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 Green Century Equity Fund for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the Company 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.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal does not seek to micromanage the Company.

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: Giovanna Eichner
Green Century Capital Management, 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 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).

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.*,

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.

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).

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.

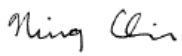
B. The Proposal Is Excludable Under Rule 14a-8(i)(7) Regardless of Whether It Touches Upon a Significant Policy Issue.

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.

Exhibit A

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] Coller 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.

Sanford Lewis & Associates

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413 549-7333
sanfordlewis@strategiccounsel.net

February 20, 2025
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to McDonald's Corporation Regarding Assessment of GHG Target Prospects on Behalf of Green Century Capital Management

Ladies and Gentlemen:

Green Century Capital Management (the "Proponent") is beneficial owner of common stock of McDonald's Corporation (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company.

I have been asked by the Proponent to respond to the letter dated January 17, 2025 ("Company Letter") sent to the Securities and Exchange Commission by Ning Chiu, Davis Polk. In that letter, the Company contends that the Proposal may be excluded from the Company's 2025 proxy statement.

We have redacted personal information consistent with the Staff's guidance. A copy of this letter is being emailed concurrently to Ning Chiu.

SUMMARY

The Company has established greenhouse gas (GHG) reduction targets including net zero by 2050, and 2030 targets broken down by categories of emissions. The company also discloses progress in emissions reduction as against the 2018 base year but, from the standpoint of the proponent, has not provided an adequate assessment of the pathways forward - whether and how the company has determined that its current efforts are on course to meet its targets. The proposal requests that the company disclose *an assessment of whether its current climate transition plans and related resource commitments can reasonably achieve those targets.*

The Company has asserted that the shareholder proposal is excludable under Rule 14a-8(i)(7) because it seeks to micromanage the Company.

However, the Proposal is not granular or prescriptive in its disclosure request. As stated in the supporting statement, it merely seeks to elicit "quantitative, forward- looking disclosures demonstrating whether McDonald's policies and actions can be reasonably expected to achieve its emissions reduction targets." Therefore, contrary to the Company's elaborate explanation of the complexities of target setting and emissions reduction and a highly prescriptive and detailed assessment that it asserts would be required by the Proposal, the Proposal does not require the Company to explain or alter any of those activities, but only to provide accurate and accountable disclosure of the prospects for reaching its own stated goals given the activities underway. The more specific elements described in the supporting statement are in the discretion of management and do not render the proposal more prescriptive or granular.

Therefore, the Proposal does not seek to micromanage the company. It is not excludable under current SEC rules and precedents.

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]

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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.
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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.

Supporting Statement: The essential purpose of this proposal is to 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.

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 Coller 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

BACKGROUND

Climate change is an investment risk

To many investors, especially those whose fiduciary duties extend to long-term sustainable value creation, the need for responsive adaptation to the risk environment created by the climate crisis has become an integral element of investing strategy. Principal among the various implications of this strategy is to ensure that investee companies are prepared for the physical and transition risks this crisis portends, and to address related enterprise and systemic risk. As the Task Force on Climate-related Financial Disclosure (TCFD) has noted:

> One of the essential functions of financial markets is to price risk to support informed, efficient capital-allocation decisions. To carry out this function, financial markets need accurate and timely disclosure from companies. Without the right information, investors and others may incorrectly price or value assets, leading to a misallocation of capital.[1]

The Proponent, Green Century Capital Management, integrates climate change-related risks and opportunities into portfolio analysis and decision-making processes to ensure that investments contribute positively to environmental sustainability. The Proponent has emphasized the importance of transparency in addressing material climate-related risks. The investment by the Proponent, and other investors, in McDonald's, is grounded in part in the company's stated public commitment to achieve net zero GHG emissions.

Current disclosures are, in the view of the proponent, inadequate to know whether the Company can realistically achieve the stated goals given the reported activities. The proposed report would provide **transparency regarding the Company's own assessment as to whether and how its 2030 and 2050 goals are likely to be achieved with current efforts.**

The Proposal represents an opportunity for investors to signal to the Company that more disclosure is needed. The report requested would provide the market with more complete and credible data and analysis to demonstrate that Company efforts will scale action to its own net zero aspiration.

