

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

McDonald's Corporation, together with its subsidiaries (the "Company", "we" or "our"), operates and franchises McDonald's restaurants, which serve a locally relevant menu of quality food and beverages in more than 39,000 locations in over 100 countries.

The McDonald's System is comprised of both Company-owned and franchised restaurants. McDonald's conventional franchisees, developmental licensees and affiliates are collectively referred to herein as "Franchisees." The Company is approximately 95% franchised and continually reviews its mix of restaurant models to help optimize overall performance.

The business relationship between the Company and Franchisees is supported by adhering to standards and policies, including McDonald's Global Brand Standards, and is of fundamental importance to overall performance and to protecting the McDonald's brand. The Company cannot prescribe ESG solutions for Franchisees. Rather, it works to raise awareness and provide tools and opportunities to support their sustainability journeys.

The Company believes franchising is paramount to delivering consistently great-tasting food and locally relevant customer experiences and driving profitability. Franchising enables an individual to be their own employer and maintain control over all employment related matters, marketing and pricing decisions, while also benefiting from the strength of the McDonald's global brand, operating system and financial resources.

Directly operating McDonald's restaurants contributes significantly to the Company's ability to act as a credible franchisor. One of the strengths of the franchising model is that the expertise from operating Company-owned restaurants allows McDonald's to improve the operations and success of all restaurants while innovations from franchisees can be tested and, when viable, efficiently implemented across relevant restaurants. Having Company-operated restaurants provides Company personnel with a venue for restaurant operations training experience. In addition, in Company-owned and operated restaurants, and in collaboration with Franchisees, the Company can further develop and refine operating standards, marketing concepts, and product and pricing strategies that will ultimately benefit all McDonald's restaurants.

The Company and Franchisees purchase food, packaging, equipment and other goods from numerous independent suppliers. The Company has established and enforces food safety and quality standards and product specifications and expects its suppliers to share its values and commitments. The Company has implemented numerous programs to encourage these practices. The Company also works with suppliers to mutually set sustainability-related objectives and goals and monitor their progress.

The data required for raw material metrics is collected primarily through the McDonald's annual raw material survey of suppliers, TraQtion, which is managed by the Global Supply Chain ("GSC") Digitalization team. It (i) gathers data on volume, origin and sustainability certification across six categories of products supplied to McDonald's and (ii) analyzes all supplier responses for variance from previously reported data. Where significant variances exist, manual review is conducted by the relevant sourcing lead to ensure accuracy. Information is not approved or used without review. A governance team comprised of GSC and Global Impact meets regularly on reporting. GSC Compliance leads follow up with suppliers who do not report or report inaccurate or non-compliant information. The Company works with third parties to undertake supplier audits in order to ensure the rigor of its processes and information.

Russia is included in the Company's response for the purposes of performance reporting to the end of December 2021.

More detail about the Company, as well as definitions of words used but not defined herein, can be found in its filings with the Securities and Exchange Commission and on its Purpose & Impact website at <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/impact-strategy-and-reporting.html>.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

| | Start Date | End Date |
|----------------|----------------|------------------|
| Reporting year | January 1 2021 | December 31 2021 |

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

| | Commodity disclosure | Stage of the value chain | Explanation if not disclosing |
|-----------------|----------------------|--------------------------|-------------------------------|
| Timber products | Disclosing | Retailing | <Not Applicable> |
| Palm oil | Disclosing | Retailing | <Not Applicable> |
| Cattle products | Disclosing | Retailing | <Not Applicable> |
| Soy | Disclosing | Retailing | <Not Applicable> |
| Other - Rubber | Not disclosing | Retailing | |
| Other - Cocoa | Not disclosing | Retailing | |
| Other - Coffee | Disclosing | Retailing | <Not Applicable> |

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|--|--------------------------------|
| Yes, a Ticker Symbol | MCD |

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Primary packaging

Source

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Albania
Australia
Austria
Belarus
Belgium
Belize
Bosnia & Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Croatia
Cyprus
Czechia
Denmark
Ecuador
Estonia
Eswatini
Finland
France
Germany
Greece
Hungary
India
Indonesia
Ireland
Italy
Japan
Latvia
Lithuania
Luxembourg
Malaysia
Malta
Namibia
Netherlands
New Zealand
Norway
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Serbia
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Thailand
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

6-10%

Comment

The scope for timber disclosure outlined in F0.4 relates to all primary fiber-based guest packaging items that are used to package guest food on premises at McDonald's restaurants and made with virgin and/or recycled paper/board including hot cups, cold cups, carry-out bags, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, and drink carriers, and excluding food packaged off-site, wood, and limited locally sourced items. We collect sourcing information from our primary fiber based guest packaging suppliers globally. Data completeness for 2021 is estimated to be over 98.6% of the total McDonald's system volume by weight. The countries provided above are a list of countries from which fiber raw material may be sourced. The percentage of our procurement spend represents our entire 2021 packaging spend which includes plastic packaging (e.g. plastic cups and lids), however, given the sourcing breakdown, we believe the range would be appropriate for fiber based packaging.

Palm oil

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)
Refined palm oil

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil
China
Costa Rica
Guatemala
India
Indonesia
Malaysia
Thailand
Turkey

% of procurement spend

<1%

Comment

McDonald's goal is for 100% of the palm oil used in our restaurants and as ingredients in our products to support the production of sustainable palm oil. (Ingredients includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement). We are committed to increasing the level of physical certification and the Company collects data and requires the purchase of physical RSPO certified oil (Segregated and Mass Balance) for the categories where we use palm oil in the greatest volumes (including restaurant frying oil and global core products). For all remaining palm oil, we estimate usage and cover this volume with Roundtable on Sustainable Palm Oil (RSPO) book and claim certificates. In 2021, 100% of palm oil sourced for use in McDonald's restaurants, par fry and used as an ingredient in McDonald's global core products supported the production of sustainable palm oil and deforestation-free supply chains; 78% of which was RSPO physically certified (Segregated or Mass Balance Chain of Custody System) The procurement spend above is an estimate using our reported and calculated palm oil use and the World Bank palm oil and palm kernel oil price for 2021 as we do not procure palm oil directly.

Cattle products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Beef

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Australia
Austria
Bolivia (Plurinational State of)
Botswana
Brazil
Canada
Chile
China
Costa Rica
Czechia
Denmark
France
Germany
Guatemala
Honduras
Hungary
Ireland
Italy
Lithuania
Mexico
Namibia
Netherlands
New Zealand
Nicaragua
Norway
Panama
Paraguay
Poland
Portugal
Russian Federation
South Africa
Spain
Sweden
Switzerland
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay

% of procurement spend

11-20%

Comment

The main use of beef in our products is for our hamburger patties. Country of origin data was collected through the Company's annual raw material survey, TraQtion. We estimate that the volume coverage through this survey represents 97.6% of our global raw material volume.

Soy**Activity**

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Whole soy beans
Soy bean meal

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Brazil
Paraguay
United States of America

% of procurement spend

1-5%

Comment

The scope of our reporting includes all soy sourced for feed of chicken used in McDonald's products globally, in line with our previously achieved 2020 goal that we will source soy for chicken feed in a way which supports the responsible production of soy and deforestation-free supply chains. Brazil, Argentina and Paraguay were identified as countries with a high risk of deforestation. Given the complexity of soy supply chains, we consider that all of McDonald's suppliers of chicken source soy for feed from these high deforestation-risk countries, with the exception of chicken sourced from the United States and Canada where soy used in chicken feed is locally produced. The procurement spend above is an estimate using our calculated soy use for chicken feed and the World Bank soy price for 2021 as the majority of soy used in our supply chain is for animal feed and is not procured directly.

Other - Coffee

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Other, please specify (Raw material volumes relate to green bean coffee used in McDonald's products defined below.)

Source

Contracted suppliers (manufacturers)

Country/Area of origin

- Brazil
- China
- Colombia
- Costa Rica
- Dominican Republic
- El Salvador
- Ethiopia
- Guatemala
- Honduras
- India
- Indonesia
- Kenya
- Lao People's Democratic Republic
- Mexico
- Nicaragua
- Peru
- Rwanda
- Uganda
- United Republic of Tanzania
- United States of America
- Viet Nam

% of procurement spend

1-5%

Comment

The scope of our reporting includes all ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products. Spend data is based on our 2021 coffee spend as a percentage of our total 2021 food and paper spend.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

| | % of revenue dependent on commodity | Comment |
|-----------------|-------------------------------------|---|
| Timber products | Don't know | The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks We do not sell our fiber-based packaging. Packaging is incorporated into our cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity alone. |
| Palm oil | Don't know | The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks Palm oil is used for frying in restaurants in some markets and par-frying chicken or potato products and it does not directly contribute to revenue. It is also an ingredient in some baked goods, liquid products (sauces), and other menu items. This is incorporated into cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity alone. |
| Cattle products | Don't know | The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks Beef is a component of our menu items (e.g. beef patty in a hamburger). We therefore do not know the percentage of revenue dependent on this commodity alone. |
| Soy | Don't know | The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks The majority of soy used in our supply chain is for animal feed. This is incorporated into cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity alone. |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Don't know | The commodities represented in this disclosure are used in a large number of McDonald's menu items around the world, therefore their end products are connected to a sizeable revenue. We do not currently track the proportion of such revenue directly related to specific raw materials from origins associated with forest risks Coffee beans are used in our restaurants as an ingredient of a range of drinks products. This is incorporated into cost of goods sold and can impact the price of our product. We therefore do not know the percentage of revenue dependent on this commodity alone. |

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

| | Data availability/Disclosure |
|-----------------|--|
| Timber products | Consumption data available, disclosing |
| Palm oil | Consumption data available, disclosing |
| Cattle products | Consumption data available, disclosing |
| Soy | Consumption data available, disclosing |
| Other - Rubber | <Not Applicable> |
| Other - Cocoa | <Not Applicable> |
| Other - Coffee | Consumption data available, disclosing |

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

872646

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

96.3

Please explain

The data required for the raw material metrics outlined here is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (TraQtion). The system gathers information on the volume, origin and sustainability certification for all primary fiber based guest packaging suppliers to McDonald's globally via a supplier survey. In line with our Commitment on Forests we have identified the following areas as high-risk priority regions - Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia, and Vietnam. We track the volumes and type of fiber-based material coming from these priority regions as part of our deforestation risk mapping. Where information is not available, we extrapolate the volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

115358

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

The data required for the raw material metrics outlined here is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (TraQtion). The system gathers information on the volume, origin and sustainability certification for all palm oil sourced globally for use as McDonald's restaurant cooking oil and supplier par fry-oil, as well as palm oil used as an ingredient in all global core products via a supplier survey. In line with our commitment on Forests we consider all palm oil sourcing areas as high-risk priority regions, and all palm oil must be 100% Roundtable for Sustainable Palm Oil (RSPO) certified. We also require the largest volume of palm oil in the McDonald's system (sourced for restaurant cooking oil, supplier par fry and as an ingredient in Global core products) to be RSPO physically certified where commercially viable. Where information is not available through our raw material tracking or where annual compliance to our sustainable sourcing standard was not met, McDonald's ensures these volumes are covered by RSPO book and claim credits while also working with the relevant markets and suppliers to ensure continuous improvement and adherence to our sourcing standards and forest commitments.

Forest risk commodity

Cattle products

Data type

Consumption data

Commodity production/ consumption volume

818871

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

97.2

Please explain

Includes all beef suppliers to the McDonald's System and their raw material suppliers globally and all McDonald's restaurants owned and operated by the Company and its Franchisees that sell beef. McDonald's requires all beef raw material sourced from high-deforestation priority regions to comply with McDonald's Deforestation-Free Beef Procurement Policy and meet the requirements as outlined in McDonald's Commitment on Forests. Countries with regions currently identified as high priority for beef include Brazil, Paraguay, Argentina and Australia. Exclusions: Beef used as secondary ingredients in McDonald's products, for example, as flavoring in a sauce. We estimate that the volume coverage through our annual raw material survey of suppliers, TraQtion, is 97.6% of our global raw material beef volume. We add an extrapolated volume to account for missing data.

