



# McDonald's® Pre-Audit Guidelines

*Supplier Workplace Accountability (SWA)*

**2015**

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## Prior to the Supplier Workplace Accountability Audit

### Data System Requirements

Logon to the Supplier Workplace Accountability data system (<https://ienable.intertekconnect.com>) to:

- Review the *McDonald's Supplier Guidance Document (SGD)* which includes McDonald's Supplier Code of Conduct (Code) and McDonald's Standards of Business.
- Complete the online supplier training
- Ensure your Self-Assessment Questionnaire (SAQ) is up to date. It is a minimum expectation that the SAQ is completed each year and the SAQ **MUST** be completed prior to conducting an audit. Auditors review the Self-Assessment Summary and prior (CAPA) corrective and preventative action plan before conducting the audit to become familiar with your facility.
- Review most recent Self-Assessment Summary which was sent post SAQ completion and is available on iEnable within your facility dashboard.

### Audit Requirements

#### Production

Ensure the facility is in production on the day of the audit (does not have to be for McDonald's products) but **MUST** be producing and all areas of the facility must be available to the auditor during the audit, even if McDonald's production does not occur in that area. Prior notification will need to be given to the ISS Program Manager/ McDonald's AOW lead, if there are any potential issues.

#### Documentation

**Ensure records are available for auditor's review on the day of the audit** (see Document Checklist *page 6*). Records for review will include temporary, permanent and/ or agency/contract employees. Ensure 12 months of records (original documents) are available on site. Notify the monitoring firm if:

- **Records or documents to be reviewed are located outside / away from the facility to make alternative arrangements for review.** Suppliers should be aware additional monitoring firm fees may be required if an alternate location is necessary for documentation review.
- The facility has buildings located outside the vicinity of the main premise

#### Internal Communication

Discuss the audit with facility management, ensuring they understand the scope of the audit and what is required from each department. Explain the importance of having the correct personnel and documentation available on the day of the audit and the need to release workers for interviews.

Workers also need to know about the audit. Facility management should inform workers about the purpose of the audit and the types of things the auditors will verify. Explain that the auditors need to interview workers but that being interviewed is voluntary and private. You may use the "SWA Audit Notice" (*located on page 8*) within this document to notify your workforce.

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

If the facility uses contract labor, labor agency or utilizes an in-house subcontractor for any part of the production process, let the agency/subcontractor about the audit and ensure they understand the importance of having their personnel and documentation available during the audit. 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 audit from workers, unions, or other worker representatives prior to the audit date.

## Confidentiality

Notify the monitoring firm prior to the audit IF you require the following:

- Non-disclosure agreement (NDA) signed between the facility and the monitoring firm. Auditors will not sign confidentiality agreements on the day of the audit, so it is important to arrange for them to be signed well in advance. Suppliers should keep in mind that the monitoring firms have all signed confidentiality agreements with McDonald's.
- Employee consent forms may need to be signed by the employees for the private interview and record review (generally only required within USA, Canada, Europe, Australia and NZ)

## Overview of the Audit Process

The audit 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 manage their business. However, they can share observations and best practices seen from their work in other facilities, if requested. All areas and workers of the facility should be made available during the SWA audit. The scope of the audit 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 company records, and interviewing workers as well as management.

The five parts of the on-site audit are:

1. Opening Meeting
2. Facility Observation
3. Records Review
4. Worker Interviews
5. Closing Meeting

## Opening Meeting

The opening meeting gives the auditor(s) and facility management a chance to become acquainted. The auditors will explain the audit process and may ask questions about the facility and workers. The facility's management also has the opportunity to ask questions.

The auditors will discuss with management who needs to be available throughout the audit and the timing for shifts. For example, if a shift ends at 3 p.m. and 2<sup>nd</sup> shift starts at 2.30pm, the auditors will want to conduct worker interviews with both shifts

Have someone from the facility available to accompany the auditors throughout the audit in case they have questions. However, no one from the facility will be allowed to participate in auditors interviews with the workers.

## Facility Observation

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The auditor(s) will walk through the facility inspecting the condition of the buildings and dormitories (if applicable); they will collect data a variety of workplace issues and report where areas of opportunity are identified.

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

## Records Review

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Records and documentation are an important part of validating of compliance to McDonald's Supplier Code of Conduct. Auditors will review records a sample of records from the previous 12 months and it is imperative that facilities notify the auditor in advance if records are maintained off site and cannot be brought to the facility. Prior to the audit the monitoring firm will confirm which records need to be made available in addition to those noted on the Document Checklist located on page 6 of this document. There may be instances when the auditor needs to request additional records on the day of the audit, and will discuss this during the opening meeting or throughout the day.

## Worker Interviews

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Worker interviews are an important part of the Program, as it is used to verify practices conducted within the facility align with McDonald's expectations. Interviews give auditors the workers' perspectives on how the company's management systems and employment practices are deployed.

McDonald's appreciates that the facilities and workers may be apprehensive about the type of questions that may be asked during the interview, 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 workers from differing areas, stations and labor/ contract agencies, to participate in the interview 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, gender, and length of time with the facility etc. They will also select from different departments and job roles to obtain a sample of the workforce. They will include agency and subcontractor workers in the process.

The auditor will conduct interviews in a private area without the presence of facility management. If translation is required, the monitoring firm will need to be advised prior to the audit date, translators cannot be provided from the facility as other workers/ staff are not to be used for interpretation of documents or interviews. The auditor will randomly select workers to interview, and the worker may decline if they do not want to be interviewed. If the facility requires workers to sign a consent forms, the auditors can provide the forms prior to the interviews. Auditors may also view the employment records of workers they interview.

