

## Corporate Human Rights Benchmark 2018 Company Scoresheet



**Company Name** McDonald's  
**Industry** Agricultural Products (Supply Chain only)  
**Overall Score (\*)** 21.5 out of 100

Theme Score	Out of	For Theme
3.2	10	A. Governance and Policies
5.2	25	B. Embedding Respect and Human Rights Due Diligence
2.5	15	C. Remedies and Grievance Mechanisms
2.5	20	D. Performance: Company Human Rights Practices
6.3	20	E. Performance: Responses to Serious Allegations
1.8	10	F. Transparency

(\*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

### Detailed assessment

#### A. Governance and Policies (10% of Total)

##### A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:                      Score 1</p> <ul style="list-style-type: none"> <li>Met: General HRs commitment: The company indicates that 'McDonald's has a deep responsibility to respect the rights of people who work for the Company, and to do business with Franchisees, suppliers and business partners that respect human rights for their respective employees. It also states that 'Our commitment to respect human rights is defined in our Standards of Business Conduct, which apply to all employees of the Company, and in our Supplier Code of Conduct, which applies to McDonald's suppliers globally'. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Met: UDHR: The company indicates that 'At McDonald's, we conduct our activities in a manner that respects human rights as set out in The United Nations Universal Declaration of Human Rights'. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: UNGPs: However, the Company indicates the following on its website: ‘We’re in the process of reviewing our approach and policies related to protecting human rights, with the aim of launching a human rights policy statement that gives greater transparency and clarity on our commitments. We’re using internationally recognized standards, including the UN Guiding Principles on Business and Human Rights, and the views of external stakeholders to guide this process’. It also indicates that the supplier guidance requires from them a grievance mechanism guided by the UNGPs. However, no evidence found of a general commitment to follow the UNGPs. [Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: OECD: However, the Company indicates that ‘In developing the Standards and other Company policies that relate to human rights, we inform ourselves by reference to such documents as [...]the OECD Guidelines for Multinational Enterprises’. [Report of the sustainability and corporate responsibility committee of the board.: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul>
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: ILO Core: The code states that: ‘We do not use any form of slave, forced, bonded, indentured or involuntary prison labor. We do not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. We support fundamental human rights for all people. We will not employ underage children or forced labourers. We prohibit physical punishment or abuse. We respect the right of employees to associate or not to associate with any group, as permitted by and in accordance with applicable laws and regulations. McDonald’s complies with employment laws in every market where we operate’. However this statement does not include a commitment to respect the right to collective bargaining. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: UNGC principles 3-6</li> <li>• Not met: All four ILO for AG suppliers: The code for suppliers contains commitments in relation to child labour, discrimination, forced labour and freedom of association. In relations with this last one, the code states that ‘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’. Regarding collective bargaining, the Company indicates on its website that ‘the supplier guidance document clearly explains our expectation: [...] that suppliers respect the rights of people to bargain collectively where such rights are established by law or contract’. However, based on this, it is not clear whether this commitment is extensive to all suppliers generally (except those where law prohibits it) or only to those where collective bargaining is included in contracts. [McDonald’s Supplier Code of Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Human rights on website, 03/09/2018: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: All four ILO Core: See above, commitment to all ILO core with the exception of collective bargaining.</li> <li>• Met: Respect H&amp;S of workers: The company indicates that ‘We are committed to providing a safe and healthful working environment for our employees. We require all employees to abide by safety rules and practices and to take the necessary precautions to protect themselves and their fellow employees. For everyone’s safety, employees must immediately report accidents and unsafe practices or conditions to their immediate supervisors’. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: H&amp;S applies to AG suppliers: The supplier code indicates that ‘suppliers shall have systems to prevent, detect and respond to potential risks to the safety, health and security of all employees’. Moreover the document states that the Company ‘expect all suppliers, regardless of the cultural, social and economic context, to meet our expectations of fundamental rights for all people. This means treating their employees with fairness, respect and dignity, and following practices that protect health and safety for the people working in their facilities, all in compliance with national and local law’. [McDonald’s Supplier Code of Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul>
A.1.3.a.AG	Commitment to respect human rights particularly relevant to the	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Respect land ownership and resources: The company’s commitment on forests states that ‘we will work throughout our supply chains to achieve the following: [...] Respect human rights, Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	industry - land and natural resources (AG)		<p>developments on land they own legally, communally or by custom, Resolve land rights disputes through a balanced and transparent dispute resolution process'. 'This commitment applies to all raw material supply chains'. [Conserving Forests: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</p> <ul style="list-style-type: none"> <li>• Not met: Respecting the right to water: The company indicates that 'water is so essential to our entire business, we're developing a holistic strategy around both the conservation of clean water and its efficient and safe use. To do this, we are partnering with experts like WWF and the World Resources Institute to identify the risks and create a stewardship approach'. It also indicates that is member of the Alliance for Water Stewardship. However no evidence has been found of a specific commitment to respecting the right to water made by the Company. [Protecting Water Resources: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: Expecting suppliers to respect these rights: See above. Commitment on land affects all supply chains of the group. [Conserving Forests: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: FPIC for all: The company indicates that they 'Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom' [Conserving Forests: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Respecting the right to water: See above</li> <li>• Not met: Expecting suppliers to respect these rights: Evidence found regarding land but not on right to water.</li> </ul>