Forest risk commodity

Soy

Data type

Consumption data

Commodity production/ consumption volume

524064

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

Chicken feed is one of the principal uses of soy in the McDonald's supply chain. Our soy volume is based on chicken raw material sourcing volumes from our annual raw material survey of suppliers, carried out through the TraQtion system. Volume coverage is 99.9% and we add an extrapolated volume to account for any missing data. We work with Agrotools to convert this raw material volume into a soy equivalent corresponding to the soybean volumes used in the feed of chicken used in McDonald's products.

Forest risk commodity

Other - Coffee

Data type

Consumption data

Commodity production/ consumption volume

72460

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

98.7

Please explain

The data required for the raw material metrics outlined here is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (TraQtion). The system gathers information on the volume, origin and sustainability certification for all coffee, including decaffeinated coffee, used in espresso-based drinks and coffee brewed at restaurants and all coffee used in retail products globally via a supplier survey. Coffee extracts and ingredients used in products such as frappes and coffee based baked goods; cold brew drinks if they are brewed off-site and coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee are excluded. In line with our Commitment on Forests we have identified the following areas as high-risk priority regions - Honduras, Indonesia, Vietnam. All coffee sourced from these priority regions must be sourced from Rainforest Alliance Certified™ farms. We track the volumes and type of certification coming from these priority regions as part of our deforestation risk mapping. Where information is not available, we extrapolate the volume and conservatively assume that this is sourced from a high priority forest location.

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

15.9

Please explain

We currently classify Argentina, Cambodia, China, Indonesia, Laos, Malaysia, Russia, and Vietnam as high priority areas to address forest related risks for timber products. The percentage reflects the proportion of our 2021 fiber sourcing from these countries for our primary guest packaging and Happy Meal toy packaging and any extrapolated volumes for 2021 that are assumed as sourced high deforestation risk regions to be conservative. All other countries are assessed as low priority. The data required for the raw material metrics outlined in this response is collected primarily through the McDonald's Global Supply Chain and Sustainability annual raw material survey of suppliers (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is also sourced from a high priority forest location.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

100

Please explain

We consider all palm oil sourcing regions as high-risk priority areas and 100% of our palm supply has been Roundtable for Sustainable Palm Oil (RSPO) since 2017. By end 2020 our sustainable sourcing standards require all Palm Oil sourced by suppliers for use as McDonald's restaurant cooking oil and supplier par fry-oil to be RSPO physically certified. This represents the largest volume of palm oil in the McDonald's system and in 2021 96% of these volumes were RSPO physically certified. Where annual compliance was not met, McDonald's ensures these volumes are covered by RSPO credits and works with the relevant markets and suppliers to ensure continuous improvement and adherence to our sourcing standards. Across all volumes of palm oil sourced for McDonald's globally, including restaurant cooking oil and supplier par fry as well as an ingredient in both global core and non-global core product, the RSPO physically certified volumes have increased from 13% in 2016 to 78% in 2021. 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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Cattle products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

8

Please explain

We currently classify Brazil, Argentina, Australia and Paraguay as priority countries to address forest related risks for cattle products. We prioritize regions within these four countries as high deforestation risk regions. The percentage above reflects the proportion of our 2021 beef sourcing from these high priority regions and any extrapolated volumes for 2021 that are assumed as sourced from high deforestation risk regions to be conservative. All other countries are assessed as low priority. 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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

57

Please explain

We currently classify Brazil, Argentina, and Paraguay as high priority areas to address forest related risks for soy products used as chicken feed. Due to limitations in soy traceability, unless demonstrated otherwise, we assume our chicken supply from all countries with the exception of the United States and Canada originates from high deforestation priority areas at the percentage reflects this high priority sourcing proportion. 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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

9.7

Please explain

We classify Honduras, Indonesia, Vietnam as high priority areas to address forest related risks for coffee. The percentage reflects the proportion of our 2021 coffee sourcing from these countries and any extrapolated volumes for 2021 that are assumed as sourced from high deforestation risk regions to be conservative. All other countries are assessed as low priority. 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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

<Not Applicable>

Volume produced/consumed

<Not Applicable>

Metric

<Not Applicable>

Country/Area of origin

<Not Applicable>

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?

<Not Applicable>

Comment

We have tracked markets that use palm oil as restaurant oil and are not aware of any markets using biofuel derived from palm oil.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. The sustainability of our packaging is a significant consumer and stakeholder expectation, with issues on packaging materials, reducing waste and improving recycling consistently ranking highly in McDonald's customer insights surveys, with the potential for significant impact. Consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights are one of the factors that drive our responsible sourcing strategy for the timber products used in our consumer packaging. We know that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, the trust in our brand from customers and internal and external stakeholders may suffer.

Primary response

Increased use of sustainably sourced materials

Total financial impact**Description of response**

In 2021, 96.3% of our primary fiber-based guest packaging supported deforestation free supply chains. Primary fiber-based guest packaging includes products that are used to package guest food on premises at McDonald's restaurants including containers, cups, wraps, and bags for food, beverages, napkins, paper straws and lids, Happy Meal cartons and cup carriers. Since 2021 we have expanded the scope of our fiber based guest packaging in scope for our deforestation commitment to also include Happy Meal fiber-based toy packaging. McDonald's requires all wood and wood fiber sourced from high priority regions for our Forest Commitment (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level with full chain of custody certification. Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to minimize through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP.

Forest risk commodity

Palm oil

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's customers. The importance of sustainably sourced palm oil was identified by external stakeholders like WWF through the Living Forest report and Deforestation Fronts as a priority area for companies to address through positive actions in their supply chains. Consumers want and expect brands like McDonald's to be environmentally and socially responsible. We know through this insight from customers and stakeholders that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, the trust in our brand from customers and internal and external stakeholders may suffer.

Primary response

Increased use of sustainably sourced materials

Total financial impact**Description of response**

We have a global palm oil responsible sourcing policy to ensure that palm oil we use supports sustainable production. We expect all centrally managed suppliers of restaurant and par-fry oil to be active RSPO members and report through ACOP; have a public commitment to eliminate deforestation and supporting strategy; a strategy for traceability to the mill and plantation level; be committed not to source from peatlands, high conservation value land and high carbon stock forest; commit to uphold human rights at the plantation level and Free and Prior Informed Consent; have third-party verification processes; and a strategy to address any open grievances. We're committed to increasing traceability for palm oil we use in the greatest volumes. We are increasing our physical RSPO volumes (Identity Preserved, Segregated and Mass Balance). At the end of 2021, 78% of our palm oil was RSPO physically certified (Mass Balance or Segregated) and the remaining 22% supported the production of sustainable palm oil through RSPO book and claim credits. We know that our certification requirements can result in increased supply chain costs, which we and our suppliers aim to minimize through sourcing strategies. We track volumes, origin and certification from key suppliers through TraQtion to ensure we meet and can report on our commitments on our website and CDP. We also engage with groups like the Palm Oil Collaboration Group to collectively help influence change on a landscape scale.

Forest risk commodity

Cattle products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. Beef is an iconic product for McDonald's and we recognize the opportunity for positive impact and industry transformation through responsible sourcing investments in our beef supply chain. We know that if we are not effective in addressing the social and environmental sustainability linked to beef production, the trust in our brand from customers and internal and external stakeholders could suffer.

Primary response

Greater traceability of forest-risk commodities

Total financial impact**Description of response**

McDonald's initially partnered with WWF and suppliers to assess the risk of deforestation for cattle products and worked with Proforest to develop the McDonald's Deforestation-Free Beef Procurement Policy to implement our Commitment on Forests in our beef supply chain. This Policy applies to priority countries (Argentina, Australia, Brazil and Paraguay), where deforestation has taken place or is projected to take place and involves satellite mapping areas of deforestation activity, tracking supply from those areas and taking action in collaboration with suppliers to address deforestation linked to our supply. Our commitment to the sustainability of beef production is wider than forests and we are a founding member of the Global Roundtable for Sustainable Beef (GRSB). McDonald's is represented on the Executive Committee of the GRSB and at board level of affiliated regional roundtables across the world. We have also been actively involved with the Consumer Goods Forum Forest Positive Coalition Beef Working Group in 2021 to take collective action on the potential impact on forests from beef production.

Forest risk commodity

Soy

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. A key expectation and one that ranks consistently highly with consumers is that brands like McDonald's must be environmentally and socially responsible. However, these expectations are often complex and not always clearly defined. We engage with organizations like WWF and Proforest to better define how we can have the biggest positive impacts based our sourcing and supply chain. Chicken is a core product for McDonald's and we recognize the significant opportunity for positive impact and industry transformation through responsible sourcing investments in our chicken and associated soy supply chain. By effectively and visibly addressing the social and environmental impacts in our soy supply chain, brand trust and stakeholder support in this area will improve.

Primary response

Engagement in multi-stakeholder initiatives

Total financial impact

Description of response

The soy used for the feed of chicken for McDonald's products worldwide supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra. We have identified the soy sourcing regions that have high deforestation risks. Using a traceability analysis, we have taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America may originate from high deforestation-risk regions. At a minimum, approved third party certification is used to cover all soy volumes used in poultry feed where the soy is assessed as produced in Argentina, Brazil or Paraguay. We are reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP.

Forest risk commodity

Other - Coffee

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

The Company regularly conducts consumer and stakeholder research to better understand expectations and perceptions of McDonald's. The sustainability of our coffee supply was identified through stakeholder research as priority expectation with potential for positive impact. Consumers want and expect brands like McDonald's to be environmentally and socially responsible. These insights drive our responsible sourcing strategy for the coffee used in our supply chain. We know that if we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, the trust in our brand from customers and internal and external stakeholders may suffer.

Primary response

Increased use of sustainably sourced materials

Total financial impact

Description of response

We have identified Honduras, Indonesia, and Vietnam as high-deforestation priority regions for coffee and require all coffee sourced from these regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or sourced as Rainforest Alliance Certified™. We also require that all coffee sourced for McDonald's restaurants from low-deforestation priority regions is sustainably sourced in compliance with Rainforest Alliance, UTZ, Fairtrade or McCafé SIP. McCafé Sustainability Improvement Platform (McCafé SIP) program, established by McDonald's in partnership with Conservation International and our coffee roasters, is a framework to engage our coffee supply chain in responsible sourcing and to invest in coffee growers and their communities over the long term. We're also enabling coffee roasters to leverage their expertise and relationships to innovate and advance sustainable farming practices. Our McCafé SIP Advisory Council provides input on the strategic direction of program with members including Conservation International, Rainforest Alliance, the Committee on Sustainability Assessment (COA), the Sustainable Food Lab, Fair Trade USA and Solidaridad. The Council developed a set of minimum requirements focused on social and environmental impacts, including deforestation, human rights and health & safety, that all farms must meet.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Palm oil

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Cattle products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

Forest risk commodity

Soy

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we estimate deforestation/conversion footprint based on sourcing area

Coverage

Partial consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Since a specified cutoff date, please specify year (2009)

Known or estimated deforestation/ conversion footprint (hectares)

0

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Our total footprint outside North America for chicken related soy, provided by Agrottools, is 97,060 hectares, but we balance this through credits or physical certification to achieve a deforestation footprint of 0.

Forest risk commodity

Other - Coffee

Have you monitored or estimated your deforestation/conversion footprint?

