



McDonald's® Supplier Guidance Document (SGD)

Supplier Workplace Accountability (SWA)

2015



Welcome McDonald's Suppliers

At McDonald's, suppliers are an integral part of our System.

Together, we serve our 69 million daily customers an assured supply of high-quality products each time they visit one of our 35,000 McDonald's restaurants around the world. That's a significant achievement of which we should all be proud.

One of our strengths as a supply chain is our shared commitment to a strong Code of Conduct, and our alignment on what we expect from suppliers under the Code. That's what this document is all about.

These guidelines are aimed at assisting you—our suppliers, agencies, facilities, and subcontractors—in understanding and living up to McDonald's expectations, and ensuring that your own supply chains also adhere to these expectations. As Ray Kroc said in 1957, "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."

Thank you for embracing these standards and complying with all applicable national and local laws and regulations in the everyday operations of your business. There is no limit to what we can do for our customers when we operate from the same values as we continue to work together.

Steve Easterbrook
President & CEO
McDonald's Corporation



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 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.

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.

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.

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NOTE: The SGD is intended only to provide guidance and information to McDonald's suppliers. The SGD is not intended to create any joint employer relationship. In addition, the SGD is not intended to create any contract, binding agreement or promise, express or implied, or to confer any right on any person or organization, including suppliers, suppliers' employees, suppliers' vendors, and/or any other person or organization in the supplier's supply chain. No provision of the SGD creates a contract, binding agreement or promise, express or implied, to ensure any supplier's compliance with these guidelines. The supplier, not McDonald's, is responsible for reading and understanding the provisions of the SGD and for abiding by and implementing them in their own facilities. Moreover, the supplier, not McDonald's, is responsible to ensure that their employees, vendors, and others in their supply chain meet the expectation of the SGD. Likewise, no provision of the SGD, including McDonald's right to conduct an audit of the supplier, confers any right on a supplier, employees of a supplier, vendors of any supplier, and/or any other person or organization in the supplier's supply chain, which are enforceable against McDonald's.

I. Introduction

1.0 Purpose of This Document

This Supplier Guidance Document (SGD) is intended to help McDonald's suppliers (including facilities, agencies, subcontractors, and third-party auditors) understand our expectations, and thus comply with our Supplier Code of Conduct (Code). The Code describes McDonald's expectations for how we expect our supply chain to conduct business in accordance with our Core Values. Although our values have remained consistent, we have continually evolved our program to drive continuous improvement. This document may be revised, as necessary, to support suppliers' understanding of our expectations beyond the Code. By complying with the Code, suppliers help to advance these principles.

In some cases, a difference may exist between the level of compliance outlined in the Code and SGD and local or national laws. In such cases, McDonald's expects suppliers to comply with **whichever measure is more stringent** (the higher standard). If any uncertainty or questions arise as to which is the higher standard, please direct your questions to your McDonald's Area of the World (AOW) Lead, your ISS Program Manager ("ISS PM"), or McDonald's Global Director of Supplier Workplace Accountability. Please see the McDonald's Supplier Workplace Accountability Contacts (available on the iEnable website within the online training resource documents) or refer to Appendix B.B.2. McDonald's Supplier Workplace Accountability Contacts for general email addresses.

McDonald's expects suppliers to be accountable and responsible for ensuring facilities, agencies, subcontractors, and everyone that falls within the scope of the Supplier Workplace Accountability (SWA) program are identified, updated on a regular basis, and compliant with our Code. Suppliers are responsible for ensuring our expectations within this document are shared throughout their supply chain.

2.0 How to Use This Document

As you read this document, you will encounter sections entitled "Standard," and "Expectation," respectively, these lay out our overarching principles and expectations for your application of these principles and practices for the given topic.

The expectation statements provide a "color" score if not in compliance to help you understand the potential severity and prioritization under each requirement.

R (Red)	Urgent – immediate action required
A (Amber)	Major – prompt action required
Y (Yellow)	Minor – action required

3.0 Sustainable Supply Vision

As a contributor to our System, you play a vital role in fulfilling our sustainable supply vision and Core Values. When choosing and working with suppliers, McDonald's goes beyond the expectation of high-quality, safe products without supply interruption.

Our vision is for all McDonald's food and packaging to come from sustainable sources. To this end, we define sustainability according to our "Three E's": creating a net benefit by improving Ethical, Environmental, and Economic outcomes of our System. The Code is essential for ensuring positive ethical outcomes.

4.0 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 SWA Program that is outlined in this document.

Our values are:

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

Our customers are the reason for our existence. We demonstrate our appreciation by providing them with high-quality food and superior service, in a clean, welcoming environment, at a great value. Our goal is quality, service, cleanliness, and value ("QSC&V") for each and every customer, each and every time.

We are committed to our people.

We provide opportunity, nurture talent, develop leaders, and reward achievement. We believe that a team of well-trained individuals with diverse backgrounds and experiences, working together in an environment that fosters respect and drives high levels of engagement, is essential to our continued success.

We believe in the McDonald's System.

McDonald's business model, depicted by the "three-legged stool" of owner/ operators, suppliers, and company workers, is our foundation, and the balance of interests among the three groups is key.

We operate our business ethically.

Sound ethics are good business. At McDonald's, we hold ourselves and conduct our business to high standards of fairness, honesty, and integrity. We are individually accountable and collectively responsible.

We give back to our communities.

We take seriously the responsibilities that come with being a leader. We help our customers build better communities, support Ronald McDonald House Charities, and leverage our size, scope, and resources to help make the world a better place.

We grow our business profitably.

McDonald's is a publicly traded company. As such, we work to provide sustained profitable growth for our shareholders. This requires a continuing focus on our customers and the health of our System.

We strive continually to improve.

We are a learning organization that aims to anticipate and respond to changing customer, worker, and System needs through constant evolution and innovation.

5.0 McDonald's Human Rights Risk Assessment

In a response to a 2013 shareholder proposal, the Sustainability and Corporate Responsibility Committee of McDonald's Board of Directors has reported on its assessment of the Company's approach to managing human rights risk. The report may be found on the McDonald's website at http://www.aboutmcdonalds.com/mcd/investors/corporate_governance/board_and_committee_reports.html

II. Supplier Workplace Accountability Program Overview

At McDonald's, we care as much about the people who make our products as we do about those who buy and sell our products. We put this commitment into action through our SWA program (also referred to as "Program"). This Program promotes a set of global workplace standards for those who touch our supply chain, ensuring they are treated fairly and provided with a safe and healthy work environment.

Everyone who contributes to the McDonald's System has a unique role in living out our values. Our SWA Program helps define and evaluate how we do this. The Program has three main purposes: To help suppliers and facilities understand their responsibilities; to verify compliance with McDonald's expectations and to work together for continuous improvement.

The Program is about human beings, caring about them and developing a working environment that is safe, friendly.....compliant with laws and regulations, allowing continuous value to be delivered to the supply chain.

1.0 SWA Program Scope

The scope is facility-based not supplier based. This means that our focus is around facilities that:

- Manufacture or distribute products such as food and packaging for McDonald's, its franchisees and/or Developmental Licensees ("DL") that is destined for a McDonald's restaurant or distribution center.
- Manufacture products that meet specifications (i.e. recipes, formulas, patents) set by McDonald's, such as fish/chicken coating suppliers, as well as seating, décor (including Ronald), signage, active play equipment, ESSD (Environmentally Socially Sustainable Development) and equipment for restaurants, etc.
- Manufacture or distribute products which are exclusive to McDonald's.
- Manufacture products where McDonald's Brand, trademarks or images are visible or displayed.

NOTE: Facilities that suppliers often don't consider during the facility identification process include those that manufacture or produce outer cartons, inner plastic bags, poly bags, tray-liners, and uniforms where McDonald's Brand, trademarks or images (e.g. Ronald McDonald), are visible. These facilities also need to be included.

- Where other assessments are conducted to McDonald's specifications or guidelines:
 - Animal Health & Welfare Audit (currently beef, lamb, pork & chicken)
 - Toy Safety
 - SQMS
 - DQMP

Exceptions to the overall scope are:

- Operating Supplies (i.e. non branded/ generic spatula, brooms, etc.)
- Fishing vessels
- Farms conducting McDonald's GAP Audit/ 3rd party logistics/ transportation companies (delivering from the supplier to the DC (distribution center; this does **NOT** exclude our distribution centers)

NOTE: Each McDonald's AOW Lead has the ability to identify and include facilities **beyond** this documented scope **without** requiring global alignment.

"We expect suppliers to hold their supply chain, including subcontractors and third party labor agencies, to the same standards contained in this Code."

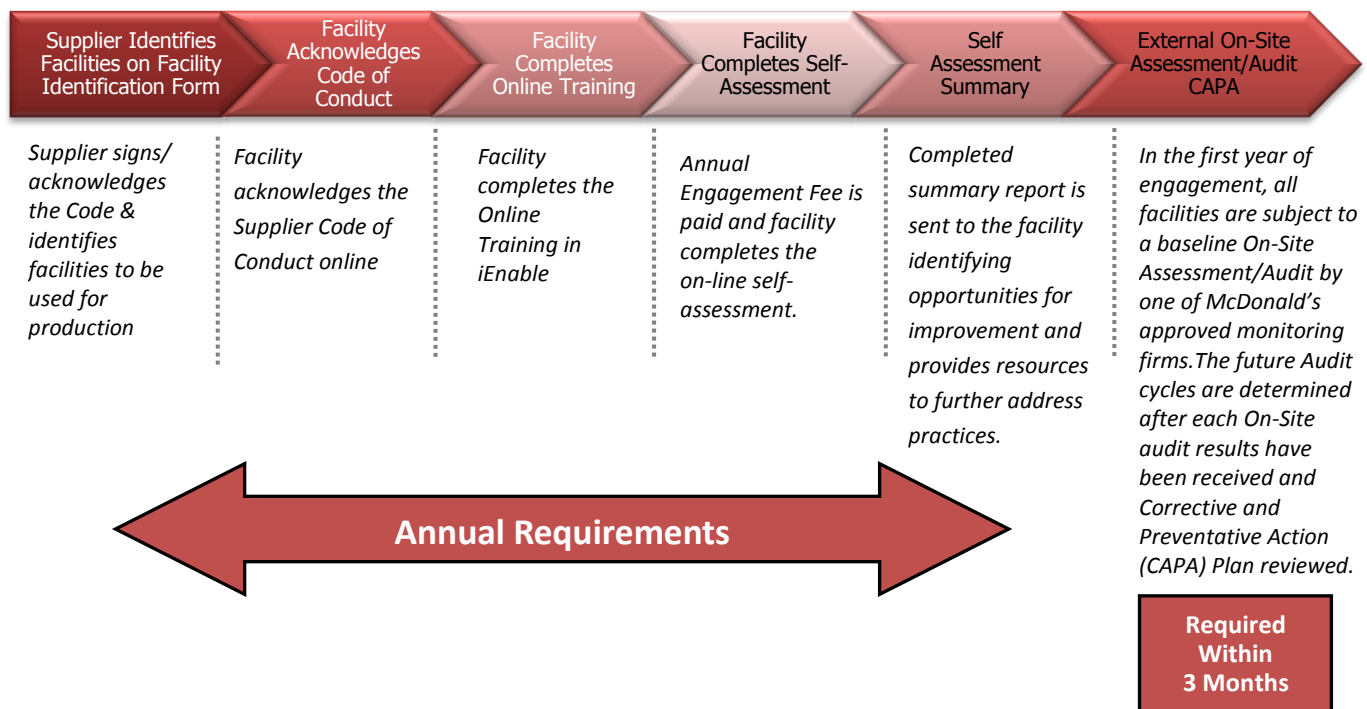
NOTE: - Bangladesh:

Effective immediately, goods imported from Bangladesh will no longer be accepted into the McDonald's System.

For suppliers currently importing goods from Bangladesh for use in the McDonald's System, a transition plan is to be developed and implemented with a goal to cease all such imports by 31 December 2014.

Anyone found to be importing goods from Bangladesh for use in the McDonald's System may be suspended as an approved supplier to the McDonald's System.

2.0 Supplier Workplace Accountability Process Steps



Step 1: Facility Identification

Suppliers are responsible for identifying information for any facility which falls within the scope of the SWA Program. The process may vary by AOW, McDonald's will advise on how new facilities are added in the data system.

Step 2: Agreement to Comply with the Code

All suppliers to the McDonald's System are required to comply with the Code; typically this requirement is included in the Business Relationship Agreement ("BRA") or other similar agreement. The Code is also available as a separate document

Step 3: Online Training

The online training is designed to communicate the expectations of the SWA Program and provide a thorough orientation to the Program.

McDonald's offers two training courses (McDonald's Supplier Code of Conduct and Preparing for an On-site Assessment/ Audit) through iEnable. These courses are interactive and provide various validation questions throughout the training to support understanding.

- a) The Supplier Code of Conduct course focuses on the overall Program expectations,
- b) The On-site Assessment/ Audit course focuses on what happens during the assessment/ audit.

You should also access additional resource documents, including the Resource Library and Pre-Audit Guide which are available through this direct link:

<https://ienable.intertekconnect.com/Training/Training/Book.aspx>



Step 4: Annual Self-Assessment

A rigorous self-assessment questionnaire (SAQ) process is an effective driver of continuous improvement. All facilities are to perform a self-assessment during the annual engagement process. The self-assessment tool is intended to assist in appraising current practice and management systems, and to provide a comprehensive overview of the topics that will be covered during the audit conducted by 3rd party monitoring firms.

