UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 28, 2025

Ning Chiu
Davis Polk & Wardwell LLP

Re: McDonald's Corporation (the "Company")
Incoming letter dated January 17, 2025

Dear Ning Chiu:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by The Accountability Board, Inc. for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal asks the Company to publish a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including related disposal methods) and includes measurable, timebound food waste reduction targets.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal relates to the Company's ordinary business operations. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

Copies of all of the correspondence on which this response is based will be made available on our website at https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Matt Penzer
The Accountability Board, Inc.

Davis Polk

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
davispolk.com

January 17, 2025

VIA ELECTRONIC SUBMISSION

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Ladies and Gentlemen:

On behalf of McDonald's Corporation, a Delaware corporation (the "**Company**"), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), we are filing this letter with respect to the shareholder proposal (the "**Proposal**") submitted by The Accountability Board, Inc. (the "**Proponent**") for inclusion in the proxy materials the Company intends to distribute in connection with its 2025 Annual Meeting of Shareholders (the "**2025 Proxy Materials**"). The Proposal is attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the "**Staff**") will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2025 Proxy Materials.

In accordance with relevant Staff guidance, we are submitting this letter and its attachments to the Staff through the Staff's online Shareholder Proposal Form. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent as notice of the Company's intent to omit the Proposal from the 2025 Proxy Materials. This letter constitutes the Company's statement of the reasons it deems the omission of the Proposal to be proper. We have been advised by the Company as to the factual matters set forth herein.

THE PROPOSAL

The Proposal states:

> RESOLVED: Shareholders ask McDonald's to publish a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including related disposal methods) and includes measurable, timebound food waste reduction targets.

REASONS FOR EXCLUSION OF THE PROPOSAL

The Company believes that the Proposal may be properly omitted from the 2025 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters related to the Company's ordinary business operations and seeks to micromanage the Company.

I. Background.

With more than 41,000 McDonald's restaurants in over 100 countries, the Company, as part of serving its customers and communities, focuses on solutions to reduce food waste.[1] The Company's approach to help reduce food waste in its restaurants and food chain facilities is supported by the Company's internal Global Food Disposition Policy (the "**Disposition Policy**").

The Disposition Policy outlines the Company's framework for minimizing the waste of safe and quality food, with surplus instead redirected to help feed people and communities, while encouraging markets to develop solutions and approaches based on local needs and priorities.[2] The Company works with restaurants (both Company- and franchisee-owned and operated) and with the Company's supply chain to donate meals and excess ingredients in accordance with the Disposition Policy.[3]

As the Company notes on its website, the Company has developed guidelines to reduce supply chain food waste utilizing the U.S. Environmental Protection Agency Food Recovery Hierarchy (the "**Food Waste Hierarchy**").[4] In 2023, McDonald's USA and its suppliers in the United States donated over 1.5 million pounds of food and paper combined from suppliers and distribution centers (worth more than $4.6 million) to support local U.S. food banks and communities.[5]

II. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because the Proposal Deals with Matters Related to the Company's Ordinary Business Operations and Seeks to Micromanage the Company.

Rule 14a-8(i)(7) allows a company to omit a shareholder proposal from its proxy materials if such proposal deals with a matter relating to the company's ordinary business operations. The general policy underlying the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *See* Exchange Act Release No. 34-40018 (May 21, 1998) (the "**1998 Release**"). The 1998 Release also identified two central considerations that underlie this policy: (i) that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and (ii) the "degree to which the proposal seeks to 'micromanage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed

[1] See the "2023-2024 Our Purpose and Impact Report," pg. 3 (available at https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/McDonalds_PurposeImpact_ProgressReport_2023_2024.pdf).

[2] See "Addressing Food Waste" (available at https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/packaging-toys-and-waste.html).

[3] See "Contributing to the UN Sustainable Development Goals – Packaging and Waste Strategy" (available at https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/impact-strategy-and-reporting/contributing-to-UN-SDGs.html).

[4] See "Addressing Food Waste" (available at https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/packaging-toys-and-waste.html).

[5] See "Contributing to the UN Sustainable Development Goals – Packaging and Waste Strategy" (available at https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/impact-strategy-and-reporting/contributing-to-UN-SDGs.html).

judgment." *See* Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("**SLB 14L**"). As demonstrated below, the Proposal implicates both considerations.

A. The Proposal Relates to Ordinary Cost Reductions, Financial Management and/or Competitive Strategies.

The Staff has previously concurred that a proposal seeking a report on a company's "efforts to assess, reduce and optimally manage food waste" was ordinary business. *See Amazon.com, Inc.* (Apr. 10, 2018). Similar to *Amazon.com, Inc.,* the Proposal requests that the Company report on efforts to minimize and reduce food waste with reference to disclosure of "types and quantities" and "reduction targets" for food waste.

The Proposal does not clearly define "food waste" but appears to be focused on perishable food inventory that goes unsold or is spoiled before it can be consumed. The Proposal states that McDonald's "food waste" is addressed in the Company's reporting about "[d]onat[ing] excess food" to families in need, and refers to efforts by the Company to manage food waste in its Disposition Policy and Food Waste Hierarchy. The Disposition Policy aims to redirect "surplus food" to help feed people and communities,[6] while the best option listed for dealing with food waste in the Food Waste Hierarchy is to reduce the volume of "surplus food generation," with the second best option being donation of extra food to food banks and soup kitchens, and the third being donating food scraps to animal feed. These external references clearly equate food waste in the Proposal with the production of food that is not ultimately purchased by customers, with economic and financial implications for the Company given that the Company has already borne the cost of obtaining the food.