McDonald's disclosures lack clarity about the prospect of achieving stated goals with current effort

McDonald's has set Science Based Targets initiative (SBTi) 2030 targets to reduce absolute Scope 3 greenhouse gas emissions 50.4% from Franchisee and Company-owned and operated restaurants, and the facility, logistics and plastic packaging emissions in its supply chain and absolute Scope 3 Forest, Land and Agriculture emissions 16%. From the standpoint of investors, credibly working toward these targets is critical to understanding whether the Company can

[1] See: https://www.fsb-tcfd.org/about/#

reach its net-zero by 2050 SBTi goal and effectively mitigate the risks climate change poses to its business. Yet, McDonald's disclosures fail to provide investors with the information necessary to assess the Company's pathway toward achieving its GHG reduction goals.

The need for this assessment is compounded by an absence of meaningful forward-looking plans that address how McDonald's will reduce emissions at the pace and scale necessary to meet 2030 and 2050 targets especially because, as of 2023, McDonald's had only achieved a 4% reduction of its Scope 3 emissions.[2] There is little information on how McDonald's engages its franchisees and suppliers, a large component of its total Scope 3 emissions. McDonald's states the following:

> Our Franchisees and suppliers are independent business owners who make decisions for their own organizations while maintaining core standards for our brand and customer satisfaction. We cannot prescribe solutions for them. *Rather, we work in collaboration to raise awareness and provide tools and opportunities to help them manage ESG issues. We work with suppliers to mutually set objectives and targets, monitor progress and engage collaboratively on shared innovation opportunities and challenges. Through self-managed excellence, suppliers are encouraged to identify and manage key ESG risks and opportunities within their own companies and incorporate relevant goals into their business strategies.* (Emphasis added).[3]

The Company reports that it is engaging suppliers to set targets that support emissions reductions within their operations and supply chains, accelerating and scaling farm projects to help reduce emissions, with a focus on regenerative agriculture, and encouraging suppliers to reduce facilities' emissions and source renewable energy. These are all appropriate and valuable elements of the Company's strategy, but the disclosures do not provide an assessment of whether these efforts will lead to accomplishment of the 2030 goals. With the majority of Company emissions coming from its supply chain, clear disclosure of progress towards the emissions targets in this sector is critical.

As an example, annual reports detail specific supplier engagement projects, such as requiring global beef and chicken suppliers to commit to setting SBTi targets, but they fail to communicate what percentage of suppliers have committed thus far.[4] Additionally, there is no information on how McDonald's will engage its franchises in its climate strategy, apart from the general statement above that the Company will collaborate with franchisees, but will not "prescribe

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[2] https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/_McDonald%E2%80%99s%20Progress%20Summary%202023-2024.pdf, 7

[3] https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/_McDonalds_PurposeImpact_ProgressReport_2023_2024.pdf, 9

[4] https://_corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/_McDonalds_PurposeImpact_ProgressReport_2023_2024.pdf, 19

solutions". This omits accounting for emissions from 95% of U.S. McDonald's.[5] Disclosures, therefore, neither address the degree to which existing actions contribute to emissions reductions nor how they fit into the Company's long-term climate strategy.

ANALYSIS

The Proposal is not excludable under Rule 14a-8(i)(7) as the subject matter transcends ordinary business and the form of the Proposal does not micromanage the company.

The Company Letter asserts under Rule 14a-8(i)(7) that the Proposal deals with matters relating to the Company's ordinary business operations, asserting that it attempts to micromanage the company.

However, the subject matter of the Proposal, the Company's response to climate change, transcends ordinary business. Rather than touch on issues that are part of day-to-day management and routine operations of the Company, climate change is recognized as a significant policy issue.

Further, the language of the Proposal requesting the Company to issue a report disclosing "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" provides ample flexibility for the Company to determine, on its own timeline, and with its own methods, the appropriate manner in which to demonstrate to investors whether the Company has an effective pathway for achieving the Company's stated GHG emissions reduction goals. Therefore, the Proposal does not micromanage.

