



McDONALD'S® SUPPLIER QUALITY MANAGEMENT SYSTEM

Expectation Document

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GLOBAL SUPPLY CHAIN



Working together, we can ensure that we all operate according to the high standards of McDonald's supply chain.

Dear McDonald's Suppliers:

As we evolve to become a more modern and progressive burger company, one thing that will not be changing is our expectation of safe and high-quality food.

All of us play a critical role in ensuring McDonald's global food safety and quality requirements and expectations are met to protect our customers and our Brand. Our founder Ray Kroc understood the importance of serving top quality food to our customers when he opened his first McDonald's restaurant in Des Plaines, Illinois in 1955. To this day, delivering safe and quality food to our customers remains a top priority at McDonald's.

McDonald's commitment to sourcing the highest quality food products for our restaurants starts with suppliers – one of the critical legs of the three-legged stool. That means suppliers' commitment to food safety and quality must remain strong to ensure McDonald's restaurants can consistently deliver safe, high-quality, great tasting products to more than 70 million customers every day. As a supplier of food products to McDonald's restaurants, you play a critical role in helping our restaurants serve safe and high-quality products to our customers.

The expectations outlined in this document are essential for the effective management of food safety and quality by all McDonald's food suppliers. Working together, we can ensure that we all operate according to the high standards of McDonald's supply chain. Thank you for your ongoing commitment to McDonald's.

– McDonald's Global Supply Chain and Sustainability

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1

SCOPE

McDonald's takes great pride in serving its customers around the world every day with safe and high quality (see 9.26) food. The ability of McDonald's suppliers to deliver safe and high quality products that consistently meet our requirements, as well as all applicable laws and regulations (see 9.1), is of critical importance to the continued success of the McDonald's System. This document is intended to identify McDonald's expectations with respect to our suppliers' food safety and quality management systems (see 9.10) inclusive of McDonald's policy/procedures/guidelines, etc. These expectations focus primarily on the outcomes that shall be achieved and are not designed to be prescriptive in terms of how outcomes are delivered. Details can be found in the SQMS Guidance Document. McDonald's reserves the right to periodically update these expectations.

McDonald's suppliers shall work proactively to enhance customer satisfaction through continuous improvement (see 9.3).

This document is not intended to replace or supersede any terms and conditions of the Business Relationship Agreement ("BRA") previously entered into between McDonald's and its respective suppliers.

Accordingly, to the extent any of the expectations identified in this document contradict or conflict with the terms and conditions of the BRA, the terms and conditions of the BRA shall supersede and control. Further, McDonald's suppliers worldwide shall comply at all times with McDonald's Code of Conduct. Suppliers are responsible for all costs and expenses they may incur in complying with these expectations. Compliance with these expectations does not guarantee approved supplier status or any business relationship with McDonald's.

2

FOOD SAFETY AND QUALITY MANAGEMENT SYSTEMS

2.1 General Requirements

Suppliers shall establish, implement, document, and maintain food safety and quality management systems and continually improve their effectiveness to meet McDonald's requirements (see 9.19) and all applicable laws and regulations. Suppliers shall demonstrate the effectiveness of such systems via documented processes, control measures and audit (see 9.2) results.

2.2 Documentation Requirements

2.2.1 General

The food safety and quality management systems documentation maintained by the supplier shall include written food safety and quality policies (see 9.12), written procedures (see 9.23) and methods (required by McDonald's and applicable laws and regulations) with person(s) responsible for approving changes to appropriate documents.

2.2.2 Document Control

All documents needed to demonstrate the food safety and quality management systems shall be current. These documents and associated records shall be available at any time for review at the request of McDonald's or the regulatory authority. Procedures shall be established to define the controls needed to review, update and ensure the most current versions are used and dated.

2.2.3 Control of Records

Records shall be established and maintained to provide evidence of conformity to requirements and of the effective operation of the food safety and quality management systems. Records shall remain legible, readily identifiable and retrievable. A documented procedure shall be established to define the controls needed for the identification, storage, protection, retrieval, retention time and disposition of records. Suppliers shall follow a documented process (see 9.24) that defines a record retention policy. The policy shall meet McDonald's and all applicable local regulatory requirements.

