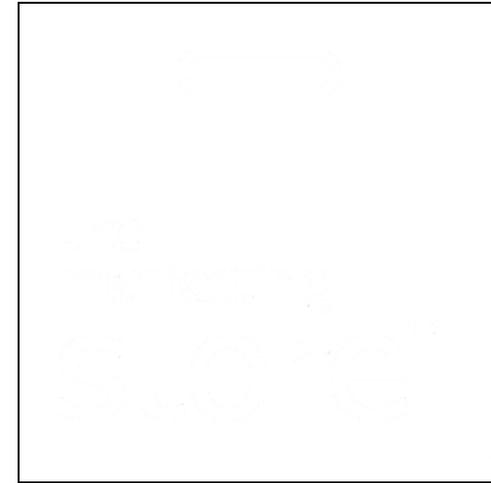




JOHN KRAUS

**SENIOR VICE PRESIDENT
QUALITY ASSURANCE**

THE MARKETING STORE





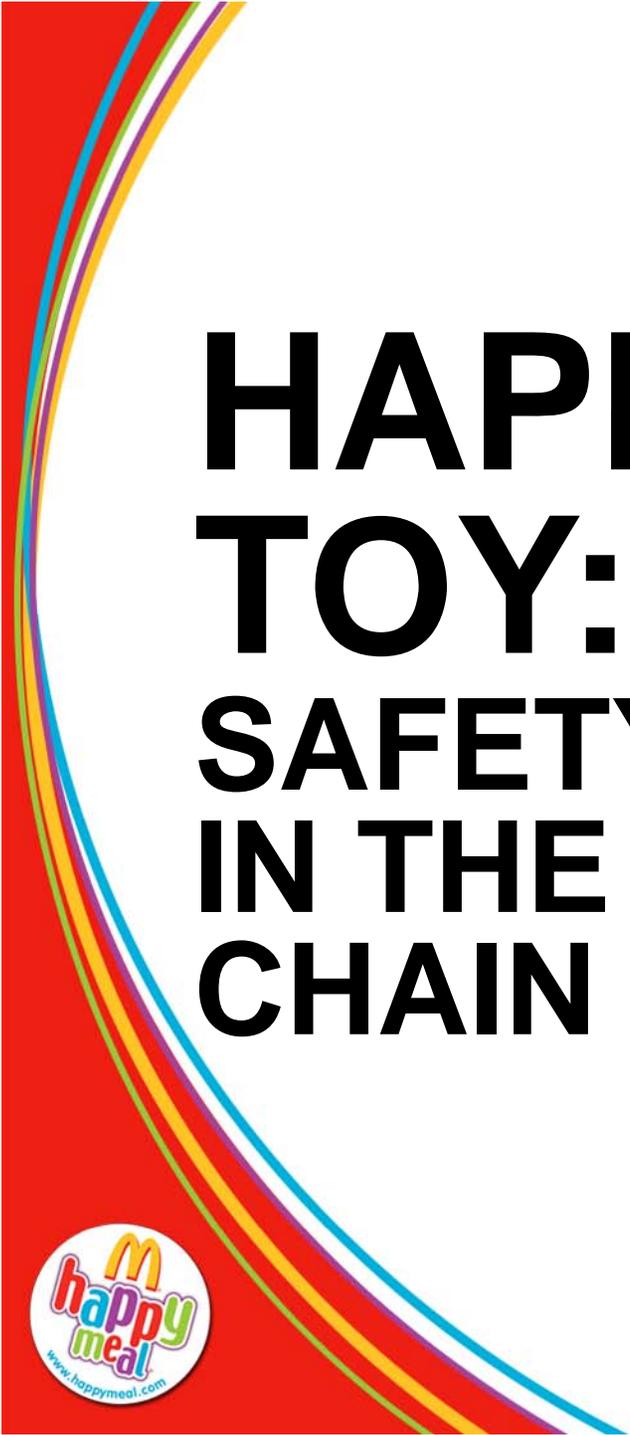
HAPPY MEAL TOYS

1.5 Billion Toys Produced Annually

550 Unique Designs

118 Countries





HAPPY MEAL TOY: SAFETY AND STANDARDS IN THE GLOBAL SUPPLY CHAIN



OBJECTIVE

- McDonald's Supply Chain philosophy
- Toy safety at McDonald's and The Marketing Store
- McDonald's Standards
- Process makes it happen
- Checks and balances