A.1.3.b.AG	Commitment to respect human rights particularly relevant to the industry - people's rights (AG)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Women's rights: The company indicates that 'we conduct our activities in a manner that respects human rights as set out in the United Nations Declaration of Human Rights. We take seriously our responsibility to act with due diligence to avoid infringing on the human rights of others and addressing any impact on human rights if they occur'. However, no evidence has been found of a commitment to respect Women's, Children's or Migrant's Rights [Respecting human rights on website: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Children's rights: See above</li> <li>• Not met: Migrant worker's rights: See above</li> <li>• Not met: Expects suppliers to respect these rights: The company indicates that 'Fundamental to our Supplier Code of Conduct is an expectation of ethical employment practices by our suppliers and their supply chain, including subcontractors and third-party labor agencies. Our Code clearly prohibits any form of slave, forced, bonded, indentured, or involuntary prison labor and prohibits suppliers and third-party labor agencies from retaining employees' government-issued identification, passports or work permits as a condition of employment'. However, these expectations do not include a commitment to Women's Children's or Migrant's Rights [Respecting human rights on website: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: CEDAW/Women's Empowerment Principles</li> <li>• Not met: Child Rights Convention/Business Principles</li> <li>• Not met: Convention on migrant workers</li> <li>• Not met: Expecting suppliers to respect these rights</li> </ul>
A.1.4	Commitment to engage with stakeholders	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Commits to stakeholder engagement: The company indicates that 'there is no single solution to human rights issues, which is why it's critical that we engage all stakeholders within the McDonald's System, including McDonald's employees, suppliers, Franchisees and business partners, to respect the fundamental rights for all people.' In addition they also state the responsibility supervisors have to maintain open and honest communication with employees'. [Respecting human rights on website: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Commits to engage stakeholders in design: The company indicates that 'In order to make a meaningful impact around the world on key social and environmental issues, stakeholder partnerships are critical. Our independent partners and advisors bring invaluable expertise, knowledge and experience to help us identify our global and local priorities, and develop responsible and appropriate actions to address them. Essentially, they help shape what we do and how we do it'. In addition they also state that 'We've developed lasting relationships with experts from academia, non-governmental organizations, the socially responsible</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			investment community and others to understand key issues and advance progress on a range of topics'. Finally, the Modern Slavery statement from McDonald's UK states that 'we continue to work with external stakeholders to actively review our approach and global policies relating human rights'. However no evidence has been found of a commitment to engage with affected stakeholders (workers, communities, suppliers or third parties representing them) to develop and monitor the HR approach. [Engaging Stakeholders: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ] • Not met: Regular stakeholder design engagement
A.1.5	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Commits to remedy: The company indicates that "We take seriously our responsibility to act with due diligence to avoid infringing on the human rights of others and addressing any impact on human rights if they occur." However no evidence has been found of a commitment to remedy the adverse impacts on individuals, workers, and communities. [Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ] Score 2 • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives • Not met: Work with AG suppliers to remedy impacts: The company indicates that "We also expect our suppliers to provide their own internal reporting mechanisms, to ensure their employees have a safe and timely way to report workplace concerns without the fear of retaliation". The supplier code of conduct also contains additional guidelines in relation to reporting grievances. However no evidence found in relation to commitment to working with its suppliers to remedy adverse impacts (either through the suppliers remedial mechanisms or developing with them third party non-judicial remedies). [Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> & McDonald's Supplier Code of Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ]
A.1.6	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Zero tolerance attacks on HRs Defenders (HRDs): The company indicates that "As a McDonald's employee, you are safe from retaliation. Retaliation is any act that is recommended, threatened or taken against an employee, either directly or indirectly, in response to a report of an ethical or legal concern or cooperation with an investigation. McDonald's strictly prohibits retaliation of any kind directed against an employee who reports an issue concerning compliance with the Standards" However no evidence has been found of a commitment to neither tolerate nor contribute to threats, intimidation and attacks against human rights defenders. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ] Score 2 • Not met: Expects AG suppliers to reflect company HRD commitments: The company indicates that reporting programs shall protect worker whistleblower confidentiality and prohibit retaliation. However no evidence has been found of an expectation to neither tolerate nor contribute to threats, intimidation and attacks against human rights defenders. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ]

## A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	1	The individual elements of the assessment are met or not as follows: Score 1 • Met: CEO or Board approves policy: The Company's code of conduct is signed by Chief Executive officer. [Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ] • Met: Board level responsibility for HRs: The Corporate Responsibility Committee of the board 'monitors the Company's activities and risks as they relate to human rights, community engagement, diversity, employment practices, the environment, government relations, products, public affairs, safety and sourcing'. [Report of the sustainability and corporate responsibility committee of the board.: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ] Score 2 • Not met: Speeches/letters by Board members or CEO
A.2.2	Board discussions	1	The individual elements of the assessment are met or not as follows: Score 1 • Met: Board/Committee review of salient HRs: The document describing the duties of the Corporate Responsibility Committee of the board states that 'The Sustainability and Corporate Responsibility Committee provides independent

