking at our business performance over the past year and beyond, you really see the strength and resilience of the McDonald's brand. And through this, we've produced, I think, one of the best balance sheets in the industry. And Chris just mentioned Ukraine, of course, and we had the pandemic, and those are real challenges to any business. But with respect to dividends, McDonald's has a strong history of returning capital to shareholders, and we've raised our dividends for 46 consecutive years. No, we're not planning to change. There are no changes in discussion or plans to change dividend practice at this time. And we're proudly something called a "dividend aristocrat." And what it means is that over the last 25 years, not only have we consistently paid dividends through pandemics or difficult matters, but we've increased dividends. So we plan to stick with our practice.

And the second part of that, the Company is always evaluating the benefits and costs of lots of different actions, including stock splits. The lens through which we look at that is really, can we drive or create shareholder value? And when we think about splitting stock, there's really no value that we're seeing by doing so. So at this time, there's no plans to implement a stock split either. So I'd say the steady going for us is how we're looking at it going into the future and nothing to report here. Thanks, Desiree.

Desiree Ralls-Morrison:

Thank you. Also for you, Rick, what actions has McDonald's taken to ensure diverse and fresh perspective on its Board of Directors?

Rick Hernandez:

Thanks, Desiree. Well, let me just share how I think of a Board of Directors. And I think the word “Board” is really quite significant because, as I think about it, and I think this is shared by all members of the McDonald's Board, we're a collective. Each of us has a voice, a perspective, and a set of experiences that we bring to the boardroom. And it's the collective wisdom, not one of us, but all of us together, who are able to steward the Company and our shareholders' investments.

So as part of that, we always want to have a balance. And, again, personally, I think of it almost like an orchestra where you need to have great musicians in each of the different sections of an orchestra to have beautiful results. Well, in a boardroom, we want to have a balance of experience and deep knowledge of the Company, but also fresh ideas and people who will challenge ideas that have existed for a long time. And so that's what we strive for with the McDonald's Board.

Due to the circumstances of pandemic and other things, we had took a pause in our Board in terms of what we would prefer, which is a routine of people entering the Board and retiring from the Board, kind of without any major moment that that happens. But we had to kind of postpone people retiring from the Board for a while because it was just so significant to have highly experienced people at the helm during important business challenges. But, this year we were able to add some terrific new board members who I think bring a wealth of experience, deep understanding of business, and broad perspectives. So we brought on Tony Capuano, Kareem Daniel, Jennifer Taubert, and Amy Weaver. They really bring a lot of strengths, including digital brand, sustainability, and real estate, and it contributes to the mix of skills and perspectives that we're looking for.

At the same time, you see kind of the cost of this. So we had retirements as well. You don't want a board just to grow and grow, as it becomes unmanageable and the voices in the orchestra, I guess this is a bad metaphor, but the voices you really want to hear from each person on any particular subject. We had some retire. Sheila Penrose left us in September 2022, so it's not too long ago, but after this meeting, Bob Eckert and John Rogers will retire from the Board. As I mentioned in my earlier remarks, they were huge contributors to the success of McDonald's. So that's kind of how I think about it. I think how the Board thinks about it, and we look forward to an ongoing process of refreshment, but maintaining the experience and expertise that helps guide the Company in the future.

The other part of the refreshment idea extends to the Committee work too. And so in this past year, we've made some changes to our Committee leadership. So Catherine Engelbert is the Chair of our Audit & Finance Committee. John Mulligan has become the Chair of our Public Policy & Strategy Committee, and Paul Walsh is the Chair of our Sustainability & Corporate Responsibility Committee. So when you kind of mix all that up, what we have now is that more than half our directors who joined the Company in the last four years, and more than half of the Board are women or identify as racially or ethnically diverse. So we think we're doing a good job. The job is never over and we continue to follow these practices into the future. So that's my comment. Thanks, Desiree.

Desiree Ralls-Morrison:

Thank you, Rick. Chris, coming back to you, how is McDonald's strengthening its relationship with franchisees?

