

Corporate Governance Framework (2021)

South Coast Foods Limited

South
Coast
Foods 

ABOUT SOUTH COAST FOODS LIMITED

South Coast Foods Limited (“the Company”, “we” or “our”) is a joint venture between Grant Copper and McDonald’s Restaurants Limited (“**McDonald’s**”) and operates a group of franchised McDonald’s restaurants across the south coast of England. McDonald’s Corporation together with McDonald’s, franchisees including the Company and suppliers are referred to herein as the “McDonald’s System”.

South Coast Foods Limited was founded in 2008 with the purchase of 14 restaurants. The business has subsequently grown to 24 restaurants including a delivery kitchen operating under the leadership of the Board of directors (as described below) and the Managing Director, Grant Copper.

Our business strategy is aligned to the wider McDonald’s system. As a McDonald’s joint venture we rely on, and benefit from, McDonald’s performing many business disciplines that would typically be the responsibility of a large business. These include, but are not limited to, supply chain, marketing, communications, and restaurant development. Further information can be found by visiting the McDonald’s website.

The South Coast Foods Limited Corporate Governance Framework (the “**Governance Framework**”) summarises our approach to how we operate, why we do the things we do and how we work together with our customers, our employees and stakeholders.

Our Governance Framework will evolve as we as a business 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

The Governance Framework is underpinned by our growth strategy and contains synergies with McDonald’s growth strategy:

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.

Values

As a McDonald’s joint venture we operate our business based on the McDonald’s Corporation philosophy of being consistent in all that we do, providing great service and high quality food to our customers. Aligned to the McDonald’s values, the Company holds the following guiding principles as its values, which are embedded in how the Company operates its business and in its culture:

1. Serve - We put our customers and employees first. Our customers are the reason for our existence. We demonstrate our appreciation by providing them with high quality food and superior service, in a clean and welcoming environment, at great value.
2. 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.
3. Family - We get better together and believe in the McDonald's System. The McDonald's business model, depicted by the "three-legged stool" of:
 - owner/operators;
 - suppliers; and
 - company employeesis our foundation, and the balance of interests amongst these three groups is key.
4. Integrity - We do the right thing. Sound ethics is good business. At South Coast Foods Limited we hold ourselves, and conduct our business, to high standards of fairness, honesty and integrity. We are individually accountable and collectively responsible.
5. 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 part of the McDonald's System, South Coast Foods Limited has adopted the new growth pillars which root from McDonald's Corporation. Under direction and guidance from McDonald's Corporation, we will:

1. **Maximise Marketing** by investing in new, culturally relevant approaches to effectively communicate the story of our brand, food and purpose. This will focus on enhanced digital capabilities that provide a more personal connection with customers. We are also committed to a marketing strategy that highlights value at every tier of the menu, as affordability remains a cornerstone of the McDonald's brand.
2. **Commit to the Core** by leveraging customer demand for the familiar and focusing on serving delicious burgers, chicken and coffee.
3. **Focus on Digital, Delivery and Drive Thru** by leveraging competitive strengths, accelerate technology innovation, building a digital experience growth engine that provides a fast, easy experience for our customers.

The Company's approach is underpinned by a relentless focus on running great restaurants. We manage and measure our performance by analyzing our KPIs versus Company goals, local market trends and McDonald's results. South Coast Foods Limited believes this approach will build on our inherent strengths by harnessing our competitive advantages and investing in innovations that will enhance the customer experience and deliver long-term growth.

HOW WE ARE ORGANISED

South Coast Foods Limited is a private limited company incorporated in England and Wales. 50% of the Company is owned by McDonald's Restaurants Limited, with an ultimate US parent of McDonald's Corporation. The remaining 50% is owned by Grant Copper.

