



McDONALD'S

2012 GLOBAL SUSTAINABILITY

HIGHLIGHTS



Nutrition & Well-Being



Sustainable Supply Chain



Environmental Responsibility



Employee Experience



Community



Continuing Our Journey

In my new role leading Global Corporate Social Responsibility, Sustainability and Philanthropy, I am pleased to share with you our 2012 global sustainability highlights. In the accompanying summary, we have assessed our progress against the two-year goals we set in 2010. While we are pleased with our accomplishments to date, we know we can do more.

McDonald's footprint is significant. So too are the opportunities and expectations. With approximately 1.8 million employees working for McDonald's and over 5,000 franchisees, thousands of committed suppliers and the more than 69 million customers who visit us every single day in 119 countries, we can use our scale, scope and talent to make a positive difference in the world. Together for good.

In the year ahead we will take our sustainability efforts to the next level. We are working with both internal and external stakeholders to build on our foundation and refine our strategy, with a goal to identify new opportunities and set quantifiable targets to measure ongoing improvement.

J.C. Gonzalez-Mendez
Senior Vice President,
Global Corporate Social Responsibility, Sustainability & Philanthropy

MCDONALD'S PRIORITIES: Achieving Sustainable Success





2012 HIGHLIGHTS

Global Sustainability

Food

In France, McDonald's is the #1 restaurant where children eat fruit.



In the U.S., we anticipate introducing 100 million cups of fruit into children's diets through the Happy Meal®.



95% of McDonald's restaurants offer Happy Meals with a fruit, vegetable or low-fat or fat free dairy option.

Sourcing



100% of our coffee served in Europe, Australia and New Zealand comes from Rainforest Alliance Certified™ or UTZ Certified farms.



We are founding board members of the **GLOBAL ROUNDTABLE FOR SUSTAINABLE BEEF** and also participate in sustainable beef initiatives in Australia, Brazil and the U.K.

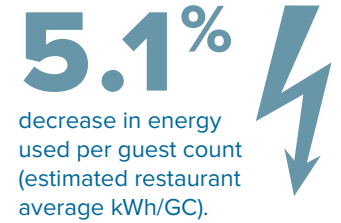


100% of our suppliers have signed our Code of Conduct.

Planet



We are enabling improved control of heating and cooling systems, lighting and signage through **ENERGY MANAGEMENT** systems.



5.1% decrease in energy used per guest count (estimated restaurant average kWh/GC).

Community

In 2011, our local economic impacts totaled



40% increase in **LOCAL ECONOMIC INVESTMENTS** in eight of our top nine markets.

People

We strengthened alignment around the important role of our **EMPLOYEE VALUE PROPOSITION**, which emphasizes friends and family, flexibility and future.



86% of our managers feel the person they report to supports their professional development.



40% increase in number of worldwide top management team who are women.

<p> + ++ +++ MET GOAL </p> <p> Increase awareness of fruit, vegetables and low-fat or fat free dairy options for children available on the menu </p>	<p> + ++ +++ MET GOAL </p> <p> Accelerate and expand food and beverage choices containing fruits and vegetables across the menu </p>
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KEY PERFORMANCE INDICATORS²

OFFERING MENU CHOICE

	2007	2008	2009 ³	2010	2011
Average number of items, per market menu, that contain at least one serving of fruit or vegetables	6.1	6.4	6.9	6.9	7.2
Average number of items, per market menu, that contain at least ½ serving of fruit or vegetables	10.9	11.4	11.9	15.8	13.8

¹ Represents Happy Meal fruit orders placed between October 2010 and April 2012, apart from the fruit offered on Crunchy Wednesday (source: BAM – McDonald's France). One of every two fruits eaten by a 3- to 8-year-old in the French restaurant industry is eaten at McDonald's, as recorded from December 2010 through November 2011 (source: NPD Group, Panel Crest).

² Except as otherwise noted, figures in our 2012 Global Sustainability Highlights are for our nine largest markets: Australia, Brazil, Canada, China, France, Germany, Japan, the U.K. and the U.S. Organizational structures vary by market. McDonald's Japan is a publicly traded company and is approximately 50% owned by McDonald's Corporation. Effective 2007, McDonald's Brazil is owned by Arcos Dorados, a Developmental Licensee and a publicly traded company. Fruit and vegetable serving size is based on the World Health Organization definition, which is 80 grams.

³ Not including Brazil or France.