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			oversight of the Company's risk profile and its mitigation strategies related to sustainability and corporate social responsibility matters. This Committee is comprised of five Directors, all of whom meet the requirements of independence under New York Stock Exchange rules. The Committee monitors the Company's activities and risks as they relate to human rights, community engagement, diversity, employment practices, the environment, government relations, products, public affairs, safety and sourcing'. The Committee charter describes the duties and responsibilities in relation to sustainability goals, metrics and reporting. [Report of the sustainability and corporate responsibility committee of the board.: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ] <ul style="list-style-type: none"> <li>• Not met: Examples or trends re HR discussion: The company indicates that "In the interest of responding to potential interest in this topic, the Committee has decided to publish management's report along with this assessment so as to inform shareholders of the Company's efforts." However, information related to this report was released in January, 2014. [Report of the sustainability and corporate responsibility committee of the board.: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>] Score 2</li> <li>• Not met: Both examples and process</li> </ul>
A.2.3	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Incentives for at least one board member</li> <li>• Not met: At least one key AG HR risk, beyond employee H&amp;S</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public</li> </ul>

## B. Embedding Respect and Human Rights Due Diligence (25% of Total)

### B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Senior responsibility fo HR (inc ILO): The company indicates that 'The Company's Global Chief Compliance Officer oversees communications, training and compliance related to the Standards and associated policies, including those related to human rights'. The Company also reports having a 'scale for good leadership team' which brings together 'cross functional senior executives from across the Company who are accountable for leading McDonald's strategy for responsible leadership'. The team is chaired by the Chief Supply Chain and Sustainability Officer. However, human rights issues must include all ILO core areas at minimum in order to be awarded senior responsibility indicator. [Report of the sustainability and corporate responsibility committee of the board.: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>] Score 2  <ul style="list-style-type: none"> <li>• Met: Day-to-day responsibility: The Global Chief Compliance Officer's office is responsible for 'monitoring changes in law and best practices as relate to those areas of business conduct covered by the standards; coordinating investigations related to violations of the Standards (including those related to human rights); ensuring appropriate actions are taken to deal with policy violations; revising policies or processes to address changing laws or in response to any identified systemic compliance issues; and communicating regularly regarding compliance activities to senior management and the Board of Directors'. [Report of the sustainability and corporate responsibility committee of the board.: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]  <ul style="list-style-type: none"> <li>• Met: Day-to-day responsibility in supply chain: The 'Scale for Good leadership team' is chaired by Francesca DeBiase, Chief Supply Chain and Sustainability officer. Also, the Global Supply Chain and sustainability group has responsibility for managing the global supply chain policies, goals and commitments, setting responsible sourcing expectations for suppliers, and coordinating with market supply chain teams to engage suppliers at local level'. [Scale for good, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> </li> </ul> </li> </ul>
B.1.2	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Senior manager incentives for human rights</li> <li>• Not met: At least one key AG HR risk, beyond employee H&amp;S</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.3	Integration with enterprise risk management	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: HR part of enterprise risk system: The company indicates that ' Human rights risks are dealt with by management as a sub-set within the Company's broader enterprise risk management processes. The Committee sees a benefit in management's reviewing and considering risks comprehensively on an annual basis, as it creates an opportunity to understand and evaluate interdependencies in a manner that could not be accomplished by focusing on a single risk area'. [Report of the sustainability and corporate responsibility committee of the board.: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Audit Ctte or independent risk assessment: Although the Company reports assessing compliance with policies in different ways, no evidence found on how the board or an independent third party evaluates the adequacy of the policies and systems to manage the risk (how is the system in doing its job).</li> </ul>
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Communicates its policy to all workers in own operations: In order to get any Score under this indicator, the human rights policy commitment must include the ILO core labour standards at a minimum and the company policies do not include a commitment to respect collective bargaining.</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Communication of policy commitments to stakeholder: In order to get any Score under this indicator, the human rights policy commitment must include the ILO core labour standards at a minimum and the company policies do not include a commitment to respect collective bargaining.</li> <li>• Not met: How policy commitments are made accessible to audience</li> </ul>
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Steps to communicate policy commitments to BRs: The Company indicates on its website that the supplier code of conduct is the cornerstone of the Supplier Workplace accountability program. In addition, the McDonald's 'Supplier Guidance Document is shared with all suppliers and provides detailed guidance on how a supplier can comply with each aspect of the Code of conduct and how suppliers and their supply chains can meet our expectations'. The Supplier code does not explicitly cover collective bargaining, and the Guidance document, in relation to this indicates that the company expects that 'suppliers respect the rights of people to bargain collectively where such rights are established by law or contract'. However, this commitment to collective bargaining seems restricted to particular conditions, and is not a general commitment to respect this rights in every context (with the exception of those places where prohibited by law) [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Including to AG suppliers: The Company states that 'we expect our suppliers to hold their own suppliers to the same standards contained in our Supplier code of conduct'. Also, the Company indicates that the Supplier Guidance Document provides guidance on how suppliers and their supply chain can meet the Company's expectations. However, as indicated above, it is not clear whether the collective bargaining rights are respected everywhere or only were established by law or contract. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: How HR commitments made binding/contractual: The Supplier code of conduct indicates the following: '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 McDonalds 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'. However, as indicated above, it is not clear whether collective bargaining rights, contained in the 'Supplier Guidance Document' which is a complement to this policy, are a general commitment or only when required by law or contracts. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Including on AG suppliers: See above [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul>