THE 3-LEGGED STOOL

**McDonald's
Corporation**



Suppliers

Owner/Operators



WHY TOY SAFETY

- Supports our values - nothing is more important to us than the safety and well being of children.
- Builds brand trust



HAPPY MEAL TOY SAFETY PRIORITIES

- Core Global Standards
- Country Specific Standards
- Comprehensive, Detailed Safety Process
- Trusted Supply Chain



STANDARDS

- Globally-oriented:

Global standards, developed in consultation with safety experts, establish minimum safety requirements across all markets

- Country specific standards to ensure market compliance



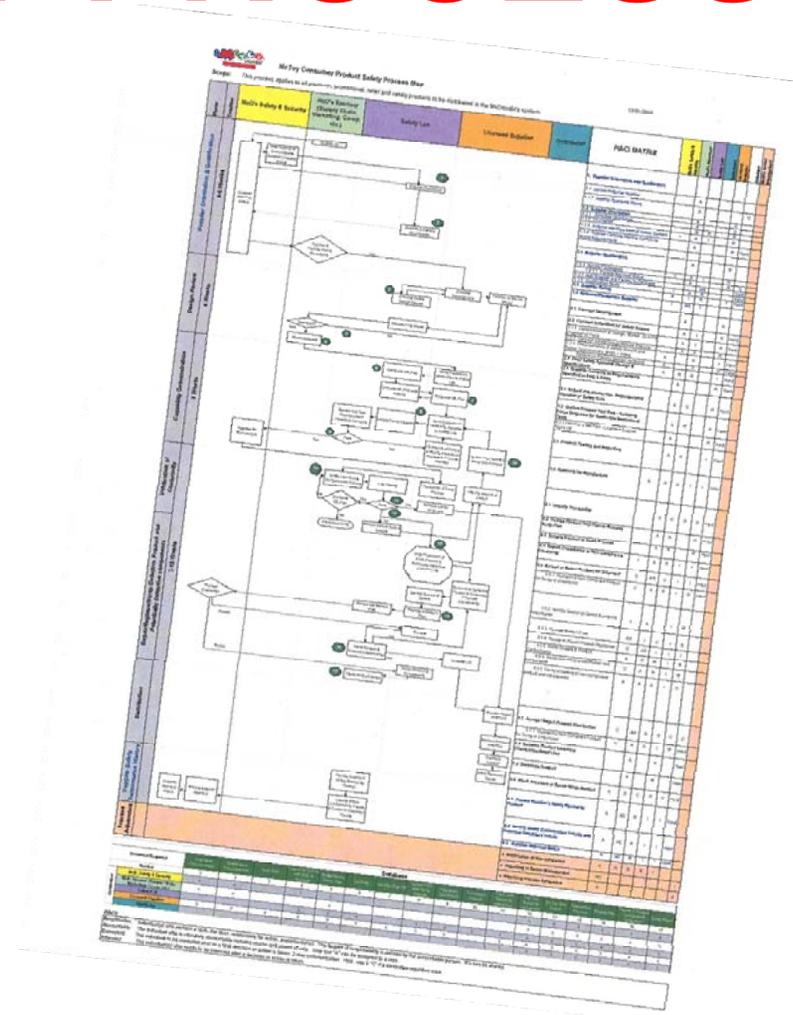
REGULATORY IMPACTS

- Increasing and unpredictable regulatory environment ... globally
- Regulatory interpretation challenges present unique market issues
- Toy chemical requirements can impact design process and supply chain