2.3 Regulatory Considerations

McDonald's holds its suppliers accountable to assure full compliance with all applicable laws and regulations at all levels of their supply chain relative to food products where they are manufactured and delivered.

Suppliers are also required to comply with all applicable certification requirements for specific products or regions of the world. Suppliers shall follow a documented process and procedure to provide accurate product information to the McDonald's System (e.g. MERLIN – Supplier File).



2.3.1 Management of the Regulatory Process

Supplier management shall ensure that employees are trained to manage the regulatory inspection process and that McDonald's is notified immediately if product released into commerce is not in regulatory compliance. If any documents are provided to government authorities for non-routine (9.22) and/or for-cause inspections, supplier management shall promptly communicate to McDonald's and copies shall be made available to the appropriate McDonald's representatives upon request. If any in-process or finished product samples of any product manufactured at the facility are taken by government officials or agencies during a non-routine and/or for-cause inspections, McDonald's requirements shall be met (i.e. companion samples shall be taken and further discussion with McDonald's shall take place).

3.2 Food Safety and Quality Policies

Supplier management shall ensure that both food safety and quality policies are in alignment with the vision of the company, and reviewed and updated at least annually. These policies shall include commitment to comply with all applicable laws and regulations. Supplier management shall commit to continually improve the effectiveness of the food safety and quality management systems and ensure it is communicated and understood at all levels of the company.

3.3 Food Safety and Quality Management Systems Planning

Supplier management shall ensure the food safety and quality management systems are planned such that the requirements given in 3.1, are met including the assurance that these systems are maintained in the event of personnel or other changes within the company.

3.4 Responsibility, Authority and Communication

Supplier management shall ensure that responsibilities and levels of authority are defined, documented and communicated within the company. Supplier management shall also ensure that appropriate communication processes are established within the company and that communication takes place regarding the effectiveness of the food safety and quality management systems.

3.5 Provision of Resources

Supplier management shall provide resources (including training of personnel in compliance with all applicable laws and regulations in the location where supplier manufactures, processes, packs, holds distributes food and/or where supplier may export) to implement and maintain the food safety and quality management systems. Supplier management shall continually improve its food safety and quality management systems effectiveness by clearly identifying the necessary skills and competencies for all of its employees with functions having an impact on delivering safe and quality products to McDonald's restaurants.

3 MANAGEMENT RESPONSIBILITY

3.1 Management Commitment

Supplier shall have a strong food safety and quality culture (see 9.9) within their company. Management commitment is a critical step to create a positive food safety and quality culture. Supplier management from all levels of the organization shall provide measurable evidence of its active engagement and commitment to the development and implementation of the food safety and quality management systems. This shall include establishing written food safety and quality policies (including organizational structure and objectives, see 9.11), ensuring availability of resources, management review of systems at least annually by management and communicating to all employees about the importance of meeting their own company requirements, as well as those of McDonald's requirements.



3.6 Management Review

Supplier management shall review the company's food safety and quality management systems at planned intervals (at least annually) to ensure its continuing suitability, adequacy and effectiveness. This review shall include an assessment of opportunities for improvement and the need for changes to the food safety and quality management systems as identified by supplier or required by McDonald's. In some countries, there are regulatory requirements that a qualified person or persons must be involved in such review.

3.6.1 Review Input

The input to the management review shall include information on audit results, McDonald's feedback (including complaints or comments from the restaurants and customers), status of preventive and corrective actions (see 9.4)(including follow-up from previous management reviews), changes that could affect the food safety and quality management systems and recommendations for improvement.

3.6.2 Review Output

The output from the management review shall include the meeting notes and any documented decisions and actions related to improving the effectiveness of the food safety and quality management systems and its processes, product quality related to McDonald's requirements and resource needs.

4.2 Key Elements of a Crisis Management Plan

The crisis management plan (including product recall/withdrawal plan) shall include elements such as a risk categorization, communication plan (internal, external and McDonald's), documented contingency plan, including alternative product sourcing, and emergency contact lists (including a person to lead incident management and spokesperson), implementation requirements (individuals/departments) involved in crisis management, a checklist of required activities, and methods for root cause analysis after the crisis and development of corrective actions. Mock exercises shall be conducted annually to assess the adequacy and efficiency of the plan.