The purpose of the self-assessment is to:

- Help you better understand the expectations in the Supplier Code of Conduct (Code) and Supplier Guidance Document (SGD), and how to meet and/ or exceed these expectations
- Affirm current practices and facility's commitment to McDonald's expectations
- Identify areas where improvement may be necessary and provide resource links
- Allow you to implement necessary corrective and preventative actions
- Assist you in preparing for the on-site assessment/audit.

Annual Engagement Fee:

Each year, prior to starting the self-assessment, facilities will be asked to acknowledge the Code online, attesting to their responsible workplace practices. The next step is to pay the annual engagement fee. This can be paid online, via invoice with a bank check in USD or electronic/ telegraphic transfer. Suppliers with multiple facilities may pay for all facilities at one time by requesting an aggregate invoice from ISS Program Management. The annual engagement fee is required for each facility.

The initial self-assessment is due within 30 days of receiving access to iEnable. Every year after that it is due at the same time of year, however no later than September 30th.

After payment has been received, the facility user will receive an email notification from iEnable that will indicate that the facility is ready to begin the self-assessment questionnaire ("SAQ"). The SAQ will present a series of questions. It is important to answer each question honestly and completely.

If this is the first time that you have completed your self-assessment you should schedule to have a baseline audit conducted within 60 days. If you have already received a baseline audit and are completing the annual self-assessment, the McDonald's AOW Lead will advise the timeframe for conducting the next full audit.

NOTE: Annual self-assessments should be completed **prior** to conducting an on-site audit. Auditors review the self-assessment summary before conducting the audit in order to become familiar with your facility.

Step 5: Self-Assessment Summary

After completing and submitting the SAQ online, a self-assessment summary will be issued indicating potential areas of opportunity. Self-assessment summaries can also be accessed online at any time by logging into iEnable at <https://ienable.intertekconnect.com>.

Step 6: External On-site Assessment/Audit

McDonald's reserves the right to conduct an on-site assessment/audit either (announced or unannounced), at any time.

Note: an on-site assessment/ audit are referred to throughout this document as an audit.

An audit is a physical inspection of the facility including, housing and canteens/ cafeterias if provided. They also include private worker interviews, review of facility records and business practices to assure compliance with the principles of the Code and McDonald's Supplier Guidance Document. Audits are conducted by McDonald's or its designee, 3rd party monitoring firm.

McDonald's monitoring and verification process provides detailed information about the facility's level of compliance with our expectations. The audit is conducted by professional, independent monitoring firms with social compliance expertise. McDonald's approves all monitoring firms before they are allowed to conduct a McDonald's SWA assessment/ audit and participate in ongoing training to ensure their understanding of local laws and McDonald's expectations remains current. They are expected to perform these as unbiased fact finders.

All areas and people working in the facility should be made aware and available during the on-site assessment/ audit. The scope includes all buildings/ areas where products are manufactured (**not** just where McDonald's manufactured or propose to manufacture). When an assessment occurs at the facility, the auditors will walk through the entire facility, look at facility records, and interview various people. These assessments contribute to our System by providing valuable information to all relevant stakeholders (supplier, facility, McDonald's) so all can learn from the identified opportunities.

Facilities are to keep all information necessary to document compliance with the following expectations described in the Code and this SGD readily available, including at least 12 months of records.

The auditor will measure how well the facility complies with the Code and SGD, and identifies areas of non-compliance. A final report, with any non-compliance observations, is issued through iEnable. This is an independent measure of the facility's compliance, and does not tell the facility what actions to take. The facility makes decisions about how to improve and enhance compliance to ensure corrective and preventative actions are sustainable through a corrective and preventative action plan (CAPA).

III. Expectations

1.0 Business Integrity

McDonald's is privileged to work with many suppliers and facilities located throughout the world. While facilities are responsible for complying with local and national laws along with the Code and this SGD—we also encourage facilities to draw upon internationally accepted standards that aim to advance social and environmental responsibility, whenever possible.

1.1. Compliance with and Knowledge of Laws

Standard: Comply with applicable laws and regulations that affect people-related practices as well as business operations in the countries and jurisdictions in which they operate. This applies to activities in the following locations: 1) where goods are produced, 2) where any related services are performed, and 3) where the goods enter the supply chain.

Expectation: Possess all proper business licenses and certificates as required by local and national law. Copies of applicable laws should be available (or accessible online), and facilities shall make available to people in a language understood by the workforce, as necessary. A system is in place to receive timely updates to applicable laws as well as a process to implement changes as necessary. (This may include placing all legally required employment postings in a visible area.)

Designated management representatives are responsible for monitoring compliance. It is up to these leaders to ensure everyone understands and follows the standards set forth in the Code and SGD. They should make themselves available to answer questions they may have about McDonald's policies, values, and the law.

- A** Agreements are in place with outside employment agencies/ sub-contractors that provide people who work directly or indirectly for you to ensure they are in compliance with our expectations, which include working hours, minimum age, compensation, recruitment and benefit requirements.

- A** Copies of all valid business licenses/ permits applicable to the business are available on-site.
- Y** Management systems are in place to ensure timely updates of changes in law

1.2. Bribery, Corruption, Extortion, and Embezzlement

Standard: Comply with all applicable legal requirements, including the U.S. Foreign Corrupt Practices Act (“FCPA”). The FCPA generally makes it unlawful to give anything of value to government officials, state-owned entities, political parties, party officials, or candidates for public office for the purpose of obtaining or retaining business. “Anything of value” can include money, kickbacks, favors, gifts, lavish entertainment, airfare and hotel costs, and other items. Facilities shall not take any action that would cause McDonald’s to violate the FCPA or any other anti-bribery law or regulation.

Expectation: All forms of corruption are prohibited—including bribery, kickbacks, extortion, and embezzlement. In short, no one should offer or accept bribes or other means of obtaining undue advantage. This expectation also applies to anyone acting on behalf of McDonald’s, including our third party auditors conducting on-site assessment/audits.

If you are aware of (or suspect) any issues or violations involving possible bribery, corruption, extortion, or embezzlement, contact McDonald’s immediately through the McDonald’s Business Integrity Line See Appendix B.2.2¹

- R** Facility complies with all Bribery, corruption, extortion and embezzlement laws and practices.
- Y** Management Systems are in place to ensure compliance to this standard.

¹ Special Notice for Suppliers Located in France: If you either suspect or are aware of a violation of law at your company or by a McDonald’s employee in one of the following areas: finance, accounting, banking, anti-corruption or anti-competition, please contact McDonald’s France at the following email address: Alerte.professionnelle@fr.mcd.com

1.3. Documentation and Recordkeeping

Standard: Accurate and detailed books, records, and accounts are to be maintained in accordance with applicable legal and regulatory requirements, utilizing generally accepted accounting principles, to demonstrate compliance with applicable laws, regulations and the Code.

Expectation: Maintain records that are honest, accurate, and complete, including financial, eligibility to work, documentation of hours worked, wages paid, labor and recruitment contracts. Records should be accurately completed, such as time records, safety reports, expense reports, and other documentation. There should not be any false or misleading entries on any records or maintain any separate accounts not reflected on the facility’s books.

- A** Twelve months of accurate and complete records are retained at all times.
- Y** Management systems are in place to ensure compliance to standard

1.4. Gifts, Favors, and Entertainment

Standard: Like McDonald's employees, you are prohibited from accepting gifts, favors, entertainment, or other personal benefits from those with whom you do business in connection with your work as a McDonald's supplier, because doing so could improperly influence (or appear to influence) business decisions.

- R** Facility signs and complies with the monitoring firm's Statement of Integrity and/ or Gifts and Gratuity Policy.
- Y** Management systems are in place to ensure compliance to standard

1.5. Conflicts of Interest

Standard: Avoid conflicts of interest to keep business decisions fair and transparent.

Expectation: Avoid situations where you could profit personally as a result of a relationship with someone connected to McDonald's business, and immediately disclose any situations that might appear to be a conflict of interest.

1.6. Confidential Information

Standard: Implement and adhere to adequate controls which ensure the privacy and protection of information and intellectual property belonging to McDonald's, McDonald's suppliers, and third parties.

Expectation: Carefully protect information regarding McDonald's and its business, ensuring it is never disclosed to anyone who is not authorized. Safeguard McDonald's information by keeping it secure, limiting access, and avoiding discussing or revealing such information in public places. Respect the intellectual property rights of others and take appropriate steps to safeguard the information of third parties. These requirements extend even after the conclusion of a business relationship with McDonald's. If there are any questions about whether information possessed is confidential, seek guidance from McDonald's before disclosing.

1.7. Standards of Business Conduct

Standard: While the Standards of Business Conduct ("SBC") for McDonald's employees does not apply directly to suppliers, suppliers should ensure that the employees enjoy these same ethical standards.

Expectation: Notify McDonald's if you become aware (or suspect) that a McDonald's employee, or anyone acting on McDonald's behalf, is involved in a violation of a law, regulation, or policy. We take violations of the SBC seriously, and ask that any potentially unethical or illegal behavior by a McDonald's employee, supplier, or auditing firm is immediately brought to our attention. See www.aboutmcdonalds.com for a copy of the SBC which is available in multiple languages and also available in iEnable, under resource documents.

2.0 Management Systems

Standard: The policies and procedures (“management systems”) established regarding compliance with laws, standards, and our expectations are essential to adherence with the Code. Suppliers should establish a planning process to define the purpose, methods, frequencies, and responsibilities for verification of activities. The management system that is established should address all of the key elements within the Code and SGD, noted under the following 4 key categories:

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

Expectation: Effective management systems are essential for the efficient running of any business, and involve all compliance areas. A management system begins with a planning process to define the system's purpose, the methods that will be used to meet this purpose, how often internal verifications will occur, and who is responsible for each component. These requirements should also be clearly identified in job descriptions. Suppliers should monitor and update their systems regularly to continually improve and remain up-to-date with changes in requirements.

A management system includes the following key elements:

- Y Policies/Procedures:** clearly written, up to date indicating the owner (person/ committee), and supported through regular training and communication.
- Y Communication:** documentation such as a worker handbook, hiring contracts, and required postings in language(s) understood by all including methods for illiterate people, as necessary).
- Y Roles/Responsibilities:** designated staff to carry out, communicate and measure policies/ procedures; designated senior management responsible for the affected part of the business.
- Y Training:** available in language(s) understood by all which includes verification to ensure understanding & correct implementation of policies.
- Y Business Integration:** identifying changes to the business with the implementation of policies and how they will be carried out in day-to-day business.
- Y Internal Verification:** ongoing monitoring to ensure policies/procedures are being followed as well as measuring the effectiveness of training, documenting, and implementation of Corrective and Preventative Action Plans (CAPA).
- Y Governance/ Enforcement:** method for tracking and managing data and issuing reports which is a record of what information was collected, a summary of what was learned and recommendations for changes to be made as a result.

2.1 Grievance Mechanism

Standard: Suppliers shall create internal programs for handling reports of workplace grievances, including anonymous reports. People should feel safe to talk to management about reporting concerns they have as well as receive a timely investigation to their report without fear of retaliation.

Expectation: A **grievance** is a perceived injustice, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness. The grievance may include harassment, discrimination, abuse, bribery and potential conflicts of interest, working conditions, accidents or safety issues. The grievance mechanism should also allow for suggestions to be provided on

ways in which the facility could improve standard practices in order to be more effective within the workplace. Methods should be available which allow for confidential and anonymous reports, if allowed by law¹. Effective grievance mechanisms are a series of process steps for identifying and, wherever possible, resolving concerns that have been raised.

See **Appendix E** for a step-by step 2-page reference on “What makes a grievance mechanism effective?”

- A** A method is available to effectively file a grievance anonymously (if allowed by law¹), where a thorough investigation occurs without retaliation.
- Y** Grievance Mechanism includes: written policies and procedures, communication and training (understood by all) monitoring and governance (internal verification)
- Y** Person(s) identified to manage the grievance process which includes input from all levels of people as applicable.
- Y** Communication identifying how access to the grievance mechanism is made. This communication should include what to expect once grievance is filed, timeline for further communication and confirm that confidentiality without retaliation is assured.

¹ Special Notice for Suppliers Located in France: French suppliers need to be in compliance with local laws and regulations, especially with the CNIL unified authorization n AU004 dated December 8 2005 amended by deliberation n° 2010-369 of October 14, 2010. If you either suspect or are aware of a violation of law at your company or by a McDonald's employee in one of the following areas: finance, accounting, banking, anti-corruption or anti-competition, please contact McDonald's France at the following email address: Alerte.professionnelle@fr.mcd.com

3.0 Human Rights

Standard: One of McDonald's core values is a commitment to people. As contributors to the McDonald's System, you can demonstrate this value by complying with all applicable laws, upholding fair and legal recruitment and employment practices, and valuing and appreciating the people within your workforce.

Expectation: Conduct activities in a manner that respects human rights as set out in the United Nations Universal Declaration of Human Rights. <http://www.un.org/en/documents/udhr>

- R** No form of slave, forced, bonded, indentured, or involuntary prison labor.
- R** Does not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking.
- R** Does not require government-issued identification, passports or work permits, to be handed over and stored by employer as a condition of employment.
- Y** Management Systems are in place to ensure compliance to this standard

3.1. Underage Labor/Young Workers

Standard: Underage labor 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. If the country's minimum working age is either not defined or younger than 14, suppliers, facilities and subcontractors within their supply chain shall not employ anyone younger than 14. Underage labor is not to be used to produce or distribute goods or services. Underage labor laws protect children and benefit communities.

