

GLOBAL
BEST OF GREEN
2009

**BUILDING A
BETTER BUSINESS
THROUGH EFFECTIVE
ENVIRONMENTAL
PRACTICES AROUND
THE WORLD**





JIM SKINNER
VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

McDonald's has been thinking and acting green for over thirty years. Not just because it's the right thing to do, but because it's the right thing to do for our business. Put simply, continuously improving our environmental performance makes us a stronger brand and a more sustainable company.

Like any global organization, we utilize our share of resources, and we understand that this doesn't come free. Being a good global citizen means helping to sustain the earth and the bounty it provides. For McDonald's, this is a multi-faceted effort that stretches from our supply chain to our restaurants.

It requires the efforts of all three legs of our three-legged stool – our franchisees, our suppliers and our employees – to seek and develop tangible business solutions that minimize our environmental impacts and contribute positively to the growth of the company. The best practices outlined in this book highlight the progress we are making on multiple fronts. We're working to reduce the energy use in our restaurants and striving to decrease the impacts of our packaging with new designs and a greater use of recycled materials.

We're working with our suppliers and respected NGOs, like Conservation International, to foster sustainable agriculture and fisheries around the world. We've even collaborated with Greenpeace to develop and maintain a moratorium on using Amazon Rainforest land for soybean production. There's much more we're doing and plan to do. But the key takeaway here is that when you become a global brand, you enter into the global community, and we're committed to using our size and scope to make a difference in the world.

“IMPROVING OUR ENVIRONMENTAL PERFORMANCE IS NOT ONLY THE RIGHT THING TO DO, IT'S THE RIGHT THING TO DO FOR OUR BUSINESS.”



RALPH ALVAREZ
PRESIDENT AND CHIEF OPERATING OFFICER

McDonald's is relentless about continuous improvement. This includes finding ways to be more efficient in our business operations and reducing our overall costs and operating expenses. At the same time, we have environmental responsibilities. These Best of Green case studies show that these are not mutually exclusive efforts. Reducing energy and waste and improving supplier efficiencies is, quite simply, good business.

We recognize that the environment is a rising concern among consumers. We also know we have to make the right changes for our business. Finding out what improvements work at restaurant and market levels helps us identify solutions that positively impact the consumers we serve and our bottom line.

The Global Best of Green epitomizes the core strengths of the McDonald's System – continuous innovation, the sharing of best practices to build a better company, and focusing on the issues that matter most to our business, our customers, and the communities in which we do business.

It is not about touting our accomplishments. It's about recognizing local solutions that work and sharing those ideas with other markets to build upon and implement where they make sense. This is the McDonald's way.

The Global Best of Green highlights the best of the best – successful local innovations that could be applied into other markets across our System. Take a look; take stock; and take the initiative to make a difference.

“REDUCING ENERGY AND WASTE AND IMPROVING SUPPLIER EFFICIENCIES IS, QUITE SIMPLY, GOOD BUSINESS.”



WELCOME TO THE BEST OF GREEN

CONTINUOUSLY IMPROVING OUR ENVIRONMENTAL PERFORMANCE HAS “DOUBLE GREEN” BENEFITS.

OVER 80 CASE STUDIES HIGHLIGHTING ENVIRONMENTAL INNOVATIONS WITH TANGIBLE BUSINESS BENEFITS

TABLE OF CONTENTS

ENERGY	3
PACKAGING	7
ANTI-LITTERING	11
RECYCLING	14
LOGISTICS	20
COMMUNICATIONS	23
GREENING THE RESTAURANTS	29
GREENING THE WORKPLACE	34
SUSTAINABLE FOOD	36
SUPPLIER LEADERSHIP	39



IF YOU HAVE ANY COMMENTS OR QUESTIONS, PLEASE JOIN THE DISCUSSION ON THE MCDONALD’S CORPORATE SOCIAL RESPONSIBILITY BLOG, OPEN FOR DISCUSSION, AT WWW.CRMCDONALDS.COM

MCDONALD’S GLOBAL ENVIRONMENTAL COUNCIL

At McDonald’s, we know that “success breeds success” and through the sharing of innovative best practices such as these, we hope you are able to leverage these activities and use them as a catalyst for similar improvements in your markets.

This “Best of Green” e-book highlights environmental best practice innovations in a wide spectrum of areas with tangible impacts for our business and our brand:

- NORTH AMERICA**
Steve DePalo
Jeff Fitzpatrick
Jill Scandridge
Sherry MacLauchlan
- EUROPE**
Sebastian Csaki
Else Krueck
- ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA)**
Yue Weng Chooi
Eden Huang
Hiroaki Okano
- LATIN AMERICA**
Flavia Vigio
- GLOBAL**
Shane Bertsch
Dale Cissna
Heidi Glunz
Frank Kohout
Brian Kramer
Selva Kumar
Bob Langert
Jennifer McCracken
Jessica Droste Yagan



These environmental innovations, taking shape at multiple levels throughout the McDonald’s System, illustrate that positive change can originate from anywhere and that we all have a role to play in improving our environmental performance.

We will continue to update this “Best of Green” e-book as new practices become available, highlighting initiatives and innovations that offer us “double green” opportunities – efficiency improvement and cost reductions that also reduce our impact on the environment.



ENERGY

MAJOR SOLUTIONS TO A MAJOR ISSUE

To maximize opportunities for operational efficiency and minimize environmental impacts in our restaurants, addressing the issue of energy is a key priority. This means adopting best practices, investing in energy saving equipment and exploring options for the utilization of renewable sources.

IDENTIFYING TOP ENERGY OPPORTUNITIES



Steve DePalo
Energy Manager, McDonald's USA

OBJECTIVE: Conserving energy is not just the right thing to do from an environmental perspective; it's a significant opportunity to reduce direct operating costs in the restaurants.

SOLUTION: McDonald's USA's Restaurant Energy Survey is a restaurant operations tool that quickly focuses restaurant managers and crew on the greatest opportunities to save utility costs, resulting in net benefits for the bottom line. This paper-based survey allows restaurant managers to quickly look at energy usage in the restaurant - from the roof all the way to the interior of the kitchen - identifying the key areas of opportunity throughout.

Restaurant managers conduct the survey, which is weighted based on known savings opportunities, with the goal of identifying possibilities for additional ways to improve energy efficiency and reduce operational costs.

RESULTS: McDonald's restaurants in the United States have experienced savings of up to \$3,000-\$6,000 per year by using the energy survey to identify and act upon additional energy saving opportunities.

\$3k-\$6k

SAVINGS PER YEAR THAT SOME U.S. MCDONALD'S RESTAURANTS HAVE EXPERIENCED BY USING THE ENERGY SURVEY

Equipment	On:	Off:	Equipment	On:	Off:
Oven Biscuit H_n	03:45	23:00	Fry Station (Primary) Vat 1	04:00	23:00
Horno Hobart	03:45	23:00	Fria la estacion primario Iva 1	04:00	23:00
Freezer Meat double	04:00	23:00	Freezer Ovhd double	04:00	23:00
Congelador carne doble	04:00	23:00	Congelador de arriba doble	04:00	23:00
Freezer Ovhd single	04:00	23:00	Toaster Bagel-Muf	04:15	10:30
Congelador de arriba solo	04:00	23:00			
Grill 36 3 ft section 1	04:25	23:00	Grill 36 3 ft section 2	04:25	23:00
Parrilla 3' seccion 1	04:25	23:00	Parrilla 3' seccion 2	04:25	23:00
Heated Landing Zone	04:25	23:00	Heated Landing Zone	04:25	23:00
Fry Bagging 36"	04:30	23:00	Pie Merchandiser	04:40	23:00
Coffee Brewer drip	04:45	23:00	Coffee Brewer drip	04:45	23:00
UHC Full	05:00	23:00	UHC Full	05:00	23:00
UHC repleto	05:00	23:00	UHC repleto	05:00	23:00
			Chicken / Filet Station Vat 1	09:30	
			Pollo/Filete Iva 1		

FIRED UP ABOUT ENERGY SAVINGS



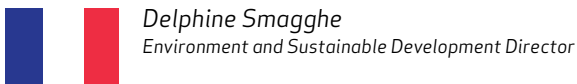
Steve DePalo
Energy Manager, McDonald's USA

OBJECTIVE: Sequencing the timing of equipment fire-up in the restaurants, or following a fire-up schedule, is a great way to reduce electrical demand during peak times and improve overall gas and electric usage.

SOLUTION: McDonald's USA developed the restaurant equipment Fire-Up Tool, a computer program that has become a widely accepted energy efficiency tool in U.S. restaurants. Based on restaurant-specific equipment and operating hours, this tool helps managers and crew identify the best times to turn their equipment on/off. The fire-up tool also revives McDonald's traditional lighting dot system, providing color-coded dots for lighting circuit breakers, which offers a simple way for crew and managers to ensure lighting efficiency in the restaurant. Additional print materials, including equipment labels, are available to guide crew actions on a continuous basis.

RESULTS: Through the consistent use of the fire-up schedule and associated tools, the average restaurant can save approximately \$1,500 per year. McDonald's USA recently enhanced the flexibility of the program by providing 24-hour locations with the ability to have multiple on/off times and making it easier to add new pieces of equipment to the software.

INFORMATION AND INSPIRATION THROUGH INNOVATIVE SOFTWARE



OBJECTIVE: Since its carbon footprint audit in 2005, McDonald's France has endeavored to achieve a major goal: reducing its greenhouse gas emissions by 2010. Representing 26% of the carbon footprint, energy consumption is the main source of greenhouse gas emissions. It is the principal focus of the strategy developed.

SOLUTION: Reducing energy consumption is a key challenge for restaurants. In 2006, McDonald's France designed an interactive software, EcoProgress, to help its teams rally around this goal. Accessible from the company's Intranet, this tool enables each restaurant to:

- Learn about the key stakes related to energy (as well as other environmental topics)
- Record its monthly energy consumption and compare it to other similar restaurants
- Benefit from specific advice and improvement tools, such as an ignition plan for cooking equipment designed to suit each restaurant's individual characteristics, audit tools and a best practice guide

Thanks to this easy to use tool designed to manage fundamental data, users can improve their environmental practices.

RESULTS: During the first year, this software registered over 250 users and 3300 connections, leading to the design of 400 ignition plans for kitchen equipment. The 10 restaurants that are heavy users of EcoProgress reduced their electricity consumption by 11% in few months.



MOHAMED BICHERI • RESTAURANT DEVELOPMENT DIRECTOR IN TOURS (FRANCE)

Today, thanks to EcoProgress, we can follow our monthly consumption of energy and compare the results of all the restaurants we manage. We are working on a program for switching on cooking equipment for each restaurant that can be quickly modified to suit the season. The modification takes no more than 10 minutes. EcoProgress also offers us a way to raise our team's awareness of good environmental habits. This valuable tool proves to be an excellent way to have an overview on good environmental practices that we previously lacked.

11%

SAVINGS IN ELECTRICITY ACHIEVED BY USERS OF ECOPROGRESS OVER THE SAME 3 MONTH PERIOD 2007 VS 2006



LEADING THE WAY TOWARD A GREENER FUTURE



OBJECTIVE: As a way to share energy best practices across the McDonald's System, McDonald's USA recognizes "Energy All-Stars"—restaurant managers whose focus on proper maintenance, education, and energy conservation provide leading examples for other restaurant managers to follow.

SOLUTION: Since 2005, Energy All-Stars have been nominated by their Owner/Operators or McDonald's Company Operated Store (McOpCo) Supervisors based on their use of restaurant energy tools and applications. In addition to having their profiles and practices shared throughout the company, top restaurant managers in each of the three major U.S. divisions receive a \$500 award for their performance.

RESULTS: The Energy All-Star program is just one way that McDonald's was able to achieve 3.75% reduction in restaurant energy use in our company-owned restaurants, and named an ENERGY STAR Partner of the Year in 2007 by the U.S. Environmental Protection Agency. Through sharing best practices, restaurant managers are able to improve the efficiency of their restaurants and reduce their impact on the environment.

MCDONALD'S USA WAS NAMED AN ENERGY STAR PARTNER OF THE YEAR IN 2007 BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY FOR ITS ENERGY REDUCTION EFFORTS.



MORE EFFICIENT FRENCH FRIES



Gladys Terman
Director, Worldwide Equipment Systems

OBJECTIVE: The challenge presented to our global equipment suppliers when designing the next fryer for our restaurants was to develop equipment that provides us with better tasting food, while improving crew efficiency and using less cooking oil and energy.

SOLUTION: The Low Oil Volume Fryer (LOV) is our next generation fryer. LOV improves cooking efficiency, simplifies filtering and cleaning, and provides enhanced environmental benefits. Tests indicate it uses approximately 4% less energy than standard fryers. It also reduces packaging waste for markets using “jug-in-box” oil delivery and results in less oil to be disposed of for recycling or rendering.

RESULTS: The LOV’s innovative design allows restaurants to cook the same amount of product with approximately 40% less oil. Tests indicate that it uses approximately 4% less energy than standard fryers. Electric versions of this fryer are now in use and available for our restaurants worldwide. The gas version will be released in late 2009.



A COLLECTIVE COMMITMENT TOWARDS CLEAN ENERGY



Jan Snauwaert
Equipment Manager

OBJECTIVE: In 2000, McDonald’s Belgium decided to set a goal of reducing its restaurants’ energy costs by 10% by 2008. Today, the initial objective has been improved by striving to source energy from renewable resources only.

SOLUTION: Since 2007, McDonald’s Belgium has gathered the participants in its network around a collective goal to reach environmental targets while optimizing costs. By choosing a single energy supplier for all its restaurants, McDonald’s Belgium achieves its dual objective: ensuring the energy used comes from renewable resources at no extra cost.

