<u>Children's Food and Beverage Advertising Initiative</u> <u>McDonald's USA Pledge</u> <u>Updated July 2023</u>

McDonald's USA, LLC ("McDonald's") is a participant in the Children's Food and Beverage Advertising Initiative (CFBAI), a self-regulation program with the goal of improving the landscape of food and beverage advertising directed to children. McDonald's supports CFBAI's objectives and is committed to its Core Principles. McDonald's is pleased to submit this restated pledge, which is consistent with its previous CFBAI pledges and reflects CFBAI's Core Principles,6th ed. (2022).

We believe that we can make a difference for families and kids by offering balanced choices that kids and parents will love. In 2013, we began working with Alliance for a Healthier Generation and developed a set of commitments to increase our customers' access to fruit, vegetables, low-fat dairy and water.. As a result of that work, the share of Happy Meal[®] Bundles served with milk, water or juice increased 15 percentage points from September 2013-2018. Following that work,, in 2018, we announced our Global Happy Meal Goals, an expanded commitment to families that continued our collaboration with Alliance for a Healthier Generation and focused on the Happy Meal. The goals include offering balanced meals, simplifying ingredients, transparently communicating nutrition information, marketing responsibly and leveraging marketing innovations to encourage increased purchase of items containing recommended food groups. In August 2023, we released our final Global Happy Meal Goals report, detailing the progress we've made since 2018. More than 5.7 billion fruit, vegetable, low-fat dairy, water, lean protein or whole grain items have been served in the Happy Meal. We also reduced calories by 6%, sodium by 9%, saturated fat by 15% and added sugar by 26%, on average, in Happy Meal Bundle Offerings.

McDonald's is proud of our long heritage of responsible communication with our customers and continues to actively participate in the development of standards for marketing responsibly to children. McDonald's was a charter member of the Council of Better Business Bureaus ("CBBB") Children's Food and Beverage Advertising Initiative ("CFBAI") in 2006. In addition to CFBAI, McDonald's is also an active member of the Children's Advertising Review Unit ("CARU") Supporter's Council and participates in the CARU self-regulatory program.

I. Identifying Information

1. Corporate Contact Information:

McDonald's USA, LLC 110 North Carpenter Street Chicago, IL 60607 www.McDonalds.com

2. Individual(s) responsible for overall implementation of the Pledge:

Kaitlin LaBruzzo US Marketing McDonald's USA, LLC 110 North Carpenter Street Chicago, IL 60607 Email: kaitlin.labruzzo@us.mcd.com

Elle Cassidy Global Public Policy & Stakeholder Engagement McDonald's USA, LLC 110 North Carpenter Street Chicago, IL 60607 Email: <u>eleanore.cassidy@us.mcd.com</u>

3. Entities covered by the Pledge: McDonald's USA, LLC

Brand(s) and/or product line(s) covered by the Pledge: McDonald's Happy Meal and components of the Happy Meal

McDonald's commits that it will advertise only products that comply with CFBAI's nutrition criteria in advertising primarily directed to children under 13. The company will provide information regarding such products to CFBAI prior to advertising them so that CFBAI can assess whether the products meet CFBAI's nutrition criteria and publicly indicate that the products qualify, and effectively monitor McDonald's compliance with its Pledge. A list of McDonald's Happy Meal Bundles that meet CFBAI's nutrition criteria as well as individual product nutrition and ingredient information is publicly available on the CFBAI website.

II. Core Principles

1. Advertising Primarily Directed to Children under Age 13

McDonald's commits that all advertising primarily directed to children under age 13 in covered media will be for foods that meet <u>CFBAI's Category-Specific Uniform Nutrition</u> <u>Criteria, 2nd ed.</u>

2. Covered media

The advertising commitment applies to the following media ("covered media"):

- Television
- Radio
- McDonald's generally does not utilize radio in its National Advertising primarily directed to children under 13 years old.
- Print

- McDonald's generally does not utilize print media in its National Advertising primarily directed to children under 13 years old.
- Internet/Digital media, including but not necessarily limited to:
 - Company-owned websites;
 - Third-party websites, including display, banner, pop-up, audio or video advertising¹;
 - Mobile apps or mobile media, including advertising on phones, laptops, tablets, other personal digital devices, in whatever form, including email, text, IM or SMS messaging
- Platforms (e.g., YouTube) that may have content or channels that are primarily directed to children²
- Video and computer games that are primarily directed to children under age 13
- DVDs of movies that are rated "G" whose content is primarily directed to children under age 13, and other DVDs whose content is primarily directed to children under age 13
- Word of mouth³

3. Product Placements

McDonald's commits to not paying for or actively seeking to place its food or beverages into third-party program or editorial content of any medium primarily directed to children under age 13 to promote the sale of those products.