Expectation: Maintain legally accepted age verification records, and have these readily available. Records should include date of hire and a copy of age verification documentation, to ensure all have

reached legal minimum age when they commenced employment. The facility should invest in a remediation system in the event an underage person is hired, to assist in their return to their school or vocational program, or any other solution that can cater to the child's best interest.

- R** All employees at or above the legal age required by local law, or at least 14 (if law is less stringent).
- R** Everyone within the facility is historically at or above the age requirement by local law at time of hire.
- A** Reviews, validates, and/or has a process to maintain legal proof of age documentation, upon hire.
- A** Registers young/ juvenile workers with the local labor department, including work permits, as required by law.
- A** Provides occupational health and safety education and training to all young/juvenile workers/apprentices, etc.
- A** Provides regular health examinations for young/ juvenile workers/ apprentices as required by law, with fees paid by the facility.
- A** Provides special protection restrictions (working hours, working in coordination with school hours, working night shift, dangerous work or handling hazardous substances which may harm physical, spiritual, moral or social development) for protected groups (i.e., juvenile/ young workers/ apprentices, pregnant workers, etc.) as required by law.
- Y** Management Systems are in place to ensure compliance to standard

3.2. Home Workers

Standard: Unless prohibited by law, the use of home work (as defined by the International Labor Organization (ILO) below) is acceptable.

International Labor Organization (ILO) Definition of Home Work

- a) The term home work means work carried out by a person, to be referred to as a home worker,
 - (i) in his or her home or in other premises of his or her choice, somewhere other than the workplace of the employer;
 - (ii) for remuneration;
 - (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used.
- b) Persons with employee status do not become home workers within the meaning of this Convention simply by occasionally performing their work as employees at home, rather than at their usual workplaces;
- c) The term employer means a person, natural or legal, who, either directly or through an intermediary, whether or not intermediaries are provided for in national legislation, gives out home work in pursuance of his or her business activity.

ILO (1996) Convention Concerning Home Work. No. 177 (<http://www.ilo.org/ilolex/english/convdisp1.htm>)

Expectation: Comply with all local laws and regulations as well as the Code regarding the use of home workers. Home worker practices incorporated in all management systems such as written procedures/ policies, and internal verification processes to verify these policies are effectively implemented.

Applicable national and/ or local occupational health and safety laws and regulations shall apply to home workers.

- R** Food or food handling processes are not to be produced in a home work environment.
- A** Regardless of whether home work is used for McDonald's or not, you are to declare to McDonald's the use of home workers throughout production locations including subcontractors.
- A** Complies with all relevant laws, and provides documentation to verify.
- A** Provides a list of individuals employed as home worker(s); including the type of product they are involved in producing.
- A** Home work is performed in a safe & hygienic environment.
- A** Monitors working hours, compensation, and age verification of home workers.
- A** Home workers are to be trained on relevant health and safety issues.
- A** Home workers are not given any dangerous products or substances to handle, such as toxic chemicals and heavy machinery, which may pose health and safety risks.
- A** Home workers are provided any necessary personal protective equipment ("PPE") free of charge.
- Y** Management Systems are in place to ensure compliance to standard.

3.3. Employment Status

Standard: 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.

Expectation: Validates during the hiring process the following to demonstrate compliance with legal requirements

- R** Accurate and complete documentation (e.g. work permits, I-9s in the US, labor market opinions (LMO's) etc.) is used for all people (foreign and domestic) to verify employment eligibility (legal status to work) and the records that state the detail of employees' work eligibility (status, expiry days, document detail, the person who verified) are kept.
- A** Contractual requirement on its Suppliers, Employment Agencies, labor brokers, subcontractors and/or home workers to be in compliance with labor laws and regulations.
- A** Employment/labor contracts comply with legal requirements (i.e. employment conditions are clearly stated).
- A** The labor contract is current and a signed copy (in a language they understand) is provided to the person signing.
- Y** Management Systems are in place to ensure compliance to standard.

3.4. Migrant Labor

Standard: Human and workplace rights are to be respected for all, including those employed as full or part-time workers, subcontractors, and migrant laborers. ("Migrant" labor is a term used to designate workers who have traveled from their home country or province to take employment. Migrant laborers may travel on their own or be transported by the employer or a third party such as an employment or recruitment agency.) Facilities and employment agencies should not charge fees to those dispatched to the facility, **unless legally required**.

Expectation: Ensure expectations contained within the Code and this document is shared with agencies that provide labor to the facility. For example, equal pay is expected for equal work as well as safe and healthy working conditions for all.

- R** Free from direct or indirect payment of any fees, fines, taxes, deposits or bonds for the purpose of recruitment or placement, unless legally allowed, and within legal limit.
- R** Free from debt due to recruitment or placement.
- R** Terms of employment outlined at the time of recruitment will not differ in any way from what was being provided at the facility, (including type or work stated).
- R** Free from pressure, coercion, or threats in any way into accepting a job or to maintain employment (financially or otherwise) (e.g. threat of denunciation to authorities; law enforcement).
- A** The employment agency will have signed employment contracts with ALL people (local & migrant) which have been dispatched to the facility where legally required. The contract will be in a language understood by the person signing and the agency is responsible for ensuring the contract is understood by the signee.
- Y** Management systems are in place to ensure compliance to standard.

3.5. Recruitment Firms/ Agency/ Sub-Contractors

Standard: Ensure third-party agencies, recruitment firms, labor brokers and subcontractors also comply with legal employment practices, and guidelines in the migrant and involuntary labor section of this document. All standards also apply to temporary workers as well as regular workers.

Expectation: If using outsourcing recruitment, hiring, or management of migrant workers to a labor broker, a pre-selection review should be conducted in both the sending and receiving countries (or regions) to prioritize and select labor brokers that are able to demonstrate they:

- Operate in compliance with the law
- Identify, screen out, and manage risks of forced labor in their business processes

Work with other stakeholders such as governments, non-profit organizations, or labor unions to support the development of a robust system of regulation and enforcement of broker activity. Seek to support voluntary accreditation programs, where such programs set standards for labor brokers that encourage them to adopt good practice.

- R** No direct or indirect fee or cost is charged to workers for their recruitment, unless legally allowed and is within legal limit.
- A** If the employment agency is located in another region/ country, the worker's compensation and work conditions must be consistent with signed contracts and in line with your local law criteria as well as sending country criteria, and in a language understood by the worker(s).

- A** Confirm employment, labor broker and/or recruiting agency(s) are operating under a valid business license/ permit according to local law (including labor broker/ employment agency operating in sending country).
- A** Has a signed agreement with the employment agency/ labor broker, with clearly identified performance criteria in the contract with the labor broker, in a language understood by worker(s).
- A** Facility has informed McDonald's of the use of external sub-contractors
- Y** Management Systems are in place to ensure compliance to standard.

3.6. Involuntary Labor

Standard: McDonald's values the freedom of all human beings to accept or leave a job voluntarily. Involuntary prison, forced, bonded, or indentured labor, as well as human trafficking and slavery, are strictly and explicitly prohibited.

Expectation: Ensure hiring practices, as well as those of any labor or recruitment agency, provide people employment under voluntary conditions. Practices in the workplace allow reasonable freedom of movement.

- R** No one is locked in or guarded.
- R** No one is indebted to the facility or recruitment agency in a manner that prohibits them from freely leaving their employment.
- R** Allowed to leave their employment at any time, without being penalized financially and without potential loss of residency.
- R** Do not feel threatened or afraid that something bad will happen to them or their families if they leave their job.
- R** Free to leave the workplace at the end of the working shift.
- R** Have the option to retain their personal identification documentation.
- R** Free to move around the workplace, take restroom and water breaks without restrictions to basic rights, unless interferes with production and clear guidelines are in place and understood by all.
- R** Permission is given to leave the facility under reasonable circumstances, such as for personal or family emergencies, without disciplinary penalty.
- A** If documents are retained by the facility for safe keeping, clear instructions for return within 2 hours and written consent is given by the person whose documents are being retained in a language(s) they understand.
- A** Free to decline overtime work (and without monetary disciplinary action).
- A** Aware of the overtime policy upon hire (communicated expected overtime hours per day/ week/ month, conditions and procedures to opt out)
- Y** A documented process is in place for worker(s) to retrieve personal documents within 2 hours when necessary. The documentation includes records stating when a request has been made, and when the documentation has been returned as applicable. Process is written in language understood by all within the workforce.
- Y** Management Systems are in place to ensure compliance to standard.

3.7. Prison Labor

Standard: The use of involuntary prison labor is never allowed. In some locations, however, it may be legal to allow prisoners to work voluntarily through the use of an approved government program. In a situation like this, McDonald's must be informed prior to the commencement of using prison labor OR prior to commencing production for McDonald's.

Expectation: Comply with all regulations governing prison labor and follow McDonald's prison labor protocol when using government-sanctioned voluntary prison labor. The McDonald's "Prison Labor Due Diligence Form" must be completed by the supplier/ facility and acknowledged by McDonald's Director of SWA and AOW Lead before commencing the use of prison labor.

If the facility uses prison labor as part of a government-approved program, **complete Appendix D and return to your AOW lead** prior to commencing use of voluntary prison labor, and/or prior to producing for McDonald's.

- R** Any prison labor used is part of an approved government program.
- R** Facility has informed McDonald's of the use of approved government prison labor program; and has a signed "Prison Labor Due Diligence Form" on file.
- Y** Management Systems are in place to ensure compliance to standard.

3.8. Freedom of Association

Standard: Right to associate or not associate with any group of their choice, as permitted by law without fear of reprisal, intimidation, or harassment.

Expectation: All human beings are treated equally, regardless of their association with unions or other groups. McDonald's expects its suppliers/ facilities to respect human rights, at all times.

- A** Facility does not require and/ or discourage union membership as a condition of hire or continued employment.
- A** Collective Bargaining Rights: Suppliers shall respect the rights of people to bargain collectively where such rights are established by law or contract.
- Y** Representatives within the facility are freely elected without management interference.
- Y** Representatives include non-management employees.
- Y** Representatives are allowed to carry out activities relating to workers' right and interest without management interference, and given access to the workplace in order to carry out their representative functions.
- Y** Management Systems are in place to ensure compliance to standard.

3.9. Non-Discrimination

Standard: Providing an environment free from discrimination is essential for upholding a positive workplace and complying with law. All individuals in the workplace are to be treated with fairness, dignity and respect.

Expectation: All employment decisions are based on job-related criteria and not on a person's race, color, religion, sex, sexual orientation, age, disability, national/ ethnic/ social origin, gender identity or expression, political affiliation, pre-employment medical exams, or any other basis prohibited by law. For

example, an employer may not refuse to hire an applicant because of his religion, or decide to offer a promotion to someone because of their race or national origin.

NOTE: An exception includes health testing for communicable diseases for people working within the canteen/cafeteria or where required by law in handling food or food-safe production.

- R** Facility is free from discrimination in the areas of recruitment, training, working conditions, job assignment, pay (including bonuses), opportunity to work overtime, benefits, promotions, discipline, termination and retirement (without regard to race, color, age, gender, sexual orientation, ethnicity and national origin, disability, pregnancy, religion, political affiliation, union membership, marital status, medical condition or any other personal characteristics).
- R** Facilities should ensure all are treated fairly regarding benefits, dormitory and/or canteen/cafeteria privileges.
- Y** Management Systems are in place to ensure compliance to standard.

3.10. Employee Discipline

Standard: Disciplinary policies are to follow all legal requirements and ensure all are treated fairly and consistently, including no monetary disciplinary deductions.

Expectation: Have a written disciplinary procedure outlining the steps of progressive discipline to correct misconduct or unsatisfactory performance including an appeal process; which is in compliance with all applicable laws. Managers and supervisors should be trained on appropriate disciplinary measures including required training records.

- A** Does not use monetary disciplinary practices.
- A** Complies with all applicable laws regarding disciplinary practices.
- Y** Maintains written records of disciplinary actions including appeal process and outcomes.
- Y** Clearly communicates/documents disciplinary procedures in language(s) understood by all at time of hire and updated as required.
- Y** Management Systems are in place to ensure compliance to standard.

3.11. Harassment and Abuse

Standard: A workplace where all human beings are treated with fairness, respect, and dignity. No form of physical, sexual, psychological or verbal harassment or abuse shall be tolerated.

Expectation: Do not tolerate any form of harassment, abuse, or intimidation, and should provide security safeguards as needed. Harassment is any inappropriate conduct toward another person that creates an intimidating, hostile, or offensive work environment. Harassment or abuse includes threats of physical violence, penalties, fines, or termination of employment, and may be conducted by management against workers, workers against workers, and workers aimed at management.

- R** Free from sexual, psychological, physical, abuse, intimidation, verbal harassment and bullying based on race, color, religion, sex, sexual orientation, age, disability, nationality/ ethnic/ social origin, gender identity or expression, political affiliation, or any other basis prohibited by law.
- R** Security practices are gender appropriate and non-intrusive. Unwanted sexual attention does not occur.
- Y** Management Systems are in place to ensure compliance to standard.

3.12. Compensation and Benefits

Standard: Everyone is compensated according to law and includes minimum wage, overtime/ premium pay, and equal pay for equal work without discrimination. There shall be no disciplinary deductions from pay.

Expectation: Compensation practices are to be communicated to everyone, so they are aware of and understand those practices. Temporary and migrant workers are to be afforded the same rights as other workers.