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

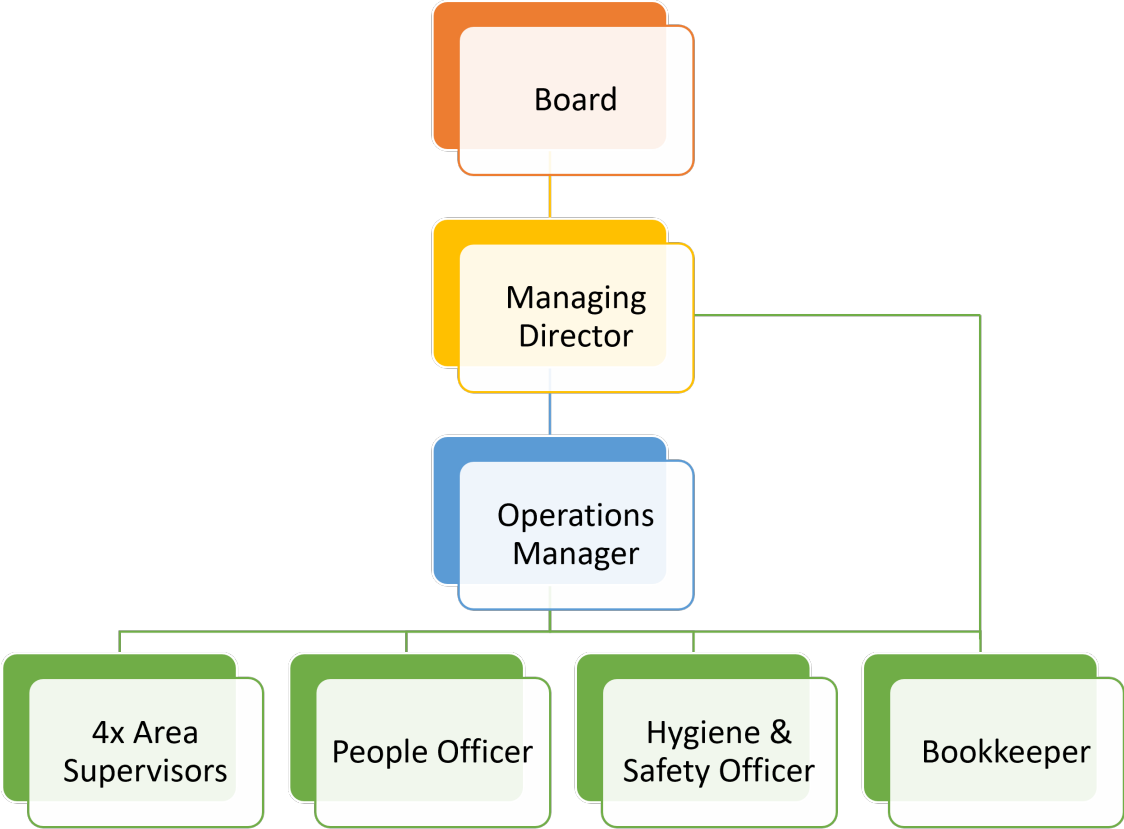
Over 13.6 million guest visits in 2021 to our restaurants across the south coast of England

HOW WE ARE GOVERNED

The Company 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.

In 2019, the Company adopted the Wates Corporate Governance Principles for Large Private Companies in the UK and annually updates its Governance Framework, which in combination together assist the Company with effective oversight and control. As a joint venture partnership, the Company is also subject to reporting to McDonald's as part of the wider McDonald's System's requirements.

Set out below is the Company's organisation hierarchy which is led by the appointed Managing Director.



The Board

The board of directors (the “**Board**”) is comprised of four directors:

- Director and Managing Director - Grant Copper
- Director and Chairman - Michelle Graham-Clare
- Director and Company Secretary - Jayne Copper
- Director - Mark Kiernan

The Company’s board includes two directors nominated by McDonald’s and two directors nominated by Grant Copper (together the Board). The McDonald’s nominated directors are members of the McDonald’s senior leadership team. 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 the South Coast Foods Limited board, taking into account their needs, skills and experience. Input from McDonald’s is also provided on director appointments on an ad hoc basis.

The size and composition is appropriate to a focused, operating company and the Company remains committed to developing a diverse workforce and leadership team.

All employees base and bonus remuneration is benchmarked regularly against the market to ensure this is consistent with the industry and no Directors are involved in deciding their own remuneration. Directors are not compensated for their services as directors.

In 2021 |

- Mark Kiernan was appointed Director
- Gareth Pearson resigned as Director

Operation of the Board

The Board formally met twice in 2021, in May and November, with the aim of focussing on key areas of business. The Board receives 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 allows the Board sufficient time to focus on key areas whilst using the time together effectively.

The responsibility for good governance lies with the Board. The Board is collectively responsible for the long-term success of the Company and achieves this through its oversight of the business and restaurants, generating value for its shareholders 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 the Company 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 senior management to execute their responsibilities fully and in the interests of its stakeholders.

