



McDonald's



Corporate Governance Framework 2020





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About McDonald's

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 high 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, its franchisees and suppliers, are referred to herein as the "**McDonald's System**".



Our Approach

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

In 2020, McDonald's Corporation announced a new growth strategy, Accelerating the Arches. This approach encompasses all aspects of McDonald's business as the leading global omni-channel restaurant brand, and includes a refreshed purpose, updated values, and new

growth pillars that build on the McDonald's Corporation's competitive advantages.

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, our employees, franchisees, suppliers and the wider McDonald's stakeholders to fulfill our brand purpose and mission.

Our Governance Framework is evolving 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 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.

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 high 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.

McDonald's believes that it is our employees, all around the world, who set us apart and bring these values to life on a daily basis.

In addition, McDonald's employee strategies aim to create an environment grounded in diversity, equity and inclusion; continually evaluate and evolve compensation and benefits programs, while offering quality training and learning opportunities; and uphold a high standard of health and safety for our employees and customers alike.



Diversity, Equity and Inclusion

Our success depends in part on McDonald's system's ability to proactively recruit, motivate and retain qualified individuals to work in McDonald's restaurants and to maintain appropriately-staffed restaurants in an intensely competitive environment. At McDonald's, our aspiration is that no matter where you are in the world, when you interact with McDonald's, inclusivity and equity are evident. We believe that a diverse workforce is critical to McDonald's global success, and we are committed to making this a continued priority for McDonald's Corporation and the Company.

With strong leadership, McDonald's Corporation in 2020 launched a new global diversity, equity and inclusion ("DE&I") strategy designed to drive accountability across the McDonald's System to better represent the diverse communities in which McDonald's operates, to accelerate cultures of inclusion and belonging, and to further dismantle barriers to economic opportunity. McDonald's Corporation's enhanced DE&I strategy builds on existing initiatives from across the business, including:

- the ongoing initiative to improve the representation of women at all levels,
- long-standing work designed to encourage franchisees and suppliers to create greater diversity in their own operations,
- upholding human rights and cultivating a respectful workplace that is ethical, truthful and dependable,
- our commitment to equitable pay among employees with comparable job responsibilities, experience, performance and contributions.

While McDonald's Corporation is proud of our more than 65-year history as an employer, the expectation is the global DE&I strategy to represent a step change in how we view equitable opportunity across the McDonald's System and are committed to accelerating the representation, inclusion and opportunity for historically underrepresented groups throughout the business. Aligned with the global brand purpose, mission and values, this strategy will shape the future as a leading employer.



Growth Pillars

The new growth pillars, rooted in McDonald's Corporation and the Company's identity, build on historic strengths and articulate areas of further opportunity. Under direction and guidance from McDonald's Corporation, the Company will:

- **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. The Company is 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.
- **Commit to the Core** by leveraging customer demand for the familiar and focusing on serving delicious burgers, chicken and coffee.
- **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.



- **Digital:** The Company's new digital experience growth engine, "MyMcDonald's" will transform its digital offerings across drive thru, takeaway, delivery, curbside pick-up and dine-in. Through the digital tools across this platform, customers will receive tailored offers, be able to participate in a new loyalty program and order and receive McDonald's food through the channel of their choice.
- **Delivery:** Over the past three years, the Company has expanded the number of McDonald's restaurants offering delivery and delivery sales have grown significantly. The Company will build on this progress and enhance the delivery experience for customers by adding the ability to order on the McDonald's app and optimising operations with a focus on speed and accuracy.
- **Drive Thru:** The Company has drive thru locations in over 945 restaurants in the UK. During the COVID 19 pandemic, this channel has heightened importance and we expect that it will become even more critical to meet customers' demand for flexibility and choice. The Company will build on its drive thru advantage as the vast majority of new restaurant openings in the UK will include a drive thru. The Company will test new concepts and technology to enhance the customer experience, including automated order taking; a new drive thru express pick-up lane for customers with a digital order; and a restaurant concept that offers drive thru, delivery and takeaway only to provide a faster, more convenient experience.

The Company's approach is underpinned by a relentless focus on running great restaurants, including improving speed of service to address customer needs. The Company 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

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.

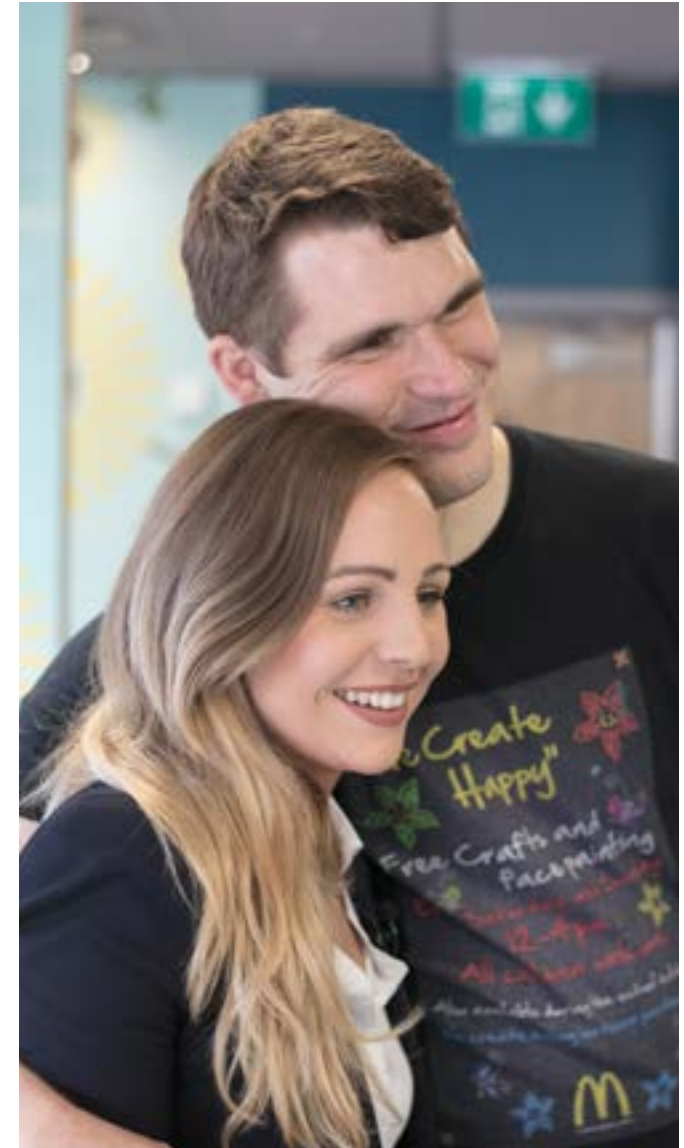
Effective 1 January 2019, McDonald's Corporation operates under an organisational structure with the following global business segments reflecting how management reviews and evaluates operating performance:

- U.S. - McDonald's Corporation's largest market. The segment is 95% franchised as of 31 December 2020.
- 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, Russia, Spain and the UK. The segment is 84% franchised as of 31 December 2020.