Everyone receives at least minimum wage for all hours worked, according to local regulations. Where a country's law specifies the time and/or method by which to pay, the facility should comply with those laws, and also follow legal requirements in the case of wage delay, such as paid interest and ensuring, where necessary ,appropriate approvals by unions and/ or workers.

- R** Minimum wage is paid to everyone.
- A** Regular time hours for everyone (hourly, piece rate, etc.) are paid as per laws, collective/ enterprise/employment bargaining agreements, individual employment contracts and applicable overtime agreements
- A** Pays directly to the worker or to a bank account under the worker's name. Cash payments are acceptable as long as the worker signs to verify receipt.
- A** Provides payroll receipts to all clearly indicating regular and overtime hours, compensation and benefits, taxes, deductions, and allowance, according to local laws.
- A** Provides statutory benefits mandated by law, including but not limited to retirement benefits, severance pay, health insurance, social insurance, leave (i.e. annual, family, sick, maternity/ paternity, etc.), and holidays.
- A** Pays mandated withholdings to the appropriate government agency (agencies).
- A** At least 12 months of records are available to verify compliance with compensation requirements. A system is in place to record compensation accurately and consistently.
- A** Facility maintains and/or ensures that they have a process to access and make available complete payroll records, including correct wage calculation including hourly, piece rate, home workers, agency or subcontract workers, etc. Records are accurate and without discrepancies,
- A** If an approved government issued waiver was obtained for extending working hours, the hours and wages for the total working hours are calculated and paid correctly.
- A** Deductions made from wages (e.g. food, housing, utilities, PPE) are reasonable, if allowed by law, AND all people (including local & migrant) are able to opt out of these benefits unless mandated by law. In absence of law, total combined charges for food, housing, utilities should be no more than 50% of minimum wage and must be outlined in work contract.
- A** Meets legal requirements on compensation (including apprenticeships/ temporary contracts salary and benefits).
- Y** Management Systems are in place to ensure compliance to standard.

3.13 Working Hours and Rest Days

Standard: Positive workplace standards include providing reasonable work hours and rest days. National and local laws usually set maximum work hours and minimum rest days. Everyone shall be allowed at least one day off every seven days, and any overtime worked shall be voluntary. If local law allows, people 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.

Expectation: Ensure working hours, rest breaks, and meal breaks fall within legal requirements. Have a defined workweek that is communicated to and understood by all and allowed at least one day off (at least 24 consecutive hours) every seven days. If local law allows, people may voluntarily work overtime on rest days, provided they have one day off within the next seven days.

- R** Free from working more than 21 consecutive days.
- A** Free from working 18+ consecutive hours
- A** Total working hours inclusive of overtime are within allowable limits under applicable law and/ or collective bargaining agreement
- A** Total working hours do not exceed 80 hours in a work week, regardless of law.
- A** Maintains at least 12 months of complete, accurate records without discrepancies, to verify compliance with working hour/rest day requirements, and has a system in place to record working hours accurately and consistently. Examples may include working time clocks, time in/out recording systems or valid time in/out time sheets.
- A** At least one day off in seven days. unless law is more stringent (i.e., 1 day off within each work week; one day at beginning of week one, and one day off at beginning or end of week two)
- Y** Manual time system is used and people acknowledge personally the manual recording of actual working hours by signature or initials at least once a week. For hand-written attendance records, actual time in and time out must be included and all must sign and acknowledge at least once every week ("tick" or other symbols are not acceptable).
- Y** Management Systems are in place to ensure compliance to standard.

4.0 Workplace Environment

Standard: All human beings are protected in the workplace with practices that ensure compliance with all local and national laws relating to workplace health and safety.

Expectation: Responsibility to protect worker safety and security. Systems are in place to prevent, detect and respond to potential risks to the safety, health and security of all human beings which includes, but is not limited to, communication and training on emergency planning and safe work practices.

4.1 Emergency Training and Communication:

- Y** An established "Environment, Labor, Health & Safety Committee" is in place and composed of members representing a variety of shifts, functions, and personnel. This committee meets on a regular basis, at least quarterly, unless law requires more often.
- Y** Documented procedures are established which identifies health and safety training needs including appropriate training materials and methods for new and existing people within the facility.
- Y** Everyone (including temporary & migrant workers) is trained on job-specific health & safety training and education prior to starting a new job. This minimally includes the safe operation of machinery, proper use of PPE, safe handling of waste, hazardous material and operating equipment.
- Y** Anyone who performs authorized maintenance and servicing activities receives appropriate training on **lock-out/ tag-out procedures** and practices, prior to conducting any work. This includes an overview of the relevant lock-out/ tag-out process; enabling them to recognize implementation of energy controls; understand the purpose of the procedure; and the importance of not attempting to start or use any machine or piece of equipment that has been locked out.
- Y** Communication and training is provided on **emergency planning** and safe work practices. This includes sufficient information to understand basic emergency action plans, including alarm signals, emergency shutdown procedures, primary/secondary exit routes, and assembly areas pertaining to their work assignments. They should know how to evacuate safely from their work areas during emergencies.
- Y** Everyone designated as part of an **emergency response team** should be trained on the proper use of fire extinguishers.
- Y** All individuals within the facility are knowledgeable and informed of **fire prevention procedures**. Fire prevention procedures include hot work permits, storage and handling of combustible materials, good housekeeping, and fire hazard identification.
- Y** Training is provided on the prevention of potential transmission of communicable diseases from contact with bodily fluids. Training includes education on blood-borne diseases, including symptoms and modes of transmission; methods to reduce exposure; applicable PPE selection; actions to take in an emergency involving bodily fluids (including how to report), and post-exposure evaluation. Additionally, signs, labels, and color coding are used to prevent and control exposures.
- Y** Facility trains everyone on what to do in the event of an injury or illness on the job.

- Y** **Injury and accident records** are maintained, tracked, and acted upon. These records are analyzed periodically to identify occurrences or trends, and to determine and evaluate corrective and preventative actions.
- Y** Facility tracks each accident or near miss (including fires, spills, injuries, overexposure to hazardous chemicals, and property damage, as well as incidents that did not result in injury or lost time but had the potential to do so under different circumstances).
- Y** Management Systems are in place to ensure compliance to standard.

4.2 Safe Working Conditions

Standard: Maintaining safe work conditions helps protect all human beings health and prevents injury. There should be systems in place to prevent, detect and respond to potential risks.

Expectation: Maintain a safe working environment at all times; including proactive measures which protects the safety of all. Experts regularly assess the physical and structural integrity of buildings to ensure these structures are capable of housing the machinery and people within, ensuring the property is free of conditions which may cause personal injury.

Physical Plant and Structural Integrity

- R** Continuous and **unobstructed exits** are not locked from the inside or blocked inside or out. External doors may be locked from the outside, but must be open from the inside and allow for an unobstructed exit from the building.
- A** Provided adequate **working space** to avoid potential safety hazards. Work areas have adequate lighting, ventilation, and temperature controls (avoiding extreme temperatures).
- A** Facilities are kept clean and maintained in **good condition**, including walkways and aisles, yard and storage areas, lifts and stairways.
- A** Internal and external (third-party/ government) **building inspections** are conducted on a regular basis of facility and/or dormitory/ provided housing if applicable.
- A** Hazards are identified and repairs implemented in a timely manner.
- A** Maintains appropriate **construction licenses and/or building permits** to develop new or restore existing facilities (if required by law) and follows permit requirements during operations.
- A** Allowable **floor loading weights** are determined, posted and adhered to.
- A** **Maximum load limits** are conspicuously marked on all cranes, slings, hoists, and lifts ensuring those maximum loads are followed; hoist hooks are equipped with a safety latch to prevent accidental release of the load.
- A** Markings are required on all crane beams, since it is possible to have more than one moving rail in the system. The marking should be in the same section of the traverse rail effectively loading the section of the rails with the sum of the two cranes and their load.
- Y** Site management maintains the assessment results on file, including documentation of corrective and preventative action taken both now and for the future
- Y** Management Systems are in place to ensure compliance to standard.

Electrical

- A** Electrical systems and wiring are maintained and in safe condition. This includes keeping panels closed and electrical wires insulated and covered. All electrical wiring should be properly located, supported, and protected to avoid a tripping or overhead hazard. Electrical equipment and protective devices should receive regularly scheduled maintenance.
- A** Qualified electricians are to be available to monitor electrical systems and provide maintenance as needed.
- Y** Written procedures and documentation are recommended to ensure that all electrical wiring is of proper wire size, adequately insulated, properly connected, and free of hazards.
- Y** Management Systems are in place to ensure compliance to standard.

Water/ Air / Noise / Temperature

- A** All water (including standing water), inside or outside of the facility drains properly so as not to create a slip hazard or breeding ground for insects.
- A** Air quality is monitored for the health and safety of all people within the workforce. Air pollution control systems, such as spray paint booths, are maintained in a safe and proper working condition. Filters are changed per manufactures' recommendations to ensure that contaminants are adequately collected and controls are operating efficiently.
- A** Air discharge—such as dust, fumes, gas, mist, odor, smoke, vapor, pollen, soot, carbon, acid, or particulate matter, or any combination thereof—is controlled to minimize air pollution to protect all people. Examples of stationary sources of air pollution include:
 - Furnaces, boilers, and water heaters that burn fossil fuel, such as natural gas or fuel oil
 - Emergency generators that burn fossil fuel
 - Spray booths for painting and finishing that have ducts to the outside
 - Solvent cleaning stations
- Y** **Noise and temperature** levels are monitored for the health and safety of all. Facilities with machines that utilize rotating parts should conduct **vibration monitoring**, as required by law, to ensure they are working properly to guarantee quality of product, reduce risk of injury and possible downtime due to unexpected machine failure. Records are maintained as required by law.
- Y** Management Systems are in place to ensure compliance to standard.

Confined workspace

- A** **Confined or enclosed workspaces** (such as tanks, pits, boilers, silos, vaults, enclosed conveyors, process vessels, and manholes) are identified, with related hazards evaluated, before people are allowed to enter. All confined spaces are identified by a posted sign stating: "Confined Spaces—Follow Established Entry Procedure." All safety signage should be posted in language(s) understood by the workforce, as necessary.
- A** Only trained people are permitted to enter confined-space areas or to assist another person with work in a confined-space area. Records of training are maintained and available).
- Y** Management Systems are in place to ensure compliance to standard.

Potential risk of loss of life/limb or function

- R** Provides **fall protection** when work is performed that exposes workers to a potential fall of greater than 1.8 meters (approximately six feet). Examples of tasks typically requiring fall protection may include work near unprotected roof edges, mezzanines, roof or floor openings, and open platforms. Fall protection can take the form of a guardrail, safety net or personal fall arrest system such as body harnesses or lifelines. Full body harnesses should be used in place of back belts, which are unsafe for this use. Adequate anchorage points able to support the force of a falling person are to be identified and properly used to secure the fall protection equipment and devices.
- A** Every **open-sided floor or platform** 1meter (approximately three feet) or higher above the floor or ground level should be **guarded by adequate railing** on all open sides, except where there is an entrance to a ramp, stairway, or fixed ladder. Open sides of all platforms, stairs, and floors require adequate railings. Loading docks above one meter in height are to have a barrier (such as a chain or other method, i.e. demarcation) to prevent falls.

Emergency Preparedness (See Appendix F for Good Practices)

- R** All emergency exit doors are unlocked (**not keyed**), unblocked & able to open in the direction of travel (external doors may be locked from the outside). No materials or equipment may be placed, either permanently or temporarily, within the exit route.
- R** There are sufficient **secondary emergency evacuation exits** (production floors, office areas, warehouse/storage buildings, and canteen). See Appendix F for further guidance on what is sufficient
- R** **Exit route doors** are any doors along the path of the exit route, before reaching the final exit door. They must be **unlocked** and free of any devices that could interfere with easy egress.
- A** Exit route doors must also be free of decorations or anything that could distract from their function as exit route doors. Rather, exit route doors should be marked as such, with exit access posted. All exit route doors must be side-hinged. If the door connects a room meant to be occupied by more than 50 people to the exit route, then it must swing outwards in the direction of travel during emergency evacuation. The same applies to doors that connect high hazard areas. For example, a room containing highly flammable or explosive items must have an exit route door that opens outwards.
- A** **Power operated doors are able to be opened manually in case of power failure.**
- A** Doors and paths used for exiting during an emergency are clearly marked as an exit or escape route and all should be trained to follow the appropriate signs during an emergency.
- A** Each external exit must lead directly outside or to a street, walkway, refuge area, public way, or open space with access to the outside and large enough to accommodate the building occupants likely to use the exit route, and without obstruction whether natural or manmade.
- A** All firefighting equipment is free from blockage.
- A** A fire detection/alarm system that is distinct, audible (and visual if required, for nature of facility) is located in all areas of the workplace, and tested regularly to ensure proper working order.
- A** Fire extinguishers are current and correct for the nature of operations in terms of quantity and the correct type, with signage as appropriate, are placed/stored and installed according to law.