Matters not specifically reserved for the Board have been delegated to the Managing Director for the day-to-day management of the business. The Managing Director will also lead on the direction of the business as determined by the Board and certain matters relating to third party agreements, financing, litigation, amongst others, require Board approval.

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

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	Method of engagement
Shareholders	To provide sustained profitable growth.	The Board engaged with Grant Copper and McDonald’s at various points throughout the year and on all major decisions that affect our restaurants. The Board convenes on a formal basis twice a year.
Customers	To provide high quality food and a superior service in a clean and welcoming environment at great value.	McDonald’s website, the My McDonald’s App, the McDonald’s Newsroom and Social Media.
Employees	To provide opportunity nurture talent develop leaders and reward achievement.	We utilise McDonald’s employee communication channels as well as our own tailored channels to communicate. Further information can be found below.
Suppliers	To work with our suppliers so that we can deliver for the customers and communities we serve.	As a McDonald’s joint venture we primarily utilise the McDonald’s established supply chain who manage many of our suppliers on our behalf.
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.	Environmental initiatives and goals are progressed in-line with McDonald’s wider environmental strategy. We are aligned to McDonald’s new initiative - Plan for Change.

Principal decisions

In the table below we outline principal decisions made by the Board during the year under review. We define principal decisions as those decisions that are of a strategic nature and are significant to any of the key stakeholder groups as indicated above. The table below explains how the directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered during the course of the decision-making.

Key stakeholders	Principal decisions	Impact on business	Considerations	Outcomes and actions
All groups.	Open new Portsmouth delivery kitchen.	Increased revenues. Reduce capacity concerns in neighbouring restaurant. Offer employment and development opportunities.	Additional investment. Local authority (LA) reaction. Ability to adequately staff. Ability to profitably operate a new restaurant format. Employment opportunities, including the creation of 45 new jobs. By migrating the delivery business from the local Drive Thru restaurant (#1257 Pompey Centre) to a purpose built delivery kitchen, less traffic congestion around the DT and improved local amenity.	Successful opening. Positive impact on neighbouring restaurant. Elevated customer experience. New opportunities for our people. Increased employment opportunities. Profitable operation. LA and neighbouring business resistance - continuing to work with LA and neighbouring business.
All groups.	Numerous decisions made in response to the COVID-19 pandemic.	The COVID-19 pandemic adversely affected consumer spending and confidence levels and supply availability and costs, as well as the local operations in the UK.	Favourable for all groups as this: <ul style="list-style-type: none"> - responded to, and steered the business through, the impact of the pandemic; - helped protect the health and safety of our employees and our customers; - will mitigate cost and waste; - will strengthen the relationship with all stakeholders; - will preserve financial stability for all stakeholders in so far as possible; and - helped protect job security. 	See the measures put in place under sections COVID-19 Pandemic. Business was profitable for the year with no redundancies necessary.

All groups.	Increase number of delivery partners.	Investment leading to revenue growth and profit for the business.	<p>Favourable for all groups as this will:</p> <ul style="list-style-type: none"> - generate additional profit for stakeholders; - lead to an increase in availability for customers; - lead to more employee opportunities;- strengthen the relationship with delivery operators; - provide suppliers with additional security in the supply chain; and - create a positive impact on local communities through job creation. 	<p>Deliveroo was selected by McDonald's as an additional delivery partner in addition to the existing partners UberEats and Just Eat. The Company benefits from this selection as part of the McDonald's system.</p>
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HOW WE MANAGE AND MONITOR RISK

At South Coast Foods Limited we seek to maintain our high standards as set by McDonald's Corporation whilst balancing the risks. By carefully aligning our risk appetite to McDonald's strategy, we aim to deliver sustainable long-term shareholder returns.

McDonald's ultimate parent, McDonald's Corporation manages and assesses risk. Many risk factors span across all markets including the UK and the key risk factors are discussed within the financial statements of McDonald's Corporation, found [here](#) and McDonald's for the year ended 31 December 2021 which can be accessed online at Companies House.

Further, we strive to foster safe, inclusive and respectful workplaces wherever we do the business whilst respecting the fundamental rights of our 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 our employees, particularly vulnerable groups such as migrant labourers, indigenous peoples, women, or children, we are also guided by McDonald's and other international standards that elaborate on their rights.

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

The Board, in furtherance of the McDonald's wider strategy, promote and support the maintenance of a strong risk management framework.