Along those lines, the Proposal notes that reducing food waste would improve financial performance, and emphasizes a study that "for every $1 restaurants invested to cut down on food waste, they saved an average $7 in operating costs over a three-year period," which would mean a "600% return on investment." Just like the proposal in *Amazon.com, Inc.*, which sought to improve cost savings by reducing food waste, the Proposal's supporting statement thus cites the benefits of "improving financial performance" by reducing food waste. A principal focus of the Proposal is clearly ordinary cost reductions in the context of the financial management of the Company's food inventory – a fundamental task for management in the restaurant business. The Staff has consistently concurred that a company's operational costs or financial management is a matter of ordinary business, *see, e.g.*, *HP Inc.* (Dec. 20, 2019) (proposal recommending a report on the profit reduction of maintaining certain headcount and budgets at the levels of the prior quarter end, as well as an evaluation of the risk to delivering a certain company product due to cuts in personnel, and options for addressing the shortfalls, including the impact to profits); *Gilead Sciences, Inc.* (Feb. 15, 2018) (proposal requesting a report assessing the feasibility of adopting time-bound, quantitative, company-wide goals for increasing energy efficiency and use of renewable energy where the proposal and supporting statement focused on the company's management of energy expenses and detailed the perceived financial benefits of adopting goals for increased energy efficiency and use of renewable energy); *CVS Health Corp.* (Mar. 8, 2016) (proposal requiring the company to set targets to increase renewable energy sourcing, followed by several statements pointing to cost savings as a driving factor for the targets, noting that the proposal "reveal[s] a central theme of financial management by emphasizing the creation of cost-savings for the Company"); and *FLIR*

[6] See "Addressing Food Waste" (available at https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/packaging-toys-and-waste.html) and "Contributing to the UN Sustainable Development Goals – Packaging and Waste Strategy" (available at https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/impact-strategy-and-reporting/contributing-to-UN-SDGs.html).

Systems, Inc. (Feb. 6, 2013) ("[p]roposals that concern the manner in which a company manages its expenses are generally excludable under rule 14a-8(i)(7).").

A key element of the Proposal is the development of "timebound food waste reduction targets" as part of the assessment of food waste, again similar to *Amazon.com, Inc.* where the supporting statement recommended timebound targets to reduce waste and progress towards meeting these targets. Managing the Company's core food products and the associated cost of food waste, along with efforts to mitigate waste while meeting customer expectations of brand and quality, involves complex management considerations of issues such as managing in-restaurant product availability, inventory, marketing and reputation, staffing, shipping logistics, and compliance with applicable regulations in each restaurant's jurisdiction. Because these issues implicate the Company's ordinary business activities, the Company is already actively involved in making business decisions and implementing approaches to its restaurant inventory management that address food waste reduction, as illustrated by the Disposition Policy and Food Waste Hierarchy.

The Company operates restaurants primarily through franchises with independently owned and operated franchisees. The financial relationship between the Company and its franchisees centers on the payment of fees and royalties in exchange for the rights granted to the franchisee. By dictating that the Company report on the types and quantities of food waste and set food waste reduction goals, which would require information from and implementation by the franchisees, the Proposal seeks to insert shareholders into the Company's financial management of its franchisee relationships. While the Company encourages its franchisees to reduce food waste by emphasizing the resulting cost savings, managing the cost of food waste in the Company's franchised restaurants would have to be within the purview of the franchisee's ability to manage inventory, anticipate customer demands and make other operating decisions.

The supporting statement of the Proposal also references efforts related to food waste by certain companies that the Proposal views to be competitors, again similar to the supporting statement in *Amazon.com, Inc*. Managing the competitive landscape involves the balancing of multiple day-to-day considerations, including market dynamics and customer preferences.

B. The Proposal Relates to the Products and Services That the Company Offers.

The Staff has repeatedly determined that proposals related to the products and services of companies that offer food products can be excluded as a matter of ordinary business. *See, e.g.*, *The Coca-Cola Company* (Mar. 6, 2024) (proposal requesting a policy to move toward healthy products); *Papa John's International Inc.* (Feb. 13, 2015) (proposal requesting more vegan offerings in the company's restaurants was excluded as related to "the products offered for sale by the company"); *Wal-Mart Stores, Inc.* (Mar. 30, 2010) (proposal requiring that all company stores stock certain amounts of locally produced and packaged food); *Wal-Mart Stores, Inc.* (Mar. 26, 2010) (proposal requesting a policy that all products and services offered for sale in the United States be manufactured or produced in the United States); and *McDonald's Corp.* (Mar. 24, 1992) (proposal seeking to influence decisions with respect to menu items and food options).

As a leading global foodservice retailer, the Company is committed to its founder's original vision of Quality, Service, Cleanliness and Value in its restaurants, serving a locally relevant menu of quality food and beverages in communities across more than 100 countries. Specific decisions regarding the products that the Company sells implicates a myriad of factors that are more appropriately considered by management rather than shareholders, including discussions regarding the safe handling of food products, meeting the preferences of customers, optimizing menu choices, the products offered by competitors, the demand for particular types of products, the portion size of products served to customers, the availability and sufficient quantity and quality of products to meet demand, and the costs and revenues associated with sales of products. Those decisions all implicate the amount of food waste, including the type and quantity of food waste, and therefore the Proposal directly addresses the ordinary business of the Company's products offerings.

C. The Proposal Does Not Raise Significant Social Policy Issues That Transcend the Company's Ordinary Business Operations.

In the 1998 Release, the Commission expressed that while proposals relating to ordinary business matters "but focusing on sufficiently significant social policy issues generally would not be excludable" under Rule 14a-8(i)(7), the Staff has indicated that proposals that relate to both ordinary business matters and significant social policy issues may be excludable if the proposals do not "transcend the day-to-day business matters." SLB 14L states that in making a determination on whether a proposal raises a significant social policy issue, the Staff will "focus on the social policy significance of the issue that is the subject of the shareholder proposal" and "consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company."

The mere fact that a proposal is phrased to reference or invoke issues that could implicate significant social policy issues under the Staff's current interpretation of Rule 14a-8(i)(7) is not sufficient to transcend day-to-day business matters. A proposal may still be excluded when it effectively focuses on an ordinary business matter. When assessing proposals under Rule 14a-8(i)(7), the Staff will also consider the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005) ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole."). Proposals that refer to topics that might raise significant policy issues, but do not focus on or have tangential implications for such issues, do not transform an otherwise ordinary business proposal into one that transcends ordinary business.

