



McDonald's – Consumer Goods Forum's Forest Positive Coalition 2023 Reporting

In 2022, McDonald's joined the Consumer Goods Forum's (CGF) Forest Positive Coalition (FPC). The coalition is a multi-company initiative to stop commodity-driven deforestation and address global climate change issues across consumer goods manufacturers and retailers.

The CGF FPC encourages members to work within their own supply chains to support commodity volumes that are deforestation and conversion free (DCF), to work with suppliers who are taking self-managed action across their own businesses to eliminate deforestation, to invest with others in landscape scale solutions to address deforestation, and to transparently report progress.

As part of this membership, McDonald's publicly reports on an agreed set of key performance indicators (KPIs) to maintain ongoing transparency and accountability. This document serves as the primary repository of McDonald's progress against the FPC's reporting requirements, as of year-end 2023.

Commodities include beef, soy for chicken feed, and palm oil.

McDonald's Commitment on Forests and Natural Ecosystems:

McDonald's is committed to eliminating deforestation and addressing conversion in our global supply chain by 2030, for commodities and regions where we can deliver the greatest impact.

This builds on the momentum of our 2020 milestones where we reported substantial progress on tackling deforestation within the supply chains of our primary commodities: beef; soy (for chicken feed); palm oil; coffee; and fiber (for primary guest packaging). Learn more about our 2020 milestones [here](#).

Our Commitment on Forests and Natural Ecosystems set out our vision for achieving our goal. This Commitment is applicable across our prioritized commodity supply chains and is consistent with our long-term sustainable sourcing goals.

We believe that we have a responsibility to leverage our size and position to work towards becoming a forest positive business. We believe being a forest positive business involves making systemic efforts to remove deforestation and ecosystem conversion from key commodity supply chains, reducing our carbon footprint, respecting human rights, and focusing on the programmatic areas and regions where we can deliver the greatest benefits, all while collaborating with others through supplier, landscape, and jurisdictional approaches.

We continue to work throughout our supply chains to achieve the following:

- No deforestation of natural forests
- Protection of natural ecosystems and areas of High Conservation Value by addressing conversion, as relevant to our sourcing, adapting our approach to the local context
- No development of High Carbon Stock Forest areas for palm oil production
- No new development on peatlands, regardless of depth, and the utilization of best management practices for existing pre-2015 production on peatlands (e.g., palm oil)
- Respect for human rights as set out in the McDonald's Human Rights Policy and informed by the [Universal Declaration of Human Rights](#)
- Respect for Indigenous peoples and local communities, including the right to Free, Prior and Informed Consent, for such things as plantation developments on land they own legally, communally or by custom
- Resolution of land rights disputes through a mutually-agreed dispute resolution process consistent with applicable law
- Identification of the origin of raw materials
- Support for smallholders and other producers in understanding and complying with our Forest Commitment through engagement with suppliers and NGO partners, helping facilitate their active participation in conservation and/or restoration efforts

Commodity-Specific Reporting

Beef

CGF Forest Positive Coalition Indicators	McDonald's 2023 Response
Policy commitments to the forest positive goals	<p>McDonald's Deforestation-Free Beef Procurement Policy ('Policy') was developed to bring the McDonald's Commitment on Forests & Natural Ecosystems to life within the McDonald's beef supply chain.</p> <p>This Policy establishes the overall requirements and process to be followed by all McDonald's Finished Product Suppliers (suppliers of beef patties) and their Raw Material Suppliers (meatpackers) sourcing cattle for McDonald's beef supply from countries with identified high priority regions.</p> <p>Technical elements vary by geography. High priority regions are currently the Brazilian Amazon, Brazilian Cerrado, Paraguayan Chaco, Argentinian Chaco, and certain regions of Australia. Our Policy is available to suppliers in English, Brazilian Portuguese, and Spanish.</p> <p>The Policy is reviewed on a regular basis, considering inputs from relevant stakeholders.</p> <p>Learn more here.</p> <p>In addition, McDonald's started to co-lead the CGF FPC Beef Working Group in 2023.</p>
Timebound action plan summary	<p>McDonald's is committed to eliminating deforestation and addressing conversion in our global supply chain by 2030, for commodities and regions where we can deliver the greatest impact.</p> <p>Please see information regarding our overall approach and timeline on eliminating deforestation in our priority commodities by 2030 in the introduction.</p> <p>Monitoring and reporting of Key Performance Indicators (KPIs) are integrated into McDonald's Deforestation-Free Beef Procurement Policy. Most recent results are reported in our Purpose & Impact report, here.</p>