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B.1.5	Training on Human Rights	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Trains all workers on HR policy commitments: The Company reports training of own employees, however, sources are not within the last 3 year period and no evidence found of company's policies for its own employees covering collective bargaining. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Trains relevant managers including procurement</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.1.6	Monitoring and corrective actions	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Monitoring implementation of HR policy commitments: In order to get any Score under this indicator, the human rights policy commitment must include the ILO core labour standards at a minimum and the company policies do not include a commitment to respect collective bargaining. [Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Monitoring AG suppliers: The company indicates that 'Human rights due diligence is incorporated into the SWA (Supplier Workplace Accountability) program, which includes on-site audits conducted by third-party auditing firms to assess compliance with our Code. These on-site audits include a review of ethical recruitment practices to verify that workers are employed under voluntary conditions and have freedom of movement. This includes verification that workers are not charged illegal fees as a condition of employment, worker contracts are in local language and signed by the workers, and that suppliers do not retain workers' government-issued identification, passports or work permits'. However, in order to get any Score under this indicator, the human rights policy commitment must include the ILO core labour standards at a minimum and the commitment to respect the right to collective bargaining applies 'where such rights are established by law or contract'. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Describes corrective action process: Instances of non-compliance are shared with the supplier during an audit closing meeting and in an audit report. Suppliers are required to complete a corrective and preventative action plan to address non-compliance. The plan must provide specific time frames within which corrective action will be taken, root causes analysed, and policies and procedures updated. In addition, the plan must be designed to avoid recurrence of the non-compliance and establish specific accountability. In instances of significant non-compliance, suppliers are subject to a follow-up audit, the timing of which is based on the audit findings. However, no evidence found in relation to the number of non-compliances (or number of times that the corrective action process was triggered). [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Example of corrective action</li> <li>• Not met: Discloses % of supply chain monitored</li> </ul>
B.1.7	Engaging business relationships	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: HR affects selection of suppliers: The Company indicates on its website that 'As part of the on-boarding process to become a McDonald's supplier, suppliers must complete the required steps of the SWA (Supplier Workplace Accountability) program to verify that our suppliers can meet our expectations before they begin supplying product to McDonald's.' [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: HR affects on-going supplier relationships: 'McDonald's SWA program is designed to support suppliers in meeting our standards. However, there are circumstances under which McDonald's will remove a supplier from the supply chain to address instances of significant non-compliance with McDonald's Supplier Code of Conduct.' [Respecting human rights on website: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirement under score 1 met: See above</li> <li>• Not met: Working with suppliers to improve performance: The Company indicates that 'the SWA program includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues, such as preventing forced labor. Training modules include; Ensuring Eligibility to Work, Protecting the Rights of Migrant Labor, and Implementing Grievance Mechanisms. For example, the Migrant Labor training aims to educate suppliers on the risks related to forced labor when sourcing migrant labor and key actions they can take to ensure they are protecting the rights of migrant workers in</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			their facilities. Live training sessions provided by a third party are also held with our suppliers on human rights issues and in 2017 training was offered to suppliers in Malaysia on forced labor, grievance mechanisms, and managing migrant labor through AIM-PROGRESS'. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ]
B.1.8	Approach to engagement with potentially affected stakeholders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Stakeholder process or systems</li> <li>• Not met: Frequency and triggers for engagement</li> <li>• Not met: Workers in SC engaged</li> <li>• Not met: Communities in the SC engaged</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Analysis of stakeholder views and company's actions on them</li> </ul>