- A** Emergency lighting is maintained and in working order. To ensure continued illumination for not less than 90 minutes in case of primary power loss, the sign illumination means shall be connected to an emergency power system provided from storage batteries, unit equipment or an onsite generator.
- A** A comprehensive emergency and evacuation plan for any type of emergency situations such as fires, medical emergencies, environmental, natural disasters, or civil disobedience which is in compliance to all laws.
- A** Emergency evacuation drills are conducted at least once per year, or more often if required by law, on all shifts. These drills may look different depending on the natural disaster(s) that may be relevant. **Note:** Consider conducting evacuation drills without power.
- A** Emergency evacuation plans and routes are posted, indicating users' physical location with "you are here" (in language(s) understood by those within the workplace).
- Y** Facility has a site coordinator assigned to assist facility management in assuring that all elements of the fire protection and emergency preparedness program are in place and working. The coordinator receives training in emergency preparedness planning and is familiar with all elements of the facility's fire protection plan.
- Y** Facility communicates the emergency plan to all people within workplace.
- Y** Facility has current and any required fire inspection certification(s).
- Y** All fires are investigated in order to identify root causes, and a strategy developed and implemented to prevent recurrences.
- Y** Management Systems are in place to ensure compliance to standard.

Personal Protective Equipment (PPE)

- A** Proper PPE is provided free of charge (including replacements as required to all people within the workplace as applicable.
- A** Management monitors to ensure the provided PPE is worn and used correctly.
- A** PPE is to be provided for any of the following conditions:
 - **Eye/ face protection:** Where there is potential for injury from flying object, liquids, or any combination of these hazards. The type of eye protection will depend upon the hazard, including safety glasses, goggles, face shields, and/ or shaded lenses.
 - **Foot protection (safety shoes):** Adequate foot wear is to be worn at all times. It is expected that facility provides protective shoes / boots where foot injuries could occur to protect against the impact of falling or rolling objects that could pierce the shoe, including the sole or where feet are exposed to liquids, other contaminants, hazardous chemicals, or electrical hazards.
 - **Hearing protection (ear muffs and/ or ear plugs):** Where hearing loss from high noise exposures could occur. Hearing protection should reduce the noise exposure to less than 85 decibels (dB).
 - **Hand protection (appropriately rated gloves):** To adequately protect against contact with chemicals, lacerations, burns, punctures, and extreme hot or cold temperatures.
 - **Head protection (hardhats):** To protect against injury from impact and penetration from falling and flying objects and limited electric shock burn.
 - **Protective clothing:** To prevent exposure to chemicals, lacerations, punctures, cold, and burns.

- **Respiratory protection (air purifying and/ or air supply):** Where the potential for inhalation exposure to harmful types of airborne contaminants could occur. Airborne contaminants could include particulates (dusts), vapors, gases, aerosols, fumes, or metal particles. Proper selection of a respirator includes the identification and evaluation of the contaminant. All respiratory protection is to be approved by the relevant regulatory or research testing authority for the intended type of contaminant exposure. People with any type of respiratory conditions should not be assigned to areas where respirators are required.
 - **Infectious material exposure:** Where the potential for exposure to infectious materials exist PPE is to be provided as well as appropriate handling procedures communicated, to prevent the transmission of diseases such as HIV or hepatitis.
- A** All visitors are provided with appropriate PPE when entering or working in areas where signage indicates PPE is required.
 - Y** All are trained on why they need to wear PPE, how to use correctly and the benefit.
 - Y** Facility has installed signage visible where PPE is to be worn, in language understood by all.
 - Y** Management Systems are in place to ensure compliance to standard.

Machine Safety

- A** Special appliances (i.e., forklifts, cargo lifts, boilers, unfired pressure vessels, furnaces, etc.) and/or machinery has been properly registered and affixed with a registration certificate as required by law.
- A** Points of operation and other potentially dangerous parts are covered with appropriate **machine safeguards** and properly maintained.
- A** Machines have proper emergency stop switches, where applicable.
- A** **Power isolation** equipment (i.e., lockout/ tag out) is used during maintenance repair.
- A** All special equipment (forklift, cargo lift, boiler operator, electrician, etc.) and/ or machine operators are properly trained in safe operating procedures, AND are licensed where applicable.
- Y** Controlled **exposure to safety hazards** is identified, and evaluated (e.g. electrical shock hazards, forklifts, carcinogens and toxins, etc.)
- Y** Requirements for special appliances and/ or machinery maintenance and inspection according to industry standards or applicable law are followed.
- Y** Management Systems are in place to ensure compliance to standard.

Medical Care

- A** Adequately trained (and number of) staff to handle medical emergencies with people qualified in current first aid and CPR training on each shift. Scheduling includes two persons per shift minimally (larger facilities may require additional first aid and CPR-trained personnel, to equal at least one percent of the workforce). One person need not possess training in both first aid and CPR; however, both skills need to be available within the facility on all shifts.
- A** **First-aid kits** are fully stocked and readily accessible to all with expiration dates checked periodically, and expired materials replaced promptly.
- A** Medical and/or occupational **health exams** are provided as required by law.

- A** A documented process to prevent the transmission of communicable diseases from contact with bodily fluids is implemented. The process should include identification of job classifications that might have exposure to blood-borne pathogens, such as nurses, first aid personnel, or cleaning staff.
- A** Approved medical professionals and/or a first aid treatment room on site, if required by law.
- A** The facility has implemented a mechanism/ program to identify, evaluate and control exposure to physically demanding work (such as manual handling, heavy lifting, highly repetitive tasks, and other physically demanding jobs) to prevent work-related injuries.
- Y** Records are kept for work related injuries and accidents. All safety incidents and near misses are investigated and appropriate measures are taken to prevent similar incidents from occurring in the future.
- Y** Management Systems are in place to ensure compliance to standard.

Chemicals and Hazardous Materials Safety

- A** Combustibles/flammables are properly labeled, used, stored and maintained in a manner that prevents leaks and inadvertent mixing of incompatible materials, by using appropriate secondary containment (per Material Safety Data Sheets).
- A** All chemicals used at the facility are registered for the intended use or as allowed under local law.
- A** Emergency eyewash/showers are to be made readily available where corrosives and chemicals are used or stored; and in line with the recommendations provided in MSDS (for example, **two-socket eyewash**).
- A** Facility disposes of carcinogens, toxins, and hazardous wastes in a manner that protects the health and safety of all as well as the environment.
- A** Liquid propane gas tanks and cylinders, acetylene tanks, and chemical storage areas are safely located away from sources of heat and flammable materials, and in a secured area at a reasonable distance from all human beings to prevent safety hazards.
- A** Material safety data sheets (MSDS) are readily available in the work areas where chemicals are used and are in language(s) understood by the people using the chemicals/ materials.
- A** The facility (and/ or hired 3rd party vendor) has a valid business permit to engage in the collection, storage, use and disposal of hazardous wastes.
- A** Hazardous wastes are properly handled, stored, and disposed.
- Y** Periodic monitoring is conducted to determine if exposures are below established limits. This applies to all areas, including production zones, chemical use areas, laboratories, warehouses, and maintenance spaces.
- Y** Management Systems are in place to ensure compliance to standard.

For more guidance on worker protection from hazardous substances please reference the
Resource Library in iEnable under the Supplier Training
<https://ienable.intertekconnect.com/Training/Training/Book.aspx>

Restrooms/Toilet Facilities

- A** Adequate number of toilets based on the number of employees, AND separated by gender (labeled as required by law).
- A** Restrooms/ toilet facilities meet local hygiene requirements, including sinks with running water.
- A** Restrooms and toilet facilities are cleaned and serviced regularly to ensure they remain in sanitary condition. Good Practice: inspection records are properly documented and maintained for reference.
- A** Potable drinking water is available.
- Y** Management Systems are in place to ensure compliance to standard.

4.3 Dormitory/Provided Housing

Standard: When dormitory or other housing is provided, it includes sufficient living space that meets all emergency safety standards and applicable laws.

Expectation: The provided dormitory or other housing provided (such as single dwelling homes, or apartments) includes the same standard of living for all residents. The physical and structural integrity of living quarters are assessed by experts to guarantee that they are capable of and suitable for housing people. Living quarters should afford a minimum of approximately 20 square feet (1.8 square meters) per person, which includes sleeping area and available floor space. Everyone should be provided with a secure locker of at least one cubic foot (0.3 cubic meters).

- R** A dormitory or provided housing is structurally sound and in good repair.
- R** There are sufficient secondary emergency evacuation exits. See Appendix F. for further guidance on what is sufficient
- R** Emergency evacuation exits are unlocked from the inside. (This may not apply to other provided housing, such as apartments or single dwelling homes).
- R** All emergency evacuation exit doors, aisles, stairways and passageways are free from blockage in the dormitory.
- A** All emergency evacuation exits are clearly marked, exit doors are free to open and side-hinged to swing in the direction of exit travel.
- A** Emergency evacuation stairways are equipped with handrails, where needed.
- A** Firefighting equipment is correct for the nature of operations in terms of quantity and the correct type.
- A** All firefighting equipment is free from blockage.
- A** Fire extinguishers are current and correct for the nature of operations in terms of quantity and the correct type, with signage as appropriate, are placed/stored and installed according to law.
- A** Emergency lighting is sufficient, maintained, and in working order (Note: This may not apply to all types of provided housing).
- A** Records are available to indicate the fire alarm system (and/or smoke detector in other provided housing) is working properly.
- A** Emergency evacuation plot plans are posted showing the route of evacuation, indicating users' physical location with "you are here" in language(s) understood by residents.

- A** Emergency evacuation drills occur at least every 12 months (or more frequently according to law). Everyone staying in provided housing understands where to "meet" in case of an emergency.
- A** The physical condition of buildings and surrounding property such as walls, floors, and sidewalks are to be maintained free of damage that can cause personal injury. Holes, uneven surfaces, and cracks can cause hazards if left unrepaired.
- A** Residents are permitted to exit and/or re-enter the dormitory freely during their personal time.
- A** The dormitory is separate from the production and warehouse building, and/or as required by law.
- A** Dormitories are clean and well maintained.
- A** Living space (per resident) is adequate (separated by gender, adequate temperature, ventilation and lighting, not overcrowded).
- A** Provided with an adequate number of clean toilet and shower and/or bath facilities, potable water.
- Y** Provided with storage area for each occupant.
- Y** Management Systems are in place to ensure compliance to standard.

4.4 Canteen/ Cafeteria Services

Standard: Any on-site provided food service areas, equipment, and related activities performed and maintained in accordance with sound hygienic principles. All applicable licenses are present and current.

Expectation: Food is provided that is properly cooked, free from spoilage, and is processed, prepared, handled, and stored in a manner that protects against contamination. Food service personnel ensure that multi-use food preparation, serving equipment, and utensils are properly cleaned before they are used.

- A** Facility maintains a valid and current food handler/health certificate for food preparation personnel, as required by law.
- A** Facility maintains a valid and current/ food permit/ hygiene certificate for the kitchen, as required by law.
- A** Correct hygienic practices such as hand washing are used.
- A** People found to have communicable diseases, such as Hepatitis B or tuberculosis, are not allowed to work in the food service area.
- A** Dining halls/break rooms (if provided) are clean and well maintained.
- Y** Canteen/dining hall provides enough seating.
- Y** Food safety training is required for everyone who works in the canteen/ cafeteria.
- Y** Physical exam records are on file for everyone within the canteen/ cafeteria, as required by law.
- Y** Management Systems are in place to ensure compliance to standard

5.0 Environmental Management See Appendix G for Good Environmental Practices

Standard: 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.

Expectation: McDonald's commitment to environmental leadership is rooted in how our facilities operate. In addition to proactively managing their own operations, suppliers should influence their supply chains for increased sustainability. Suppliers are responsible for doing their part to minimize the

environmental impact of their facilities. Leadership is demonstrated through environmental responsibility in the areas of:

- Energy Use and Greenhouse Gas Management
 - Water Management
 - Wastewater and Effluents Management
 - Air Emissions Management
 - Waste Management
 - Hazardous Substance Management & Soil/ Groundwater Pollution Prevention
 - Land Use and Biodiversity
 - Noise Pollution
- A** All required permits, licensees and/or registrations for discharge/disposal are current and available; (e.g.) greenhouse gas emissions (GHE); solid waste disposal; water use and/or abstraction; wastewater effluents treatment or discharge; air emissions; and hazardous substance management.
- Y** Free from any environmental violations resulting in monetary penalties and/ or non-monetary sanctions in the past 12 months.
- Y** Management Systems are in place to ensure compliance to standard.

The McDonald's Global Best of Sustainable Supply and Global Best of Green contain environmental best practices from suppliers and restaurants throughout the McDonald's System and can be found at http://www.aboutmcdonalds.com/mcd/sustainability/signature_programs/best_practices.html

Appendix A: Program Scope and Compliance

A.1. Subcontractors and Agencies

Suppliers may utilize subcontractors and/ or agencies to contribute to the System by providing products or services. However these organizations **must** be identified to McDonald's before any production takes place.

McDonald's expects suppliers to hold facilities and subcontractors within their supply chain to the same high standards outlined in the Code and this document including completion of the online training, annual self-assessment, and third party on-site assessment/ audits. These expectations should be included in contracts and purchase orders relating to products and/ or services destined for the McDonald's System.

Ensure methods are in place to determine the country of origin of subcontracted goods and maintain records of all subcontractors and/ or suppliers of products and materials.

We generally define subcontractors and agencies as the following:

A.1.1. External Subcontractors

Any off site organization that performs work to help fulfill a contract or complete a process (for example embroidery and printing) is an External Subcontractor. Suppliers and/ or facilities are responsible for identifying any such organizations involved in manufacturing or producing a McDonald's product prior to their use. Contact ISS Program Management to determine if a subcontractor, agency, or other partner needs to be identified separately.