	<p>We work alongside our monitoring service provider, Agrottools, to utilize social and environmental criteria and monitor adherence to our Policy, focused on purchasing from producers that conserve forests and respect human rights.</p> <p>McDonald's supports its Finished Product and Raw Material Suppliers in strengthening their approach to supporting a deforestation-free beef supply chain that also protects human rights by providing training on the Policy and high-level data-driven insights to support more responsible procurement decisions. As necessary, suppliers are expected to address results through corrective action plans (to support reintegration).</p> <p>Locally adopted cut-off dates (the last day that deforestation and/or conversion is permitted) cannot be later than 2020 and are designed to respect applicable legal requirements, as well as previously existing sectoral or regional agreements.</p>
Beef footprint	<p>Globally, we sourced 880,127 metric tons of beef in 2023. We estimate this through our annual raw material survey of suppliers.</p>
<p>Percentage of total cattle products purchased per known origin and risk level.</p> <p>Methodology for 'known origin' should be disclosed.</p>	<p>We estimate that the volume coverage through our annual raw material survey of suppliers, TraQtion, is 99.6% of our global raw material beef volume. We add an extrapolated volume to account for missing data.</p> <p>Of our global beef volumes in 2023, 19.6% of global beef volumes were sourced from countries considered as high priority (Brazil, Paraguay, Argentina, and Australia) under the McDonald's Deforestation Free Beef Procurement Policy. Within these high priority countries, there are high priority regions (see below).</p> <p>In high priority regions, Raw Material Suppliers linked to Finished Product Suppliers that supply to McDonald's, provide data to monitoring service providers on the origin of their cattle. A farm's location may be in a high priority region, but that does not mean deforestation is happening. For this reason, the farms of direct cattle suppliers in high priority areas are remotely assessed through geospatial tools to check for compliance with the Policy. In the Brazilian Amazon, both direct and indirect cattle suppliers are monitored. In this context, direct suppliers refer to producers who are selling directly to slaughterhouses. Indirect suppliers in this context refers to producers who are selling to other producers, who then sell to slaughterhouses.</p> <p>McDonald's Deforestation Free Beef Procurement Policy states that:</p>

	<p><i>High priority regions</i> are defined as countries, biomes, municipalities, or postcodes that are identified as areas where deforestation has occurred historically as determined through regular assessments, including with third-parties, that rely on the latest supply chain data and trends related to forests and natural ecosystems.</p> <p>High priority regions in terms of the McDonald’s Deforestation Free Beef Procurement Policy are currently the Brazilian Amazon, Brazilian Cerrado, Paraguayan Chaco, Argentinian Chaco, and certain regions of Australia.</p> <p><i>Low priority regions</i> refers to countries, biomes, municipalities, or postcodes that are identified as areas without or with a low risk of deforestation, as determined through regular assessments, including with third-parties, that rely on the latest supply chain data and trends related to forests and natural ecosystems.</p> <p>In 2023, 1.2% of beef volumes were found to be not compliant with our Deforestation Free Beef Procurement Policy (0.8% did not meet our requirements and 0.4% was extrapolated data).</p>
<p>Progress on ensuring beef is free from deforestation, conversion and conflict for high-risk areas</p>	<p>We engage Finished Product Suppliers to support implementation of the McDonald’s Deforestation Free Beef Procurement Policy within their supply chain and they must ensure that all of their Raw Material Suppliers are adhering to the Policy. McDonald’s supports suppliers in strengthening their approach to supporting a deforestation-free beef supply chain that also protects human rights by providing training on the Policy and high-level data-driven insights to support more responsible procurement decisions. As necessary, suppliers are expected to address results through corrective action plans (to support reintegration).</p> <p>We are also engaged in groups like the CGF Forest Positive Coalition to engage with suppliers collaboratively on an industry basis.</p> <p>In addition, we are collaborating throughout the industry through the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado to support best practices in addressing the potential social and environmental impacts in cattle supply chains in the Cerrado biome of Brazil.</p>

