



# **Corporate Governance Framework 2022**

## **McDonald's Restaurants Limited**





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## McDonald's Corporation

McDonald's Corporation Inc. ("**McDonald's Corporation**"), first opened its doors in Des Plaines, Illinois in 1955. Although a global business today, McDonald's has humble roots and has evolved, based on its philosophy of being consistent in all that it does, providing great service and quality food.

Ray Kroc, the founder of McDonald's, believed in "business for yourself, but not by yourself". He was a strong advocate of working equally and fairly with local franchisees and suppliers. This deep-rooted commitment to relationships continues to underpin our business ethos.

By 1965, with 700 restaurants, McDonald's Corporation went public with the company's first offering on the New York Stock Exchange. The legendary "Golden Arches" brand reached the UK's shores in 1974, with McDonald's Restaurants Limited (the "Company") opening its first restaurant in Woolwich, South-East London. And in 1986, our first franchised restaurant opened in Hayes, Middlesex.

McDonald's Corporation together with its subsidiaries including the Company, are referred to herein as "**McDonald's**" and together with its franchisees and suppliers, are referred to herein as the "**McDonald's System**".

The Corporate Governance Framework for McDonald's Restaurants Limited ("**Governance Framework**") is underpinned by our global and local brand purpose, mission and core values.

The Governance Framework summarises our approach to how we operate and make decisions, sets out our objectives and achievements and how we work together with our customers, employees, franchisees, suppliers and the wider McDonald's stakeholders to fulfil our brand purpose and mission.

Our Governance Framework is evolving as we respond to the ever changing economic and environmental landscape, and the complex challenges that demand us to come up with innovative solutions and collective action whilst maintaining our focus on our growth and core values.

## Our Approach

Behind our Golden Arches is a global community of crew, farmers, suppliers, franchisees, and countless others who make up who we are as a brand. It's the entire McFamily that makes McDonald's what it is today.

Across our business, we strive to play an active and positive role in the communities we're in. We do it through our purpose, to feed and foster communities. We do it through our growth pillars, which focus on integral areas of our business. We do it through our leadership, with a team that will move our brand forward.

In 2020, McDonald's Corporation announced its growth strategy, Accelerating the Arches. This approach encompasses all aspects of the McDonald's business, a leading global omni-channel restaurant brand. Accelerating the Arches represents our ambition as a business and looks to continue to build on the momentum that has been a feature of our recent growth. Accelerating the Arches looks to deliver across five critical areas: purpose, mission, values, growth pillars and McDonald's foundation of running great restaurants.

**Our Purpose:** To feed and foster communities.

**Our Mission:** Making delicious feel-good moments easy for everyone.

**Core values:** Define who we are and how we run our business.



# Accelerating the Arches

## Strategic Plan

**Our Purpose**  
Feed and foster communities

**Our Mission**  
Making delicious feel-good moments easy for everyone

### Our Values

**Serve:**  
We put our customers and people first

**Inclusion:**  
We open our doors to everyone

**Integrity:**  
We do the right thing

**Community:**  
We are good neighbors

**Family:**  
We get better together

### Our Growth Pillars

**M**aximize our Marketing  
• Brand  
• Affordability

**C**ommit to the Core  
• Burger  
• Chicken  
• Coffee

**D**ouble Down on the 3Ds  
• Delivery  
• Digital  
• Drive Thru

**Foundation**  
Run Great Restaurants and Empower Our People



## Our Values

**To achieve our mission to be our customers' favourite place and way to eat, our actions as individuals and as a McDonald's System must reflect our values and must be embedded into our day-to-day behaviours and ethical decision-making. Our values are:**



### Serve

We put our customers and employees first.

Our customers are the reason for our existence. We demonstrate our appreciation by providing them with quality food and superior service, in a clean, welcoming environment, at great value.



### Inclusion

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



### Family

We get better together. The McDonald's business model, depicted by the "three-legged stool" of:

- owner/operators;
- suppliers; and
- company employees

is our foundation, and the balance of interests amongst these three groups is key.



### Integrity

We do the right thing. Sound ethics is good business. At McDonald's we hold ourselves, and conduct our business, to high standards of fairness, honesty and integrity.

We are individually accountable and collectively responsible.



### Community

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



## Growth Pillars

**As the consumer landscape shifts, we are using our competitive advantages to further strengthen our brand. Under direction and guidance from McDonald's Corporation, the Company will:**



### **M** • Maximise Marketing

- Brand
- Affordability

As customers' expectations are constantly shifting, McDonald's can build equity in our brand and trust by clearly articulating what we stand to do in the world: feed and foster communities.

Through investment, actions and communications we will deliver on our purpose and mission and ignite our brand as a growth driver by taking a global, unified approach to building trust; creating a stronger connection to our customers to drive advocacy and continuing to offer great value and everyday affordability available to everyone.

### **C** • Commit to the Core

- Burger
- Chicken
- Coffee

Our customers love our iconic food and our core customer favourites make up a significant proportion of our sales. With expected growth in lunch and dinner occasions, we will focus on our two largest categories: beef and chicken. We will leverage our familiar favourites and create new ones to make our menu even more craveable. At the same time, we will use coffee to boost morning visits and build a foundation for future growth.

### **D** Double Down on the 3Ds

Consumers are increasingly choosing off-premises dining and we are adapting the McDonald's experience to meet their needs by doubling down on Digital, Delivery and Drive-Thru. Our vision is to position McDonald's as the leading omni-channel restaurant in all our markets. We will make our customers' experiences faster and easier through all the ways they order and receive our delicious food.

**Digital:** We are building on our digital foundation by enhancing our digital platform to provide more personal, more convenient and better experiences for our customers. We've introduced MyMcDonald's and MyMcDonald's Rewards, a unified suite of compelling offerings that provides our customers multiple, complementary reasons to engage with us digitally, whether through mobile ordering, payments, delivery, rewards or deals.

**Delivery:** We aim to be the global leader in food delivery. We come from a strong starting point and continue to garner momentum in delivery. We have prioritised key actions to continue growth, including integrating delivery into our Global Mobile App.

**Drive Thru:** We will continue to define the future of drive thru, an area where we already have a significant advantage as nearly 65% of our global restaurants have a drive thru and the Company has drive thru locations in 981 restaurants in the UK. We plan to extend this leadership further by continuing to make the customer experience even faster, testing new concepts and technology and having nearly all new UK restaurants fully drive-thru enabled.

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McDonald's approach is underpinned by a relentless focus on running great restaurants, including improving speed of service to address customer needs. McDonald's growth pillars build on our strong foundations and this approach will build on our inherent strengths by harnessing our competitive advantages and investing in innovations that will ensure we can meet the moment today and have long-term success.

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## How we are organised

McDonald's has a matrixed management structure, by which we mean that the McDonald's group is organised by its global businesses and global support functions as well as by a segment and country oversight model, with locally incorporated subsidiaries complemented by branches in certain territories. The structure is also influenced by the local regulatory requirements in which the entities are incorporated. Each subsidiary has a board and management structure appropriate for its activities and complexity with the tone and direction set by McDonald's Corporation, the Global Chief Executive Officer, the local entity boards and local leadership. This structure helps to address international, systematic challenges in a consistent and effective way, but also ensures each market adapts to the local environment in which they operate. Please refer to the section below headed 'How we are governed' for more detail on our management structure.

Since 1 January 2019, McDonald's Corporation has operated under an organisational structure with the following global business segments which reflects how McDonald's Corporation management reviews and evaluates operating performance:

- U.S. – McDonald's Corporation's largest market. The segment is 95% franchised as of 31 December 2022.
- International Operated Markets – comprised of markets or countries in which McDonald's Corporation operates and franchises restaurants, including Australia, Canada, France, Germany, Italy, the Netherlands, Spain and the UK. The segment is 89% franchised as of 31 December 2022.

- International Developmental Licensed Markets & Corporate – comprised primarily of developmental licensee and affiliate markets in the McDonald's System as well as McDonald's Corporation's corporate activities. The segment is 98% franchised as of 31 December 2022.
- McDonald's is the world's leading global foodservice retailer with over 40,000 locations in over 100 countries. Approximately 95% of McDonald's restaurants worldwide are owned and operated by independent local business owners. Of the 40,275 restaurants globally at year-end 2022, 38,169 were franchised, which is 95% of McDonald's restaurants.

McDonald's franchised restaurants are owned and operated under one of the following structures: conventional franchise; developmental license; or affiliate. The optimal ownership structure for an individual restaurant, trading area or market (country) is based on a variety of factors, including the availability of individuals with the entrepreneurial experience and financial resources, as well as the local legal and regulatory environment in critical areas such as property ownership and franchising. The business relationship between McDonald's and its independent franchisees, is supported by adhering to standards and policies and is of fundamental importance to overall performance and to protecting the McDonald's brand.





Directly operating McDonald's restaurants contributes significantly to our ability to act as a credible franchisor. One of the strengths of the franchising model is that the expertise from operating McDonald's-owned restaurants allows us to improve the operations and success of all restaurants while innovations from franchisees can be tested and, when viable, efficiently implemented across relevant restaurants. Having McDonald's-owned and operated restaurants provides our personnel with a venue for restaurant operations training experience. In addition, in our McDonald's-owned and operated restaurants, and in collaboration with franchisees, we are able to further develop and refine operating standards, marketing concepts and product strategies that will ultimately benefit McDonald's restaurants.

Our revenues consist of sales by McDonald's-operated restaurants and fees from restaurants operated by franchisees. Fees vary by type of site, amount of McDonald's investment, if any, and local business conditions. These fees, along with occupancy and operating rights, are stipulated in franchise/license agreements that generally have 20- year terms.







Franchisees are also responsible for reinvesting capital in their businesses over time. In addition, to accelerate implementation of certain initiatives, McDonald's may co-invest with franchisees to fund improvements to their restaurants or their operating systems. These investments, developed in collaboration with franchisees, are designed to cater to consumer preferences, improve local business performance, and increase the value of our brand through the development of modernised, more attractive and higher revenue generating restaurants.

