

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 Green Century Equity Fund (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 request that McDonald's, at reasonable expense and omitting proprietary information, disclose an assessment of whether its current climate transition plans and related resource commitments can reasonably achieve its 2030 and 2050 emissions reduction targets, or whether additional plans or commitments are necessary.

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 by seeking to micromanage the Company.

I. Background.

In 2018, the Company set targets approved by the Science Based Targets Initiative (the “**SBTi**”) to reduce greenhouse gas (“**GHG**”) emissions in line with a 2 degrees Celsius warming scenario. In 2021, the Company announced its commitment to achieve net zero emissions across its global operations by 2050. As the science has evolved, so have the Company's targets. In 2023, SBTi validated the Company's global 2050 net zero emissions reduction target and the Company's 2030 global emissions target, in line with the guidance to keep global temperature rise below 1.5 degrees Celsius.¹ SBTi validation is a detailed, multistep process in which a team from SBTi reviews a company's targets against SBTi's criteria and, if validated, prepares a comprehensive target validation report for the company.

By the end of 2030, using 2018 as the base year, the Company has committed to reduce (i) absolute Scope 1 and 2 GHG emissions by 50.4% from Company-owned and operated restaurants and offices, (ii) absolute Scope 3 energy and industrial GHG emissions by 50.4% from franchisee and Company-owned and operated restaurants, as well as the facility, logistics and plastic packaging emissions in the Company's supply chain, and (iii) absolute Scope 3 forest, land and agriculture GHG emissions by 16% and to maintain no deforestation across the Company's primary deforestation-linked commodities.² Further to its 2030 emissions target, the Company includes disclosure in its 2023-2024 Purpose and Impact Report (the “**Impact Report**”) noting its performance relative to the base year.

As noted in the Impact Report, the Company is pursuing many actions that management believes will help reduce emissions and move its net zero strategy forward – from enhancing how the Company designs and powers restaurants to encouraging more sustainable farming techniques. The Company also continues to make progress in other areas that can support its climate goals, for example, supporting deforestation-free supply chains and finding ways to reduce the impact of the Company's guest packaging.³

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 by Seeking 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-

¹ See the “2023-2024 Our Purpose and Impact Report,” pg. 18 (available at https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/McDonalds_PurposeImpact_ProgressReport_2023_2024.pdf).

² See “Our Net Zero Targets” (available at <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/climate-action.html#ourStrategy>).

³ See the “2023-2024 Our Purpose and Impact Report,” pg. 18 (available at https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/McDonalds_PurposeImpact_ProgressReport_2023_2024.pdf).

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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 judgment.” See Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“**SLB 14L**”). As demonstrated below, the Proposal implicates the second consideration.

A. 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, including proposals prescribing specific actions related to companies’ decisions and actions on how best to manage climate change. In *Chubb Limited* (Mar. 27, 2023), the Staff concurred with the exclusion of a proposal that would require 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 dictated a particular method – a categorical prohibition on underwriting all new fossil fuel projects – for the company to help limit global temperature rise to 1.5 degrees Celsius. See also, 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); *Morgan Stanley* (Mar. 29, 2024) (same); *Wells Fargo & Co.* (Mar. 6, 2024) (same); *The Goldman Sachs Group, Inc.* (Mar. 4, 2024) (same); *Bank of America Corp.* (Feb. 29, 2024) (same); *Chevron Corp.* (Mar. 29, 2024) (proposal requesting a report on divestitures of assets with material climate impact, including whether each asset purchaser discloses its GHG emissions and has GHG reduction targets); *Tractor Supply Co.* (Mar. 18, 2024) (proposal requesting disclosure of GHG emissions from Use of Sold Products, including a breakdown of emissions by product category); *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); and *The Sherwin-Williams Co.* (Feb. 21, 2024) (same).