<p>Summary of the Forest Positive Approach provided for meatpackers and our approach for assessing and monitoring progress towards forest positive</p>	<p>We have shared information on the principles of the Forest Positive Approach with our globally managed beef suppliers and we provide annual feedback on the actions they are taking to conserve forests across their business along with areas for further focus.</p>
<p>T1 suppliers to whom the Forest Positive Approach and its implementation have been communicated</p>	<p>All of our global beef suppliers responded and disclosed their use of forest risk commodities within their supply chain to CDP Forests in 2023.</p> <p>We have shared information on the principles of the Forest Positive Approach with our globally managed beef suppliers.</p>
<p>Proportion or number of meatpackers sourcing from high risk origins that have been engaged and are being evaluated</p>	<p>McDonald's supports suppliers by providing training on the Deforestation Free Beef Procurement Policy. This Policy establishes the overall requirements and process to be followed by all McDonald's Finished Product Suppliers (suppliers of beef patties) and their Raw Material Suppliers (meatpackers) sourcing cattle for McDonald's beef supply from countries with identified high priority regions. We engage Finished Product Suppliers to support implementation of the Policy within their supply chain and they must ensure that all of their Raw Material Suppliers are adhering with the Policy. Monthly reports on the farms of direct cattle suppliers in high priority areas are remotely assessed through geospatial tools to check for compliance with the Policy and are provided to Raw Material Suppliers, and aggregated for Finished Product Suppliers and McDonald's.</p>

Soy

CGF Forest Positive Coalition Indicators	McDonald's 2023 Response
Policy commitments to the forest positive goals	<p>We require that all soy for the feed of chicken used in McDonald's products is either sourced from low-priority regions or, when sourced from high-priority regions, must support responsible soy production. Given the complexity of soy supply chains, we consider all soy for chicken feed linked to McDonald's chicken products to fall into high-priority regions, with the exception of chicken sourced in the United States and Canada.</p> <p>Outside of the United States and Canada, for deforestation and conversion, under the Round Table on Responsible Soy Association (RTRS), the cut-off date connected with our sourcing: June 2016 or May 2009.</p> <p>Outside of the United States and Canada, for deforestation and conversion in high conservation value areas, under ProTerra, the cut-off date connected with our sourcing: December 2008.</p> <p>We are actively engaging with suppliers to increase our visibility into embedded soy (soy that is transformed as an ingredient) as a further mechanism of how we work to protect natural ecosystems.</p> <p>In addition, McDonald's participates in the CGF FPC Soy Working Group and the Complex Soy Subgroup.</p>
Timebound action plan summary	<p>Please see information regarding our overall approach and timeline on eliminating deforestation in our priority commodities by 2030, where we can have the greatest impact, in the introduction.</p> <p>We support responsible soy production through the purchase of Round Table on Responsible Soy Association (RTRS) credits to cover estimated soy in feed for chicken outside of the United States and Canada. Several of our suppliers of chicken to Europe also use physical certification through ProTerra standards.</p> <p>We also engage with multi-stakeholder initiatives to support progress, including the CGF FPC Soy Working Group and the Complex Soy Subgroup.</p> <p>In the United States, McDonald's joined the Land Use Change Initiative (LUCI) to begin to address land use change in our supply chains. This coalition is a cross-sector collaboration to evaluate the condition of</p>