All employees are responsible for the management of risk, proportionate to the relevant employees' 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 employees. This risk framework underpins our strategic priorities, reinforced by the Company 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.

We have a strong risk culture, which is embedded through clear and consistent communication and appropriate training for all employees. In all of its activities the Board requires our employees and suppliers conduct business with the highest ethical and professional standards, including adhering to the [Standards of Business Conduct](#) set out by McDonald's Corporation.

This risk framework underpins our strategic priorities, reinforced by the Company values, helping us to identify current 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.

Business Planning

The Board receives bi-annual reports from management on updates from all areas of the business including business strategy and insights, operations, IT & digital, and finance, which it takes into account in its discussions and decision making. Additional non-financial disclosures detailing the policies pursued by the Company in relation to the workforce, the environment,

social matters, human rights, anti-corruption and anti-bribery matters are also received by the Board.

The Company's senior leadership also convene an annual planning meeting to discuss the activities of the Company as well as discuss the business plan for the upcoming year. This may include visiting Company restaurants as part of this meeting.

The Board receive updates from McDonald's on McDonald's decision making as well as updates and approaches in relation to how McDonald's deals with different policies and financial disclosures.

The Board determines those areas of the business that require formal annual sign-off, including:

- financial reporting - an annual financial audit of the business is conducted
- food hygiene, health and safety - periodic local authority audits are completed and published on the Food Standards Agency website
- insurance cover - an update on the parameters of the insurance schedule (including claims updates) is completed annually and reviews of premiums for the following year are completed
- compliance with employment practices - our Managing Director and People Officer present updates on the implementation of HR policies and internal people audits at the twice yearly Board meetings

COVID-19 Pandemic

Health epidemics or pandemics inevitably adversely affect consumer spending and confidence levels and supply availability and costs, as well as the local operations in impacted markets, all of which can affect financial results, condition and outlook. Importantly, the global COVID 19 pandemic disrupted global health, economic and market conditions, consumer behaviour and the Company's restaurant operations.

While we cannot predict the duration or scope of the COVID 19 pandemic, the resurgence of infections in the UK or the impact of vaccines across the globe, we made a strong recovery in 2021 which has continued into 2022. Given the success of the vaccine program, removal of government restrictions and the announcement of the government's Living with Covid policy, we assume future restrictions are unlikely in the short or medium term.

In 2021 | Grant Copper attended various meetings with McDonald's and the executive team in response to the pandemic. These frequent engagements allowed us to continue assessing the impact of the pandemic on our business and our people, introduce changes in line with government guidance and consider the "road to a better normal" to allow the Company to emerge from the COVID 19 pandemic.

Workplace health and safety

The Company has always focused on protecting the health and safety of our employees and our customers.

- In response to the COVID 19 pandemic, the Company made informed decisions to develop new ways of working in the areas of hygiene and safety by following government and World Health Organisation guidance, together with best practice from McDonald's.
- In addition, and through McDonald's, the Company engaged with a global leading public health consultancy to provide ongoing counsel and expertise on infection prevention and control and to identify best practices to mitigate the spread of COVID 19.
- Elevated health and safety standards have been executed across all the Company's restaurants and supplement the Company's priority on maintaining the safety and well-being of its staff and customers. Such measures have included, but are not limited to, restricting numbers of staff at sites, redesigning operations within kitchens to ensure the appropriate social distancing is in place, requesting that customer payments are made electronically rather than with cash and installing screens within our kitchens to help protect staff. Re-opening guidelines and checklists for restaurants, protective equipment, new e-learning modules, health declarations, and many other controls have been implemented to help minimise the risk of transmission of COVID 19 in our workplaces.

Employees

- Throughout the COVID 19 pandemic, our employees have been our priority. As the pandemic evolved, a number of measures were taken to ensure financial stability of our employees.
- The Company utilised one of its employee engagement practices, "Love to Listen", as described below, to ensure employee feedback was considered prior to removing any of the safety measures in place as well as to collate and develop a comprehensive plan that peeled back safety measures from the end of 2021 to March 2022.

Human Rights

The Company supported by McDonald's strives to promote a working environment that is free from unlawful harassment, victimisation, bullying and discrimination. The Company regards all of its employees as members of a team where everyone's opinion is valued, everyone is regarded as equal in status and everyone must always be treated with fairness and respect. The Company's Diversity Policy exists to ensure that no job applicant or existing employee is treated less favourably on the grounds of their gender, age, marital status, disability, race, colour, sexual orientation, nationality, ethnic origin, religion or belief and that no-one is disadvantaged by conditions, requirements or practices which cannot be shown to be just and fair. The way we recruit and work should ensure that employees are selected, promoted and treated according to their ability and that everyone has an equal opportunity to receive training and development.