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.,

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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); *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); and *Amazon.com, Inc.* (Apr. 7, 2023) (proposal requesting the company report Scope 3 emissions from “its full value chain” sought to micromanage the company “by imposing a specific method for implementing complex policy disclosure without affording discretion to management”).

The Staff has granted relief on micromanagement grounds with respect to numerous proposals requiring reporting of information that is significantly less complex than the information demanded by the Proposal. See, e.g., *Paramount Global* (Apr. 19, 2024) (proposal requesting disclosure of the recipients of corporate charitable contributions of \$5,000 or more); *Phillips 66* (Mar. 20, 2023) (proposal requesting an audited report describing the undiscounted expected value to settle obligations for the company’s asset retirement obligations with indeterminate settlement dates); *Valero Energy Corporation* (Mar. 20, 2023) (same); *Verizon Communications Inc.* (Mar. 17, 2022) (proposal requesting publication of employee-training materials); and *Coca-Cola Co.* (Feb. 16, 2022) (proposal requiring the company to submit any proposed political statement to the next shareholder meeting for approval prior to issuing the statement publicly).

The Proposal seeks to micromanage the Company by requesting a highly prescriptive and detailed assessment that will require the Company to gather, analyze and report on a significant range of internal and external information. In addition, the Proposal micromanages the Company by limiting management’s discretion regarding the establishment, measurement and fulfillment of the Company’s emissions reduction targets, regardless of changing regulations, market conditions, business strategy or other circumstances. Moreover, the issue underlying the Proposal on which shareholders will need to vote (the Company’s emissions reduction goals and related transition plans and resource commitments) is both highly technical and regulatory in scope. This issue is integrally intertwined with the Company’s ordinary business operations and fundamental to management’s ability to run the Company’s operations on a day-to-day basis.

Establishing and measuring appropriate emissions targets for a large, global business such as the Company is a complex process that requires input from a broad range of internal and external stakeholders, including a variety of internal Company business functions; restaurant franchisees; indirect and direct suppliers; industry peers; nongovernmental organizations; and international, federal, provincial, state and local governmental authorities across the world. Detailed input from all of these stakeholders is required both in setting and measuring the targets, and in taking actions to make the necessary operational changes to meet these targets. For example, these actions include adding renewable energy to the grid and entering into virtual power purchase agreements, scaling regenerative agriculture practices throughout the Company’s supply chain, using the Company’s sourcing process to contribute to deforestation-free supply chains and advocating for climate-positive policies globally. At the restaurant and office level, actions include identifying ways to enhance energy, such as lower-impact refrigerants and reducing the impact of packaging and waste. At the supply chain level, actions include engaging suppliers to set their own emissions reduction targets to align with the Company’s Scope 3 reduction target and working with suppliers to develop projects to reduce their emissions. At the governmental and NGO level, actions include using the Company’s scale to advocate for climate action initiatives.

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To demonstrate the highly prescriptive and detailed assessment that will be required by the Proposal, it is necessary to look at not just the Proposal's resolved clause, but also the whereas clauses and supporting statement. The resolved clause requests an "assessment" of whether (1) the Company's current climate transition plans *and* (2) its resource commitments can reasonably achieve its emissions reduction targets. Not only this, but the resolved clause also requests that the assessment consider (3) whether additional plans or commitments are necessary. Given the complex process of setting, tracking and managing the Company's existing targets that is described at a high level above, creating an assessment that satisfies even one of the three distinct requests of the resolved clause (let alone all three) would require gathering, analyzing and reporting on an extremely multifaceted and wide-ranging set of internal and external information, similar to prior proposals that have been granted relief by the Staff on micromanagement grounds (see above citations).

However, the three distinct requests in the resolved clause are not the only requests in the proposal. The supporting statement recommends that this assessment include three additional distinct tasks: (1) quantifying the emissions reduction impact of each of the Company's current climate strategies; (2) assessing whether the Company's livestock dependency makes its climate targets unachievable; and (3) integrating quantitative, timebound "protein diversification targets." This last request, in particular, goes beyond the collection and analysis of information and impermissibly limits management's discretion by requesting that the Company formalize plans to reduce the amount of certain types of proteins currently sold by the Company, which would limit management's ability to pursue alternative means of reducing emissions.

