Nutrition & Well-Being
Sustainable Supply Chain
Environmental Responsibility
Employee Experience
Community

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http://aboutmcdonalds.com/mcd/sustainability.html
CEO LETTER

Measuring Our Progress

During McDonald’s more than 55 years in business, we have become one of the most recognized brands around the world. This success is both a privilege and a responsibility.

Being socially responsible is part of McDonald’s heritage – and we have a long record of leadership, action and partnering to create positive change. While we can’t be all things to all people, we know we can always do more. We will continue to use our size, scope and influence to make a positive difference for children, families and communities around the world. Doing so creates value for both our company and our stakeholders.

McDonald’s strives to make a difference by taking action in five key areas: nutrition and well-being, sustainable supply chain, environmental responsibility, employee experience and community. We work at the restaurant level, from reducing the use of energy and other resources to supporting the local community – and at the industry and market levels, from evolving our menu to address balance and choice to promoting the use of sustainable sourcing.

In these endeavors, we continue to listen to our customers and other stakeholders and to work with outside experts and all parts of our System to make tangible progress. Our actions are guided by our Values, and we hold ourselves to high standards of honesty, fairness and integrity.

This Global Sustainability Scorecard is an example of why I am proud to lead this great brand. In these pages, you’ll find the progress we’ve made in the last year and the goals we are trying to achieve in the future. What you will see is McDonald’s commitment to always striving to better serve our customers and communities.

Jim Skinner
Vice Chairman and CEO
McDonald’s Corporation

“...continue to use our size, scope, and talent to make a positive difference for children, families and communities around the world. Doing so creates value for both our company and our stakeholders.”
—Jim Skinner, CEO, McDonald’s Corporation

ABOUT THIS REPORT: LESS IS MORE

As communication channels have changed, McDonald’s has evolved the length and format of our corporate social responsibility reports. More and more of our information and stories are finding a more broadly accessible home on the web at aboutmcdonalds.com/mcd/sustainability.html.

This year, we have moved to a shorter, more focused “scorecard” format that focuses on progress achieved in 2010-11. As in the past, we are primarily reporting on our top nine markets: Australia, Brazil, Canada, China, France, Germany, Japan, the United Kingdom and the United States. When talking about the McDonald’s “System,” we refer to our owner/operators, suppliers and company employees around the world.

We have catalogued the content in this scorecard online, along with the rest of our Global Sustainability site, using the Global Reporting Initiative (GRI) framework on aboutmcdonalds.com.
FRUIT ADDED TO ALL HAPPY MEALS IN U.S. AND LATIN AMERICA

McDonald’s iconic Happy Meal is changing to make parents and kids even happier. By March 2012, fruit will be automatically included in every Happy Meal served in U.S. and Latin America restaurants. Additional changes, including a new size of French Fries only available in the Happy Meal, will result in the overall reduction of calories and fat.

U.S. restaurants will continue to promote options that meet the new Council of Better Business Bureau’s Food Pledge nutritional standards. In Latin America, all combinations of the Happy Meal will have less than 600 calories, which equates to one-third of the World Health Organization’s daily requirement for kids ages 6 to 10.

More than 95% of McDonald’s restaurants around the world offer Happy Meals with sides of fruit, vegetable or low-fat dairy as an option. By the end of 2012, every Happy Meal purchase in Canada will feature a yogurt, as well as a choice of a new small fry or apples. Carrot sticks are offered in 23 countries such as Australia and France, while corn cups are offered in 13 markets. Across Europe, 2,800 restaurants offer a four-item Happy Meal that includes a fruit or vegetable side. McDonald’s Italy increased the kid appeal of fruit by offering peeled kiwi on a stick as a Happy Meal option, a creative twist that doubled the number of Happy Meals sold with fruit during the initial promotional period.

“By changing the Happy Meal to always include fruit, McDonald’s is making it fun and easy for kids to eat foods that are good for them. We want to support parents and be part of the solution – helping champion generations of healthier, happier kids.”

–Greg Watson, Vice President, Menu & Nutrition Strategy/Stakeholder Engagement, McDonald’s USA

“As a member of the 2010 Dietary Guidelines Advisory Committee, I applaud the commitments made by McDonald’s. They have captured the intent of the Guidelines and have taken a reasoned, evidence-based approach that should have a positive health impact on the millions of children and adults McDonald’s serves every day.”