RESULTS: McDonald’s Belgium enabled its restaurants to save 20% on their energy bills and contribute to the promotion of renewable energy sources.

USING THE SUN FOR ENERGY IN MEXICO



Felix Ramirez
Communications Director – North Latin America

OBJECTIVE: McDonald’s Mexico is testing the use of solar hot water heating to reduce the consumption of liquefied petroleum (LP) gas to heat hot water in four of their restaurants.

SOLUTION: Solar collectors were installed in four McDonald’s restaurants in 2008. These collectors store water that is then heated by the sun, providing nearly 75% of the hot water used in the restaurants.

RESULTS: The participating restaurants have witnessed a decrease of 2.7% in the monthly consumption of LP gas, and a 19% reduction in CO₂ emissions.

“ACTIONS FOCUSED ON ENVIRONMENTAL PROTECTION, WITHIN THE BROADER STRATEGY OF A SUSTAINABLE APPROACH TO BUSINESS, IS A NECESSITY IN TODAY’S WORLD IF A COMPANY WANTS TO GROW AND THRIVE IN A SOCIETY WHICH ACQUIRES AND ACCEPTS THEIR BRAND AND PRODUCTS.”

FELIX RAMIREZ, COMMUNICATIONS DIRECTOR , McDONALD’S MEXICO



GREAT LIGHTING FOR LESS!



Birgit Hoefler-Schwarz
Environmental Specialist

OBJECTIVE: For restaurants, lighting represents a significant cost and consumption savings opportunity. In 2004, McDonald's Germany developed new lighting systems for its restaurants' kitchens together with Trilux, a supplier of lighting systems.

SOLUTION: Forty-six McDonald's restaurants in Hamburg equipped their kitchens with a new generation of low consumption fluorescent lighting.

RESULTS: Tests revealed that on average, each restaurant saves 11,000 kWh of electricity each year. The investment in these fluorescent tubes pays for itself in about 2 years through savings in energy costs. With the energy savings achieved, the McDonald's restaurants in Hamburg greatly contributed to make McDonald's Europe winner of the EU Greenlight Award 2005.



SMART WAYS TO OPTIMIZE EQUIPMENT ENERGY USE



Petra Dahlman
CSR & Sustainability Manager, McDonald's Sweden

OBJECTIVE: Regulating kitchen equipment performance can improve energy consumption. Adjusting ventilation systems' power according to client traffic, for example, saves energy.

SOLUTION: In 2004, 24 McDonald's restaurants in Sweden started coupling CO₂ detectors with ventilation systems to assess client traffic density. When few customers are present in the restaurant, the ventilator switches to a lower speed, consuming less energy than during rush hours. This ensures customer and staff comfort while saving energy. The detector is now installed in approximately 65 restaurants.

RESULTS: On average, the detector-equipped restaurants marked a 15% drop in energy consumption. They achieved a return on investment in slightly over one year.



PACKAGING

LESS IS MORE

For almost twenty years, McDonald's has been striving to continuously improve the environmental performance of its packaging. Through innovations in packaging design, enhancements in sustainable sourcing for our paper-based packaging and the use of recycled materials, significant improvements have been achieved.



KEEPING SCORE: SUSTAINABLE PACKAGING FROM THE OUTSET



Jerome Lyman
Vice President, McDonald's Global Supply Chain



Jennifer McCracken
Environmental Manager, HAVI Global Solutions - Perseco

OBJECTIVE: Minimizing the environmental impacts of our packaging starts in the design phase of packaging development. Establishing a framework for evaluating the environmental impacts of specific packaging items in the development phase can help McDonald's make packaging for our products more sustainable from the outset.

SOLUTION: McDonald's partnered with our packaging supplier, HAVI Global Solutions, to develop a Global Packaging Scorecard, Eco-Filter 2.0, to better inform the decisions we make about packaging. The scorecard builds on McDonald's historic key packaging performance indicators, best practices from our European and North American markets and advice from outside experts and NGOs like Environmental Defense Fund. The scorecard framework focuses on our key environmental priorities for packaging:

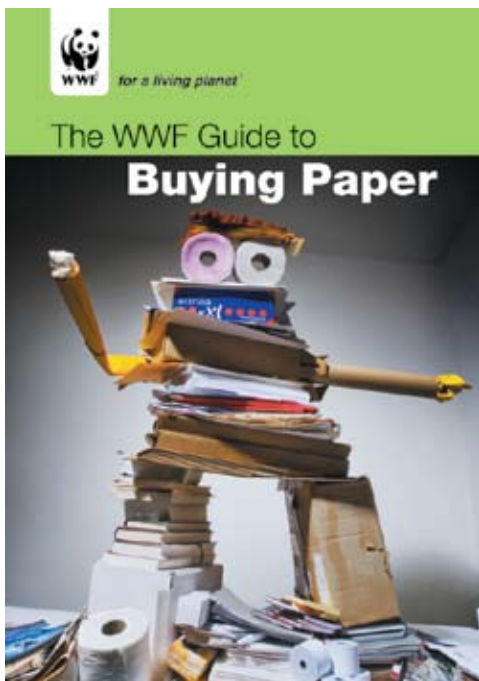
- Minimizing weight
- Maximizing use of recycled materials
- Preference for renewable materials
- Minimizing the amount of harmful chemicals used in production
- Reducing CO₂ and other greenhouse gas emissions
- Maximizing "end-of-life" options such as recycling

RESULTS: Today, Eco-Filter 2.0 is being used by HAVI Global Solutions -Perseco Product Development leads when designing and developing new packaging at the market level. It has already been used to assess environmental attributes of new packaging in the U.S., Europe, and Australia. This environmental information can then be weighed against the cost, availability of materials, functionality, and operations impact of any new proposed package. In many cases, the efficiencies realized through reduction in material use, weight, or through more efficient packaging design not only provide cost savings, but also helps reduce McDonald's overall environmental impacts across our packaging portfolio.

BRIAN KRAMER SENIOR MANAGER, CORPORATE SOCIAL RESPONSIBILITY

Packaging is such a critical part of our brand - not only for food quality, integrity, and safety - but also in its visibility to our customers. It's great to see the packaging innovation from all over the world, and the continued focus placed on improving the functional and environmental performance of our packaging. I look forward to continuing to work with our Global Supply Chain Packaging team and suppliers to further incorporate sustainable design into our packaging in the future.





PACKAGING CONTAINS ENVIRONMENTAL THOUGHT



Else Krueck
 Director of Environment and Corporate Responsibility, McDonald's Europe

OBJECTIVE: McDonald's Europe aspires to be an environmental leader on packaging for our industry. To support our long-term vision of sustainable packaging, we aim for all our packaging to be produced with 100% renewable sources by 2010.

SOLUTION: As part of a cross-functional process, environmental aspects are a key factor in all pan-European packaging decisions. Since 2007, the McDonald's Europe's Sustainable Packaging Position guides design and material choice. The guidelines are clear:

- Reduce packaging usage
- Prefer the use of recycled materials
- Prefer virgin paper from certified sustainable forestry sources
- Design for reuse and recyclability
- Reduce plastics and prefer plastic materials from renewable sources

Since 2004, McDonald's Europe "Forestry Policy" helps to ensure all wood and wood-based products used originate from legal and acceptable sources. To further promote sustainable packaging throughout its supply chain and beyond, McDonald's became member of the WWF European Paper Group. As such, it sponsored and contributed to the "WWF Guide to Buying Paper".

RESULTS: Currently, approx. 80% of McDonald's Europe's packaging is made from renewable resources. Recycled paper and virgin fibers from certified sustainable forestry sources represent around 63% and 84% respectively of the renewable resources used.

WASTE NO MORE



Keith Kenny
 Senior Director, Supply Chain Europe,
 McDonald's Europe

OBJECTIVE: The right use of secondary products like recycled paper helps to balance our packaging use's overall environmental effects. McDonald's Europe is striving to maintain a percentage of recycled content in its packaging.

SOLUTION: In 2007, McDonald's introduced the N-flute carton with 40% recycled content.

RESULTS: The new N-flute carton helps increase the overall use of recycled material.



MARGARET RENSTRÖM • WWF INTERNATIONAL'S PAPER TEAM

Paper buyers and producers need to take responsibility for their activities. It is important that paper buyers influence their suppliers to minimize their environmental impact. Understanding the effects of papermaking, however, is not straightforward. The need for a buyers' guide to responsible paper purchasing and use is evident. I am therefore grateful to McDonald's and the other members of the European Paper Group for their support and contribution to the "WWF Guide to Buying Paper".

82%

APPROXIMATE PERCENTAGE OF MCDONALD'S CONSUMER PACKAGING MADE FROM RENEWABLE MATERIALS



SAVING VALUABLE RESOURCES



Keith Kenny
Senior Director, Supply Chain Europe,
McDonald's Europe

OBJECTIVE: Fossil resources are limited and valuable. Packaging material from sustainable renewable resources is a better option for the future.

SOLUTION: Serving salads in cardboard bowls is one way to reduce plastic use. Switching from plastic to wooden coffee stirrers and eco-designing the McFlurry spoons also contribute to limiting consumption of materials from fossil sources. The flat cardboard used for salad bowls consists of 100% virgin fibers from certified forestry sources and is recyclable. It is still a technical challenge to replace the plastic lids, but alternatives from renewable vegetable sources are being researched.

RESULTS: Thanks to the paper salad bowls, the annual consumption of materials from nonrenewable sources dropped by 1,936 tons. Material savings of 286 tons have been achieved with the shorter McFlurry spoons. The wooden coffee stirrers conserve 57.4 tons of material from non-renewable sources.



BETTER NAPKINS AND BAGS FOR BETTER ENVIRONMENTAL PERFORMANCE



Jeffrey Fitzpatrick-Stilwell
Manager of Environmental Affairs and Government Relations, McDonald's Canada

OBJECTIVE: Little changes can have big impacts. McDonald's Canada continues to seek ways to enhance both environmental performance and brand trust. With over 85% of packaging being fiber based, we routinely look for opportunities to improve the environmental and operational impacts of packaging. A recent transition from white napkins and bags to brown (unbleached) napkins and bags is an example of continuous improvement with bottom-line benefits for the company.

SOLUTION: A survey of Canadian competitors revealed that McDonald's Canada was the only quick service restaurant (QSR) in Canada using white (previously bleached and recycled fiber) bags. Further research also indicated a shift towards unbleached, brown napkins. An Operations test was initiated in western Canada in 2008 to determine how customers would respond to the changes. Results showed no negative customer feedback relative to the changes, and indicated that customers were actually using fewer napkins. Our restaurant employees find the bags to be sturdier when preparing food to be served to our customers. As a result, McDonald's Canada decided to make the transition system-wide.

RESULTS: By switching from our previous napkin and bag, McDonald's Canada has reduced energy, wood and water consumption. Additionally, annual per restaurant savings from switching to unbleached bags saved an estimated \$667 per restaurant. Cumulatively, this represents an approximate McDonald's Canada System savings of nearly \$1.3 million annually.

RECYCLED PAPER NAPKINS IN MEXICO



Jaime Gomez
Supply Chain Director, North Latin America

OBJECTIVE: Until early 2008, the napkins used in McDonald's Mexico restaurants were imported. Considering the high costs associated with this practice and the need to generate a better return on napkins in the restaurants, McDonald's Mexico's objective was to develop a local supplier that had the capacity to provide an efficient and sustainable solution.

SOLUTION: We started to work with Kimberly-Clark, a Mexican leader in the paper industry. In addition to being a local supplier, they offered a Green Line, which was being prepared for launch in the market. McDonald's México conducted a pilot test with five restaurants using the Green Line, which incorporates recycled fiber. In addition to napkins, the test included recycled paper toilet tissue, napkins for McCafé, and paper rolls that employees use to clean the kitchen.

RESULTS: The final results of this test are still pending and will be presented with full cost-benefits to evaluate the possibility of implementing this type of paper throughout the System.



THINKING OUTSIDE THE FRY BOX FOR THE “CHINA WINS, YOU WIN” PROMOTION



Jeanette Ray
VP, Marketing, HAVI Global Solutions

OBJECTIVE: Leading up to the 2008 Olympic Summer Games, McDonald’s China provided a packaging challenge – provide a cost effective, fun, interactive, and easy-to-use promotional gaming experience.

SOLUTION: McDonald’s packaging supplier, HAVI Global Solutions, partnered with New Island Printing Company, LTD and Huhtamaki Guangzhou, LTD to develop a new format for promotional gaming for the sandwich clamshells, fry cartons, and cold cups. While traditional industry standard involved using an additional paper backed adhesive game piece, they chose to integrate the game piece into the existing packaging structure.

RESULTS: Reducing material use is the most effective way to reduce environmental impacts. Through this innovative design, McDonald’s China was able to avoid using approximately 18.5 tons of material.



REDUCING PACKAGING WEIGHT YIELDS HEAVY BENEFITS: POLYPROPYLENE CUP REDUCTION



Linda Dulaney
Director, U.S. Supply Chain

OBJECTIVE: Weight reduction in packaging provides McDonald’s an opportunity to reduce our material costs, while improving the environmental benefits of a particular package without jeopardizing the quality/functionality of the package.

SOLUTION: Working with the U.S. Packaging Team, McDonald’s packaging supplier, HAVI Global Solutions, partnered with Berry Plastics Corporation and Prairie Packaging, Inc. to reduce the weight of our existing U.S. Polypropylene cold cups through sheet downgauge of materials and manufacturing process controls.

RESULTS: A measurable reduction in the amount of materials used for our 32 oz and 42 oz Polypropylene cold cups has been achieved, decreasing costs by 6% through enhanced raw material usage.