Across the McDonald's System, McDonald's requires franchisees to meet rigorous standards and generally does not work with passive investors. The business relationship with franchisees is designed to facilitate consistency and high quality at all McDonald's restaurants.

## UK

The Company is a private limited company incorporated in England and Wales with an ultimate US parent of McDonald's Corporation.

McDonald's believes franchising is paramount to delivering great-tasting food, locally relevant customer experiences and driving profitability. Franchising enables an individual to be their own employer and maintain control over all employment related matters, marketing and pricing decisions, while also benefiting from the strength of McDonald's global brand, operating system and financial resources.



## 2022

In the UK 89% of the restaurants are owned and operated by 168 businessmen and 25 businesswomen. They come from all walks of life, each with their own unique backgrounds. What they share in common, however, is the ambition, drive, and the love for people necessary to become a franchisee. The remaining restaurants are owned and run by the Company.

### • The UK market is 89% franchised.

In the UK a considerable number of arrangements are conventional franchise arrangements, whereby the Company generally owns or secures a long-term lease on the land and building for the restaurant location and the franchisee pays for equipment, signs, seating and décor.

The Company believes that ownership of real estate, combined with the co-investment by franchisees, enables us to achieve restaurant performance levels that are among the highest in the industry.

Franchisees operating under a conventional arrangement contribute to the Company's revenue, primarily through the payment of rent and royalties based upon a percent of sales, with specified minimum rent payments, along with initial fees paid upon the opening of a new restaurant or grant of a new franchise. McDonald's heavily franchised business model is designed to generate stable and predictable revenue, which is largely a function of franchisee sales, and resulting cash flow streams.

Our customers are at the heart of everything we do and the Company and its franchisees have a proud track record in investing in our employees, our restaurants and our supply chain to ensure that we make a positive impact in the communities we serve.



**On average 3.5 million customers served every day**



## How We Are Governed

**McDonald's is committed to high standards of corporate governance. We have a comprehensive range of policies and systems in place to ensure that our restaurants and business are well-managed, with effective oversight and control.**

The Company has adopted the Wates Corporate Governance Principles for Large Private Companies in the UK ("Wates") in combination with [McDonald's Corporation's Corporate Governance](#) and this Governance Framework, which the Company continues to operate under. In addition, the Company is also subject to reporting to McDonald's Corporation as part of the wider McDonald's System's requirements.

## The Board

The Company's board of directors (the "**Board**") believes that good corporate governance is guided by ethical, truthful and dependable leadership and is committed to continually improving its governance policies to ensure the integrity of the Company for all stakeholders.

The Board is entrusted with the oversight of the Company's business affairs and assets. The Board is comprised of all local Senior Vice Presidents ("**SVPs**") and the UK Chief Executive Officer ("**UK CEO**").



### **Alistair Macrow – CEO**

Alistair was appointed UK CEO for the Company in November 2021. Prior to that, Alistair held the role of Senior Vice President and Global Chief Marketing Officer for McDonald's Corporation where he took responsibility for the development and execution of bold marketing strategies to drive sustainable business growth for McDonald's across markets.

[More about Alistair Macrow](#)



### **John Park – SVP, Chief Transformation Officer**

John became Senior Vice President, Chief Transformation Officer, for the Company in June 2022 and was responsible for the transformational journey the business is taking over the coming years. John oversaw the company's supply chain, technology, development and change functions bringing key departments together as the company transforms its restaurant estate in order to meet changing customer demands. John resigned as a director of the company in May 2023 to start a new role at McDonald's Global as Chief Financial Officer for the International Developmental Licensed Markets.

[More about John Park](#)



### **Mark Kiernan – SVP, Chief Financial Officer**

Mark was promoted to Senior Vice President, Chief Financial Officer in June 2022 and is responsible for the finance, business strategy & insights and legal functions. Since joining McDonald's in 2005, Mark has held a number of roles throughout the business including Finance Director.

[More about Mark Kiernan](#)



### **Gareth Pearson – SVP, Chief Restaurant Officer**

Gareth became Senior Vice President, Chief Operations Officer in May 2021 (retitled Chief Restaurant Officer in 2023) and is responsible for restaurant and franchising operations. Since joining the business in 1992, Gareth has held a number of roles throughout restaurant operations in the northern region, including Director of Franchising.

[More about Gareth Pearson](#)



### **Rebecca Dodd – SVP, Chief People Officer**

Rebecca joined the Company in September 2021 as Senior Vice President, Chief People Officer. Before that, Rebecca held the position of HR Business Partner in the central HR team at McDonald's Corporation supporting the Corporate Executive Vice President/ Global Chief Financial Officer and the Global Finance function based in Chicago for McDonald's Corporation.

[More about Rebecca Dodd](#)



### **Michelle Graham-Claire – SVP, Chief Marketing Officer**

Michelle was promoted to Senior Vice President Chief Marketing Officer in September 2021. She is responsible for all food strategy and marketing campaigns across the UK and plays a leading role in the development and execution of the business-critical Trust agenda.

[More about Michelle Graham-Claire](#)



**The responsibility for good governance lies with the Board. The Board is collectively responsible for the long-term success of the UK business and achieves this through its oversight of the business and restaurants, generating value for McDonald's Corporation and its stakeholders as well as contributing to our wider communities.**

In exercising its duty to promote the success of the Company, the Board is responsible for overseeing the management of McDonald's in the UK and, in so doing, may exercise its powers subject to any relevant laws, regulations and the Company's Articles of Association. The Board bears legal responsibility for the acts carried out on its behalf and enforces standards of accountability – all with a view to enable the Executive to execute their responsibilities fully and in the interests of McDonald's Corporation and its stakeholders.

## The Executive

The business of the Company is managed by an Executive team (the “**Executive**”) led by the UK CEO and SVPs. The Executive is made up of all SVPs and selected senior leadership covering all core areas of responsibility for the UK business. The role of the Executive and SVPs are separate to the positions of the Board, with a division of responsibilities between the running of the Board and Executive responsibility for their core functions within the UK business.

### 2022

- The Executive met 13 times during 2022.

## Operation of the Board

Matters not specifically reserved for the Board have been delegated to the Executive for the day-to-day management of the business. The Executive will also lead on the direction of the business (as determined by the Board from time to time), with the exception of the following reserved matters which require the approval of the Board:

- the establishment of effective procedures for monitoring and control of operations including internal procedures for audit, risk and compliance;
- reviewing the Company's accounting and financial reporting practices and reviewing the Company's financial and other controls;
- significant transactions or other material business decisions including any acquisition, disposal, investment, capital expenditure or realisation or creation of a new venture;
- execution of activities in line with the current global authorisation matrix set by McDonald's Corporation;
- Company-wide policies on strategy, corporate governance and risk (both financial and non-financial management);
- matters that the Board is required by statute to do; and
- such other matters as the Board may from time to time determine.

In performing its oversight function, the Board is entitled to rely on the advice, reports and opinions of management, counsel, auditors and outside experts.

The Board aims to meet formally twice a year. The Board receive a briefing of items on the agenda prior to the meeting, so that their comments and input can be taken into account at the meeting and in order to ensure that the Board focuses sufficient time on key areas whilst using the time together effectively.



## 2022

- The Board convened formally twice, in April and October 2022.
- The Board engaged regularly with its stakeholders along with the Executive across a range of channels on a variety of topics in 2022, including but not limited to:
  - financial planning;
  - marketing planning including the Company's delivery channel – McDelivery®;
  - supply chain and distribution;
  - health and safety;
  - operation updates;
  - digital and IT updates;
  - employee updates including diversity, equity & inclusion;
  - franchising and joint venture updates;
  - property matters; and
  - regulatory and legal updates.

## Director Appointments

All local SVPs are appointed to the Board. This ensures the Board are equipped with the appropriate balance of skills, experience and knowledge of the Company to enable it to discharge its duties and responsibilities effectively. Input from McDonald's Corporation is also provided on the Board's appointments on an ad hoc basis.

A structured training programme exists based on the individual's needs, skills and experience for those appointed to the Board who are new to the McDonald's System and senior leadership. The Board also receives guidance from the Company Secretary on the Governance Framework and Wates, as well as training on their duties as directors of the Company.

All employees' base and bonus remuneration, including those on the Board and the Executive, is benchmarked regularly against the market to ensure this is consistent with the industry and no directors are involved in deciding their own remuneration. The Board are not compensated for their services as directors.

## 2022/2023

- Christine Dekker left the business and resigned as a director of the Company in January 2022.
- Rebecca Dodd transitioned from HR Business Partner in McDonald's Corporation to SVP Chief People Officer and was appointed as a director of the Company in January 2022.
- Henry Trickey left the business and resigned as director of the Company in July 2022.
- Mark Kiernan transitioned from VP of Finance, Business Strategy and Insight to SVP Chief Financial Officer in June 2022 and was appointed a director of the Company in July 2022.
- John Park left the business and resigned as a director of the Company in May 2023.

## Joint Ventures

In addition to the conventional franchise arrangements, in 2022, the company operated three joint ventures ("**JVs**") with franchisees. The JVs operate separate groups of franchised McDonald's restaurants in England.

These JVs operate in much the same way as a conventional franchise arrangement, however each JV's board consists of up to two directors nominated by McDonald's and two directors nominated by the franchisee.

The McDonald's nominated directors are members of the Executive or Senior Leadership Team and each McDonald's nominated director will only sit as a director on one JV board. McDonald's nominated directors are provided with conflicts of interest training as well as directors' duties training on an as required basis

in order to mitigate any conflict. Training is also offered to those individuals who are appointed to one of the JV boards, taking into account their needs, skill and experience. Input from the Company is also provided on director appointments on an ad hoc basis.