The proposal in *Amazon.com, Inc.* related to food waste described above also referred to environmental implications, including emissions, recycling, freshwater, fertilizer, cropland, sustainability goals and climate change, but the company argued that the principal focus of the proposal was the ordinary financial goals regarding reducing expenses and competing effectively. Similarly, the Proposal also refers to emissions, recycling, freshwater, fertilizer, cropland and sustainability goals, as well as "improving financial performance" and competitor actions. The Proposal refers to the same environmental matters that in *Amazon.com, Inc.* still rendered that proposal to be ordinary business, given that the environmental issues touched on are merely incidental to management's decisions regarding cost and financial management around the Company's restaurant offerings and the necessary subsequent disposal of food that is not consumed, making the central purpose of the Proposal ordinary business.

Ordinary business matters regarding product offerings are also the primary focus of the Proposal, similar to *The Home Depot, Inc*. (Mar. 4, 2009) (proposal recommending that the company issue a report "on policy options to reduce consumer exposure and increase consumer awareness regarding mercury and any other toxins contained in its private label . . . products," where although the proposal referred to environmental concerns, the Staff noted that the proposal "relat[ed] to Home Depot's ordinary business operations (i.e., the sale of particular products))." Additionally, in *Amazon.com, Inc.* (Mar. 17, 2016), the Staff concurred with exclusion of a proposal requesting a report "on the company's policy options to reduce potential pollution and public health problems from electronic waste generated as a result of its sales to consumers, and to increase the safe recycling of such wastes," noting that the proposal "relates to the company's products and services and does not focus on a significant policy issue."

D. The Proposal Seeks to Micromanage the Company by (1) Inappropriately Limiting the Company's Discretion and (2) Probing Matters "Too Complex" for Shareholders, as a Group, to Make an Informed Judgment.

In SLB 14L, the Staff clarified that the determination of whether a proposal impermissibly micromanages the Company "will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management." The Staff further clarified that this approach is "consistent with the Commission's views on the ordinary business exclusion, which is designed to preserve management's discretion on ordinary business matters." SLB 14L. The 1998 Release further states that "[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies."

The Staff has consistently concurred with the exclusion of proposals that inappropriately limit management's discretion on micromanagement grounds. *See, e.g.*, *JP Morgan Chase & Co.* (Mar. 29, 2024) (proposal asking the company to adopt a specific methodology for sector-by-sector achievement of emissions targets within its investment portfolios); *Tesla, Inc.* (Mar. 27, 2024) (proposal requesting the redesign of company vehicle tire products to avoid pollution from chemicals); *The Home Depot, Inc.* (Mar. 21, 2024) (proposal requesting a report assessing the benefits and drawbacks of permanently committing not to sell certain company paint products containing titanium dioxide); *The Sherwin-Williams Co.* (Feb. 21, 2024) (same); and *Chubb Limited* (Mar. 27, 2023) (proposal requiring the board to adopt and disclose a policy for the timebound phaseout of underwriting risks associated with new fossil fuel exploration and development projects).

The Proposal dictates the methodology by which the Company should manage the issue of food waste by prescribing the publication of a report that includes the "types and quantities of food and beverages" in the Company's waste streams (including related disposal methods) and "measurable, timebound food waste reduction targets."

The Company has more than 41,000 restaurants in over 100 countries that feed millions of customers every day. The number and nature of menu items differ around the world, as menu items are calibrated to global food preferences. Menu items also change from time to time as the restaurants provide limited-time menu options and seasonal menus. Attempting to disclose the "types and quantities" of food items that are disposed of at restaurants globally through food spoilage, excess inventory not purchased or consumed, or simply through customer actions, even for one day, prescribes in granular detail the requirement to capture an innumerable amount of data. Similarly, in *Walmart Inc.* (Apr. 18, 2024), the proposal asked the company to disclose "a product category breakdown" related to greenhouse gas emission, where the company argued that the need to create databases, invest in technology and then report by product category means the proposal is so granular as to require detailed and intrusive actions to implement. *See also The Home Depot, Inc.* (Mar. 21, 2024), where a proposal requesting a living wage report would have required the collection of detailed data that is not readily available to produce the requested report.

The Proposal eliminates the discretion of the Board and management to address the Proposal's essential objective through its existing food disposition policy (i.e., the Disposition Policy) and applicable guidance, which as described above are robust and includes the adoption of Company-wide standards that account for the Company's complex operations. The Proposal fails to consider the Company's global footprint, the operation of the Company's business through franchisees and differences in applicable law and regulation regarding food disposition. The adoption of the Proposal prescribes a methodology on the Company reporting without room for management discretion to consider other alternatives. Management is unable to account for the fact that the majority of Company restaurants are owned and operated by franchisees. While the Company works with its franchisees to adopt practices and standards, it does not dictate every decision made by such franchisees nor does it directly oversee the implementation of those practices and standards, including ones related to food disposition which may be driven based on local customer behavior, needs and priorities, as well as the applicable regulations of each relevant jurisdiction.

The micromanagement element of the ordinary business exception under Rule 14a-8(i)(7) is also based on whether a proposal probes matters "too complex" for shareholders, as a group, to make an informed judgment. SLB 14L, citing the 1998 Release. According to SLB 14L, in making this determination as to whether a proposal probes matters "too complex" for shareholders, the Staff may consider "the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic," as well as "references to well-established national or international frameworks when assessing proposals related to disclosure, target setting, and timeframes as indicative of topics that shareholders are well-equipped to evaluate." The Staff has consistently granted no-action relief on micromanagement grounds for shareholder proposals that probe matters too complex for shareholders by substituting shareholder judgment for that of management with respect to complex day-to-day business operations that are beyond the knowledge and expertise of shareowners. *See, e.g.*, *NetApp, Inc.* (July 19, 2024) (proposal requiring director compensation to be fixed at $1 for any given fiscal year unless such compensation was disclosed to shareholders in advance of the fiscal year, submitted to shareholders for an approval vote at a meeting of shareholders and approved by shareholder vote); *Delta Air Lines, Inc.* (Apr. 24, 2024) (proposal requiring a report regarding "union suppression expenditures," including internal and external expenses); and *Walmart Inc.* (Apr. 18, 2024) (proposal requiring a breakdown of GHG emissions for different categories of products in a manner inconsistent with existing reporting frameworks).