No, and we do not plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

External consultants

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

We work with organizations including WWF, Proforest, GRSB, CGF, RSPO, POCG and others to assess risks. In our assessment, we consider the views of our suppliers, NGOs and local stakeholders to ensure our response to the risks is tailored to the areas we source from. HAVI, our supply chain partner, manages the consumer packaging category for the majority of McDonald's markets. The Company works closely with HAVI and various stakeholders such as World Wildlife Fund (WWF) to regularly assess risk (operational, regulatory, and reputational) in our supply chain. In 2009 and 2010 WWF assessed the environmental, social, and economic risk in our supply chain at the raw material production level and identified fiber for packaging as a priority product. As a WWF corporate partner, the Company collaborates with WWF on our sustainable fiber-based packaging strategy and is regularly informed of any new or emerging deforestation risks related to fiber. For example, the WWF Living Forest and Deforestation Fronts reports, which helped to prioritize our actions, assessed the risk from projected deforestation to 2030. In partnership with HAVI, we conduct an annual raw material survey of suppliers, TraQtion which includes a risk assessment in which we evaluate the origin of our packaging and review origin against a list of relevant high-risk markets. In 2015, with WWF and HAVI, we mapped the majority of our consumer-facing paper packaging fiber supply against countries where pulp plantations are known drivers of deforestation and found that less than 12% of the fiber for our consumer packaging could not be substantiated as avoiding these high-risk countries. Unless made from 100% recycled content as verified by a third-party, we require FSC certification, at mill level with full chain of custody certification, for any fiber sourced from these countries and continue to work for greater visibility into the amount of fiber coming from these countries. McDonald's is a member of the CDP Supply Chain program and as of 2022, we now request that 145 suppliers report to CDP Supply Chain Climate and Forests each year (up from 131 in 2021). We review the information on risk our suppliers provide and give feedback on the areas most important to McDonald's for them to disclose information on.

Palm oil

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

External consultants

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

We work with organizations including WWF, Proforest, GRSB, CGF, RSPO, POCG and others to assess risks. In our assessment, we consider the views of our suppliers, NGOs and local stakeholders to ensure our response to the risks is tailored to the areas we source from. The Company works with various stakeholders such as World Wildlife Fund (WWF) and Proforest to regularly assess risk (operational, regulatory, and reputational) in our supply chain. For example, the WWF Living Forest and Deforestation Fronts reports, which helped to prioritize our actions, assessed the risk from projected deforestation to 2030. We assess supplier compliance annually against our sustainable palm oil policy using our annual raw material survey of suppliers, TraQtion. We are Roundtable on Sustainable Palm Oil (RSPO) members and all of our palm oil volume supports sustainable palm oil production through RSPO, responding to industry risks through the evolution of the RSPO Principles and Criteria. We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical RSPO volumes (Identity Preserved, Segregated and Mass Balance) to better quantify and manage risk. As of the end of 2021, 78% of our palm oil was RSPO physically certified (Mass Balance or Segregated) and the remaining 22% supported the production of sustainable palm oil through RSPO book and claim credits. We are lead members of CDP Supply Chain and as of 2022, we now request that 145 of our suppliers respond to CDP Climate and Forest each year. We use the insights from this to give feedback to suppliers and assess the risk to our supply chain. In addition, we are members of the Palm Oil Collaboration Group to accelerate effective implementation of our no deforestation, no peat expansion, no exploitation (NDPE) commitment.

Cattle products**Value chain stage**

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

External consultants

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

The Company works with various stakeholders such as World Wildlife Fund (WWF), Proforest and Agrottools to regularly assess risk (operational, regulatory, and reputational) in our supply chain. As a WWF corporate partner, we collaborate with WWF on our sustainable beef strategy and are informed of new or emerging beef-related deforestation risks. For example, the WWF Living Forest and Deforestation Fronts reports, which helped to prioritize our actions, assessed the risk from projected deforestation to 2030. We also test emerging frameworks from groups like the Accountability Framework initiative. We acknowledge that there are multiple definitions of deforestation that have guided various efforts to eliminate deforestation from supply chains around the world. The assessment of our approach to prioritize actions in each country is determined through consultations with industry and external stakeholders with consideration to local factors. We work with Agrottools, an agri-tech company, to annually assess the biomes and regions in the priority countries, identify the locations we source beef from and assess compliance with our Deforestation Free Beef Procurement Policy. We have made significant investments in satellite mapping and tracking our beef supply chain in priority sourcing countries of Brazil, Argentina, Australia and Paraguay . We track our volumes, origin and sustainability engagement from beef suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We are lead members of CDP Supply Chain and now request CDP Climate and Forests responses from 145 of our largest suppliers as of 2022. In 2021, our CDP Supply Chain Climate request of 131 suppliers represented 81% of our global spend across Food & Beverage, Paper & Packaging, and Logistics & Equipment. For Forest, we requested 124 suppliers, representing 80% of our spend for the same categories. McDonald's is a member of the Global Roundtable for Sustainable Beef and works collaboratively with others to assess and discuss industry level response to the sustainability risks from beef production. Throughout 2021, we worked as observer members in the Consumer Goods Forum Forest Positive Coalition Beef Working Group to assess and address forest positive actions in collaboration with others at an industry level.

Soy

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

External consultants

Other, please specify (Third Party Certification)

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

The Company works with various stakeholders such as World Wildlife Fund (WWF), Proforest and Agrottools to regularly assess risk (operational, regulatory, and reputational) in our supply chain. As a WWF corporate partner, the Company collaborates with WWF on our sustainable soy strategy and is regularly informed of any new or emerging deforestation risks related to soy. For example, the WWF Living Forest and Deforestation Fronts reports, which helped to prioritize our actions, assessed the risk from projected deforestation to 2030. A large portion of soy use in our supply chain is for poultry feed, and through collaboration with WWF, this was identified as a priority product for our 2020 forest commitment. The Company has formed a cross-functional team to evaluate the sustainability issues within the poultry supply chain and develop strategies to address risks. This cross-functional group oversees the development of soy risk assessments and strategies in order to reach our Commitment on Forests. We have worked with Agrottools, an agri-tech company and certified B-Corp and with suppliers across the world to create a detailed tool that can assess the soy footprint related to our poultry supply. We use our annual raw material survey of suppliers, TraQtion to annually track the origin, volume, destination and type of poultry meat sourced from suppliers across the world. Coupled with the insight from the Agrottools Soy Calculator we assess our soy footprint annually, understand the volume covered by physical certification and The investment we need to make in book and claim credits. We are lead members of CDP Supply Chain and as of 2022, we now request responses to CDP Climate and Forests from 145 of our largest suppliers. In 2021, our CDP Supply Chain Climate request of 131 suppliers represented 81% of our global spend across Food & Beverage, Paper & Packaging, and Logistics & Equipment. For Forest, we requested 124 suppliers, representing 80% of our spend for the same categories.

Other - Coffee

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

We work with organizations including WWF, Proforest, Conservation International, COSA, Rainforest Alliance and others to assess risks. In our assessment, we consider the views of our suppliers, NGOs and local stakeholders to ensure our response to the risks is tailored to the areas we source from. The Company works with various stakeholders such as World Wildlife Fund (WWF) and Proforest to regularly assess risk (operational, regulatory, and reputational) in our supply chain. For example, the WWF Living Forest and Deforestation Fronts reports, which helped to prioritize our actions, assessed the risk from projected deforestation to 2030. We assess supplier compliance annually against our coffee and forest policy using our annual raw material survey of suppliers, TraQtion. We ensure that all of the ground and whole bean coffee that is used in espresso-based drinks and coffee brewed at restaurants and all coffee used in retail products from high deforestation risk regions of Honduras, Indonesia, and Vietnam is sourced from Rainforest Alliance Certified™ farms. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™. We also require that all coffee sourced for McDonald's restaurants from low-deforestation priority regions is sustainably sourced in compliance with Rainforest Alliance, UTZ (now part of Rainforest Alliance), Fairtrade or McCafé SIP. In 2021, 98.7% of coffee sourced for McDonald's restaurants supported deforestation-free supply chains. In addition, we are members of the Sustainable Coffee Challenge, a collaborative network focused on accelerating collective action and innovation on key social and environmental issues relating to coffee including forests and climate.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

| | Value chain mapping | Primary reason for not mapping your value chain | Explain why your organization does not map its value chain and outline any plans to introduce it |
|-----------------|---|---|--|
| Timber products | Yes, we have mapped the entire value chain | <Not Applicable> | <Not Applicable> |
| Palm oil | Yes, we have mapped the entire value chain | <Not Applicable> | <Not Applicable> |
| Cattle products | Yes, we have mapped the entire value chain | <Not Applicable> | <Not Applicable> |
| Soy | Yes, we have partially mapped the value chain | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Yes, we have mapped the entire value chain | <Not Applicable> | <Not Applicable> |

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Tier 1 suppliers

Tier 2 suppliers

Other, please specify (Country of Origin)

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Data gathering that enables mapping of supply chains, including Tier 1, 2 and country of origin, is performed through annual tracking of our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently on our progress. We require all suppliers within the scope of the fiber-based primary packaging 2025 goal to participate in annual reporting. Primary Converter Suppliers (that is, those who purchase fiber-based raw materials such as paper and/or paperboard) submit data to McDonald's regarding their packaging, and volumes; they also engage secondary suppliers (that is, Paper mills) to provide details of sourcing practices (e.g., forest origin, tree species, risk procedures). Where information is not, or only partially available from a supplier, we extrapolate a volume to account for this data and conservatively assume that this is sourced from a high priority forest location, and non-compliant.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Palm oil

Scope of value chain mapping

Tier 1 suppliers

Tier 2 suppliers

Other, please specify (Country of origin)

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location. We use TraQtion to annually map our value chain – Tier 1 and Tier 2 suppliers, commodity volumes, Chain of Custody, McDonald's market supplied, Sustainable Sourcing Requirements, and compliance with our forest commitment.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Cattle products

Scope of value chain mapping

Tier 1 suppliers

Tier 2 suppliers

Other, please specify (Country of origin)

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location. We use TraQtion to annually map our value chain – Tier 1 and Tier 2 suppliers, commodity volumes, Chain of Custody, McDonald's market supplied, Sustainable Sourcing Requirements, and compliance with our forest commitment.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Soy

Scope of value chain mapping

Tier 1 suppliers

Tier 2 suppliers

Other, please specify (Country of Origin)

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location. We use TraQtion to annually map our value chain – Tier 1 and Tier 2 suppliers, commodity volumes, Chain of Custody, McDonald's market supplied, Sustainable Sourcing Requirements, and compliance with our forest commitment.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Other - Coffee

Scope of value chain mapping

Tier 1 suppliers

Tier 2 suppliers

Other, please specify (Country of origin)

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

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 (TraQtion). The system gathers information on the volume, origin and sustainability certification across six categories of products supplied to McDonald's across the world via a supplier survey. Where information is not available, we extrapolate a volume and conservatively assume that this is sourced from a high priority forest location. We use TraQtion to annually map our value chain – Tier 1 and Tier 2 suppliers, commodity volumes, Chain of Custody, McDonald's market supplied, Sustainable Sourcing Requirements, and compliance with our forest commitment.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

| | Risk identified? |
|-----------------|------------------|
| Timber products | Yes |
| Palm oil | Yes |
| Cattle products | Yes |
| Soy | Yes |
| Other - Rubber | <Not Applicable> |
| Other - Cocoa | <Not Applicable> |
| Other - Coffee | Yes |

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

The Company's risk management process identifies, prioritizes and addresses a broad range of risks that can directly or indirectly impact the organization in the short-, medium-, and long-term, and we tier risks accordingly. The risks are determined as substantive based on a variety of quantitative and qualitative factors that our risk management process uses to monitor and assess the complexity of these topics. Climate, forests, water and other natural resource related risks are assessed based on both breadth as well as depth of impact to the McDonald's System (Company, Franchisees, suppliers). Each is measured distinctly depending on the topic, but may include impact on factors such as sales, price stability, competitive advantage, restaurants and Franchisees, customers and communities, supply chain commodities, suppliers and producers/farmers. Assessment of substantive impact may include magnitude, duration and/or dependency. We also assess impact based on existing crisis preparedness or the ability to develop such crisis preparedness, contingency and resiliency plans, and expressed external stakeholder concern or inquiry.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to responsibly estimate.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In 2021, 96.3% of our primary fiber-based guest packaging supported deforestation free supply chains. Primary fiber-based guest packaging includes products that are used to package guest food on premises at McDonald's restaurants including containers, cups, wraps, and bags for food, beverages, napkins, paper straws and lids, Happy Meal cartons and cup carriers. Since 2021 we have expanded the scope of our fiber based guest packaging in scope for our deforestation commitment to also include Happy Meal fiber-based toy packaging. McDonald's requires all wood and wood fiber sourced from high priority regions for our Forest Commitment (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level with full chain of custody certification.