McDonald's markets around the world have increased efforts to make guests aware of fruit, vegetable and low-fat or fat free dairy options for children. More than 95% of McDonald's restaurants around the world offer Happy Meals[®] with sides of fruit, vegetable or low-fat or fat free dairy as an option, with produce ranging from cherry tomatoes to pineapple, melon slices and kiwi. McDonald's France, for example, created Crunchy Wednesdays, a monthly program that offers free, easy-to-eat fruit to each child who visits McDonald's. Restaurants offered 4.5 million packs of fruit between September 2010 and April 2012. Related promotions featuring fun fruit characters have raised awareness among children and their parents. Since Crunchy Wednesdays began, Happy Meal fruit orders have increased by 19% in France and McDonald's has become the number one restaurant in France where children eat fruit, according to NPD data.¹

Globally, customer purchases of fruits and vegetables in Happy Meals have more than quadrupled since 2010 in markets that make up the majority of McDonald's business. In the U.S., Latin America, Canada and a number of markets

in Europe, a fruit, vegetable or low-fat dairy item is automatically included in the Happy Meal, increasing both awareness and access. For example, with the introduction of apple slices to the Happy Meal in the U.S., we anticipate introducing about 100 million cups of apples annually into the diets of our youngest customers. In addition, the U.S. committed to promote nutrition and/or active lifestyle messages in 100% of national kids' communications by the end of 2012.

Other examples of menu innovation to expand choices of fruits and vegetables across a number of our major markets include:

- Real Fruit Smoothies, with about ½ cup of fruit, in the U.S. and Canada

- Large wraps, with about ½ cup of vegetables, in the U.S.

- Seasonal fresh fruit in the U.S. – about ¼ cup of fruit in the Blueberry Crunch and Blueberry Banana Nut Oatmeal, as well as two full servings of whole grain in the oatmeal



<p>++ + MET GOAL</p> <p>Set goals and make tangible progress for priority products as identified in McDonald's Sustainable Land Management Commitment</p>	<p>+ ++ +++ MET GOAL</p> <p>Work with other stakeholders on next actions resulting from the Global Conference on Sustainable Beef</p>	<p>+ ++ +++ MET GOAL</p> <p>Reduce environmental impacts of direct suppliers by continuing to utilize the Supplier Environmental Scorecard as a continuous improvement tool</p>
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KEY PERFORMANCE INDICATORS⁴

ENVIRONMENTAL IMPACTS OF CONSUMER PACKAGING⁵

	2007 ⁶	2008	2009 ⁷	2010	2011
Amount of packaging used, by weight, per thousand units (in lbs) ⁸	11.6	11.7	11.6	11.8 ⁹	12
% of packaging material that is made from recycled content	30	31	29	29	28
% of packaging derived from certified sources ¹⁰	N/A	N/A	31	37	43

ANIMAL WELFARE

% of supplier meat (including beef, pork and poultry) processing plants audited	99	97	100	100	100
% of supplier meat processing plants that received a passing score on their first or second audit	99	99	100	100	100

SUPPLIER WORKPLACE ACCOUNTABILITY¹¹

% of food, packaging, equipment, development and marketing suppliers that have signed the Code of Conduct ¹²	92	95	79	95	100
% of supplier facilities completing their online assessments on schedule ¹³	N/A	N/A	91	74	90

⁴ Except as otherwise noted, figures in our 2012 Global Sustainability Highlights are for our nine largest markets: Australia, Brazil, Canada, China, France, Germany, Japan, the U.K. and the U.S. Organizational structures vary by market. McDonald's Japan is a publicly traded company and is approximately 50% owned by McDonald's Corporation. Effective 2007, McDonald's Brazil is owned by Arcos Dorados, a Developmental Licensee and a publicly traded company.

⁵ Not including pre-packaged items such as salad dressings.

⁶ Not including China.

⁷ Not including Brazil.

⁸ In 2010, we changed our weight metric from "pounds per transaction" to the current metric because the number of transactions varies significantly from market to market. By using "pounds per thousand units," we are able to get a more accurate and fair assessment of the performance across markets.

⁹ We had previously reported 2010 packaging at 11.55 pounds per thousand units. A review of the data determined it to be 11.78.

¹⁰ Includes the following additional markets: Hong Kong, India,

Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Spain, South Africa and Taiwan. Does not include markets in Latin America.