As stated above, the Proposal seeks information where available data would be difficult to obtain, and without the ability to follow any recognized framework or standards. The Proposal asks shareholders to vote on an issue that is both technical and regulatory in scope. The Company already complies with applicable food disposition regulations in all jurisdictions in which it operates. In short, the Company's management has adopted both high-level principles and specific implementations of those principles addressing these complex domestic and international compliance obligations. The Company's management, rather than shareholders, is best equipped to consider, understand and address the nuances and complexities of food waste policies. The Proposal seeks to micromanage the Company by substituting the shareholder's decisions regarding the Company's food waste policies for management's, on an issue which the shareholders, as a group, are not in a position to make an informed judgment.

E. The Proposal Is Excludable Under Rule 14a-8(i)(7) Regardless of Whether It Touches Upon a Significant Policy Issue.

A proposal that seeks to micromanage a company's business operations is excludable under Rule 14a-8(i)(7) regardless of whether or not the proposal raises issues with a broad societal impact. *See* Staff Legal Bulletin No. 14E (Oct. 27, 2009), at note 8, citing the 1998 Release for the standard that "a proposal [that raises a significant policy issue] could be excluded under Rule 14a-8(i)(7), however, if it seeks to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." Since the issuance of SLB 14L, the Staff concurred with the exclusion of proposals addressing how companies interact with their shareholders on significant social policy issues because the proposals sought to micromanage how the companies addressed those policy issues. *See Amazon.com, Inc.* (Apr. 7, 2023) (proposal requesting the company report Scope 3 emissions from "its full value chain" was excludable for attempting to micromanage the company). Thus, the fact that the Proposal references environmental issues does not preclude its exclusion under Rule 14a-8(i)(7).

CONCLUSION

Because the Proposal relates to the ordinary business operations of the Company and seeks to micromanage the Company, the Company believes that the Proposal may be excluded from its 2025 Proxy Materials pursuant to Rule 14a-8(i)(7).

Respectfully yours,

Ning Chiu

Ning Chiu

Attachment

cc w/ att: Jeffrey Pochowicz, McDonald's Corporation

Matt Prescott, The Accountability Board, Inc.

Exhibit A

Proposal

RESOLVED: Shareholders ask McDonald's to publish a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including related disposal methods) and includes measurable, timebound food waste reduction targets.

DEAR FELLOW SHAREHOLDERS:

McDonald's calls "reducing food and packaging waste" one of its responsible sourcing "Priority Impact Areas."[1]

But its *food* waste disclosures are extremely minimal.

For example, while its 2023-2024 Purpose & Impact Report devotes significant attention to *packaging* waste, within its 78 pages, McDonald's food waste is referenced in just this single vague line: "Donated excess food in cooperation with suppliers to support families in need."[2]

McDonald's doesn't disclose food waste measurements either. Food waste is specifically identified as a SASB Standards waste management disclosure topic and metric for restaurants. But McDonald's SASB disclosures evade the food waste metric, exclusively reporting *other* waste.[3]

Further, the company also doesn't disclose any measurable food waste reduction targets. In 2018, McDonald's defined a "Global Food Disposition Policy" and "Food Waste Hierarchy." But importantly, what's missing from them are measurable/timebound reduction targets. Meanwhile, McDonald's does disclose such targets for *other* waste— like sourcing its primary guest packaging from renewable, recycled or certified materials by 2025.

By contrast, consider two top competitors: Starbucks and Yum! Brands. Starbucks disclosed the types and quantities of food and beverages in its waste streams (and disposal methods) back in 2020[4] and now has a measurable goal to halve its food waste by 2030; Yum! Brands has the same goal.

These actions make sense, since reducing food waste impacts significant policy issues while improving financial performance. Indeed, decomposing food in landfills generates significant greenhouse gas emissions and wasted food production consumes vast resources (like freshwater, fertilizer, and cropland). Further, Glass Lewis says food waste has "significant economic and environmental and social ramifications" and Institutional Shareholder Services (ISS) calls it "a growing area of concern globally" that's "starting to be addressed by regulators."

And financially speaking, "for every $1 restaurants invested to cut down on food waste, they saved on average $7 in operating costs over a three-year period," found a study by the organization Champions 12.3, whose leadership includes Nestle's and Rabobank's CEOs and the Chief Economist for the United Nations Food & Agriculture Organization. That's a 600% return on investment.

[1] www.bit.ly/PriorityImpactAreas

[2] www.bit.ly/TheFoodWasteLine

[3] www.bit.ly/McD-SASB

[4] www.bit.ly/Starbucks-Report

We agree with BlackRock: "The need for solutions that...lower food waste and provide alternatives to scarce resources has never been greater." Thus, while we recognize the company's _packaging**_ waste efforts, we believe identifying _**food**_ waste totals and targets would substantially advance its management and oversight of this highly consequential "priority impact" issue. Thank you.**

THE ACCOUNTABILITY BOARD

February 17, 2025

Via Online Submission

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street NE
Washington, DC 20549

Re: McDonald's Corporation – Shareholder Proposal submitted by The Accountability Board

Ladies and Gentlemen:

I am writing on behalf of The Accountability Board (the "Proponent"), who is the beneficial owner of common stock of McDonald's Corporation (the "Company") and who has submitted a shareholder proposal (the "Proposal") to the Company. I am in receipt of a letter dated January 17, 2025 ("Company Letter") sent to the Securities and Exchange Commission on behalf of the Company. In that letter, the Company contends that the Proposal may be excluded from the Company's 2025 proxy statement. A copy of this reply is being emailed concurrently to counsel for the Company.

SUMMARY

The Proposal calls on the Company to provide transparency disclosures and to determine scheduled reduction targets relating to its food waste, an issue the Company itself has designated as one of its "Priority Impact Areas" and for which it has established a Global Food Disposition Policy and Food Waste Hierarchy:

> **RESOLVED:** Shareholders ask McDonald's to publish a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including related disposal methods) and includes measurable, timebound food waste reduction targets.

The full Proposal is attached as Exhibit 1.

The Company argues for exclusion pursuant to Rule 14a-8(i)(7), claiming the Proposal intrudes on matters of ordinary business, doesn't primarily focus on a significant policy issue, and prescriptively micromanages the Company. The Company is incorrect.