A.1.2 In-House Subcontractors

Any organization that performs work to help fulfill a contract or completes a process (for example embroidery, printing, kitchen hands, housekeeping, security guards, etc.) and conducts this work inside the facility, but the workers are not directly employed by the facility. Facilities must ensure in-house subcontractors fully understand the role they will play during the audit process.

A.1.3 Agencies (or Recruitment Firms)

An organization that supplies manpower services to the facility. The people may or may not be directly employed by the facility. The facility may assign these people to various departments within the facility as needed. Facilities must ensure agencies fully understand the role they will play during the audit process

A.2. Compliance to McDonald's Code of Conduct

A.2.1. Objective

McDonald's reserves the right to audit compliance with the Code. Audits (announced or unannounced) are inspections that include interviews and a review of records and business practices. Such assessments are conducted by McDonald's or an approved monitoring firm. If an audit identifies a violation of the Code, it is expected that facilities shall act promptly to correct the situation to McDonald's satisfaction.

On-site audits are a key component to demonstrating compliance within the SWA Program. The assessment provides valuable insight into operations and supports facilities as they:

- Determine whether they operate in accordance with local laws and/ or the Code and identifies necessary corrective and preventative actions to assure compliance.
- Identifies work hazards to enhance safety. Successful implementation of corrective actions may result in a reduction in compensation claims, and control insurance costs, while maintaining a strong reputation.
- Improve operational efficiency and productivity by understanding how to create a better work environment.
- Meet the requirements of other customers in lieu of additional on-site assessment/ audits in order to save cost and avoid additional work disruptions.
- Align performance with McDonald's vision and values for the supply chain
- Promote responsible workplace practices as a competitive advantage when soliciting new business, or looking to attract prospective people to work within the facility.

A.2.2. Mutual Recognition

McDonald's recognizes that suppliers/facilities may be asked by multiple customers to conduct a social compliance audit. By participating in the McDonald's SWA Program, facilities own the final audit report. Facilities are able to share these results with other companies as deemed appropriate. This may help reduce audit duplication and costs associated with multiple audits.

A.2.3. Audit Benefits

The onsite audit benefits each part of our System in the following ways:

- Builds trust with customers and people within the facility while protecting and enhancing the business.
- Provides detailed information about how facilities comply with McDonald's expectations.
- Gives facilities an opportunity to demonstrate compliance while enhancing management systems and business practices.

A.2.4. Audit Requirements

The online self-assessment and Code acknowledgment are to be completed annually. It is most effective to complete the self-assessment 3 months prior to an audit taking place. Facilities should also communicate the purpose and scope of the audit to people within their workplace.

Auditors approved by McDonald's are to be granted access to the facility, requested documentation and records (such as employment contracts, personnel files, payroll records, and time records), and conduct

private interviews with people within the facility. The auditor is to have access to all areas of the facility, regardless of whether McDonald's related production takes place in that area. Access is to include but not be limited to all production areas, offices, and, where provided, dormitories and canteens/cafeterias. At no time either with or without permission may facilities record (through audio or video methods) conversations with auditors.

A.2.5. Corrective and Preventative Action Plan (CAPA)

Upon receipt of the audit report, the facility should develop and implement a corrective and preventative action plan (CAPA) for any identified areas of non-compliance to include immediate and long term action by determining the root cause and steps to avoid recurrence. The responsible parties and completion date for each step will be completed.

It is not unusual for a facility's first audit to include areas of non-compliance. This is an opportunity to make improvements and strengthen management systems and employment practices. Facilities will have a reasonable amount of time to implement an effective CAPA plan, understanding that significant actions may be required to fully implement the CAPA.

Auditors will not instruct the steps required to correct an issue; they only report their observations. McDonald's respects facilities as independent companies and employers. We understand there are different ways to correct a problem. If facilities would like feedback, the auditor may be able to provide information on how other companies demonstrate good practices during the closing meeting. However, it is the facility's responsibility to develop and implement their CAPA.

When areas of non-compliance are found, this may indicate a failure in an internal verification system (the facility's process for making sure the management system works). When creating a CAPA, facility management may need to review how they verify the effectiveness of their management systems. CAPA plans are to be uploaded to the iEnable data system within 30 days of receipt of the final audit report. The monitoring firm will review the CAPA and provide feedback and will also use this during any follow up on-site audits.

McDonald's / monitoring firm may visit facilities, announced or unannounced, to validate timelines submitted on the CAPA have been met and non-compliances closed.

A.2.6. Tracking Compliance Online

The SWA Program tracks facilities' progress online in iEnable. This convenient tool allows suppliers and facilities to access facility data at any time, including past and current self-assessments as well as any prior audit results. Suppliers can also use the system to access online training, re-acknowledge the Code, complete the annual self-assessment, view the audit schedule, and complete other steps in the SWA Program. Additionally, suppliers must update any contact profile information as relevant, and at a minimum conduct an annual review to ensure that all facility profile information is current.

Appendix B: Audit Basics and Contacts

B.1 Audit Basics

The Code sets forth our expectations regarding how each supplier should conduct business. It explains that McDonald's monitors suppliers through an external audit and expects facilities to correct any areas of non-compliance highlighted during the self-assessment or identified during the audit process.

The standard audit is a two man-day process. This means one auditor can complete the audit in two days, or two auditors can complete it in one day. During this time, the auditors will walk through the facility, conduct private interviews, and review business documents.

B.1.1 When Are Facilities Audited?

Every facility is to receive a baseline audit during the qualification process, i.e. before supplying the McDonald's System.

Suppliers are responsible for identifying all facilities that need to be included in the SWA Program and updating McDonald's when this information changes. At a minimum, this information should be reviewed annually.

After the baseline on-site audit, facilities can minimally expect a full audit every one to three years, based on the previous results and other factors, such as industry and country location. Each facility location is to be assessed separately. Facilities will receive notification of their respective audit cycles from ISS Program Management or the McDonald's AOW Lead.

B.1.2 Who is included in the Scope of the Audit?

The audit sampling protocol for interview and record review includes:

- Production or non-production workers (may include kitchen, housekeeping, security guards, etc.) that are directly or indirectly employed by the facility
- All in-house subcontractors
- All agency recruitment people working within the facility

See the Subcontractors and Agencies (Appendix A) for further definition of included people.

B.1.3. Preparing for an Audit

Scheduling the Audit

To schedule an on-site audit, facilities should contact ISS Program Management or their AOW SWA Lead in order to determine which monitoring firms are available.

If more than one firm is authorized in the facility's country, the facility may contact all monitoring firms to request quotes and available dates to determine which firm to use. Work directly with the firm to finalize a date for the on-site assessment/audit. **Please allow at least four to six weeks** from the time an audit is requested to the time the assessment is performed. However, the facility **must** confirm monitoring firm selection with ISS Program Management so they may assign the assessment within iEnable and make previous self-assessment and audit results available to the selected monitoring firm. Note in some areas of the world/ countries, audit firms are pre-assigned. In these cases, ISS Program Management will advise the facility which monitoring firm will be performing the assessment.

Suppliers / facility will pay the audit fee directly to the monitoring firm. Fee amounts, payment options, and procedures for pre-payment, canceling, and rescheduling vary by monitoring firm. McDonald's has worked with all of the monitoring firms to ensure maximum value is attained. Please contact ISS Program Management with any questions.

Confidentiality Agreements and Consent Forms

When scheduling the audit facilities should inform the monitoring firm if either of the following is required:

- Consent forms for people who will be interviewed
- Confidentiality agreements for the monitoring firm to sign

Auditors will **not** sign confidentiality agreements on the day of the assessment, so it is important to arrange for them to be signed well in advance. Facilities should keep in mind that the monitoring firms have all signed confidentiality agreements with McDonald's.

Facilities can access the Pre-Audit Guide online via iEnable to help prepare for the assessment. Read the information carefully. It will act as a guide as to who and what needs to be available on the day of the assessment, including what records need to be available, and other important information. Ask the monitoring firm or your ISS Program Manager any questions prior to the assessment.

Before the assessment, take the following steps:

- Review the self-assessment summary/ questionnaire
- Ensure the facility will be in production the day of the assessment (does not need to be specifically in production for McDonald's)
- Have facility records from the past 12 months available, and notify the monitoring firm if records are not maintained on site. Facilities should be aware additional monitoring firm fees may be required if they need to visit an alternate location for documentation review.

Informing People of the Audit

Facilities should discuss the audit with appropriate facility management, ensuring they understand the scope of the assessment and what is required from each department. Explain the importance of having the correct personnel and documentation available on the day of the assessment and releasing relevant people for interviews on time.

Everyone needs to know about the assessment before the day it is conducted. Facilities should inform all people about the purpose of the assessment and the types of things the auditors will verify. Explain that auditors need to interview people that work within the facility but that being interviewed is voluntary and will be done in private.

Brief any unions or other worker representatives about the assessment so they understand what is involved and can be available during the assessment.

If the facility uses contract labor or a labor agency or utilizes an in-house subcontractor for any part of the production process, let the agency/ subcontractor know about the assessment and ensure they understand the importance of having their personnel and documentation available. If they require that a separate non-disclosure agreement be signed, inform the monitoring firm well in advance.

It is a good idea to assign someone within the facility's management team to be responsible and able to answer questions about the assessment from all people, including workers, unions, or other worker representative groups well in advance of the date of the assessment.

B.1.4. What to Expect the Day of the Audit

The assessment consists of five parts, and the auditor's job is to document what they find. Auditors operate without bias or judgment and do not tell the facilities how to do business. However, they can share observations and best practices seen from their work in other facilities, if requested. All areas and people within the facility should be made available during the SWA audit. The scope is not isolated to only buildings/ areas where McDonald's products are manufactured. When auditors visit a facility, they conduct a thorough assessment that includes walking through the entire facility, looking at complete facility records, and interviewing a variety of people.

The five parts of the audit are:

1. Opening meeting
2. Facility observation/ walk through
3. Records review
4. Interviews
5. Closing meeting

Opening Meeting

The opening meeting gives the auditors and members of facility management a chance to become acquainted. The auditors will explain the process, and may ask basic questions about the facility and people working within the facility. The facility's management will have the opportunity to ask questions.

The auditors will indicate who needs to be available throughout the assessment and may ask about workers' shifts. For example, if a shift ends at 3 p.m., the auditors will need to know this so they can

conduct at least some of the interviews before 3 p.m., and then schedule time after 3 p.m. to speak with people during the next shift.

It is a good idea to have someone from the facility available to accompany the auditors throughout the assessment in case they have questions. However, no one will be allowed to participate in the interviews with people from the work force.

Facility Observation

The auditors will walk through the entire facility to inspect the condition of the buildings and if applicable dormitories / canteens. They will collect data on health, safety, and other workplace compliance issues. They will report whether any workplace, dormitory and/ or canteen/ cafeteria observations do not comply with the Code, local and/ or national laws and regulations.

It is important to ensure the auditors are free to investigate all areas they deem necessary for their review.

NOTE: There may be areas that the auditor may request to take a photograph to better describe the issue. AT NO TIME WILL ANYONE BE INCLUDED IN THE PHOTO without their written consent; nor will ANYTHING THAT IS CONFIDENTIAL / PROPRIETARY be included without the written approval by the person involved.

Records Review

Records and documentation are important indicators of compliance with the Code. During records review, the auditors will examine some of the facility's records to verify proper business practices. Auditors will need access to business records from the previous 12 months. Within the Pre-Audit Guideline is a list of documents which the facility needs to make available. Be advised that the auditor may need to request additional records on the day of the audit and will discuss this during the opening meeting or throughout the day.

Interviews

Interviews will be conducted with a variety of people from the various areas of the facility and is an important part of the SWA Program, as it is used to verify that the practices conducted within the facility aligns with McDonald's expectations. Interviews give auditors the workers' perspectives on how the facility's management systems and employment practices are deployed.

McDonald's appreciates that facilities and the people within the workforce may be apprehensive or uncertain about the scope of interviews, the type of questions asked, or how the auditor manages the process to avoid impacts on production schedules and capabilities. During the opening meeting, the auditor may ask the facility to provide a list of people from differing areas, stations and labor/ contract agencies, to participate in the interviews and document review process. The auditor will work with the facility to minimize business disruption related to interview scheduling.

During the selection process, auditors will consider shift patterns, worker types, and gender. They will also select from different areas of the site as well as from different job roles to obtain a true sample of the workforce and will include agency and subcontractor workers in the selection process.

The auditor conducts interviews in a private area with no members of facility management present and with no recording devices. No members of staff may be used as a translator for private worker interviews or document review. The auditor will randomly select people to interview, and the worker may decline if they do not want to be interviewed. If the facility requires people to sign consent forms, auditors will provide the form prior to the interviews. Auditors may also view the employment records of the people they interview.

During the interviews, the auditors will ask a series of questions regarding, but not limited to, the following employment areas:

- Hiring processes
- Worker representation within the facility
- Workplace training
- Hours of work, breaks, time off, and overtime, how they clock in and out for regular and overtime hours
- Pay and methods of payment
- Workplace health and safety

It is important for auditors to receive accurate and honest information from everyone they interview. Accordingly, management must not coach anyone on what to say, choose whom will be interviewed, sit in the room (or listen in) during the interviews. If at any time the person does not wish to continue the interview, they are permitted to leave. Interviews should take approximately 10 minutes per person.

The auditors may provide the facility with a summary of comments from the interviews during the closing meeting, as appropriate. The auditors will not identify interviewees who made the comments. All information shared will be kept private and names and other identifying information will not appear on the auditor's report.