¹¹ Our Supplier Workplace Accountability program has expanded and improved between 2009 and 2011. The total number of suppliers participating in the program has grown significantly, affecting the percentages of suppliers signing our Code of Conduct and facilities completing their online assessments between 2009 and 2011. We expect both metrics to continue to improve in 2012.



Our commitment to source more of our food and packaging from sustainable sources has resulted in significant progress. Through 2011 we sourced 99% of our white fish from sustainable fisheries. McDonald's Europe, Australia and New Zealand buy 100% of their coffee from Rainforest Alliance Certified™ or UTZ Certified farms, and McDonald's U.S. and Canada have also started increasing their purchases of certified coffee, including 100% of their espresso. Additionally, McDonald's Canada, McDonald's U.S. and their operators are making an investment in a sustainable agriculture program focused on stabilizing long-term supply and driving positive change in coffee farming and trading practices.

We met our 2011 goal of requiring all McDonald's palm oil suppliers to become members of the Roundtable on Sustainable Palm Oil (RSPO), and we began sourcing a portion of our palm oil from RSPO-certified sources in 2012. In addition to coffee and palm oil, other priority focus areas include poultry, fish, fiber and beef. We are working to improve our measurement and verification processes at the agricultural level across all six of these priorities, while beef continues to be our primary focus. We estimate that approximately two-thirds of our carbon footprint is associated with livestock in our supply chain. Globally, McDonald's is working with other organizations to address the need for standards and principles for measuring sustainable beef. We are supporting a variety of innovative programs and initiatives.

Since the first Global Conference on Sustainable Beef in 2010, McDonald's helped found the Global Roundtable for Sustainable Beef and serves on its executive board.

McDonald's Europe chairs the Sustainable Agriculture Initiative beef platform, which developed a carbon footprinting methodology for the beef sector.

In the U.K., we launched Farm Forward, engaging over 230 beef farms to measure and reduce their carbon footprints.

McDonald's serves on the Australian Roundtable for Sustainable Beef and Brazilian Working Group on Sustainable Beef.

Our major primary suppliers are leveraging McDonald's Environmental Scorecard to improve efficiency and reduce waste. Many of these efforts are captured in McDonald's 2012 Best of Sustainable Supply. In 2012, we added the World Resource Institute's Aqueduct tool to the scorecard, helping our suppliers better evaluate water-related risks and advance water stewardship. Also during the year, we updated the McDonald's Supplier Code of Conduct to help ensure that every individual involved in making products or providing services for McDonald's is treated fairly and provided with a safe and healthy work environment. In 2011, 100% of our suppliers signed the Code of Conduct, and we continue making sure all new suppliers sign the Code as well.

In early 2012, we established a global, cross-functional Animal Health and Welfare team that includes internal and external experts on beef, pork, poultry and egg-laying hens. As an industry leader, we are striving to facilitate stakeholder engagement, address global animal health and welfare opportunities in our supply chain and influence the industry for resolution.

¹² Total number of suppliers at end of year: 2009: 547; 2010: 1,602; 2011: 1,936

¹³ 2009: 1,737 of 1,913 facilities; 2010: 1,989 of 2,675 facilities; 2011: 2,742 of 3,035 facilities.

<p>+++ MET GOAL</p> <p>Increase adoption of energy-efficient equipment and technology in restaurants</p>	<p>+++ MET GOAL</p> <p>Improve tracking of restaurant energy consumption data</p>	<p>+++ MET GOAL</p> <p>Increase energy awareness and education across the System to continue to realize savings to the bottom line and benefits to the environment</p>
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KEY PERFORMANCE INDICATORS¹⁵

ENERGY USAGE IN THE RESTAURANT

	2009	2010	2011
Estimated average kilowatt hours used per guest count (kWh/GC) ¹⁶	1.68 ¹⁷	1.77 ¹⁸	1.68 ¹⁹

¹⁴ Calculated based on an assumed average of US \$0.10 per kWh.

¹⁵ Except as otherwise noted, figures in our 2012 Global Sustainability Highlights are for our nine largest markets: Australia, Brazil, Canada, China, France, Germany, Japan, the U.K. and the U.S. Organizational structures vary by market. McDonald's Japan is a publicly traded company and is approximately 50% owned by McDonald's Corporation. Effective 2007, McDonald's Brazil is owned by Arcos Dorados, a Developmental Licensee and a publicly traded company.