Nothing in the Proposal calls on shareholders to "decide how to solve [ordinary business] problems" or otherwise impede "management's ability to run [the Company] on a day-to-day basis." *See* Release No. 34-40018 (May 21, 1998) ("1998 Release"). The Proposal presents a straightforward request for a food waste transparency report and establishing a schedule for reduction targets (of management's own devising). It does not require disclosures, prescriptions, or restrictions on cost reductions, revenue optimizations, or any other aspect of the Company's financial management. Nor does it call for additions to or restrictions on any product offerings. It simply does not intrude on any core managerial tasks.

As to micromanagement, the Proposal does not ask shareholders to decide on complex matters or prescribe intricate solutions. It doesn't impose specific food waste reduction targets or specific time-frames for reaching them. Nor does it dictate specific methods for categorizing or measuring the Company's food waste. The Company could, for example, use its own already-established "food waste hierarchy"—which groups categories of waste by disposition, such as food bank donations, compost, and animal feed—as "types" of waste to measure and disclose. Or it could decide that another method of categorizing food waste would be preferable. Such on-the-ground implementation decisions are wholly reserved to reasoned discretion of management.

Throughout its Letter, the Company repeatedly fails to provide any specific examples or analysis of actual intrusions the Proposal would place on its ability to carry out day-to-day operational decisions. Nor does it include any demonstrable showing of how the Proposal itself involves matters of complexity or how it would unduly limit management's discretion on such matters. Instead, it employs a pattern of simply listing boilerplate operational elements (common to any global business) and broadly claiming the Proposal is excludable because it "relates to" or "implicates" ordinary business matters. But the Commission has made clear that ordinary business determinations are made on a case-by-case, not on a categorical, basis, taking account of the nature of the Proposal and circumstances of the Company. *See* 1998 Release. Thus, the Company cannot satisfy its burden of proof by relying on broad generalities rather than a substantive analysis that actually establishes concrete grounds for exclusion. *See* 17 C.F.R. § 240.14a–8(g).

That said, the Company could not carry its burden in this matter regardless. This is because the Proposal squarely focuses on a Company-specific issue that transcends its day-to-day business matters, doesn't impair management's day-to-day operational functions, and doesn't dictate specific methodologies, timelines, or reduction targets for implementation. Thus, it is not excludable under Rule 14a-8(i)(7) and the Proponent, therefore, asks that the Staff not concur in the Company's no-action request.

ANALYSIS

The Proposal May Not be Excluded under Rule 14a-8(i)(7).

The Proposal may not be excluded under Rule 14a-8(i)(7) because it does not infringe on any "ordinary business matters" and, in any event, it raises a significant policy issue that transcends the Company's ordinary business. *See* Release No. 34-40018 (May 21, 1998) ("1998 Release"). Nor, given its lack of complexity or prescriptiveness, can the Proposal be excluded on grounds of micromanagement.

A. *The Proposal's subject matter focuses squarely on minimizing food waste, which raises a Company-specific policy issue that transcends its ordinary business.*

We begin our discussion of the Proposal's subject matter here because of the dispositive effect of a significant policy issue in transcending the Company's ordinary business. The Company doesn't suggest that minimizing its food waste isn't a significant policy issue. Company Letter, p. 5. Nor could it take such a position under the company-specific analysis explained in Staff Legal Bulletin 14M (Feb. 12, 2025), given the Company's own statements and pledges about the issue.

The Proposal's text expressly references the Company's own statement about the social and environmental significance of minimizing food waste. In fact, the very first line of the supporting statement explains that the Company has designated "reducing food and packaging waste" as "one of its responsible sourcing 'Priority Impact Areas.'" Ex. 1; *see also* McDonald's Corporation Purpose & Impact Report 2022-2023, p. 39; 2023-2024, p. 76. The supporting statement also notes the Company's establishment in 2018 of a "Global Food Disposition Policy" and "Food Waste Hierarchy."[1]

[1] Also in 2018, the Company expressed its concern about the extraordinary amount of global food waste, observing that if such waste "were its own country, it would be the third-largest greenhouse gas emitter." McDonald's *Scale for Good* Archive 2018, p. 90. It declared that minimizing food waste is "an important issue for our customers, our communities, and our business," adding that "[i]t's simply not right that good food and precious resources go to waste, and we want to use our scale to help tackle the issue." *Id.*

The Company doesn't actually challenge minimizing food waste as a significant policy issue. Company Letter, p. 5. Instead, it attempts to portray the Proposal as one of mixed focal points. *Id.* It makes this attempt by pointing to three Staff determinations that excluded proposals which shared some commonalities with the instant Proposal, but in doing so it omitted any mention of the critical differences between them.

The Company first points to *Amazon.com, Inc.* (Apr. 10, 2018). The Company attempts to draw similarities between the two by identifying bare references to words they both contain, thereby suggesting they were similarly focused. Company Letter, p. 5. But even a cursory reading of the two proposals would instantly reveal their stark differences. Unlike the instant Proposal, the one in *Amazon.com* expressly called for reporting that included "estimated cost savings from optimized food purchasing, handling, and disposal." Also, the initial paragraphs of the *Amazon.com* proposal are replete with financially focused advocacy points (e.g., annual cost of food waste to U.S. GDP, $57 billion annually to groceries, restaurants, and food service companies, etc.).[2] The instant Proposal, by contrast, only toward the end of its supporting statement notes a study that found a financial benefit in reductions of food waste; it then concludes the supporting statement by emphasizing the social and environmental importance of "this highly consequential 'priority impact' issue."

Moreover, what the Company fails to note is that when the 2018 *Amazon.com* proposal was reframed to primarily focus on policy issues and submitted the following year, the staff did not concur in exclusion. *Amazon.com, Inc.* (Apr. 3, 2019).

The Company fares no better with its other two Staff determinations. Proceeding with the same omission of specific context, the Company suggests similarities between the instant Proposal and the one in *The Home Depot, Inc.* (Mar. 4, 2009). But while the Company describes the proposal in that matter as one about reducing consumer exposure and increasing awareness of mercury, the request of the proposal focused on changes to product labeling to advise consumers of mercury (i.e., "toxins") in the company's products. And the proposal in *Amazon.com, Inc.* (Mar. 17, 2016) called on the company to develop recycling services for consumer e-waste resulting from the products it sells.

The instant Proposal doesn't call on the Company to publicly identify toxins in its products nor to develop waste mitigation services for its customers. From start to finish, its focus is on the transcendent policy issue of providing transparency and setting targets to reducing its own food waste.