Background on Ordinary Business and Micromanagement

The legal framework for Rule 14a-8(i)(7) developed by the Commission, Staff, and the courts, including under Staff Legal Bulletins, comprises a three-part test:

Question 1**. Ordinary Business.** Does the proposal touch on "ordinary business"? That is, does it touch on issues that are integral to the day-to-day management and operations of the company?

Question 2. **Significant Policy Issue.** If the answer to Question 1 is yes, is the subject matter nevertheless a significant policy issue? In those cases in which a proposal's underlying subject matter transcends the day-to-day business matters of the company by raising significant policy issues, it would be appropriate for a shareholder vote. Examples recognized by the Commission and the Staff include such topics as climate change, environmental impact, human rights, discrimination, as well as virtually all issues of corporate governance.

Question 3. **Micromanagement**. Even if the proposal's subject matter transcends ordinary

[5] https://www.mcdonalds.com/content/dam/sites/usa/nfl/documents/franchising/_Your_Path_to_Becoming_a_McDonalds_Franchisee.pdf, 2

business, the proposal still may be excludable if the granularity of the proposal micromanages the company's business.

Regarding retroactive application of SLB 14 M

The recently issued Staff Legal Bulletin 14 M ("SLB 14 M") modified Staff guidance on Rule 14a-8(i)(7) in the middle of the 2025 proposal drafting and filing season. Proponent urges Staff to consider that it is inappropriate to apply the guidance outlined in SLB 14 M retroactively to proposals submitted for the 2025 season. The Proponent relied on the guidelines in place at the time of filing. Proponent respectfully maintains that the evaluation of this matter should be based on the applicable guidance at the time the Proposal was submitted.

Subject matter transcends ordinary business

Climate change as a subject matter is well understood by the Staff to transcend ordinary business. We note that the Staff has long held that proposals addressing climate change have also been found to raise significant policy issues for proposals on climate impacts, goals, and transitions at various types of companies that are engaged in similar energy-consuming and GHG-generating activities, for example in *TJX Companies Inc.* (Feb. 6, 2017), *Lowes Companies Inc.* (March 10, 2017) and *Kohl's* (January 28, 2014) and at financial services companies: *PNC Financial Services Group, Inc.* (February 13, 2013), *Goldman Sachs Group, Inc.* (February 7, 2011), *Franklin Resources, Inc.* (November 24, 2015). *See also Amazon.com, Inc. (Sackner)* (April 3, 2023) (Staff found the proposal to transcend the company's ordinary business matters where the proposal requested a report on actions the company was taking to protect retirement plan beneficiaries from climate risk).

These rulings, and many others, finding climate change proposals to transcend ordinary business, were consistent with the Commission's 2010 Climate Guidance which made it clear that a wide array of sectors may be materially affected by climate change. The Guidance cites numerous state and federal regulatory activities, including the California Global Warming Solutions Act, the Regional Greenhouse Gas Initiative, the Western Climate Initiative, the Clean Energy Jobs and American Power Act of 2009, and EPA's greenhouse gas reporting program.[6]

This disclosure guidance was needed, according to the SEC, because "the regulatory, legislative and other developments described could have a significant effect on operating and financial decisions." **This Guidance demonstrates that the SEC recognizes climate change as a significant public policy issue affecting many businesses.**

The Guidance describes various ways that registrants may be required to disclose climate related risks under existing reporting requirements. Among other things, the Guidance notes that *financial risks may arise from physical risks to entities other than the registrants themselves*. Thus, the Guidance embraced an understanding that assessments of financial risks by investors may well include consideration of the portfolio-wide impact of carbon emissions by an individual portfolio company.

[6] https://www.sec.gov/files/rules/interp/2010/33-9106.pdf

Micromanagement

In the Company Letter, the Company highlights that under the Commission's 1998 Release, micromanagement may arise where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies. Similarly referencing Staff Legal Bulletin 14L, the Company Letter notes that a proposal can be excluded on the basis of micromanagement based 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 Company Letter then goes on to assert that the Proposal seeks to impose specific methods for reducing GHG emissions, which it asserts as micromanagement.

