

Global Transparency Report

RESOLVED: Shareholders request the Company annually issue a transparency report on global public policy and political influence, disclosing company expenditures and activities outside of the United States. Such report should disclose company funding and in-kind support directed to candidates or electioneering, lobbying, and charitable donations for the preceding year including:

- Recipients and amounts;
- The Company’s membership in or payments to nongovernmental organizations including trade and business associations, scientific or academic organizations and charities;
- The rationale for these activities.

The Board and management may, in its discretion, establish a de minimis threshold, such as contributions to an individual or organization totaling less than \$250, below which itemized disclosures would not be required.

Supporting statement

In January 2021, international media reported that our Company “paused all of our political giving while we review our policies and procedures” and that moving forward our Company “will ensure that all contributions continue to align with our values and the purpose of our business.”¹ This announcement raises significant concerns among investors regarding the global extent of our Company’s political activity given increased public scrutiny and intensifying demand for transparency.

As a truly global corporation, McDonald’s employs approximately 200,000 people and operates in 119 countries.² While our Company discloses some information about U.S. political activities, spending to influence public policy internationally is not comprehensively disclosed. Currently shareholders receive minimum information on corporate funds expended globally to influence policies.

In March 2021, Vanguard cautioned that “poor governance of corporate political activity, coupled with misalignment to a company’s stated strategy or a lack of transparency about the activity, can manifest into financial, legal, and reputational risks that can affect long-term value.”³

Food industry support for scientific advocacy intended to shape policymaking is now seen critically. Our Company is listed as a member of the International Food Information Council (IFIC), a food and agrochemical industry group that conducts promotion and research to advance industry interests, often running counter to public health, such as IFIC’s messaging

¹ <https://www.restaurantbusinessonline.com/financing/mcdonalds-says-it-pausing-its-political-donations>

² <https://corporate.mcdonalds.com/content/dam/gwscorp/assets/investors/financial-information/annual-reports/2020%20Annual%20Report.pdf>

³ https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/INVSPOLS_032021.pdf

defending sugar, processed foods, artificial sweeteners, and pesticides.⁴

Similarly, our Company sponsors the International Food and Beverage Alliance (IFBA), which, in addition to lobbying against sugar reduction policies, has been exposed secretly lobbying through member-states to gain influence within the World Health Organization (WHO),⁵ and has opposed safeguarding of WHO's nutrition policies from conflicts of interest.⁶

Our Company does not currently disclose these sponsorships on its website, raising transparency and credibility concerns regarding the controversies surrounding these bodies.⁷ Media and public scrutiny may quickly reveal corporate advocacy that seems at odds with a company's stated values and brand image, which our business heavily depends on.

We urge you to vote in favor of this proposal and to encourage our company to disclose detailed data on its non-domestic contributions. Adopting this resolution would position the corporation globally to be a leader on political transparency.

⁴ <https://usrtk.org/our-investigations/how-big-food-spins-bad-news/>

⁵ <https://gh.bmj.com/content/6/6/e005216#ref-166>

⁶ <https://globalizationandhealth.biomedcentral.com/articles/10.1186/s12992-020-00611-1>

⁷ <https://corporate.mcdonalds.com/corpmcd/investors/corporate-governance/political-contributions-and-policy.html#tradeAssociation>