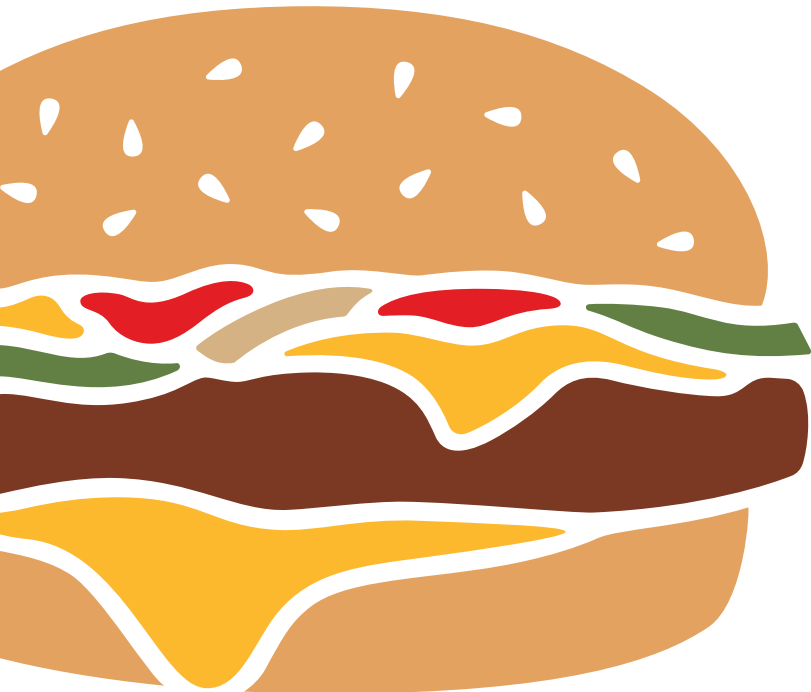
## 2022

- The Company had 3 JVs in the UK.
- During 2021 and the early months of 2022, APPT Corporation Limited transitioned from a joint venture to become a wholly owned subsidiary of the Company.
- Following negotiations in 2022, South Coast Foods Limited transitioned from a joint venture to become a wholly owned subsidiary of the Company in June 2023.
- 1 McDonald's nominated director of a JV resigned and 1 McDonald's nominated director was appointed in 2022.
- All appointed McDonald's nominated directors were provided with directors' duties and conflicts of interest training in 2022.



## Key stakeholders

**The success of the Company, for the benefit of all its stakeholders, is the driving factor behind all decisions made by the Board. Decision making processes are structured to enable directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long-term. The Board carefully considers the impact of the business on the communities and environments in which the Company operates.**







Stakeholders	Objectives	Engagement
McDonald's Corporation	To provide sustained profitable growth.	As an International Operated Market ("IOM"), the senior leadership including the Board, Executive and other functions of the Company actively and regularly engage with McDonald's Corporation.
JVs	To provide sustained profitable growth.	The business relationship between McDonald's and its JV partners is important to the success of the Company and to protecting the McDonald's brand.  The JV boards include directors nominated by McDonald's and directors nominated by the franchisee. The JV boards each convene as required and in any event formally at least twice a year.  See section Franchisee and JV Engagement for more details on engagement with our JV partners.
Franchisees	To provide sustained profitable growth.	The business relationship between McDonald's and its franchisees is paramount to the overall successful performance of the Company and to protecting the McDonald's brand. The Company engages with its franchisees on all decisions that affect restaurants, ensuring that decisions are appropriately discussed before being implemented and are made for the long-term benefit of the wider McDonald's System.  See section Franchisee and JV Engagement for more details on engagement with our franchisees.
Employees	To provide opportunity, nurture talent, develop leaders and reward achievement.	The Company's employees include those in our corporate offices as well as Company-owned and operated restaurant employees. Our employees are absolutely key to the Company's success, enabling us to drive long-term value creation and further our purpose and mission. Employees are at the cornerstone of our business and an essential part of the McDonald's System – which also comprises of our owner-operators, our suppliers, and the Company.  See section Employee Engagement for more details on engagement with our employees.
Suppliers	To work with our suppliers so that we can deliver for the customers and communities we serve.	The Company's employees include those in our corporate offices as well as Company-owned and operated restaurant employees. Our employees are key to the Company's success, enabling us to drive long-term value creation and further our purpose and mission. Employees are at the cornerstone of our business and an essential part of the McDonald's System – which also comprises of our owner-operators, our suppliers, and the Company.  See section Employee Engagement for more details on engagement with our employees.





Customers	To provide quality food and a superior service in a clean and welcoming environment at great value.	Our customers are at the heart of everything that we do. Our business strategy focuses on effective maintenance and strengthening customer appeal and capturing additional market share. See section Customer Engagement for more details on engagement with our customers.
Communities and environment	To help our customers build communities, support charitable organisations and leverage our size, scope and resources to help make local communities and the environment a better place.	As part of the wider McDonald's System, the Company prioritises progress across a range of environmental and community matters, and endeavours to improve our long-term sustainability and resiliency, which benefits McDonald's and the communities it serves. See section Sustainability and Community Engagement for more details on engagement with our communities and environment.

## Principal decisions in 2022

Below we outline some of the principal decisions made by the Board in 2022. We define principal decisions as those decisions that are of a strategic nature and that are significant to any of our key stakeholder groups as indicated above.

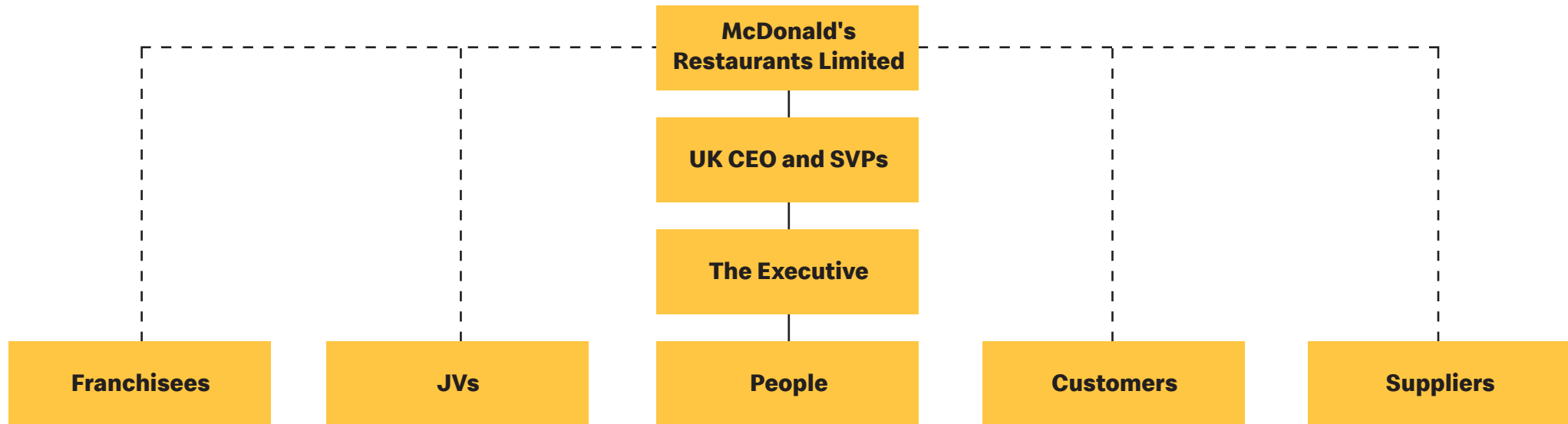
Key stakeholders	Principal decisions	Impact on business	Considerations	Outcomes and Actions	McDonald's values
All groups	Launch of MyMcDonald's Rewards	Investment leading to revenue growth and profit for the business.	<p>The principal decision is favourable for all groups as this will:</p> <ul style="list-style-type: none"> <li>• generate additional profit for stakeholders;</li> <li>• lead to an increase in rewards and benefits for customers; and</li> <li>• strengthen engagement with kiosks in store, drive-thru, front-counter and McDelivery.</li> </ul>	Launch of MyMcDonald's Rewards to customers	
All groups	Further integration of McDelivery onto the McDonald's App.	Investment leading to revenue growth and profit for the business.	<p>The principal decision is favourable for all groups as this will:</p> <ul style="list-style-type: none"> <li>• generate additional profit for stakeholders;</li> <li>• lead to an increase in availability for customers;</li> <li>• lead to more employee opportunities; and</li> <li>• strengthen the relationship with delivery operators.</li> </ul>	Further integration of McDelivery onto the McDonald's App to customers.	
All groups	Continued decisions relating to "Plan for Change" initiative	Implementing goals and actions under Plan for Change.	<p>The principal decision is favourable for all groups as this will:</p> <ul style="list-style-type: none"> <li>• provide clarity for stakeholders;</li> <li>• strengthen the relationship with all stakeholders;</li> <li>• help our customers build better communities; and</li> <li>• leverage our size, scope and resources to help make the world and local communities a better place.</li> </ul>	See Business Planning for more details on the "Plan for Change" initiative.	
All groups	Continued decisions relating to environmental initiatives.	Implementing its overall strategic environmental plan.	<p>The principal decision is favourable for all groups as this will:</p> <ul style="list-style-type: none"> <li>• help our customers build better communities;</li> <li>• support charitable organisations;</li> <li>• leverage our size, scope and resources to help make the world and local communities a better place; and</li> <li>• strengthen the relationship with all stakeholders.</li> </ul>	See the measures put in place under section Sustainability and Communities	



<p>Employees</p>	<p>Continued decisions relating to its people, diversity, equity and inclusion (“DEI”).</p>	<p>Implementing its overall strategic DEI plan.</p>	<p>The principal decision is favourable for employees as this will:</p> <ul style="list-style-type: none"> <li>• promote equality;</li> <li>• mitigate the risk of discrimination at work; and</li> <li>• promote an inclusive working environment for all.</li> </ul>	<p>See the measures put in place under section Employees.</p>	
<p>Employees Communities and environment</p>	<p>Continued decisions relating to its people and communities</p>	<p>Implementing a retirement policy and a corporate volunteering policy.</p>	<p>The principal decision is favourable for employees as this will: promote planning (financial or otherwise) for next steps for Company employees who are considering retirement; and leverage our size, scope and resources to build local communities and support charitable organisations.</p>	<p>Implementation of a retirement policy and corporate volunteering policy</p>	



## Matrix on how we are governed



## How We Monitor Performance

In line with McDonald's Corporation's approach of analysing business trends, management will review results on a constant basis and consider a variety of non-GAAP performance and financial measures, including comparable sales and comparable guest count growth, sales growth, after-tax return on invested capital from continuing operations, free cash flow and free cash flow conversion rate, as described below.