This assertion in the Company Letter is fundamentally flawed. The Proposal does not involve intricate detail, nor does it seek to impose specific time-frames or methods for implementing complex policies. In addition, the Proposal explicitly defers to board or management discretion regarding the manner and method by which the Company would comply with the request to disclose if and how it intends to achieve its "net zero GHG by 2050" goal.

Articulating and applying the micromanagement standard

The Commission's 1998 Release — the most recent and authoritative Commission-level statement regarding the application of micromanagement — specified that proposals could ask for a reasonable level of detail without being seen as micromanaging.

> … in the Proposing Release we explained that one of the considerations in making the ordinary business determination was the degree to which the proposal seeks to micromanage the company. We cited examples such as where the proposal seeks intricate detail, or seeks to impose specific timeframes or to impose specific methods for implementing complex policies. **Some commenters thought that the examples cited seemed to imply that all proposals seeking detail, or seeking to promote timeframes or methods, necessarily amount to ordinary business. . .**
> **We did not intend such an implication. Timing questions, for instance, could involve significant policy where large differences are at stake, and proposals may seek a reasonable level of detail without running afoul of these considerations.** (Emphasis added).[7]

[7] Under Staff Legal Bulletin 14 M (SLB 14 M), which reinstates prior Staff guidance with respect to Rule 14a-8(i)(7), the Division has clarified that it will, in assessing whether a proposal micromanages a company, "look to whether the proposal seeks intricate detail or imposes a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board." As noted above, the proponent believes that it's inappropriate to apply the new staff legal bulletin to a proposal drafted prior to its issuance. However, in this instance, the proposal does not micromanage within the meaning of the new staff legal bulletin. It does not impose a specific strategy, method, action, outcome or timeline.

The form of the proposal rather than the subject matter is determinative of whether the Proposal micromanages

The Staff has long recognized that it is the form of a proposal, rather than the subject matter, that makes it proper or improper for shareholder consideration:

> It is important to note, however, that the staff's concurrence with a company's micromanagement argument does not necessarily mean that the subject matter raised by the proposal is improper for shareholder consideration. Rather, in that case, it is the manner in which a proposal seeks to address an issue that results in exclusion on micromanagement grounds.[8]

In addition, the Staff has recognized that the interplay in interpretation of the micromanagement and substantial implementation rules necessitates that, to the extent a proposal is addressing a significant policy issue on which shareholders have legitimate interest, proponents face the challenge to write a proposal that is flexible enough to leave board and management discretion, but clear enough regarding the request that it is not, through its vagueness, easily viewed as substantially implemented. Thus, the Staff noted in SLB 14 L that it sought to "help to avoid the dilemma many proponents faced when seeking to craft proposals with sufficient specificity and direction to avoid being excluded under rule 14a-8(i)(10), substantial implementation, while being general enough to avoid exclusion for 'micromanagement.'" (SLB 14 L).

In this instance the Company has not and cannot assert that the Proposal is substantially implemented under Rule 14a-8(i)(10). Instead, the Company Letter asserts that the Proposal micromanages, implying that the Proposal requests more specific action or disclosure than shareholders are reasonably entitled to through the shareholder proposal process. This is a fundamentally flawed interpretation of the proposal as well as Rule, Commission and Staff guidance.

[8] Staff Legal Bulletin 14 J (reinstated by SLB 14 M).

Examining the text of the Proposal for micromanagement concerns, it is not granular but seeks additional disclosure – An assessment of the achievability of its emission reduction target

An examination of the Proposal's text demonstrates substantial flexibility for board and management discretion. The Proposal's resolved clause reads as follows:

"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."

The Supporting Statement adds that "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."

