



WHEREAS:

McDonald's Corp. has repeatedly emphasized its commitment to environmental leadership, yet lacks comprehensive post-consumer recycling goals for beverage and food packaging and continues to use polystyrene beverage cups 20 years after phasing out styrene-based clamshell food containers due to environmental impact.

Polystyrene is not widely recycled and has become pervasive in the marine environment, carried through storm drains to the ocean. Polystyrene breaks down into small indigestible pellets which animals perceive as food, resulting in the death of birds and marine mammals. 50 communities in California have banned or restricted the use of polystyrene food packaging.

The Sustainable Packaging Coalition, of which McDonald's is a member, defines sustainable packaging as "beneficial, safe & healthy for individuals and communities throughout its life cycle." The International Agency for Research on Cancer has determined that styrene, used in the production of polystyrene, is a possible human carcinogen. The California Office of Environmental Health Hazard Assessment proposed that styrene be listed as a known human carcinogen. In 2010, styrene was listed as a possible carcinogen by the National Toxicology Program, a division of the U.S. Department of Health and Human Services. Several epidemiologic studies suggest an association between occupational styrene exposure and an increased risk of leukemia and lymphoma.

The company says it uses an eco-filter tool to inform packaging decisions and that it continually searches for best practices to ensure that product materials, design, manufacture, distribution and use minimize lifecycle impacts on the environment. The company also states in its 2009 Corporate Responsibility Report that it continues "exploring ways to reduce the environmental impacts of our consumer packaging and waste in our restaurant operations." However, our company lacks comprehensive recycling goals and practices for its beverage and food service packaging.

A chief competitor that retails beverages has made significant environmental commitments in regard to beverage containers. Starbucks uses 10% recycled paper fiber in its hot beverage cups. It has made a public commitment to recycle all post-consumer paper and plastic cups discarded in company-owned stores by 2015. It offers a discount for customers who bring reusable beverage containers into stores, and pledged to serve 25% of beverages made in its stores from reusable containers by 2015.

THEREFORE BE IT RESOLVED:

Shareowners of McDonald's request that the board of directors issue a report assessing its progress and describing policy options for implementing the company's environmental policies to ensure more environmentally beneficial beverage and food containers such as incorporating a comprehensive container recycling strategy, including recycled content goals and container recovery goals, and considering relative environmental impacts of different types of beverage containers. The board shall prepare a report by October 1, 2012 on the company's efforts to



AS YOU SOW

achieve this strategy. The report, to be prepared at reasonable cost, may omit confidential information.

SUPPORTING STATEMENT:

We believe the requested report is in the best interest of McDonald's and its shareholders. Leadership in this area will protect our brand and enhance the company's reputation.