McDonald's Corporation as the ultimate parent of the Company manages all key performance indicators ("KPIs") at a segment and geographical level. These KPIs are discussed within the financial statements of McDonald's Corporation, found here.

### 2022

- In 2022, global comparable sales increased 10.9% primarily due to strong performance across all segments from the continued execution of the Accelerating the Arches strategy.
- Comparable sales in the IOM segment increased 13.3% reflecting positive comparable sales across the segment, primarily driven by France, Germany and the UK.
- In addition to the global comparable sales results, the Company had the following financial results in 2022:
  - Company's turnover has increased by £138 million to £1,597 million;
  - Company's gross profit has increased by £72 million to £861 million;
  - Company's operating profit amounted to £165 million
  - Company's profit for the year after taxation has increased by £29 million to £130 million; and
  - The Company paid dividends during the year of £75 million



## How We Manage And Monitor Risk

At McDonald's, we seek to maintain our high standards set by McDonald's Corporation whilst balancing the risks and are committed to conducting business ethically and in compliance with the letter and spirit of the law. By carefully aligning our risk appetite to the global strategy, we aim to deliver sustainable long-term shareholder returns for McDonald's Corporation, as well as franchisee profitability.

Further, we strive to foster safe, inclusive and respectful workplaces wherever we do business whilst respecting the fundamental rights of McDonald's employees, which are: freedom from slavery and child labour; freedom to associate or not associate with any lawful group of their choice and to bargain collectively; equal opportunity for everyone; a safe and healthy workplace; and freedom from discrimination and harassment. In respect of those human rights of McDonald's employees, particularly vulnerable groups such as migrant labourers, indigenous peoples, women, or children, we are also guided by other international standards that elaborate on their rights.

Risk at segment and geographical level are managed and assessed by McDonald's Corporation, as the ultimate parent of the Company. Many risk factors span across all McDonald's markets including the UK and the key risk factors are discussed within the financial statements of McDonald's Corporation, found here, and within the Company's annual report and financial statements for financial period ending 31 December 2021 here.

### Understanding and managing risk

All of McDonald's activities involve the measurement, evaluation, acceptance and management of risk or combinations of risks.

### The Board and the Executive, advised by McDonald's Corporation, promote and support the maintenance of a strong risk management framework.

In the UK all our employees are responsible for the management of risk, proportionate to the relevant role and level of experience, with the ultimate accountability residing with the Board. We have a strong risk culture, which is embedded through clear and consistent communication and appropriate training for all our employees, alongside corresponding risk and compliance management tools. This risk framework underpins our strategic priorities, reinforced by the global brand values, helping us to identify current and future risks so that we may take decisions to prevent and limit risk while managing any material impact on our finances, reputation or business model.

The Board and the Executive receive monthly reports from management on all areas of the business including business strategy and insights, operations, corporate relations, IT & digital, franchising and finance, which they take into account in their discussions and decision making. Additional non-financial disclosures detailing the policies pursued by McDonald's in relation to the workforce, the environment, social matters, human rights, anti-corruption and anti-bribery matters are also received by the Board and the Executive.

Our continual and thorough engagement across McDonald's, franchisees and suppliers gives us a unique insight into all aspects of our business as well as the wider market, from a restaurant level all the way to market trends. This ensures we are able to quickly identify risks as well as opportunities for the wider McDonald's System.

### Employment Practices

We conduct our activities in a manner that respects human rights as set out in the United Nations Declaration of Human Rights, and we are committed to ethical recruitment in our employment practices as a component of our overall human rights approach.

We prohibit direct or indirect fees or costs being charged to those seeking employment with or who are employed by the Company for services directly related to recruitment for temporary or permanent job placement, unless legally permissible and within the legal limit. This includes where we may use private recruitment services or where we perform recruitment activities directly. Even where such fees or costs are legally permissible and within the legal limit, our policies and practices are designed to ensure that no one is indebted to the Company or to a recruiter in a manner that prohibits the individual from freely leaving their employment.

We do not retain an employee's identity document such as passports or work permits as a condition of employment for longer than 24 hours and only do so for legitimate administrative reasons, including for immigration checks. The Company provides any agreements, whether oral or in writing, in a language understood by the person agreeing to be employed and expects that any recruiter, labour broker or employment agent will do the same and will be responsible for ensuring that the agreement is understood by the person agreeing to be employed.

Our franchise network is comprised of separate legal entities from the Company, but we work hard to try to ensure that there are no modern slavery or human trafficking issues in their businesses. We provide our franchisees with guidance on recruitment practices and a People Review is carried out by



either the Company or the franchisees as part of our Operations Performance And Customer Excellence (“PACE”) process. The PACE process is a comprehensive assessment of our franchised restaurants to ensure guidance, including on modern slavery practices, is being followed as intended.

### Human rights

McDonald’s aspires to protect the brand and live our values. One way we live our value of continuous improvement is to ensure fair and ethical workplace standards in every corner of our supply chain. We care as much about the people who make our products as we do about our customers.

The [Supplier Code of Conduct](#) (the “Code”) applies to McDonald’s suppliers globally. It sets out our expectations for suppliers on critical topics including human rights, workplace environment, business integrity and environmental management. We expect supplier self-managed excellence in these four areas through the implementation of their own management systems.

McDonald’s launched the first Supplier Code of Conduct in 1993 and has evolved and strengthened it over time to reflect updated international human rights standards, consultations with external experts, a human rights gap analysis, and dialogue with suppliers.

McDonald’s expects all suppliers to meet the standards and ensure that their facilities meet the standards, and promote the principles outlined in the Code. We also expect our suppliers to hold their own supply chain, including subcontractors and third-party labour agencies, to the same standards contained in the Code. Fundamental to the Code is the expectation of

ethical employment practices by suppliers and their supply chain, including subcontractors and third-party labour agencies. The Code prohibits any form of slavery, forced, bonded, indentured or involuntary prison labour. Suppliers and third-party labour agencies are prohibited from retaining employees’ government-issued identification, passports or work permits as a condition of employment.

The Supplier Code of Conduct is the cornerstone of the global Supplier Workplace Accountability (“SWA”) programme, which is built on a model of continuous improvement and education and includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues. This aims to help suppliers understand McDonald’s expectations and verify compliance with our expectations, both in respect of our suppliers themselves and their supply chains, and work toward continuous improvement.

The SWA programme also includes on-site announced and unannounced audits conducted by third-party auditing firms to assess compliance with the Code.

McDonald’s works with third-party auditing firms that have expert knowledge, local insight and an understanding of local languages and cultures. On-site audits are physical inspections of the facility and include visits to housing and cafeterias for workers.

Auditors also conduct private worker interviews and review facility records and business practices to assess compliance with the Code. In addition, they check 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 our Code, McDonald’s Supplier Workplace

Standards and Guidance Document (“**SWSGD**”) is shared with suppliers and provides detailed guidance on each aspect of the Code and how suppliers and their supply chains can meet our expectations. For example, the SWSGD clearly explains that all suppliers should:

- ensure their hiring process and that of their recruitment agencies provide people employment under voluntary terms;
- maintain legally accepted age verification records to demonstrate all workers are of legal working age when they commenced work;
- respect the right to associate, or not, with any group of their choice, as permitted by law, without fear of reprisal, intimidation or harassment; and
- respect the rights of people to bargain collectively where such rights are established by law or contract.

Modern slavery risks are addressed specifically as part of the audit, including 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 worker; and that suppliers do not retain workers’ government-issued identification, passports or work permits.

In 2021, McDonald’s announced Global Brand Standards aimed at advancing a culture of safety for McDonald’s restaurants across the globe, both Company-owned and franchised locations, and for McDonald’s customers worldwide. All McDonald’s restaurants have been assessed and held accountable in accordance with the applicable McDonald’s market’s business evaluation processes since 2022.



The Global Brand Standards prioritise actions in four areas:

- prevention of harassment, discrimination and retaliation: procedures in place for reporting claims of harassment, as well as policy and training established to prevent harassment and discrimination;
- prevention of workplace violence: procedures in place for incident reporting, as well as policy and training established to mitigate the risk of violence in the workplace;
- restaurant employee feedback: at least one crew and manager survey completed each year in each restaurant, with an accompanying action plan; and
- health and safety: annual health and safety audits with action plans to reinforce a culture of safety.

These standards were devised with input from across the McDonald's System, a cross-functional global team and reviews of global market practices.

For further details on McDonald's approach to supply chain human rights please see [here](#). For more information on how the Company takes responsibility to respect and promote human rights please see the Company's [Modern Slavery Statement for the 2022 Financial Year](#).





## Business Planning

### Plan to Win

The Plan to Win (“**PTW**”) process is how we collate, consolidate and refine the Company’s future business plans. There is a 3-year planning cycle and ideas are generated and developed through four Planning Teams (called “**P Teams**”).

These P Teams are cross-functional teams made up of subject matter experts from the Company’s departments, as well as six franchisee representatives. Each P Team also has an Executive sponsor and a representative from the Executive National Leadership Group, our franchisee leadership group, and holds a series of meetings throughout the year to continue the prioritisation of ideas and plan development, where insight is shared and ideas debated.

Across the four groups, a range of topics will be discussed on a regular basis including, among others, our culture and values, employer reputation, technological capabilities, food and product development and our environmental and sustainability commitments.

Where relevant, additional research is conducted and business cases developed to support decisions taken. The P Teams regularly report progress back at PTW meetings, at which members of the Executive and our franchisee community are present.

### Supplier Plan to Win

The Supplier Plan to Win framework, referenced in the section Supplier Engagement, is a unique tool which aligns the Company’s and supplier strategies to deliver business benefit for the Company and its stakeholders. Food and paper suppliers submit a PTW document annually, setting out innovative projects that meet our business needs and supply chain priorities.

### Phased Planning

The Company compiles its annual business plan using a phased approach. Phase 1 is a high-level 3-year strategic plan and the Phase 2 plan is a strategy for the following year. Both plans are subject to approval by global leadership at McDonald’s Corporation.