[2] In a no-action correspondence the following year, the proponent acknowledged that the proposal "focused primarily on the economic case for Amazon to reduce its food waste." *Amazon.com, Inc.* (Apr. 3, 2019), JLens letter, dated March 10, 2019.

The Company's shorthand—and substantively misleading—comparisons with plainly distinguishable proposals do not satisfy its burden to show the Proposal focuses on anything other than a well-established (and inarguably Company-specific) significant policy issue.

B. *The Proposal does not involve the type of day-to-day business decisions that cannot practically be submitted to a shareholder vote.*

The Commission has explained that "ordinary business matters" for purposes of rule 14a-8(i)(7) are those tasks that are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." 1998 Release. The purpose of the exception is "to confine the *resolution* of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide *how to solve* such problems at an annual shareholders meeting." *Id.* (Emphases added.)

The instant Proposal does not dictate or intrude on any such on-the-ground business practices, but instead requests the company establish meaningful disclosures and targets for minimizing food waste in its operations. Nonetheless, the Company asserts the Proposal is excludable because it "relates" to matters of "ordinary cost reductions, financial management, and/or competitive strategies," and "relates" to "the products and services that the company offers." Company Letter, p. 3-4. But rather than provide any specific examples of how the Proposal *actually* infringes on management's ability to conduct these business matters, the Company relies only on misstated and overbroad rules of exclusion, boilerplate generalities, and Staff determinations in plainly distinguishable proceedings, none of which are sufficient to carry the Company's burden under Rule 14a-8(g).

1. <u>The Proposal does not intrude on cost reductions, financial management, or competitive strategies.</u>

The Company first argues that a previous Staff determination, *Amazon.com, Inc.* (Apr. 10, 2018), involved a similar proposal. *Id.* But the Company omits from its argument any reference to critically distinguishing elements of the two proposals. Unlike the instant Proposal, the one in *Amazon.com* expressly called for reporting that included "estimated cost savings from optimized food purchasing, handling, recycling, and disposal," and explicitly touted cutting costs, providing competitive advantage, and strengthening brand reputation among its benefits.

Nothing in the instant Proposal calls for Company action or shareholder scrutiny of cost saving or any other financial decisions associated with minimizing food waste. Such decisions would be left entirely to management's reasoned discretion. To be sure, the Proposal informs shareholders of an important international study that found significant financial benefits for companies that invested in efforts to cut down on food waste. Ex. 1. But there's a material difference between letting shareholders know generally that adoption of the Proposal would also be a fiscally responsible decision and asking them to vote on whether the Company should calculate and report to them on *optimizing cost savings* in its "food purchasing, handling, recycling, and disposal."

Ignoring these critical focal distinctions, the Company takes the position that the Proposal's mere mention of a study that found financial advantages to minimizing food waste turns its "principal focus" into one of "ordinary cost reduction" and "financial management." Company Letter, p. 3. But the Company confuses a supporting analysis of the Proposal's benefits with a problematic intrusion into day-to-day business decisions.

The Company then conflates the two by asserting a categorical rule that "a company's operational costs or financial management is a matter of ordinary business." *Id.* But such a sweepingly broad rule cannot be supported under the test framed by the Commission's 1998 release and the relevant Staff Legal Bulletins since. And the various Staff determinations cited by the Company don't stand for such a categorical rule, nor do they bear any resemblance to the instant Proposal:

- *HP Inc.* (Dec. 20, 2019) involved a proposal that challenged the company's budget and personnel cuts by calling on it to "quantify and report what would have been the reduction in profit" had the cuts not been made. The purpose of the request was "so that investors can weigh" the wisdom of management's decision.
- *Gilead Sciences, Inc.* (Feb. 15, 2018) involved a proposal calling for a feasibility assessment of adopting goals for "increasing energy efficiency and use of renewable energy." The opening paragraph of the supporting statement provided several purposes for the report, the lead one being "to reduce energy costs." The next paragraph stated that "improved energy efficiency and increased use of low-cost renewable energy could help the pharmaceutical industry reduce the $1 billion per year it spends" in energy costs.
- *CVS Health Corp.* (Mar. 8, 2016) involved a proposal that called on the company to set quantitative targets (by November of that year) for increasing renewable energy sourcing and/or production. Of the ten paragraphs in the proposal's supporting statement, *eight* focused on cost savings or other financial benefits of the proposal.
- *FLIR Systems, Inc.* (Feb. 6, 2013) involved a proposal calling for a report describing the company's "strategies on energy use management." All but

> one paragraph of the supporting statement focused on cost savings of efficient management of energy usage.

Not surprisingly, the Company offers no factual analysis directly comparing any of the proposals above with the instant Proposal, instead painting them all with an improperly broad "financial management" brush. But while the Staff determinations relied on by the Company were permeated by intrusions into managerial cost saving matters, the instant Proposal includes no such invasion.

The Company next argues the Proposal's request for "timebound food waste reduction targets" involves business decisions that "implicate" ordinary business matters:

> Managing the Company's core food products and the associated cost of food waste, along with efforts to mitigate waste while meeting customer expectations of brand and quality, involves complex management considerations of issues such as managing in-restaurant product availability, inventory, marketing and reputation, staffing, shipping logistics, and compliance with applicable regulations in each restaurant's jurisdiction.

What the Company fails to explain, however, is how the Proposal takes any of those business decisions away from management or otherwise impairs its ability to run the Company on a day-to-day basis. It doesn't.

Again, the Company substitutes what should be a direct a substantive analysis of the Proposal with boilerplate generalities describing various business decisions that could be equally asserted by any company.[3] But the question asked by the ordinary business test is not whether a Company's operations involve multi-faceted decision-making, but whether the Proposal's high-level request for food waste transparency disclosures and reduction targets unduly impairs the Company's ability to make daily on-the-ground operational decisions. It does not. And this is especially notable here since the Proposal does not prescribe specific reduction targets or timeline, but leaves those determinations to the reasoned discretion of management.