4.3 Requirements for Contingency Plans

Contingency plans shall be reviewed with McDonald's Global Supply Chain Sourcing, Global Quality System product category leads, and Market/Country Supply Chain & Quality System leads (for global core products). For non-core menu/local products, contingency plan shall be reviewed with McDonald's Market/Country Supply Chain & Quality System leads on a routine basis. Prior to implementing any alternative or contingency product sourcing (whether raw material, packaging or finished product), McDonald's shall be involved in the review and approval of these sources. Contingency plan shall be tested annually to ensure it is working as designed.

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CRISIS MANAGEMENT

4.1 General

Suppliers shall have a documented crisis (see 9.5) management plan (including product recall/withdrawal plan). The plan shall reflect the current state of policies, procedures, and the applicable regulations. All contact information shall be current and a process shall be in place to test the effectiveness of the plan at least annually. McDonald's shall be contacted in the event any product recall/withdrawal or other crisis which may affect McDonald's or any of its restaurants or distribution centers directly or indirectly. Before any public communication, McDonald's shall be involved in the preparation and approval of any messages that are communicated to the public, media or regulators relating to any crises that potentially affect the McDonald's System.

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FUNDAMENTAL REQUIREMENTS

Suppliers shall demonstrate they are meeting the fundamental requirements and all applicable laws and regulations through an adequate food safety and quality management systems that is documented, implemented and maintained.

5.1 Facility Security and Food Defense

Suppliers shall establish Facility Security/Food Defense (see 9.7) measures to prevent intentional harm to people, products and processes, as well as associated losses. A facility shall be able to demonstrate the ability to achieve the following basic goals:

- A facility security and food defense plans shall be written and implemented;
- Ensure that only authorized persons have access to the facility, and their exit is not restricted with fire and safety codes;

- Assure appropriate information is verified before granting anyone permission to work in the facility and compliant with local regulation;
- Ensure all reported or suspected breaches of security are investigated, the cause of any breach is identified, and corrective actions implemented and documented.

5.2 Good Manufacturing Practices

All facility employees, visitors and contractors shall comply with Good Manufacturing Practice (GMP, see 9.15) requirements as set forth by all applicable laws and regulations, the supplier and McDonald's. Buildings, grounds, equipment and processes shall also meet GMP requirements. Internal assessment on GMP performance shall be done at least twice a year at each facility, records shall be available for review.

5.2.1 Personal Hygiene Practices

Suppliers shall have processes and procedures in place to ensure training and implementation of employee hygiene practices. Such practices shall result in the sanitary handling and delivery of safe and quality products to McDonald's restaurants. The Codex Alimentarius Commission's recommendation (see 9.28) on personal hygiene shall be followed as well as any applicable country regulatory requirements.

Health screening procedures shall be in place for new and existing employees where permitted. Processes and procedures for managing employee illnesses and communicable diseases shall be established, documented and communicated within the company appropriately.

All persons, including but not limited to employees, visitors, contractors and delivery persons entering manufacturing areas, shall also comply with the above requirements.

5.2.2 Employee Training

Documented procedures shall be established to identify and deliver training for all employees including contract workers at the facility, including assessment of program training effectiveness. Training and

assessment records shall be documented and maintained for review at any time by McDonald's. Delivery of training shall be completed by a qualified individual.

5.2.3 Facility and Grounds

Facilities shall utilize sanitary design and construction, inclusive of environmental control (see 6.1.5) to assure production of safe and quality products. Facilities shall be maintained and in good repair. The building exterior shall be constructed in a manner that precludes pest entry and prevent pest harborage. Grounds immediately surrounding the facility shall be maintained in a condition that protects against potential risk of contamination of food or facility. Grounds shall be maintained to avoid standing water.

Building (walls, floors, ceilings, wall/floor junctions, wall ceiling junctions, etc.) shall be of suitable construction which presents no hazard to the product. During the design and development of facilities, the environment and facility location needs to be taken into consideration.