## B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Identifying risks in own operations: The Company carries out human rights risk and impacts identification and assessment for the supply chain as described below. However, no evidence found of this process including also its owned operations. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: Identifying risks in AG suppliers: The Company indicates that its due diligence approach includes 'understanding global and national human rights risks and using this information to evolve the SWA (supplier workplace accountability) program. We assess the potential human rights risks of our supply chains through desk-based research, supply chain mapping, on-site audits and stakeholder engagement. To better inform our understanding of human rights risks within our supply chain, we also work with Verisk Maplecroft to use their expertise in risk analytics to identify countries with particular human rights challenges'. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Met: Ongoing global risk identification: It also indicates that in 2018 began working with Verisk Maplecroft to conduct a human rights impact assessment of key commodities in its supply chains. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: In consultation with stakeholders</li> <li>• Not met: In consultation with HR experts: The company indicates that "Risk is analysed cross-functionally, which is to say that both country leadership and functional experts play a role in the process." However no evidence has been found that the mentioned experts are HR experts. [Report of the sustainability and corporate responsibility committee of the board.: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: Triggered by new circumstances</li> <li>• Not met: Explains use of HRIAs or ESIA (inc HR)</li> </ul>
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Salient risk assessment (and context): As indicated in B.2.1, the Company assesses 'potential human rights risks of our supply chains'. 'A key indicator of risk we use is the country of origin where we are sourcing products or raw materials from. For example, we use analysis of country level human rights risks to help inform the audit cycles for our suppliers. Facilities situated in countries that are considered to be at high risk of such practices require more regular on-site audits regardless of the outcome of previous audits'. 'By identifying the most salient issues within these supply chains, we aim to strengthen our risk management procedures, develop appropriate improvement plans, and increase awareness of these issues within our business'. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; McDonald's Restaurants LTd (McDonald's UK) Modern Slavery statement, 2017: <a href="http://mcdonalds.com">mcdonalds.com</a>]</li> <li>• Not met: Public disclosure of salient risks</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.2.3	Integrating and Acting: Integrating assessment findings	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Action Plans to mitigate risks: The Company indicates that 'by identifying the most salient human rights issues within these supply chains [located in specific countries], we aim to strengthen our risk management procedures, develop appropriate improvement plans, and increase awareness of these issues</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
	internally and taking appropriate action		<p>within our business'. However, no evidence found of a system to prevent, mitigate or remediate its salient human rights issues. It indicates in the Modern Slavery Act Statement [McDonald's UK] that facilities situated in countries considered to be at high risk require more regular on-site audits regardless of the outcome of previous audits. However, this refers to compliance monitoring, and not clear if there is a proactive system to prevent or mitigate issues. [Human rights on website, 03/09/2018: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; McDonald's Restaurants LTd (McDonald's UK) Modern Slavery statement, 2017: <a href="https://mcdonalds.com">mcdonalds.com</a>]</p> <ul style="list-style-type: none"> <li>• Not met: Example of Actions decided</li> <li>• Not met: Including in AG supply chain</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: System to check if Actions are effective</li> <li>• Not met: Lessons learnt from checking effectiveness</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirement under score 1 met</li> </ul>
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Comms plan re identifying risks</li> <li>• Not met: Comms plan re assessing risks</li> <li>• Not met: Comms plan re action plans for risks</li> <li>• Not met: Comms plan re reviewing action plans</li> <li>• Not met: Including AG suppliers</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Responding to affected stakeholders concerns</li> <li>• Not met: Ensuring affected stakeholders can access communications</li> </ul>