# Plan for Change

In 2021, the Company launched its sustainability plan called “Plan for Change”. Our Plan for Change is a clear plan with ambitious goals and actions to help us lead positive change right across our business, from farms to front counter. It outlines the steps we’re taking now and in the long-term. It includes clear time-bound commitments across every aspect of what we do.

### McDonald’s seeks the following outcomes through its Plan for Change:

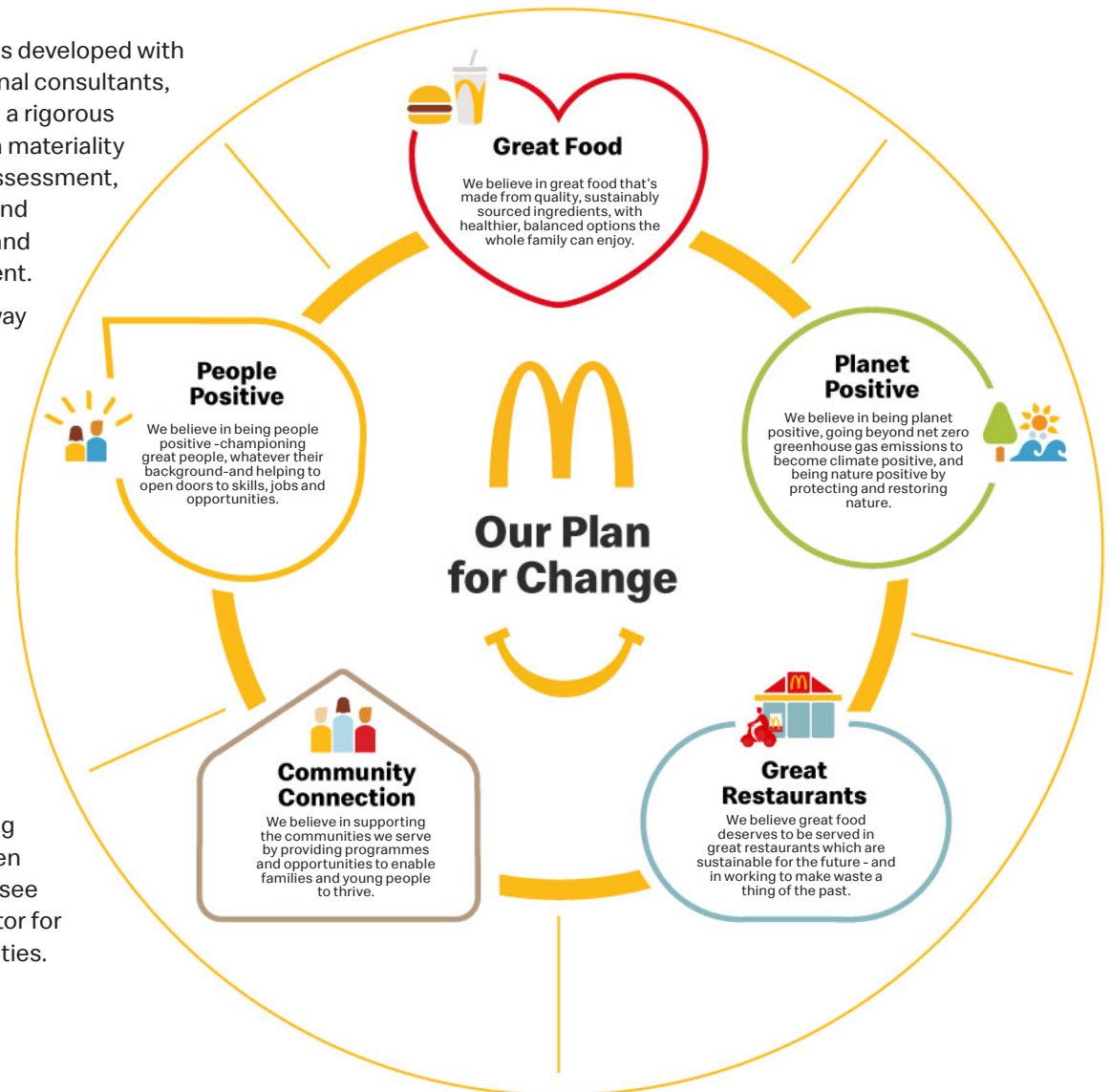
1. We live out our global brand mission, purpose and values and make the greatest possible positive impact on communities and planet.
2. Customers find new reasons to trust and love us.
3. We drive resilience and value through sustainable innovation.
4. Key opinion formers understand we’re sustainability leaders, tackling important societal changes, reducing risk and supporting brand trust.
5. Collaboration with McDonald’s Corporation/other markets to tackle common challenges.
6. We create a blueprint for other markets to follow in developing their sustainability and impact plans to help raise up the whole McDonald’s System.

We’ve set out goals in each of our focus areas - planet, people, restaurants and food - to help guide our actions. These are underpinned by our ongoing commitment to step up for our communities where we operate. We will measure and share our progress against our goals because we know how important it is for us to deliver and to be clear on how we are doing – as every change we make, adds up to a lot.

For further details on our Plan for Change, our commitments and our goals please see [here](#) and for more information on our global initiatives please visit [here](#).

Plan for Change was developed with support from external consultants, BRODIE. It followed a rigorous process including a materiality assessment, risk assessment, consumer insight and extensive internal and external engagement.

We are well underway with activation of Plan for Change and have set up a clear governance structure to guide activities towards achieving our goals. While ultimate accountability for Plan for Change sits with the Company’s Executive team, a Brand Trust Steering Committee has been established to oversee progress and monitor for risks and opportunities.





## Plan for Change 2022 highlights

### Great Food

- Developed a **Plan for Change Supplier Scorecard**.
- Launched **Root2Food Programme** to attract diverse talent to the industry.
- Launched the **School of Sustainable Food and Farming**,
- Created our **Nutrition Innovation Council** to help us meet our **nutrition criteria goals**.
- Rolled out our first **fully vegan McPlant® burger** and developed our plant-based menu strategy.

### Planet Positive

- Formed a **Net Zero Advisory Council** with our eight biggest suppliers.
- Our **pathway to Net Zero Farm** project with OSI reduced emissions by 31%
- Launched a new **Organic Dairy Innovation Farm with Arla**.
- Became proud founding signatories of the **UK Soy Manifesto**.

### Great Restaurants

- Developed our **Net Zero Restaurant blueprint**.
- Piloted **new sustainable furniture options**.
- **93% of our packaging** is made from renewable, recycled or certified sources.
- **90% of our packaging** is now recyclable or compostable.
- Saved **850 tonnes of plastic to date**, by switching to paper-based cutlery.
- Piloted a McCafé® **coffee grounds recycling project** alongside a **cup recycling project** with Costa Coffee and Road Chef.

### People Positive

- Matched **71 local restaurants** with youth service projects through the **BBC Children in Need** partnership.
- **870 apprentices in learning**, including 170 managers - with **over 1,000 achievers**.
- **80% of restaurants** celebrated PRIDE and Disability PRIDE.
- Close to **300 employees** applied for our '**Restaurant to Corporate Bridge**' programme, with **55% of participants** from underrepresented groups.

### Community Connection

- **Raised £1.2 million** through our BBC Children in Need partnership in the first year.
- Customers donated **1.5 million MyMcDonald's Rewards points** to RMHC, FareShare and BBC Children in Need.
- Redistributed more than **1 million meals**.
- Fun Football delivered **5 million hours of football coaching** to over 500,000 children in the UK.
- Distributed **500,000 books across the UK** through Happy Readers Programme.





## How We Engage With all "Three Legs Of The Stool"

**Our communications approach, set by McDonald's Corporation, the UK CEO, the Board and the Executive, is driven by our guiding principles embedded in the McDonald's Values and Growth Pillars:**

- dependable and committed to doing the right thing;
- open to different ideas and cultures; and
- connected to customers, franchisees, JV partners, suppliers, communities, regulators and each other.

We aim to communicate with all parties in a way that meets their needs. We focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided.

Our success comes from a commitment to relationships. A deep-rooted belief that we are at our very best when the brand, our franchisees and our suppliers work together to deliver for the customers and communities we serve.

We believe that the brand, franchisees and suppliers all contribute to our success. We call this approach the 'three-legged stool'.

### **Diversity, Equity and Inclusion**

McDonald's aspiration is that no matter where you are in the world, when you interact with McDonald's — whether through the app, in a restaurant, by watching an advert, working in an office setting or as a crew member — Diversity, Equity and Inclusion ("DEI") is as evident and familiar as the Golden Arches themselves. This means the full expression of diversity: the representation and inclusion of different genders, races, cultures, identities, sexual orientations, ages, religions, abilities, languages, experiences and expressions. The aim is to identify and eliminate barriers to fair treatment for underrepresented groups and create equity in the workplace i.e. fair treatment in access, opportunity and advancement for all.

We pursue this aspiration by using McDonald's influence and harness our scale to accelerate meaningful and overdue societal change for our employees, franchisees, suppliers, customers and communities. This means striving to:

- represent the diverse communities in which we operate;
- accelerate cultures of inclusion and belonging; and
- dismantle barriers to economic opportunity.

With the DEI strategy in mind, McDonald's seeks to ensure its aspiration spans across all three legs of the stool:

- **Corporate** - we seek to represent the diverse communities in which we operate by increasing the diversity of our leadership for McDonald's including setting aggressive targets to increase representation of women and historically underrepresented groups.
- **Employees** - we're blending technology and new recruiting techniques to achieve a more bias-aware and inclusive McDonald's, such as using artificial intelligence ("AI") tools to create gender-neutral, inclusive job descriptions; harnessing technology platforms to broaden the number of candidates we screen; strategically structuring interviews and interview guides to ensure equity and fairness throughout the selection, interview and offer process; and embedding and encouraging diverse candidate slates and interviewer panels.
- **Franchisees** - the diversity of our franchisees is a source of pride—and importance. Through our global DEI efforts, we continue to attract more diverse franchisees while also developing the next generation of franchisees. In 2021, McDonald's announced a franchisee recruitment initiative to help increase the number of franchisees from historically underrepresented groups with the aim of increasing ownership opportunities for new talent from all backgrounds, both in terms of the number of individual restaurants owned as well as the number of qualified franchisees overall. In addition the aim is to seek to reduce upfront equity requirements for eligible franchisee candidates, and we will also leverage our network of banking partners to increase access to financing solutions that will reduce the barrier to entry for candidates.
- **Suppliers** - we recognise that through our scale and influence, McDonald's has the opportunity to help accelerate change – not just in our own business but also in those which we work with. Starting in the US initially with a view to expanding the initiative across all markets including for the Company, market based suppliers of goods and services to McDonald's are invited to sign a Mutual Commitment to DEI. Suppliers are invited to sign onto this joint pledge, in which they commit to implementing an overall DEI strategy, building within their own organisations the talent pipelines, infrastructure and culture.