–Roger Clemens, Adjunct Professor of Pharmacology and Pharmaceutical Sciences, University of Southern California

1 Except as otherwise noted, figures are for the following markets: Australia, Brazil, Canada, China, France, Germany, Japan, the UK, and the U.S.
2 Does not include Brazil or France.
**Sustainable Supply Chain**

Set goals and make tangible progress for priority products as identified in McDonald’s Sustainable Land Management Commitment

Work with other stakeholders on next actions resulting from the Global Conference on Sustainable Beef

Reduce environmental impacts of direct suppliers by continuing to utilize the Supplier Environmental Scorecard as a continuous improvement tool

McDonald’s is committed to sourcing all of our food and packaging from sustainable sources, with an initial focus on beef, poultry, coffee, palm oil, fish and fiber. In 2010, more than 36% of the virgin fiber used in our consumer packaging came from certified sources. In the area of beef, we are participating in multi-stakeholder initiatives supporting more sustainable beef in Europe, Australia, South America and globally. Our 2011 Environmental Scorecard results indicate that many suppliers are leveraging this tool to improve their environmental performance.

**KEY PERFORMANCE INDICATORS**

**ENVIRONMENTAL IMPACTS OF CONSUMER PACKAGING**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of packaging used, by weight, per thousand units (in lbs)</td>
<td>11.33</td>
<td>11.61</td>
<td>11.74</td>
<td>11.56</td>
<td>11.55</td>
</tr>
<tr>
<td>% of packaging material that is made from recycled content</td>
<td>33.1%</td>
<td>29.8%</td>
<td>30.8%</td>
<td>28.7%</td>
<td>29.3%</td>
</tr>
<tr>
<td>Percent of packaging derived from certified sources</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>31%</td>
<td>36.9%</td>
</tr>
</tbody>
</table>

**ANIMAL WELFARE**

<table>
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<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of supplier meat (including beef, pork and poultry) processing plants audited</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>% of supplier meat processing plants that received a passing score on their first or second audit</td>
<td>N/A</td>
<td>99%</td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
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</tbody>
</table>

**SUPPLIER WORKPLACE ACCOUNTABILITY**

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<th>2006</th>
<th>2007</th>
<th>2008</th>
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<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of food, packaging, equipment, development and marketing suppliers that have signed the Code of Conduct</td>
<td>93.5%</td>
<td>92%</td>
<td>95%</td>
<td>79%</td>
<td>95%</td>
</tr>
<tr>
<td>% of supplier facilities completing their online assessments on schedule</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>91%</td>
<td>74%</td>
</tr>
</tbody>
</table>

**MC DONALD’S SOURCES 99% OF FISH WORLDWIDE FROM MSC-CERTIFIED FISHERIES**

Over the past 10 years, McDonald’s commitment to sustainable sourcing has been best exemplified by our global Sustainable Fisheries program. We have global purchasing standards and perform annual assessments of all suppliers by the Sustainable Fisheries Partnership (SFP). As a result, 99% of our fish worldwide comes from Marine Stewardship Council (MSC)-certified fisheries (100% in the U.S., Australia, Canada and Europe).

Our actions have helped us become a catalyst for industry-wide change. For example, McDonald’s USA has phased out the purchase of Russian Pollock due to unsustainable practices. In Asia-Pacific, McDonald’s has supported a more sustainable fish supply by identifying alternative species that meet our quality and taste standards.

Most recently, McDonald’s Europe certified our 7,000 European restaurants to the MSC Chain of Custody traceability standard. As a result, the almost 100 million Filet-O-Fish portions served in Europe will now bear the MSC-certified label. McDonald’s is the first restaurant company to offer MSC-certified sustainable fish throughout Europe.

“We’re proud to offer MSC labelled fish at an affordable price to millions of our customers across Europe. It’s a recognisable independent accreditation of McDonald’s global sustainable fish standard which has been in place for 10 years.”

–Keith Kenny, Senior Director Supply Chain, McDonald’s Europe

“McDonald’s led the way in implementing a fish sustainability strategy and continues to help drive industry progress.”

–Jim Cannon, Sustainable Fisheries Partnership

**MSC-CERTIFIED FISHERIES OF FISH WORLDWIDE FROM MCDONALD’S SOURCES 99%**

The map above includes the MSC-certified fisheries from which McDonald’s Europe sources.