Internal layout shall be designed, constructed and maintained to facilitate GMPs. The movement patterns of materials, products and people shall be designed to protect against potential product contamination and allergen cross contact.

The supplier shall define systems to ensure that waste materials are identified, collected, removed and disposed in a manner that prevents contamination of products and complies with local legal requirement.

5.2.4 Work Environment

Suppliers shall determine and manage the work environment needed to produce safe and quality products while keeping personnel safe.

5.2.5 Equipment and Utensils

Equipment used in the manufacturing of food shall be of hygienic design and located to allow proper maintenance and cleaning to protect the food product from allergen cross contact and contamination of food, food contact surfaces or food packaging materials. Equipment shall be in good



repair to assure that production of product meets food safety and quality requirements. All utensils and containers (such as totes, tubs and barrels) shall be of sanitary design and in good repair at all times. Cleaned and sanitized portable equipment and utensils shall be stored in a location and manner that is protected from potential contamination and allergen cross contact. A preventive maintenance (PM) program (see 9.25) shall be in place to guard against equipment failures, to prevent potential foreign material contamination and to produce quality product. The PM program shall be documented and audited internally on a predetermined regular basis for compliance.

Written procedures shall be in place to ensure that equipment (such as thermometers, meters, and scales) used is calibrated and verified to specifications. Records of calibration and verification of equipment shall be maintained.

5.2.6 Pest Management

Food manufacturing facilities shall implement an integrated pest management program to prevent and eliminate pests (including rodents, insects, birds and other animals). The program shall include procedures for detecting the presence of pests and corrective action steps, such as product isolation and facility cleaning to eliminate the presence of pests.

5.2.7 Contractors and Visitors

Suppliers shall ensure that all contractors and visitors are given proper GMP and facility training as applicable to ensure compliance with all regulatory and facility requirements. Such training shall occur before entry into the facility as appropriate and be documented. Contractors and visitors shall be monitored for compliance with all facility rules, including, but not limited to, hygiene practices. For Contractors, a contract describing the specific services shall be available and kept on file.

5.2.8 Water, Air and Gas Quality

Water, ice, steam and gas that come in contact with food product, food contact surfaces, or food packaging materials shall be safe and suitable for the intended use at the facility, regularly monitored, and in compliance

with all applicable laws and regulations. Records shall be available upon request. Water, ice and steam used in the food processing environment shall be potable. Based on risk assessment, air quality and air flow shall be managed based on the nature of process and product.

5.2.9 Cleaning and Sanitation

A documented cleaning and sanitation program shall be in place. The program shall meet all applicable laws and regulations. The program shall be implemented effectively to ensure the cleanliness of the food handling equipment, utensils and buildings. Food Hygiene Principles recommended by the Codex Alimentarius Commission shall be followed.

Facility shall establish written Sanitation Standard (see 9.27) Operating Procedures (SSOPs) for dismantling, cleaning includes C.O.P. (Clean-Out-of-Place) and C.I.P (Clean-In-Place), sanitizing, sequencing, re-assembling equipment, cleaning after completion of maintenance work, and during facility construction. A sampling program shall be established to monitor the effectiveness of the cleaning processes, particularly on product contact surfaces. The program shall be designed to search aggressively for areas needing improvement.

Facility shall perform pre-operation inspections, verify and monitor cleaning and sanitation results, and implement corrective action plan to address any deficiencies.

Facility shall implement and maintain a documented Master-Cleaning schedule to ensure that the facility (including elements such as equipment, walls, ceilings, overhead piping, air ducts, storage racks, containers, light fixtures and flour bins) is cleaned on a regular basis. The detailed schedule shall be internally audited periodically for its maintenance and effectiveness.

5.3 Good Laboratory Practices

Supplier laboratories shall use approved official test methods or established methods that have been validated. Controls shall be in place to ensure accuracy and precision of all results. All test methods shall be



documented and followed. Laboratory equipment and instruments shall receive scheduled maintenance and calibration. The calibration shall be conducted against recognized standards in compliance with all applicable laws and regulations. Calibration records shall be maintained.

Controls shall be in place to prevent any potential contamination of product by laboratory personnel or laboratory reagents. Where standards are available, laboratories shall participate in an external proficiency sample program.