• International Developmental Licensed Markets & Corporate - comprised primarily of developmental licensee and affiliate markets in the McDonald's System as well as McDonald's Corporations corporate activities. The segment is 98% franchised as of 31 December 2020.

McDonald's Corporation franchises and operates McDonald's restaurants, which serve a locally-relevant menu of quality food and beverages in 119 countries. Of the 39,198 restaurants at year-end 2020, 36,521 were franchised, which is 93% 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.



How we are organised

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 McDonald's 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 McDonald's 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 and pricing strategies that will ultimately benefit McDonald's restaurants.

McDonald's 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





How we are organised

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.

The Company is the primary franchisor in the UK and 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.

In the UK more than 91% of the restaurants are owned and operated by over 170 businessmen and more than 20 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.

**2020**

• The UK market is 91% franchised.

In the UK a significant 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.

Approximately four million guests visit our restaurants across the UK every day. 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 4 million guest visits 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 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**") is comprised of all local Senior Vice Presidents ("**SVP's**"), the General Counsel ("**GC**") and the UK Chief Executive Officer ("**UK CEO**").



Paul Pomroy – CEO

Paul Pomroy was appointed UK CEO for the Company in February 2015. He has been a part of the UK leadership team, helping to drive the sustained success of the UK business, over the past decade.



John Park – SVP, Chief Financial Officer

John became Chief Financial Officer for the Company in April 2016 and is responsible for the finance, supply chain and legal functions. John oversees the Company's annual spend with UK suppliers.



Henry Tricky – SVP, Chief Development and IT Officer

Henry was promoted as Chief Development and IT Officer in 2016 having joined the Company in July 2008 as vice president for development. Henry is responsible for the asset management of the business' existing portfolio of property, leading restaurant openings and overseeing the IT and digital developments across the business.



Jason Clark – SVP, Chief Operations Officer

Jason was appointed Chief Operations Officer for the Company in October 2016 and was responsible for the restaurant business, franchising and corporate operations during 2020. In April 2021 he was appointed Field Vice President for the Atlanta Field Office in the US. He will be responsible for the US region encompassing North and South Carolina, Georgia and Florida, an estate of more than 1,700 restaurants.



Tina Dekker –GC and SVP, Chief Legal, Franchising & Compliance Officer

Tina is the Company's General Counsel and Chief Legal and Corporate Relations Officer. Tina is responsible for leading the legal, compliance, risk management, corporate communications and franchising teams and providing support across all business functions. Tina is also the Company secretary.



Gareth Pearson – SVP, Chief People Officer

During 2020, Gareth was the Chief People Officer and led the people team across the UK. He was responsible for human resources, education, learning and development, diversity and inclusion and talent management. Gareth also looked after the change management function. In April 2021 Gareth was appointed Chief Operating Officer taking over the responsibility for the restaurant business, franchising and corporate operations from Jason Clark.



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 senior management to execute their responsibilities fully and in the interests of McDonald's Corporation and its stakeholders.

2020

The Executive met monthly during 2020. Additional meetings were also held in response to the COVID 19 pandemic.

The Executive

The business of the Company is managed by an Executive team (the "Executive") lead by the UK CEO and SVP's. The Executive is made up of all SVP's and selected senior leadership covering all core areas of responsibility for the UK business. The role of the Executive and SVP's 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.

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 ensures the Board focus sufficient time on key areas whilst using the time together effectively.

**2020**

- **The Board convened formally twice, in April and September 2020.**
- **The Board engaged regularly with its stakeholders along with the Executive across a range of channels on a variety of topics in 2020, including but not limited to:**
 - preparation for Brexit;
 - responding to the COVID 19 pandemic;
 - financial planning;
 - marketing planning;
 - supply chain and distribution;
 - health and safety;
 - operation updates;
 - digital and IT updates;
 - employee updates;
 - franchising and JV updates; and
 - regulatory and legal updates.

Director Appointments

All local SVP's and the local GC 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 on appointed to the Board who are new to the McDonald's System and senior leadership. The Board also receive comprehensive guidance from the Company secretary on the Governance Framework and the Wates Principles including training and development, as well as their duties as directors of the Company.

All employees' base and bonus remuneration, including 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.

2020

- **Gareth Helm left the business and resigned as director of the Company.**
- **Gareth Pearson was promoted to SVP and appointed as a director of the Company in March 2020.**

Joint Ventures

In addition to the conventional franchise arrangements, the Company operates a small number of joint ventures ("JV's") with Franchisees. The JV's operate a group of franchised McDonald's restaurants across the UK.

These JV's operate in much the same way as a conventional arrangement, however the JV's board consists of two nominated directors by McDonald's and two nominated directors by the Franchisee. The McDonald's nominated directors also members of the Executive and are aware of the potential for conflicts of interest. All McDonald's nominated directors are provided with conflicts of interest training as well as directors' duties training on a regular basis in order to mitigate any conflict. Additionally a structured training programme exists based on the individual's needs, skills and experience for those McDonald's nominated directors who are appointed to the JV board. Input from the Company is also provided on director appointments on an ad hoc basis.

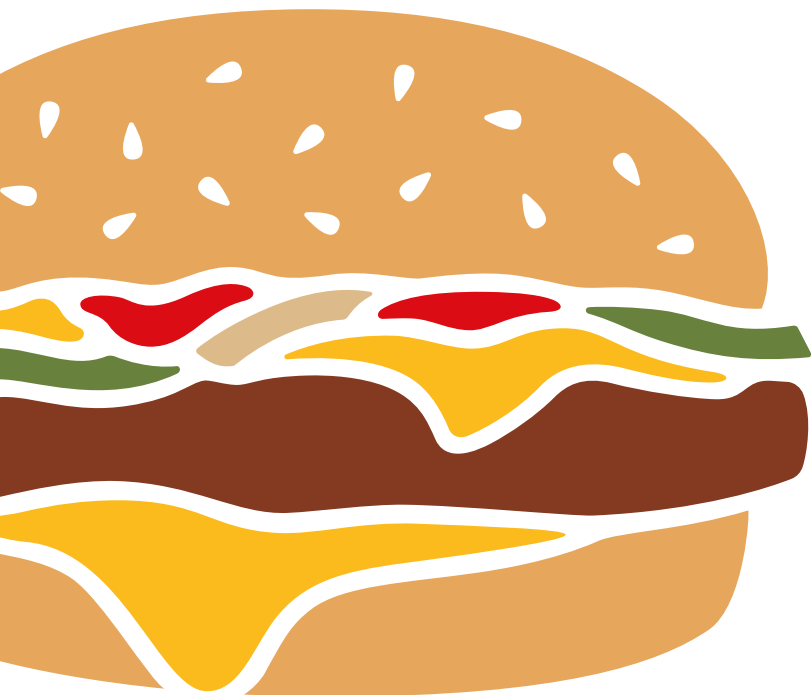
2020

- **The Company has 3 JV's in the UK.**
- **2 McDonald's nominated directors of JV's resigned and 2 further McDonald's nominated directors were appointed in 2020.**
- **The 2 appointed McDonald's nominated directors were provided with directors' duties and conflicts of interest training in 2020.**



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 communities and the environments in which the Company operates.