Cost of response**Explanation of cost of response**

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. As a member of the Palm Oil Collaboration Group (POCG) we are actively engaged in addressing the key environmental and social challenges associated within the palm oil sector and in accelerating the effective implementation of our no deforestation, no peat expansion, no exploitation (NDPE) commitment.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We have a global palm oil responsible sourcing policy to ensure that the palm oil we use supports sustainable production. We expect all centrally managed suppliers of restaurant and par-fry oil to be active RSPO members and report through ACOP; have a public commitment to eliminate deforestation and supporting strategy; a strategy for traceability to the mill and plantation level; be committed not to source from peatlands, high conservation value land and high carbon stock forest; commit to uphold human rights at the plantation level and Free and Prior Informed Consent; have third-party verification processes; and a strategy to address any open grievances. We're committed to increasing traceability for palm oil we use in the greatest volumes. We are increasing our physical RSPO volumes (Identity Preserved, Segregated and Mass Balance). At the end of 2021, 78% of our palm oil was RSPO physically certified (Mass Balance or Segregated) and the remaining 22% supported the production of sustainable palm oil through RSPO credits. We know that our certification requirements can result in increased supply chain costs, which we and our suppliers aim to minimize through sourcing strategies. We track volumes, origin and certification from key suppliers through TraQtion to ensure we meet and can report on our commitments via our website and CDP. We also engage with groups like the Palm Oil Collaboration Group to collectively tackle issues and influence change on a landscape scale.

Cost of response**Explanation of cost of response**

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

Forest risk commodity

Cattle products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Greater traceability of forest-risk commodities

Description of response

The McDonald's Deforestation-Free Beef Procurement Policy ("Policy") was developed to implement the McDonald's Commitment on Forests in our beef supply chain. This Policy applies to priority countries (Argentina, Australia, Brazil and Paraguay), where deforestation has taken place or is projected to take place and involves satellite mapping areas of deforestation activity, tracking supply from those areas and taking action in collaboration with suppliers to address deforestation linked to our supply. We make significant investments in satellite mapping and tracking our beef supply chain in the priority countries above. We recognize that the sustainability of beef production extends to many factors alongside forest risk and we are a founding member and significant supporter of the work of the Global Roundtable for Sustainable Beef (GRSB). We are represented on the Executive Committee of the GRSB and at board level of affiliated regional roundtables across the world. We track our volumes, origin and engagement in GRSB aligned programs from beef suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP.

Cost of response**Explanation of cost of response**

We track our volumes and origin from suppliers annually through the TraQtion system. We have invested with Agrottools in a satellite mapping and traceability process to apply our Deforestation Free Beef Procurement Policy (DFBPP) in high priority countries to ensure we meet our commitments and can report transparently through our website and CDP. Finally our suppliers commit time and resource to ensuring the McDonald's DFBPP is applied in priority countries. The cost of this work is spread over

many different countries and businesses and we do not collate a definitive cost for our response to this risk.

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

The soy used for the feed of chicken for McDonald's products worldwide supports deforestation-free supply chains globally. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra. We have identified the soy sourcing regions that have high deforestation risks. Using a traceability analysis, we have taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America may originate from high deforestation-risk regions. At a minimum, approved third party certification is used to cover all soy volumes used in poultry feed where the soy is assessed as produced in Argentina, Brazil or Paraguay. We are reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP.

Cost of response

Explanation of cost of response

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

Forest risk commodity

Other - Coffee

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust

among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

In line with our Commitment on Forests, we identify Honduras, Indonesia, and Vietnam as high- and require all coffee sourced from deforestation priority regions for coffee are Rainforest Alliance Certified™. Coffee sourced for McDonald’s restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™. We also require that all coffee sourced for McDonald’s restaurants from low-deforestation priority regions is sustainably sourced in compliance with Rainforest Alliance, UTZ (now part of Rainforest Alliance), Fairtrade or McCafé SIP. Through McCafé SIP, we have better information about the farmers growing our coffee, verified annually by third parties. We are also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. Our McCafé SIP Advisory Council provides input on the strategic direction of the program with members including Conservation International, Rainforest Alliance, the Committee on Sustainability Assessment (COSA), the Sustainable Food Lab, Fair Trade USA and Solidaridad. The Council has developed a set of minimum requirements focused on social and environmental impacts – including deforestation as well as human rights and health and safety – that all farms must meet.

Cost of response

Explanation of cost of response

Our certification requirements can result in increased supply chain costs, which our procurement teams and suppliers aim to mitigate through our sourcing strategies. We track our volumes, origin and certification from suppliers annually through the TraQtion system to ensure we meet our commitments and can report transparently through our website and CDP. We do not allocate these traceability and reporting costs to particular commodities and so have not provided a figure.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

| | Have you identified opportunities? |
|-----------------|------------------------------------|
| Timber products | Yes |
| Palm oil | Yes |
| Cattle products | Yes |
| Soy | Yes |
| Other - Rubber | <Not Applicable> |
| Other - Cocoa | <Not Applicable> |
| Other - Coffee | Yes |

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification with FSC and engagement with cross industry action at a landscape scale, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers. In addition to brand value, McDonald's packaging suppliers have generated savings for McDonald's as a result of optimizing their packaging weights and reducing raw material usage, which improves both environmental and economic outcomes. In addition to the Company's Commitment on Forests, we have a global fiber sourcing policy that aims to continually improve the overall sustainability of our packaging by increasing recycled or certified raw materials and promoting Design for Environment to optimize resources and improve end-of-life recoverability.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Forest risk commodity

Palm oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification with RSPO and engagement with cross industry action at a landscape scale through groups like the Palm Oil Collaboration Group, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate.

Forest risk commodity

Cattle products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

McDonald's is synonymous with burgers and as one of the largest purchasers of beef globally, we have the responsibility to help lead the industry toward more sustainable practices when it comes to beef. Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, using satellite mapping to implement our Deforestation Free Beef Procurement Policy, and engagement with cross industry action at a landscape scale through groups including the Global Roundtable for Sustainable Beef and the Forest Positive Coalition Beef Working Group of the Consumer Goods Forum, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Forest risk commodity

Soy

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We believe we have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification, and engagement with cross industry action at a landscape scale, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

Forest risk commodity

Other - Coffee

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Our consumer research consistently shows that impact on the environment is a key concern for McDonald's customers and stakeholders. Our brand reputation and trust among our customers and stakeholders is vital to our business success. We have a responsibility to ensure that our forest-related products are sourced sustainably or support sustainable production to avoid negative business impacts. By positively investing in our supply chain through traceability, third party certification through Rainforest Alliance, engagement with suppliers through the McCafe SIP program, and engagement with cross industry action at a landscape scale through the Conservation International and the Sustainable Coffee Challenge, we are able to bring to life our commitment and continue to build trust in a way that matters most to customers.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Unknown

Likelihood

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Brand trust and reputation is inherently linked to many different factors. The precise or range of financial impact from brand impact relating to one forest-related commodity is not a figure we are able to estimate responsibly.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

| Position of individual | Please explain |
|------------------------------------|--|
| Chief Sustainability Officer (CSO) | In 2021, the Company's Executive Vice President (EVP) – Chief Global Impact Officer and reporting Vice President (VP) – Chief Sustainability Officer were responsible for overseeing performance, actions, and goals relating to forests and McDonald's broader climate-related issues. They served as the executive sponsor of McDonald's aspirations to source all food and packaging sustainably, and operate the most environmentally sustainable McDonald's restaurants. Examples of specific forest related decision making by the Chief Sustainability Officer includes formal approval of all McDonald's forest policies and CDP disclosures. |
| Other C-Suite Officer | In 2021, the Company's EVP – Chief Global Impact Officer and VP – Chief Sustainability Officer served together with the EVP – Chief Supply Chain Officer, EVP – Global Chief People Officer, Senior VP – Global Marketing Officer, and EVP – Chief Legal Officer as a cross-functional leadership team, leading McDonald's Impact Strategy, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues. |
| Board-level committee | Our Board of Directors' Sustainability & Corporate Responsibility Committee (the "Committee") reviews and monitors the Company's strategies and efforts to address sustainability and Brand trust, as well as the development and achievement of the Company's sustainability goals and metrics. The Committee regularly reports to the full Board and, from time to time, other Board committees regarding its activities, and the full Board receive reports on the Company's sustainability efforts as circumstances warrant. More information about the Committee can be found page 45 of the Company's 2022 Proxy Statement, which is attached together with the Committee's charter in 12.4. https://corporate.mcdonalds.com/content/dam/gwscorp/assets/investors/events-presentations/meeting-resources/MCD%202022%20Proxy%20Statement.pdf |

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

| | Frequency that forests-related issues are a scheduled agenda item | Governance mechanisms into which forests-related issues are integrated | Please explain |
|-------|---|---|--|
| Row 1 | Scheduled - some meetings | Monitoring implementation and performance Overseeing major capital expenditures Providing employee incentives Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives | The principal oversight responsibilities of the Sustainability & Corporate Responsibility Committee, a standing committee of our Board of Directors, include reviewing and monitoring: (1) 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 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, as well as the development of metrics and procedures to gauge progress toward achievement of those goals the Company's progress against those goals; The Sustainability & Corporate Responsibility Committee met five times in 2021. |

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Please select

Criteria used to assess competence on forests-related issues

<Not Applicable>

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

| Name of the position(s) and/or committee(s) | Responsibility | Frequency of reporting to the board on forests-related issues | Please explain |
|--|---|---|--|
| Chief Sustainability Officer (CSO) | Both assessing and managing forests-related risks and opportunities | Half-yearly | In 2021, the Company's EVP – Chief Global Impact Officer and VP – Chief Sustainability Officer were responsible for overseeing actions relating to forests. They served as the executive sponsors of McDonald's aspirations to source all food and packaging sustainably and in accordance with our 2030 forest commitment. They present report on these issues as a whole to the Board biannually. As an example, both individuals were responsible for partnering with other functions of the business to address Company sourcing and sustainability priorities, including forests-related commitments, such as our 2020 responsible sourcing goals and our 2030 forest commitment. |
| Other, please specify (Cross-Functional Leadership Team) | Both assessing and managing forests-related risks and opportunities | As important matters arise | In 2021, the EVP – Chief Global Impact Officer and VP – Chief Sustainability Officer served together with the EVP – Chief Supply Chain Officer, Senior VP – Global Chief Marketing Officer, EVP – Global Chief People Officer, and EVP – Chief Legal Officer as a cross-functional leadership team, leading McDonald's Impact Strategy, which ensures the organization fulfills its overall global sustainability performance, including goals and actions relating to climate-related issues. The Impact Strategy and this cross-functional leadership team is endorsed by the Chief Executive Officer, placing accountability at the top of the organization. |

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

| | Provide incentives for management of forests-related issues | Comment |
|-------|---|---------|
| Row 1 | Yes | |

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

| | Role(s) entitled to incentive? | Performance indicator | Please explain |
|---------------------|--|--|---|
| Monetary reward | Chief Sustainability Officer (CSO) Other, please specify (Global Supply Chain Officers and Environmental & Sustainability Managers) | Achievement of commitments and targets Supply chain engagement Other, please specify (McDonald's Impact Strategy, which includes aspirations on forest-related issues, responsible sourcing and environmental efficiency progress, and supply chain sustainability goals and projects) | Officers are the executive sponsors of McDonald's impact strategy, which includes the aspirations to source food and packaging sustainably and to develop and operate the most environmentally efficient McDonald's restaurants; this involves the management of forest-related issues. Where employees' annual Individual Performance Plans set out objectives related to forest-related 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 vision to eliminate deforestation from our global supply chains by the end of 2030. |
| Non-monetary reward | Other, please specify (Environmental & Sustainability Managers) | Achievement of commitments and targets Supply chain engagement | We recognize the importance of forest-related issues to our business, our customers and our stakeholders. McDonald's celebrates and recognizes the work of individuals and teams within the organization that help us make progress towards our sustainability and sourcing goals. For example, we recognize the performance of our employees that work to eliminate deforestation from our global supply chains by the end of 2030. |