4. Product Integrations

McDonald's commits that the paid for or actively sought integration of their foods or beverages in any medium primarily directed to children under age 13, including in interactive games or other digital content, will promote only foods or beverages that meet CFBAI's Uniform Nutrition Criteria.

5. Influencers

McDonald's commits to use influencers to promote foods and beverages in communications primarily directed to children under 13 only if the foods or beverages meet CFBAI's Uniform Nutrition Criteria.

¹ User-generated content that is not under the control of McDonald's is not covered by the Core Commitments.

² As provided in CFBAI's Core Principles, advertising on a platform that uses valid age verification to restrict access presumptively is not primarily directed to children under age 13 [13].

³ Word of mouth advertising refers to advertising primarily directed to children where a participant provides incentives (financial or otherwise), product samples or other support to individuals or groups who are not employees to encourage such individuals or groups to discuss the company's branded foods or beverages.

6. Licensed Characters, Celebrities and Movie Tie-Ins

McDonald's commits that its use of third-party licensed characters, celebrities (including athletes) and movie tie-ins in advertising primarily directed to children under age 13 will be consistent with its advertising commitments set forth in above.⁴

7. Advertising in Elementary Schools

McDonald's commits to not advertising branded foods or beverages to children in elementary schools, pre-K through 6th grade. This includes but is not limited to advertising on or through the following items:

- Posters
- Scoreboards
- School buses
- Pencils, book covers, and other school supplies offered for sale in school
- Textbooks
- Tray liners, cups, napkins, plates
- Coolers
- Food samples and taste tests

This commitment does not apply to displays of foods and beverages that identify foods that are for sale; fundraising support; public service messaging; curriculum materials; items given to school administrators for their personal use; charitable donations, or sponsorships.

III. Definitions of Child-Directed Advertising

McDonald's will use the following criteria to define advertising primarily directed to children and to demonstrate compliance with CFBAI's Core Commitments.

<u>Measured media</u>. For measured media, McDonald's will define "advertising primarily directed to children" as advertising for which children ages 2-12 constitute at least 30% of the expected audience (the "audience threshold"). The audience demographics that determine compliance with this audience threshold will be measured in media impressions expected to be received by specific demographic groups at the time the advertising is purchased, based on reliable third-party information (e.g., Nielsen ratings for TV or comScore data for digital media).

Companies typically purchase television advertising once annually, well in advance of when the advertising will air, on a daypart or timeblock basis. Advertising placed in purchased dayparts or

⁴ This commitment does not apply to other marketing channels, such as point-of-sale materials or packaging (provided that the packaging does not appear in advertising primarily directed to children). This commitment also does not apply to the use of company-owned characters.

timeblocks will be identified as compliant for purposes of CFBAI based on an analysis of the annualized audience composition data for the block of time purchased.

<u>Digital and online media</u>. For "contextual advertising," which is served based on the content that is adjacent to the ad or in which the ad is placed, McDonalds' will determine whether such content is child-directed based on an assessment of the composition of the audience for that content (if known) or, where reliable audience composition data is not available, an assessment of multiple factors related to that content.

Where audience composition is known, McDonald's will consider such advertising primarily directed to children if 30% or more of the audience for the site, app, or content in which the ad is placed are children under age 13. Where audience composition data is inadequate to make this determination, such advertising will be deemed primarily directed to children if the ad is placed in content that appears to be child-directed based on an evaluation of multiple factors related to that content, including whatever age demographics for the site or digital content may be available, an assessment of the overall nature of the content, including but not limited to the subject matter of the site or video, the visual content, the language used, the kind of music or audio content, the difficulty of game play, the influencer or influencers featured in the content, actions taken to restrict children's access to the site or content, and content identifier tools that indicate whether content is child-directed provided by platforms or content developers.

McDonald's also will use age-targeting tools and interest-based or behavioral factors to avoid serving ads for foods that do not meet CFBAI's Uniform Nutrition Criteria to children, such as:

- 1. Age-targeting (based on cookie data or other age indicia) to audiences other than children;
- 2. Targeting based on interest-based or behavioral data to audiences other than children;
- 3. Blacklisting of specific sites, channels or other content that are directed to children; and
- 4. The use of relevant topic, keyword, or content classification or identification systems or filters provided by the platform owner or content developer (e.g., an app developer).

IV. Advertising to Children Under Six Years Old

McDonald's commits to not engaging in advertising primarily directed to children under six.