7 Except as otherwise noted, figures are for the following markets: Australia, Brazil, Canada, China, France, Germany, Japan, the UK and the U.S.

8 Does not include pre-packaged items such as salad dressings.

9 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 performance across markets.

10 Not including China.

11 Not including Brazil.

12 Includes additional European and Asia Pacific markets: Spain, Hong Kong, Korea, Taiwan, Philippines, Singapore, Indonesia, Malaysia, India, New Zealand and South Africa. Does not include Latin America.

13 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, impacting the percentages of both suppliers signing our Code of Conduct and facilities completing their online assessments between 2009 and 2010. We expect both metrics to continue to improve in 2011.

14 Total number of suppliers at end of year: 2009: 547; 2010: 1602.

Sustainable initiatives, such as the “Programa de Energia ABC+” [ABC+ Energy Program], generate actual results that can be used to quantify the benefits both for the environment and our own business. Our planet’s natural resources are finite, but can be responsibly managed based on decisions made within our restaurants and our production chain, and in our daily choices. “

– Flávia Vigio, Vice President, Corporate Communications, Arcos Dorados

McDonald’s ongoing energy efficiency work, including its participation in EDF’s Climate Corps program, shows the company’s understanding that reducing energy use is as good for business as it is for the environment. We look forward to continuing to work with McDonald’s in the future.”

– Victoria Mills, Managing Director, Environmental Defense Fund

BRAZIL RESTAURANTS LOWER ENERGY COSTS TO PRE-2007 LEVELS

Between 2008 and today, McDonald’s almost 600 restaurants in Brazil (operated by licensee Arcos Dorados) have reduced environmental impact and improved restaurant profitability through the “Programa de Energia ABC+.” The program improves energy-related practices in restaurants, applies new technology and better manages commercial energy contracts and agreements.

Restaurants implemented changes ranging from training and the use of LED lights and solar window film to the installation of energy management panels. In 2011, McDonald’s developed better, more reliable energy-related metrics, with a focus on company-owned restaurants. All top nine markets have made measurable progress in energy data gathering and reporting capabilities.

We also introduced “energy bundles” – packages of recommended restaurant improvements that combine simple changes like energy-efficient lighting with newer tools such as occupancy sensors. Working with suppliers, we made available for purchase more than 90 pieces of more energy-efficient equipment. Across all markets, our reduction efforts are enabling our restaurant energy use to remain steady, despite increases in restaurant hours, equipment and menu items. We also continue to recognize and share best practices through our McDonald’s Global Best of Green website, which will be updated for the third time in 2012.

KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>ENERGY USAGE IN THE RESTAURANT</th>
</tr>
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<tbody>
<tr>
<td>Kilowatt hours used per transaction count (kWh/GC)</td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

1. Except as otherwise noted, figures are for the following markets: Australia, Brazil, Canada, China, France, Germany, Japan, the UK, and the U.S.
2. The data and methodology for calculating the energy KPI for 2008-2010 differ from years prior. Unlike 2006 and 2007, the 2008-2010 data include estimated energy usage beyond electricity, such as natural gas, propane and fuel oil.
3. Does not include data from Australia, Brazil or China. Restaurants for which data are reported represent approximately 19% of total restaurants as of December 31, 2008.
4. Does not include data from Australia, Brazil or China. Restaurants for which data are reported represent approximately 18% of total restaurants as of December 31, 2009.
5. Restaurants for which data are reported represent approximately 36% of total restaurants as of December 31, 2010.
In 2011, McDonald’s was ranked #8 in Fortune’s Best Global Companies to Work For and Best Companies for Leaders lists. We were also a proud recipient of the prestigious Catalyst Award, recognizing progress in women’s career development and advancement.

**Employee Experience**

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

Identify ways to bring McDonald’s Values to life at the restaurant level, enhancing employee commitment and the customer experience

McDonald’s global Employee Value Proposition (EVP) continues to be the focus of people plans across our markets. In 2011, more than 70 countries began using the “Employee Value Index,” a measure derived from the Crew Commitment Survey that assesses how well markets are executing around the attributes of the EVP — friends and family, flexibility and future. In the area of values, our top markets will have completed plans to activate the values in their restaurants by the end of the year.

In 2011, McDonald’s was ranked #8 in Fortune’s Best Global Companies to Work For and Best Companies for Leaders lists. We were also a proud recipient of the prestigious Catalyst Award, recognizing progress in women’s career development and advancement.