The Proposal is similar to other proposals requesting granular level of details regarding climate change of disclosures that have been excluded as micromanaging the companies. *See, e.g., Walmart Inc.* (Apr. 18, 2024), where the proposal requested a product category breakdown of the GHG emissions from Purchased Goods and Services and Use of Sold Products, and the company argued that it would require detailed and intrusive actions that present numerous analytic and strategic challenges to produce the report, including the need to obtain significant resources and third-party support. In *Walmart Inc.*, the proposal also suggested that the implementation efforts afford "discretion" to management in its recommendations regarding defining product categories, but like the Proposal, that does not change the fact that the proposal would still require and dictate the disclosures noted above. The Proposal is also akin to *Amazon.com, Inc.* (Apr. 7, 2023), where the proposal required the company to measure and disclose scope 3 GHG emissions across its "full value chain" and covered all products that it sells directly and by third-party vendors, necessitating a complex approach that encapsulated a wide and broad inventory that required reliance and dependence on information and actions from third parties, and different from the approach the company had already adopted under existing recognized frameworks.

In addition to the distinct, prescriptive requests in the resolved clause and supporting statement, statements in the whereas section of the Proposal further demonstrate the granular and detailed requests in the Proposal on complex topics. The whereas clause discusses the scale of GHG emissions related to livestock and describes potential supply chain risks related to increased costs for supplies as a result of climate change, competitive risks related to peer companies' use of alternative proteins and legal risks related to potentially misleading net zero commitments made by protein suppliers – matters which are fundamental to the Company's business and relate to tasks necessary for management's ability to run the Company on a day-to-day basis, and are too complex for shareholders to vote on.

The Board has determined the appropriate path toward managing the company's emission targets. The Company's strategies are publicly disclosed on its website.⁴ The Company's approach reflects guidance

⁴ See "Our Net Zero Targets" (available at <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/climate-action.html#ourStrategy>).

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and input from across the Company's various specialized departments, as well as outside experts. The Company, rather than shareholders, is best equipped to consider, understand and address the nuances and complexities of its emissions targets. The Proposal seeks to micromanage the Company by delegating to shareholders decisions regarding the Company's emissions reduction targets and the best way to quantify, assess and integrate these reduction targets into the Company's business planning, despite this being an issue on which the shareholders, as a group, are not in a position to make an informed judgment.

In short, the Proposal seeks to micromanage the Company by probing too deeply into matters of a complex nature in seeking an assessment that spans the Company's value chain and requires input from a broad range of internal and external stakeholders. Moreover, the Proposal inappropriately limits management's discretion by seeking to influence management's decisions and assessments of how to meet the Company's emissions reduction targets, including in the supporting statement's request for the Company to integrate quantitative, timebound protein diversification targets, which is a fundamental aspect of the Company's business that cannot as a practical matter be subject to direct shareholder oversight.

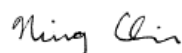
B. The Proposal Is Excludable Under Rule 14a-8(i)(7) Regardless of Whether It Touches Upon a Significant Policy Issue.

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 policy issues such as climate change and climate risk does not preclude its exclusion under Rule 14a-8(i)(7).

CONCLUSION

Because the Proposal 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

Attachment

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

Giovanna Eichner, Green Century Capital Management, Inc.

Proposal

Whereas: Each 1°C of temperature rise reduces global GDP up to 12%.¹ The Intergovernmental Panel on Climate Change (IPCC) advises that greenhouse gas (GHG) emissions must reach net zero by 2050 to avoid exceeding 1.5°C of warming.