Stakeholders	Objectives	Engagement
McDonald's Corporation	To provide sustained profitable growth.	As an IOM market, the senior leadership including the Board, Executive and functions of the Company actively and regularly engage with McDonald's Corporation.
JV's	To provide sustained profitable growth.	<p>The business relationship between McDonald's and its JV's is important to the success of the Company and to protecting the McDonald's brand.</p> <p>The JV board's includes nominated directors by McDonald's and nominated directors by the Franchisee. The JV board convenes as required and in any event formally at least twice a year. The McDonald's nominated directors also liaise with the Head of Finance, Head of Franchising and Head of Legal on general governance matters that arise during the course of business and on ad hoc matters.</p> <p>See section Franchisee and JV Engagement for more details on engagement with our JV's.</p>
Franchisees	To provide sustained profitable growth.	<p>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.</p> <p>See section Franchisee and JV Engagement for more details on engagement with our Franchisees.</p>
Employees	To provide opportunity, nurture talent, develop leaders and reward achievement.	<p>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 – our owner-operators, our suppliers, and the Company.</p> <p>See section Employee Engagement for more details on engagement with our employees.</p>










Suppliers	To work with our suppliers so that we can deliver for the customers and communities we serve.	<p>As part of the wider McDonald's System, the Company and its franchisees purchase food, packaging, equipment, and other goods from numerous independent suppliers.</p> <p>See section Supplier Engagement for more details on engagement with our suppliers.</p>
Customers	To provide high quality food and a superior service in a clean and welcoming environment at great value.	<p>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.</p> <p>See section Customer Engagement for more details on engagement with our customers.</p>
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.	<p>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.</p> <p>See section Communities for more details on engagement with our communities and environment.</p>

Principal decisions in 2020

Below we outline principal decisions made by the Board in 2020. 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. The table below explains how the Board have engaged with, or in relation to, the different key stakeholder groups, how stakeholder interests were considered over the course of the decision-making process and which brand values have been considered when making these decisions.

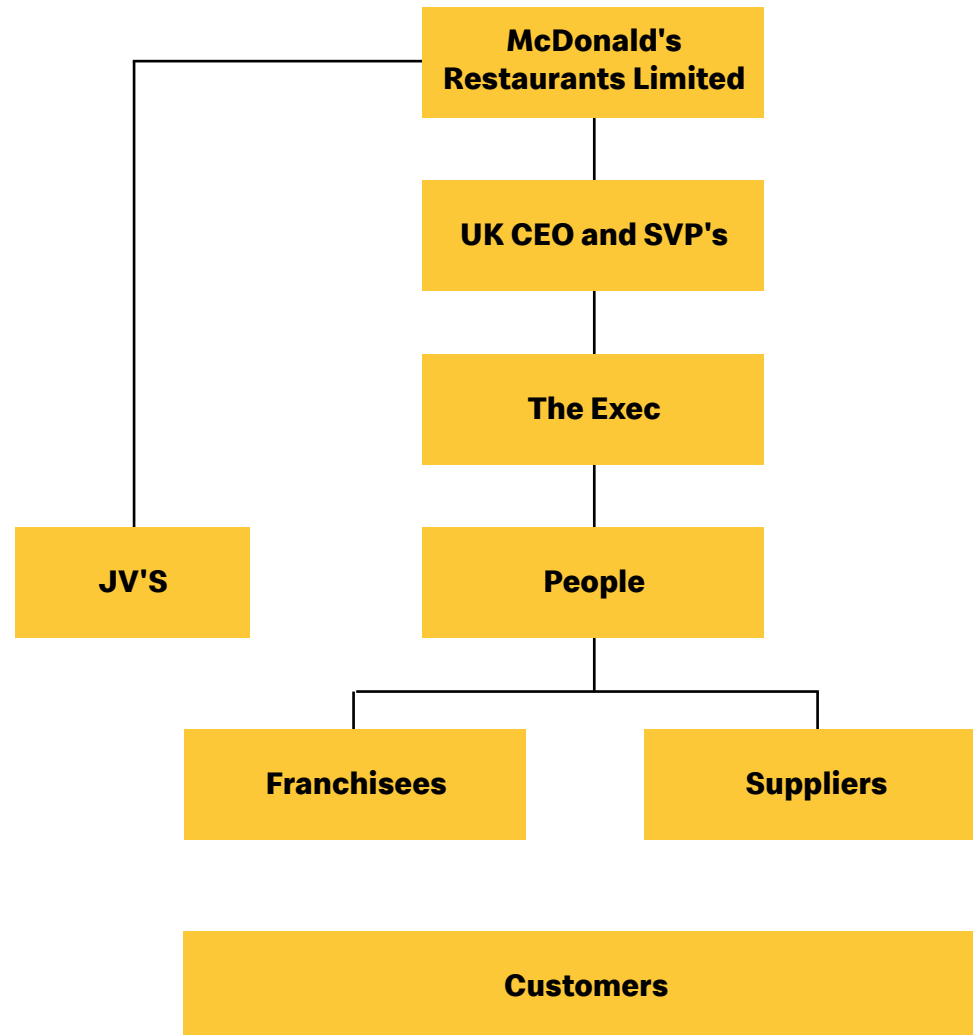
Additionally we describe how regard was given to the likely long and short-term consequences of the decisions.

Key stakeholders	Principal decisions	Impact on business	Considerations	Outcomes and Actions	McDonald's values
All groups.	Numerous decisions made in response to Brexit.	Brexit has created challenges for all business in the UK.	Favourable for all groups as this will: <ul style="list-style-type: none"> - navigate through the impact of Brexit; - mitigate tariff impact and cost; - ensure supply could be met and limiting an menu impact; - reduce the impact on employees in relation to our workforce; and - strengthen the relationship with all stakeholders. 	See the measures put into place under section Brexit.	
All groups.	Numerous decisions made in response to the COVID 19 pandemic.	The COVID 19 pandemic has 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 will: <ul style="list-style-type: none"> - responded to, and steered the business through, the impact of the pandemic; - protecting the health and safety of our employees and our customers; - mitigate cost and waste; - strengthen the relationship with all stakeholders; and preserve financial stability for all stakeholders in so far as possible. 	See the measures put into place under the sections COVID-19 Pandemic and Communities.	
All groups.	Increase the number of delivery partners.	Investment leading to revenue growth and profit for the business.	Favourable for all groups as this will: <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. 	Just Eat was selected as one of the Company's partners in addition to its existing partner, UberEats.	
All groups.	Redefine Plan to Win.	Update the process by which the Company collates, consolidates and refines its future business plans.	Favourable for all groups as this will: <ul style="list-style-type: none"> - provide clarity for stakeholders; - strengthen the relationship with all stakeholders; and in the long term generate additional profit. 	See the measures put into place under the section Business Planning.	