**KEY PERFORMANCE INDICATORS**

**OPPORTUNITY, TRAINING AND DEVELOPMENT**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of company-owned restaurants with HU-certified managers</td>
<td>N/A</td>
<td>N/A</td>
<td>93.3%</td>
<td>96.2%</td>
<td>96.2%</td>
</tr>
<tr>
<td>% of crew members satisfied that they receive the training needed to do a good job</td>
<td>82%</td>
<td>84%</td>
<td>85%</td>
<td>83%</td>
<td>86.9%</td>
</tr>
<tr>
<td>% of managers who feel the person they report to supports their professional development</td>
<td>82%</td>
<td>83%</td>
<td>82%</td>
<td>83%</td>
<td>85.1%</td>
</tr>
</tbody>
</table>

**MANAGEMENT OPPORTUNITIES FOR WOMEN**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of worldwide top management team (VP and above) who are women</td>
<td>26.4%</td>
<td>26.7%</td>
<td>27%</td>
<td>26.5%</td>
<td>28.1%</td>
</tr>
<tr>
<td>% of company-owned restaurant managers who are women</td>
<td>46.2%</td>
<td>49%</td>
<td>47%</td>
<td>49%</td>
<td>50.7%</td>
</tr>
</tbody>
</table>

*1 Except as otherwise noted, figures are for the following markets: Australia, Brazil, Canada, China, France, Germany, Japan, the UK, and the U.S. Data for restaurant employees are for company-operated restaurants.

*2 Not including Canada.

*3 Not including China and France.

*4 Not including Canada and Brazil.

*5 Not including Canada and Japan.

*6 Not including China, France, and Canada.

*7 Not including Brazil.

*8 Not including Brazil and China.

**MCDONALD’S UK MAKES CREW TRAINING COUNT**

McDonald’s crew and restaurant managers in the United Kingdom can earn nationally recognized educational qualifications that increase their employability. The program enables employees to work toward English and math literacy certificates, apprenticeships in hospitality and diplomas in shift management. Starting in 2011, McDonald’s is also offering restaurant managers the opportunity to gain a vocational Foundation Degree in Managing Business Operations.

To date, 8,800 crew members have completed apprenticeships, 4,300 shift managers have completed their diplomas and more than 50 restaurant managers have begun working toward their Foundation Degree. The qualifications program was an important factor in McDonald’s recent ranking in the “Sunday Times 25 Best Companies to Work For in the UK” list.

McDonald’s employees in seven other countries around the world can obtain some form of college credit for their training. For example, in the U.S., the average restaurant manager completes the equivalent of approximately 21 credit hours — one semester of college — that can be transferred to many public and private schools and applied toward a two- or four-year degree.

“Whether people join McDonald’s for two weeks’ work experience or a full-time job, the aim is to help them build their confidence, gain transferable skills and fulfill their potential. We want to attract and retain the most talented people, and we recognize that our people are looking for more than just a job. Our people get the opportunity to climb our ever-expanding career ladder and we offer them a uniquely broad and inclusive array of qualifications which they can gain, on the job, alongside their on-going training.”

~Jez Langhorn, Chief People Officer, McDonald’s UK

“Leaders, managers and trainers at all levels are exceptionally committed to the apprenticeship programme. It is valued highly and seen as being an important qualification for staff and in helping to improve business performance. Since the apprenticeship started, productivity and efficiency have increased and staff confidence and competencies have improved...The programme is an integral part of career development within McDonald’s.”

~Office for Standards in Education, Children’s Services and Skills (OFSTED), October 2010 inspection report
“As we recovered from the earthquake, all I could do was to reopen McDonald’s stores as early as possible so I could bring back smiles to the faces of customers and staff, even for a little while. After facing a life and death situation, my love for the McDonald’s brand grew even stronger.”

–Hidenobu Hosoda, Owner/Operator, Japan Miyagi prefecture

“I was so grateful for the relief supply and monetary support that McDonald’s provided right after the disaster of March 11. It made me thankful that I was a McFamily member receiving support and encouragement from McDonald’s head office and the community.”

–Sachiko Endo, Swing Manager, Minato Kazuma Yoke Benimaru restaurant, Japan

McDonald’s supports Ronald McDonald House Charities® (RMHC®) in multiple ways. Since 2002, countries around the world have raised more than $170 million during McHappy Day/Give a Hand events. In 2010, participating restaurants in the U.S. began making a contribution from the sale of each Happy Meal® and Mighty Kids Meal®. In 2011, RMHC Donation Boxes in the U.S. are projected to reach more than $27 million in customer contributions.