Lightweighting of the 32oz polypropylene cold cup in 2007 saved approximately 650 tons of resin per year, or an 8% reduction.

Similar reductions were completed in 2008 with the 42oz cold cup, saving approximately 346 tons of resin per year, or 7%. Reduction in weight not only reduces the amount of material needed for production, but also allows McDonald’s to benefit from other cost and environmental savings stemming from transportation and supply chain efficiencies.

THE LESS, THE BETTER



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

OBJECTIVE: Reducing resource consumption is a priority in any sound environmental program. Therefore, “using as much as necessary but as little as possible” is a key guiding principle in designing environmentally sound packaging for the restaurants.

SOLUTION: In 2007, McDonald’s resized the BigMac carton and the Hash Brown bags.

RESULTS: The new BigMac cartons and smaller Hash Brown bags reduce materials’ consumption by 423 tons and 12 tons respectively.



ANTI-LITTERING

KEEPING UP APPEARANCES

Keeping the environment around our restaurants tidy has been one of our key priorities for a long time, and it still is. Although we have implemented very successful measures preventing littering, McDonald's can still easily become the focus of attention when these discussions arise in the community. We need to demonstrate continuously that we are part of the solution.



CLEAN UP: WITH A LITTLE HELP FROM A GOOD NEIGHBOR



Peter Schroeder
Environment Consultant, McDonald's UK

OBJECTIVE: McDonald's restaurants are committed to being good and active members of the communities in which they operate. Staff members take pride in the appearance of the local environment and, as we've seen in the UK, take the initiative to protect it.

SOLUTION: McDonald's UK fights litter daily in many different ways. It ensures packaging is kept to a minimum and carries anti-littering symbols. Litter patrols around the restaurants are as standard as providing litter bins outside. Moreover, McDonald's UK is one of the biggest sponsors of council provided litter bins in Great Britain and was instrumental in the Government's development of a Code of Practice for litter management in the fast food industry.

With its "Just bin it" campaign, McDonald's UK takes the daily effort of fighting litter a major step further. In the early summer of every year, restaurants partner with local authorities, schools and community groups in awareness-raising, educational and clean-up actions. Participating restaurants support the popular events in many different ways, such as by providing educational gifts for children or with employees cleaning up "grot spots" with residents and local politicians. All clean-up events enter the competition for the annual "Just bin it" Awards.

RESULTS: In 2005, McDonald's sponsored over 250 events involving more than 15,000 people.

250

EVENTS WERE SPONSORED BY MCDONALD'S UK DURING THE 2005 "JUST BIN IT" CAMPAIGN



JON SAPHON • MEMBER OF MCDONALD'S STAFF
Together with James Nunns, he designed the logo for the "Just bin it" campaign. "Keeping our restaurant clean and the environment around it tidy is part of our daily routine, but I really thought about how to encourage everyone not to litter and was very happy when our design was chosen to lead our national campaign."



MAJOR BRANDS JOIN FORCES



Birgit Hoefler-Schwarz
Environmental Specialist

OBJECTIVE: Proper management of the environment does not stop at the restaurant door. In addition to litter patrols, providing litterbins and displaying anti-litter slogans, McDonald's Germany decided to make good use of its popularity by supporting local and national awareness-raising campaigns.

SOLUTION: In 2001, McDonald's Germany joined the "Clean Countryside Campaign", an initiative founded to raise environmental awareness and fight littering. McDonald's Germany participates in the campaigns' activities in cooperation with partners such as UNESCO and major players such as Coca-Cola and the Green-Dot-System. The program, for instance, includes providing educational brochures and promotional materials as well as supporting national and local clean up events.

RESULTS: McDonald's visible commitment to fight litter has raised the company's environmental image and led to the restaurant chain's acceptance as a "welcome neighbor".



LEADING THE WAY TOWARD CLEANER STREETS IN AUSTRALIA



Amy Lawrence
Corporate Communications Manager, McDonald's Australia

OBJECTIVE: Litter is an issue of concern for Australian consumers. McDonald's Australia has worked to establish a leadership position by proactively engaging restaurant employees in efforts to control the impacts of litter around existing restaurants across the country.

SOLUTION: McDonald's Australia has a nationwide "Clean Streets" program to keep restaurant grounds and nearby streets clean of litter. Crew members participate in Litter Patrols as a regular part of their work day. Messages on packaging, trayliners, trash bins and signage in the parking lot help remind consumers not to litter. McDonald's Australia is also a Founding Partner of Clean Up Australia, the organisation behind Clean Up Australia Day, and marked 20 years of partnership in 2009.

RESULTS: Since the first Clean Up Sydney Harbour event in 1989, McDonald's Australia's support of Clean Up Australia has enabled this initiative to grow and flourish. Clean Up Australia Day is now a community icon and the country's biggest annual volunteer event. In 2009, overall participation increased by 15% over 2008, with an estimated 630,000 volunteers across Australia taking part at 6,910 registered Clean Up sites. An estimated 8,000 tonnes of rubbish were collected, adding to the 200,000 tonnes collected since 1989.



ANTI-LITTERING ADS



Carla d'Andrea
Environment Coordinator, McDonald's Italy

OBJECTIVE: McDonald's Italy's new anti-littering campaign is designed to include local authorities and communities. They are invited to share advertising space and strengthen the restaurant's efforts to raise environmental awareness.

SOLUTION: McDonald's Italy developed new innovative Anti-Littering posters. The lower part of the posters is left blank for the restaurants to add individual messages to the general anti-littering message. This special design enables restaurants to advertise local environmental activities and feature cooperation agreements with authorities and municipalities. All tools necessary to modify and print the posters are readily available on the intranet.

RESULTS: The flexible tool is much appreciated by franchisees and the initiative was very well received by local authorities. They have already been asking for further co-messaging events.



CULTIVATING CLEANLINESS



Rolf Huwyler
Environmental Manager

OBJECTIVE: As a responsible member of society, McDonald's Switzerland has a history of working closely with authorities and interest groups to prevent and combat littering.

SOLUTION: Since its launch in 2000, McDonald's Switzerland has been involved in the Swiss Foundation for Practical Environmental Protection campaign's "trash culture". The campaign includes a number of activities, culminating for McDonald's in the annual "Clean Up Switzerland Day". In the run up to this day, special takeaway bags referred to the event and more than half of the restaurants participated actively, organizing projects and helping to clean up public places. An extensive anti-littering guide provides the restaurants with ideas and practical examples.

RESULTS: Taking part in a national campaign is a visible sign of McDonald's focus and work towards preventing littering and notably improves the company's image.

LESS LITTER, BETTER IMAGE



Nuno Cabanas
McDonald's Portugal

OBJECTIVE: McDonald's Portugal was looking for a way to reduce the visible environmental impact of litter produced and the cost of waste disposal.

SOLUTION: McDonald's Portugal started to install compactors in a growing number of restaurants. The equipment compresses the waste into a single litter container.

RESULTS: The volume of litter is reduced by 66%. Less money is spent for waste removal and with tidier premises, the restaurants' image in the communities has improved. Also, instead of three, only one litter container is now needed and the time spent cleaning them decreased from three hours to one.



RECYCLING AND WASTE REDUCTION

LIFE AFTER MCDONALD'S

Some call it waste. We see it as a potential resource. Whether it's used packaging and frying oil or leftover organic waste, we're seeking newer and better ways to reuse and recycle.



A STRATEGIC APPROACH TO RECYCLING IN THE RESTAURANT



Celso Cruz
Supply Chain Director, McDonald's Brazil

OBJECTIVE: McDonald's Brazil is striving toward full "lifecycle management" of restaurant-generated waste. The objective is to dispose the restaurants' used resources in a smarter way, by organizing proper sorting and destination -- whether reusable materials in the kitchens, such as delivery trays, used cooking oil and cardboard boxes, as well as segregated trash bins in the lobby areas. A preliminary study showed that up to 80% of the restaurants' waste products could be recycled.

SOLUTION: After commissioning a study of the waste generated at its restaurants and running a 1-year pilot in five restaurant outlets in São Paulo, McDonald's Brazil began to gradually implement selective waste collection in São Paulo. Participant restaurants have been provided with two-compartment waste bins - one for organic refuse (food waste) and one for recyclables (paper and plastics). The design also includes a receptacle for liquid waste (ice-cream, soda, juice) to ensure that the quality of recyclables will not be compromised by excessive moisture.

RESULTS: Currently in place in 54 restaurants, the program is a landmark in the chain's roadmap towards sustainable development. In 2009, additional restaurants will join the program.



SUPERLIZZY IN THE LOBBY



Carla d'Andrea
Environment Coordinator, McDonald's Italy

OBJECTIVE: Looking for ways to improve waste separation, McDonald's Italy has found "Superlizzy". The waste separation unit helps to reduce waste volume and time spent on waste disposal.

SOLUTION: "Superlizzy" is a simple to install and easy to handle unit with an automatic liquid separation and waste compacting function. It replaces the waste bins in the lobby, which allows for only one instead of various collection points. As a result, less space is consumed and less waste bags are needed. In addition, the tray emptying time is reduced by a third, and there is no more liquid in the waste bag and less time has to be spent on cleaning the equipment.

RESULTS: The unit has been installed and is working successfully in about 40% of the restaurants. It is attractive and the number of customers emptying their trays has increased. Positive feedback has also been received from local authorities and waste collectors.



PRIZE WINNING DESIGN



Rolf Huwyler
Environment Manager, McDonald's Switzerland

OBJECTIVE: McDonald's Switzerland developed a PET recycling container designed to make recycling part of the restaurant experience.

SOLUTION: In cooperation with a design school, McDonald's Switzerland created its own PET recycling container. The prize winning object was designed to fit the new restaurant look and to attract more and more customers to make use of it.

RESULTS: The new PET container has successfully been introduced and is well received. The restaurants find the new design easier to handle and it enables them to achieve better recycling quality and quantities.



CLEVER SORTING ACHIEVES 90% RECYCLING RATE



Birgit Hoefler-Schwarz
Environmental Specialist

OBJECTIVE: McDonald's is often viewed as generating a lot of waste. McDonald's Germany set out to disprove this misconception by exemplary measures. McDonald's Germany's goal is a recycling quota that is consistently above 90%.

SOLUTION: In the past, McDonald's Germany encouraged customers to sort what was left on their trays after a meal themselves. The results were disappointing. Now, employees collect packaging and food waste in a tray cart. In the specially designed sorting room, they separate the waste into color-coded bags for paper and cardboard, plastics, food, and residuals. The same sorting process takes place in the kitchen, where the used oil, PE-foil and corrugated delivery boxes are also collected for recycling. Well-trained staff can sort rapidly and efficiently. A good quality of secondary products for recycling is achieved, thereby helping to reach high recycling quotas for the restaurants.

RESULTS: All McDonald's restaurants in Germany use this system, leading to an overall recycling rate of over 90%.



OLIVER BAYER • FRANCHISEE, HAMBURG, GERMANY

I have been a McDonald's franchisee for 12 years and currently own five restaurants in Hamburg. During the 1980's, when I knew McDonald's just as a customer, only transport packaging was collected separately; all other waste was collected in a single container. Now, we collect and separate six types of waste, some of which represents a valuable resource. Let's take used frying oil. It is converted into biodiesel that can be used to run trucks. This is an ideal closed loop economy, isn't it?

90%

RECYCLING RATE AVERAGED IN GERMAN RESTAURANTS
BY SORTING SIX DIFFERENT TYPES OF WASTE



FROM BANNER TO BAG



Rolf Huwyler
Environment Manager, McDonald's Switzerland

OBJECTIVE: Turned into fashionable bags, advertising banners carry a new, unprinted message. McDonald's Switzerland found an innovative way to say: we are a company well aware of the importance of protecting the environment.

SOLUTION: McDonald's Switzerland thought of a way to increase the comparatively short lifetime of the plastic banners used to advertise special offers. The company has the banners recycled into fashionable bags that are given as an environmentally friendly, awareness-raising present to new members of staff and other stakeholders.

RESULTS: The bags are a fun and sensible present and very much appreciated by the recipients. Turning the banners into bags is also helping to save waste disposal costs.



MINIMIZING IMPACTS, ONE CUP AT A TIME



Hiroaki Okano
McDonald's Japan, Corporate Social Responsibility Lead

OBJECTIVE: Always looking at opportunities for innovation and waste reduction, McDonald's Japan collaborated with a number of companies to initiate a research and development program to examine the opportunity for recycling paper fiber from cold cups as an alternative to other, less sustainable options.

SOLUTION: In collaboration with other businesses around Shinjuku, McDonald's Japan participated in a pilot program to examine the feasibility of recycling paper cold cups. Beginning in 2005, 10 McDonald's restaurants in Shinjuku participated in the pilot, along with 3 office buildings from Coca-Cola and Japan Beverage, to generate enough volume for the collection.

In-store communications near the waste receptacles provided explanation of the program and the procedures for customers to follow. After lids are removed and liquid is dumped out, the cups are collected and transported to the recycling factory.

Upon arrival at the recycling factory, the cups are crushed, washed, dried and then added into the traditional collection of mixed office papers where inks are extruded, the pulp is washed and vsterilized, and it is turned into tissue for resale in supermarkets.

RESULTS: A total of 11 tons of paper cups are currently being recycled annually. Further cost reduction would be possible by calling out to more companies for their active participation. Currently, this recycling program is supported by NGOs and the Japanese government and we continue to assess future opportunities.

“THIS IS A DOUBLE-BENEFIT INITIATIVE: BY SALVAGING WASTE OIL FOR RECYCLING WE PRESERVE THE ENVIRONMENT AND SUPPORT THE CAUSE AGAINST PEDIATRIC CANCER.”