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.

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 2021 Financial Year](#).

In 2021 |

We continued anti-bullying, harassment and discrimination training for all our employees and managers.

HOW WE COMMUNICATE

Our communications approach, influenced by McDonald's, is driven by our guiding principles embedded in the Company values:

- ✓ Dependable and committed to doing the right thing;
- ✓ Open to different ideas and cultures; and
- ✓ Connected to customers, 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 we work together with our suppliers to deliver for the customers and communities we serve.

Customer Engagement

Our customers are at the heart of everything we do. We acknowledge the importance of keeping our customers engaged with our business. As a McDonald's joint venture we utilise McDonald's established customer communication channels, as well as our own tailored channels, to effectively communicate with our customers including:

McDonald's website

To provide clear and concise information to our customers, McDonald's regularly keeps its website updated with the latest news including offers and menu changes for our customer. The website also contains sections that highlight McDonald's efforts to become more sustainable, of which we contribute to, as well as an about section on food showing where ingredients are sourced from.

McDonald's App

The McDonald's App provides customers with the latest information on menu changes and offers. The app, which is operated by McDonald's, also sends push notifications to customers who wish to receive these on their mobile phones letting them know of deals in their local area.

The press and our newsroom

The [McDonald's Newsroom](#) is updated regularly to ensure both the media and the general public are aware of the latest announcements made by McDonald's, including our restaurants.

Social Media

McDonald's delivers targeted, relevant social content and positive interactions on our behalf that reflect the role that we play in our customers lives, to drive positive sentiment, engagement and affinity. The aim is to make sure that every interaction leaves people a little happier than they were before. We also operate our own social media channels including Facebook and Instagram to engage with our local customers.

Newsletters

We engage with customers who have signed up to receive the McDonald's newsletter through emails and mobile push notifications and we use these communications, which are managed by McDonald's, to help keep customers up to date with McDonald's news, marketing campaigns, product launches and offers.

Employee Engagement

Our employees are absolutely key to our success. Whether they work in our restaurants or in a support function, we would not 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: 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. Supported by McDonald's, 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 the Company 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.

These procedures ensure that the Board engages regularly with both our office staff and our restaurant crew on a host of areas, including programmes relating to pay and benefits and is updated regularly on how everyone feels about working at the Company.

As a McDonald's joint venture we utilise McDonald's established employee communication channels, as well as our own tailored channels, to effectively communicate with our people.

Employee Surveys

McDonald's helps us undertake quarterly employee surveys to allow everyone in the business to comment on how they feel about their role at the Company and 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 conducted include:

Love to Listen

These are conducted four times a year and are sent to all our restaurant staff. The aim is to regularly establish sentiment from restaurant based employees using 15 questions. Whilst these surveys are normally conducted 4 times per year, the survey waves have been conducted bi-weekly for period of 12 weeks. This approach has ensured that feedback given is reflective of not just a few points in time, but from across the whole year. Questions have focused on satisfaction, safety, wellbeing and diversity, equity and inclusion with employees encouraged to take the surveys more frequently. The key measurements for these surveys are the questions: "How satisfied are you with your job at McDonald's?" and "My Health and wellbeing is a priority for my management team".

The Love to Listen OurLounge Poll

This gives all employees the opportunity to give regular feedback on how they are feeling. A

different question is asked every 2 weeks. Our restaurants are able to view their staff's feedback. A number of questions are aligned with McDonald's. Questions are timed to correspond with events that are happening across the business and are bucketed into three main categories:

1. Crew Experience
2. People Promise
3. Crew Engagement

With the support of McDonald's we have evolved our approach to employee listening and engagement and there are now even more ways to give our people a voice.

Newsbites

Through McDonald's, we have benefited from 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. Newsbites has been well received within our restaurants with a consistent above average open rate and click rate and subscriber numbers continuing to grow.

In 2021 Throughout 2021 and in light of the global pandemic, we continued engagement with our workforce through different means and offered them the opportunity to inform us about their wellbeing and safety when at work.