The Company then claims that the Proposal's request improperly "inserts shareholders" into "financial management" of its franchisee relationships because it "would require information from and implementation by" them. Company Letter, p. 4. But the Proposal does not dictate or restrict any financial or other business terms

[3] In fact, a virtually identical version of the quoted sentence (and the line in the Company Letter that follows it) was argued by Amazon in a no-action proceeding to exclude a proposal calling for annual reports on the impacts of its food waste. *See Amazon.com, Inc.* (Apr. 3, 2019). The Staff did not concur in exclusion.

of the Company's relationships with its franchisees, so the Company's business relationships with them would not be altered by the Proposal.[4]

The Company's final assertion in this section is a two-sentence objection to the Proposal's inclusion in its supporting statement of two examples of competitors that have implemented food waste reduction policies. The Company then makes another broad categorical statement that "[m]anaging the competitive landscape involves the balancing of multiple day-to-day decisions." Company Letter, p. 4. Again, the Company points to nothing in the Proposal that would actually impair the "day-to-day decisions" it references. The Proposal doesn't call for the Company to set benchmarks against its competitors. It doesn't require the establishment of greater reduction targets or timelines than its competitors. It doesn't call for any comparative disclosures measuring the effectiveness of its food waste policies against competitors. In short, the Company doesn't explain any actual impairment of its day-to-day management of the competitive landscape because the Proposal plainly doesn't do that.

2. <u>The Proposal does not intrude on management's ability to make day-to-day decisions about the products or services it offers</u>.

The Company next asserts that proposals "related to the products and services of companies that offer food products can be excluded as a matter of ordinary business." Company Letter, p. 4. But here again the rule is not nearly so broad as the Company argues. And the Staff determinations it points to readily demonstrate the rule's application to proposals that actually focus on influencing product offerings. *Id. The Coca-Cola Company* (Mar. 6, 2024) involved a proposal that called for "an enterprise-wide policy to move toward more healthy products." The proposal in *Papa John's International Inc.* (Feb. 13, 2015) called for a shareholder vote on menu expansion to add specific types of products. *Wal-Mart Stores, Inc.* (Mar. 30, 2010) involved a proposal that would have required all company stores to stock a certain amount of "locally produced packaged food" products. The second *Wal-Mart* determination from that year involved a proposal requesting that all domestic stores sell only products that are made in the U.S. And the proposal in *McDonald's Corp.* (Mar. 24, 1992) would have had shareholders vote on whether to add a low-fat burger to its menu, switch to all-vegetable cooking oil, and add salads to the menu items at international restaurants.

[4] The Company states that its franchisees are "independent" operators. But their legal status isn't relevant to the analysis here, and the Company has not made any claim, pursuant to Rule 14a-8(i)(6), that it doesn't have the power or authority to implement the Proposal if approved by shareholders.

In sharp contrast with the proposals above, the instant Proposal does not ask shareholders to make decisions about additions or restrictions to the Company's menu items or other product offerings. And the Company doesn't actually argue otherwise. Instead, the Company just broadly lists various factors involved in making "[s]pecific decisions regarding the products the Company sells," e.g. safe handling of food products, optimizing menu choices, product demand, competitor offerings, costs and revenues associated with product sales, etc. Company Letter, p. 4. Predictably, though, the Company doesn't explain how the Proposal usurps management's day-to-day operational decisions about the safe handling of food, menu choices, expenditures, or any other of the "myriad" factors it references. Instead, the Company again picks up its broad-stroke brush and strains to argue that all its decisions about food offerings "implicate the amount of food waste" and, therefore, involve ordinary business. *Id.*

The ordinary business test, however, isn't about implication, but intrusion. And despite its burden of proof, the Company hasn't shown—nor could it show—that the Proposal prevents management from exercising its day-to-day decision-making about its food product offerings.

C. The Proposal is not excludable on micromanagement grounds.

Despite the Proposal's lack of prescription as to specific methodology, timelines, or reduction targets, the Company argues for exclusion on micromanagement grounds. *See* Company Letter, p. 6-7. Its argument is misplaced.

It is important to note that the micromanagement guidance in SLB 14M doesn't alleviate the flaws in the Company's arguments or its failure to carry its burden of proof. This is because the deficiencies of the Company's position lie not in walking the fine lines of a legal test, but in the flawed logic of its arguments, the comparisons to factually dissimilar proposals, and the substitution of boilerplate generalities for any actual showing of undue prescriptiveness. Such shortcomings would be fatal under the Commission's 1998 release and any Staff guidance since.

The Company asserts the Proposal "dictates the methodology" of its management of food waste by calling for a transparency report that discloses the "types and quantities" and calls for "measurable, timebound food waste reduction targets." *Id.* at 6. Yet, by its plain text the Proposal leaves to management's discretion how to define the categories of waste ("types"), how to measure its waste ("quantities"), and the specifics for reduction targets and a timeline. Consider the Company's current "Food Waste Hierarchy," which sets categories by dispositions. They include donations to families in need, animal feed, energy conversion, compost, and landfills. Should management choose, it could certainly designate those already established categories as "types" of food waste for reporting purposes. Or it could define "types" by whatever other way is preferred, e.g., solid waste and liquid waste, etc. And the same is true for management's ability to determine the best options for measuring quantities of waste, for establishing reduction targets, and for determining appropriate timelines to meet them. Whatever management decides on for these methodology options, what's overwhelmingly clear is that they are not *dictated* by the Proposal.

Nonetheless, the Company appears to take the position that "types and quantities" could only be interpreted to require the separate reporting of each food menu item wasted globally, which it then claims "even for one day" would be too prescriptively granular to require of it. Company Letter, p. 6. As demonstrated above, however, nothing in the Proposal requires the Company to report food waste by individual menu item or any other prescribed unit of granularity. The two Staff determinations the Company suggests are similar to the instant Proposal only serve to highlight their clear-cut differences from those that actually do require granular complexity. The proposal in *Walmart Inc.* (April 18, 2024), which the Company mischaracterizes as merely requesting "a product category breakdown" relating to greenhouse gas emissions, prescriptively called for calculations and disclosures—reported by product category—of Scope 3 "greenhouse gas emissions from Purchased Goods and Services and Use of Sold Products." The proposal in *The Home Depot, Inc.* (Mar. 21, 2024) called for annual publication of a "living wage" report that dictated specific disclosures (including the number of employees being paid less than a living wage, and the amounts they would have received if the company had paid them living wages).