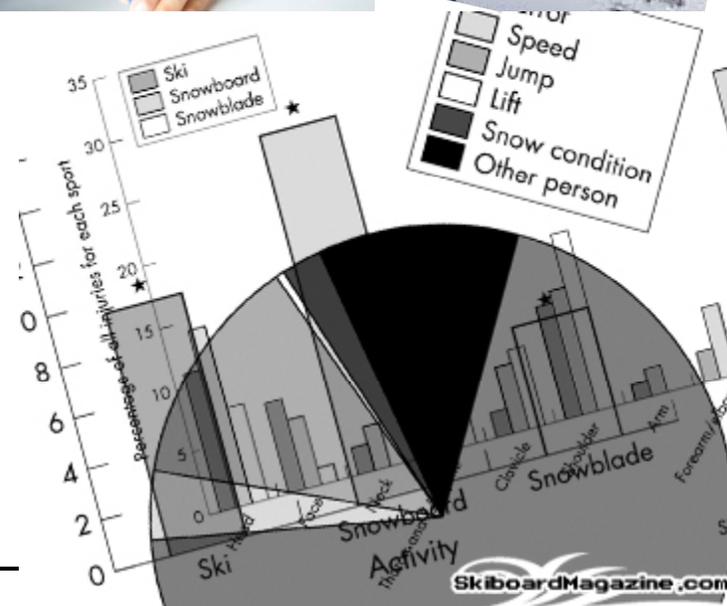
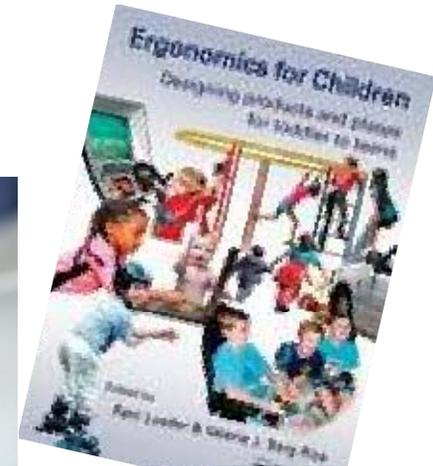
THE SAFETY PROCESS

- Design in safety
 - Concept
 - Design
 - Manufacturing
 - Distribution
- Identify clearly
 - Roles
 - Responsibilities