MARCELO RABACH, PRESIDENT OF McDONALD'S BRAZIL



970,000+

LITERS OF USED COOKING OIL WERE DONATED IN 2008 IN BRAZIL

RECYCLING USED COOKING OIL FOR A PURPOSE



Flávia Viggio

*Corporate Vice President, Communications
Arcos Dorados - Latin America*

OBJECTIVE: Used cooking oil from McDonald's restaurants can be used in a variety of ways to minimize the environmental impacts of restaurant operations and achieve broader societal benefits. Ensuring proper disposal and destination of waste oil, so that it can be used to produce fuel, soap, detergent, glass putty, and other products for consumer use, is one way McDonald's Brazil is working to achieve this goal.

SOLUTION: McDonald's Brazil's Used Oil Program has been in place since 2005, when restaurants in Rio de Janeiro started donating the used oil to university programs. With the creation of other oil recycling organizations, the local RMHC chapter (Instituto Ronald McDonald) developed a system that centralizes the demand from these buyers and the oil availability, along with a collection system that takes better advantage of the used resource. Recently, it also started collecting used oil from other neighborhood restaurants, increasing the program's revenue, which is fully donated to local charities, such as the Ronald McDonald House, supporting children undertaking cancer treatment.

RESULTS: Over 970,000 liters of used cooking oil were donated in 2008 (about 30% more than in the previous year), with 382 participating restaurants (up 10% from 2007) and R\$ 233,000 donated to support the cause against pediatric cancer.



**FLÁVIA VIGGIO • CORPORATE VICE PRESIDENT,
COMMUNICATIONS
ARCOS DORADOS - LATIN AMERICA**

Each and every one of us in the McDonald's System has a unique opportunity to make a difference in our communities – starting by small initiatives that can be replicated. Across the Arcos Dorados organization, the innovation and commitment shown by employees, owner-operators and suppliers offer outstanding ways to improve efficiency while promoting sound environmental causes.



OPTIMIZING OIL RECYCLING



Delphine Smaghe
Environment and Sustainable Development
Director

OBJECTIVE: Frequent collection of used oil is costly and may affect the environment. The goal is to reduce frequency.

SOLUTION: Previously, used oil was collected three to four times per month. Starting five years ago, McDonald's France designed a new 1,500 liter cistern to increase restaurants' used oil stocking capacity. This technically advanced cistern offers increased security, overflow detection, and a regulated heating system that enables oil to preserve its fluidity and characteristics. Moreover, the new cistern's design facilitates operations and maintenance. All staff have to do is open a valve at the base of the frying unit and push a button for the used oil to be automatically transferred to the cistern. Today, over 550 restaurants have been equipped. As a typical restaurant uses about 350 liters of oil per week, the frequency of used oil collection has dropped to once per month.

RESULTS: This innovative cistern makes removing used oil from the frying units a quick and totally safe process. Its stockage capacity reduces the frequency of used oil collection by nearly 75%, a major step forward in environmental protection.



USED OIL FUELS CHARITY



Nuno Cabanas
Environment Coordinator, McDonald's Portugal

OBJECTIVE: McDonald's Portugal is making good use of used frying oil in more ways than one.

SOLUTION: McDonald's Portugal has implemented a nationwide collection system for used frying oil. 80% of the oil is refined into bio-diesel which is used to fuel the trucks of DCB, McDonald's logistics partner in Portugal. In return for the used oil, the certified company collecting and recycling the oil makes an annual donation to the Ronald McDonald House Charity.

RESULTS: 650,000 kilograms of used frying oil are collected per year. 80% of the oil is turned into bio-diesel, 20% is transformed into soap. RMHC is helped by annually receiving a donation of 33,600 Euro.

McDonald's goes green in Sheffield



FORGET THE LANDFILL: WASTE BECOMES ELECTRICITY



Peter Schroeder
Environment Consultant, McDonald's UK

OBJECTIVE: McDonald's UK is looking for the safest and most responsible means of waste disposal available. The long-term objective is to achieve zero waste to landfill.

SOLUTION: Eleven McDonald's restaurants in the Sheffield area participate in a pilot scheme, in which waste from the restaurants is converted into electricity and heat for local buildings.

RESULTS: Each restaurant will avoid sending 100 tons of waste a year to landfills. The energy produced from the recycled waste will help to provide heating for 130 local buildings, reducing annual carbon emissions by 54%.

NEW LIFE FOR ORGANIC WASTE



Rolf Huwyler
Environmental Manager

OBJECTIVE: Organic materials represent a large portion of the waste in an average McDonald's restaurant. For McDonald's Switzerland finding a cost-effective and environmentally sound way to recycle them was a priority.

SOLUTION: Since 2001, McDonald's Switzerland has collaborated with Kompogas, a company specialized in the process of fermenting organic waste to produce biogas. This biogas is then used for heating and to fuel the company's own biogas truck. The volume of biogas that can be produced with the organic waste from all Swiss McDonald's restaurants is about the same as the volume needed to operate the vehicle. Thus, the "super truck" runs CO₂ neutral.

RESULTS: All Swiss McDonald's restaurants recycle organic waste into biogas. Compared to the former incineration costs, the restaurants now pay 60% less for the disposal of organic waste. The biogas truck saves about 10,000 liters of diesel annually.

NEW LIFE FOR OLD UNIFORMS



Peter Schroeder
Environment Consultant, McDonald's UK

OBJECTIVE: Recycling old staff uniforms is a further step on McDonald's UK's way to achieve its ambitious objective: zero waste to landfill.

SOLUTION: In 2008, when a new uniform design was rolled out, McDonald's UK started a project involving the nationwide collection of old staff uniforms. At no cost to the restaurants, bags were provided for the old uniforms and were then collected. After shredding, the uniforms were recycled into mattress stuffing and carpet underlay, or they were pelletized for the waste derived fuel market.

RESULTS: Both franchisees and company restaurants participated in this project. Altogether, five tonnes of uniforms were collected and recycled.





LOGISTICS

DRIVING IMPROVEMENT

Sustainable transportation represents a major challenge and an area well worth focusing on. McDonald's supports the use of biodiesel and other means to limit the environmental impacts of transportation within our business operations.

SUPPORTING THE DEVELOPMENT OF BIODIESEL



Nicolas Gabrieludis
Supply Chain Manager, South Latin America



Andrey Ruschel
Supply Chain Manager, Brazil



Rodrigo Bustamante
Communications Manager, Chile

OBJECTIVE: Using the cooking oil from our restaurants for the production of alternative fuels both reduces the need for new natural resources and environmental pollution.

SOLUTION: In Brazil, Chile and Argentina, McDonald's has partnered with local organizations that transform the used oil into biodiesel, following specific country regulations in each market. In Argentina, Arcos Dorados has a pilot program with RBA Biofuels, which has a treatment and biofuel conversion plant in the province of Buenos Aires. In Chile, the Ministry of Health certifies the amount of oil collected and the amount of oil destroyed or recycled. In Brazil, a partnership with the Federal University of Rio de Janeiro has managed the initial biodiesel tests in the country since 2005.

The used oil is taken through a careful filtering process to remove impurities and mixed with alcohol and a catalyst to yield biodiesel, a new alternative less-polluting fuel. This biodiesel is then sold to transportation companies.

RESULTS: Currently, 270 McDonald's restaurants in Chile, Argentina and Brazil deliver their oil to be converted into biofuel, representing over 1,000,000 liters of oil to date.



A HOLISTIC APPROACH TO RECYCLING OIL: BULK COOKING OIL DELIVERY AND COLLECTION



Tom Covelli
Senior Director, Distribution & Logistics, McDonald's USA

OBJECTIVE: Always looking to improve efficiency in restaurant operations, McDonald's USA sought a way to improve the efficiency of new cooking oil distribution and collection of used oil.

SOLUTION: Starting nearly 10 years ago with supplier RTI, McDonald's USA began implementing a bulk cooking oil delivery and retrieval program. This program includes delivery of fresh cooking oil to the restaurants in bulk via a portal on the exterior of the restaurant to a large tank in the store. At the same time, waste oil is collected from a separate tank and taken back to a larger distribution facility where it is sold for re-use to a variety of vendors, including biodiesel companies. Today nearly 75% of the eligible U.S. restaurants are enrolled in this program, representing more than 7,800 U.S. restaurants. Additional restaurants are being converted as infrastructure advancements develop.

RESULTS: Today, the average U.S. restaurant participating in bulk oil collection recycles nearly 13,000 pounds (1,700 gallons) of used cooking oil per year. In addition to more efficient restaurant operations, significant amounts of plastic and corrugated packaging have been eliminated because cooking oil no longer needs to be delivered in 35 pound plastic jugs in corrugated boxes or "Jibs". This eliminates the creation of packaging in the first place and keeps additional packaging waste from going to the landfill.

TODAY THE AVERAGE U.S. RESTAURANT PARTICIPATING IN BULK OIL COLLECTION RECYCLES NEARLY 13,000 POUNDS (1,700 GALLONS) OF USED COOKING OIL PER YEAR



TRAIN + TRUCK: A WINNING COMBINATION



Rolf Huwyler
Environmental Manager

OBJECTIVE: Trucks and railcars are natural partners in the fight against environmental pollution. Loading truck containers onto rail not only reduces CO₂ and particle emissions, it also controls logistics risks and traffic congestion – a major cause of air and noise pollution.

SOLUTION: HLS, the logistics provider for McDonald's Switzerland pioneered this approach of combining rail and road as early as 1996. A specially designed handling system makes transferring between road and rail a breeze. Truck use is limited to delivery from the rail station to the restaurant. The final goal is to have all restaurants located no more than 150 km from the nearest distribution center supplied by combined rail/road transport.

RESULTS: Nearly half of all logistic distance traveled is by rail. No trucks have crossed the Alps since 2003 to supply McDonald's Switzerland restaurants. Finally, this program's added benefit is a guaranteed annual cut in costs as truck transport taxes in Switzerland continue to increase.

100%

OF TRUCK TRANSPORT RUNS FOR MCDONALD'S AUSTRIA ARE POWERED BY HOMEGROWN BIODIESEL



FROM TABLE TO TANK: "HOMEGROWN" BIODIESEL



Klaus Galle
Director, GUT/Galle Umwelttechnik, Austria

OBJECTIVE: Always on the lookout for ways to reduce its impact on the environment, McDonald's Austria jumped at the chance to recycle its used cooking oil as biodiesel for use in truck transport.

SOLUTION: In 2001, SDL – McDonald's Austria's logistics partner and distributor – launched a pilot biodiesel project, proposing to recycle used frying oil as an alternative to the fossil fuels commonly employed in transportation. The 3-step process sounds amazingly simple! SDL delivers frying oil to the restaurants, collects and treats the used oil, and delivers the resulting biodiesel to the SDL filling station. The pilot project was so successful that McDonald's Austria's entire 15-truck fleet went "green" in 2002, powered only with "homegrown" biodiesel. In 2006, SDL delivered over 1.8 million liters of oil to the 162 restaurants in Austria, collected more than a million liters of used oil, and produced over 786,000 liters of biodiesel. SDL used over a third of this in McDonald's trucks.

RESULTS: SDL has become one of the most environmentally sound truck fleets in Europe. The results in just four years speak for themselves.

- 1.3 million liters of fossil fuel saved
- CO₂ and SO₂ emissions dropped by 2.3 million kg and 4,000 kg respectively
- 28,000 Euro saved in energy costs



KLAUS GALLE • DIRECTOR, GUT/GALLE UMWELTTECHNIK, AUSTRIA

This is the veritable "Closing of the Recycling Loop" to deliver the new frying oil to McDonald's restaurants by SDL trucks powered with biodiesel recycled from used restaurant frying oil. Closing the loop was ground breaking and made possible only by teamwork. The project was successful because all concerned – from the restaurants to the biodiesel producers – worked closely together. Many comparable companies stopped their tests prematurely and returned to fossil fuel. SDL and McDonald's didn't, and can be called pioneers in this area.



TRAVELLING BY TRAIN



Rolf Huwyler
Environmental Manager

OBJECTIVE: Switching from car to public transport helps to save costs, contributes to the reduction of CO₂ emissions and is safer and less strenuous – good reasons for McDonald's Switzerland to encourage its company car users to do so.

SOLUTION: McDonald's Switzerland offers free half price tickets for public transport to all administration staff and free public transport, car sharing subscriptions and financial incentives to company car owners willing to do without or with a reduced car budget. Company car owners ordering a new car are asked to consider choosing one of the hybrid and eco fuel models available. All company cars are required to have energy class A or B and particle filters are mandatory.

RESULTS: McDonald's Switzerland is aiming to reduce the driving distance of their company cars by at least 10% and to reduce the mineral oil fuel consumption by at least 10% by the end of 2009.



SUSTAINABLE TRANSPORTATION CALLS FOR A HOLISTIC STRATEGY



Christoph Thünemann
HAVI Global Logistics (formerly Alpha Group)

OBJECTIVE: As McDonald's main logistic partner in Europe, HAVI Global Logistics is on the front lines in the fight to improve environmental performance.

SOLUTION: HAVI Global Logistics implemented a multi-faceted strategy, acting on resources, planning and behavior. In Germany, Switzerland and Austria, they have standardized the use of alternative fuels and natural gas. In many other countries, HAVI Global Logistics is making ground-breaking efforts for the use of alternative fuels as well. For its employees HAVI provides training in energy saving driving techniques and the company's trucks are among the most environmentally sound in Europe. HAVI Global Logistics has also put in place an IT-based route optimization tool and developed double-deck and extra long EuroCombi trucks with separate temperature control levels to maximize capacity. Needless intermediate transport and food safety risks are a thing of the past in Food Towns, where suppliers of high volume products (such as bread and meat) are located wall to wall to the Distribution Center.

