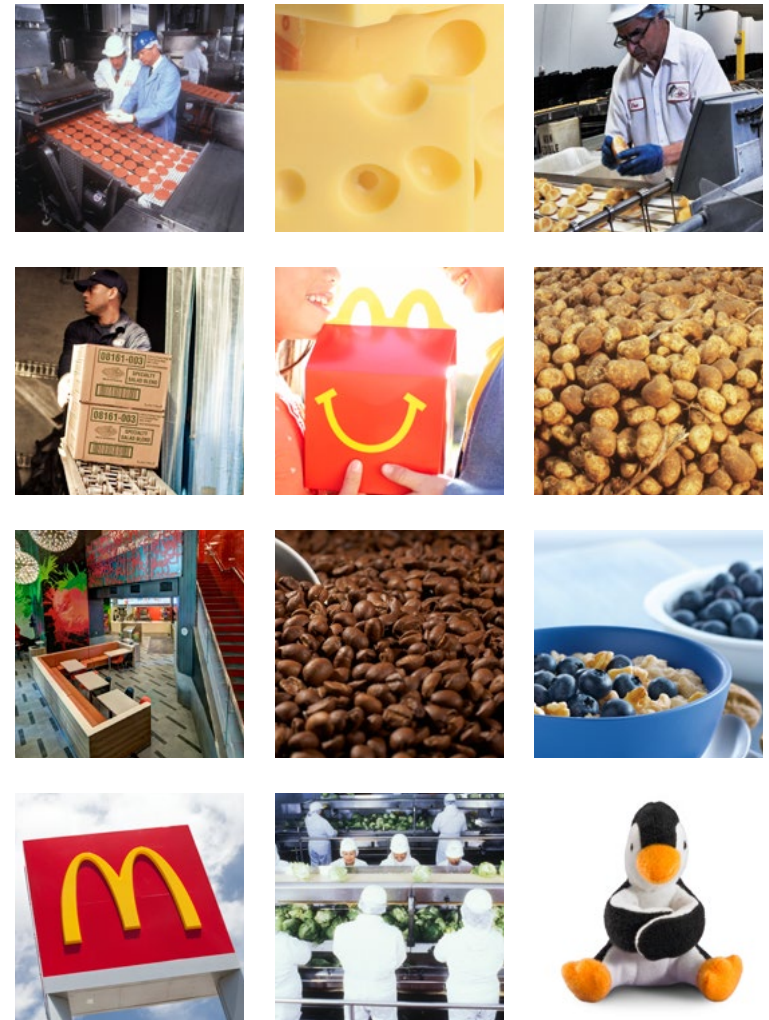




# McDonald's® Supplier Code of Conduct

- » Human Rights
- » Workplace Environment
- » Environmental Management
- » Business Integrity

Released Date: November 2012



“The basis for our entire business is that we are ethical, truthful, and dependable. We are business people with a solid, permanent, constructive ethical program that will be in style 20 years or 30 years from now, even more so than it is today.”

– Ray Kroc, 1957



McDonald's aspires to protect the Brand and live our values. One way we live our value of continuous improvement is to ensure fair and ethical workplace standards in every corner of our supply chain. We care as much about the people who make our products as we do about our customers. This enhanced Supplier Code of Conduct is more robust and functional which is a result of listening and learning from many stakeholders, including benchmarking with many companies, associations and engaging with suppliers and stakeholders.

“As a sustainable and responsible investment firm, Calvert has engaged in dialogue with McDonald’s over several years regarding labor and supply chain risks. We commend McDonald’s efforts to engage investors and stakeholders in the shaping of their new Supplier Code of Conduct. The new Code contains several important new elements, including references to the UN Universal Declaration of Human Rights and freedom of association, both of which make clear McDonald’s expectations that their suppliers will provide greater protection to their employees in these areas. We expect and anticipate continuous improvement in the implementation of the Code of Conduct throughout McDonald’s supply chain system, and encourage the company to regularly assess and publicly disclose progress.”

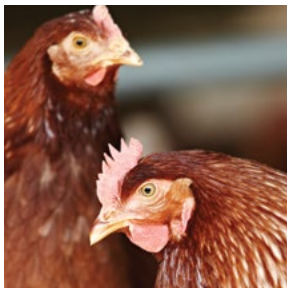
– Calvert Investments

“This new enhanced Code adds to the depth and breadth of our overall commitment to drive the 3E’s into our supply chain efforts (Ethics, Environment and Economics). The Code is also a foundational leadership element of our overall McDonald’s CSR/Sustainability commitment. Good Food, Good People and Good Neighbor begins and ends with people, including all the people within our supplier network.”