	<p>remaining US native sod and evaluate the drivers and impacts of land use change. We will use the outputs of the LUCI to inform our strategy to further address land use change in North America.</p> <p>As one additional example of our work to source more sustainable soy for chicken feed, McDonald’s UK & Ireland map and report on their embedded soy footprint annually as part of our work to address conversion. They then utilize this information to support tailored supplier engagement. Additionally, they are among the founding signatories of the UK Soy Manifesto to work collaboratively across the industry to support resilient and responsible supply chains.</p>
Soy footprint	<p>We estimated that 526,132 tons of soy were associated with our chicken supply in 2023.</p>
Methodology for soy footprint calculation	<p>We take a conservative approach and assume that all soy used in the feed of chickens supplied to our restaurants outside of the United States and Canada may originate from high deforestation-risk regions.</p> <p>This approach is informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chains of Europe, Asia-Pacific, and Latin America.</p> <p>We developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We use this to calculate our estimated global soy footprint associated with our chicken supply to help meet our sourcing requirements.</p> <p>We track our chicken volumes, origin and any soy certifications associated with these volumes from suppliers annually through the TraQtion system.</p> <p>The CGF FPC approach to embedded soy involves increasing volumes that are traceable in combination with investing at-scale to support sustainable on-the-ground actions.</p> <p>We track our chicken volumes and origin (traceability) and any soy certifications associated with these volumes from suppliers annually through the TraQtion system.</p> <p>We support responsible soy production through the purchase of Round Table on Responsible Soy Association (RTRS) credits to cover estimated soy in feed for chicken outside of the United States and Canada.</p>

<p>Proportion of direct suppliers engaged with on Forest Positive Approach and its implementation</p>	<p>We have shared information on the principles of the Forest Positive Approach with our globally managed chicken suppliers and we provide annual feedback on the actions they are taking to conserve forests across their business along with areas for further focus.</p> <p>All of our global chicken suppliers responded and disclosed their use of forest risk commodities within their supply chain to CDP Forests in 2023.</p> <p>As one example, learn more about the detailed UK & Ireland supplier engagement approach here.</p>
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Palm Oil

CGF Forest Positive Coalition Indicators	McDonald's 2023 Response
<p>Policy commitments to the forest positive (NDPE) goals</p>	<p>McDonald's is committed to eliminating deforestation and addressing conversion in our global supply chain by 2030, for commodities and regions where we can deliver the greatest impact.</p> <p>When we set our commitment in 2015, we prioritized action and measurement with public milestones for 2020 for the products we use in the greatest volumes and with the potential to have the greatest impact on forests.</p> <p>To meet our Commitment and transparently report progress, we have embedded specific sourcing, measurement, and compliance requirements for suppliers of priority commodities including palm oil.</p> <p>We implement cut-off dates for deforestation or conversion for different commodities and geographies, as aligned with the AFi.</p> <p>As connected to our sourcing, our cut-off dates for palm oil are the following: In all countries, for "damage to primary forest or any area required to protect or enhance" High Conservation Value (HCV) areas, under the Roundtable on Sustainable Palm Oil (RSPO): November 2005 In all countries, for "damaged HCV or High Carbon Stock (HCS) forests", under RSPO: November 2018</p>
<p>Timebound action plan summary</p>	<p>Please see information regarding our overall approach and timeline on eliminating deforestation in our priority commodities by 2030, where we can have the greatest impact, in the introduction.</p> <p>Palm oil sourced for McDonald's restaurants or as ingredients in McDonald's products must meet the requirements of RSPO certification. All countries are considered high priority regions for palm oil and all volumes are required to be covered by RSPO certification or credits.</p> <p>All RSPO supply chain models applicable to RSPO are applicable to McDonald's: RSPO Identity Preserved (IP), RSPO Segregated (SG), RSPO Mass Balance (MB) and Book and Claim (BC).</p> <p>McDonald's is committed to increasing traceability by requiring physical certification for the palm oil used in the McDonald's System in the greatest volumes, as related to the global core menu. Excluded from this are</p>