All groups.	Numerous decisions relating to environmental initiatives.	Implementing its overall strategic environmental plan.	Favourable for all groups as this will: <ul style="list-style-type: none"> - help our customers build better communities; - support charitable organisations; - leverage our size, scope and resources to help make the world and local communities a better place; and - strengthen the relationship with all stakeholders. 	See the measures put in place under section Environment and Sustainability and Communities.	
All groups.	Adopting the updated brand values.	Achieve our long term mission to be our customers' favourite place and way to eat.	Favourable for all groups as this will: <ul style="list-style-type: none"> - embed the values into our actions as individuals and as a McDonald's System; and - ensure our day-to-day behaviours reflect the values; and - strengthen the relationship with all stakeholders; ensure ethical decision-making. 	See the values adopted under section Our Values.	
Employees.	Adopt a new Diversity and Inclusion policy locally in the UK.	Compliment the new global DE&I strategy designed to drive accountability across the McDonald's System to better represent the diverse communities in which McDonald's operates, to accelerate cultures of inclusion and belonging, and to further dismantle barriers to economic opportunity.	Favourable for employees as this will: <ul style="list-style-type: none"> - promote equality; - prevent discrimination at work; - create an inclusive working environment for all. 	The adoption of the policy. The roll out of the first iteration of the Diversity and Inclusion policy. This policy applies to all our employees at all levels in our restaurants and offices and is regularly reviewed and monitored.	
Employees.	Adopt an updated contract policy.	Ensure that policy reflects how the business procures terms and goods or services that are appropriate for the business.	Favourable for employees as this will: <ul style="list-style-type: none"> - streamline the approval process when agreeing to terms; and - create a clear, methodical and simplified policy for all to be aware of. 	The adoption of the policy. The roll out of the updated contract policy for all employees.	
Employees.	Adopt an updated contractor policy and make relevant changes to the contractor hub.	Ensure that the policy and hub reflect updated onboard and renewal of contractors processes and comply with IR35.	Favourable for employees as this will: <ul style="list-style-type: none"> - streamline the onboard and renewal of contractors process; and - create a clear, methodical and simplified policy for all to be aware of. 	The adoption of the policy. The roll out of the updated contractor policy and amendments to the hub is envisaged for 2021 for all employees.	



Matrix on how we are governed



How We Monitor Performance

In line with McDonald's Corporation approach of analysing business trends, management reviews results on a constant basis and considers 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 ("KPI's") at a segment and geographical level. These KPI's are discussed within the financial statements of McDonald's Corporation, found [here](#).

2020.

- In 2020, global comparable sales decreased 7.7% primarily as a result of the COVID 19 pandemic. Comparable guest counts were negative across all segments for the year.
- Comparable sales in the IOM segment decreased 15.0% reflecting negative comparable sales in most markets as a result of the COVID 19 pandemic. The comparable sales decline was primarily driven by France, the UK, Germany, Italy and Spain, partly offset by positive results in Australia.
- In addition to the global comparable sales results, the Company's financial results have been filed at Companies House for the financial year ending 31 December 2020 and can be found [here](#).



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 and respect the fundamental rights of McDonald's employees, which are: freedom from slavery and child labour; freedom to associate or not associate and collectively bargain; equal opportunity for everyone; a safe and healthy workplace; and freedom from discrimination and harassment. Where McDonald's may impact the human rights of 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.

McDonald's Corporation as the ultimate parent of the Company, manages and assess risk at a segment and geographical level. 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 2020 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 Executive receive monthly reports from management on updates from all areas of the business including business strategy and insights, operations, corporate relations, IT & digital, franchising and finance, which it takes into account in its 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 with all three legs of the stool 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 the 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, but we work hard 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



How We Manage And Monitor Risk

People Review is carried out by either the Company or the Franchisees as part of our restaurant operations improvement process ("ROIP"). The ROIP is a comprehensive assessment of our franchised restaurants to ensure guidance, including on modern slavery practices, is being followed as intended.

We frequently audit our suppliers to ensure their employment practices are suitable and in line with our own employment standards. We do this with a particular focus on construction labour and delivery drivers and riders at our third-party operators. Our restaurant staff are told to report any concerning or suspicious behaviour that may suggest a third party is a potential victim of, or engaging in, modern slavery.

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 ("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 provides a Supplier Workplace Standards and Guidance Document to assist suppliers in meeting the standards. 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 Supplier Code of Conduct. 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 slave, 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 aims to help suppliers understand McDonald's expectations, verify compliance with our expectations and work toward continuous improvement.

The SWA programme is built on a model of continuous improvement and education. It includes guidance to suppliers on complying with our standards, including our expectation that our suppliers hold their own supply chains to the same high standards. We provide suppliers with training to understand the SWA requirements and how to comply with our standards. Suppliers can also choose to undergo online training to understand the expectations of SWA. Suppliers are required to complete a rigorous self-assessment questionnaire that appraises the supplier's current practices and management systems. After completing the self-assessment questionnaire, suppliers receive a report indicating areas of opportunity.

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.

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.

2020

- At the end of 2020, McDonald's Corporation had over 4,000 facilities participating in the SWA programme across 98 countries, with 96 active facilities managed by the Company. The programme audits many different types of facilities and products, such as food, packaging, uniforms and Happy Meal Toys.
- In 2020, McDonald's Corporation developed and rolled out globally two new online training modules for procurement employees to enhance their understanding of human rights issues in global supply chains.
- Despite COVID restrictions, 41 on-site audits took place for facilities managed by the Company in 2020.

For further details on how the Company takes responsibility to respect and promote human rights please see the Company's Modern Slavery Statement for the 2020 Financial Year.



Business Planning

Plan to Win

The Plan to Win (“PTW”) process is the means by which we collate, consolidate and refine the Company’s, future business plans. There is a three year planning cycle and ideas are generated and developed through 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 Executive National Leadership Group representative 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 & values, employer reputation, technological capabilities, food & 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 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.

Brexit

Following the UK’s exit from the European Union (“EU”) on 31 January 2020, both parties entered a transition period until 31 December 2020. This arrangement retained the vast majority of trading rules that the UK adhered to as a Member State and was designed to allow for both the UK and the EU to adapt to a new trading relationship in future.

This period also allowed both parties to negotiate a future relationship. On 24th December 2020, the EU and UK announced the Trade and Cooperation Agreement which came into force on 1 January 2021.