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

McDonald's 10-K_2021.pdf

MCD 2022 Proxy Statement.pdf

10-K references forest-related risks in the Risk Factors section on p.34 and the Proxy Statement references forest-related risks throughout (Ex. p.11, 52, 95)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

| | Scope | Content | Please explain |
|-------|--------------|--|---|
| Row 1 | Company-wide | <p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p> <p>Other, please specify (McDonald's is working to eliminate deforestation from our global supply chains by the end of 2030. We have prioritized the raw materials where we can have the biggest impact: beef, soy, palm oil, coffee, and the fiber used in customer packaging.)</p> | <p>Our Commitment on Forests and its supporting addendum set out our vision to eliminate deforestation from our supply chains by the end of 2030. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. Our Commitment applies to all our raw material supply chains. Our Commitment on Forests outlines our expectation that our suppliers operate their businesses ethically and abide by all applicable laws and regulations. Additionally, we set out that we will work throughout our supply chains to achieve the following: No deforestation of primary forests or areas of High Conservation Value; No development of High Carbon Stock forest areas; No development on peatlands, regardless of depth, and the utilization of best management practices for existing commodity production on peatlands; Respect human rights; Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom; Resolve land rights disputes through a balanced and transparent dispute resolution process; Verify origin of raw material production; Support smallholders, farmers, plantation owners and suppliers to comply with this commitment. This commitment is underpinned by responsible sourcing policy requirements for suppliers and our actions in public forums to further the goals of our commitment at a landscape scale. These policies are reviewed regularly and, in some cases, annually for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. Information on our Commitment and work underway can be accessed on our website here: https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/nature-forests-water.html</p> |

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

| Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|---|-------|---------|----------------|
| | | | |

| | Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|-----------------|---|--------------|---|---|
| Timber products | Yes | Company-wide | <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> | <p>McDonald's is working to eliminate deforestation from our global supply chains by the end of 2030. We have prioritized actions related to the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. Additionally, we aim to source 100% of our guest packaging from renewable recycled, or certified sources by the end of 2025. This included an interim goal to source primary fiber-based guest packaging from recycled or certified sources where no deforestation occurs by 2020, in line with our Commitment on Forests. Specifically, all primary fiber based guest packaging items* made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high-deforestation risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC Chain of Custody certified or mill level. *Primary fiber-based guest packaging refers to products that are used to package guest food on premises at McDonald's restaurants. This type of packaging includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, drink carriers and cup carriers. In 2021, the primary fiber-based packaging scope was expanded to include wood stirrers and cutlery as well as paper straws and lids. Excludes primary fiber-based packaging in food packaged off-site McDonald's restaurants; tray liners, and limited locally sourced items.. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance.</p> |

| | Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|-----------------|---|--------------|---|---|
| Palm oil | Yes | Company-wide | <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> | <p>Our Global Sustainable Palm Oil Policy sets out our requirements and expectations for all suppliers and all McDonald's markets. This Policy underpins our goal for 100% of the palm oil used in McDonald's restaurants and as ingredients (includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement) in McDonald's products to support the production of sustainable palm oil by the end of 2020. Following the completion of this 2020 goal, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. Additionally, all centrally managed suppliers of restaurant and par-fry oil must: Be active members of the RSPO and report through the RSPO Annual Communications of Progress (ACOP); have a public commitment to eliminate deforestation and supporting strategy; have a strategy for traceability to the mill and plantation level; be committed not to source from peatlands, high conservation value land and high carbon stock forests; be committed to uphold human rights at the plantation level and Free and Prior Informed Consent; have a third-party verification process; have a strategy to address any open grievances. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback and we continue to report annually against our commitment and identify and address non-compliance.</p> |
| Cattle products | Yes | Company-wide | <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> | <p>McDonald's is working to eliminate deforestation from our global supply chains by the end of 2030. We prioritized the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. In regions with identified risks relating to the conservation of forests, we are verifying that the beef sourced from those regions comes from farms and feed lots where primary forests and high conservation value lands are preserved. This is part of our Commitment on Forests and includes regions outside of our top 10 beef sourcing countries. We developed the McDonald's Deforestation-Free Beef Procurement Policy ("Policy") to support the implementation of our Commitment on Forests in our beef supply chain. This Policy applies to a list of priority countries (Argentina, Australia, Brazil and Paraguay), highlighted through the WWF Living forests report which assessed projected deforestation to 2030. Each priority country has a distinct context, and for that reason, our partners Proforest and Agrottools have gone through the process of adapting the Policy to the local context, including alignment with local expert NGOs. This policy is reviewed annually for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance.</p> |

| | Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|----------------|---|------------------|--|--|
| Soy | Yes | Company-wide | Commitment to protect rights and livelihoods of local communities beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement | McDonald's is working to eliminate deforestation from our global supply chains by the end of 2030. We prioritized the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment extends beyond forests, to other areas of high conservation value, safeguarding the people and communities globally who depend on these natural spaces. Our Commitment on Forests applies to all soy in our supply chain and included a time-bound goal specific to soy used in chicken feed. That goal stated that by 2020, we will source soy for chicken feed that does not contribute to deforestation. We have identified the regions where our suppliers source soy that we consider high-deforestation priority regions: Argentina, Brazil and Paraguay. However, we have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America may originate from these high deforestation-priority regions, unless further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. Our strategy to achieve our goal states that, at a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. Given the complexity of soy supply chains, we consider that all of McDonald's sources of chicken fall into the high deforestation-risk category with the exception of chicken sourced in North America where soy used in feed is locally produced. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data to accurately report against our commitment and identify non-compliance. |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

| | Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|----------------|---|--------------|---|--|
| Other - Coffee | Yes | Company-wide | Commitment to protect rights and livelihoods of local communities beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement | McDonald's is working to eliminate deforestation from our global supply chains by the end of 2030. We prioritized the raw materials that our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (including soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our commitment also extends beyond forests, to areas of high conservation value, and to the individuals and communities around the world who depend on forests. In line with our Commitment on Forests, we identify Honduras, Indonesia, and Vietnam as high-deforestation priority regions for coffee and require all coffee sourced from these regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™. We also require that all coffee sourced for McDonald's restaurants from low-deforestation priority regions is certified to international sustainability standards such as Rainforest Alliance, UTZ (now part of Rainforest Alliance), and Fair Trade as part of our responsible sourcing strategy. In parallel with our certification work, we also source through the McCafé Sustainability Improvement Platform (SIP), developed in partnership with Conservation International. McCafé SIP is a framework to engage and guide our coffee supply chain in responsible sourcing, as well as invest in coffee growers and their communities over the long term. McCafé SIP also provides roasters who supply our coffee, with guidance across four key elements they must achieve in order to have a SIP-approved program. Through McCafé SIP, we have better information about the farmers growing our coffee, which is verified by third parties. We're also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. This policy is reviewed periodically for continued relevance with our sourcing strategy and risks, public sentiment and local stakeholder feedback. We adjust our reporting requirement annually to ensure we gather the most appropriate data. |

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests

Tropical Forest Alliance

Cerrado Manifesto

Soy Moratorium

Other, please specify (We Mean Business, America's Pledge, Palm Oil Collaboration Group, CGF Forest Positive Coalition, Cerrado Protocol)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

Zero gross deforestation/ no deforestation

No new development on peat regardless of depth

No conversion of High Carbon Stock forests

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

1993-1997

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by the end of 2030. We initially partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the projected risk of deforestation. Through this process we were able to identify high-priority geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. For fiber, we have selected to work with the Forest Stewardship Council and have ongoing conversations with FSC, WWF and Proforest about how their standard addresses each of these criteria. Our 2020 goal was for 100% of primary fiber-based guest packaging to come from recycled or certified sources where no deforestation occurs. Additionally, McDonald's requires all wood and wood fiber sourced from high-deforestation risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level. To meet our commitment to eliminate deforestation by the end of 2030 as outlined above, we annually track our sourcing in detail using our supplier reporting system annual raw material survey of suppliers, TraQtion. By the end of 2021 96.3% of our primary fiber-based guest packaging and our Happy Meal fiber-based toy packaging supported deforestation free supply chains.

Forest risk commodity

Palm oil

Criteria

Zero gross deforestation/ no deforestation

No new development on peat regardless of depth

No conversion of High Carbon Stock forests

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2005

Commitment target date

2020

Please explain

2005 is the cutoff date for deforestation and 2018 is the cutoff date for conversion, aligned to RSPO. Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by the end of 2030. We initially partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the projected risk of deforestation. Through this process we were able to identify high-priority geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. For palm oil, we have selected to work with the Roundtable for Sustainable Palm Oil and have ongoing conversations with the RSPO, WWF and Proforest about how their standard addresses each of these criteria. We track our sourcing in detail using our annual raw material survey of suppliers, TraQtion. In 2021, 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products supported sustainable production of palm oil. (Includes any type of palm oil used directly as an ingredient in a McDonald's product and listed on the product's ingredient statement) We are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased to 78% in 2021.

Forest risk commodity

Cattle products

Criteria

Zero gross deforestation/ no deforestation

No new development on peat regardless of depth

No conversion of High Carbon Stock forests

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain

No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2018

Commitment target date

2020

Please explain

Cutoff date details: 2008 for illegal deforestation; 2009 in Amazon; 2018 in Cerrado; 2019 for Chaco. Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by the end of 2030. We initially partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the projected risk of deforestation. Through this process we were able to identify high-priority geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. For beef, we have created a traceability system working with Agrottools and Proforest and a Deforestation-Free Beef Procurement Policy that requires each of the criteria to be fulfilled. This policy applies to all beef produced in Argentina, Australia, Brazil and Paraguay being supplied to McDonald's globally. The policy is adapted for local conditions and involves detailed traceability, risk mapping and verification through systems such as certification, jurisdictional approaches, or other farm level activities. These expectations have been embedded in McDonald's Global Sustainability Specifications for beef. In 2021 97.2% of beef sourced for McDonald's restaurants supported deforestation-free supply chains.

Forest risk commodity

Soy

Criteria

Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2004

Commitment target date

2020

Please explain

Cutoff Date Details: 2004 for Proterra certification; 2009 for RTRS credits for native forests, riparian vegetation, natural wetlands, steep slopes, areas designated by law to serve the purpose of native conservation and/or cultural and social protection; 2016 for RTRS credits for any "natural land", steep slopes and in areas designated by law to serve the purpose of native conservation and/or cultural and social protection Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by the end of 2030. We initially partnered with the WWF and suppliers to map our five priority commodity supply chains to identify product origins and assess the projected risk of deforestation. Through this process we were able to identify high-priority geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. Working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. As a first step we map each standard against our forest criteria to identify any gaps. We then discuss these gaps and create a strategy to address them with the certification scheme, standard body and NGO partners. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America is high risk, unless further traceability is established as to their origin. This approach was informed by analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. We have worked with Agrottools, an agri-tech company and certified B-Corp and with suppliers across the world to create a detailed tool that can assess the soy footprint related to our poultry supply. We use our annual raw material survey of suppliers, TraQtion to annually track the origin, volume, destination and type of poultry meat sourced from suppliers across the world. Coupled with the insight from the Agrottools Soy Calculator we assess our soy footprint annually, understand the volume covered by physical certification and support responsible production through the use of third party certification linked to priority areas for our forest commitment. At a minimum, we ensure that our the calculated soy associated with our poultry diets is covered by approved third party certification where the soy is produced in Argentina, Brazil or Paraguay We are reviewing programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. A number of our suppliers have also invested in physical certifications for part of their volumes and we track this through our annual supplier reporting process. In 2021 100% of soy sourced for feed of chicken used in McDonald's products supported deforestation-free supply chains globally.