5.4 Material Handling, Storage and Transport

Suppliers shall establish processes and procedures for the protection of food, food ingredients and packaging materials from physical, chemical and biological hazards.

Suppliers shall adhere to "First-to-Expire/First-Out" inventory management rules and be able to demonstrate compliance to this requirement.

Suppliers shall only release product into distribution after the appropriate verification (see 9.30) of food safety and quality records.

5.5 Holding Product for Nonconformance

Suppliers shall have documented procedures and controls to prevent the shipment of nonconforming products to the McDonald's distribution network. Written procedures shall be established to ensure that any nonconforming product is segregated from the acceptable product and not shipped.

Supplier personnel shall be designated with the appropriate authority to manage nonconforming products for hold, release, retest, rework or disposition. Disposal of food, packaging and finished packaged products shall conform to McDonald's disposal procedures.

McDonald's shall be immediately notified of any non-conforming product that is inadvertently shipped to the McDonald's System.

6.1 HACCP System

Before the application of HACCP (see 9.16), suppliers shall implement the fundamental Prerequisite Program which includes personal hygiene requirements (see 5.2.1). A documented risk analysis for raw materials, as well as a written HACCP plan shall be established for each product according to the seven principles under the Codex Alimentarius Commission's recommendation. The HACCP plan shall be validated (see 9.29) and implemented at all facilities. The HACCP plan shall also be reviewed at least annually and proper revisions shall be made and documented as product or processes change.

6.1.1 Food Safety Plan (only applies to suppliers based in the US and who ship products to the US)

The US FDA Food Safety Modernization Act requires a slightly different approach that requires either a food safety or a HACCP Plan with preventive controls; instead a Food Safety Plan (see 9.14) shall be established. This plan also requires a hazard analysis risk-based preventive controls approach to food safety which is established for each product or group of products with similar hazards. This plan must be specific to and implemented at each facility. The Food Safety Plan shall be reviewed at least every three years and proper revisions shall be made and documented as product or processes change.

6.1.2 Physical Contamination Control

Foreign material, including physical hazards shall be a consideration in all hazard analyses. All necessary steps shall be taken to prohibit the introduction of foreign material into the product and written procedures for the prevention of any potential contamination shall be established. Where applicable and/or available, technology options shall be used to detect foreign materials. Appropriate control systems shall be in place to remove product if it is identified as defective.

6.1.3 Chemical Control

Chemical hazards shall be a consideration in all hazard analyses. All necessary steps shall be taken to prevent chemical contamination of the product and written procedures for the prevention of any potential contamination shall be established. All chemicals used at the facility shall be purchased, labeled, stored and used in compliance with all applicable laws and regulations. Each facility shall establish a written chemical approval program, inclusive of chemicals for pest control, cleaning and maintenance. This program shall be periodically audited for effectiveness. Information about the chemicals (for example, Safety Data Sheet (SDS)) shall be available at all times.

6 FOOD SAFETY SYSTEM

A food safety management system shall be in place for protecting the food supply from biological, chemical and physical hazards to prevent contamination that may occur during all stages of food production to the point of consumption. Suppliers shall be able to demonstrate the effectiveness of the food safety management system.

6.1.4 Microbiological Product Control

Each product must be designed to optimize the formulation of raw materials and ingredients, with their processing, packaging and storage to produce products that conform to microbiological specifications. Process steps applied to minimize or eliminate the microbiological hazard shall be validated, monitored and verified. Proper documentation is available for review.

A program must be implemented to actively identify and control any condensation to prevent potential microbiological contamination.

6.1.4.1 Environmental Monitoring Program

Environmental Monitoring Program (EMP) shall be established to verify and validate microbiological hygiene of the physical facility (walls, floors, drain, ceilings, overheads, etc.). EMP shall be part of the overall strategy to reduce or eliminate microbial food safety hazards (see 9.13). EMP verifies the adequacy of cleaning and sanitation programs and it shall be used to identify sanitation improvement opportunities. EMP shall follow applicable laws and regulations. An environmental sampling plan shall be in place for the appropriate indicator microorganisms and/or pathogens, where appropriate.