RESULTS: Logistic efficiency, defined as diesel consumption per restaurant served, has increased steadily since 2001.



COMMUNICATIONS

LET'S BE FRANK

Providing information is beneficial in many ways. Most importantly, it earns our customers' trust. It also helps us to fully understand the effects of our business and take measures to improve. A meaningful communications strategy opens doors and minds.



HELPING KIDS TO HELP ENDANGERED ANIMALS



Else Krueck

Director Environment & Corporate Social Responsibility, McDonald's Europe

OBJECTIVE: Kids love to play. They are eager to learn and as research shows they are increasingly concerned about the environment. McDonald's Europe wanted to launch a Happy Meal programme that would help our youngest customers to learn about the environment and contribute to its protection.

SOLUTION: In partnership with Conservation International (CI), McDonald's Europe developed a Happy Meal focussing on environmental protection. The programme features eight selected animals designed to build awareness of endangered species and encourage kids to contribute to the protection of the environment. The programme includes toys, activity kits and a dedicated website (www.fragileplanet.eu). As part of the programme McDonald's Europe made a one million Euro contribution toward CI's efforts to secure long-term protection of vital habitats in critically important tropical forest areas.

RESULTS: The Endangered Animals Happy Meal proved to be a good opportunity to underline McDonald's own environmental commitment and demonstrate what we mean by going "from doing less harm to doing more good" in our efforts. With the program we continued our now almost 20 year partnership with CI, a partnership that is extensively featured on the NGO's homepage (www.conservation.org).

1,000,000€

CONTRIBUTION BY MCDONALD'S
EUROPE TOWARDS CONSERVATION
INTERNATIONAL'S EFFORTS



**GLENN PRICKETT • EXECUTIVE DIRECTOR,
CONSERVATION INTERNATIONAL'S CENTER FOR
ENVIRONMENTAL LEADERSHIP IN BUSINESS**

"At Conservation International, our approach to preserving the earth's biological riches is based on the premise that no organization can get the job done alone. Our steadfast belief is that together we can make a difference. Since becoming CI's first corporate partner in 1990, McDonald's has worked closely with CI to develop global supply chain policies and programs to advance environmental responsibility around the world and to educate children on environmental protection. Together, McDonald's and CI have supported conservation initiatives worldwide including the protection of some of the earth's most threatened tropical forests in Cambodia, Sumatra and the Congo."

ENGAGING OUR EMPLOYEES AND CONSUMERS ON CLIMATE CHANGE



Hiroaki Okano
Corporate Social Responsibility Lead,
McDonald's Japan

OBJECTIVE: In line with its broader environmental commitment, McDonald's Japan has a strong consumer and employee engagement platform on climate change. The company participates in the Japanese government's Team Minus 6% program to reduce CO₂ emissions by 1kg per person per day.

SOLUTION: McDonald's Japan provided a discount to customers who registered to participate in the 1Kg CO₂ Reduction per Person, per Day program in 2007 and 2008. Using a variety of communications vehicles, including in-store trayliners, the campaign also received significant media attention across the country.

RESULTS: During the initial campaign in 2007, the company was able to help raise the number of registered participants in the Team Minus 6% program from 40,000 to 380,000. In addition to this communications and engagement effort, McDonald's Japan has also implemented multiple energy saving methods in their restaurants, including voltage depression controls and demand monitoring equipment to successfully reduce CO₂ emissions per restaurant by approximately 10% since 2005.



UP TO INTERNATIONAL STANDARD



Tomasz Kurpiewski
Environment & Internal Audit Manager, McDonald's Poland

OBJECTIVE: McDonald's Poland wanted to take a leadership position on environmental issues and sought to certify the environmental efforts of its company operated restaurants to a high international standard.

SOLUTION: In 2004, McDonald's Poland validated all company operated restaurants to the internationally recognised standard ISO 14001. The certification was successfully renewed twice since 2004 and in addition, external audits in accordance with ISO 14001, are carried out every year. The certificate confirms that McDonald's Poland company operated restaurants are complying with the highest standards of environmental management and legal requirements.

RESULTS: The certification greatly contributed to the strengthening of McDonald's leadership position in this critical area, and led to a significant increase of trust among key stakeholders, as it is the only restaurant chain in Poland to have received the ISO 14001 certificate for the whole system.



LIGHTS OUT IN SUPPORT OF THE ENVIRONMENT



Amy Lawrence
Corporate Communications Manager

OBJECTIVE: In line with McDonald's Australia's commitment to environmental responsibility, the company seeks creative ways to partner with both employees and consumers to engage in energy efficient practices.

SOLUTION: McDonald's Australia has been a supporter of World Wildlife Fund's Earth Hour since its inception in 2007. In the first year, the company's Sydney restaurants participated in the event and in 2008, restaurants across Australia switched off their Golden Arches in support of what had grown to be a truly national and even international event.

RESULTS: In 2009, McDonald's Australia ramped up its efforts to create awareness of Earth Hour among employees and consumers through a variety of channels, including in-restaurant trayliners and other print communications. While largely a symbolic event, the company's continuing participation in Earth Hour is a clear and positive symbol of its commitment to the environment and to partnering with environmental experts to find more sustainable ways of doing business.



ONE HOUR LIGHTS-OFF



Carla d'Andrea
Environment Coordinator, McDonald's Italy

OBJECTIVE: McDonald's Italy is raising awareness for the environment by participating in the national Energy Saving Day.

SOLUTION: In 2007 and 2008, McDonald's Italy joined the energy saving campaign of the popular Radio 2 program "Caterpillar". On Energy Saving Day, the program asks the Italian public to reduce energy consumption during the show's airtime from 6 to 7:30 pm. 200 McDonald's restaurants participated by turning off the lights in the lobby, replacing them with candles. During the one hour 'lights-off', hostesses and restaurant managers explained the campaign to customers and a McDonald's licensee was given the opportunity to speak on the radio program.

RESULTS: Being part of this well received campaign resulted in important energy savings while raising the awareness of energy saving measures with consumers. In 2008, the 200 McDonald's restaurants which participated saved a total amount of 24,000 kw energy and reduced CO₂ equivalent emissions by 15,600 kw.



CLICK ON ENVIRONMENT



Sophie Boucher
Environment Coordinator, McDonald's France

OBJECTIVE: McDonald's France looked for a way to easily and extensively feature the company's environmental policy and activities online in order to highlight the environment as one of their key priorities.

SOLUTION: In 2008, McDonald's France relaunched the company's website (<http://www.mcdonalds.fr/>). Now, the environment section is directly accessible from the main menu. The section's extensive content is user-friendly and divided into clearly arranged categories. Some parts are new, such as the blog with news from Environment and Sustainable Development Director Delphine Smagge or the animated "map of initiatives", giving an overview of the company's environmental activities. Users visiting other sections, such as "Find a restaurant" or "Our products", are invited to access environmental information via a dedicated logo.

RESULTS: In January 2009, a survey will be carried out to give information on the quality and number of hits the website is receiving.

LATIN AMERICA CELEBRATES EARTH HOUR

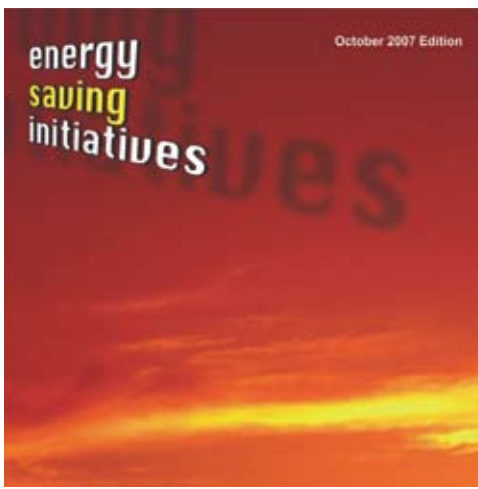


Flávia Vigio
Corporate Vice President, Communications
Arcos Dorados - Latin America

OBJECTIVE: World Wildlife Fund (WWF), the global conservation organization, invited individuals, corporations, governments and organizations around the world to turn off their lights for an hour on March 28, 2009 to raise awareness of concerns related to climate change and demonstrate their commitment to finding solutions.

SOLUTION: Arcos Dorados, McDonald's developmental licensee in Latin America, decided to join the campaign in Argentina, Brazil, Chile, Colombia, Costa Rica, México, Panama, Puerto Rico, Peru, Venezuela and other countries in the region. The company continually reduces the use of natural resources, with a focus on reducing consumption of water and energy. Lights were turned off for an hour in all McDonald's restaurants in these Latin America markets for this event.

RESULTS: The Earth Hour, or in Spanish, La Hora del Planeta, was an important step in generating additional awareness for climate change and the steps organizations and individuals can do to reduce their energy use.



TO KNOW IS TO SAVE



Peter Schroeder
Environment Consultant, McDonald's UK

OBJECTIVE: McDonald's UK supports franchisees' efforts to save energy and costs by providing information and guidance.

SOLUTION: In 2007, McDonald's UK published the energy savings initiatives booklet. It contains details about the latest energy efficient equipment choices available or being tested in the UK. Not to be missed are the six fundamental checks to be carried out twice a year on the restaurants' air-conditioning systems to ensure efficient operation.

RESULTS: A first and updated second booklet were issued in 2007, both receiving positive feedback. On each occasion, 300 copies were sent to the franchisees.



WELCOME INFORMATION



Delphine Smagge
Environment and Sustainable Development Director

OBJECTIVE: McDonald's France's answer to questions stakeholders may ask is the EcoJournal. Its objective is to raise environmental awareness among employees and provide information to the public.

SOLUTION: Launched in 2006, the EcoJournal was designed as an internal tool for the 270 franchisees in France. The attractive newspaper format annual report covers environmental issues about the restaurants and the many activities of McDonald's France. Independent auditors verify the data.

RESULTS: The EcoJournal was enthusiastically received by employees as well as by external stakeholders. The general opinion expressed was: "We didn't know how active and committed the company is." The report proved to be successful in spreading best environmental practices and opening doors to NGOs and authorities.



FREE ENERGY SAVING KIT



Carla d'Andrea
Environment Coordinator, McDonald's Italy

OBJECTIVE: With an unusual promotion campaign, McDonald's Italy helped its customers to save energy at home.

SOLUTION: McDonald's Italy cooperated with an energy supplier to offer their customers a free energy saving kit. The kit included a low consumption light bulb and a waterflow-reducer. The customers just had to fill out a short form in the restaurant and within a couple of days they received the kit from the energy supplier.

RESULTS: The campaign proved to be a success with the customers of the 170 restaurants participating. 200,000 energy saving kits were distributed to consumers during the campaign.



MCDONALD'S GOES TO SCHOOL

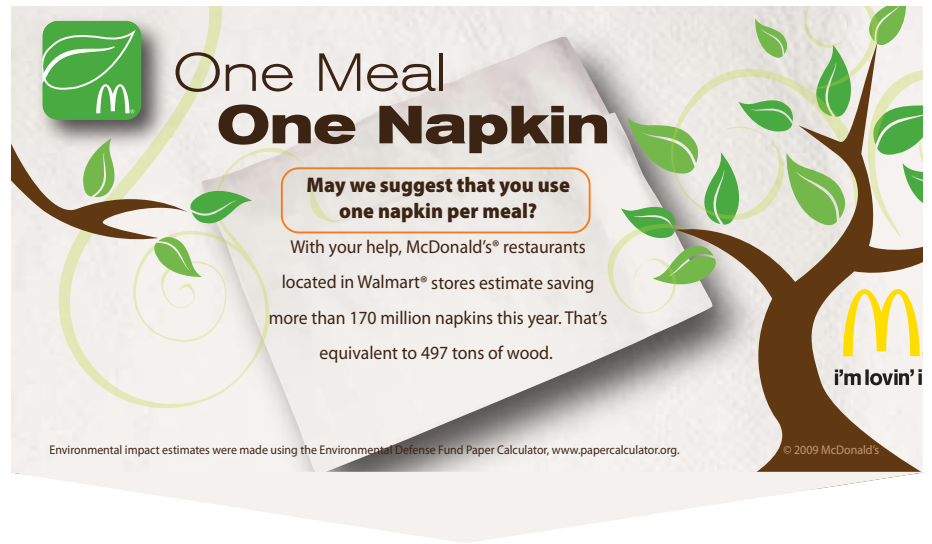


Birgit Hoefler-Schwarz
Environmental Specialist

OBJECTIVE: McDonald's Germany helps pupils learn about the environment. Providing teaching materials shows good corporate citizenship and is an opportunity to start a dialogue with schools and authorities.

SOLUTION: McDonald's Germany offers secondary schools a set of interdisciplinary learning materials focusing on environmental issues and giving McDonald's best practice examples. "Um Welten besser", a package containing print materials and a DVD, reaches out to pupils aged 11 to 15 years.

RESULTS: Since 2003, three editions of "Um Welten besser" were issued and more than 20,000 files were either sent out to schools or downloaded from the Web. Feedback was very positive, many valuable contacts were made, and sustainable relationships built.



ONE NAPKIN ONLY, PLEASE



Ross Oakland
Operations Manager, McDonald's in Walmart



Lori Miller
Director, McDonald's U.S. Stakeholder Engagement

OBJECTIVE: Reducing resource consumption is a priority that we all can support—in our operations and through our own actions. One way to do this is through communication to our customers and crew in our stores – promoting environmental awareness and simple practices that customers and crew can incorporate into their behavior to reduce waste.