The Company took a proactive approach to preparing for the end of the Brexit transition period, and managing the potential impacts on the system. An end-to-end risk assessment of

our system was conducted, identifying risk areas from supply of goods and costs, to employees impacts on our workforces and data risks.

Mitigations plans for each were developed in partnership with business partners. A Brexit working group was convened and met regularly to assess risk and mitigation options across the business. Each working group member was accountable for reviewing and interpreting impact, risk and action plans for their function. The Company worked collaboratively both within the system - including with our suppliers and Franchisees, and outside of it - with consultancy support and engagement in external trade and industry groups, to ensure our system was set up in accordance with best practice.

McDonald’s took a proactive approach to preparing for the end of the transition period and the potential impacts on the system that it could have.

Five key areas of risk were identified:

- Assured Supply e.g. food, paper, equipment, buildings and IT;
- Cost Impact associated with Tariffs;
- Employees in relation to our workforce;
- Data Transfer
- Menu Impact

**Assured Supply**

Throughout the transition period, the Company focused on assured supply, with a focus on food and paper, particularly short shelf life products. Working closely with our suppliers and logistics partners, McDonald's built inflated safety stocks where possible, secured additional storage and had contingency plans in place for all suppliers.

Cost Impact / Tariffs

The announcement of the EU–UK Trade and Cooperation Agreement in December 2020 meant zero tariffs and no quotas on movements of goods between the UK and the EU where goods qualify under the free trade agreement would apply.

Employees

EU citizens who wish to remain in the UK had until 30 June 2021 to apply for the EU Settlement Scheme. Data analysis shows the composition of McDonald's employees based on nationality has remained stable from 2019 through to 2020. The Company has provided ongoing support where necessary to employees that are EU citizens who wish to remain in the UK.

As of January 2021, the new UK points-based immigration system came into force and support has been provided to Franchisees.

Data Transfer

Data adequacy is not part of the free trade agreement and the EU is separately undertaking an assessment of the UK's data protection regime.

Menu Impact

The Brexit working group assessed the risk to product availability and menu impact and activated communications with restaurants to prepare for contingency planning, to be used in the event of an ingredient(s) being temporarily unavailable.





COVID-19 Pandemic

Health epidemics or pandemics can 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 pandemic resulting from the COVID 19 pandemic disrupted global health, economic and market conditions, consumer behaviour and McDonald's Corporation's global restaurant operations.

In the UK local and national governmental mandates or recommendations and public perceptions of the risks associated with the COVID 19 pandemic have caused, and may continue to cause, consumer behavior to change and worsening or volatile economic conditions, each of which could adversely affect our business.

In addition, McDonald's Corporation's global operations including the Company's has been disrupted to varying degrees and may continue to be disrupted given the unpredictability of the virus, its resurgences and government responses thereto as well as potentially permanent changes to the industry we operate in.

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, and whilst the COVID 19 pandemic had an adverse impact on our 2020 financial results, we made a strong recovery in the second half of the year which has continued into 2021.

The COVID 19 pandemic may also heighten other risks, such as, but not limited to, those related to consumer behaviour, consumer perceptions of our brand, supply chain interruptions, commodity costs and labour availability and cost. Given the uncertainty that COVID 19 presents, on-going assessment by management, and engagement and communications with key stakeholders will continue.

2020

Crisis Teams

The Crisis Management Steering Group and Crisis Management Working Group were set up, as cross functional teams of the Company, to lead the Company's response to, and steer the business through, the impact of the pandemic.

Further the Company established a Rapid Response Team ("RRT") in response to the pandemic which operated from May to October 2020. The RRT was led by representatives from Legal, Communications, Franchising, Quality Assurance, People and Health and Safety. The RRT's function was to:

- assess the ongoing prevalence of potential or actual cases of COVID 19 across the McDonald's estate, including Company

owned and franchised restaurants;

- liaise with public health authorities in the event of an "outbreak" or where contacted by such authorities; and
- advise Company employees and franchisees on the best course of action in relation to specific cases.

Following the changing landscape of the COVID 19 pandemic, from November 2020 the Company transitioned the RRT to a new team called the COVID Response Team ("CRT") which absorbed the RRT's remit. The CRT's function continues to be to:

- assess the ongoing prevalence of potential or actual cases of COVID 19 across the McDonald's UK estate, including Company owned and franchised restaurants;

- Liaise with public health authorities in the event of an "outbreak" or where contacted by such authorities;
 - advise and support Company employees and franchisees on the best course of action in relation to specific cases and collate relevant resources;
 - track, interpret and communicate changing government guidance and implement appropriate processes and safeguards further to such changes; and
 - plan the "road to a better normal" to allow the Company to safely emerge from the COVID 19 pandemic.
-

**2020****Operations and re-opening**

Prior to a national lockdown in March 2020, the Company chose to close all UK restaurants early despite being exempt from closing down its takeout services in the UK. This was not a decision the Company took lightly, but one made with the wellbeing and safety of our employees in mind as well as in the best interests of our customers. Following the Company's closure of restaurants, restaurants were given the opportunity to donate excess stock to the Company's chosen charitable channels.

The pandemic impacted all aspects of business operations including health and safety; supply chain and distribution; restaurant operations and staffing; and customer demand. In addition to national lockdowns, throughout 2020, there have been varying degrees of government restrictions in all nations in the UK on operating hours and dine-in capacity.

Following the Company's engagement with government and trade bodies, restaurants reopened in a responsible and phased manner, with a limited menu, during limited hours and with modified operations procedures in place, including social distancing measures and the use of PPE, to help safeguard the health and safety of employees and customers.

In the summer of 2020, the Company also took part in the Government's scheme "eat out to help out", designed to draw customers back into hospitality venues over the summer to support the sector. The initiative offered a price discount on food and non-alcoholic drinks for customers from Mondays to Wednesdays in August 2020.

Supply chain

The Company through its supply chain function and operations function worked in remote, effective and collaborative partnership with our suppliers to protect customer and workplace safety. The supply chain function worked with suppliers to mitigate food waste in the network and associated cost. This included supporting suppliers to find alternative demand for their products, collaboration with other McDonald's markets and food donations – all of which helped to effectively mitigate cost to Franchisees.

Workplace health and safety

McDonald's has always focused on protecting the health and safety of our employees and our customers. Throughout 2020, 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 other McDonald's markets around the world.

In addition, 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. Further, the Company set up a process to capture customer data in order to adhere to the "track and trace" programmes set up by the governments across the UK.

Over the last year, elevated health and safety standards have been executed across all UK 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.

In accordance with local government guidance:

- the Company temporarily postponed or cancelled all in person non-essential business meetings, with business critical meetings being held virtually from March 2020;
- from March 2020 all the Company's corporate offices were temporarily closed and staff were required to work from home wherever possible in accordance with government guidance; and
- all non-essential construction works were temporarily put on hold in all restaurants.