If you require further information with respect to the interview process, please discuss this with the auditors or feel free to contact ISS Program Management or the McDonald's SWA AOW Lead.

Closing Meeting

At the end of the assessment, the auditors will meet with facility management. At this time, the auditors will present their preliminary findings and share identified areas of non-compliance. The closing meeting is not the time to argue or debate the findings; rather, it is a time to provide further detail and information if there are misunderstandings or gaps in the information gathered during the assessment. It is also a time to ask questions about any areas of non-compliance identified that are unclear to the facility's management. A representative of facility management will be asked to sign the preliminary "Closing Meeting Summary". The signature is voluntary and acknowledges the information that was shared, but does not indicate agreement or disagreement to the information shared.

B.1.5. Audit Results and Follow-Up Actions

In the spirit of continuous improvement within the McDonald's SWA Program, the assessment checklist and scoring methodology has been enhanced to include a numerical score to coincide with the "overall color score" result. This enhancement to the Program allows recognition of improvement and through enhanced reporting capabilities; McDonald's will be able to validate the efforts to improve workplace conditions for everyone within the supply chain by specific areas of improvement, region, country and product category.

Facilities will receive an email with the final audit summary reports. Any non-compliance finding is designated by a color to indicate the level of severity. The following provides detail on the color score:

Score Severity	Next Steps for Findings
Green	Non-Compliance corrected and verified during the onsite re-audit. Management System Gaps to be addressed to ensure sustainable corrections are maintained
Yellow	Corrective and Preventative Action Plan Required
Amber	Prompt Attention Required, Corrective and Preventative Action Plan Required
Red	Immediate Action Required, Corrective and Preventative Action Plan Required

B.1.6. On-Site Re-Audits

If the facility receives an overall result of amber or red, McDonald's may require a re-audit. A re-audit is generally a one man-day assessment looking at the identified areas of non-compliance. The auditor will validate that the facility has systemically corrected any previously identified issues. Facilities should be prepared to share their CAPA with the auditor during the re-audit.

ISS Program Management will notify the facility when a re-audit is required. Upon receipt of such notification, the facility is to contact the monitoring firm to schedule. Typically, the same firm will perform the re-audit; however, if the facility does not wish to use the same monitoring firm, they may contact ISS Program Management or the McDonald's AOW Lead to discuss. The monitoring firm will advise any fees required for scheduling the re-audit.

If a re-audit/ is not required, areas of non-compliance will be verified during the next full assessment. Applicable due dates are available in iEnable as well as through ISS Program Management.

B.1.7. Supplier Feedback

The facility will receive a survey with the Assessment Summary to provide feedback to McDonald's about the SWA process. Feedback goes both ways in the SWA Program. The assessment provides valuable information about suppliers' management systems and business practices and, McDonald's wants to hear from suppliers as well. This feedback is essential to help us continually improve our Program. It also helps McDonald's enhance the quality of the outcomes by making sure the Program is effective and useful. The more effectively the Program functions, the stronger our three-legged stool will be in support of our values, Brand and System.

B.2. McDonald's Supplier Workplace Accountability Contacts

B.2.1. SWA Contacts

Please refer to the McDonald's Supplier Workplace Accountability Contacts document for primary contacts (available in iEnable) or use the following general mailboxes:

- SWA: swa@us.mcd.com
- ISS PM: programmanagement@intertek.com

B.2.2. McDonald's Business Integrity Line

Call the McDonald's Business Integrity Line if you suspect a violation of McDonald's policy or the law by a McDonald's employee or someone acting on behalf of McDonald's. You may also call this line if you are aware of a violation of anti-bribery laws by anyone at your facility or by a McDonald's employee.

- Email: business.integrity@us.mcd.com
- Phone: Global Compliance Office: +1-630-623-3522 or
Business Integrity Line: 1-800-261-9827
Callers outside the US may locate access codes by [clicking here](#).
- Text: +1-630-400-6818

Special Notice for Suppliers Located in France

If you either suspect or are aware of a violation of law at your company or by a McDonald's employee in one of the following areas: finance, accounting, banking, anti-corruption or anti-competition, please contact McDonald's France at the following email address:

- Email: alerte.professionnelle@fr.mcd.com

Appendix C: Supplier Workplace Accountability Audit Notice

Date: _____ **Facility Name:** _____

Facility Manager: _____

Attention all Facility Employees:

This notice is to advise that our facility will be participating in a McDonald's Supplier Workplace Accountability (SWA) Audit on ____ (date) _____.

What is a SWA On-Site Assessment/Audit?

- A review of the facility including private employee interviews
- Conducted by an auditor at the request of McDonald's
- With the goal of ensuring the facility is operating in compliance with applicable employment and labor laws and regulations relating to:
 - compensation and benefits
 - health and safety
 - working hours
 - other employment-related conditions

What is the process for employee interviews?

- Employees are selected randomly by the auditor.
- If you are selected, you may choose to participate in the interview, or to opt out.
- You may be asked to sign a consent form stating that your participation is voluntary.
- You have the right to review any of your employment records or information that is provided to the auditor.

What happens during the interview?

- The auditor will ask general questions relating to your employment such as emergency planning, compensation and benefits, and the number of hours worked.
- All interviews will be conducted **privately**.
- You will not be personally identified with any information you provide, unless such disclosure is required by law.



NO COPIES OR PERSONAL INFORMATION WILL BE RETAINED



What types of employee documents are reviewed during an on-site assessment/audit?

- Payroll records
- Time cards
- Time sheets
- Personnel files

Where should I go if I have questions about the on-site assessment/audit?

- Talk to your supervisor
- Talk to your plant manager
- Ask the Auditor if you participate in an interview

Thank you for your participation!

Appendix D: Prison Labor – Due Diligence Form

Prison Labor - Due Diligence Form

Supplier Name: _____

Address: _____

List all products supplied which utilize prison labor (including via government sanctioned program) in their manufacture, either directly or indirectly, below:

Products: _____

Export Country(s): _____

[Note: Some countries, including the USA, have laws regulating and/or prohibiting the importation of products manufactured with the use of prison labor, including government sanctioned prison labor.]

The above-mentioned supplier has supplied the following documentation to McDonald's with respect to its usage of prison labor as a socially responsible exception:

- ☐ A description of the program issued by the appropriate government.
- ☐ A government issued document that states that the supplier is approved and eligible to operate within the parameters of the program.
- ☐ A statement signed by the supplier:
 - describing the scope of its proposed participation, including the number of workers used, services provided and benefits accrued to the workers;
 - listing the countries to which the products produced through the program would be distributed; and
 - explaining the impact that the usage of the program has on ultimate product pricing, if any.

By signing below you are certifying that the importation of the products described above to the countries named above is in full compliance with all applicable laws. You are also agreeing to update McDonald's immediately in the event any information provided herein changes at any time.

_____ Supplier (Print Name)	_____ Title	_____ Signature	_____ Date
ACKNOWLEDGED BY:			
_____ McDonald's SWA AOW Lead (Print Name)	_____ Title	_____ Signature	_____ Date
_____ McDonald's SWA AOW Lead (Print Name)	_____ Title	_____ Signature	_____ Date

Please return this fully executed form, together with any required documentation, to:

**McDonald's Corporation
Director, Supplier Workplace Accountability
Worldwide Supply Chain Dept. 121
2915 Jorie Blvd. Oak Brook, IL 60523 U.S.A.**

Appendix E: What makes a grievance mechanism effective?



▶ WORKERS MAY FEAR THEIR SUPERVISOR MAY RETALIATE AGAINST THEM.



▶ WORKERS MAY FEEL UNCERTAIN HOW THE FACILITY WILL HANDLE THE SITUATION.



▶ WORKERS MAY PREFER TO FILE A COMPLAINT OR SUGGESTION ANONYMOUSLY.

A GRIEVANCE IS A PERCEIVED INJUSTICE EVOKING AN INDIVIDUAL'S OR A GROUP'S SENSE OF ENTITLEMENT, WHICH MAY BE BASED ON LAW, CONTRACT, EXPLICIT OR IMPLICIT PROMISES, CUSTOMARY PRACTICE, OR GENERAL NOTIONS OF FAIRNESS.

Effective Grievance Mechanisms

A grievance mechanism is a series of process steps for identifying and, wherever possible, resolving concerns that have been raised by workers.

What makes a grievance mechanism effective?

An effective grievance mechanism is one that is **trusted by its workforce** and is based on eight principles contained in the UN Guiding Principles on Business and Human Rights. The principles are:

- (a) **Legitimate:** enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;
- (b) **Accessible:** being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;
- (c) **Predictable:** providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
- (d) **Equitable:** seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to

engage in a grievance process on fair, informed and respectful terms;

(e) **Transparent:** keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;

(f) **Rights-compatible:** ensuring that outcomes and remedies accord with internationally recognized human rights;

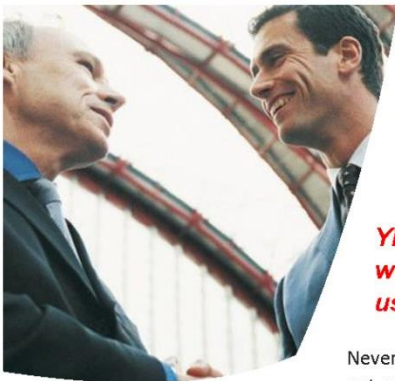
(g) **A source of continuous learning:** drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;

(h) **Based on engagement and dialogue:** consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.



The Difference between a Communication System and an Effective Grievance Mechanism

An effective grievance mechanism is a special kind of communication that is based on concerns of workers; it requires special sensitivity and special processes in order to establish the trust of workers and adhere to human rights principles. Notably, most communication systems are designed and implemented by management; in contrast, workers initiate a grievance.



Is informal communication between workers and supervisors considered part of an effective grievance mechanism?

YES! Most grievances are solved between workers & supervisors informally without the use of a formal grievance mechanism.

Tip: The grievance mechanism should permit workers to file anonymously (if allowed by law). Management is obligated to investigate and resolve the grievance.

In the course of its investigation, it is possible that management may discover the identity of the worker who initiated the complaint. In such cases, management must respect the wishes of the worker to remain anonymous and take no action to reveal the worker's identity. In all cases, management must respect confidential/sensitive information.

Good Practice: Suggestion boxes or other access points for grievances should be located in a position that allows workers to file a grievance without being observed by watchful managers.

Tip: The grievance mechanism must include a provision for non-retaliation. A non-retaliation provision is a written pledge by management that it is the policy of the facility that there are no negative consequences for a worker who uses a grievance mechanism. This means that management may not terminate, demote, or otherwise disadvantage a worker solely because of their expressed desire or actual use of the grievance mechanism. The non-retaliation pledge must be communicated to workers.

Good Practice: A non-retaliation policy should be posted on the notice board for workers.

Nevertheless, workers who are not satisfied with the result of an informal process should have the right to use a formal grievance procedure.

A worker hotline or suggestion box is often confused with an effective grievance mechanism.

In fact, hotlines or suggestion boxes are good examples of access points for filing grievances. By themselves, they do not represent an adequate process for addressing grievances consistent with the UN effectiveness principles.



Tip: The policy on grievance mechanisms must include communication & training. In general, a policy should identify how managers and workers learn how to access the grievance mechanism and what to expect once a grievance has been filed. Elements of a communication and training policy are frequency, forms of communication (e.g., workshops, orientation briefing, posting on notice boards), and content.

Good Practice: Ensure there is specificity of any policies relating to communication & training. Are managers and workers trained equally?



Tip: The grievance mechanism must include monitoring & governance (internal verification). The design and oversight of an effective grievance mechanism includes input from workers, their representatives (such as a trade union or parties knowledgeable about workers' needs).

Caution: Do not judge the number of grievances filed as the sole determinant of the effectiveness of a grievance mechanism. A high number of grievances filed may indicate recurring, unresolved problems. A low number of grievances filed may indicate a lack of trust in the grievance mechanism. A better indicator of effectiveness is awareness and trust of the grievance mechanism on the part of workers.

Good Practice: Understood by all who oversees the workings of the grievance mechanism.

Management Systems



Does your facility have a **Grievance Mechanism** (including a provision for non-retaliation AND permitting workers to file anonymously, if allowed by law) that includes each of the following elements?

- ✓ Written Policies & Procedures?
- ✓ Communication & Training (understood by workers)
- ✓ Monitoring & Governance (internal verification)?
- ✓ An Identified Dedicated Person(s) to manage worker grievances

Tip: Written policies and procedures are very important in determining the adequacy of a grievance mechanism. Written policies and procedures may include a process flow chart with indicative timeframes. It may also include references to information about applicable legal obligations of management and sources of information about workers' rights.

Ensure you understand how well the policies and procedures are implemented by having discussions with workers to ensure they understand how the process works.

Good Practice: Policies and Procedures need to be provided in language(s) understood by all workers, communicated at time of hire, and reviewed annually.

Appendix F: Exits, Emergency Lighting, Handrails

What Good Practices Include: Exits

Basic requirements

An exit route must be permanent. Each exit route must be a permanent part of the workplace.

An exit must be separated by fire resistant materials. Construction materials used to separate an exit from other parts of the workplace must have a one-hour fire resistance-rating if the exit connects three or fewer stories and a two-hour fire resistance-rating if the exit connects four or more stories.

Elevators, escalators and moving walkways shall not be used as means of egress from any other part of the building.

Exit routes must be maintained during construction, repairs, or alterations. During new construction, repairs or alterations, employees must not occupy a workplace until the exit routes required by this subpart are completed and ready for employee use for the portion of the workplace they occupy.