	<p>palm oil in local products, palm kernel oil or their derivatives used as secondary ingredients in McDonald's products. This is when palm oil is used as an ingredient within an ingredient, for example, an emulsifier. However, we do estimate these volumes and cover them by RSPO credits annually.</p> <p>We collect data on all palm oil (including crude palm oil and palm kernel oil) sourced for McDonald's restaurants for use as restaurant cooking oil and all palm oil sourced by McDonald's suppliers and used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement.</p> <p>Includes all suppliers of products containing palm oil in the McDonald's System and all McDonald's restaurants owned and operated by the Company and its Franchisees that use palm oil.</p>
<p>% volume that is forest positive</p>	<p>In 2023, 100% of palm oil sourced for McDonald's restaurants and used as an ingredient in McDonald's products supported the production of sustainable palm oil and deforestation-free supply chains through RSPO certification.</p> <p>All countries are currently identified as high deforestation priority regions for palm oil and all volumes are required to be covered by Roundtable on Sustainable Palm Oil (RSPO) certification or credits.</p> <p>All palm oil suppliers of restaurant cooking oil, supplier par-fry oil used in global core products and suppliers of global core products that contain palm oil ingredients must report into McDonald's annual data collection known as TraQtion. Through TraQtion, we collect volume and origin data as well as chain of custody and other sustainability related information.</p>
<p>Volumes of RSPO physically certified palm, split out by % mass balance and % segregated</p>	<p>Our sustainable sourcing standards require all palm oil sourced by suppliers for use as McDonald's restaurant cooking oil and supplier global core par fry-oil to be RSPO physically certified. This represents the largest volume of palm oil in the McDonald's system.</p> <p>In 2023, 72.5% of these volumes were physically certified, including 25% RSPO segregated and 47.5% RSPO mass balance. We purchased RSPO book and claim credits to support sustainable production relating to the remaining volume of 27.5%.</p> <p>In our previous CGF report, we reported that 74.5% of palm oil sourced for McDonald's restaurants and used as an ingredient in McDonald's global core products was physically certified, including 25.6% RSPO segregated</p>

	<p>and 48.9% RSPO mass balance. We purchased RSPO book and claim credits to support sustainable production relating to the remaining volume of 25.5%.</p>
<p>Priority production landscapes identified</p>	<p>We use the data we collect annually from suppliers to identify priority production areas for further engagement. As well as deforestation risks, we cross reference these locations against potential human rights issues to understand priority regions for heightened due diligence. Our priority production landscapes are Malaysia, Indonesia and Thailand.</p> <p>All palm oil suppliers of restaurant cooking oil, supplier par-fry oil used in global core products and suppliers of global core products that contain palm oil ingredients must report into McDonald's annual data collection known as TraQtion. Through TraQtion, we collect volume and origin data as well as chain of custody and other sustainability related information. We use this data to identify priority production areas for further engagement. As well as deforestation risks, we cross reference these locations against potential human rights issues to understand priority regions for heightened due diligence.</p> <p>McDonald's is committed to working with stakeholders and the Company's supply chain to support development and improvement of sustainable palm oil production. We have engaged one of our major upstream palm oil suppliers, Wilmar, on a series of projects to help improve transparency and sustainability outcomes for our supply chain.</p>
<p>Number of landscape initiatives currently engaged in</p>	<p>One.</p>
<p>Name, location, timeline and other partners involved</p> <p>Report on type of engagement (e.g disbursed financial, in-kind, capacity, preferential sourcing)</p>	<p>Sustain-Kutim, is a new sustainable landscape initiative in Kutai Timur, Indonesia. Initial project dates (2023-2027).</p> <p>McDonald's contributes to the initiative through disbursed financial support.</p> <p>In 2023, McDonald's worked with Proforest, GIZ, and several company funders to invest in Sustain-Kutim, a new sustainable landscape initiative in Kutai Timur, Indonesia – a commodity-dependent district, among the top palm oil producing regions in Indonesia.</p>

<p>Specific actions or projects that are supported</p>	<p>Of the main palm oil districts nationwide, Kutai Timur is the one with the highest remaining natural forest cover. The sustainable landscape initiative aims to help reduce forestry and land-use emissions in Kutai Timur while supporting local communities, primary producers, palm oil and rubber plantation workers and the East Kutai District Government.</p>
<p>How the actions intend to address systemic issues and contribute to delivering forest positive goals</p>	<p>Sustain-Kutim aims to facilitate sustainable transformation in palm oil and rubber production through:</p> <ul style="list-style-type: none">• Monitoring land use management• Identifying High Conservation Value (HCV) areas and developing local management plans• Supporting smallholders in meeting certification standards• Supporting communities to achieve self-determination of their natural resources• Improving overall agricultural practices while enhancing local livelihoods