

## **McDonald's Code of Conduct for Suppliers**

McDonald's believes that all employees deserve to be treated with dignity and respect. In each and every aspect of the employment relationship, employers need to act towards their employees as they would themselves want to be treated. The 100% satisfaction of our internal customers – our employees – is essential to the 100% satisfaction of our external customers. Moreover, McDonald's is committed to a policy of complying with the law wherever it does business, and to maintaining high standards of business conduct. As a result, McDonald's has established a well-respected record and reputation for business honesty and integrity. These principles apply globally, form the basis for McDonald's own ethical business practices, and are cornerstones to McDonald's success.

McDonald's strongly believes that those suppliers who are approved to do business with the McDonald's System should follow the same philosophy, and, in the best interest of the System, McDonald's will refuse to approve or do business with those who do not uphold, in action as well as words, the same principles. McDonald's recognizes that its suppliers are independent businesses. Indeed, it honors that very independence because it provides strength to the relationship. Nonetheless, actions by those with whom McDonald's does business are sometimes attributed to McDonald's itself, affecting its reputation and the goodwill it has with its customers and others. It is only natural then that McDonald's expects its partners in business to act with the same level of honesty and integrity.

For these reasons, McDonald's has established the following policy.

Compliance with this policy is required of all suppliers, and is the responsibility

of each individual supplier. Suppliers shall ensure that their Subcontractors comply with this policy for employees working on product supplied to McDonald's. Failure to comply with this policy will be sufficient cause for McDonald's to exercise its right to revoke a supplier's approved status. McDonald's reserves the right, as a condition of continuation of approval, to conduct (or have its designee conduct) periodic, unannounced inspections of suppliers and their facilities and business practices to verify compliance with these standards.

### **COMPLIANCE WITH APPLICABLE LAWS AND STANDARDS**

All business activities of McDonald's suppliers must conform to all applicable national and local legal requirements, customs, and published industry standards pertaining to employment and manufacturing. If statutory requirements and published industry standards conflict, suppliers must, at a minimum, be in compliance with the one which, by law, takes precedence.

### **EMPLOYMENT PRACTICES**

**Prison or Forced Labor:** The use of prison or forced labor by a supplier is absolutely forbidden. Likewise, the use of labor under any form of indentured servitude is prohibited, as is the use of physical punishment, confinement, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse as a method of discipline or control. Suppliers will not themselves utilize factories or production facilities that force work to be performed by unpaid or indentured laborers or those who must otherwise work against their will, nor shall they contract for the production of products for McDonald's with Subcontractors that utilize such practices or facilities.

**Child Labor:** The use of child labor by suppliers is strictly prohibited.

Suppliers are prohibited from using workers under the legal age of employment for the type of work in the country where the suppliers performs work for McDonald's. If the country in which the supplier is doing business does not define "child" for purposes of minimum age of employment, the minimum age of employment shall be 15 years of age, and the employment of any individual in the production of products for McDonald's below that age shall be strictly prohibited. If local law allows the minimum age of employment to be 14 years of age or younger, the minimum age of employment shall be 14 years of age, and the employment of any individual in the production of products for McDonald's below that age shall be strictly prohibited. In either situation, minors between the ages of 14 and 16 may only be employed to work and only be permitted to work during periods of time when they are not required by law to attend school (except as may be permitted under apprenticeship or other similar programs in which the minor is lawfully participating).

**Working Hours:** Suppliers must ensure that all employees working on products supplied to McDonald's do so in compliance with all applicable national and local laws and with published industry standards pertaining to the number of hours and days worked. Such employees are to be provided with reasonable daily and weekly work schedules and adequate allowance is to be made for time off. Except in extraordinary business circumstances, employees will not be required to work more than either (a) the limits on regular and overtime hours allowed by local law; or (b) 60 hours per week, inclusive of overtime. Adequate time off shall be at least one day off per week, except in extraordinary business circumstances. In the event of conflict between a statute and a published

industry standard pertaining to this issue, compliance must be with the one taking precedence under national law.

**Compensation:** Supplier employees working on product supplied to McDonald's must be fairly compensated and provided with wages and benefits that comply with applicable national and local laws. This includes appropriate compensation for overtime work and other premium pay situations required by applicable national and local laws. If local laws do not provide for overtime pay, suppliers will pay at least regular wages for overtime work.

**Non-Discrimination:** Suppliers shall implement a policy that conforms to local and national law prohibiting discrimination in hiring and employment practices on the ground of race, color, religion, sex, age, physical ability, national origin, or any other applicable prohibited basis.

**Workplace Environment:** Suppliers shall provide their employees with safe and healthy working and, where provided, living conditions. At a minimum, potable drinking water, adequate, clean restrooms, adequate ventilation, fire exits and essential safety equipment, an emergency aid kit, access to emergency medical care, and appropriately-lit work stations must be provided. In addition, facilities be constructed and maintained in accordance with the standards set by applicable codes and ordinances.

**Notification to Employees:** Suppliers shall notify employees of the terms of these standards and post the terms, on the supplier's letterhead and in the local language, in a prominent place accessible to all employees.

## **INSPECTIONS**

**By Suppliers:** Each supplier shall designate one or more of its management staff to be responsible for monitoring their factories and production facilities, and the production facilities of their Subcontractors used in the production of products for McDonald's, for compliance with the standards set forth herein. Each supplier must conduct such monitoring no less frequently than on an annual basis.

**By McDonald's:** McDonald's reserves the right to conduct or have its designee conduct unannounced inspections of suppliers' and their business practices, records, facilities, and, where provided by supplier, housing accommodations, as well as private interviews with employees. Suppliers will keep all information necessary to document compliance with these standards readily accessible. Any supplier who refuses to allow such inspections or interviews, or who does not comply with these standards, is subject to immediate termination of its status as an approved supplier.

**McDONALD'S CODE OF CONDUCT FOR SUPPLIERS**

**ACKNOWLEDGMENT PAGE**

**ACKNOWLEDGMENT OF TERMS**

Accepted and agreed to on behalf of \_\_\_\_\_, a supplier to McDonald's. I acknowledge that I am authorized to bind such company\* to the terms herein.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
E-mail address

COMPANY ADDRESS:

COUNTRY \_\_\_\_\_

\_\_\_\_\_  
Executive Responsible for Social Compliance:

\_\_\_\_\_  
List all product(s) supplied to McDonald's System:

**\*Please attach a list of all supplier/manufacturing locations and their products or services represented by your signature.**

Please return this executed signature page to the McDonald's representative whose name appears below:

**Social Accountability Department  
2915 Jorie Blvd, Dept. 061  
Oak Brook, IL 60523 U.S.A.**

**\*Please attach a business card of the individual who has signed above.**