Participation rates in McDonald’s formal corporate volunteer program continue to rise and currently stand at close to 35%. In preparation for the 2012 Olympics, McDonald’s UK is providing expertise, materials and facilities to help the London Organizing Committee attract, select and train the 70,000 volunteers needed to make the Games a success.

**KEY PERFORMANCE INDICATORS**

**PHILANTHROPIC ACTIVITIES (WORLDWIDE)**

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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>Total corporate cash and in-kind contributions</td>
<td>$13.6M</td>
<td>$10.6M</td>
<td>$15.2M</td>
<td>$19M</td>
<td>$24M</td>
</tr>
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</table>

**LOCAL ECONOMIC IMPACTS**

<table>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total capital expenditures in top 9 markets (investments in new and existing restaurants)</td>
<td>$1.7B</td>
<td>$1.8s</td>
<td>$1.8s</td>
<td>$1.5s</td>
<td>$1.5s</td>
</tr>
</tbody>
</table>

1 Except as otherwise noted, figures are for the following markets: Australia, Brazil, Canada, China, France, Germany, Japan, the UK, and the U.S.

2 Not including Brazil.
McDonald’s aims to make concrete progress on the following goals between now and the end of 2012:

NUTRITION AND WELL-BEING
Increase awareness of fruit, vegetables and dairy options for children available on the menu
Accelerate and expand food and beverage choices containing fruits and vegetables across the menu

SUSTAINABLE SUPPLY CHAIN
Set goals and make tangible progress for priority products as identified in McDonald’s Sustainable Land Management Commitment
Work with other stakeholders on next actions resulting from the Global Conference on Sustainable Beef
Reduce environmental impacts of direct suppliers by continuing to utilize the Supplier Environmental Scorecard as a continuous improvement tool

ENVIRONMENTAL RESPONSIBILITY
Increase adoption of energy-efficient equipment and technology in restaurants
Improve tracking of restaurant energy consumption data
Increase energy awareness and education across the System to continue to realize savings to the bottom line and benefits to the environment

EMPLOYEE EXPERIENCE
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
Identify ways to bring McDonald’s Values to life at the restaurant level, enhancing employee commitment and the customer experience

COMMUNITY
Leverage local and global resources to have greater impact on children, families and communities
Increase financial and volunteer support to Ronald McDonald House Charities through communication outreach
Increase participation in the corporate volunteer program

OUR VALUES
We aspire to be our customers’ favorite place and way to eat… to achieve this mission, our actions as individuals and as a System, must reflect our values.

WE PLACE THE CUSTOMER EXPERIENCE AT THE CORE OF ALL WE DO
Our customers are the reason for our existence. We demonstrate our appreciation by providing them with high-quality food and superior service, in a clean, welcoming environment, at a great value. Our goal is Quality, Service, Cleanliness and Value (QSC&V) for each and every customer, each and every time.

WE ARE COMMITTED TO OUR PEOPLE
We provide opportunity, nurture talent, develop leaders and reward achievement. We believe that a team of well-trained individuals with diverse backgrounds and experiences, working together in an environment that fosters respect and drives high levels of engagement, is essential to our continued success.

WE ARE COMMITTED TO THE MCDONALD’S SYSTEM
McDonald’s business model, depicted by the “three-legged stool” of owner/operators, suppliers, and company employees, is our foundation, and the balance of interests among the three groups is key.

WE OPERATE OUR BUSINESS ETHICALLY
Sound ethics is good business. At McDonald’s we hold ourselves and conduct our business to high standards of fairness, honesty and integrity. We are individually accountable and collectively responsible.

WE GIVE BACK TO OUR COMMUNITIES
We take seriously the responsibilities that come with being a leader. We help our customers build better communities, support Ronald McDonald House Charities and leverage our size, scope and resources to help make the world a better place.

WE GROW OUR BUSINESS PROFITABLY
McDonald’s is a publicly traded company. As such, we work to provide sustained profitable growth for our shareholders. This requires a continuing focus on our customers and the health of our System.

WE STRIVE CONTINUALLY TO IMPROVE
We are a learning organization that aims to anticipate and respond to changing customer, employee and System needs through constant evolution and innovation.