SOLUTION: In collaboration with Walmart's Earth Month, beginning in April, 2009, McDonald's USA restaurants located in Walmart stores began executing a "One Meal, One Napkin" initiative to reduce waste and promote environmental awareness. McDonald's employees provide only one napkin per meal to customers at the front counter, and through signage on the tables and at the napkin dispensers, encourage customers to take only one additional napkin as needed. While Walmart's Earth Month ends in April, these collective environmental efforts will continue indefinitely, and McDonald's will strongly encourage U.S. crew and managers to continue the "One Meal, One Napkin" initiative through the end of 2009.

RESULTS: While simple in its approach, the "One Meal, One Napkin" initiative will reduce waste and promote environmental awareness with McDonald's crew and customers. As a result of "One Meal, One Napkin," the nearly 1,000 McDonald's U.S. restaurants in Walmart stores anticipate savings of more than 170 million napkins per year, equivalent to 497 tons of wood.*

* Environmental impact estimate made using the Environment Defense Fund Paper Calculator, www.papercalculator.com

AS A RESULT OF "ONE MEAL, ONE NAPKIN," THE NEARLY 1,000 MCDONALD'S U.S. RESTAURANTS IN WALMART STORES ANTICIPATE SAVINGS OF MORE THAN 170 MILLION NAPKINS PER YEAR, EQUIVALENT TO 497 TONS OF WOOD



FROM TARGET TO ROLE MODEL



Rolf Huwyler
Environmental Manager

OBJECTIVE: McDonald's Switzerland discovered early the many benefits of sharing knowledge with its stakeholders. The sophisticated reporting system it designed ensures continuous improvement and flow of information.

SOLUTION: In 2008, McDonald's Switzerland published its first combined Environment and CSR report. Previously, the company kept its external and internal stakeholders informed by publishing an environmental report every two years. The Swiss reports are developed using a large database and are validated by independent external auditors. The backbone of their report is data collected by "McGreen", the ISO 14001 based environmental management system. It provides key figures and measurable targets. McDonald's Switzerland monitors environmental governance through multiple institutions, such as the Environment Action Team - responsible for setting the environmental policy, defining the strategy and reviewing targets - and the McGreen Team - responsible for implementation, training and auditing.

RESULTS: The benefits of the reporting system are many. For instance, notable cost savings in energy and waste management were achieved and the system ensures continuous improvements as well as helps to ensure compliance with environmental laws. Reporting led to well informed influential stakeholders and paid specific attention to critical stakeholder issues. Moreover, it helped McDonald's Switzerland to improve its image and cease being the target of negative media coverage. It also proved to be an excellent internal management tool by supporting communications with restaurant managers, franchisees and suppliers.

MCGREEN IS AN ENVIRONMENTAL MANAGEMENT SYSTEM BUILDING ON INFORMATION SHARED BY ALL STAKEHOLDERS



ROLF HUWYLER - ENVIRONMENTAL MANAGER, MCDONALD'S SWITZERLAND

Back in the 1980's and 90's, McDonald's Switzerland was a preferred target for negative media coverage relating to the environment. Our response was to shift from a reactive to a proactive sustainability strategy, to confront the issues and finally, to publish this continuously in environmental reports. The key was to set up a strong database to communicate on real figures, set measurable targets and become accountable. This helped us engage with relevant national stakeholders. And it helped franchisees and restaurant managers dialogue with their local stakeholders.



GREENING THE RESTAURANTS

BUILDING ON INNOVATION

Why waste energy and drinking water? Why spend money that could be saved by increasing the efficiency of restaurant buildings? There are many ways to improve on both financial and environmental performance and we are learning by doing.



TOP IDEAS UNDER ONE ROOF



Stephen Douglas
ERDDS, McDonald's Europe

OBJECTIVE: Restaurant buildings offer great potential for improvement. It is our goal to achieve this and leverage ensuing benefits.

SOLUTION: McDonald's restaurants in many European countries are very creative when it comes to reducing their buildings' environmental impact. Many different measures have been undertaken, and now is the time to identify the most successful in order to share them. The "Green Buildings Guidelines", to be launched at the beginning of 2009, will feature top measures to increase a building's efficiency while reducing costs. The guidelines are being based on data from various European restaurants and will be validated by an independent third party.

RESULTS: Throughout Europe, we see a wide range of activities. To name just a few: The installation of solar panels, windmills, and heat recovery systems, also the use of recyclable building materials and odor filters. Let us not forget unique projects such as: Green City, the McDonald's UK Environmental Sustainability Initiative in Sheffield, where eleven restaurants send their waste to an energy recovery facility and test environmentally friendly technologies, and the Green Zone in Umea/ Sweden, a building project developed to conserve natural resources without compromising function or comfort. In Umea, customers find an eco-designed roadside area providing car service facilities with a food store and a McDonald's restaurant.

800

RESTAURANTS IN EUROPE WILL BE REMODELED IN 2009, SHOWING A STRONG DRIVE TO IMPROVE ENVIRONMENTAL PERFORMANCE



STEPHEN DOUGLAS * DIRECTOR, PILOTS & IMPLEMENTATION ERDDS, McDONALD'S EUROPE

What we see across Europe is a strong will to improve the environmental performance of our restaurants. The remodeling of around 800 restaurants in 2009 affords us a fantastic opportunity to do so. The impact that our construction teams can have on our environmental credentials cannot be underestimated.



ALL IN ONE



Sophie Boucher
Environment Coordinator, McDonald's France

OBJECTIVE: The McDonald's restaurant in Plaisance-du-Touch is the embodiment of the company's vision for the environment and an indicator of its approach toward eco-efficient restaurant building.

SOLUTION: McDonald's France built a restaurant that is eco-designed in every aspect, from landscaping to interior design. In Plaisance-du-Touch all eco-technologies tested and approved by McDonald's France can be found in a single restaurant.

RESULTS: The restaurant is equipped with geothermal technology, photovoltaic panels, energy efficient lightning and dry urinals, to name just a few of the many energy efficient devices installed. The colours, materials and illustrations chosen for interior decoration carry the environmental theme to encourage customers to adopt environmental good practices.

During the building process, care was taken to reduce waste and emissions and eco-friendly construction materials were used, including tepid coated material, clinker, certified wood and glazing with reinforced heat insulation. The restaurant is McDonald's France's response to the government's 'Grenelle de l'environnement'-policy aiming to reduce energy consumption and emissions of greenhouse gases.

STRIVING TOWARD GREENER CONFINES IN BRAZIL



Dorival Oliveira
Engineering Director, McDonald's Brazil

OBJECTIVE: Since McDonald's operations were initiated in Brazil, the company has worked to introduce actions that become the benchmark across and beyond the quick service industry. One example of this leadership in action is the recently completed green restaurant in Sao Paulo, a testament to the company's commitment not only to the future, but also to the quality of life today. The new green restaurant is a test cell for new eco-friendly technologies. Arcos Dorados (McDonald's developmental licensee in Latin America) will continue to take the lead in adopting the world's most advanced construction, operation and maintenance practices.

SOLUTION: McDonald's first Green Restaurant in Latin America was opened in December 2008. It combines the best environmental practices from existing restaurants into a single project – the most efficient applications for efficient use of water and electricity, innovative sustainable building solutions, and use of renewable and regionalized production materials.

RESULTS: The restaurant's combined features are projected to result in annual savings of 217,000 liters of water and a decrease of 14% in energy consumption annually.

“I'M PROUD OF BEING A PART OF THIS HISTORICAL MOMENT OF THE COMPANY. IT'S GREAT TO BE THE PRECURSOR OF THIS NEW CATEGORY OF RESTAURANT IN WHICH THE COMPANY IS INVESTING.”

ROBERTO PESTANA, ARCOS DORADOS OPERATOR



MCDONALD'S CANADA'S FIRST GREEN RESTAURANT



Claude Massicotte
Regional Construction Manager - Eastern Region



Sylvain Godard
National Director Construction & Design

OBJECTIVE: Like many other markets within the McDonald's System, McDonald's Canada is exploring the potential environmental and economic advantages of sustainable restaurant design and features.

SOLUTION: In December 2008, the first Canadian McDonald's restaurant built to LEED specifications was completed in Beauport, Quebec by owner/operator, Guy Dionne, in partnership with the Canadian Green Building Council.

RESULTS: The restaurant features many innovative sustainable design features, including a solar wall for the preheating of fresh air in the winter; an Electrical Energy Optimizer System; use of FSC-certified (Forest Stewardship Council) wood materials; and bicycle storage and changing rooms/showers for employees.



CREATING A GOLD STANDARD FOR GREEN DESIGN



John Rockwell
Sustainability Manager - U.S. Restaurant Design

OBJECTIVE: McDonald's USA is committed to better understanding the benefits of green restaurant design through testing, piloting and implementing sustainable and energy efficient elements into our new and remodeled restaurants. These elements can have a positive benefit to the environment, enhance our corporate image as an industry leader, resonate with our customers and restaurant staff, provide measurable returns, and integrate well into our restaurant system and operations.

SOLUTION: On August 8, 2008, McDonald's USA opened its first corporate-owned pilot green restaurant, and received Leadership in Energy and Environmental Design (LEED) Gold certification on April 28, 2009 through the LEED for Retail pilot, a rating system for green buildings developed by the U.S. Green Building Council (USGBC). In the future, the LEED Volume program could lead to approval of the design and eliminate the need for individual restaurant verification.

Some of the green attributes of the Chicago restaurant include energy-efficiency equipment and lighting, potentially reducing overall energy use by approximately 22%; high efficiency plumbing fixtures, potentially reducing water use by approximately 40%; and permeable pavement and rainwater collection for irrigation.

RESULTS: This "green building lab" in Chicago will help McDonald's USA refine its green building strategy and gain information on costs, payback, and return on investment for demonstrated technologies and practices to be incorporated into future restaurants.

The U.S. Restaurant Design team in the U.S. now has 14 LEED accredited professionals on staff, paving the way to further capitalize on future opportunities of sustainable design and development.

JOHN ROCKWELL AND U.S. GREEN BUILDINGS

U.S. Restaurant Design is interested in understanding a green building through the design, construction, and operation of the restaurant. Our Chicago project was designed from a typical U.S. 'prototype' building and modified to meet the guidelines of the U.S. Green Building Council LEED rating system. The intent is to learn about alternative building elements and practices that can be scalable, remain relevant to our customers, and have a reduced impact on our customers. A third party verification benchmark is important to making a green building relevant to the marketplace, so we chose the LEED rating system. Our process is helping us make environmentally and economically sound decisions now and for the future.





NO MORE WATER DOWN THE DRAIN



Rolf Huwyler
Environmental Manager

OBJECTIVE: In most areas of Europe, we are lucky to have plenty of drinking water. But it is one of the most precious resources and McDonald's Switzerland finds this a good reason not to waste it.

SOLUTION: To lower fresh water consumption, McDonald's Switzerland installed Urimat dry urinals in all its restaurants. With its special siphon and large-scale float, this system neutralizes all odors and is eco-friendly.

RESULTS: The Urimat dry urinals help McDonald's Switzerland save about 28 million liters of water each year. This corresponds to a good 10 per cent of their total fresh water requirement, and therefore a corresponding saving of its costs.

A CLEAN SOLUTION



Mats Hornell
Development Director, McDonald's Sweden

OBJECTIVE: The McDonald's standard of hygiene is high. McDonald's Sweden knows how to achieve it with fewer detergents.

SOLUTION: In many McDonald's restaurants in Sweden, mainly water and only a very limited amount of detergent are used for cleaning. This is possible thanks to a special dirt and dust absorbing microfiber cleaning cloth.

RESULTS: The restaurants now use about 30% less detergent, without increasing water consumption.



WATER CONSERVATION IN AUSTRALIA



Tally Otewi
National Projects Manager - Design, McDonald's Australia

OBJECTIVE: While McDonald's Australia has implemented a number of green building initiatives, one area the company is currently focusing on is water retention and landscaping policies at the restaurants. These actions address the company's environmental concerns, as well as impacts related to the drought that has affected most of the country.

SOLUTION: McDonald's Australia has implemented a variety of water conservation technologies in the restaurant to reduce the use of water, including low flow spray nozzles, dual flush toilets, and extensive native landscaping and water conservation improvements through smart irrigation practices.

RESULTS: Design Guidelines were drafted to educate contractors and field personnel on issues such as water conservation, the use of native and drought-resistant plantings, and advanced stormwater retention methods. They also seek to reduce irrigation and maintenance costs and build awareness of our commitment to addressing the drought conditions and broader environmental impacts in Australia among the public. For example, Australia's landscaping guidelines direct that tanks should be visible to the public (to communicate our awareness and action on water conservation) and be large enough to store 4 weeks of irrigation water.

OVER A 20 YEAR PERIOD, WATER TANKS CAN SAVE ALMOST 4 MILLION LITERS OF WATER



GREENER CLEANING IN MCDONALD'S USA

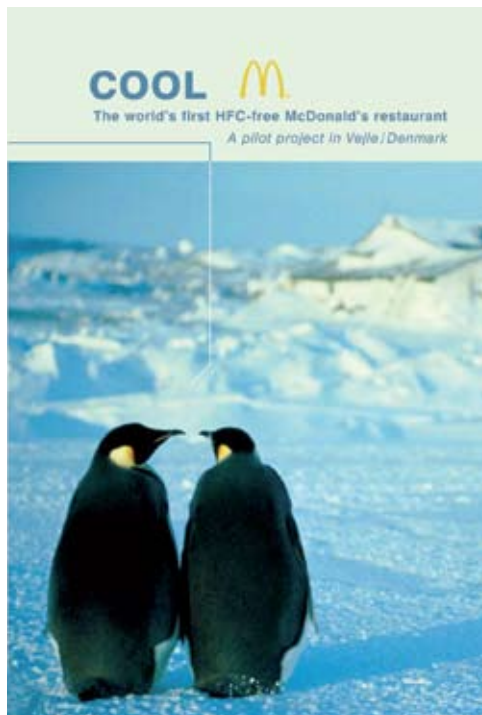


Greg Wilson
Manager, U.S. Operations

OBJECTIVE: The next generation of McDonald's cleaning and sanitation systems was designed to make a bigger impact on restaurant operations through improved dispenser reliability, simplified operations, enhanced cleaning and sanitation and improved impact on the environment.