– J.C. Gonzalez Mendez – SVP, Global CSR and Sustainability

“As an iconic brand leading in the area of Sustainability, we aspire to ensure all of the products needed to run our restaurants come from sustainable sources.”

– Bob Langert – VP, Global CSR and Sustainability





# McDonald's Core Values

At McDonald's, our Core Values ("values") are the basis for how we do business, and they are what set us apart from the competition. We believe that creating an atmosphere where workers, suppliers, and franchisees understand and embrace our values is essential to our continued success. Our Code is an extension of our values and the foundation of the Supplier Workplace Accountability (SWA) Program that is outlined in this document.

**We place the customer experience at the core of all we do.**

**We are committed to our people.**

**We believe in the McDonald's System.**

**We operate our business ethically.**

**We give back to our communities.**

**We grow our business profitably.**

**We strive continually to improve.**

**McDonald's values**

**"Together with our suppliers, we share the same Core Values, setting standards for the good of our community, our customers and ultimately our businesses."**

*- Dave Hoffmann - President, McDonald's Asia Pacific, Middle East, Africa*

**"Our Core Values underpin our business and set the framework for how we are judged. Meeting both the letter and spirit of the Principles of the Code of Conduct is important so that we live these values in all our actions."**

*- Doug Goare - President, McDonald's Europe*

**"The Code of Conduct enhancements are reflective of identified risk and emerging issues and describes the behaviors McDonald's expects of our partners."**

*- Jan Fields - President, McDonald's USA*





## McDonald's Supplier Code of Conduct

At McDonald's, our Core Values are integral to how we do business, and we expect our suppliers to respect and promote these values. We seek to develop and strengthen partnerships based on transparency, collaboration and mutual respect. We recognize that our suppliers are independent businesses and the exclusive employers of their employees. However, the actions of our business partners can be attributed to McDonald's, affecting our reputation and the level of trust we have earned from customers and others. We appreciate that suppliers operate in different legal and cultural environments throughout the world. At a minimum, we require that all suppliers and their facilities meet the standards and promote the principles outlined in this Code, which are intended to advance McDonald's commitment to all aspects of sustainability (ethical, environmental, and economic). Visit [www.aboutmcdonalds.com](http://www.aboutmcdonalds.com) for information on McDonald's commitment to sustainability.

The provisions of this Code are in addition to, and not in lieu of, the provisions of any legal agreement or contract between a supplier and McDonald's or any of its affiliates. We expect suppliers to hold their supply chain, including subcontractors and third party labor agencies, to the same standards contained in this Code. This Code does not create any third-party beneficiary rights or benefits for suppliers, subcontractors, their respective employees or any other party.





## McDonald's Supplier Code of Conduct

### Human Rights

**UN Declaration of Human Rights:** We expect our suppliers to conduct their activities in a manner that respects human rights as set out in The United Nations Universal Declaration of Human Rights. In addition, suppliers shall uphold the following labor practices:

**Freedom of Association:** Suppliers shall respect the rights of workers to associate or not to associate with any group, as permitted by and in accordance with all applicable laws and regulations.

**Employment Status:** Suppliers shall employ workers who are legally authorized to work in their location and facility and are responsible for validating employees' eligibility to work status through appropriate documentation.

**Employment Practices:** Suppliers shall not use any form of slave, forced, bonded, indentured, or involuntary prison labor. They shall not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. They shall not retain employees' government-issued identification, passports or work permits as a condition of employment.

**Anti-Discrimination and Fair Treatment:** Suppliers shall promote and maintain a workplace free from discrimination and treat their employees with fairness, dignity and respect. No form of physical, sexual, psychological or verbal harassment or abuse shall be tolerated.

**Working Hours and Rest Days:** Employees shall be allowed at least one day off every seven days, and any overtime worked shall be voluntary. If local law allows, employees may voluntarily work overtime on rest days, provided that they are allowed at least one day off within the next seven days. Continuous working days are never to exceed 21 days without a rest day.

**Underage Labor:** Suppliers shall ensure that no underage labor has been used in the production or distribution of their goods or services. A child is any person under the minimum employment age according to the laws of the facility's country, or, in the absence of law, under the minimum age for completing required education. Suppliers shall not employ anyone younger than 14, regardless of the country's minimum working age.

**Wages and Benefits:** Suppliers shall ensure that their workers are paid lawful wages, including overtime, premium pay, and equal pay for equal work without discrimination. There shall be no disciplinary deductions from pay.

### Workplace Environment

Suppliers shall ensure that all workers receive communication and training on emergency planning and safe work practices. In addition, suppliers shall have systems to prevent, detect and respond to potential risks to the safety, health and security of all employees.