### C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The company indicates that 'We provide many channels for communication for our employees to report ethics or human rights concerns. This includes an anonymous channel, the Business Integrity Line, staffed by a live operator from an independent company 24 hours a day, every day of the year'. In addition the company indicates that 'Interpreters are available. Phone 1.800.261.9827 within the United States. Callers may report anonymously, and no attempt will be made to identify them. Anonymous callers should know, however, that it is sometimes more difficult to follow up on issues raised anonymously'. [Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Standards of Business Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Number grievances filed, addressed or resolved</li> <li>• Met: Channel is available in all appropriate languages: The online reporting channel is available in approximately 20 languages. In addition, interpreters are available in the integrity line. [McDonald's Business Integrity Online reporting: <a href="https://tnwgrc.com">tnwgrc.com</a> &amp; Respecting human rights on website: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: Expect AG supplier to have equivalent grievance systems: The Supplier Code of Conduct indicates that 'suppliers shall create internal programs for handling reports of workplace grievances, including anonymous reports'. Moreover The Company states that 'we expect suppliers to hold their supply chain, including subcontractors and third party labor agencies, to the same standards contained in this Code'. [McDonald's Supplier Code of Conduct: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: Opens own system to AG supplier workers: The Company states that 'also provides channels for people within our supply chain to report ethics or human rights concerns within our supply chain, including an email to reach the SWA global management team'. [Human rights on website, 03/09/2018: <a href="https://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Grievance mechanism for community: The company indicates that 'We provide many channels for communication for our employees to report ethics or</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	receive complaints or concerns from external individuals and communities		<p>human rights concerns' However no evidence has been found that this mechanism is open to external stakeholders, including communities. [Respecting human rights on website: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Describes accessibility and local languages: The company indicates that 'We provide many channels for communication for our employees to report ethics or human rights concerns'. Moreover the company indicates all the languages that the online reporting method is available and for the Business Integrity Line in the US there is interpreters available. However no evidence has been found that this mechanism is open to external stakeholders. [Respecting human rights on website: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; McDonald's Business Integrity Online reporting: <a href="http://tnwgrc.com">tnwgrc.com</a>]</li> <li>• Not met: Expects AG supplier to have community grievance systems: The Company expects suppliers 'to create internal grievance mechanisms and programs for handling reports of workplace grievances'. 'McDonald's also provides channels for people within our supply chain to report ethics or human rights concerns within our supply chain, including an email to reach the SWA global management team'. However, no evidence found in public sources on whether these channels are open to external stakeholders and communities. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: AG supplier communities use global system: See above. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul>
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages users to create or assess system</li> <li>• Not met: Description of how they do this</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Engages with users on system performance</li> <li>• Not met: Provides user engagement example on performance</li> <li>• Not met: AG suppliers consult users in creation or assessment</li> </ul>
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Response timescales: 'The Global Compliance Office initiates investigations. We work with many other departments including Human Resources, Internal Audit and Security when conducting investigations and bringing them to closure. When you call to follow up on your question or concern, we will give you an answer or tell you that appropriate action has been taken. We must respect all parties involved in an investigation, so the amount of information that we can provide will be different in each situation'. [Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: How complainants will be informed: 'When you call the Business Integrity Line, case numbers are assigned to all contacts. If you choose to report anonymously, you will be given a number that you can reference when you call back for an update'. [Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Escalation to senior/independent level</li> </ul>
C.5	Commitment to non-retaliation over complaints or concerns made	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Public statement prohibiting retaliation: The company indicates that 'As a McDonald's employee, you are safe from retaliation. Retaliation is any act that is recommended, threatened or taken against an employee, either directly or indirectly, in response to a report of an ethical or legal concern or cooperation with an investigation. McDonald's strictly prohibits retaliation of any kind directed against an employee who reports an issue concerning compliance with the Standards. In turn, an employee who knows or suspects that retaliation has taken place must report this information immediately'. However, it refers only to employees and no evidence has been found of other stakeholders being covered by a 'no retaliation commitment' [Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: Practical measures to prevent retaliation: The company indicates that reports made through the Business Integrity Line are free confidential and may be made anonymously, and are operated by an outside company. [Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Has not retaliated in practice</li> <li>• Not met: Expects AG suppliers to prohibit retaliation: The company indicates that 'Suppliers are responsible for prompt reporting of actual or suspected violations of</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			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'. However, it refers only to employees and no evidence has been found of other stakeholders being covered by a 'no retaliation commitment' [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> & Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> ]
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Won't impede state based mechanisms: The Company indicates in the code of conduct that details of an investigation must be kept confidential by participating employees and that 'participating employees should be aware of their right to report misconduct directly to a governmental authority as whistleblowers pursuant to applicable laws, rules and regulations of their respective jurisdictions. Reporting to a governmental authority as a whistleblower is specifically exempted from the confidentiality provisions of this policy. No employee will be subject to retaliation or discipline from the company for such reporting'. [Standards of Business Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Not met: Complainants not asked to waive rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Will work with state based or non judicial mechanisms</li> <li>Not met: Example of issue resolved (if applicable)</li> </ul>
C.7	Remedying adverse impacts and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Describes how remedy has been provided</li> <li>Not met: Says how it would remedy key sector risks</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Changes introduced to stop repetition</li> <li>Not met: Approach to learning from incident to prevent future impacts</li> <li>Not met: Evaluation of the channel/mechanism</li> </ul>