As a best practice, microbiological profiling (see 9.20) of the processing facility shall be considered where appropriate.

The results of microbiological profiling and the environmental sampling program shall be used to further improve the safety and quality of the product.

6.2 Testing

6.2.1 General

Suppliers shall ensure that food, food ingredients and food contact packaging comply with the microbiological, chemical and physical criteria set by suppliers and McDonald's and meets applicable laws and regulations.

Suppliers shall have a full understanding of the microbiological, chemical and physical characteristics of the product throughout its shelf life. Shelf life studies shall be conducted under the conditions determined by the supplier and McDonald's.

6.2.2 Product Testing and Sampling

Suppliers shall perform microbiological, chemical and physical testing as appropriate to meet McDonald's requirements and applicable laws and regulations. Specific sampling plans shall be established (see 5.3).

6.3 Food Allergens and Sensitivities

All ingredients known for causing food allergies and/or sensitivities in a product shall be clearly identified and communicated to McDonald's.

An allergen assessment shall be conducted as part of the HACCP/food safety plan development. Sources of allergens (including raw materials/ingredients, processing steps, processing aids, rework, and manufacturing carryover) shall be identified. Suppliers shall be aware of the potential for allergen cross-contamination from manufacturing and handling activities at the raw material/ingredient suppliers' sites. Procedures shall be in place to prevent any potential allergen cross-contamination at the manufacturing facilities (see 5.2).

6.4 Traceability

Documented policies and procedures shall be in place to ensure that all ingredients, finished product and product packaging (inner and outer) can be traced throughout their entire history from production to distribution. This requires suppliers to have one-step-up and one-step-down traceability with their ingredient providers along the entire food supply chain. All coding information shall be legible. All McDonald's requirements on coding, labeling and graphics shall be met.

Written procedures for product recovery shall be established. It shall identify the steps, personnel and necessary communication



plans for rapid and effective product recovery execution. Product recovery shall account for rework; work-in-process materials; batching; continuous processes; product on hold, destroyed or in transit; shared systems; samples; material returned to the supplier; product sold through alternate channels; donated product and materials that are topped off or partially used.

The product recovery program addresses the use and handling of rework.

Traced product/materials shall be accounted for by lot number; amount produced, shipped and wasted; location of material; and date produced and shipped to restaurants or distribution centers/warehouses.

Supplier shall be able to locate 100% of any given finished product within three hours. Facilities shall conduct training and mock recovery exercises at least twice a year that shall include tracking of raw material and packaging (inner and outer).

6.5 Food Fraud Prevention

Suppliers shall perform a risk analysis on ingredients and raw materials to assure compliance to food safety and quality requirements and avoid threat of Food Fraud (see 9.8). Controls to reduce or eliminate this risk shall be implemented and a vulnerability assessment shall be documented.

7

McDONALD'S PRODUCT REQUIREMENTS

7.1 Vendor Requirements

McDonald's holds its suppliers responsible for ensuring all their vendors of raw materials/ingredients and primary packaging (that which comes in contact with food) comply with the suppliers' and McDonald's requirements as well as applicable laws and regulations. McDonald's suppliers shall demonstrate processes that assess the food safety and quality management systems implemented with their vendors and available for review upon request.

7.2 Verification of Conformity to Raw Material Specification

All raw materials/ingredients and primary packaging shall have written specifications. Written specification shall identify the critical to quality

product attributes, test frequency and methods (where appropriate). Requirements are product specific. For specific reference, contact global product category lead and/or market/country QA lead.

7.3 McDonald's Product Specification

McDonald's product specifications (see 9.18) shall be signed by the supplier. Processes and procedures shall be established and implemented to demonstrate that product released to the McDonald's System meets the requirements specified in the product specifications.

7.4 Sensory Attributes and Evaluations

Suppliers shall understand the "critical to product quality attributes" for each product they produce and how it contributes to McDonald's finished menu item standards.

Processes shall be in place to understand the product performance at McDonald's restaurant.

