

Risk Evaluation: Childhood Obesity 2011 – McDonald's Corp.

WHEREAS, the contribution of the fast food industry to the global epidemic of childhood obesity and to diet-related diseases, such as diabetes, cancer and cardiovascular disease, have become a major public issue:

- * The Centers for Disease Control claims that 1 in 3 US children born in the year 2000 will be diagnosed with type 2 diabetes as a result of childhood obesity.
- * In 2005, the National Academies Institute of Medicine (IOM) conducted a study concluding that fast food marketing influences children's food preferences, diets and health in the US.
- * In a 2009 follow-up report, the IOM recommended that local governments take such actions as adopting zoning policies that restrict fast food establishments near schools and playgrounds and implementing zoning to limit the density of fast food restaurants in residential communities.
- * A 2010 study published by the National Bureau of Economic Research found the annual estimated cost of treating obesity is \$168 billion; 16.5 percent of the country's total medical care costs.

Growing public concerns have spurred action by public policy makers:

- * The World Health Organization developed recommendations regarding marketing of unhealthy foods to children that urges governments to enact policies to reduce the impact of food marketing on children.
- * In 2005, Congress subpoenaed 44 food companies, including our company, to submit data to the Federal Trade Commission regarding the extent and expenditures of their marketing. The FTC is currently planning a follow-up report.
- * In November 2009, a bill, "The Healthy Kids Act", was introduced in Congress with the intent of curbing childhood obesity. The bill seeks to give the FTC and relevant federal agencies regulatory authority over food marketing.
- * On April 27, 2010, Santa Clara County Board of Supervisors approved an ordinance that banned toys and other promotions that come with children's meals that exceed set levels of calories, fat, salt, and sugar. A similar measure was adopted by the San Francisco Board of Supervisors in November 2010.
- * The Affordable Care Act, signed into law on March 23, 2010, included federal menu-labeling legislation requiring the posting of calories on fast food menu boards.

In November 2009, the Center for Science in the Public Interest released a report demonstrating that 88 percent of the products that our company had deemed appropriate to market to children under the industry's voluntary marketing initiative, the Children's Food and Beverage Advertising Initiative, met no third-party nutrition standard.

RESOLVED: Shareholders ask the Board of Directors to issue a report, at reasonable expense and excluding proprietary information, within six months of the 2011 annual meeting, assessing the company's policy responses to public concerns regarding linkages of fast food to childhood obesity, diet-related diseases and other impacts on children's health. Such report should include an assessment of the potential impacts of public concerns and evolving public policy on the company's finances and operations.