#### D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.1.1.b	Living wage (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Living wage in supplier code or contracts: McDonald's Supplier Code of Conduct indicates that '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'. However no evidence has been found of inclusion of living wage guidelines in its contractual arrangements with its suppliers. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Not met: Improving living wage practices of suppliers</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provides analysis of trends in progress made</li> </ul>
D.1.2	Aligning purchasing decisions with human rights	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Avoids business model pressure on HRs (purchasing practices)</li> <li>Not met: Positive incentives to respect human rights (purchasing practices)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> </ul>
D.1.3	Mapping and disclosing the supply chain	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Identifies suppliers back to manufacturing sites (factories or fields)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Discloses significant parts of SP and why</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.1.4.b	Child labour: Age verification and corrective actions (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Child Labour rules in codes or contracts: McDonald's Supplier Code of Conduct indicates that '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'. It indicates on its website that 'auditors verify the supplier's compliance with each aspect of the Code, such as verifying that all workers are of legal age to work. In addition to maintaining legally accepted age verification records, suppliers are also expected to invest in remediation systems in the event an underage person is hired, to assist in their return to their school or any other solution that can cater to the child's best interest'. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: How working with suppliers on child labour</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Analysis of trends in progress made</li> </ul>
D.1.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Debt and fees rules in codes or contracts: McDonald's Supplier Code of Conduct indicates that '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'. Also, the Supplier Workplace Accountability program includes audits to assess compliance with the code, including 'verification that workers are not charged illegal fees as a condition of employment'. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Not met: How working with suppliers on debt &amp; fees</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Analysis of trends in progress made</li> </ul>
D.1.5.d	Forced labour: Restrictions on workers (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Free movement rules in codes or contracts: McDonald's Supplier Code of Conduct indicates that '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'. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>• Met: How working with suppliers on free movement: The Supplier Workplace accountability programme 'includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues, such as preventing forced labor. Training modules include; Ensuring Eligibility to Work, Protecting the Rights of Migrant Labor, and Implementing Grievance Mechanisms. For example, the Migrant Labor training aims to educate suppliers on the risks related to forced labor when sourcing migrant labor and key actions they can take to ensure they are protecting the rights of migrant workers in their facilities. Live training sessions provided by a third party are also held with our suppliers on human rights issues and in 2017 training was offered to suppliers in Malaysia on forced labor, grievance mechanisms, and managing migrant labor through AIM-PROGRESS'. [Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.1.6.b	Freedom of association and collective bargaining (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Not met: FoA &amp; CB rules in codes or contracts: McDonald's Supplier Code of Conduct indicates that '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'. However no evidence has been found of Collective bargaining guidelines. The Company also indicates that the Supplier Guidance Document is shared with all suppliers and it includes the following expectation: 'suppliers respect the rights of people to bargain collectively where such rights are established by law or contract'. However, it is not clear if the Company requires suppliers to commit generally to respect the right to collective bargaining and whether includes guidelines including the prohibition of intimidation or retaliation against union members or representatives in its guidelines for suppliers. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a> &amp; Human rights on website, 03/09/2018: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Not met: How working with suppliers on FoA and CB</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provides analysis of trends in progress made</li> </ul>
D.1.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Sets out clear Health and Safety requirements: McDonald's Supplier Code of Conduct indicates that 'Suppliers shall ensure that all workers receive communication and training on emergency planning and safe work practices. In addition, suppliers shall have systems to prevent, detect and respond to potential risks to the safety, health and security of all employees'. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Not met: Injury Rate disclosures</li> <li>Not met: Lost days or near miss disclosures</li> <li>Not met: Fatalities disclosure</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: How working with suppliers on H&amp;S</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.1.8.b	Land rights: Land acquisition (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Not met: Rules on land &amp; owners in codes or contracts: The company indicates that they work throughout their supply chain to ensure the following principles 'Respect human rights. Respect the rights of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom. Resolve land rights disputes through a balanced and transparent dispute resolution process'. However no evidence has been found of guidelines that require to have a process to identify legitimate tenure right holders. [Conserving Forests: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Not met: How working with suppliers on land issues</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provides analysis of trends in the progress made</li> </ul>
D.1.9.b	Water and sanitation (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Not met: Rules on water stewardship in codes or contracts: McDonald's Supplier Code of Conduct indicates that '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'. However no evidence has been found of clear guidelines that include refraining from negatively affecting access to safe water. [McDonald's Supplier Code of Conduct: <a href="http://corporate.mcdonalds.com">corporate.mcdonalds.com</a>]</li> <li>Not met: How working with suppliers on water stewardship issues</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.1.10.b	Women's rights (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Not met: Women's rights in codes or contracts</li> <li>Not met: How working with suppliers on women's rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>