¹⁶ Guest count represents total transactions for the calendar year. The energy data for 2009 to 2011 include electricity, natural gas, propane, fuel oil and liquefied petroleum gas, as applicable for each market. Due to the continuous improvement of our data quality and specificity, we are reporting here the data from the most recent 3 years.

¹⁷ Data for restaurants in Australia, Brazil and China are not included. 2009 energy data were calculated for 6,995 of 32,478 restaurants worldwide, or 22%, as of December 31, 2009.

¹⁸ Data for restaurants in all nine markets are included. 2010 energy data was extrapolated for 77% of our total restaurants worldwide (25,277 of 32,737) as of December 31, 2010. We have actual data for 11,785 restaurants.

¹⁹ Data for restaurants in all nine markets are included. 2011 energy data was extrapolated for 77% of our total restaurants worldwide (25,923 of 33,510) as of December 31, 2011. We have actual data for 10,900 restaurants.



Globally, McDonald's restaurants are adopting energy-efficient behaviors and installing state-of-the-art equipment to further improve efficiency. We continue working closely with equipment suppliers to identify and implement these new technologies in our restaurants. Between 2011 and 2012, nearly 60 suppliers introduced new, more energy-efficient equipment to our restaurants, helping them avoid approximately \$5 million¹⁴ in energy costs.

We are enabling improved control of heating and cooling systems, lighting and signage through energy management systems that are being incorporated into our freestanding traditional restaurant designs. And our top markets continue making progress in energy data gathering and reporting.

For example, in Latin America, a well-developed energy program:

- Establishes energy performance goals for each restaurant.

- Consolidates monthly energy usage market-wide for better monitoring and targeted solutions deployment.

- Involves maintenance and operation personnel completing equipment maintenance, cleaning, firing equipment up and down and reading the meters.

- Supports direct correlations between specific actions and the corresponding energy efficiency goals.

McDonald's had previously identified a number of strategies to improve energy efficiency in our restaurants, from simple solutions like training and preventive maintenance to equipment replacement and renewable energy. Our emphasis now is shifting to executing these strategies. During 2011 and 2012, we continued helping restaurants implement energy solutions by increasing their understanding of available strategies and providing guidance and resources to address challenges like financing.

<p>++ MET GOAL</p> <p>Energize restaurant crew and managers and differentiate McDonald's as an employer of choice through continuous and aligned focus on the global Employee Value Proposition</p>	<p>+++ MET GOAL</p> <p>Identify ways to bring McDonald's Values to life at the restaurant level, enhancing employee commitment and the customer experience</p>
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KEY PERFORMANCE INDICATORS¹

OPPORTUNITY, TRAINING AND DEVELOPMENT

	2007	2008	2009	2010	2011
% of crew members satisfied that they receive the training needed to do a good job	84	85 ²¹	83 ²²	87 ²³	87 ²⁴
% of managers who feel the person they report to supports their professional development	83 ²⁵	82 ²⁶	83 ²⁷	85 ²⁸	86 ²⁹

MANAGEMENT OPPORTUNITIES FOR WOMEN

% of worldwide top management team (VP and above) who are women	27	27	27	28	31
% of company-owned restaurant managers who are women	49	47	49 ³⁰	51 ³¹	54 ³²

²⁰ Except as otherwise noted, figures are derived from company-owned restaurants in the following markets: Australia, Canada, China, France, Germany, the UK and the U.S. Unless otherwise noted, figures for restaurants in Japan and Brazil have also been included. McDonald's Japan is a publicly traded company and is approximately 50% owned by McDonald's Corporation. Effective 2007, McDonald's Brazil is owned by Arcos Dorados, a developmental licensee and publicly traded company.

²¹ Not including Canada.

²² Not including China and France.

²³ Not including Canada and Brazil.

²⁴ Not including China and France.

²⁵ Except as otherwise noted, figures are derived from company-owned restaurants in the following markets: Australia, Canada, China, France, Germany, the UK and the U.S. Unless otherwise noted, figures for restaurants in Japan and Brazil have also been included. McDonald's Japan is a publicly traded company and is approximately 50% owned by McDonald's Corporation. Effective 2007, McDonald's Brazil is owned by Arcos Dorados, a developmental licensee and publicly traded company.

²⁶ Not including Canada.

²⁷ Not including China and France.

²⁸ Not including Canada and Brazil.

²⁹ Not including China and France.

³⁰ Not including Canada.

³¹ Not including China and France.

³² Not including Canada and Brazil.