Suppliers shall follow McDonald's guidelines on sensory evaluation, utilizing McDonald's Global Scoring Method: Degree of Difference 9 point scale methodology and McDonald's standard, approved kitchen equipment and procedures to cook and hold products according to McDonald's Operations and Training Manual.

Processes and procedures shall be established and implemented to demonstrate that McDonald's requirements on product sensory attributes are met.

7.5 Process Validation and Capability

Each facility shall establish the parameters within which the production line is expected to operate. Process control and monitoring (see 9.21) shall be established to document the facility's ability to produce products within the established parameters.

Processing parameters or in-process measurements shall be established, documented, validated and verified at a determined frequency to meet all appropriate requirements, laws and regulations. Statistical process control shall be implemented to reduce process variation and improve overall consistency of the process.

8

VERIFICATION AND CONTINUOUS IMPROVEMENT

8.1 Customer Satisfaction

Suppliers shall have processes and procedures in place for measuring customer satisfaction (including McDonald's staff, distribution centers, and restaurants). Results shall be used to improve product quality and service.

8.1.1 Management of Restaurant Customer Complaints

Suppliers shall have processes and procedures in place to manage customer complaints. Processes shall be established to analyze customer complaints and to identify improvement opportunities. Customer complaints shall be shared with the appropriate contact at McDonald's.

8.2 Verification of the Food Safety and Quality Systems

Suppliers shall establish and implement a process for the verification of their food safety and quality management systems annually, at a minimum, to demonstrate continuous improvement over time.

8.2.1 Planning

A planning process shall be established to define the purpose, methods, frequencies and responsibilities for the verification activities.

8.2.2 Types of Verification

8.2.2.1 Routine Inspection

Suppliers shall conduct routine inspection by trained and competent personnel to ensure standard operation procedures and processes are followed. Records shall be maintained of nonconformance, root cause analysis, preventive and corrective actions and process improvement steps.

8.2.2.2 Internal Self-Audit

Suppliers shall conduct internal self-audits (see 9.17) annually to determine whether the food safety and quality management systems is in compliance with the requirements established by the company and stated in this document.

8.2.2.3 External Audit

Suppliers shall have external audit (see 9.6) conducted annually, at a minimum. The external audit shall be in alignment with McDonald's expectations.

8.2.3 Evaluation of Verification Results

A process shall be established to evaluate the results of planned verifications objectively and within timeframes required by applicable laws and regulations. The verification results shall be documented and communicated to the personnel having the appropriate responsibility to take actions. Records on preventive and corrective actions taken shall be maintained for future reference (see 2.2.3).

Supplier shall establish and maintain a documented preventive and corrective action procedure. The procedure shall define the review of nonconformities (including customer complaints and determination of the root cause), trends in monitoring results that may indicate development toward loss of control, the evaluation of the need for action to ensure that nonconformities do not recur and the documentation of results of preventive and corrective actions taken (including the review and verification of preventive and corrective actions).

8.3 Continuous Improvement

Supplier shall establish and document processes to improve the effectiveness of its food safety and quality management systems continually. Proper measurements shall be established to demonstrate the results. Supplier shall be proactively engaged in sharing best practices on improvement of the food safety and quality management systems.

9

GLOSSARY

9.1 Applicable Laws and Regulations

All laws and regulations (national, regional or local), which may be amended from time to time, in which supplier's products are produced, delivered, and/or consumed.

9.2 Audit

Systematic, independent review to obtain audit evidence and to evaluate such evidence objectively based on the expectations and audit criteria set.

9.3 Continuous Improvement

Recurring activity to increase the ability to fulfill requirements. The process of establishing objectives and finding opportunities for improvement is a continual process through the use of audit findings and audit conclusions, analysis of data, management reviews or other means and generally leads to corrective action or preventative action.

9.4 Corrective Action

Corrective action is an action taken to eliminate the root cause of a detected nonconformity or other undesirable situation.

9.5 Crisis

Incident or event that may have negative impact on McDonald's business.

9.6 External Audits

Audits include second or third party audits. Second party audits are conducted by parties having an interest in the organization, such as customers and corporate personnel, or by other persons on their behalf. Third party audits are conducted by external, independent auditing organizations.