As we continue to emphasise action, accountability, and integrity as we make progress against our DEI strategy, we have prioritised our work around equal pay, a critical issue that sits at the nexus of all five of our values. Our equal pay analysis compares employees in similar roles, while considering the many factors that legitimately drive differences in pay between employees, such as experience



(general, McDonalds-specific, job-specific), job level/ grade, performance and location.

In 2019 McDonald's introduced pay principles to ensure that good pay practices are understood, consistently implemented and executed across the McDonald's markets which includes the following:

- **Competitive** - pay opportunities are aligned with the external value of a job to optimally attract, engage and motivate talent;
- **Non-discriminatory** - employees are compensated at a level commensurate with their role, responsibility, impact, location, experience, knowledge, skills and performance, irrespective of gender, race, ethnicity or any other similar protected personal characteristics;
- **Performance-based** - pay is focused on motivating high performance, recognising achievement and reinforcing behaviours that align with our culture;
- **Understandable** - pay programmes are communicated regularly and transparently with compelling clarity; and
- **Compliant** - we comply with all applicable legal and regulatory requirements and standards.

It is acknowledged that working toward equal pay is not a one-time project; it requires ongoing focus and effort. Following our pay principles combined with annual pay gap assessments helps to close identified gaps and continues to advance our strategy.

Further details on the McDonald's strategy and approach to DEI can be found [here](#) and in relation to the Company's gender pay reporting can be found [here](#).

## Employee Engagement

Our employees are absolutely key to our success. Whether they work in our company-owned and operated restaurants or in head office, we wouldn't be able to run great restaurants without them. That is why we work hard to create jobs and opportunities for all our employees, regardless of gender, age or life stage and those who want career progression or simply a way to earn a wage and pay the bills.

We strive to create an environment where our values are not just words but are put into practice, promoting positive and productive behaviour every day. We invest time and resources communicating with our employees, designing programmes to educate and encourage the highest standards of conduct. This reflects our vision to run great restaurants, renowned for our food, employees and results.

Understanding how our employees feel about McDonald's is vital. It helps us ensure that we are giving them the right support to achieve their potential and to serve our customers well. We have open door policies all year round but this is also done through a number of specific forums with results filtered back to the Board. In January 2022 we launched our new Leavers Survey to understand sentiment further. Our new internal communications platform 'Workplace' for McDonald's employees, Franchisees and their employees was launched at the end of 2022.

These procedures ensure that the Board and Executive engage regularly with both our office staff and our restaurant crew on a host of areas, including programmes relating to pay and benefits and are updated regularly on how everyone feels about working at McDonald's.





## Employee Surveys

**We undertake employee surveys on a regular basis to enable everyone in the business to comment on how they feel about their role at McDonald's. The feedback allows restaurants and organisations to constantly evolve actions to support employee satisfaction. We have embarked on a "Big Conversation" with all our restaurant crew and managers to drive the conversation about how our employees feel about their work.**

Some of the specific surveys we conduct include:

### Love to Listen

For restaurant teams our Love to Listen surveys are completed on a quarterly basis, with all restaurant-based employees invited to take part. Over the course of the year 234,000 responses were received. The aim is to regularly establish sentiment, using core questions which align to McDonald's mission. During 2022 the length of each of the survey waves has been brought back to two weeks and new questions have been added focusing on our safe, respectful and inclusive working environment.

Amongst our non-restaurant operations and office employees, feedback has been sought twice in 2022 through a UK specific market survey, as well as participation in the annual Global Pulse Survey.

### Leavers Survey

In January 2022 we launched our new Leavers Survey, with nearly 10,000 people providing additional feedback on their experience working at McDonald's since then.

### The Love to Listen OurLounge Poll

This gives all employees the opportunity to give regular feedback on how they're feeling. A number of questions are aligned with McDonald's Corporation but the Company has the facility to use local questions also.

Questions are timed to correspond with events that are happening across the business and are bucketed into three main categories:

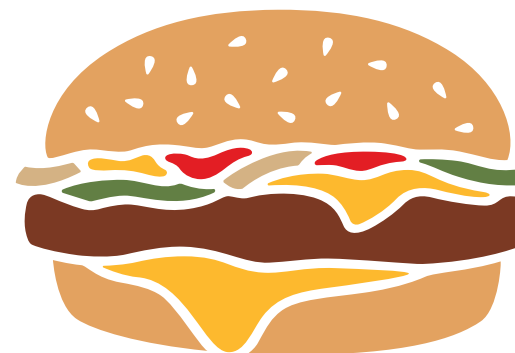
- Crew Experience
- People Promise
- Crew Engagement

### Love to Listen Meet Ups

Love to Listen meet ups are rolled out to all our restaurant teams twice a year which serve as a temperature check on how well our desired culture is being lived, listening to our employees from their point of view to understand and acknowledge the feedback, whilst solving a few business challenges along the way. It is interactive and inclusive and also used within our office environment to explore sentiment further.

### Newsbites

In April 2020 the Company launched a new all-audience channel enabling us to communicate feel-good stories and business updates with restaurant employees as well as office employees directly to their inboxes. Newsbites was designed to keep our restaurant employees and office employees connected and engaged during the pandemic by sharing good news stories from across the business and to recognise individuals who go above and beyond both at work and within their larger community. As we moved out of the pandemic, the channel has developed and continues to deliver recognition stories and key people-focused moments across the business. In 2022 we shared 50 issues, recognising 200 restaurants and 200 individuals with a reach of 56,000 employees.





## Workplace by Meta

Workplace by Meta replaced Ourlounge as our primary employee engagement platform at the end of 2022. Its launch provided us with an exciting opportunity to transform the way we communicate with our people, introducing two-way engagement via a social feed that looks and feels familiar. This platform allows communication from McDonald's directly with our people to share news, exclusive content, prizes and giveaways; reward and recognise the fantastic work done by our teams; and capture employee sentiment through the use of live polls and surveys.

A Knowledge Library is also available, replacing information which was previously available and/or hosted through Ourlounge. Teams at Franchised restaurants and Company restaurants are able to manage their own groups, tailoring content to their individual needs and pulling content directly from central feeds to create a truly connected platform.

Workplace also provides users with direct access to MYSTUFF, FRED and the Rewards Gateway.

## 2022

- In 2022 all of restaurants across the UK were provided with access to the Workplace platform.
- At the end of 2022, over 85,000 of our employees had signed-up to the platform which equates to a sign-up rate of 50%.
- Levels of interaction and engagement are also extremely high and what's been most encouraging is the fact that 84% of our employees are visiting the platform on a regular basis.
- We are currently exploring different avenues to expand our Workplace usage further, including launching the platform to our corporate teams.

## UK Intranet

The Company's intranet is also a useful point of reference for everyone in the business, providing weekly office and operations updates, and another opportunity for our employees to share their opinions and to recognise our crew and teams. This is also a reference point for our Employee Assistance Programme, to ensure that our employees get access to any additional support they may need.

## 2022

An average of 536,000 hits per month.





## MYSTUFF 2.0 (Our HR System)

MYSTUFF2.0 is our employee system which gives employees a mobile friendly platform to manage their own data, manage holidays and time off as well as view their wage slips. Each user has a unique ID (single-sign on) to access the vast range of McDonald's tools all in one place. These include learning and development, scheduling, as well as our staying connected platform, OurLounge.

## Town Halls

Our town halls are a monthly business update, presented by the Executive and senior leadership team. Each town hall has a different theme and will give staff the opportunity to hear from other departments about their upcoming plans and initiatives. We also announce our monthly service awards and the holiday awards at these meetings.

### 2022

- We held 10 Town Halls across the year. These meetings happen in our East Finchley office and are made available online for those that can't make it to the office that day.
- We had three Global Town Halls in 2022. This was an opportunity for our entire global business to come together to hear more information on some of the key issues impacting our business across the globe.

## Regular Email Communications

We keep our employees updated regularly via email, which are tailored to their role within our business. These include:

### Operations Update

The Operations Update is a 'to do list' for the week, focusing on operations excellence in order of priority, providing timely information to help restaurants focus on quality service and cleanliness. It includes a rolling 5-week operations calendar, a crew operations update and other necessary attachments. At a minimum, these are issued to our business managers on a weekly basis every Monday, but depending on the operational issues which may arise are issued as and when required to update business managers.

### 2022

- We issued 134 Operations Updates.

### Heads Up

This is normally a monthly communication providing a 'Heads Up' on projects and business priorities for our operations teams - up to three months in advance.

Giving our operations and franchisee consultants plenty of notice to plan in time in their diaries to best support their restaurant teams. Heads Up is sent on the second Monday of every month.

### 2022

- We issued 12 Heads Up issues in 2022.

### Office Update

The Office Update is a weekly email newsletter providing relevant office and business information and events. It is issued to all our office based employees in the UK or tailored to specific regional offices.

### 2022

- We issued 51 Office Updates.

### Updates from the CEO

### 2022

- Effective communication to the Company's employees, franchisees and JV partners on business updates and leadership engagement continues to be a priority for the Company. Regular emails from the CEO and other Executives were implemented, recapping significant updates as a source of engagement and keeping all abreast of the business developments in accordance with strategy decisions.



## Culture Days and Events

We organise events throughout the year for our staff.

