

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 any charitable donations directed to public policy research or influence 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 2021, international media reported that McDonald's "paused all of our political giving while we review our policies and procedures" and that moving forward McDonald's "will ensure that all contributions continue to align with our values and the purpose of our business."ⁱ This raises significant concerns regarding the global extent of McDonald's political activity given increased public scrutiny and demand for transparency.

A truly global corporation, McDonald's employs approximately 200,000 people and operates in 119 countries.ⁱⁱ While McDonald's discloses some information about U.S. political activities, spending to influence public policy internationally is almost entirely undisclosed. Currently shareholders receive minimum information on corporate funds expended globally to influence policies.

Vanguard cautioned "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."ⁱⁱⁱ

Consequently, industry support for scientific advocacy intended to shape policymaking is receiving heightened scrutiny. For example, McDonald's is listed as a member of the International Food Information Council (IFIC),^{iv} a food and agrochemical industry group that conducts promotion and research to advance industry interests that often contradict public health. IFIC's communications actively defend numerous unhealthy products including sugar, processed foods, artificial sweeteners, and toxic pesticides.^v

Among many blind spots for investors around McDonald's political activities, the European Union Commission intends to propose a mandatory European nutrition label for food in 2022 potentially impacting our Company's and suppliers' products.^{vi} Concurrently, McDonald's

received legal notice for failing to manage the impacts of its plastic waste as required by French law.^{vii}

Awareness regarding our products' environmental and health impacts increases across countries. A McDonald's executive recently highlighted, "...effective policy advocacy, and strong partnerships add up to a powerful response [to such issues]..."^{viii}. It is imperative to utilize the highest transparency standards regarding policy advocacy, partnerships, and all corporate political activities globally.

McDonald's, minimally discloses these relationships online, raising transparency and credibility concerns regarding controversies, including ties to IFIC.^{ix} Media and public scrutiny may quickly reveal corporate advocacy that appears at odds with a company's stated values, on which our business depends.

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

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

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

^{iv} <https://usrtk.org/pesticides/how-big-food-spins-bad-news/>

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

^{vi} <https://www.foodwatch.org/en/news/2022/nutri-score-in-the-eu-18-years-of-food-lobbying/>

^{vii} <https://www.foodingredientsfirst.com/news/mcdonalds-nestle-and-danone-among-nine-food-corporations-on-legal-notice-for-plastic-waste-failures-in-france.html>

^{viii} <https://business.edf.org/insights/why-mcdonalds-is-using-policy-advocacy-to-move-the-needle-on-climate-change/>

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