Love to Listen

Our approach to Love to Listen Surveys in 2021 was to continue to focus on what makes our people happy at work. It has remained imperative to provide our employees with a platform that highlights health & wellbeing and allows them to give feedback. This has been used to inform business decisions throughout the year.

- January 2021; Restaurant employees - 1764 responses, 73% agreed or strongly agreed that the Company cared about their Health & Wellbeing
Of the participants, 79% were happy or very happy with their job.
- November 2021; Restaurant employees - 2198 responses, 82% agreed or strongly agreed that the Company cared about their Health & Wellbeing.
Of the participants, 84% were happy or very happy with their job.

McDonald's UK Intranet

The McDonald's intranet, which our business managers have access to, is also a useful point of reference for everyone in the business, providing weekly operations updates, 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 program, to ensure that our employees get access to any additional support they may need.

OurLounge

OurLounge is an internal communication channel to help restaurant employees feel closer to our Company and the McDonald's brand, to understand their role in achieving our vision and to help us engage employees from their very first day.

As a key channel of communication to our hourly paid restaurant employees, it plays a vital role in communicating key business priorities but also has an important role in raising awareness of Company initiatives, news and messages as well as giving employees access to opportunities such as apprenticeships. Employee opinions and feedback are regularly collated through surveys, Bright Ideas and the Social Feed.

Bright Ideas is a platform for sharing ideas, that's accessed via OurLounge. Every month either a specific question about an area of the business is asked, or its left open to share any Bright Idea an employee may have (bright ideas unleashed). Employees can then vote on their favourite idea, and there are prizes given for the top ideas. All the suggestions are reviewed, and we look to implement as many as we possibly can.

This internal communication has steadily increased its user numbers through engaging and informative content as well as competitions to reward and recognise employees across all our restaurants.

MYSTUFF 2.0 (HR System)

MYSTUFF2.0 is a people system managed by McDonald's which we utilise. The system gives our people a mobile friendly platform to manage their own personal data and 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.

Training via FRED

All of our staff have access to the online learning and development platform operated by McDonald's called FRED. FRED is a shoulder-to shoulder training support tool that is mobile compatible, delivering e-book style resources such as:

- Interactive learning journals
- Leadership curriculum books
- Reference materials
- Quality reference guide

Fred is the one-stop-shop for all learning reference materials, available to every employee with their own unique log on details. The McDonald's learning and development curriculum is offered to all company employees.

Furthermore, the Company offered those employees who wished to utilise their time during the COVID 19 pandemic to develop their skills the opportunity to join a range of virtual training sessions.

Regular Meetings

Throughout the year we host regular meetings with our staff to ensure that they are kept up-to-date on the latest Company progress, training and operational requirements. This forum also gives staff an opportunity to feedback to senior management. This includes quarterly meetings with our business managers and bi-annual meetings with our salaried managers.

In 2021

During the national lockdown in January 2021, we evolved our internal communications to engage with our teams and keep everyone connected whilst staying at home. This included various online competitions and quizzes, tips to stay healthy as well as reminding everyone who they can contact if they needed any help. The Company continued to maximise the benefits of online tools in 2021 by holding frequent meetings with all levels of the business. These meetings were not only business focused, but also provided an opportunity to stay connected on a personal level.

Regular Communications

We keep our employees updated regularly via regular McDonald's emails, which are tailored to their role within our business, these include:

Operations Update

The Operations Update, which is managed by McDonald's, 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. These are issued to our business managers and are sent weekly every Monday.

In 2021 Operations Updates continued to be published weekly

People Team Updates

In addition, our People team often communicates with all employees via email updates. These communications range from various topics such as making employees aware of new policies, updating them on any changes as well as reminding them of training and development opportunities which are available. In addition our employee focused Facebook page provides an environment in which our staff can socialise online as well as give the Company a channel to update our employees.

In 2021 Each of our restaurants held virtual or face to face staff meetings on a quarterly basis.

Shareholder Engagement

As a joint venture, the Company is aligned with McDonald's and the wider McDonald's system. McDonald's is a global brand with a franchise model and as a joint venture, the Company is able to benefit from McDonald's operations and experience as well as the insights it provides into people, customers and communities served. Engagement with McDonald's is paramount for all

decisions that affect the Company's restaurants, ensuring that decisions are appropriately considered before being implemented and are made for the long term benefit of the Company and its shareholders.

