McDONALD'S MULTI-BILLION DOLLAR IMPACT

METHODOLOGY DOCUMENT

ESTIMATING THE ECONOMIC IMPACTS OF McDONALD'S ACTIVITIES

Throughout our reports, unless otherwise stated, we make reference to the "McDonald's System," which is inclusive of both corporate- and franchise-owned restaurants, as well as the corporate field offices and other structures under the McDonald's corporate umbrella.

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or a company. Impact analysis traces the economic contribution of spending through three separate channels:

(1) **Direct impact**: refers to activity conducted directly by the McDonald's System in any given region. This includes sales of food, wages and benefits paid to employees, and other incomes for both corporate- and franchise-owned restaurants.

(2) **Indirect impact**: consists of activity that is supported as a result of the procurement of goods and services by the McDonald's system within the region in question, purchases by those suppliers in turn, and so on. This includes spending within the McDonald's System's supply chain, on e.g., raw ingredients, packaging, marketing, professional services, etc.

(3) **Induced impact**: reflects activity supported by the spending of wage income by direct employees and employees at companies in the McDonald's System supply chain.

Results which are presented as "total impacts," explicitly or otherwise, either in the two-page infographics, or on the website, are the summation of all three of these channels. Results presented as "McDonald's direct impact," or words to that effect, include only the first channel of impacts.

McDonald's provided Oxford Economics with data detailing its expenditure in selected broad product categories within each region. Using industry-standard IMPLAN economic impact models—based on data from official sources—Oxford Economics then modeled supply chain spending in all other product

categories based on sector-specific spending patterns. These estimates are therefore products of our own modelling based on information provided by third parties.

We use IMPLAN economic impact models to calculate the entire pattern of transactions between the McDonald's System and all other industrial sectors (as represented by an input-output table). All employment figures are presented on a headcount basis; estimates of GDP are inclusive of net subsidies on products and are therefore synonymous with gross value-added. With regards to estimates of tax impacts, we present only total impacts—that is to say we do not separate the direct, indirect, and induced channels, nor do we distinguish between taxes paid to local, city, state, or federal authorities—and therefore, this modelled and estimated figure does not represent taxes paid by the McDonald's System, only the taxes (net of subsidies) supported by the entire footprint of its economic activity.

All McDonald's data used for our modelling—unless otherwise stated—are reflective of the twelve months between 1 July 2021 and 30 June 2022; we used the 2021 data year within IMPLAN software—the latest data available at time of writing; all nominal figures are presented in 2022 US dollars.

ABOUT OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 100 industries, and 8,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centers in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 600 staff, including more than 350 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

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