The Proposal asks the Company to assess whether its current plans and actions can achieve the targets that McDonald's has set for itself and to determine whether additional plans or actions are necessary. This is not a request for granular disclosure, but rather an assessment of whether the company is on track. As described in the background section of the Proposal, and amplified in this response below, the Proponent views existing disclosures by the Company as inadequate to provide a credible explanation of the pathway by which the Company will attain its GHG targets. Nevertheless, the Proposal is not at all prescriptive — while it suggests in the supporting statement possible disclosures to include in its assessment, it does not bind management to any of the disclosures, and *does not even prescribe a timeline for the company to provide this assessment and does not prescribe how the company should seek to reduce its emissions if the Company determines its current plans are not viable to meet its reduction targets*. In short, the Proposal goes to lengths to protect and preserve the discretion of board and management by leaving management to determine whether any additional actions or plans are necessary and, if so, to determine the best approach to fulfill its GHG targets. The plans and commitments could involve incentives, or purchasing preferences, technical support, or many other possible scenarios for support of GHG reduction at the company's complete discretion. Nor does the Proposal mandate emission reduction targets; McDonald's continues to have complete discretion to set these targets, shareholders are merely asking for a credible assessment of company plans to reach its goals.

McDonald's contends that there are additional requests in the supporting statement which render the Proposal an attempt at micromanagement. However, this argument ignores that the further suggestions of the supporting statement regarding what disclosures to include, such as quantifying emissions reduction impact of current Company strategies and assessing whether the Company's livestock dependency makes achieving climate targets unachievable, are explicitly at *management discretion*. Thus, these added suggestions do not restrict the discretion of the management; they are added ideas to consider and reject as management deems appropriate.

The Company also tries to argue that "statements in the whereas section of the Proposal further demonstrate the granular and detailed requests in the Proposal on complex topics. . . . [as it] 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". Company Letter at 5. The Company asserts these matters are part of its day-to-day business and too complex for shareholders to vote on. *Id*. However, these arguments ignore the fact that the materials in the whereas clause provide context to the Proposal but do *not* constitute any specific suggestions for how McDonald's should assess the credibility of its current climate transition plans and resource commitments.

As demonstrated above, the Proposal does not micromanage. The Company Letter tries to re-interpret the non-prescriptive language of the proposal as if it is prescriptive and granular, mandating certain methods of establishing, measuring, and fulfilling emission targets, but the proposal clearly reserves the discretion of board and management on all these issues.

The Proposal is primarily concerned with and does not merely touch on the question of greenhouse gas emissions. Nor does the Proposal ask for additional disclosures regarding the supply chain beyond clarifying a pathway toward the Company's GHG reduction goals. As such, the present instance is unlike the precedent cited by the Supplemental Letter in *Exxon Mobil Corp.* (Mar. 6, 2012). There, the basis for excluding the proposal on ordinary business grounds was that the proposal went beyond environmental concerns to ask about the "economic challenges" associated with oil sands and therefore the proposal did not solely "focus" on a significant policy issue. By contrast, here, the Proposal's scope does not extend beyond the significant public policy issue of climate change—it is squarely and solely focused on GHG emissions and McDonald's climate transition plans.

Nor is the Proposal formulated with too much granularity. As such, the Proposal is in accord with two recent Staff rulings in January disallowing exclusion of proposals at Starbucks, rejecting the company's micromanagement arguments. The proposal demonstrated continued viability of investor requests to a company to demonstrate how it intends to meet its own stated goals on issues like climate change challenges or offering cage free eggs. The critical issue based on these rulings is the flexibility of the request of the proposals, since the topic transcends ordinary business.

The first, filed by NCPPR, requested that Starbucks issue "an annual report analyzing the congruency of (1) the Company's carbon emissions, including those generated by in-house personnel travel-related policies, during the preceding year, and (2) the Company's publicly stated environmental commitments." The proposal raised a valid question as to whether the company's carbon emissions were consistent with its publicly stated goals to halve its GHG emissions by 2030 and to reach net zero by 2050. *Starbucks Corporation* (NCPPR) (January 17, 2025).

Similarly, the proposal filed by the Humane Society at Starbucks requested the company to disclose details of its implementation plans and timelines for reaching its cage-free egg commitment in China and Japan. There had been ongoing questions as to whether the company could meet its commitment to sell cage free eggs, and the company's plans and commitment for the region were closely held and not publicly disclosed. This proposal was thus a request to show

investors how Starbucks planned to meet its own commitment. Again, it was found not to be excludable. *Starbucks Corporation* (Humane Society) (January 17, 2025)

Both of the Starbucks proposals are directly analogous to the current Proposal. The proposals asked, as the current Proposal does, for the company to provide an aligning explanation between the company's stated goals and weak disclosures, in both instances allowing investors to demand summary evidence to provide a clearer articulation and illustration of a pathway between the company's goals and its actions.