Number of exits

Two exit routes. (Secondary Exit) At least two exit routes must be available in a workplace to permit prompt evacuation of employees and other building occupants during an emergency, except as allowed in paragraph (a) of this section. Up to 500 people should be covered by 2 exits. The exit routes must be located as far away as practical from each other so that if one exit route is blocked by fire or smoke, employees can evacuate using the secondary exit route. *Your evacuation floor plan should designate at least one primary exit and one secondary exit.*

More than two exit routes. More than two exit routes must be available in a workplace if the number of employees, the size of the building, its occupancy or the arrangement of the workplace is such that all employees would not be able to evacuate safely during an emergency. **Three exits** shall be provided from any space with an occupant load of 501 to 1,000 people. **Four exits** shall be provided from any space with an occupant load greater than 1,000 people.

(a) A single exit route. A single exit route is permitted where the number of employees, the size of the building, its occupancy, or the arrangement of the workplace is such that all employees would be able to evacuate safely during an emergency¹. *International Fire Code 2012, states that for factories, 49 people would be the maximum for a single exit route. For storage areas, the maximum occupant load would be 29 people. Depending on the activity, the number can vary.*

Boiler, incinerator and furnace rooms. Two exit access doorways are required in boiler, incinerator and furnace rooms where the area is over 500 square feet (46 m²) and any fuel-fired equipment exceeds 400,000 British thermal units (Btu) (422 000 KJ) input capacity. Where two exit access doorways are required, one is permitted to be a fixed ladder or an alternating tread device.

Refrigeration machinery rooms. Machinery rooms larger than 1,000 square feet (93 m²) shall have not less than two exits. Where two exit access doorways are required, one such doorway is permitted to be served by a fixed ladder or an alternating tread device. All portions of machinery rooms shall be within 150 feet (45.72 m) of an exit.

¹ Please Refer to http://publicecodes.cyberregs.com/icod/ifc/2012/icod_ifc_2012_10_sec015.htm)

Doors shall swing in the direction of egress travel, regardless of the occupant load served. Doors shall be tight fitting and self-closing.

Refrigerated rooms or spaces. Rooms or spaces having a floor area larger than 1,000 square feet (93 m²), containing a refrigerant evaporator and maintained at a temperature below 68°F (20°C), shall have access to not less than two exits.

All portions of a refrigerated room shall be within 150 feet (45.72 m) of an exit or exit access doorway where such rooms are not protected by an approved automatic sprinkler system. Egress is allowed through adjoining refrigerated rooms or spaces.

Dimensions

Exit routes and doors must meet minimum height and width requirements. Exit routes must support the maximum permitted occupant load for each floor served. The capacity of an exit route may not decrease in the direction of exit route travel to the exit discharge.

Aisles and aisle access ways serving as a portion of the exit access in the means of egress system shall comply with the minimum clear width of not less than 36 inches (91.4 cm).

The minimum width of each door opening shall provide a clear width of 32 inches (81.3 cm). The height of door openings shall not be less than 80 inches (2.03 m).

Each exit discharge must lead directly outside or to a street, walkway, refuge area, public way, or open space with access to the outside. The site to which an exit discharge leads must be large enough to accommodate the building occupants likely to use the exit route.

Clearance and access

An exit door must always be unlocked. Employees must be able to open an exit door from the inside at all times without keys, tools, or special knowledge. A device such as a panic bar that locks only from the outside is permitted on exit discharge doors.

Also, **an exit door must open outwards.** The door that connects any room to an exit route must swing out in the direction of exit travel.

Exit routes must be kept clear at all times. Exit routes must be free and unobstructed. No materials or equipment may be placed, either permanently or temporarily, within the exit route.

Power-operated doors should be open manually in case of power failure. Where doors are operated by power, such as with a photoelectric-actuated mechanism to open the door upon the approach of a person, or doors with power-assisted manual operation, the design shall be such that in the event of power failure, the door is capable of being opened or closed manually.

Walking surfaces of the means of egress shall have a slip-resistant surface and be securely attached.

Lighting and marking

Each exit route must be adequately lighted. Employees shall be able to see along the exit route. To ensure continued illumination for not less than 90 minutes in case of primary power loss, the sign illumination means shall be connected to an emergency power system provided from storage batteries, unit equipment or an on-site generator.

Exits and exit access doors must be marked. Each exit must be clearly visible and marked by a sign reading "Exit". Exit signs shall be readily visible from any direction of egress travel. The path to exits and within exits shall be marked by readily visible exit signs to clearly indicate the direction of egress by occupants. Intervening means of egress doors within exits shall be marked by exit signs.

Exceptions:

1. Exit signs are not required in rooms or areas that require only one exit or exit access.
2. Main exterior exit doors or gates that are obviously and clearly identifiable as exits need not have exit signs where approved by the fire code official.

Exit stairs that continue beyond the level on which the exit discharge is located must be interrupted at that level by doors, partitions, or other effective means that clearly indicate the direction of travel leading to the exit discharge.

Each doorway or passage along an exit access that could be mistaken for an exit must be marked "Not an Exit" or similar designation, or be identified by a sign indicating its actual use (**e.g.**, closet).

Raised character and Braille exit signs. A sign stating EXIT in raised characters and Braille and complying with ICC A117.1² shall be provided adjacent to each door to an area of refuge, an exterior area for assisted rescue, an exit stairway, an exit ramp, an exit passageway and the exit discharge.

What Good Practices Include: EMERGENCY LIGHTING³

Basic requirement

Illumination required. The means of egress shall be illuminated at all times the building space is occupied.

Illumination under emergency power

Emergency power for illumination. The power supply for means of egress illumination shall normally be provided by the premises' electrical supply and shall not be less than 11 lux (1 foot-candle). In the event of power supply failure, an emergency electrical system shall automatically illuminate all of the following areas:

1. **Aisles and unenclosed egress stairways**
2. **Corridors, interior exit stairways and ramps and exit passageways**

The emergency power system shall provide power for duration of not less than 90 minutes and shall consist of storage batteries, unit equipment or an on-site generator. Emergency lighting facilities shall be arranged to provide illumination that is at least an average of 11 lux (1 foot-candle) and a minimum at

² International Code Council

³ Based on: International Fire Code 2012 (Chapter 6).

any point of 1 lux (0.1 foot-candle) measured along the path of egress at floor level. Routine maintenance, inspection and operational testing (preferably in a weekly basis) shall be overseen by a properly instructed individual.

What Good Practices Include: HANDRAILS⁴

Basic requirements

Handrails are required for stairways and ramps. They shall be designed and constructed to the structural loading conditions, being adequate in strength and attachment.

Specifications

Height. Handrail height shall be uniform being not less than 34 inches (86.4 cm) and not more than 38 inches (96.5 cm).

Handrail grasp ability. All required handrails shall provide equivalent grasp ability. Types of acceptable handrails are specified in the IBC⁵.

Continuity. Handrail gripping surfaces shall be continuous, without interruption by newel posts or other obstructions. For dormitories, handrails can be interrupted by a newel post at a turn or landing.

Fittings. Handrails shall not rotate within their fittings.

Extension. Handrails shall return to a wall, guard or the walking surface or shall be continuous to the handrail of an adjacent stair flight or ramp run⁶.

Clearance. Clear space between a handrail and a wall or other surface shall be a minimum of 1¹/₂ inches (3.8 cm). A handrail and a wall or other surface adjacent to the handrail shall be free of any sharp or abrasive elements.

On ramps, the clear width between handrails shall be 36 inches (91.4 cm) minimum.

Projections. Projections into the required width of stairways and ramps at each side shall not exceed 4¹/₂ inches (11.4 cm) at or below the handrail height. Projections due to intermediate handrails shall not constitute a reduction in the egress width.

Intermediate handrails. Stairways shall have intermediate handrails located in such a manner that all portions of the stairway width required for egress capacity are within 30 inches (76.2 cm) of a handrail. On monumental stairs, handrails shall be located along the most direct path of egress travel.

⁴ Based on: *International Building Code 2012 (chapters 10 and 16)*.

⁵ *International Building Code, chapter 10.*

⁶ *Some exceptions can be found in the IBC 2012, chapter 10, section 1012.4.*

Appendix G: Environmental Management Practices

What Good Practices Include:

- Facility defines and annually reviews **performance targets** concerning environmental impacts. Supplier informs internal and external stakeholders on environmental performance.
- **Energy consumption** monitoring and recordkeeping is conducted while maintaining meters in order to ensure effective measuring. Include all energy consumption records (energy bills, fuel bills, monthly or yearly consumption data, etc.) as well as fuel use for on-site transportation and power generation
- The facility has long term energy efficiency and **GHG emission reduction goals** (at least 2020) and is demonstrating measurable progress towards those goals. The facility is also increasing the percentage of its energy mix that comes from renewable energy. The facility can connect business decisions to increases or decreases in energy efficiency or GHG emissions and provide explanations for such changes or lessons learned that could be shared throughout the System.
- **Water consumption** monitoring and recordkeeping is conducted while properly maintaining meters in order to ensure effective measuring. Include all water uses in the water inventory which may be collected in a very simple format such as water bills.
- The facility has long term **water stewardship goals** (at least 2020) and is demonstrating measurable progress towards those goals. In addition to managing its own water use and discharge, the facility is aware of its water impact on the surrounding community and larger watershed and is engaged in water policy discussions and addressing local water issues. The facility can connect business decisions to increases or decreases in water use performance and provide explanations for such changes or lessons learned that could be shared throughout the System.
- Suppliers are encouraged to look for **air emissions reduction** opportunities and review annually the facility air emissions reduction performance targets (% air emissions compared to production output). Another supplier opportunity could be to install continuous sampling with alert system in case of emissions over applicable limits.
- **Wastewater monitoring** is consistently conducted according to applicable legal/ permit requirements. Supplier conducts regular inspection, clean-up and preventive maintenance of treatment plant and drainage system to avoid obstructions and prevent unauthorized or accidental hazardous substance release. Look for opportunities to minimize wastewater and review annually the facility wastewater reduction performance targets (% wastewater reduction compared to production output). Another supplier opportunity would be to install automatic controls to stop process when discharge is over applicable limits.
 - Drainage plans should be developed including the following elements unless otherwise indicated by law:
 - Wastewater generation points
 - Drains and pipework layout
 - Access points to the drains
 - Identification of wastewater streams (industrial vs. domestic wastewater, storm water)
 - Direction of flow

- **Air Emissions Point** Sources Inventory Log is maintained (covering all production processes and ancillary activities, all equipment, all routine/ non-routine operations) with the following unless otherwise indicated by law:
 - Pollutants known or likely to be present
 - Quantity emitted (if known or estimated)
 - Location of stacks, vents, etc.
 - Any control devices (e.g. abatement equipment) installed
 - Frequency of monitoring and if the emission is legally regulated
- The facility has a target date for achieving **zero waste to landfill** and long term waste reduction goals and is demonstrating measurable progress towards those goals. The facility looks for ways to prevent waste and understands the costs associated with managing waste (storage, collection and disposal). The facility is also increasing the percentage of its waste that is recycled or used for with higher recovery values. The facility can connect business decisions to increases or decreases in waste generation or recycling rates and provide explanations for such changes or lessons learned that could be shared throughout the System. The facility requires waste contractors to provide updated permits on an annual basis to ensure they remain in compliance.
- **Evidence of awareness of sensitive receptors** may be in the form of a factory layout map including descriptions of surrounding areas. Facility removes and properly dispose of any identified banned chemicals following a phase out calendar or special disposal arrangements (if required by law).
- Any **Ozone Depleting Substances (ODS)** utilized in the facility are be identified in an inventory log along with the related equipment and/ or processes in which they are utilized. ODS Inventory Log shall include the following data unless otherwise indicated by law: The facility conducts regular inspection and preventive maintenance of ODS containing equipment to prevent leakage and accidental release. The facility must restrict use and phase out the ODS (if required by law).
- (US ONLY) Complying with the **McDonald's Food Case Graphics Policy** is a minimum supplier requirement in the US. The policy specifies that all shipping cases provided to McDonald's contain a minimum of 25% post-consumer recycled material and a minimum of 40% total recycled material, and all corrugated shipping cases produced for McDonald's display the recycling symbols
 - All shipping cases provided to McDonald's contain a minimum of 25% post-consumer recycled material and a minimum of 40% total recycled material
 - All corrugated shipping cases produced for McDonald's display the recycling symbol

Revision History

Rev	Description of Change(s)	Authorized By	Effective
2.0	Release	Rona Starr	Nov 13, 2012
3.0	<ul style="list-style-type: none"> Enhanced sections on Grievance Mechanism, and detailed appendix Standards Of Business Conduct inclusion Business Integrity Reporting inclusion Integrating French Requirements Detailed scoring key/legends under each "Standard/Expectation" Prison Labor Due diligence Form appendix Emergency Exit/Lighting/Handrails appendix New Audit Scoring Method 	Rona Starr	Mar 14, 2014
3.1	<ul style="list-style-type: none"> Bangladesh Minor scoring inconsistency corrected 	Rona Starr	Apr 12, 2014
3.2	<ul style="list-style-type: none"> Enhanced audit scoring method Clarification on <ul style="list-style-type: none"> secondary exits, expectation on language(s) used minor clarification throughout 	Rona Starr	December 15, 2014
3.3	Minor wording change to scope Minor format updates to reflect correct scoring	Rona Starr	January 14, 2015