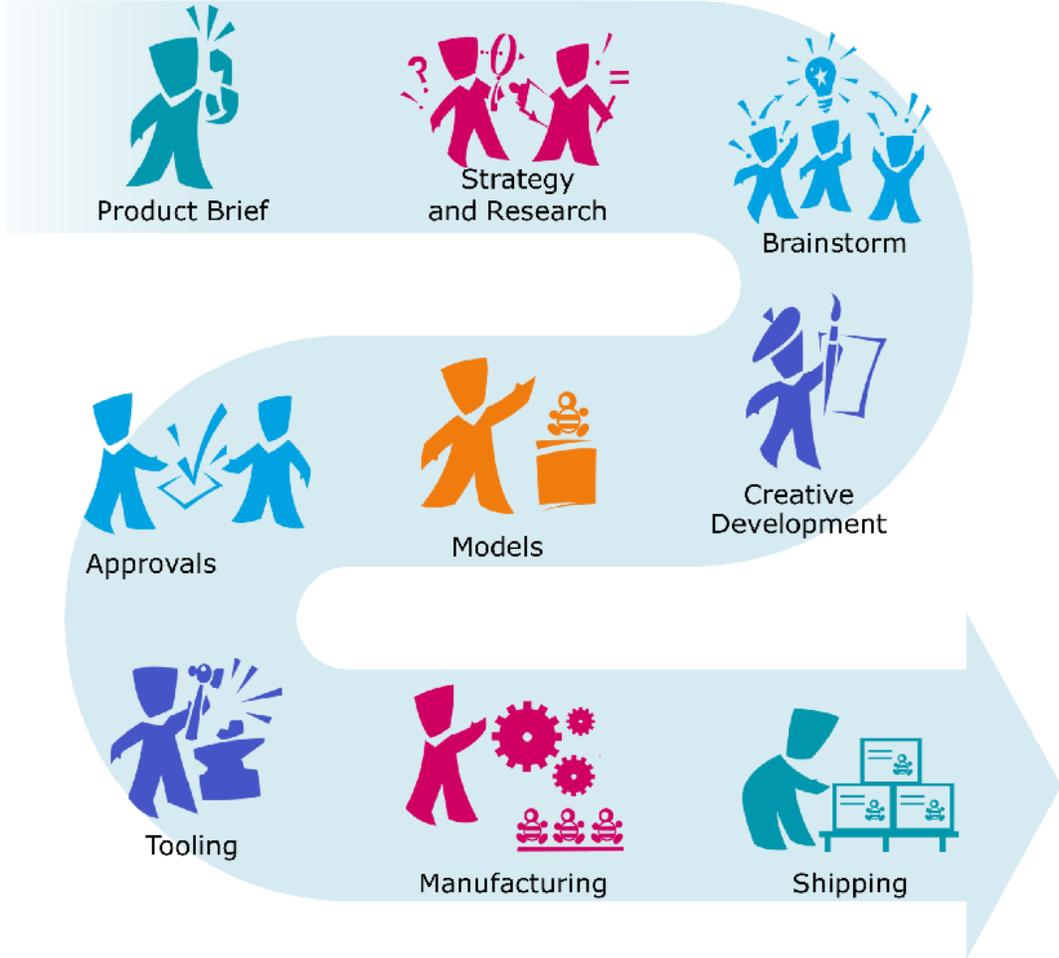


SAFETY DESIGN INPUTS

- Child Play tests
- Child Size, Strength, Ergonomic Characteristics
- Medical research
- Complaints/Returns
- Manufacturing/Distribution
- McDonald's Standards
- Regulatory



PRODUCT DEVELOPMENT PROCESS



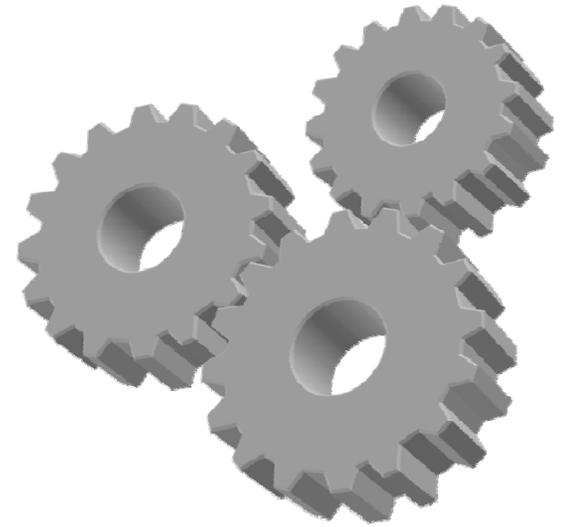
CHECKS AND BALANCES

- In process inspection
 - Final product inspection
 - System audits
 - Independent third-party verification
-
- Redundancy
 - Transparency



SUPPLY CHAIN

- Long term partners
- Well delineated accountability
- High level of transparency
- Robust vendor management protocols
 - McDonald's
 - The Marketing Store



TMS VENDOR MANAGEMENT

What	S upplier	A supplier management program which clearly defines service level and investment expectations
Why	T ransformation	To meet demands of a changing consumer and client environment, a transformation of our manufacturing capabilities is essential
	E xcellence	It creates a framework for continuous improvement between our suppliers rewarding excellence, commitment and investment. Taking our suppliers from “Good to Great”
How	P rogram	Holistic, cross-functional approach with specific, timed measurable goals



COMMITMENT

- Providing safe toys to children
- Uphold our values
- Safety never competitive advantage
- Transparency and Collaboration
- Best practice sharing



**THANK
YOU**