9.7 Food Defense

Documented procedure and practices to protect the food supply against intentional contamination due to sabotage, terrorism, counterfeiting, or other illegal, intentionally harmful means.

9.8 Food Fraud

The fraudulent and intentional substitution, dilution, addition, or misrepresentation of food, food ingredients or food packaging, labeling, or false statements made about a product for economic gain that could adversely impact consumer health.

9.9 Food Safety and Quality Culture

An organization's ethics, values and behaviors demonstrated by all employees regarding the commitment, programs, and practices to providing food that is safe and meeting the product quality requirements. It is exhibited by everyone within a company (from the CEO to a worker on the production line) every day.

9.10 Food Safety and Quality Management Systems

A management system that directs and controls an organization with regard to food safety and quality, including the establishment of food safety and quality policies and objectives, planning, control and continuous improvement. A management system approach encourages an organization to analyze customer requirements, define the processes that contribute to the achievement of a product that is acceptable to the customer and keeps these processes under control.

9.11 Food Safety and Quality Objectives

Objectives that are related to food safety and quality. The objectives are based on the organization's food safety and quality policies. They are specified for relevant functions and levels in the organization, and their achievement needs to be measurable.

9.12 Food Safety and Quality Policies

Overall intentions and direction of an organization related to food safety and quality as formally expressed by top management. Food safety and quality policies provide a framework for the setting of food safety and quality objectives. The food safety and quality policy shall include an updated organizational chart.

9.13 Food Safety Hazards

Biological, chemical or physical agents in food, or condition of food, with the potential to cause an adverse health effect. Food safety hazards include allergens.



9.14 Food Safety Plan

Applies to the US and a Supplier shipping products to the US. Food safety plan includes a written hazard analysis, establishment of preventive controls, procedures for monitoring, verification, validation and corrective actions, a recall plan, and supply chain program when required.

9.15 Good Manufacturing Practices (GMP)

Related to the manufacturing, processing and storing of food materials that assure the food materials are safe for human consumption and have been prepared, packed and stored under sanitary conditions.

9.16 HACCP

Hazard Analysis and Critical Control Point, a broadly recognized preventive and systematic approach for the identification, evaluation and control of food safety hazards.

9.17 Internal Self-Audits

Audits conducted by or on behalf of, the organization itself for management review and other internal purposes.

9.18 McDonald's Product Specification

Document that states the McDonald's requirements with prescribed limits or characteristics to which a product or service shall conform.

9.19 McDonald's Requirements

Documents or procedures generated by McDonald's. McDonald's Product Specification, for example, has the details for a given product.

9.20 Microbiological Profiling

Use of an appropriate microbiological sampling and testing plan to understand the presence of interested microorganisms at the manufacture facility.

9.21 Monitoring

A planned sequence of observations or measures to assess whether control measures are operating effectively against requirements.

9.22 Non-Routine Inspections

Any inspection that isn't performed with pre-determined schedule by the local or national government agency. It is undertaken due to a special interest or focus from the government offices.

9.23 Procedure

Specified way to carry out an activity or process. Procedures can be documented or not. When a procedure is documented, the term "written procedure" is frequently used. The document that contains a procedure can be called a "procedure document".

9.24 Process

Set of interrelated or interacting activities that transform inputs into outputs. Processes in an organization are generally planned and carried out under controlled conditions to deliver products and add value.

9.25 Program

A locally designed set of procedures or processes which meet specification requirements.

9.26 Quality

Quality consists of those product features that meet the needs of customers. It is a degree to which a set of inherent characteristics fulfils requirements.

9.27 Standard

A set of norms established for use as a rule for activities or results aimed at providing an effective basis for comparison in measuring or judging quality, content, extent and value.

9.28 The Codex Alimentarius Commission's Recommendation on Personal Hygiene Practices

Recommended International Code of Practice, General Principles of Food Hygiene: CAC/RCP 1-1969, Rev. 4-2003.

9.29 Validation

A process to obtain evidence to demonstrate that an identified control measure (such as in the HACCP plan) is effective.

9.30 Verification

Confirmation, through the review of objective evidence, that specified requirements have been fulfilled.

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serving our customers
around the world
every day with safe
and quality products.**



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