SOLUTION: Ecolab partnered with McDonald's to provide a more sustainable cleaning program through the use of the KAY® SolidSense™ Cleaning System. This system utilizes solid blocks of concentrated cleaning products that are automatically mixed with water for washing and sanitizing wares at the back sink and for floor cleaning.

RESULTS: Through the use of the SolidSense System, McDonald's USA restaurants have maintained their stringent sanitation standards, while improving overall sustainability. The innovative packaging reduces landfill waste by 187 tons annually, and since the solid products are 99% water free, 775,000 gallons are eliminated from the production process each year. The SolidSense system combines a range of benefits into a simple to use system that helps improve crew/customer safety, reduce energy and water use and packaging waste. This system will be in nearly all U.S. restaurants by the middle of 2009 and Canada should be completed by the end of 2009.



IT'S COOL TO BE GREEN



Pascal Bataille
Equipment Director, McDonald's Europe

OBJECTIVE: As early as 1987, McDonald's phased out the potent greenhouse gas CFC in its packaging. More than a decade later, our promotion of HFC-free refrigeration technology makes us once again an innovative leader in our industry.

SOLUTION: In 2003, McDonald's opened its first HFC-free restaurant. The demand for HFC-free equipment and our test restaurant in Vejle/Denmark challenged suppliers to find acceptable alternatives to conventional refrigeration technology. The restaurant is equipped with appliances operating on natural refrigerants such as Propane, Isobutane, and CO₂. All HFC gases harming the ozone layer and contributing to climate change are eliminated.

RESULTS: From the start, the tests in Vejle showed very promising results. Compared with restaurants equipped with conventional technology, the pilot restaurant consumes about 12% less energy and its Total Equivalent Warming Impact (TEWI) is on average 27% lower. Emissions are reduced by 25 tons of CO₂ equivalents per year.



GREENING THE WORKPLACE

EFFICIENT BUILDINGS, EFFICIENT EMPLOYEES

It's not all about what happens in our restaurants. Engaging our employees on the environment and making our offices more efficient and environmentally friendly makes us a stronger company and a stronger brand.

58%

OF MCDONALD'S GLOBAL HEADQUARTERS WASTE TARGETED FOR LANDFILLS WAS DIVERTED THROUGH ENHANCED RECYCLING EFFORTS



DONNA PARA, SENIOR DIRECTOR, FACILITIES AND SYSTEMS

By working through the LEED® certification process, we were able to document that maintaining an environmentally friendly workplace can be cost effective. The benefits associated with this effort are ongoing, with positive impacts on our employees, our budgets and the environment. This third party assessment by the U.S. Green Building Council was a great validation for our workplace sustainability efforts.



SUSTAINING EMPLOYEE WORK EFFORTS



Donna Para
Senior Director, Facilities and Systems

OBJECTIVE: McDonald's strives to provide eco-friendly workplaces that are aligned with the company's sustainability goals and demonstrate environmental stewardship in the workplace. Greener office facilities lead to reduced resource and landfill waste, savings in building operating costs and enhanced employee pride and satisfaction.

SOLUTION: Using the Leadership in Energy and Environmental Design (LEED) rating system developed for Existing Buildings (LEED EB) by the U.S. Green Building Council, the Home Office facilities team at McDonald's Global Headquarters in Oak Brook, IL took a systematic approach to establishing baseline measures for seven key workplace assessment areas. LEED certification documentation was compiled during a six-month performance period between January and June of 2008 and baseline LEED EB assessments were completed for all three Global Headquarter buildings. Based on the assessment results, the initial certification effort targeted the 20-year old Campus Office Building (COB).

RESULTS: The Campus Office Building (COB) received LEED EB Platinum Certification, the highest certification level possible. The COB building is one of the oldest buildings to receive this certification. Sustainable building enhancements made during the certification process have resulted in clear financial and environmental benefits. For example, energy utilization in the building, down over 7%, is at its lowest level in five years, helping to offset rising utility costs. In addition, through enhanced recycling efforts, over 58% of COB waste targeted for landfill was diverted, which has helped control disposal costs and reduce our environmental impact.



GETTING TOGETHER THE SUSTAINABLE WAY



Julie Larson
Project Manager, Meetings & Events

OBJECTIVE: Over 13,000 McDonald's owner/operators, staff, and suppliers from around the world convene every other year to reflect on recent successes and challenges, share best thinking and practices and to discuss our vision for the future. Given the significant environmental implications of such a large event, a cross-functional team worked to efficiently manage the environmental impacts of the 2008 Worldwide Convention in variety of ways.

SOLUTION: The green convention team was formed in 2007 to factor the environment into convention-related decisions. Before, during, and after the Convention, decisions and actions were made with a sustainable mindset. For example, exhibitors were asked to consider the environment in all phases of booth development and all pre-registration was conducted electronically. In the food and beverage area at convention, menus were planned to reduce waste, and all cups, plates and cutlery were biodegradable and emphasis was placed on reducing the amount of trash generated at the event by use of water coolers and bulk items. The stage set used for the General Sessions was rented so that it could be re-used, and all 17 Convention hotels completed environmental scorecards detailing their green initiatives.

RESULTS: The 2008 McDonald's Worldwide Convention was the most environmentally friendly convention in McDonald's history. Nearly 70% of the waste removed from the Convention site was diverted from landfill due to recycling and other efforts, equating to approximately 244 tons of trash that were kept out of a Florida landfill. In addition, bottled water consumption was reduced by 25%. All of these accomplishments were achieved at no additional cost to the company.



EMPLOYEES ENGAGING ON THE ENVIRONMENT



Robin Worden
Manager, Facilities and Systems



Cindy FitzGerald
Manager, Facilities and Systems

OBJECTIVE: Employee engagement is key to driving behavioral changes that will result in positive environmental impacts. To enhance environmental awareness and accountability among employees, McDonald's Corporate has launched several efforts to engage employees on the issues and encourage them to minimize their individual impacts, both at work and at home.

SOLUTION: This multi-pronged initiative includes the formation of a volunteer "Green Team," quarterly educational lunch and learn sessions, an annual "Green Week" employee event, the launch of an internal "Green and Growing" website and ongoing intranet communications highlighting ongoing sustainability efforts and results achieved.

RESULTS: In 2008, 71% of surveyed Home Office employees indicated that a green workplace was very important to them, and 91% were satisfied with McDonald's current efforts to green the workplace. Participation in Green Week activities in 2008 increased 150% over 2007 and in 2009, Green Week has been expanded to a "Green Month" planned for June, 2009, including a variety of activities scheduled throughout the month.

150%

PARTICIPATION INCREASE IN GREEN WEEK ACTIVITIES IN 2008 OVER 2007



SUSTAINABLE FOOD

DOING THE RIGHT THING

Working with our suppliers to proactively manage supply chain sustainability impacts in a positive way, we can be a sustainability leader. By facilitating realistic solutions to complicated issues, we can improve brand trust among consumers and other public stakeholders, and we can support assured supply for the McDonald's System.



GREEN LIGHT FOR FISHERIES



Gary Johnson
Senior Director, Global Supply Chain

OBJECTIVE: Fish is a key ingredient on the McDonald's menu. Given the increasing economic and environmental pressures threatening fisheries, we have both a responsibility and a business interest in doing what we can to source this important resource in a sustainable manner.

SOLUTION: In 2001, McDonald's began working with Conservation International to develop Sustainable Fisheries Guidelines to help our suppliers monitor the conditions of the fisheries supplying the McDonald's System. Currently implemented collaboratively with the Sustainable Fisheries Partnership, the guidelines outline clear, measurable criteria that rate currently approved and potential future fisheries with the latest scientific information. The rating format, based on a stoplight, provides a snapshot of sustainability performance for key source fisheries and helps identify those that need improvement. These standards are consistent with the Marine Stewardship Council's (MSC) principles of environmentally responsible and sustainable fishing.

Our Global Fish Board, a mix of McDonald's supply chain and sustainability leaders, including fish purchasing managers from our local markets, reviews the ratings, investigates alternatives for stressed species and develops recommendations for future species usage.

RESULTS: In 2007, 91% of all McDonald's fish originated from fisheries without any unsatisfactory sustainability ratings. Working with the Sustainable Fisheries Partnership and our suppliers, McDonald's is supporting the remaining fisheries' efforts to improve.

THREE E'S: McDonald's Sustainable Supply Chain Vision



EVALUATING OUR FISHERIES: Our stoplight tool

GREEN	YELLOW	RED
Fishery is well-managed with respect to the relevant criterion.	Management for the criterion is satisfactory but could use improvement. An early warning that something may be amiss.	Urgent need for action.
	Intended to trigger further investigation and, if necessary, work with the fishery to develop and implement a corrective action plan.	Signal to initiate a three-year improvement program, with specific annual milestones. Failure to meet the milestones can result in reduced business and, ultimately, elimination from our purchasing program.



KEEPING SCORE WITH THE ENVIRONMENTAL SCORECARD



Jessica Droste Yagan
Senior Manager, Sustainable Supply Chain

OBJECTIVE: Work with our suppliers to help them become more aware of the resources they are using and drive continuous reduction of environmental impacts in the production process.

SOLUTION: About five years ago, McDonald's began working with Conservation International and some key suppliers to develop an environmental scorecard. The scorecard was completed and put into practice in 2005. It drives greater awareness of resource use and impacts (energy, water, air emissions and waste), with the goal of continuous improvement in these categories.

RESULTS: In 2009, we plan to complete our goal of reaching all of our bakery, beef, poultry, pork, and potato suppliers in our nine largest markets. Most of these markets have already introduced the scorecard, and initial results suggest that it is driving many positive improvements. In Canada, for example:

- All direct suppliers of beef, poultry, potatoes, and bakery products were using the environmental scorecard as of 2007
- 56% showed a decrease in water used per unit of finished product between 2005 and 2006
- 67% achieved a decrease in energy used per unit of finished product between 2005 and 2006
- 100% showed zero air emissions violations in 2006
- 67% showed a decrease in waste production per unit of finished product between 2005 and 2006



COFFEE WITH NO BITTER TASTE



Keith Kenny
Senior Director, Supply Chain Europe, McDonald's Europe



Tracey Jenkins
Purchasing Manager, Australia / New Zealand

OBJECTIVE: Globally, McDonald's serves millions of cups of coffee a day. We want to meet this demand in a sustainable way without compromising on taste, quality or safety. Consumer preferences for coffee vary from market to market, so the approaches used to ensure sustainable coffee supplies differ. However, our standard approach is to work with our suppliers to address sustainability impacts and other considerations.

SOLUTION: As for all products, we work in partnership with our coffee suppliers to address sustainability impacts, and we promote credible certification of sustainable practices in our supply chain.

For example, in January 2007, McDonald's UK became the first major retailer in the United Kingdom to source 100% of its coffee beans from Rainforest Alliance-Certified™ farms (RA). The coffee comes from Kenco, owned by Kraft Foods, and uses a high-quality Arabica bean. The approach has been expanded to all our 40 European markets. All our restaurants throughout Europe now serve premium, freshly-ground coffee from certified sustainable sources such as RA or Utz Certified –Good Inside.

McDonald's Australia announced in May 2008 that it would move its coffee supply for McCafe to Rainforest Alliance (RA)-certified sources with a view to moving all front counter supply in early 2009. Simultaneously, McDonald's New Zealand announced all espresso coffee purchased at McDonald's - front counter and McCafe - would be made using beans from RA-certified farms.

RESULTS: High quality, sustainable certified coffee is available to McDonald's customers, without the premium price.



CHRIS WILLE • CHIEF OF SUSTAINABLE AGRICULTURE, RAINFORREST ALLIANCE

With McDonald's Europe sourcing all of its coffee beans from certified farms, sustainably grown coffee takes a giant leap forward. This new and growing market will directly benefit thousands of farmers and farm workers while protecting the environment. Working with companies like McDonald's is also important because as a business leader, the company's commitment may encourage others to follow suit and source sustainably grown products.



BACK TO THE ROOTS



Keith Kenny
Senior Director, Supply Chain Europe,
McDonald's Europe

OBJECTIVE: To increase our influence along the supply chain back to the primary producer and drive progress in sustainable agriculture.

SOLUTION: McDonald's Europe developed the Agricultural Assurance Program (MAAP) in 2001 in order to improve the quality of the agricultural production of the raw materials used in the supply chain, and to drive sustainable agricultural practices. McDonald's Europe also supports several other sustainable farming initiatives. The Food Animal Initiative (FAI) is a unique project developed in partnership with Oxford University. It aims to address ethical, environmental, and economic challenges of food production. McDonald's Europe also established the Flagship Farm project, which profiles farms demonstrating exceptional and progressive farming methods, for others to follow as beacons of sustainability in our supply chain.

RESULTS: MAAP has been raising farming standards across Europe since 2001 and this continues as the standards evolve and more farms are able to meet them. FAI's programs are widely recognized as being at the forefront of 21st century thinking about the food chain.