### 2022

- During 2022 we held a range of events to encourage inclusivity in our workplaces, for both our restaurant and office teams. This included 9 'Let's Talk' events; hour long webinars on various subjects such as LGBTQ+, Mental Health, Neurodiversity, Stress awareness, Menopause and Race & Ethnicity where everyone has the opportunity to learn, share and take this back to their workplace.
- For National Inclusion week in 2022 we took the opportunity to mark our 10 year partnership with inclusive employers and be headline sponsors. As an organisation committed to fostering an inclusive and diverse work environment, we were thrilled to have had the opportunity to champion and support such a meaningful cause. National Inclusion Week aligned perfectly with our values and principles, as we strived to create a workplace where everyone feels valued, respected, and included regardless of their background. This sponsorship was a testament to our unwavering commitment to fostering inclusivity and diversity, and we were excited to have joined hands with like-minded organisation to drive positive change and create a more inclusive society. As part of our sponsorship for National Inclusion Week we provided Inclusion kits for all our offices and restaurants across the UK.
- We introduced our DEI calendar which marks festivals and events across the year for the teams to celebrate and is effectively utilised.
- In 2022, we were thrilled to have launched our restaurant to corporate bridge programme, an initiative designed to provide opportunities for all our employees to experience a variety of corporate roles during a 12-month period. The programme aimed to promote diversity and inclusion by offering employees from our restaurants the chance to explore different career paths within our corporate office. We were overwhelmed by the response, with 111 applicants demonstrating their interest and enthusiasm for the programme. It was a remarkable milestone in our commitment to fostering inclusivity and providing equal opportunities for all our employees to grow and thrive within our organisation.





## Franchisee and JV Engagement

**While McDonald's is a global brand, our franchise model means we are also a collection of small businesses, focusing on what is important to each local community. Of our UK restaurants, 89% are run by franchisees, and we hope to see that number grow in the future. Our franchisees are the owners of their businesses, many of whom live and work in the areas where their restaurants are located. They are our eyes and ears in the localities in which they operate, and share with us insights provided by their employees, their customers and the communities they serve.**

We engage with our franchisees and JV partners on all decisions that affect restaurants, ensuring that decisions are appropriately debated before being implemented and are made for the long-term benefit of the wider system.

The Board has the responsibility, through core functions, to engage with local franchisees and JV partners in initiatives and programmes. This local community presence is foundational to our brand and is crucial to our ability to both identify and respond quickly to risks for the business as well as proactively look for opportunities that will continue to drive the business forward.

We engage with our franchisees and JV partners in the following ways:

### Executive National Leadership Group Meetings ("Exec NLG")

The Exec NLG is our franchisee leadership group. The Executive and Exec NLG together host meetings throughout the year to discuss the strategic direction of the business.

**2022**

- The Executive and the Exec NLG held 12 meetings in 2022. The overarching purpose of the four full day meetings was to discuss the strategic direction of the business. Additional meetings were also called to discuss the impact the external events were having on our day-to-day business operations and financial outlook.

### Franchisee Live Calls

The disruption caused by the aftermath of the COVID-19 pandemic and the war in Ukraine continued to have an impact on our business in 2022, which necessitated further changes towards the beginning of the year.

Supply chain issues caused disruption to day-to-day operations, which was then followed by, but also linked to, the workforce challenges many businesses across the UK faced. To ensure all franchisees and JV partners were fully engaged in the updates and changes, the Executive introduced regular Franchisee Live Calls. The calls also provided franchisees and JV partners the opportunity to ask questions and provide feedback.

**2022**

- 8 Franchisee Live Calls were held, covering:
  - Plan to Win meeting cascades;
  - Business implications of external impacts on our day-to-day business operations and costs outlook
  - MMR launch plans

### Franchisee and JV Engagement Sessions

Franchisee and JV insight and input is gathered via our franchisee and JV engagement sessions. All franchisees and JV partners are invited to sessions held across the UK. These sessions are led by the Business Strategy & Insight function and are a critical step in the planning process enabling franchisees and JV partners to generate ideas and influence the creation of McDonald's business plans. Engagement sessions take place every year.

The outputs from Customer Quest and the franchisee engagement sessions are passed to our Planning Teams for further consideration and are then prioritised by the P Teams based on our strategic priorities and key business and consumer opportunities.

**2022**

- We held 5 engagement sessions across the UK.
- 102 of our franchisees and JV partners attended these sessions.



### Roadshows

Historically the Executive travel across the country to host Roadshows. These Roadshows are an opportunity for the Executive to share key business updates and initiatives, to capture franchisee feedback and to answer questions.

#### 2022

- There were 3 Franchisee Executive roadshows in 2022.
- The events were well received, with lots of feedback and interesting discussion points and areas of focus raised on each occasion.
  - In March 2022, 146 franchisees attended.
  - In June 2022, 122 franchisees attended.
  - In December 2022, 137 franchisees attended.



### Plan to Win ("PTW")

The Exec NLG meetings are complemented by the PTW process (further details can be found in the section Business Planning).

Where relevant, additional research is conducted and business cases developed to support decisions taken. The teams regularly report progress back at PTW meetings, at which members of the Executive and our franchisee community are present.

Through this process we continually generate, evaluate and refine our business strategy and develop our plan for the upcoming year. The finance team evaluates this strategy to determine the overall affordability of the plan which is then presented to global leadership for approval.

#### 2022

- There were three PTW meetings in 2022.

### Consultants

Each of our franchisees and JV partners has access to the support of a consultant. Our consultants have on average twenty years of experience within the McDonald's System, the majority of whom have worked in operations for much of their career.

Consultants have an astute understanding of all commercial and operational aspects of the business including driving profitable sales, developing employee strategies as well as having a rounded understanding of the wider business landscape. They are therefore well-equipped to support and consult our franchisees and JV partners on both the day-to-day challenges their restaurants and organisations face, as well as their longer-term strategic investment decisions.

#### 2022

- Due to the unprecedented nature of the external challenges faced by the business since 2020, consultants have had to adapt and use virtual means to support the franchisees and JV partners.
- In 2021 the Company introduced Operations Performance And Customer Excellence ("**PACE**"), a Global operations improvement and consulting platform, replacing the restaurant operations improvement process, to greater support the Company's culture of operations and QSC excellence and to close the gap more quickly between top and bottom performing restaurants.





### Finance Committee

The primary objective of the Finance Committee is to seek balance, fairness and flexibility to allow both franchisees as well as McDonald's to innovate, develop and grow their businesses.

The franchisees on the Finance Committee engage with the Company on a quarterly basis to represent the view of the Franchisee community and communicate and consult appropriately with the Company on any UK business plans.

#### 2022

- The Finance Committee continued to hold a high number of meetings in order to address the challenges faced throughout a tremulous year and to discuss the best course of action for our business.

### Regular Email Communications

Franchisee News is predominantly a weekly publication, whose content is focused on providing timely updates relevant to the franchisee community. It is issued to all franchisees, JV partners and our head office employees.

This publication was created to streamline the flow of information from the centre, ensuring important updates to our franchisees and JV partners are contained and shared through one communication channel. The information shared across this medium originates primarily from the centre. All departments feed in to share details that include upcoming events, new initiatives, meeting notes, guidance documents and project updates.

Third party organisations do from time to time communicate with franchisees and JV partners via this channel.

#### 2022

- We issued 44 Franchisee News emails to our Franchising community.

### Our Franchisee Website

The “always on” franchisee website is a portal that houses a suite of support documents and information that is specific to our franchisee community. It's designed to ensure our franchisees and JV partners always have to hand the information and tools to structure their business and analyse outcomes, to support continuous growth. The content on the site includes information on operator representation and committees, meeting dates and notes, finance modelling tools and marketing resources. It also houses the information shared in Franchisee News.

#### 2022

- The website was accessed 137,550 times in 2022.

### Updates from the CEO

#### 2022

- Effective communication to the Company's employees, franchisees and JV partners on business updates and leadership engagement continues to be a priority for the Company.

## Supplier Engagement

**McDonald's relies on strong relationships with suppliers for success. From the farmers who provide quality produce for our menu, to the businesses who are helping us create more sustainable packaging, or technology providers helping transform the customer experience, we have an extensive supply chain across the UK that all contributes to the success of our system.**

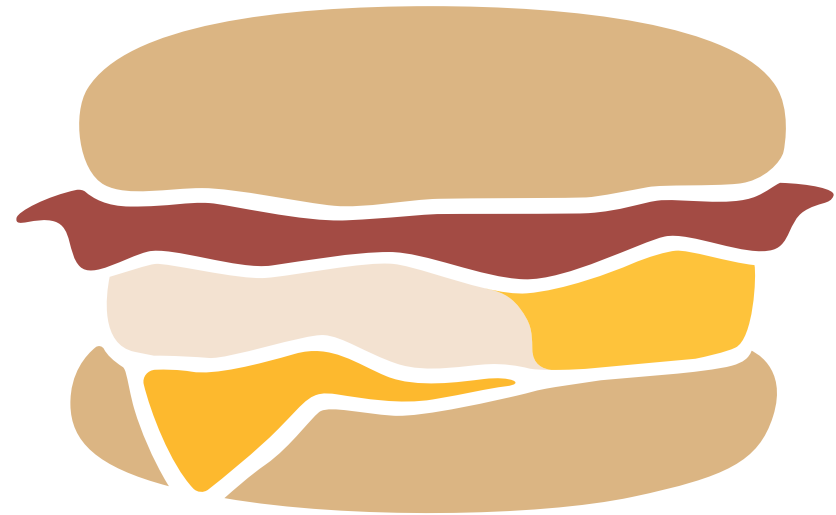
We are proud supporters of British and Irish agriculture, working with over 23,000 British and Irish farmers who supply quality produce for our menu. This produce is supplied into our restaurants by a system of over 100 suppliers, with whom we work to create a sustainable, circular and equitable supply chain that benefit people and our planet.

We have long-term partnerships with many of our suppliers, some extending over 40 years. Such long-term partnerships encourage collaboration and enable suppliers to make decisions for the long-term, giving them the confidence to invest in their businesses. In order to meet our continued volume growth, suppliers need to invest in future capacity, which involves significant capital investment in equipment and infrastructure. Long-term commitment to supply McDonald's in the UK has enabled our suppliers to grow with us and drive positive change within their own businesses. In addition, McDonald's Corporation and the Company work closely with suppliers to encourage innovation and drive continuous improvement.