The Board has the responsibility to engage with McDonald's on initiatives and programmes. The local community presence is foundational to the wider McDonald's brand and is crucial to the Company's ability to both identify and respond quickly to risks for the business as well as proactively looking for opportunities that will continue to drive the Company's business forward.

The Board engages regularly with McDonald's, and other franchisees, across a range of channels, including:

Live calls:

In 2021, 15 live calls were held which covered updates from McDonald's leadership on a number of topics including strategy, operations and innovation to its franchisees and joint ventures through live calls.

Franchisee Engagement Sessions:

In 2021, 6 virtual Franchisee Engagement Sessions were held which allow the Company to provide insight and input to McDonald's including on the creation of McDonald's business plans which we ultimately adopt.

Roadshows:

In 2021, there were 3 virtual roadshows held. These roadshows are an opportunity for the Company to engage with the McDonald's leadership whereby McDonald's shares key business updates and initiatives provides an opportunity to provide feedback and answers questions. For 2021 the main focus of these sessions included: the emergence from the pandemic; financial outlook and support; imagining solutions and partnering; and solutions for operational challenges.

Consultants:

As a joint venture, we have access to the support of a McDonald's consultant who have on average twenty years' of experience within the McDonald's System. Consultants have an astute understanding of all commercial and operational aspects of the business including driving profitable sales, developing people strategies as well as having a rounded understanding of the wider business landscape, and are therefore well-equipped to support the Company on both the day to day challenges our restaurants and the Company face, as well as its longer-term strategic investment decisions.

Supplier Engagement

As a McDonald's joint venture, we primarily utilise McDonald's established supply chain who manage many of our suppliers on our behalf.

We are proud supporters of British and Irish agriculture via McDonald's who work with over 23,000 British and Irish farmers who supply quality produce for our menu, as well as businesses

who help us create more sustainable packaging. Through McDonald's we have an extensive supply chain across the UK and we believe that our suppliers contribute to our success.

We have long-term partnerships with many of our suppliers. 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, including our Company, has enabled our suppliers to grow with us and drive positive change within their own businesses.

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

In 2021 The Company worked closely with McDonalds and its suppliers on contingency planning for assured supply so that we were able to continue to operate safe restaurants, and we had no breaks in supply for food, packaging, toys or equipment due to the COVID-19 pandemic.

Further information can be found in the annual report and financial statements of McDonald's Restaurants Limited for financial period ending 31 December 2021 which can be accessed online at Companies House and also on their website.

Other engagement

As a McDonald's joint venture our environmental initiatives and goals are progressed in-line with McDonald's wider environmental strategy of which many McDonald's franchisees across the UK align with. In October 2021, McDonald's launched its Sustainability and Brand Trust Strategy "**Plan for Change**" framework.

The Plan for Change is a clear plan with goals and actions to help lead positive change right across the business. It outlines ambitious changes across four areas:

- **Planet positive** - making a positive difference to the planet, reaching net zero and being nature positive by protecting and restoring nature;
- **Great foods** - great food that is made from quality, sustainably sourced ingredients, offering balanced options the whole family can enjoy;
- **People positive** - championing great people, whatever their background - and helping to open doors to skills, jobs and opportunities; and
- **Great restaurants** - great food deserves to be served in great restaurants which are sustainable for the future - net zero and closing the loop on waste.

Families & their wellbeing

We are a proud supporter of Ronald McDonald House Charities ("**RMHC**") which is the chosen charity partner of McDonald's. Throughout the year we hold events and encourage our customers to donate to this great cause all with the aim of funding the amazing work RHMC does in providing the families of sick children with safe and clean accommodation near

hospitals. In particular we support the RMHC houses in our local area at Southampton Children's Hospital and The Royal Alexandra Children's Hospital, Brighton.

In 2021: For RMHC we raised £148,406 across all our restaurants.

Shaping Portsmouth

Portsmouth is one of the key areas within which the Company operates. We want Portsmouth to be the best City it can be, so we support Shaping Portsmouth, a group with champions Portsmouth as a city in which to invest, live, work and visit.

Keeping Britain Tidy

We remain actively involved in the Keep Britain Tidy Scheme in the area within which our restaurants are located. As well as regularly conducting litter picks outside our restaurants we join local Keep Britain Tidy events to ensure that our local communities are as clean and tidy as possible.

In 2021: Whilst observing COVID-19 protocols, we continued with Keep Up the Clean Up events throughout the year including beach cleans, park tidy-ups and river clean ups all carried out by our staff.