Staff precedents finding excludable micromanagement are not applicable

In contrast, looking to the precedents cited by the Company, it's clear that they involved much more granular and detailed requests that led to characterization of the proposals as micromanaging, in contrast to the current proposal.

For example, the Company Letter notes that Staff has concurred with exclusion of proposals on micromanagement that unduly limit management's discretion in instances related to companies' decisions and actions on managing climate change. Company Letter at 3. The Company cites *Chubb Ltd.* (March 27, 2023), where Staff excluded a proposal as micromanagement that asked for a timebound phase out of the company's underwriting risks associated with new fossil fuel exploration and development projects and aligned with an external goal, the goal of limiting global temperature rise to 1.5°C. Both elements of the proposal, targeting underwriting risk, which is a core business decision for the company, and alignment with an external rather than internal goal, made it more prescriptive than the current proposal.

Other precedents of exclusion allowed by the Staff cited to by the Company involved restrictive and similar specific requirements that are not at issue here. For instance, in *JPMorgan Chase & Co.* (Mar. 29, 2024), and a number of other staff precedents, the excluded proposals asked the companies to report a specific metric that would necessitate a very specific analysis: "the proportion of sector emissions attributable to clients that are not aligned with a credible Net Zero pathway, whether this proportion of unaligned clients will prevent the Company from meeting its 2030 targets." *See also Morgan Stanley* (March 29, 2024) (same); *Wells Fargo & Co.* (March 6, 2024) (same); *The Goldman Sachs Group, Inc.* (March 4, 2024) (same); *Bank of America Corp.* (Warren Wilson College) (Feb. 29, 2024) (same). These precedents involved very specific requests, in contrast to the current proposal that merely asks the Company to assess if its current plans and actions can fulfill its GHG goals — the Proposal does *not* impose or interfere with targets already defined by the Company.

The other precedents relied on by the Company similarly involve restrictive mandates that ask issuers to use a certain methodology. *See Chevron Corp.* (Mar. 29, 2024) (proposal requested a report on divestitures of assets with material climate impact, and asked company to include whether each asset purchaser discloses its GHG emissions and has GHG reduction targets); *Tractor Supply Co.* (March 18, 2024) (proposal requested disclosure of GHG emissions from a certain category of products, Use of Sold Products, including a breakdown of emissions by product category); *Tesla, Inc.* (March 27, 2024) (proposal requested the redesign of company

vehicle tire products to avoid chemical pollution); *The Home Depot, Inc.* (March 21, 2024) (proposal requested a report assessing the benefits and drawbacks of permanently committing not to sell specific company paint products containing titanium dioxide); and *The Sherwin-Williams Co.* (February 21, 2024) (same).

The Company Letter also argues that the current Proposal is aligned with prior Staff precedent as it probes matters "too complex" for shareholders, seeking granular level of details regarding climate change disclosures, which are better addressed by management as part of complex day-to-day business operations beyond the knowledge and expertise of shareholders. However, in the precedents the Company relies upon, the proposals appeared to prescribe specific methods for implementing shareholders' requests, which is not the case here.

For example, the Company cites *Amazon Inc.* (April 7, 2023). In that instance, the Staff concurred with exclusion on a micromanagement basis for a proposal that asked Amazon to "measure and disclose scope 3 GHG emissions from its full value chain inclusive of its physical stores and e-commerce operations and all products that it sells directly and those sold by third party vendors." There were specifics in that instance that demonstrated clearly how the proposal was specifying action that was too granular and specific. Staff noted that the proposal imposed a specific method for implementing a disclosure, without affording discretion to management. The language requiring Amazon to measure GHG emissions from its "**full value chain**" stood out as a particularly problematic request as the company argued that the proposal defined the term "full value chain" in a manner that required it to take action different from the relevant international framework on this issue, the GHG protocol. Amazon asserted that the GHG protocol affords management discretion in determining what qualifies as scope 3 emissions, and that, by including products "sold by third party vendors" in the company's emissions inventory, shareholders were imposing a prescriptive standard that was not aligned with what Amazon thought was best suited to the nature of its operations or the GHG protocol. *See* Amazon Company Letter at 4-10. By contrast, the Proposal here does not seek to define the Company's emissions targets nor how it should accomplish those targets and thus does not impinge on management's discretion in the manner at issue in *Amazon*. Instead, it simply asks for an assessment of whether the Company's existing plans and actions are reasonable to meet its own GHG emission goals and, if not, to consider whether alternative measures are necessary. As such, this precedent is inapplicable here, as are the others cited by the Company for this argument, and it raises an almost identical issue as *Walmart Inc.* (April 18, 2024), where the proposal requiring a breakdown of GHG emissions for different categories of products in a manner inconsistent with existing reporting frameworks, such as the GHG protocol.

Similarly, in *NetApp, Inc.* (July 19, 2024), the Company argued for exclusion, and Staff concurred, because the proposal mandated a very specific method for fixing the compensation of directors, specifying that compensation was 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. *See also Delta Air Lines, Inc.* (April 24, 2024) (proposal required a report regarding specific "union suppression expenditures," including a list of internal and external expenses that were intended or could be viewed as attempts to dissuade unionization).

Finally, the precedents the Company cites in support of its assertion that Staff has excluded proposals seeking "information that is significantly less complex" are inapplicable. Company Letter at 4. For example, in *Paramount Global* (April 19, 2024), the Company argued that the proposal there, read together with the supporting statement, was attempting to limit the specific types of organization the company could contribute to by mandating the company to "list the recipients of corporate charitable contributions of $5,000 or more on the Company's website, along with the amount contributed and any material limitations or monitoring of the contributions." By contrast here, the Proposal does not mandate the form and substance of the assessment requested, merely that McDonald's engage in such an assessment.

Similarly in *Verizon Inc.* (March 17, 2022) the proposal sought the publication of "the written and oral content of any employee-training materials offered to any subset of the company's employees" and it even went further to specify disclosure of any materials "sponsored by the company in whole or part," implying that if the company supported other organizations to develop training materials, even if it was one of hundreds of companies, the specific content would also need to be disclosed. Thus, the proposal represented an investor demand to examine the specific, day-to-day communications and training of its employees. This is an involvement in the minutia of company management that goes far beyond the type of big picture, strategic assessment sought here. *See also Phillips 66* (March 20, 2023) (proposal requested an audited report describing specific amounts needed to settle obligations for certain company obligations).

Similarly, in *Coca-Cola*, staff determined that the proposal was excludable under Rule 14a-8(i)(7) because it micromanaged the company. The proposal stated:

> Shareholders request the board of directors to require the company to submit any proposed political statement to the next shareholder meeting for approval prior to issuing the subject statement publicly.

This proposal in *Coca-Cola* restricted the company's discretion by thwarting management action without shareholder approval — requiring prior shareholder approval for any political statement, thus imposing a broad and general limitation on the discretion of management in making statements to the public. Further, it sought to subject the management's ability to make public statements to a burdensome and impractical process that could in effect have prevented the management from making <u>any</u> political statements on a timely basis.

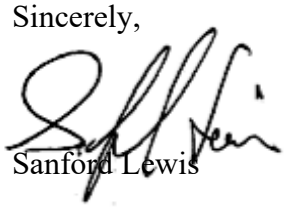
By contrast, the Proposal under consideration does not impose any such comparable limitation on management's action or discretion over ordinary business matters. Instead, it asks for the company to provide sufficient forward-looking disclosure through an assessment to allow investors to understand whether the GHG goals are attainable under McDonald's current plans and actions. The *Coca-Cola* precedent is inapposite.

CONCLUSION

Based on the foregoing, we believe the Company has provided no basis for the conclusion that the Proposal is excludable from the 2025 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the Company that it is denying the no action letter

request. If you have any questions, please contact Sanford Lewis at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,



Sanford Lewis

Khadija Foda