## McDonald's Supplier Code of Conduct

### Environmental Management

Suppliers are responsible for managing, measuring and minimizing the environmental impact of their facilities. Specific focus areas include air emissions, waste reduction, recovery and management, water use and disposal, and greenhouse gas emissions.

### Business Integrity

**Compliance with Law:** Suppliers' business activities shall comply with applicable laws and regulations in the countries and jurisdictions in which they operate. This Code applies to activities in the locations where suppliers' goods are produced, where any related services are performed, and where the goods enter the supply chain.

**Anti-Bribery:** Suppliers shall not engage in any form of bribery, kickbacks, corruption, extortion or embezzlement. Suppliers shall not take any action that would violate, or cause McDonald's to violate, any applicable anti-bribery law or regulation, including the U.S. Foreign Corrupt Practices Act.

**Audits and Assessments:** McDonald's reserves the right to audit compliance with this Code. Audits are facility inspections that include employee interviews and a review of supplier records and business practices. Such audits are conducted by McDonald's or its approved monitoring firm. If an audit identifies a violation of this Code, suppliers shall act promptly to correct the situation to McDonald's satisfaction.

**Books and Records:** Suppliers shall maintain accurate and transparent books, records and accounts to demonstrate compliance with applicable laws and regulations and this Code.

**Confidentiality:** Suppliers shall safeguard McDonald's information by keeping it secure, limiting access, and avoiding discussing or revealing such information in public places. These requirements extend even after the conclusion of a supplier's business relationship with McDonald's.

**Grievance Mechanism:** Suppliers shall create internal programs for handling reports of workplace grievances, including anonymous reports.

**Whistleblower Protection:** Suppliers are responsible for prompt reporting of actual or suspected violations of law, this Code, the [Standards of Business Conduct](#) for McDonald's employees, or the McDonald's [Supplier Guidance Document](#). This includes violations by any employee or agent acting on behalf of either the supplier or McDonald's. Such programs shall protect worker whistleblower confidentiality and prohibit retaliation.

**Additional Standards:** In addition to complying with this Code, suppliers are responsible for complying with the McDonald's Supplier Guidance Document, and being aware of and supporting the Standards of Business Conduct for McDonald's employees.



## What We Need from You

### McDonald's

identify suppliers who fall within scope

### Supplier

read the Code of Conduct and acknowledge receipt

share the Code of Conduct with facilities within your supply chain, each of whom must acknowledge the Code before completing their SWA self-assessment (effective January 1, 2013)

review and share enhanced training material, supplier guidance document and other resource documents with your supply chain to ensure they understand McDonald's expectations

identify facilities that fall within scope

### Facility

log on to data system, complete online training and review resource documentation

acknowledge Code of Conduct online

pay for and complete self-assessment online and repeat annually

review self-assessment summary and implement corrective actions as applicable

complete baseline on-site SWA audit

develop corrective and preventative action plan (as appropriate)

schedule follow-up on-site SWA audit as per timeframe

### Questions

Contact your McDonald's SWA Board member at swa@us.mcd.com

**"The language in the Code is not legalistic and is more than a set of rules, it should be used as a guide for how you conduct yourself and your business."**

*- Jose Armario on behalf of McDonald's Supplier Leadership Board*

**"Our overall goal is to implement a program that will continuously improve the work lives of the employees within our supply chain through systems that promote leadership and accountability."**

*- The Global Supplier Workplace Accountability Board*

### Reporting Violations

Suppliers are responsible for prompt reporting of actual or suspected violations of law, this Code, the Standards of Business Conduct for McDonald's employees, or the McDonald's Supplier Guidance Document. This includes violations by any employee or agent acting on behalf of either the supplier or McDonald's.

You may report a violation in any of the following ways:

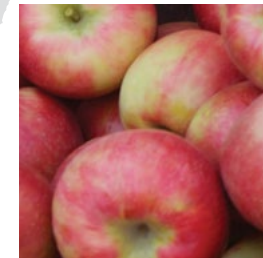
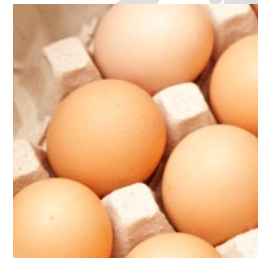
**e-mail:** business.integrity@us.mcd.com

**phone:** +1-630-623-3522 (Global Compliance Office)

**Business Integrity Line:** 1-800-261-9827

(Callers outside the US may locate access codes by

**text:** +1-630-400-6818



**SWA** Supplier Workplace Accountability



Confidential and Proprietary Information

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