

[McDonald's Corporation: Rule 14a-8 Proposal, December 9, 2021]

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ITEM 4*: Report on Public-Health Costs of Antibiotic Use

RESOLVED, shareholders ask that the board commission and publish a report on (1) the link between the public-health costs created by the use of antibiotics in the Company's supply chain and McDonald's prioritization of enterprise risk and (2) the manner in which such costs may affect the market returns available to its diversified shareholders.

Supporting Statement:

At least 700,000 people die annually due to antimicrobial resistance (AMR), the phenomenon of pathogens becoming resistant to antibiotics and other antimicrobials. The death toll may rise to 10 million by 2050.¹ The 2021 YUM! Antimicrobial Resistance Report² ("Yum Report") identifies AMR as "among the 21st century's main threats," noting:

[T]he World Bank estimates a global GDP shrinkage of 3.8% [due to AMR], with direct costs reaching over \$3 trillion USD, annually... However, even high-AMR scenarios may reflect an underestimation of the true costs of AMR because of the challenges in calculating second order effects

Misuse of antimicrobials in animal husbandry accelerates resistance. The Yum Report notes the link between producing meat and AMR, finding that "agriculture and livestock settings account for approximately two-thirds of global antibiotics [use]" and that many "factors point to alternative practices that can decrease the need for excessive antibiotic use in animal husbandry."

While the Company says it is reducing antibiotic use,³ McDonald's addresses environmental and social issues like AMR only to the extent that doing so optimizes its financial returns. In describing its approach to such issues, McDonald's says it "identifies and addresses a broad range of risks that can directly or indirectly impact the organization."⁴ By only addressing risk to *the enterprise*, McDonald's prioritizes financial returns over threats to public health, so that it can continue to profit from conduct that creates such threats, so long as doing increases financial returns. Nowhere does the Company suggest that it will surrender any long-term financial returns if necessary to preserve the efficacy of antibiotics.

But a gain in profit that comes at the expense of public health is a bad trade for most McDonald's shareholders, who are diversified and rely on broad economic growth to achieve their financial objectives. A strategy that increases Company financial returns but threatens global GDP is counter to the interests

¹ <https://www.who.int/publications/i/item/no-time-to-wait-securing-the-future-from-drug-resistant-infections>

² <https://www.yum.com/wps/wcm/connect/yumbrands/41a69d9d-5f66-4a68-bdee-e60d138bd741/Antimicrobial+Resistance+Report+2021+11-4+-+final.pdf?MOD=AJPERES&CVID=nPMkceo>

³ https://corporate.mcdonalds.com/corpmcd/en-us/our-stories/article/ourstories.beef_antibiotics.html

⁴ <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/impact-strategy-and-reporting/governance-and-stakeholder-engagement.html>

of most McDonald's shareholders: reducing GDP will directly reduce long-term returns of diversified portfolios.⁵

This proposal requests a report on the trade-offs McDonald's makes by prioritizing enterprise risk over risks to public health from the perspective of its largely diversified shareholders.

The requested report will help shareholders determine whether current Company policies serve shareholders' best interests and whether McDonald's should prioritize AMR over financial returns.

Please vote for: Report on Public-Health Costs of Antibiotic Use – Proposal 4*

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[*Number to be assigned by the Company]

⁵ https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf