

McDonald's Commitment to Families: Global Happy Meal Goals

In 2013, McDonald's and the Alliance for a Healthier Generation joined forces on a set of commitments to increase families' access to fruit, vegetables, low-fat dairy and water in 20 major markets by 2020. While not yet completed, many markets are ahead of schedule in their progress on those commitments. We are now furthering our work together and setting five new Global Happy Meal Goals through 2022. McDonald's is working to offer balanced Happy Meals around the world and we will assess the options offered on Happy Meal menus using rigorous nutrition criteria grounded in science and nutrition policy.

Goal #1: Offer Balanced Meals

Ensure 50 percent or more of Happy Meal bundle offerings listed on menus (restaurant menu boards, and primary ordering screen of kiosks and owned mobile ordering applications) in each market meet McDonald's Global Happy Meal Nutrition Criteria of less than or equal to:

- 600 calories
- 10 percent of calories from saturated fat
- 650mg sodium
- 10 percent of calories from added sugar

Qualifying Happy Meal bundles must meet all of the above criteria.

Currently, 28 percent of Happy Meal combinations offered on menu boards in 20 major markets meet these new nutrition criteria and with these new goals in place, McDonald's will be making changes to the Happy Meal. In order to reach the 50 percent goal from where McDonald's is today, markets can make a number of different changes to their menus, including reformulation, adding new items, or removing items from the Happy Meal menu. In addition to the changes to the U.S. menu noted below, other examples of markets making changes to their menus include: McDonald's Italy recently introduced a Happy Meal entrée, called the "Junior Chicken," a sandwich with grilled lean protein; McDonald's Australia is also currently exploring lean protein and new vegetable options; and McDonald's France is planning to launch new vegetable options.

In June 2018, 100 percent of the meal combinations offered on Happy Meal menu boards in the U.S. will be 600 calories or under and 100 percent of those meal combinations will be compliant with the new nutrition criteria for calories, added sugar, and saturated fat, and 78 percent will be compliant with the sodium criteria. McDonald's USA will accelerate its actions in 2018 by making the following changes to the Happy Meal menu:

- Listing only the following entrée choices: Hamburger, 4-piece and 6-piece Chicken McNuggets. The Cheeseburger will only be available at a customer's request.
- Replacing the small French fries with kids-sized fries in the 6-piece Chicken McNugget meal, which decreases the calories and sodium in the fries serving by half.
- Reformulating chocolate milk to reduce the amount of added sugar. During this period, chocolate milk will no longer be listed on the Happy Meal menu, but will be available at a customer's request.



- Later this year, bottled water will be added as a beverage choice on Happy Meal menu boards.
- In December 2017, McDonald's USA completed the transition to serving Honest Kids Appley Ever After organic juice drink with Happy Meals, which has 45 fewer calories and half the total sugar than the prior 100 percent apple juice served in the U.S.

While several of the Happy Meal combinations available on the U.S. menu boards today already meet the new nutrition criteria and will not be changing, with these planned menu updates, there will be average reductions of 20 percent in calories, 50 percent in added sugars, 13 percent in saturated fat and/or 17 percent in sodium, depending on the customer's specific meal selection. These reductions reflect the average nutrition data of U.S. Happy Meal offerings on the menu last year compared to those planned for later this year.

A few examples help to highlight the progress that McDonald's will be making in the U.S. later this year:

| 2017 Bundle | 2018 Bundle | Nutrition Improvements |
|-------------------------|---------------------------|--------------------------------|
| Cheeseburger, Kids Fry, | Hamburger, Kids Fry, | 18% reduction in calories |
| Apple Juice and Go-Gurt | Honest Kids Appley Ever | 1% reduction in added sugar |
| | After Juice Drink and Go- | 31% reduction in saturated fat |
| | Gurt | 25% reduction in sodium |
| 6-Piece Chicken | 6-Piece Chicken | 20% reduction in calories |
| McNuggets, Small Fry, | McNuggets, Kids Fry, | 0% reduction in added sugar |
| White Milk and Apple | White Milk and Apple | 0% reduction in saturated fat |
| Slices | Slices | 10% reduction in sodium |
| 4-Piece Chicken | 4-Piece Chicken | 30% reduction in calories |
| McNuggets, Kids Fry, | McNuggets, Kids Fry, | 100% reduction in added sugar |
| Chocolate Milk, Apple | Water, Apple Slices | 0% reduction in saturated fat |
| Slices | | 22% reduction in sodium |

When soda was removed from the Happy Meal section of U.S. menu boards, we saw positive shifts in consumer behavior and the number of Happy Meals including water, milk, or juice as the beverage choice has since increased by 14 percentage points. In December 2013, customers chose water, milk or juice as their beverage choice in 38 percent of Happy Meals and that number increased to 52 percent in December 2017. For the first time, more than half of Happy Meals ordered in the U.S. have included water, milk or juice as their beverage of choice.

Goal #2: Simplify Ingredients

Remove artificial flavors and added colors from artificial sources from all Happy Meal bundle offerings. Reduce artificial preservatives where feasible in Happy Meals without sacrificing the safety, taste, quality or value of our food.

Consumers' tastes and preferences continue to evolve and McDonald's will continue to seek new ways to simplify ingredients where it can. In 2016, McDonald's USA removed artificial preservatives from Chicken McNuggets, which also don't have artificial flavors or colors. Additionally, Chicken McNuggets in Canada and France have no artificial flavors, colors or preservatives.



Goal #3: Be Transparent with Happy Meal Nutrition Information

Make nutrition information available for Happy Meal bundle offerings on McDonald's owned websites and mobile apps used for ordering where they exist.

McDonald's has made a continuous effort to meet consumers' desires to have easy access to nutrition information for the menu items it serves. The goal is to ensure that nutrition information for Happy Meals is available and accessible through all McDonald's owned websites and mobile apps used for ordering where they exist. McDonald's USA voluntarily added calorie counts to menu boards in late 2012 to further inform and help customers make nutrition-minded choices.

Goal #4: Market Responsibly

All Happy Meal bundles advertised to children will meet McDonald's Global Happy Meal Nutrition Criteria (as stated in Goal #1) and continue to meet existing applicable local/regional advertising pledges.

McDonald's has been a longtime proponent of responsible marketing to children. Responsible marketing commitments are a key aspect of the work with the Alliance for a Healthier Generation. Through our work together, McDonald's is audited in 20 major markets to ensure that it is compliant with those commitments.

Under the new goals, Happy Meal bundles advertised to children will meet the new global nutrition criteria, and will continue to meet any existing local/regional advertising pledges with respect to marketing to children. If the criteria for an individual nutrient included in the local pledge and the global goals are different, then the advertised Happy Meal bundle must meet the individual nutrient criteria that is "more strict." At a global level, many markets do not currently have national or regional children's advertising pledges and will now follow the global nutrition criteria for any Happy Meal bundles advertised to children.

Goal #5: Leverage Innovative Marketing to Increase Purchase of Foods and Beverages that Contain Recommended Food Groups in Happy Meals

Use innovative marketing to help serve more foods and beverages containing fruit, vegetables, low-fat dairy, whole grains, lean protein and/or water within Happy Meals.

McDonald's has an opportunity to make a positive impact using its size and scale. McDonald's will continue to leverage innovative marketing, which may include things like packaging and promotions, to generate excitement for fruit, vegetables, low-fat dairy, whole grains, lean protein and/or water to help increase purchase of foods and beverages containing these food groups in Happy Meals. This goal takes these actions one step further to include a measurement component, which includes externally sharing best practices and results in a transparent manner.



By the end of 2022, McDonald's aims to achieve these goals in all markets globally with measurement and reporting of progress among 20 major markets representing nearly 85 percent of McDonald's System's global sales. The 20 major markets are: U.S., Canada, Brazil, Argentina, U.K., France, Germany, Austria, Spain, Netherlands, Italy, Poland, Sweden, Switzerland, Russia, Hong Kong, China, Japan, Taiwan, and Australia. McDonald's will work with the Alliance for a Healthier Generation, along with an independent third party to develop an approach to measure and publicly report progress every two years. This is similar to the verification process that was established with the Alliance for a Healthier Generation surrounding the 2013 commitments.

A Note about McDonald's:

McDonald's global system consists of both company-owned and franchised restaurants. The franchised restaurants are operated by conventional franchisees, developmental licensees (i.e., a franchisee that operates most or all of the McDonald's-branded restaurants in a specific market) or pursuant to other licensing arrangements, and make up the majority of McDonald's-branded restaurants around the world. Franchisees make independent decisions for their own business organizations, subject to their obligations under the operative franchise or other license agreements and core standards required for the McDonald's brand. McDonald's does not prescribe all business requirements for franchisees, but rather works in collaboration with them to raise awareness and provide tools and opportunities to assist them as part of the brand's food journey. McDonald's also works with franchisees to mutually set objectives and targets and to help monitor their related progress. As a result, while franchisees are encouraged to participate in the important goals outlined in this document, McDonald's cannot guarantee their compliance. However, McDonald's can drive change in the company-owned restaurants so much of this work will start with company-owned restaurants, with a plan to demonstrate success and expand measurement, and that will ultimately help to support independent franchisees that choose to join McDonald's on this journey.