Forest risk commodity

Other - Coffee

Criteria

Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain
 No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2014

Commitment target date

2020

Please explain

Each of the criteria listed is included in McDonald's Commitment on Forests, which sets out our aim to eliminate deforestation from our global supply chains by the end of 2030. We initially partnered with the World Wildlife Fund (WWF) and suppliers to map our five priority commodity supply chains to identify product origins and assess the projected risk of deforestation. Through this process we were able to identify high-priority geographies from which we source. This assessment paired McDonald's supply chain data with that of the eleven world regions accounting for the majority of deforestation, based on WWF's Living Forests report. It was an important first step for us to understand exactly where our commodities were at risk, and where we could take action to drive the greatest positive impact. Additionally, working with Proforest - a not-for-profit organization focused on responsible production and sourcing - we first confirm that each of the criteria are material in the area that we consider high risk for deforestation. We conduct this analysis by working with local NGO partners in each high-risk region and using global guidance such as The Accountability Framework. If the criteria are material in a high-risk region, we ensure that our chosen solution to address this risk appropriately covers each of the criteria. In line with our Commitment on Forests, we identify Honduras, Indonesia, and Vietnam as high- and require all coffee sourced from deforestation priority regions for coffee are Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™. We also require that all coffee sourced for McDonald's restaurants from low-deforestation priority regions is sustainably sourced in compliance with Rainforest Alliance, UTZ (now part of Rainforest Alliance), Fairtrade or McCafé SIP. McCafé Sustainability Improvement Platform (McCafé SIP) was established by McDonald's in partnership with Conservation International and our coffee roasters and is a framework to engage and guide our coffee supply chain in responsible sourcing, as well as invest in coffee growers and their communities over the long term. Through McCafé SIP, we have better information about the farmers growing our coffee, verified annually by third parties. We are also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. Our McCafé SIP Advisory Council provides input on the strategic direction of the program with members including Conservation International, Rainforest Alliance, the Committee on Sustainability Assessment (COSA), the Sustainable Food Lab, Fair Trade USA and Solidaridad. The Council has developed a set of minimum requirements focused on social and environmental impacts – including deforestation as well as human rights and health and safety – that all farms must meet. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. In 2021 98.7% of ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products supported deforestation-free supply chains.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are forests-related issues integrated? | Long-term time horizon (years) | Please explain |
|-----------------------------------|--|--------------------------------|---|
| Long-term business objectives | Yes, forests-related issues are integrated | 5-10 | Addressing forest related sustainability issues is a key part of our business objectives and brand purpose to feed and foster communities, specifically outlined through our Commitment on Forests. Our Commitment on Forests and its supporting addendum set out our vision to eliminate deforestation from our supply chains by 2030. Running up to 2020 we focused on commodities our suppliers buy in the greatest volume and where we can have the biggest impact: beef, chicken (soy in feed), palm oil, coffee, and the fiber used in customer packaging. Our Commitment on Forests is a key part of one of the four impact areas of our business strategy to Feed and Foster Communities. It is strongly linked with other Planet and Food business objectives including our Science Based Target on Climate Action, our targets on Packaging Toys & Waste. It is also connected to our wider responsible sourcing goals on palm oil, coffee, and poultry, which we continue to evaluate progress against with our suppliers. |
| Strategy for long-term objectives | Yes, forests-related issues are integrated | 5-10 | Our Commitment on Forests is a key part of one of the four areas of our business objective to Feed and Foster Communities. It is strongly linked with other Planet and Food business objectives including our Science Based Target on Climate Action, our targets on Packaging, Toys & Waste. It is also connected to our wider responsible sourcing goals on palm oil, coffee, and poultry which we continue to evaluate progress against with our suppliers. |
| Financial planning | Yes, forests-related issues are integrated | 5-10 | We regularly assess the risk and resiliency of forest-related commodities to our supply chain and invest in long term programs to address these risks and meet our 2030 Commitment on Forests. |

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

By the end of 2025, all of McDonald's primary guest packaging will come from renewable, recycled or certified sources and support deforestation-free supply chains. For primary fiber-based guest packaging this includes containers, cups, wraps, bags for food, beverages, napkins, folding cartons, clamshells, wraps, food service bags, napkins, salad bowls, Happy Meal cartons, Happy Meal toy packaging, drink carriers and cup carriers, wood stirrers and cutlery as well as paper straws and lids. All primary guest packaging made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party at Mill level.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Chain of Custody

FSC Recycled

PEFC Chain of Custody

Other, please specify (Supplier Chain of Custody SFI)

Start year

2020

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

96.8

Please explain

In 2021, an estimated 96.8% of fiber based guest packaging came from renewable, recycled or certified sources. In addition, all virgin fiber for our customer packaging sourced from high-deforestation risk regions will be Forest Stewardship Council (FSC) certified, and the Company will also maintain its preference for FSC-certified virgin fiber from other regions. The FSC standard prohibits deforestation, including conversion of natural forests to plantations. We estimate that we collected data for 98.6% of our global volumes of primary fiber-based packaging. Where information is not available, we extrapolate the volume and conservatively assume that this is sourced from a high priority forest location.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. Below is our 2021 data on efforts on our palm oil sourced for use in McDonald's restaurants and listed on the ingredient statement in McDonald's products will support the production of sustainable palm oil and deforestation-free supply chains.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO Identity Preserved

RSPO Segregated

RSPO Mass Balance

RSPO Book and Claim

RSPO Next

RA Sustainable Agriculture Network (SAN) standard

Start year

2016

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. In 2021, 100% of the palm oil used in McDonald's restaurants and as an ingredient in McDonald's products supported the production of sustainable palm oil in 2021. We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased to 78% in 2021. Our suppliers are expected to be active members of the RSPO and report through the RSPO Annual Communications of Progress, as well as have a policy in place to conserve forests.

Target reference number

Target 3

Forest risk commodity

Cattle products

Type of target

Other, please specify (Traceability; Assess and verify compliance; Engagement with direct suppliers; Engagement with indirect suppliers)

Description of target

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. By the end of 2022, all the beef sourced for McDonald's restaurants will support deforestation-free supply chains.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2018

Target year

2020

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

97.2

Please explain

In 2021, 97.2% of the beef sourced for McDonald's restaurants supported deforestation-free supply chains. We estimate that we collected data for 97.6% of our global volumes of beef in 2021, down from the percentage achieved in 2020. Where information is not available, we extrapolate the volume and, in the absence of further data, we conservatively assume that this was all non-compliant. By default, we assume that volumes that we are unable to collect are not compliant to be conservative, and are therefore reporting the 2.4% of volumes which we were unable to collect as non-compliant. We continue to work to improve the completeness of our data collection systems. We verify all beef sourced from deforestation priority regions (Brazil, Argentina, Paraguay and Australia) via satellite imagery to the location of the supplying farm using the best available information in that country. Data is received, analyzed and assessed for compliance with McDonald's Deforestation-Free Beef Procurement Policy ("Policy"), followed by all McDonald's Direct Beef Suppliers and their raw material suppliers (slaughterhouses) in these regions. We're also engaged in multi-stakeholder groups to address these issues, including: The Accountability Framework; Collaboration for Forests and Agriculture; Global Roundtable for Sustainable Beef, the Forest Positive Coalition Beef Working Group of the Consumer Goods Forum and other local beef sustainability roundtables.

Target reference number

Target 4

Forest risk commodity

Soy

Type of target

Third-party certification

Description of target

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments,

evaluating ongoing progress. In 2021, all soy sourced for feed of chicken used in McDonald's products will support deforestation-free supply chains.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RTRS Credits
ProTerra certification

Start year

2017

Target year

2020

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

In 2021, 100% of soy sourced for feed of chicken in McDonald's products supported deforestation-free supply chains. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through ProTerra. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America may originate from high deforestation-risk regions, until further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. Our strategy to achieve our goal states that, approved third party certification will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We also reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. To achieve this we engage with multi-stakeholder initiatives including the RTRS. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP.

Target reference number

Target 5

Forest risk commodity

Other - Coffee

Type of target

Other, please specify (Traceability; Third-party certification; Assess and/or verify compliance; Engagement with direct suppliers)

Description of target

Following the substantial achievement of our 2020 Responsible Sourcing Goals, we continue to work with our suppliers on what is outlined in those commitments, evaluating ongoing progress. In 2021, all ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products will be sustainably sourced and support deforestation-free supply chains.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2020

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

98.7

Please explain

We require that all coffee sourced for McDonald's restaurants be sustainably sourced in compliance with Rainforest Alliance, UTZ (now part of the Rainforest Alliance standard), Fairtrade or McCafé SIP. McCafé SIP is a framework to engage and guide our coffee supply chain in responsible sourcing, as well as invest in coffee growers and their communities over the long term. Through McCafé SIP, we have better information about the farmers growing our coffee, which is verified by third parties. We're

also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. In addition, we trace coffee back to all countries of origin via TraQtion. For countries identified as high-deforestation priority regions for coffee (Honduras, Indonesia, and Vietnam), McDonald's requires all coffee sourced from these regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™ By the end of 2021, 98.7% of ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products supported deforestation-free supply chains. We estimate that data collected for 2021 represented 98.7% of our volumes. 100% of these volumes were compliant with the goal. By default, we assume that volumes that we are unable to collect are not compliant to be conservative, and are therefore reporting the 1.3% of volumes which we were unable to collect as non-compliant. We continue to work to improve the completeness of our data collection systems.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

| | Do you have system(s) in place? | Description of traceability system | Exclusions | Description of exclusion |
|-----------------|---------------------------------|--|--------------------------|---|
| Timber products | Yes | Third Party certification Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high deforestation-priority regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) to be either FSC CoC certified at mill level. | Specific product line(s) | Primary fiber-based packaging in food packaged off-site McDonald's restaurants, tray liners, and limited locally sourced items. |
| Palm oil | Yes | Our goal states that 100% of the palm oil used in McDonald's restaurants and as ingredients in McDonald's products will support sustainable production. This is achieved through RSPO certification. We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased to 78% in 2021. We are currently engaging with globally managed suppliers to verify reporting against traceability systems and NPDE policy implementation. | Specific product line(s) | Palm oil, palm kernel oil or their derivative 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. |
| Cattle products | Yes | Geolocation or postcode. McDonald's currently tracks all beef supply at the country level. For priority regions (Brazil, Argentina, Paraguay and Australia) we trace cattle by supplying farm location and assess deforestation by farm or postcode. | Specific product line(s) | Beef used as secondary ingredients in McDonald's products, for example as flavoring in a sauce. |
| Soy | Yes | We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQtion system to ensure we can meet our commitments and can report transparently through our website and CDP. We use this to calculate our global soy footprint from our chicken supply, assess the volumes associated with third party physical certification and ensure we have invested in the equivalent amount of third party book and claim credits which meet our Forest Commitment. | Specific product line(s) | Soy used as an ingredient in McDonald's products sold in restaurants, for example, soy oil, and soy used to feed animals aside from chickens. |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Yes | Third party Certification – Segregated coffee We trace coffee back to countries of origin via TraQtion. We identify Honduras, Indonesia, and Vietnam as high priority regions for our Forest Commitment. McDonald's requires all coffee sourced from high priority regions to be Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low priority regions, or; sourced as Rainforest Alliance Certified™. | Please select | Coffee extracts and ingredients used in products such as frappés and coffee in baked goods; coffee in cold brew drinks if they are brewed off-site; coffee extract in ready-to-drink retail products; and other locally sourced products containing coffee. |

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

| Forest risk commodity | Point to which commodity is traceable | % of total production/consumption volume traceable |
|-----------------------|---------------------------------------|--|
| Timber products | Country | 98.6 |
| Palm oil | Country | 98.5 |
| Cattle products | Country | 97.6 |
| Soy | Country | 99.9 |
| Other - Coffee | Country | 98.7 |

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

| | Third-party certification scheme adopted? | % of total production and/or consumption volume certified |
|-----------------|--|---|
| Timber products | Yes | 96.3 |
| Palm oil | Yes | 100 |
| Cattle products | No, we have not adopted any third-party certification schemes for this commodity | <Not Applicable> |
| Soy | Yes | 100 |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Yes | 98.7 |

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**Forest risk commodity**

Timber products

Third-party certification scheme

Other, please specify (FSC Chain of Custody; FSC Recycled; PEFC Chain of Custody; Supplier Chain of Custody SFI)

Chain-of-custody model used

Mass balance

% of total production/consumption volume certified

96.3

Form of commodity

Primary packaging

Volume of production/ consumption certified

840468

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In 2021, 96.3% of primary fiber-based guest packaging sourced for McDonald's restaurants supported deforestation-free supply chains. McDonald's requires all wood fiber sourced from these regions to be Forest Stewardship Council® (FSC®) Certified or FSC Controlled Wood sources with full chain of custody certification.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO (any type)

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

100

Form of commodity

Refined palm oil

Volume of production/ consumption certified

115358

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In 2021, 100% of the 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 -free supply chains We are committed to increasing traceability for the palm oil used in the McDonald's System in the greatest volumes, which means we are increasing our physical Roundtable on Sustainable Palm Oil (RSPO) certified volumes (Mass Balance, Segregated and Identity Preserved). Our volumes of physical certified oils increased to 78% in 2021. Our suppliers are expected to be active members of the RSPO and report through the RSPO Annual Communications of Progress, as well as have a policy in place to conserve forests.