During the worker 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
- Pay and methods of payment
- Workplace health and safety

Auditors need to receive accurate and honest information from workers. Accordingly, management should not coach workers on what to say, choose which workers will be interviewed, sit in the room (or listen in)

during the interviews. If at any time the worker does not wish to continue the interview, they are permitted to leave. Interviews generally take approximately 10 minutes per worker.

The auditor may provide a verbal summary of comments from the interviews during the closing meeting. The auditor will not identify who made what comment and information will be kept private with workers' names and other identifying information removed and will not appear on the auditors' report.

## Closing Meeting

At the end of the audit, the auditors will meet with facility management and present preliminary findings, sharing identified areas of non-compliance. The closing meeting is not the time to argue or debate the findings, rather a time to provide further detail and information if there are misunderstandings or gaps in the information gathered during the audit. It is also a time to ask questions about any areas of non-compliance identified during the audit that are unclear to facility management. All in attendance will be noted on the summary and, one representative of the audited facility management will be asked to acknowledge the closing meeting summary; the signature is voluntary and does not imply agreement, nor should it be considered as a final report.

McDonald's welcomes input and suggestions about how to improve the Program. When the final audit report has been issued there will be a link to complete an online survey. Feedback will be kept confidential and sent to McDonald's, not the monitoring firm. The feedback **will not** affect audit result. Facilities may submit their feedback anonymously without identifying the facility name, if preferred. The information will be used as part of quarterly discussions with the monitoring firms by identifying areas in which improvement may be necessary.

## Contact Information

### SWA Contacts

Please refer to the McDonald's Supplier Workplace Accountability Contacts document for primary contacts (available on the data system within the online training module, resource documents) or use the following general mailboxes:

- ✓ SWA: [swa@us.mcd.com](mailto:swa@us.mcd.com)
- ✓ ISS PM: [programmanagement@intertek.com](mailto:programmanagement@intertek.com)

### 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 company or by a McDonald's employee.

Call the Business Integrity Line at 1.800.261.9827 or email [business.integrity@us.mcd.com](mailto:business.integrity@us.mcd.com).

## Appendix I: Document Checklist

The following are records which must be available during the audit. This list is to be used as a guide only and is not exhaustive. Other documents may be requested by the monitoring firm / auditor before and/or during the audit.

### Workers in scope are defined as:

**Direct:** *production or non-production workers (may include kitchen workers, housekeeping, security guards, etc.) and are directly employed by the facility.*

**In-House Subcontractor:** *Includes any organization that performs work for the facility to help fulfill a contract or completes a process on-site (for example embroidery, printing, kitchen workers, housekeeping, security guards, etc.) and are performing their role within the facility or its grounds, and the worker is not directly employed by the facility. Facilities must ensure in-house subcontractors understand the role they will play during the audit.*

**Agency, labor hire, recruitment firm, anyone supplying workers/ manpower to the facility:** *An organization who supply workers and/ or manpower services to the facility. The facility may assign these workers to various departments as needed. Facilities must ensure agencies understand the role they will play during the audit.*

**External Subcontractor:** *Includes any organization that performs work for the facility to help fulfill a contract or complete a process off-site (for example embroidery, printing, etc.).*

### Required Documents:

***The following documents are to be available on the day of the audit***

#### **Facility floor plan/ layout**

#### **Worker records:**

- ❑ *Regarding hiring and employment practices including compensation and benefits, working hours, service leave, annual leave, etc.*
- ❑ *Employment contracts and/ or other related documents, if applicable. Medical records are not subject to review however employment/ annual medical check-up records for canteen worker/ young workers should be available if applicable.*
- ❑ *Timecards or attendance records AND payroll records for paid wages including straight, overtime pay and deductions, if any. The last 12 months starting with the most recent pay month for all workers (full time, part time, hourly, piece rate, home workers, contract and temporary) including bank transfer records, if applicable and social security withholding, superannuation, medical insurance, workers compensation, etc.*
- ❑ *Training records and/ or licenses such as induction training, equipment operation training, CPR/ first aid, health and safety etc.*

### **Facility Records:**

- ❑ *Business Registration*
- ❑ *Fire safety, structural integrity inspection or certification, insurance inspections*
- ❑ *Fire drill records, emergency preparedness plan,*
- ❑ *Accident and work-related injury records*
- ❑ *Environmental certification and waste water discharge permit*
- ❑ *Facility regulations and worker handbook*
- ❑ *Facility equipment safety certification, maintenance records, such as forklift, machinery operation license, hygiene certificate, etc.*
- ❑ *Professional licenses i.e. equipment operator permits i.e. boiler, forklift, electrician, etc.*
- ❑ *Employment certificate for young workers (if applicable)*
- ❑ *List of hazardous chemicals used or stored at the facility and MSDS (Material Safety Data Sheets)*
- ❑ *EH & S program that includes policies, procedures, committee members and meeting minutes etc.*
- ❑ *Union contract/ collective bargaining agreements*
- ❑ *Worker grievance records*
- ❑ *Lease, as rental agreements for companies using part of the building*

### **Management Systems Documentation:**

- ❑ *Policies and procedures*
- ❑ *Communication and training*
- ❑ *Internal verification and governance documentation*
- ❑ *Corrective and Preventative Action Plans (CAPA)*

**NOTE: If records are kept in a location outside of the facility site, please notify the monitoring firm when scheduling the audit. If there are any questions regarding documents needed, the supplier or facility should contact the monitoring firm that has been contracted to conduct the audit PRIOR to the audit date.**



## 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 \_\_\_\_\_.

### What is a SWA 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, pay, and 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 audit?

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

### Where should I go if I have questions about the SWA audit?

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

**Thank you for your cooperation!**