## E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> <li>• Area: Freedom of association and collective bargaining</li> <li>• Headline: The International Labor Rights Forum (ILRF) has alleged violations of workers' rights to freedom of association at two Taylor Fresh Foods facilities in California; at the time the facilities were suppliers to McDonald's</li> <li>• Sources: ILRF, 21/06/2015 - <a href="http://laborrights.org">laborrights.org</a></li> <li>• Allegation: In June 2015 the International Labor Rights Forum (ILRF) published a report entitled 'Golden Veneer' that alleged violations of workers' rights to freedom of association at what was at the time one of the Company's suppliers, Taylor Fresh Foods (known as Taylor Farms). Taylor Farms is a supplier of salads and value-added fresh produce to the food industry.</li> </ul> <p>According to the ILRF, workers reported that they attempted to form a union to address an alleged pattern of abusive treatment, sexual harassment, unsafe working conditions and low pay, among other issues. The report alleged that Taylor Farms management violated workers associational rights by using violent intimidation, surveillance and harassment and provided various examples (an employee handing out flyers in support of the union intimidated on 11 March 2014, or a group of workers demonstrating for the union having stones thrown at them on 12 June 2014).</p> <p>The report also alleged discriminatory firings and suspensions, disciplinary actions and reductions in hours in retaliation against workers identified as being active in unionisation efforts. Interviewed workers claimed that workers supporting the union were disciplined much more harshly than those who did not. Of the 17 participants in the ILRF's focus group, three were fired, four were suspended and two had family members fired. Workers from these facilities have filed 89 unfair labor practices (ULP) complaints with the National Labor Relations Board (NLRB) alleging Taylor Farms violated the law.</p> <p>ILRF alleged that subsequent to McDonald's audit, no corrective actions were taken at the facilities, and that the Company's ceasing to trade was used by the supplier to reinforce an anti-union message.</p>
E(1).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul>
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The Company has published its Supplier Code of Conduct on the corporate website. With regards to freedom of association, this states: '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'. The Company has a supplier policy on freedom of association and collective bargaining.</li> </ul>
E(1).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Not met: Has improved systems and engaged affected stakeholders: The Company indicated it conducts monitoring of its supply chain and uses third-party auditors. When a non-compliance allegation with one of the ten issues the Company considers urgent is found, a Corrective and Preventative Action Plan (CAPA) must be developed and uploaded to the Company's system within 30 days. The Company's Supplier Workplace Accountability program requires one of the Company's monitoring firms to review the CAPA. The monitoring firm will conduct a re-audit within a set time frame in line with the severity of issue and the time required to correct it.</li> </ul> <p>However, the Company does not, for example, provide details on an overall independent audit and monitoring system, involving NGO input, for labour standards aimed at dealing with allegations of the same nature.</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> <li>• Area: Forced labour</li> <li>• Headline: McDonald's workers in Malaysia allege labour exploitation</li> <li>• Sources: The Guardian, 01/12/2016, Workers for McDonald's in Malaysia say they were victims of labour exploitation - <a href="http://theguardian.com">theguardian.com</a> Indian Express, 01/12/2016, McDonald's drops supplier in Malaysia over worker exploitation claims</li> <li>• Allegation: In November 2016, a group of workers at McDonald's restaurants in Malaysia (McDonalds Malaysia ) alleged that they had been subject to human exploitation. The workers appear to have come from Nepal. They claimed their passports were confiscated and that they were charged fees that were deducted from their salaries and were subject to degrading working conditions.</li> </ul> <p>The workers also reported delays in payment of their salaries, which left them without access to basic commodities. The workers reported going on strikes in response to what they described as degrading working conditions. The workers have reportedly attempted to report the issue to McDonalds on a number of occasions. As a result, McDonalds terminated its contract with the labour supplier involved in the controversy. This resulted in the dismissal of the employees hired through this channel.</p>
E(2).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul>
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: McDonald's states that 'we do not use any form of slave, forced, bonded, indentured or involuntary prison labor. We do not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. We will not employ underage children or forced labourers'. The Supplier Code of Conduct also covers forced labour but it is not as detailed. It states that 'we expect suppliers to hold their supply chain, including subcontractors and third party labor agencies, to the same standards contained in this Code.'</li> </ul>
E(2).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders: McDonald's has only reported that they are will to pay the workers directly but that they were not able to reach them as they were employed by another company.</li> <li>• Not met: Has reviewed management systems to prevent recurrence: McDonald's state that it has terminated its contract with the human resources supplier involved in this controversy. Additionally, McDonald's Malaysia reports repeated unsuccessful attempts to investigate these accusations with its supplier's Human resources. However, this does not indicate that the company has put in place measures which will prevent recurrence.</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> </ul>
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> <li>• Area: Discrimination</li> <li>• Headline: Workers File Sexual Harassment Claims Against McDonald's</li> <li>• Sources: Time, 05/10/2016 - <a href="http://time.com">time.com</a></li> <li>• Allegation: McDonald's employees from multiple locations across the US have filed 15 federal complaints against the fast food giant with the Employment Opportunity Commission (EEOC), alleging incidents of sexual harassment. This represents alleged repeated degrading discriminatory treatment. In May 2018, another 10 complaints were filed.</li> </ul>
E(3).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: According to a press article about the 2018 complaints, responding to the claims, McDonald's spokeswoman Terri Hickey said there is "no place for harassment and discrimination of any kind" in the workplace. "McDonald's Corporation takes allegations of sexual harassment very seriously and are confident our independent franchisees who own and operate</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			approximately 90 percent of our 14,000 U.S. restaurants will do the same," Hickey said by email. The press article also added "when similar sexual harassment charges were lodged (...) two years ago, McDonald's promised a review of those allegations. However, Hickey — in her new response — declined to say whether that review led to any changes of policies and practices aimed at curtailing such harassment". Score 2 • Not met: Response goes into detail
E(3).2	The Company has appropriate policies in place	0.5	The individual elements of the assessment are met or not as follows: Score 1 • Met: Company policies address the general issues raised • Not met: Policies apply to the type of business relationships involved Score 2 • Not met: Policies address the specific rights in question
E(3).3	The Company has taken appropriate action	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Engages with affected stakeholders • Not met: Encourages linked business to engage affected stakeholders • Not met: Provides remedies to affected stakeholders • Not met: Has reviewed management systems to prevent recurrence Score 2 • Not met: Remedies are satisfactory to the victims • Not met: Has improved systems and engaged affected stakeholders

## F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	1.81 out of 4	Out of a total of 42 indicators assessed under sections A-D of the benchmark, McDonald's made data public that met one or more elements of the methodology in 19 cases, leading to a disclosure score of 1.81 out of 4 points.
F.2	Recognised Reporting Initiatives	0 out of 2	The individual elements of the assessment are met or not as follows: Score 2 • Not met: Company reports on GRI • Not met: Company reports on SASB • Not met: Company reports on UNGPRF
F.3	Key, High Quality Disclosures	0 out of 4	McDonald's met 0 of the 8 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator. Specificity and use of concrete examples • Not met: Score 2 for A.2.2 : Board discussions • Not met: Score 2 for B.1.6 : Monitoring and corrective actions • Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers • Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) Discussing challenges openly • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned Demonstrating a forward focus • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management

### Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

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