The livestock sector accounts for 11-20% of anthropogenic GHG emissions.² To limit warming to 1.5°C, livestock production emissions must drop by 2030 and absolute livestock numbers must peak globally by 2025.³ A 2023 IPCC report found that most GHG emissions from beef production cannot be eliminated through existing or anticipated technology. Instead, experts advise reducing production of ruminant meat to lower emissions.⁴

McDonald's business is dependent on livestock, with beef accounting for about one third of McDonald's total GHG emissions.⁵ Although McDonald's is committed to reducing Scope 3 emissions, which comprise 99% of its GHG footprint, by 50.4% by 2030 and reaching net zero by 2050, it has not disclosed a roadmap for achieving these targets.⁶

This omission exposes McDonald's to material risks:

- **Supply chain risk:** Physical and transition impacts of climate change are projected to cause cumulative losses of \$1.3 trillion by 2030 for 40 of the world's largest livestock companies, including Tyson and JBS.⁷ Bloomberg estimates that Tyson and JBS comprise nearly 20% of McDonald's ingredient-related costs.⁸ McDonald's acknowledges that raw material costs may increase due to climate change,⁹ indicating that failure to diversify protein offerings may narrow margins.
- **Competitive risk:** Alternative proteins offer the highest emissions savings per dollar of invested capital of any industry,¹⁰ and competitors including Burger King offer alternative proteins in every U.S. restaurant.¹¹ Nevertheless, alternative proteins are absent from McDonald's public U.S. climate strategy.
- **Legal risk:** The New York Attorney General sued JBS, alleging that JBS's net zero commitment is misleading because it is incompatible with JBS's plans to increase beef production.¹² Tyson faces a lawsuit alleging that its "climate-smart beef" labeling and emissions goals are false marketing.¹³ Because McDonald's Scope 3 target is dependent on emissions reductions from JBS and Tyson, its climate targets may be similarly misleading.

Resolved: Shareholders request that McDonald's, at reasonable expense and omitting proprietary information, disclose an assessment of whether its current climate transition plans and related resource

¹ <https://www.weforum.org/agenda/2024/06/nature-climate-news-global-warming-hurricanes/>

² <https://journals.library.columbia.edu/index.php/cjel/article/view/12548/6197>, 151-152

³ <https://animal.law.harvard.edu/wp-content/uploads/Paris-compliant-livestock-report.pdf>, 4, 6, 9-10

⁴ https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf, 60, 88

⁵ <https://www.bloomberg.com/news/articles/2021-12-01/the-carbon-footprint-of-mcdonald-s-menu-very-big>

⁶ <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/climate-action.html#howWeMeasureOurClimateImpact>

⁷ Collier FAIRR Climate Risk Tool

⁸ <https://www.fairr.org/news-events/insights/how-climate-change-can-take-a-bite-out-of-profits-across-the-entire-animal-protein-value-chain>

⁹ https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/McDonalds_CDP_Response_Climate_Change_2023.pdf

¹⁰ <https://www.bcg.com/publications/2023/taking-alternative-protein-trends-mainstream>

¹¹ <https://vegnews.com/impossible-whopper-five-year-anniversary-burger-king>

¹² <https://ag.ny.gov/sites/default/files/court-filings/jbs-complaint.pdf>, 32

¹³ <https://www.nytimes.com/2024/09/18/climate/tyson-beef-climate-lawsuit.html>

commitments can reasonably achieve its 2030 and 2050 emissions reduction targets, or whether additional plans or commitments are necessary.

Supporting Statement: The essential purpose of this proposal is to elicit quantitative, forward- looking disclosures demonstrating whether McDonald's policies and actions can be reasonably expected to achieve its emissions reduction targets. In developing these disclosures, proponents recommend, at management discretion:

- Quantifying the emissions reduction impact of each of McDonald's current climate strategies;
- Assessing whether McDonald's livestock dependency makes its climate targets unachievable;
- Integrating quantitative, timebound protein diversification targets.