**2020****Franchisees**

The Company's success as a franchised business relies to a degree on the financial success and cooperation of our Franchisees. Our restaurant margins arise from two sources: fees from franchised restaurants (e.g., rent and royalties based on a percentage of sales) and, to a lesser degree, sales from Company-operated restaurants. Our Franchisees manage their businesses independently, and therefore are responsible for the day-to-day operation of their restaurants. The revenues we realise from franchised restaurants are dependent on the ability of our franchisees to grow their sales.

Business risks affecting our operations also affect our Franchisees. In particular, our Franchisees have also been significantly impacted by the COVID 19 pandemic, and the Company have supported Franchisees in a variety of ways by granting the deferral of cash collection for certain rent and royalties earned from Franchisees amongst other measures.

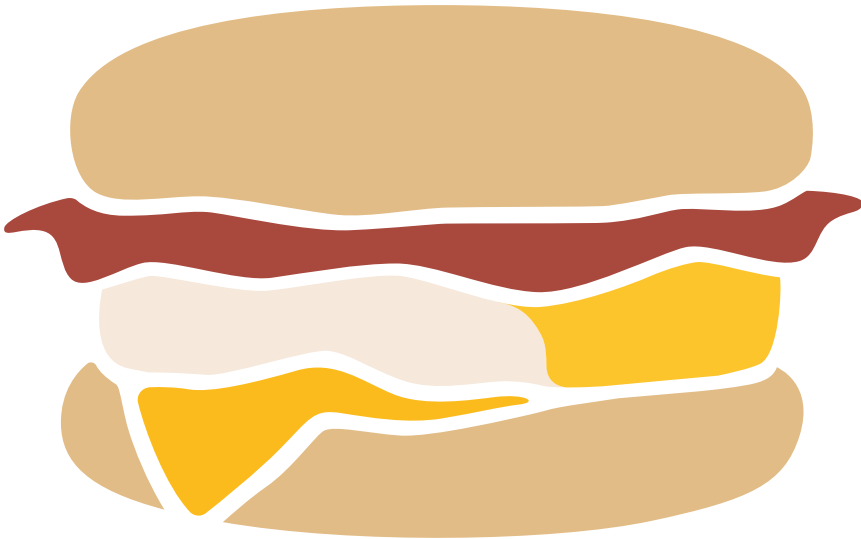
Employees

Throughout the COVID 19 pandemic the safety and wellbeing of our employees have been our priority. As the COVID 19 pandemic evolved, a number of measures were taken to assist employees.

The Company agreed to benefit from the UK Government Coronavirus Job Retention Scheme ("JRS") for as long as restaurants needed. The JRS accounted for a percentage of salary and the Company accounted for a percentage of salary, dependent on the governments varying thresholds during the course of 2020, paid to furloughed employees. A decision was made during 2020 to repay all furlough monies received by the Company from HMRC back to the government.

The Company further agreed to utilise the UK Government's "Plan for Jobs" only in relation to apprentices. The Company utilised its current hiring platform, and the scheme allowed the Company to benefit from the payments for employers who hire new apprentices. The UK Government introduced payments to employers in England for each new apprentice they hire aged under 25 and aged 25 and over, from 1st August 2020 to 31st January 2021. These payments will be in addition to the existing payments the UK Government already provides for new 16-18 year-old apprentices, and those aged under 25 with an Education, Health and Care Plan, where that applies.

Further the Company's Salford office has been underutilised for some time and is in need of a major refurbishment works. With COVID-19 pushing the way the Company employees to work in a different way, the Salford office was closed with effect from mid-December 2020.



How We Communicate 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's, 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'.

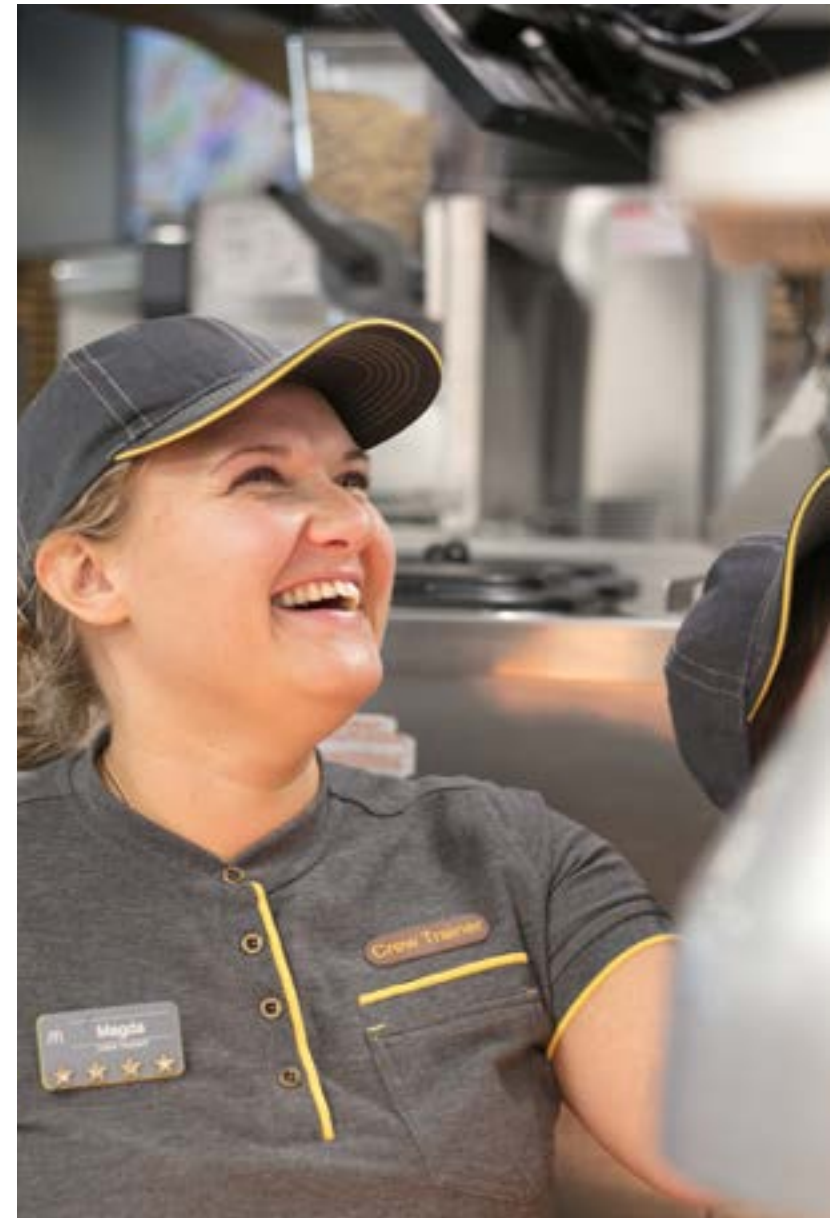
Employee Engagement

Our employees are absolutely key to our success. Whether they work in our 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. 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.