Our Supply Chain and Sustainability function has a broad remit, from ensuring products and ingredients meet our high food safety, quality and traceability expectations from farm to front counter, to the transportation of goods from suppliers to restaurant and the procurement of all food and paper, as well as responsibility for our nutrition, sustainability, agriculture, packaging and waste strategies across our supply base.

### 2022

- The Company worked closely with suppliers on business strategy coming out of the pandemic, and in face of continued disruption from significant external events such as the war in Ukraine. We have continued with the joint planning process setting strategic direction and agreeing medium term priorities, in order to continue operating safe restaurants, assuring supply, maximising customer value, and feeding and fostering communities.



**The Company undertakes a variety of engagement approaches with its suppliers:**

#### SAVES

SAVES is a supplier led council comprising of senior representatives from our leading suppliers and the McDonald's supply chain leadership team. The primary objective of SAVES is ensure alignment between McDonald's and suppliers on delivery of a world class supply chain that drives sustainable, competitive advantage across the business.

The SAVES group aims to leverage collective knowledge, scale and talent within the supplier community to drive forward McDonald's business plan and supply chain priorities. This is achieved through collaborative projects that deliver benefits across the system, with the group meeting on a quarterly basis

#### 2022

- SAVES met four times, to discuss long term strategic priorities, progress and outputs of projects, and the impact to supply from high levels of disruptions from external events



### **Food Safety & Quality Forum ("FSQF")**

FSQF is a forum where quality representatives from the main suppliers meet to share best practice and design policies to be incorporated into our quality systems manual. Areas for focus are determined each year where the suppliers will work to find new strategies and technology to improve these areas. Outputs are shared through supplier updates throughout the year.

#### **2022**

- The Food Safety & Quality forum met twice to discuss continuous improvement on quality food safety and align on the COVID-19 pandemic impacts.

### **Supplier Plan To Win**

Supplier Plan to Win is our process for joint business planning with suppliers. Its purpose is to align supplier strategies and priorities with the strategic direction of McDonald's. Suppliers submit a Supplier Plan to Win document annually, setting out customer led, scalable projects that meet our business needs and supply chain priorities.

#### **2022**

- Plan to Win in 2022 continued to focus on supplier delivery of the McDonald's Accelerating the Arches strategy.
- 16 tier one suppliers were engaged in joint business plans with supply chain category and senior leadership team.
- 42 tier two suppliers submitted plan to win strategies.

### **Supply Chain Committee**

McDonald's hold an annual Supply Chain Conference for all food and paper suppliers. The purpose of the event is to share the strategic direction of the business and supply chain priorities, as well as to recognise suppliers and individuals at a Supply Chain Awards Ceremony.

#### **2022**

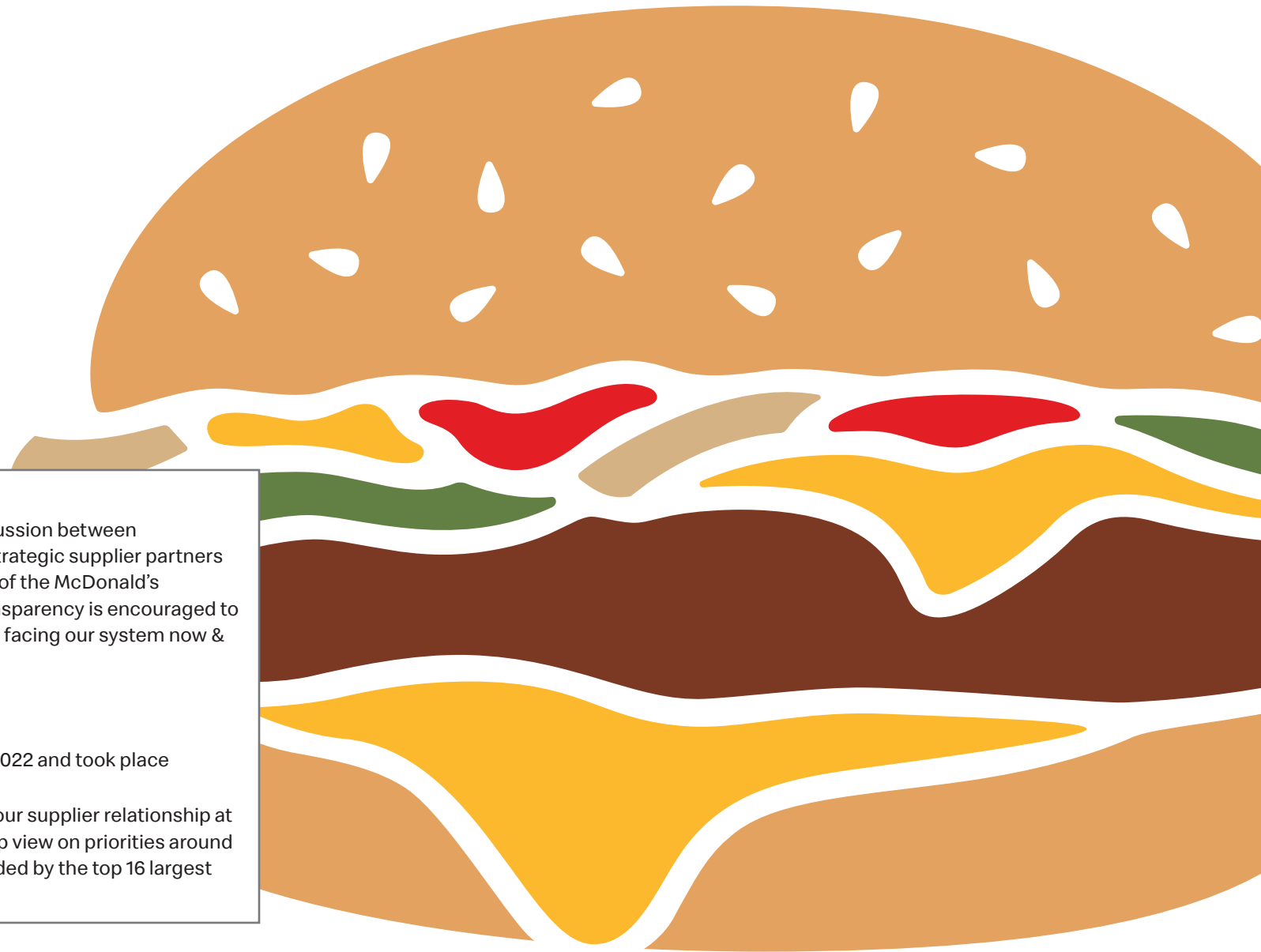
- The Supply Chain Conference was held in-person on the delayed date in January 2023, with a theme of 're-connection' after the previous two years' conferences were held virtually.
- It was attended over 334 delegates from suppliers, franchisees, McDonald's colleagues and partners.

### **Supplier Live Calls**

The supply chain continues to hold regular Supplier Live Calls with the McDonald's UK supply base on a quarterly basis. The purpose of these calls is to provide regular updates to our suppliers on the strategic direction of the business and its priorities, relevant updates on trading and operational performance, as well as cover any topical areas of priority and/or impact.

#### **2022**

- A call was held four times last year and joined by an average of 50-100 suppliers.
- Topics discussed included long term strategic priorities, Supplier Plan to Win and promotional performance.



### Supplier Roundtables

The supplier roundtable is an annual discussion between McDonald's and senior executives from strategic supplier partners within the supply chain. Led by members of the McDonald's Executive team, open discussion and transparency is encouraged to understand challenges and opportunities facing our system now & in the future.

### 2022

- Our supplier roundtable continued in 2022 and took place virtually in September.
- The roundtable aimed to re-establish our supplier relationship at a senior level and to offer the leadership view on priorities around investment and resiliency. It was attended by the top 16 largest suppliers of McDonald's UK.



# Customer Engagement

**Our customers are at the heart of everything we do. We acknowledge the importance of keeping our customers engaged with our business and we do this in many ways:**

## McChat

We use this to assess new menu ideas which also help shape some of the decision making and engagements that we have with our franchisees.

## Our website

To provide clear and concise information to our customers, we regularly keep our website updated with the latest news including offers, letters from our UK CEO and menu changes. Our website also contains sections that highlight the Company's work with local communities, our efforts to become more sustainable as well as an 'About' section on our food showing where our ingredients are sourced from.

## 2022

- We had over 22 million unique visitors to our website.

## The My McDonald's App

Similar to our website, the McDonald's App provides our customers with the latest information on menu changes and offers, as well as the work that we do within the community. The McDonald's App also sends push notifications to customers who wish to receive these on their mobile phones letting them know of deals in their local area.

## 2022

- Over 6 million new app registrations in 2022.

## The press and our newsroom

The [McDonald's UK Newsroom](#) is updated regularly to ensure both the media and the general public are aware of the latest announcements made by the business. The press office is also the best way for media to get in touch for interview and comment requests, or to ask for more information about a story they are looking to write.

## 2022

- We sent out over 250 press releases in 2021.

## Social Media

We deliver targeted, relevant social content and positive interactions that reflect the role that we play in our customers' lives to drive positive sentiment, engagement and affinity. Our aim is to make sure that every interaction, from content to customer service, leaves people a little happier than they were before.

## 2022

On Facebook we had **2,382,400 likes**



On Twitter we had **251,256 followers**



On Instagram we had **301,490 followers**



On YouTube we had **57,200 subscribers**



## Newsletters

We engage with our customers who have signed up to receive our newsletter through emails and mobile push notifications and we use these communications to help keep customers up to date with Company news, marketing campaigns, product launches and offers.

## Customer Quest

Customer Quest is a customer closeness programme that feeds into our planning team leaders. These include the Executive NLG, four new franchisees and the Executive, each of whom have the opportunity to talk with, listen to and see research from customers and our employees to help shape considerations for our planning. Keeping abreast of how customers are feeling and how their lives are evolving is central to the Customer Quest objective.

## 2022

- There were 2 dedicated Customer Quest sessions in the year



**Thank you**