In 2012 we strengthened system alignment around the important role of our Employee Value Proposition—which emphasizes friends and family, flexibility and future—in energizing crew and managers. This included a consistent focus on various people-related initiatives, including the Global Restaurant Engagement Portal, Restaurant Management Platform, Measurement, Brand Ambassador and Rewards and Recognition. We have built the frameworks for each of these global initiatives and will help our markets implement them in the coming years.

Significant progress has been made so far. We will pilot the Restaurant Engagement Portal in the U.S., followed by Canada. We have developed and the following markets are piloting a new people survey: the U.S., Japan, Canada, Puerto Rico, Argentina and Sweden. A new Brand Ambassador e-training and certification tool has been developed to help our restaurant employees become strong brand ambassadors. And a Global Rewards and Recognition web site offers restaurant-level best-practice programs to owner-operators and our managers in Australia, Canada, China and the U.S., and will be rolled out to all markets globally.

We also continued developing innovative ways to raise awareness of McDonald's Values among corporate and restaurant employees. All our top markets are implementing plans to activate the Values in their restaurants.

In Australia, a "Values Crew Speak" poster, which articulates our Values in language that resonates with managers and crew, was developed and posted in all of our restaurants.

In China, a Volunteer Club empowers employees to give their time and talents to make a positive difference in the lives of children and their families.

Across all our major markets, McDonald's Values have been integrated into key internal communications vehicles and orientation and training materials.

A new Values Activation Guide for key functional and market leaders highlights these and other best practices from our largest and fastest growing markets and provides hands-on ideas to enhance employee commitment to McDonald's Values and the brand.

+ ++ +++ MET GOAL Leverage local and global resources to have greater impact on children, families and communities	+ ++ +++ MET GOAL Increase financial and volunteer support to Ronald McDonald House Charities through communication outreach	+ ++ +++ MET GOAL Increase participation in the corporate volunteer program
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KEY PERFORMANCE INDICATORS
PHILANTHROPIC ACTIVITIES (WORLDWIDE)

	2007	2008	2009	2010	2011
Total corporate cash and in-kind contributions (\$) ³³	\$10.6M	\$15.2M	\$19M	\$24M	\$34M ³⁴

LOCAL ECONOMIC IMPACTS³⁵

	2007	2008	2009	2010	2011
Total capital expenditures (investments in new and existing restaurants) (\$) ³⁶	\$1.8B	\$1.8B	\$1.5B	\$1.5B	\$2.1B

³³ Worldwide, representing all markets.

³⁴ Because this includes some contributions made during 2011 on multi-year charitable commitments, it is not directly comparable to previous years.

³⁵ Except as otherwise noted, figures include: Australia, Canada, China, France, Germany, Japan, the U.K. and the U.S. Organizational structures vary by market. McDonald's Japan is a publicly traded company and is approximately 50% owned by McDonald's Corporation. Effective 2007, McDonald's Brazil is owned by Arcos Dorados, a Developmental Licensee and a publicly traded company.

³⁶ Not including Brazil.



McDonald's long-standing support of Ronald McDonald House Charities® (RMHC®) forms the foundation of our commitment to giving back. Over the past 38 years, our support of RMHC has taken many forms—volunteerism, communications efforts, fundraising and more—all in the spirit of making a positive impact on the lives of children and their families. One of the ways we help our “Charity of Choice” is by raising funds through RMHC Donation Boxes and the sale of products such as our Happy Meal® and Mighty Kids Meal®. In 2011, with the support of our customers, we raised \$33.7 million in the U.S. alone through these combined efforts. While we are proud of this accomplishment, we know there is more we can do. We will continue to seek additional opportunities to support RMHC, particularly in education and awareness.

In addition, through the McDonald's Foundation, plans have been made to build 12 playgrounds in the U.S. as part of a new partnership with KaBOOM!, a national non-profit that envisions a great place

to play within walking distance of every child in America. We will continue to benchmark and align these and other community efforts to ensure we maximize the positive impacts for the communities where we operate.

Employee involvement in community activities has grown throughout McDonald's markets.

Between 2011 and 2012, we achieved significant increases in the percentage of Home Office employees participating in the Employee Volunteer Program.

In 2011 alone, the number of employee volunteer hours in our Home Office rose by 27%.

Several of our markets, including the U.S., China and multiple markets in Latin America, have developed corporate and restaurant-level volunteer initiatives.

Moving forward, we aim to continue expanding the program and eventually offer it to all employees.