Forest risk commodity

Soy

Third-party certification scheme

Other, please specify (RTRS Credits; ProTerra Certification; RTRS physically certified)

Chain-of-custody model used

Mass balance

% of total production/consumption volume certified

100

Form of commodity

Whole soy beans

Volume of production/ consumption certified

524064

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In 2021, 100% of soy sourced for feed of chicken used in McDonald's products supported deforestation-free supply chains. We support responsible soy production through the purchase of RTRS credits. A number of our chicken suppliers to Europe also use physical certification through Proterra. We have identified the regions where our suppliers source soy that have high deforestation risks. We have also taken a conservative approach and assumed that all soy used in the feed of chickens supplied to our restaurants in Europe, APMEA and Latin America may originate from high deforestation-risk regions, unless further traceability is established as to their origin. This approach was informed by a traceability analysis we completed which demonstrated that the soy produced in Latin America is flowing into the chicken supply chain of Europe, APMEA and Latin America. Our strategy to achieve our goal states that, at a minimum, approved third party certification will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. We are also reviewing alternative programs to determine if they can verify that soy is produced under conditions that meet all of our Commitment on Forests criteria. To achieve this we engage with multi-stakeholder initiatives including the RTRS. We have also developed a calculator to assess the soy equivalent associated with our global chicken supply to inform the investment in certification needed. We track our chicken volumes, origin and any soy certification associated with this from suppliers annually through the TraQion system to ensure we can meet our commitments and can report transparently through our website and CDP. We use this to calculate our global soy footprint from our chicken supply and ensure we meet our commitments.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify (Rainforest Alliance;)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

98.7

Form of commodity

Other, please specify (Ground and whole bean coffee)

Volume of production/ consumption certified

71521

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In 2021, 98.7% of ground and whole bean coffee, including decaffeinated coffee, to be used in espresso-based drinks and coffee brewed at McDonald's restaurants and all ground and whole bean coffee in McDonald's branded retail products supported deforestation-free supply chains. In line with our Commitment on Forests, we identify Honduras, Indonesia, and Vietnam as high deforestation priority regions for coffee and require that all coffee sourced from these locations is Rainforest Alliance Certified™. Coffee sourced for McDonald's restaurants is considered as supporting deforestation-free supply chains when: It is sourced from low-deforestation priority regions, or; Sourced as Rainforest Alliance Certified™. We also require that all coffee sourced for McDonald's restaurants from low-deforestation priority regions is sustainably sourced in compliance with Rainforest Alliance, UTZ (now part of Rainforest Alliance), Fairtrade or McCafé SIP. McCafé Sustainability Improvement Platform (McCafé SIP), established by McDonald's in partnership with Conservation International and our coffee roasters, is a framework to engage and guide our coffee supply chain in responsible sourcing, as well as invest in coffee growers and their communities over the long term. Through McCafé SIP, we have better information about the farmers growing our coffee, verified by third parties. We are also enabling coffee roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices. Our McCafé SIP Advisory Council provides input on the strategic direction of program with members including Conservation International, Rainforest Alliance, the Committee on Sustainability Assessment (COSA), the Sustainable Food Lab, Fair Trade USA and Solidaridad. The Council developed a set of minimum requirements focused on social and environmental impacts – including deforestation as well as human rights and health and safety – that all farms must meet. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. In addition, we track our volumes, origin and certification from suppliers annually through the TraQion system to ensure we meet our commitments and can report transparently on our progress.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

| | A system to control, monitor or verify compliance | Comment |
|-----------------|---|------------------|
| Timber products | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |
| Palm oil | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |
| Cattle products | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |
| Soy | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Supply chain

Description of control systems

Third-party certification Supply Chain Traceability Automated monitoring of supplier declarations for variance Supply chain lead sign off Cross functional team Compliance protocols All primary guest packaging made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party by 2020. McDonald's requires all wood and wood fiber sourced from high-risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be either FSC certified or FSC Controlled Wood at mill level. All suppliers are expected to report raw material data to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

91-99%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Global Supply Chain Compliance team.)

Please explain

McDonald's engages suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

• Third Party certification • Automated monitoring of supplier declarations for variance • Supply chain lead sign off • Cross functional team • Compliance protocols The palm oil used in McDonald's restaurants and as ingredients in McDonald's products supports sustainable production. This is achieved through RSPO certification. All suppliers are expected to report raw material data to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Compliance team.)

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Cattle products

Operational coverage

Supply chain

Description of control systems

• Geospatial monitoring • Second-party certification • Compliance protocols McDonald's currently tracks all beef supply at the country level through the TraQtion system. We have worked with our supplier partners to develop geospatial monitoring and traceability systems to the farms supplying for cattle in Brazil Argentina, Australia, and Paraguay with application of our Deforestation Free Beef Procurement Policy tailored to local conditions.

Monitoring and verification approach

Geospatial monitoring tool

Second-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

91-99%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Global Supply Chain Compliance team.)

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern. As our Deforestation Free Beef Procurement Policy is applied at a raw material supplier rather than finished product supplier level, we have calculated the percentage of total suppliers in compliance by the proportion of reported raw material volume in compliance supplied to the global system.

Forest risk commodity

Soy

Operational coverage

Supply chain

Description of control systems

• Third Party certification • Automated monitoring of supplier declarations for variance • Supply chain lead sign off • Cross functional team • Compliance protocols At a minimum, Roundtable on Responsible Soy Book & Claim certificates will cover all soy volumes used in poultry feed where the soy is produced in Argentina, Brazil or Paraguay. All suppliers are expected to report raw material data to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Compliance team.)

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern.

Forest risk commodity

Other - Coffee

Operational coverage

Supply chain

Description of control systems

• Third Party certification • Automated monitoring of supplier declarations for variance • Supply chain lead sign off • Cross functional team • Compliance protocols Sourcing coffee certified to international sustainability standards such as Rainforest Alliance, UTZ, and Fair Trade is key to our strategy. In parallel with our certification work, we've also launched the McCafé Sustainability Improvement Platform (SIP) in partnership with Conservation International. These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. Suppliers of coffee sourced from high risk regions (Honduras, Indonesia and Vietnam) are expected to cover 100% of those volumes with Rainforest Alliance Certification. All suppliers are expected to report raw material data to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Other, please specify (McDonald's global and market based teams follow up with suppliers who choose not to report or report inaccurate or non-compliant information through a process led by the McDonald's Compliance team.)

Please explain

McDonald's is working to eliminate deforestation from our global supply chains. This means engaging our suppliers to ensure that they are capable and have plans in place to meet our commitments. As outlined in our Commitment on Forests, we will move to suspend or eliminate purchases from a supplier if an audit or other credible source reveals or confirms that the supplier is seriously violating McDonald's requirements, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern. All suppliers are expected to report raw material data to enable McDonald's to manage end-to-end sustainability and compliance elements in our supply chain. We add an additional calculated volume to represent information missing from this annual data collection and conservatively classify this volume as noncompliant. For this reason, we report 98.7% of global volume in compliance with our sustainable sourcing standards in 2021. All suppliers reporting that they sourced coffee from high deforestation-risk countries were in compliance with our Commitment on Forests policy for coffee in 2021.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

| | Assess legal compliance with forest regulations | Comment |
|-----------------|---|------------------|
| Timber products | Yes, from suppliers | <Not Applicable> |
| Palm oil | Yes, from suppliers | <Not Applicable> |
| Cattle products | Yes, from suppliers | <Not Applicable> |
| Soy | Yes, from suppliers | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Yes, from suppliers | <Not Applicable> |

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

We use the following tools to ensure legal compliance: Supplier Codes of Conduct, supplier declarations, and third party certification.

Country/Area of origin

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Palm oil

Procedure to ensure legal compliance

We use the following tools to ensure legal compliance: Supplier Codes of Conduct, supplier declarations, and third party certification.

Country/Area of origin

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Cattle products

Procedure to ensure legal compliance

We use the following tools to ensure legal compliance: Supplier Codes of Conduct, and supplier declarations.

Country/Area of origin

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Soy

Procedure to ensure legal compliance

We use the following tools to ensure legal compliance: Supplier Codes of Conduct, supplier declarations, and third party certification.

Country/Area of origin

Please select

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Other - Coffee

Procedure to ensure legal compliance

Supplier Code of Conduct Affidavit on supplier declarations Third Party Certification

Country/Area of origin

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

| | Are you working with smallholders? | Type of smallholder engagement approach | Smallholder engagement approach | Number of smallholders engaged | Please explain |
|-----------------|------------------------------------|---|---------------------------------|--------------------------------|---|
| Timber products | No, not working with smallholders | <Not Applicable> | <Not Applicable> | <Not Applicable> | We do not actively target smallholders for engagement over other producers in our sustainability programs to promote good agricultural practices and reduce deforestation and conversion. |
| Palm oil | No, not working with smallholders | <Not Applicable> | <Not Applicable> | <Not Applicable> | We do not actively target smallholders for engagement over other producers in our sustainability programs to promote good agricultural practices and reduce deforestation and conversion. |
| Cattle products | No, not working with smallholders | <Not Applicable> | <Not Applicable> | <Not Applicable> | We do not actively target smallholders for engagement over other producers in our sustainability programs to promote good agricultural practices and reduce deforestation and conversion. |
| Soy | No, not working with smallholders | <Not Applicable> | <Not Applicable> | <Not Applicable> | We do not actively target smallholders for engagement over other producers in our sustainability programs to promote good agricultural practices and reduce deforestation and conversion. |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | No, not working with smallholders | <Not Applicable> | <Not Applicable> | <Not Applicable> | We do not actively target smallholders for engagement over other producers in our sustainability programs to promote good agricultural practices and reduce deforestation and conversion. |

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

| | Are you working with direct suppliers? | Type of direct supplier engagement approach | Direct supplier engagement approach | % of suppliers engaged | Please explain |
|-----------------|--|---|--|------------------------|--|
| Timber products | Yes, working with direct suppliers | Supply chain mapping Capacity building | Supplier questionnaires on environmental and social indicators | 100% | Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. HAVI actively engage with fiber suppliers to ensure they can meet our requirements and we ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals. |
| Palm oil | Yes, working with direct suppliers | Supply chain mapping Capacity building | Supplier questionnaires on environmental and social indicators | 100% | Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals. |
| Cattle products | Yes, working with direct suppliers | Supply chain mapping Capacity building | Supplier questionnaires on environmental and social indicators | 100% | Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide and, in priority countries, the Deforestation-Free Beef Procurement Policy. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals and we resource Agrottools and Proforest to support our strategy development, including tailoring the application of our strategy at a country level. |
| Soy | Yes, working with direct suppliers | Supply chain mapping Capacity building | Supplier questionnaires on environmental and social indicators | 100% | Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals. |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | Yes, working with direct suppliers | Supply chain mapping Capacity building | Supplier questionnaires on environmental and social indicators | Please select | Our sourcing requirements and guidance are clearly laid out for suppliers on the McDonald's Global Sustainable Sourcing Guide. We provide annual feedback on the areas of importance to us in relation to forest-related commodities through CDP Supply Chain. We ensure that suppliers are involved and can feed into strategy development to meet our goals. We engage others within the industry to align our requirements with third parties to improve the capacity for suppliers to meet our goals. |