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 quarterly employee surveys to allow everyone in the business to comment on how they feel about their role at McDonald's and 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

We conduct these four times per year and are sent to all our office and operations teams. The aim is to regularly establish sentiment from all employees using 10 questions for our restaurant-based employees and 12 questions for office and operations hierarchy.

For restaurant teams, whilst these surveys are normally conducted 4 times per year, the survey waves have been conducted bi-weekly for periods 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 surveys more frequently.

The key measurements for these surveys are the questions:

- "How happy are you with your job at McDonald's?"
- "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're feeling. A different question is asked every two weeks. Our restaurants are able to view their staff's feedback. 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

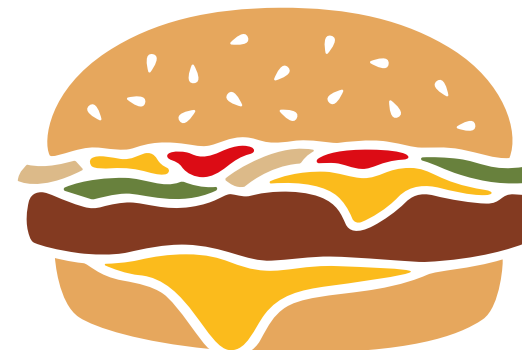
In 2019 we rolled out our Love to Listen meet ups to all our restaurant teams. These are facilitated sessions held twice a year which serve as a temperature check on how well our desired culture is being lived. Listening to our employees from their point of view to understand and acknowledge the feedback, solving a few business challenges along the way. It is interactive and inclusive. It is also being used as a follow up for office departments following the Love to Listen surveys.

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 inbox's. 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.

Global Pulse

The McDonald's Corporation's global people team conduct surveys two times per year and these are sent to our office based employees only. These results are used in conjunction with all other listening suites to develop action plans for better ways of working.





The Company has continued to evolve our approach to employee listening and engagement and there are now even more ways to give our employees a voice.

Love to Listen 2020

Our approach to Love to Listen Surveys in 2020 has been fluid, an approach that has reflected the challenges that restaurant and office teams have faced through the COVID 19 pandemic. Our Love to Listen surveys were adapted in 2020 due to the pandemic, specifically asking additional safety questions, and whether people in the restaurants were back at work for example, and the reasons why not. It has remained imperative to provide our employees a platform that is “always on” to give feedback and this has been used to inform business decisions throughout the year, particularly related to restaurant and office reopening during the pandemic.

Restaurant Results -193,000 participants across the survey waves;

- 77% really happy or happy with their jobs; and
- 81% strongly agreed or agreed that their health and wellbeing was a priority for their management teams.

Office and Operations Hierarchy – 342 responses

- 77% Really happy or happy with their job; and
- 71% of responses answered yes to the question ‘Management show they care’

Love to Listen OurLounge Poll

- On average, there were over 16,275 participants
- On average, 66% of employees agreed or strongly agreed with the questions posed

Love to Listen Meet Ups

- Love to Listen Meet-Ups started in early 2020. These meetings help our employees feedback into the business with their concerns and suggestions for positive change.
- In June 2020, the Virtual Love to Listen Meet-Ups were launched, and have been held throughout 2020/21 in some of our restaurants and in different office-based teams.

Global Pulse

- Two Global Pulse surveys were conducted in 2020.

News bites

In 2020 we saw:

- 40,000 subscribers;
- 36 issues;
- 219 of our employees stories featured; and
- 165 restaurants featured.

UK Intranet

The Company’s intranet is also a useful point of reference for everyone in the business, providing weekly office and 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.

2020

- An average of 350,000 hits per month

OurLounge

OurLounge is an internal communication channel to help restaurant employees feel closer to our brand, to understand their role in achieving our vision and to help us engage employees from their very first day. As our main channel of communication from the center 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 it’s 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.

The Social Feed is a place to ‘SHARE THE BRILLIANT THINGS YOU DO’ and a means of engaging and communicating with our employees via the UK and Irish employee sites, where they can also share and interact with other posts from other people, and the Our Lounge editor.

2020

- During 2020 internal communication was even more important and OurLounge focused on being the one source of truth for employees to visit for information on coronavirus, updates from the Company and wellbeing support.
- There were 11,409,139 page views.
- Averaged 54,961 users per month with the peak month of being 80,891 users in May 2020.
- One competition which took place in 2020 was the #hatchallenge which was started by one restaurant and included employees creating a TikTok videos at home and sharing on the Social Feed.



MYSTUFF 2.0 (Our HR System)

MYSTUFF2.0 is our employees system which was launched in November 2019. The system gives our 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.

Since launching the system we have seen:

- 7.7 million logins to the system
- 123,568 employee users on the system
- 39,291 new starters on-boarded

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.

2020

- We held 13 Town Halls
- **The key overarching topics covered during town halls for 2020 were the COVID 19 pandemic and our response to the crisis, employee wellbeing and mental health and diversity and inclusion.**
- **We had one Global Town Hall in 2020. 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. The 2020 Global Town hall focused on our response to COVID-19, Q4 earnings and new food promotions.**
- **Separate to our Global Town Hall, we also held two systemwide Worldwide Connections in July and November. These meetings focus on business strategy.**

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, and a crew operations update and other necessary attachments. These are issued to our business managers and are sent weekly every Monday.

2020

- We issued 130 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.

2020

- We issued 8 monthly Heads Up issues (January to March and August to December) plus 11 weekly issues (May to July). Note following the closure of our restaurants in March, Heads Up was paused for April and May.

- The update was rebranded to "Heads Up: Road to Re-opening", providing the information and business priorities to our franchisee consultants. Heads Up: Road to Re-opening was initially sent weekly on a Friday and revised to being sent on the second Monday of every month until the end of the year.

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.

2020

- We issued 51 Office Updates.

Paul's Thoughts

2020

- As a direct consequence of the COVID 19 pandemic, effective communication to the Company's employees, Franchisees and JV's on business updates and leadership engagement was a priority for the Company.
- As such weekly emails as of March 2020 from Paul Pomroy and other Executives were implemented, recapping content from the various live calls and end of the week update was implemented as source of engagement and keeping all abreast of the business developments in accordance with strategy decisions based on government guidance.



Culture Days and Events

We organise events throughout the year for our staff.

2020

- In February 2020, we held a Culture Day for all senior office-based employees in the Sofitel Hotel at Heathrow Airport. The day served as a follow up meeting to our initial Culture Day held in 2018 in Warwick.
- Culture Day 2020 gave the opportunity for members of the UK&I Leadership Team to facilitate discussion and activities designed to enable us to continue the conversation on our cultural evolution. The day looked at our role in leading this evolution in three ways: as individuals, with others and as part of the wider business. Time was spent together looking through the lens of each of our three Culture Pillars; Committed to Lead, Customer Obsessed and Better Together. The Culture Day encouraged attendees to think about how they see their work, their teams and the business and then consider the changes they could make individually, to collectively deliver our UK&I purpose.
- During 23-29 September 2020 we held a range of events to encourage inclusivity in our workplaces, both our restaurants and offices. This included webinars on accessibility, "Inclusivity" get togethers where colleagues can simply get to know each other and running our moving beyond bias sessions.