HELPING TO PROTECT THE AMAZON



Else Krueck
Director Environment & Corporate Social Responsibility, McDonald's Europe



Flávia Vigio
Corporate Vice President, Communications
Arcos Dorados - Latin America



Bob Langert
Vice President, Corporate Social Responsibility

OBJECTIVE: In 2006, Greenpeace International published a report indicating that the soy used to feed chickens in our supply chain could be contributing to the deforestation of the Amazon Rainforest.

SOLUTION: Since establishing our Rainforest Protection Policy in 1989, we have had a formal commitment against sourcing beef from recently deforested rainforest land. When Greenpeace brought the soya issue to our attention, we invited our suppliers, Greenpeace and other concerned companies to meet and find a solution. With McDonald's Brazil and McDonald's Europe leading the way, a collaborative approach focused on shared goals yielded significant results.

RESULTS: All food retailers involved committed to a zero deforestation plan and the soy traders agreed to a two-year moratorium on producing and sourcing soya from newly deforested land. In June 2008, the same group, with the support of the Brazilian government, decided to extend the moratorium through July 23, 2009. This extension will support the development of a more transparent, independent and enforceable plan for sustainable soya production in Brazil.



SUPPLIER LEADERSHIP

WORKING TOGETHER TO ACHIEVE SUSTAINABLE RESULTS

McDonald's does not actually grow or produce any of the food we sell. So we work closely with our direct suppliers to continuously improve the environmental impacts of our supply chain. They take this responsibility seriously and in many cases, are leading the way toward a more sustainable supply chain.

SUPPLIER SUSTAINABILITY AWARD WINNERS

In recent years, some of our markets have chosen to recognize exceptional sustainability performance by their suppliers. Winners include:

CANADA	PRIDE PAK
U.S.	SMITHFIELD
EUROPE	SEDA ALPHA HAVI GLOBAL LOGISTICS MCCAIN

LEADING THE PAK ON THE ENVIRONMENT



Angelo Karr
Vice President, Pride Pak Canada Ltd.

OBJECTIVE: Energy Conservation, waste reduction and recycling were front and center for McDonald's supplier, Pride Pak, in 2007. They looked to develop innovative and pioneering solutions with positive impacts for both the environment and the bottom line.

SOLUTION: The replacement of an existing chiller with a more energy efficient system resulted in a decrease in kilowatt hours of 2.2% - despite a 12.8% increase in production at this time. Reducing energy consumption resulted in annual savings of over \$61,000. Examples of efforts related to waste reduction include:

- Roll stock waste being tested with a new recycling process that will now keep it out of landfill.
- Corrugated cardboard is recycled and pallets are sold for reuse
- Vegetable waste is sent to farms
- Water recycling
- High efficiency lighting and energy efficient thermostats

RESULTS: Pride Pak demonstrated leadership in the areas of energy conservation, waste minimization and recycling. Their implementation of environmentally savvy projects was beneficial to both the environment and the bottom line.

The annual revenue from these waste reduction and recycling initiatives was over \$40,000 and the annual savings was \$55,000. This supplier is proof that the smallest changes have significant environmental and financial impact.



SMARTER USE OF WATER, BETTER QUALITY POTATOES: McCain Foods Ltd



Ghislain J. Pelletier
Corporate Vice President Agriculture
McCain Foods Limited

OBJECTIVE: Though India is the world's third largest potato producing country, its ability to produce high quality potatoes has been hampered by outdated farming and irrigation practices. Since 2000 - well before McCain built its first processing factory in the Indian state of Gujarat in 2007- the McCain agronomy team has been working with local potato growers to develop sustainable irrigation practices.

SOLUTION: McCain conducted its first solid set (sprinkler) irrigation pilot test in 2002 and partnered with irrigation technology suppliers to conduct further trials over the next several years. McCain conducted training sessions with potato growers and encouraged the local government to establish support programs that would help growers invest in improved irrigation technologies.

RESULTS: The improved irrigation system has proven to yield more potatoes, using less water and less electricity. As a result of McCain's irrigation initiative, McDonalds' potato products in India will be made using locally grown and processed raw materials. McDonalds' Potato products in India will use less water than would otherwise be the case and CO₂ emissions are reduced by shortening the supply chain. In addition, the local community is strengthened and enriched, because they can now grow more crops using the same resources.



Earth Day is April 22nd!

**KeySTAR™ Promotes the Values of Earth Day.
Celebrate Earth Day, EVERY Day With These
Simple Suggestions:**

KEYSTAR™ EMPLOYEE ENGAGEMENT PROGRAM: KEYSTONE FOODS



Don Adams
Sr. Director of Sustainability & New Technology, Keystone Foods

OBJECTIVE: The success of any improvement initiative is dependent on both support from the highest level of an organization and also buy-in from employees. Keystone Foods realized that in order for the company's sustainability program, KeySTAR™, to show progress, grass-roots support and participation would be essential.

SOLUTION: Keystone's strategy for employee engagement consists of three principles: local control, effective communication, and recognition of accomplishments. Keystone required each location to form its own team to lead its sustainability efforts. At the business unit level (e.g. Distribution, US Poultry), one person within each unit guides and coordinates the efforts of the local teams within the unit. To encourage the locations to take ownership, Keystone does not dictate improvement goals, but rather requires the teams to establish goals for their locations and identify projects to achieve the goals.

Keystone facilitates communication and recognition using a quarterly newsletter, posters, and monthly Working Group calls that feature the accomplishments of local teams. Keystone also utilizes file sharing software (SharePoint) that aids as a platform for the sharing of projects, meeting minutes, new ideas, and information review.

RESULTS: Within a relatively short timeframe, local teams have identified projects and established improvement goals. Similar results, if centrally directed and managed, would likely have taken two to five years to accomplish. By driving projects such as waste reduction and recycling, water reuse and electricity reduction, the local facility KeySTAR™ Sustainability teams are successfully reducing costs while improving the environment. These results align with McDonald's sustainable supply chain strategies.



MEASURING THE McNUGGET FOOTPRINT: CARGILL MEATS EUROPE



Hugo Jansen
Business Development Manager,
Cargill Meats Europe

OBJECTIVE: Cargill Meats Europe and McDonald's Europe sought to better understand the carbon footprint of our products and support McDonald's drive for greater carbon management insights in Europe.

SOLUTION: Cargill Meats Europe completed a comprehensive footprint study for its chicken processing facilities supplying McDonald's Europe. The analysis included a review of greenhouse gas emissions from an extended set of sources: energy usage, transport, packaging and waste, personnel and visitor travel and fixed assets. Further, as a first in the poultry industry, Cargill used the same methodology analysis for its 5 leading suppliers of chicken meat whereby all of the supply chain participants (feedmill, hatchery, farms and slaughter) were reviewed.

RESULTS: The first comprehensive footprint of a full chicken supply chain from egg to finished product was successfully developed. The initial 2007 footprint confirmed the savings potential from the investment program (in new production equipment for meat preparation and forming) being implemented. As a result, in 2008, the Orleans process facility measured a 10% reduction of its GHG emissions per ton of finished product. In addition, McDonald's now has a model and replicable process for measuring carbon in the chicken supply chain.



WATER EFFICIENCY: THE COCA-COLA COMPANY



Laura Vansant
Sustainability Manager, The Coca-Cola Company

OBJECTIVE: The Coca-Cola system is working to improve its water efficiency 20% by 2012, compared to a baseline year of 2004. While water use is expected to increase as the business grows, this water efficiency target will eliminate approximately 50 billion liters of water used within the company's bottling system in 2012.

SOLUTION: Coca-Cola and the World Wildlife Fund (WWF) have developed a Water Efficiency Toolkit to help reduce water consumption within bottling plants. This toolkit is a software-based instruction manual which has been distributed to managers and operators throughout the Coca-Cola system, and provides them with strategies to decrease the water footprint of their operations.

RESULTS: Coca-Cola's bottling facilities decreased the amount of water needed to produce a unit of product. In 2004, 2.72 liters of water were needed to produce one liter of product. By 2007, the amount had decreased to 2.47 liters, an improvement of 9.2%. There is still additional work to be done to meet the target water ratio of 2.17 liters of water/per liter of product by 2012.

Leveraging its work in water efficiency, Coca-Cola commissioned a water audit in two McDonald's restaurants in the UK. The audit revealed that 12% of the restaurant's water was used for beverages, 20% for cleaning, and 68% for restrooms. Several recommendations were made, which included:

- Replacing urinal flush systems (32% savings),
- Converting to low flush cisterns (13% savings),
- Re-using ice machine overflow and ice wastage (4% savings)

By implementing all of the audit recommendations, each restaurant would reduce their water usage by more than 1 million liters per year. The restaurant also saves the costs associated with the water usage, waste, and any energy required to heat or cool the water.

WORKING TO PROTECT OUR FORESTS: HAVI GLOBAL SOLUTIONS



Jeanette Ray
VP, Marketing, HAVI Global Solutions

OBJECTIVE: HAVI Global Solutions (HGS) is committed to the development and implementation of processes that will reduce negative impacts to the environment. Forests provide the resource to make paper - a material used significantly in packaging. In the face of concerns about illegally harvested wood fiber and general forest health, increased knowledge about the origin of paper products is important. HGS played a supporting role in McDonald's development of a forest fiber policy and led implementation within the packaging supply chain.

SOLUTION: Establishing a clear set of criteria for fiber procurement and working with supply chain partners has been key to achieving results. This program states preference for third-party verified, well-managed fiber and aims for continuous improvement.

RESULTS: Since implementation in Europe in 2005, HGS supply chain management has resulted in more than 84% of McDonald's consumer packaging coming from third-party certified forests. In 2008, they established a baseline of supply chain performance for the North American market and are in the process of doing this in other markets.



SUSTAINABILITY FROM FARM TO FORK: SMITHFIELD FOODS

Smithfield Bill Gill
AVP Environmental Affairs, Smithfield Foods

OBJECTIVE: Smithfield is striving to build a better understanding of the environmental and community impacts of Smithfield Foods' operations by using self-examination and stakeholder input to develop a set of facility-level reports that would assess company operations across the value chain from 'Farm to Fork'.

SOLUTION: Smithfield Foods worked with CERES under their Facility Reporting Project to pilot community-level sustainability reporting and stakeholder engagement for a hog farm (Blueberry Sow Farm), a first processing facility (Smithfield Packing Company - North), and a further processing facility (Northside Foods - Cumming). Each operation examined their environmental and community impacts and collected stakeholder input on the materiality of these impacts. A variety of methods, including interviews, meetings, tours, and even a barbeque, were used to gather input from a broad spectrum of internal and external stakeholders. Reports were developed using the CERES GRI-based reporting framework and made available to interested stakeholders.

RESULTS: This process helped generate an expanded stakeholder network and build relationships with community members, regulators, and other key stakeholders. Each facility developed a more informed understanding of stakeholders' perceptions and priorities related to these operations. The reports resulted in a documented, comprehensive and balanced overview of the contributions and impacts of each operation from both internal and external perspectives. Trend identification and problem-solving capacities related to sustainability issues were enhanced, and ongoing sustainability efforts can now be better prioritized and focused as a result.

This process helps to provide traceability for the McDonald's corporate responsibility policies that encourage supplier sustainability, and does so as product moves through the entire Smithfield Foods value chain to McDonald's and its customers.



SUPPLIERS COLLABORATING TO CONTINUOUSLY IMPROVE: THE NORTH AMERICAN BAKERY COUNCIL



Nick Mesich
Bakery Council Team Leader
Vice President, Gizella Pastry Limited
Les Boulangeries René Inc., Golden West Baking Company

OBJECTIVE: Both McDonald's USA and McDonald's Canada are supplied by numerous bakeries, which are in turn, operated under several different ownerships. Collectively, they supply the McDonalds system with hamburger buns, English muffins, bagels and specialty rolls.

Many years ago, The North American Bakery Council (NABC) was formed to enable further collaboration and enhanced consistency across the bakeries, especially in the areas of product specifications, bakery operations and product development. When the McDonald's Environmental Scorecard was introduced in 2006, the Council formed a working group to develop and share strategies for using the Scorecard effectively.

SOLUTION: The NABC appointed a working group leader to coordinate the efforts of the stakeholders at each bakery. Over the course of 2007, the working group brainstormed ideas and worked to understand what "sustainability" and "score-carding" meant to the baking community. In November, 2007, the first NABC Sustainability Summit was held in Chicago. Representatives from each baking company met to gather information from specialists in energy management and other environmental sustainability topics, share best practices and discuss plans for future improvements. The Sustainability Summit was held again in October of 2008 and is already in the planning stages for 2009.

RESULTS: The North American bakery supply system has created a collaborative effort for continuous environmental improvements in the industry. Substantial improvements have been achieved in areas such as energy management, water reduction and waste elimination. Advanced tools for data recording and tracking have also been developed.



ALWAYS STAY CONNECTED WITH THE LATEST GREEN IDEAS FROM MCDONALD'S

www.crmcdonalds.com

The McDonald's Global Best of Green is available on the web. Updated regularly, it highlights the leading environmental innovations tested and successfully applied in McDonald's markets around the world.

We invite you to add your best practice to the collection. If you have any comments or questions, please contact the McDonald's Corporate Social Responsibility department: corporate.responsibility@us.mcd.com.



The McDonald's Europe Environment and CSR Team developed the original European Best of Green in 2008, paving the way for a global version in 2009.

**EUROPEAN ENVIRONMENT & CSR TEAM (LEFT TO RIGHT):
KATHLEEN KAETZMER, ADMINISTRATIVE ASSISTANT;
ELSE KRUECK, DIRECTOR; SEBASTIAN CSAKI, MANAGER**

McDonald's Europe Best of Green proved an excellent way for our markets to recognise and leverage the good practices from across our European system and we are delighted this is now available on a global level.