Chris Kempczinski:

Yeah, great question. I'm incredibly proud of our franchisees across the globe. We believe certainly that we have the best franchisees in the business. And so as you think about how do you strengthen that relationship with your franchisees, it starts with growing the business. When we can grow the business as successfully as we've done over the last several years, that helps everybody because the pie grows. And so the first part of how do we strengthen our partnership or our relationship with franchisees is really about executing with excellence against our *Accelerating the Arches* strategy, which we've done I think in spectacular fashion.

The second part of this is to make sure that we're always speaking with clarity to our franchisees so that they have clear expectations. Typically, our franchise agreements are 20-year agreements, and it's important that we give clarity to our franchisees about where we're going and also the terms of what that looks like. And so we announced in the U.S. last year a number of things that I think brought greater clarity, transparency, and consistency to how we go about our franchising approach. And then lastly, to paraphrase our founder, Ray Kroc, we always have to stay green and growing. And that means that we need to continue to find ways to bring in new franchisees into our System who reflect the communities where we operate.

And we do that in a number of different ways, but one of the things that I'm particularly proud of is the investment that we've announced back in 2021 to invest up to \$250 million in the U.S. to help bring in franchisees who may face some socioeconomic barriers. One of the sort of double-edged swords of our success has been, it's become more expensive to become a franchisee in our System because of our success. And so we wanted to make sure that our System can continue to be accessible for someone who maybe started in the restaurant and now is maybe a restaurant general manager, that they still have the dream and possibility of becoming a franchisee. And our investment that we made or announced back in 2021 is part of doing that. So there's a number of different ways that we're partnering and strengthening our relationship with franchisees. But I just want to say how proud I am to be working with those leaders day in and day out.

Desiree Ralls-Morrison:

Thank you, Chris. This next question is also for you. What improvements is McDonald's making to drive menu innovation and improve the customer experience?

Chris Kempczinski:

It starts with if you think about our MCD framework, which is maximize marketing, commit to the core menu and then drive the 3Ds, which are delivery, drive through, and digital. As it relates to your menu question, we have a tremendous set of core menu items, things like the Big Mac, Egg McMuffin, French fries, etc. And so how do we strengthen our core menu? One of the things that we've been doing around the world is a program that we call Best Burger, which essentially is ensuring that our core burger items are hotter and juicier. We're through that process or in the midst of that process right now in the U.S.

So everything that we do focuses first on driving our core menu because we think that is our greatest asset and something that continues to be highly relevant to consumers. I think part of the fun of McDonald's as well is that we always are bringing in new items on the menu, and we tend to let that happen at the local level. So menu innovation outside of our core, you typically will

see happen in a market that will be different in the U.S. than it would be in the U.K. than it would be in China. And that's where we have I think some fun with our menu.

As you think about the experience, one of the things that's happened over the last few years is you're seeing the transition of the McDonald's experience from being what was largely a physical experience to now being both a digital and physical experience. And so there's been a number of things that we've done to think about how do you meld the digital and physical experience so that we can continue to delight our customers around things like convenience and quality.

I think one of the areas that we've done that has been the rollout of our MyMcDonald's Rewards program, which we now have in most of our major markets around the world. We currently have about 50 million members in our top-six markets who are part of our loyalty program. But we're also doing things around driving usage of our app, curbside delivery, and delivery overall.

Today about 40% of our transactions in total are digital transactions, which is a pretty remarkable number when you think about where we came from, not just that long ago, where it was largely in a physical environment. So the great thing about McDonald's is we've got a great core to build on, but we also have the latitude to innovate outside of the core. And I think that's been the secret to our success over these last almost 70 years.

Desiree Ralls-Morrison:

Thank you. At this time, we have addressed questions of substantially similar topics that conform to the guidelines set forth in the meeting procedures. This now concludes our question-and-answer session. Chris, back to you.

Chris Kempczinski:

Okay, that brings us to the end of our meeting. I want to thank everyone for joining us today and thank you for your support and interest in McDonald's Corporation.

Operator:

This concludes today's meeting. You may now disconnect your lines.