The Company then argues that the Proposal's request for transparency about its food waste amounts and plans for reduction presents "too complex" a matter to be put to a shareholder vote. Company Letter, p. 7. But the Company's position is belied by the very proposals it points to for comparison. *Id.* The proposal in *NetApp, Inc.* (July 19, 2024) asked shareholders to supplant the Board's compensation discretion by approving a binding amendment to the company's bylaws that would have fixed director compensation at $1 for a fiscal year, unless a greater compensation has been disclosed to shareholders in advance of the fiscal year, submitted to shareholders for an approval vote at an annual or special meeting of shareholders in advance of the fiscal year, and approved by a majority vote of shares present and entitled to vote at a shareholder meeting in advance of the fiscal year for which the compensation is to be paid. The proposal in *Delta Air Lines, Inc.* (Apr. 24, 2024) called for a report on "union suppression expenditures" and expressly required disclosure of internal expenses and external expenditures made to any outside entities, including disclosure of the for-hire entities' identities, fees, hours, remits, and work performed in relation to employee unionization and collective bargaining efforts as well as other services they are hired to perform for the company, description of the board's oversight of these for-hire entities, and disclosure of the for-hire entities' adherence to the company's policies including reference to any legal or regulatory enforcement matters wherein the for-hire entities are involved. And the Company again cites to the *Walmart* determination discussed above, which involved a proposal that presented a prescribed categorical methodology requiring calculations and disclosures—reported by product category—of Scope 3 "greenhouse gas emissions from Purchased Goods and Services and Use of Sold Products."

Tellingly, the Company provides no direct factual analysis between the complexities of these proposals and the straightforward policy issues of the instant Proposal. Company Letter, p. 7. Indeed, there is none to be made.

Finally, we address the Company's scattershot claims that the Proposal "eliminates" its discretion to continue its "existing food disposition policy," that it somehow limits the ability to comply with "the applicable regulations" of the jurisdictions in which it operates, and that it apparently would limit local franchisee operations in some unspecified way. Here again the Company provides no factual analysis, and no examples or explanation of *how* the Proposal *actually* eliminates management discretion in these areas. In reality, the Proposal would build on the Company's food waste reduction commitments. Its call for transparency disclosures and reduction targets wouldn't require violation of the law of any jurisdiction. And it doesn't mandate the Company "dictate every decision" for its franchises. It simply asks with clarity and precision for the Company to make transparency disclosures about "types and quantities" (of its own defining) of its food waste and to establish reduction targets (of its own determination).

Since the Commission's 1998 release, it has been clear that micromanagement "determinations will be made on a case-by-case basis, taking into account factors such as the nature of the proposal and the circumstances of the company to which it is directed." Given this evaluation framework and the Company's burden in this matter, its repeated reliance on boilerplate generalities about the complexities of a global business rather than concretely demonstrating how the Proposal would be unduly prescriptive cannot be sufficient to meet a Company's burden of proof under Rule 14a-8(g).

CONCLUSION

The Company has failed to carry its burden under Rule 14a-8(g) of establishing that the Proposal is excludable on the basis of Rule 14a-8(i)(7). Accordingly, we ask that the Company's no-action request be declined.

Respectfully,

Matt Penzer, Chief Legal Counsel
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(206) 778-8823

cc:
Ning Chiu

Exhibit 1

THE ACCOUNTABILITY BOARD

encourages you to support this proposal asking McDonald's to disclose food waste quantities and reduction targets.

RESOLVED: Shareholders ask McDonald's to publish a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including related disposal methods) and includes measurable, timebound food waste reduction targets.

DEAR FELLOW SHAREHOLDERS:

McDonald's calls "reducing food and packaging waste" one of its responsible sourcing "Priority Impact Areas."[1]

But its *food* waste disclosures are extremely minimal.

For example, while its 2023-2024 Purpose & Impact Report devotes significant attention to *packaging* waste, within its 78 pages, McDonald's food waste is referenced in just this single vague line: "Donated excess food in cooperation with suppliers to support families in need."[2]

McDonald's doesn't disclose food waste measurements either. Food waste is specifically identified as a SASB Standards waste management disclosure topic and metric for restaurants. But McDonald's SASB disclosures evade the food waste metric, exclusively reporting *other* waste.[3]

Further, the company also doesn't disclose any measurable food waste reduction targets. In 2018, McDonald's defined a "Global Food Disposition Policy" and "Food Waste Hierarchy." But importantly, what's missing from them are measurable/timebound reduction targets. Meanwhile, McDonald's does disclose such targets for *other* waste—like sourcing its primary guest packaging from renewable, recycled or certified materials by 2025.

By contrast, consider two top competitors: Starbucks and Yum! Brands. Starbucks disclosed the types and quantities of food and beverages in its waste streams (and disposal methods) back in 2020[4] and now has a measurable goal to halve its food waste by 2030; Yum! Brands has the same goal.

These actions make sense, since reducing food waste impacts significant policy issues while improving financial performance. Indeed, decomposing food in landfills generates significant greenhouse gas emissions and wasted food production consumes vast resources (like freshwater, fertilizer, and cropland). Further, Glass Lewis says food waste has "significant economic and environmental and social ramifications" and Institutional Shareholder Services (ISS) calls it "a growing area of concern globally" that's "starting to be addressed by regulators."

And financially speaking, "for every $1 restaurants invested to cut down on food waste, they saved on average $7 in operating costs over a three-year period," found a study by the organization Champions 12.3, whose leadership includes Nestle's and Rabobank's CEOs and the Chief Economist for the United Nations Food & Agriculture Organization. That's a 600% return on investment.

We agree with BlackRock: "The need for solutions that...lower food waste and provide alternatives to scarce resources has never been greater." Thus, while we recognize the company's *packaging* waste efforts, we believe identifying *food* waste totals and targets would substantially advance its management and oversight of this highly consequential "priority impact" issue. Thank you.

[1] www.bit.ly/PriorityImpactAreas
[2] www.bit.ly/TheFoodWasteLine
[3] www.bit.ly/McD-SASB
[4] www.bit.ly/Starbucks-Report

✓ The proponent asks that you vote "FOR" this proposal.