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

| | Are you working beyond first tier? | Type of engagement approach with indirect suppliers | Indirect supplier engagement approach | Please explain |
|-----------------|------------------------------------|---|--|--|
| Timber products | Yes, working beyond first tier | Supply chain mapping Capacity building | Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects | All primary guest packaging made from paper/ board sold to McDonald's globally must be certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) or a PEFC-endorsed national program (e.g., SFI), or made from 100% recycled content as verified by a third-party. McDonald's requires all wood and wood fiber sourced from high-risk regions (Russia, China, Malaysia, Indonesia, Laos, Vietnam, Cambodia, and Argentina) and used for fiber-based packaging, to be FSC certified at mill level. The majority of the McDonald's fiber supply chain is managed by HAVI, our supply chain partner tracking this data. To meet our Commitment on Forests, HAVI engages their suppliers to the mill level to ensure compliance with our commitment. Raw material suppliers (e.g. paper mills) are included in the TraQion collection process to request that these suppliers disclose their fiber sourcing practices and chain of custody. High risk mitigation procedures have been developed in partnership with mills to demonstrate compliance with high-risk requirements. |

| | Are you working beyond first tier? | Type of engagement approach with indirect suppliers | Indirect supplier engagement approach | Please explain |
|-----------------|------------------------------------|---|--|--|
| Palm oil | Yes, working beyond first tier | Supply chain mapping Capacity building | Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects | The focus of our strategy is to achieve 100% RSPO certification of our palm oil and we are committed to increasing traceability for the palm oil used in the McDonald's system in the greatest volumes, which means we are increasing our physical RSPO volumes (Mass Balance, Segregated, and Identity Preserved). We are members of RSPO and the Palm Oil Collaboration group and collaborate with a number of direct and indirect suppliers through these forums to manage and mitigate risks. We also carry out additional supply chain mapping through the NDPE Implementation Reporting Framework and conduct onsite meetings with producers. |
| Cattle products | Yes, working beyond first tier | Supply chain mapping Capacity building | Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects | We recognize that each commodity supply chain is different and production practices vary depending on the local context. That's why it is critical that we work collaboratively with suppliers and expert partners to develop tailored solutions, strategies and definitions that are practical and effective. For example, no existing certification scheme or credible process existed for tackling deforestation in beef supply chains so we established a relationship with Proforest, a not-for-profit organization focused on responsible production and sourcing, and Agrottools, a Brazilian ag-tech company and certified B-Corp that provides advanced monitoring technology, to increase our ability to monitor our beef supply chain and to help our suppliers take targeted action. During this process we aligned closely with NGOs like the World Wildlife Fund and tested emerging standards from groups like the Accountability Framework Initiative. We actively map our beef sourcing locations in high priority regions through our direct suppliers, and their raw material suppliers to the location of at least the last farm before slaughter to understand the risk from deforestation to our supply and take steps to mitigate that risk through compliance action in coordination with our direct and indirect suppliers. |
| Soy | Yes, working beyond first tier | Supply chain mapping Capacity building | Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects | To understand our soy footprint globally, McDonald's developed a soy calculator with our partners Agrottools and Proforest. We linked the outputs from our annual raw material survey of suppliers, TraQion, with this calculator to better understand our soy footprint related to our poultry supply chain. We have taken steps to work with direct suppliers to mitigate this risk by supporting deforestation free supply chains through third party certification. |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

| | Are you working beyond first tier? | Type of engagement approach with indirect suppliers | Indirect supplier engagement approach | Please explain |
|----------------|------------------------------------|---|--|---|
| Other - Coffee | Yes, working beyond first tier | Supply chain mapping Capacity building | Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects | We require all of our coffee to be Rainforest Alliance, UTZ (now part of Rainforest Alliance), Fair Trade certified or to come from a McCafé SIP approved program. In line with our Commitment on Forests, we identify Honduras, Indonesia, and Vietnam as high deforestation priority regions for coffee and require all coffee sourced from these locations to be Rainforest Alliance Certified™. We engage our suppliers through these programs and via the Sustainable Coffee Challenge (SCC) which aims to make coffee the world's first sustainable agricultural product. As an Advisory Council member of the SCC, we are uniting with other key industry players – retailers, roasters, industry associations and non-governmental organizations – to help make the changes needed to transform the industry. |

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

| | Do you engage in landscape/jurisdictional approaches? | Primary reason for not engaging in landscape and/or jurisdictional approaches | Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future |
|-------|--|---|--|
| Row 1 | No, but we are planning to engage in landscape/jurisdictional approaches in the next two years | Important, but not an immediate priority | We have been investigating appropriate landscape projects associated with one of our priority forest risk commodities that support positive environmental and social outcomes for the communities from which we source. We are in the process of finalizing our engagement and we hope to be able to share further information in our 2023 disclosure. |

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership)

Please explain

We know that we must work on wider industry transformation to help achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. We have also participated in the Global Forest & Trade Network (GFTN) and CDP Supply Chain Forests.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership, Palm Oil Collaboration Group (POCG))

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation by the end of 2030. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions including the Palm Oil Collaboration Group (POCG). We communicate annually through the RSPO Annual Communication of Progress and our website. We also continuously update our Global Sustainable Sourcing Guide, which outlines our priorities and expectations for suppliers, including for palm oil. To help inform our reporting methodology, we use the Reporting Guidance for Responsible Palm, developed by a wide range of organizations and published in 2017. It aims to provide common reporting guidance for companies throughout the supply chain, thereby increasing understanding, transparency and accountability for responsible palm oil production. Please see our Nature, Forests & Water webpage for additional information and definitions: <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/nature-forests-water.html>

Forest risk commodity

Cattle products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Global Roundtable for Sustainable Beef (GRSB)

Brazilian Roundtable on Sustainable Livestock (GTPS)

Other, please specify (European Roundtable of Beef Sustainability (ERBS), Forest Positive Coalition Beef Working Group of the Consumer Goods Forum, Collaboration on Forests and Agriculture, The Accountability Framework (AFI), The Good Growth Partnership)

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. We leverage our position on cross-sector platforms like the GRSB to drive wider collaboration and action. To support the delivery of the GRSB principles and criteria on the ground, McDonald's has helped set up national and regional multi-stakeholder platforms such as in Canada, the US and Europe, and we participate in several others around the world. Additionally, we continue to partner with farmers, suppliers, academics and NGO experts like the World Wildlife Fund, as well as with our industry partners across the value chain to accomplish our beef sustainability commitments. We are supportive of jurisdictional approaches as they enable companies sourcing agricultural commodities to collaborate with local governments, communities, and producers in their sourcing region. By working together, we can all ensure that local laws, regional efforts, and corporate policies work in concert to make regions deforestation-free. One of the leading jurisdictional approaches is the Produce, Conserve, Include (PCI) strategy in Mato Grosso, Brazil. McDonald's has been mapping our beef volumes sourced from the Mato Grosso area to understand what volumes of beef our suppliers buy from this jurisdiction for the McDonald's system and exploring ways to support this jurisdictional approach. Additionally, some of our other multi-stakeholder platforms and dialogues include: Argentina Roundtable for Sustainable Livestock, Paraguay Roundtable for Sustainable Livestock, Cerrado Manifesto Statement of Support Steering Committee, The Good Growth Partnership, The Collaboration on Forests and Agriculture, The Accountability Framework, CDP Supply Chain Forests.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Soy (RTRS)

Other, please specify (Collaboration on Forests and Agriculture, The Accountability Framework, The Good Growth Partnership)

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. Since 2006, McDonald's has played a leading role in supporting the establishment and continuation of the Soy Moratorium, a voluntary agreement between retailers, NGOs and major soybean traders to not purchase soy grown on land within the Amazon deforested after 2008. The Moratorium has been widely recognized for its success in dramatically reducing the expansion of soy production areas within the Brazilian Amazon. In 2016, McDonald's actively supported the indefinite extension of the Moratorium. We also participate in The Good Growth Partnership, The Collaboration on Forests and Agriculture, The Accountability Framework, CDP Supply Chain Forests.

Forest risk commodity

Other - Coffee

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Other, please specify (Sustainable Coffee Challenge, Accountability Frameworks (AFi), Certification schemes - capacity building with Rainforest Alliance, Fairtrade, CFA, GGP)

Please explain

We know that we must work on wider industry transformation to achieve our ultimate aim of eliminating deforestation. To do this, we work in partnership with others – suppliers, governments, non-governmental organizations (NGOs) and other key stakeholders. McDonald's is active in many multi-stakeholder dialogues to bring attention to forests and help drive action toward our goals. We also engage with a range of industry organizations and forums to identify solutions. For example, we have created an Advisory Council to provide input on the strategic direction of McCafé SIP. In partnership with Conservation International and with input from the Advisory Council, we developed and introduced a set of minimum requirements that all farms must meet and that will be assessed through third-party audits. These requirements are focused on social and environmental impacts such as human rights, health and safety and deforestation. In partnership with COSA, we have also expanded performance metrics, which measure continuous improvement towards social, environmental and economic standards annually. Through analysis of these metrics, our roasters can better target investments in programs that support income diversification or food security and help to build the resilience of these communities. Additionally, we engage our suppliers through these programs and via the Sustainable Coffee Challenge (SCC) which aims to make coffee the world's first sustainable agricultural product. As an Advisory Council member of the SCC, we are uniting with other key industry players – retailers, roasters, industry associations and non-governmental organizations – to help make the changes needed to transform the industry.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

One of the ways McDonald's has expanded its work beyond our initial forest commitment is to engage in efforts to halt conversion of ecosystems that host critical biodiversity, including forests, grasslands and savannahs, such as our support of the Instituto Onça-Pintada in Brazil. The presence of an apex predator such as the jaguar indicates a robust and thriving ecosystem. The Certificado Onça-Pintada, or Jaguar Friendly Ranch Certification, by the Instituto Onça-Pintada recognizes accomplishments related to protecting this threatened species.

Start year

2019

Target year

Please select

Project area to date (Hectares)

Project area in the target year (Hectares)

Country/Area

Brazil

Latitude

Longitude

Monitoring frequency

Please select

Measured outcomes to date

Biodiversity

Please explain

By exemplifying actions and conduct that allow for the coexistence of cattle production and the jaguar, landowners are taking a leadership role in decisions that will help determine the jaguar's existence for future generations.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

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

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

Lack of alignment between certification and NPDE policies. Challenges with verifying traceability systems and NPDE policy implementation.

Forest risk commodity

Cattle products

Coverage

Supply chain

Primary barrier/challenge type

Inexistent or immature certification standards

Comment

Not a suitable third-party certification scheme, supply chain complexity, lack of aligned definitions/criteria/cut off dates and reporting metrics to track progress.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Development of certification and sustainability standards across entire landscapes/jurisdictions

Comment

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Alignment between certification and NPDE policies, aligned approach to verify traceability and NPDE policy implementation for retailers.

Forest risk commodity

Cattle products

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

National monitoring and traceability programs in country of origin to improve the ability to track the impact of indirect supply in a standardized way for all purchasers.

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

F17 Signoff

F-FI

(F-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.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

| | Job Title | Corresponding job category |
|-------|------------------------------|------------------------------------|
| Row 1 | Chief Sustainability Officer | Chief Sustainability Officer (CSO) |

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

Please confirm below

I have read and accept the applicable Terms