

December 8, 2025

Chris Kempczinski  
Chief Executive Officer  
McDonald's Corporation  
110 N. Carpenter Street  
Chicago, Illinois 60607

*Via email, U.S. mail, and Strive.com*

## **RE: Strive Support for McDonald's Move to Merit-Based Policies**

Dear Mr. Kempczinski,

We write on behalf of Strive's clients, long-term McDonald's shareholders, to express our support for your decision to end the use of race- and gender-based targets in employment and supplier management, and to affirm a merit-based approach across the enterprise.

### **A Constructive Engagement**

As you know, Strive initially engaged with McDonald's in July 2023 to express our view that McDonald's DEI policies created commercial and legal risks for the company.

At the time of our letter, McDonald's public materials reflected (among other things):

- A U.S. leadership "representation goal" of 35% Black, Indigenous or Person of Color
- A U.S. leadership "representation goal" of 40% women
- A supplier-spend goal of 25% with diverse-owned suppliers and related expectations for suppliers to adopt DEI pledges

Our letter highlighted four key concerns, specifically, (1) race- and gender-based representation goals for leadership and the broader workforce; (2) supplier set-asides and spend targets based on ownership demographics; (3) pressure on suppliers to adopt similar DEI targets and pledges; and (4) a broader shift away from shareholder primacy.

We emphasized the large and growing body of judicial precedent outlawing the kinds of discriminatory race-based practices that McDonald's had adopted, as well as the significant number of companies that had already been sued. We further shared our view that the risks associated with these practices were not outweighed by any tangible benefits to the company or its shareholders.

Accordingly, we urged McDonald's to return to equal-opportunity, merit-based decision-making for directors, employees and vendors.

## Progress Made

Following our engagement, McDonald's began reassessing aspects of its public ESG and DEI posture. Within a month of our engagement, McDonald's removed some of the most inflammatory language from its website.

Then, earlier this year, McDonald's decided to drop its DEI targets for good. In its accompanying announcement, McDonald's noted that it was refocusing inclusion efforts on its "Golden Rule": "to treat everyone with dignity, fairness and respect, always" and that it would work to "create access to opportunity for all our customers, employees, Franchisees and suppliers" regardless of race or gender. More concretely, McDonald's announced that it would (1) retire its representation goals, (2) pause external surveys, such as those used for controversial rankings by LGBTQ+ activist groups, and (3) stop pressuring suppliers to sign a "Mutual Commitment to DEI" pledge.

We commend McDonald's on this course correction, which aligns with both the letter and the spirit of our civil rights laws, reducing litigation risk. Perhaps more importantly, McDonald's realignment allows the company to recenter itself on what has always driven its success: strong teams, high standards, and great value for customers and franchisees.

## Shareholders Win

At Strive, we firmly believe that when businesses focus on business—meaning merit-based hiring, exceeding customer expectations and making all decisions based on unbiased, return-on-investment analyses—shareholders win. We're encouraged to see McDonald's do just that.

McDonald's merit-based pivot advances shareholder value in several concrete ways:

- **Lower legal and compliance risk.** A clear, nondiscriminatory standard materially reduces the probability and expected severity of Title VII and §1981 actions and related investigations, while avoiding costly survey regimes and third-party scorecards that create ongoing exposure without demonstrable return.
- **Sharper operating discipline.** Removing demographic constraints allows management to select talent and vendors solely on capability, cost, quality, and reliability. That strengthens unit economics, improves execution, and keeps incentives aligned with business performance rather than quota attainment.
- **Cultural clarity that improves productivity.** A single meritocratic rule reduces internal friction and mixed incentives (including bonus modifiers tied to representation metrics), reinforces fairness, and supports a high-performance culture across a complex global system.

Markets ultimately judge strategy. As of the date of this letter, McDonald's share price has risen more than 6% since its return-to-merit announcement almost a year ago, while the Dow Jones Restaurant Index is down more than 3% over the same timeframe. While many factors contribute to changes in any company's share price, we believe that the reduced litigation risk and openness to hiring the most qualified talent have driven substantial value for McDonald's shareholders, and McDonald's sustained growth is consistent with the value-creation thesis outlined above.

On behalf of our clients, we appreciate McDonald's willingness to listen and to lead. The company's return to a clear meritocratic standard in hiring, advancement, and procurement is good governance, good law, and good business. We look forward to continued engagement and to celebrating the performance outcomes that McDonald's shareholders have historically enjoyed.

Sincerely,



Ethan Peck  
Strive, Inc.