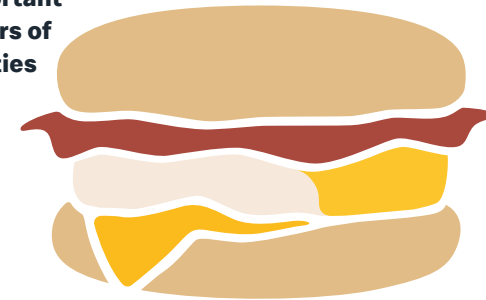
Franchisee and JV Engagement

While McDonald's is a global brand, our franchise model means we are also a collection of small businesses, focussing on what is important to each local community. Of our UK restaurants, 91% are run by franchisees, and that number is growing. 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's 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's 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's 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.

2020

- The Executive and the Exec NLG held 32 meetings in 2020 to discuss the longer-term strategic direction of the business and discuss the unprecedented challenges the business faced.

Franchisee Live Calls

The gravity of the COVID 19 pandemic on the business, has meant that many changes were required to both our 2020 business plan and also the day-to-day operations. To ensure all Franchisees and JV's were fully engaged in the updates and changes, the Executive introduced regular Franchisee Live Calls. The calls also provided Franchisees and JV's the opportunity to ask questions and provide feedback.

2020

- 34 Franchisee Live Calls were held, covering:
 - Customer and employee sentiment;
 - Business impact of the COVID 19 pandemic;
 - Re-opening testing and plans; and
 - Keeping our employees and customers safe.

Franchisee and JV Engagement Sessions

Franchisee and JV insight and input is gathered via our Franchisee and JV Engagement Sessions. All Franchisees and JV's 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's 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.

2020

- We held 6 sessions.
- 142 of our Franchisees and JV's 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.

2020

- Given social distancing rules and travel restrictions in 2020, the Executive Team moved the Roadshow to a virtual platform. This platform enabled the Executive Team to share key business updates, take feedback and answer questions.
- There were two virtual roadshows in 2020.
- The events were well received and the feedback and questions focused on the following areas:
 - Keeping employees safe throughout the pandemic whilst balancing re-opening, menu and well-being;
 - Financial outlook and support;
 - Imaging solutions and partnering;
 - Solutions for the operational challenges, that were exacerbated by the social distancing restrictions and the shift in service channels; and
 - Concerns around impact of Brexit on supply and supply chain costs.



Consultants

Each of our Franchisees and JV's 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, and are therefore well-equipped to support and consult our Franchisees and JV's on both the day-to-day challenges their restaurants and organisations face, as well as their longer-term strategic investment decisions.

2020

- Due to the unprecedented nature of the challenges faced by the business in 2020, as well as the social distancing rules and travel restrictions, Consultants have had to adapt and used virtual means to support the Franchisees and JV's.

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.

2020

- There were three PTW meetings in 2020, which were held as a combination of in-person meetings and adapted to a virtual platform.



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.

2020

- Due to the unprecedented nature of the challenges faced by the business in 2020, we held considerably more Finance Committee meetings than in previous years.
- The Finance Committee met 19 times during the year.

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's 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.

2020

- The website averaged 1,300 hits every month

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.

This publication was created to streamline the flow of information from the centre, ensuring important updates to our franchisees 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 via this channel.

2020

- We issued 64 “Fran News” emails to our Franchising community.

Supplier Engagement

As well as our Franchisees, McDonald's relies on its suppliers for success. From the farmers who provide quality produce for our menu, to the businesses who are helping us create more sustainable packaging and the technology providers helping transform the customer experience, we have an extensive supply chain across the UK.

In the UK 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, as well as businesses who help us create more sustainable packaging. We have an extensive supply chain across the UK and we believe that the brand, franchisees and suppliers, all contribute to our success, our 'three legged stool' approach.

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 works 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 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.

2020

- The Company worked closely with McDonald's Corporation 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 globally throughout 2020 due to the COVID 19 pandemic.

The Company engages in a variety of methods with its suppliers:





SAVES

SAVES is a supplier led council comprising of senior supplier representatives and McDonald's supply chain leadership team. 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 benefit across the system..

2020

- We have 7 suppliers on SAVES
- We had 7 virtual meetings in 2020 in January, February, March, June, October, November and December.
- Projects included: recycling solutions for packaging, managing capacity within our supply base and DE&I.
- COVID 19 safety measures were frequently discussed during meetings.

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.

2020

- Maintained a monthly alignment call throughout the year.
- 12 members sit on this forum.
- The forum is used to share best practice and align on the COVID 19 pandemic impacts.

Supplier Plan To Win

Our Supplier Plan To Win framework is a unique tool which aligns McDonald's and supplier strategies to deliver business benefit for the system. Food and paper suppliers submit a Supplier Plan To Win document annually, setting out innovative projects that meet our business needs and supply chain priorities.

2020

- The 2020 Plan to Win process continued in 2020 however due to the pandemic, the priority was shifted towards managing the supply chain
- Suppliers were expected to continue their workstreams under supplier self-managed excellence.

Supply Chain Committee

The primary objective of the Supply Chain Committee is to seek and share opinion on supply chain priorities and operational activities. The franchisees on the Supply Chain Committee engage with the Company to represent the view of the franchisee community and communicate and consult appropriately with the Company on any UK business tactics.

2020

- We have 9 Franchisees on this group.
- The Supply Chain Committee meets bi-monthly and there is a Charter
- The charter outlines and documents the purpose and structure of the Supply Chain Committee, along with the expectations of the members.
- The Supply Chain Committee exists to maintain a consistent and transparent link between Supply Chain and the Franchisee and Operations community on market wide activity.

Supplier Live Calls

This is a forum for all suppliers to join in order to provide visibility on the expectations from supply chain as well as providing an update on existing priorities. Supplier Live Calls are cross-departmental calls held by McDonald's to brief suppliers of topical areas of priority and/or interest.

2020

- This forum led by the supply chain function and has on average 150-200 attendees.
- Topics included:
- McDonald's trading updates throughout the pandemic and Brexit;
- Supply chain Brexit preparation updates;

Business strategy updates;

- Supply chain strategy updates;
- DE&I strategy update.



Supply Chain Conference

McDonald's hold an annual Supply Chain Conference every year in November for all food and paper suppliers. This event sets out business ambition and priorities for the year ahead and recognises suppliers and individuals at a Supply Chain Awards Ceremony.

2020

- In 2020, we did not hold a conference for suppliers due to COVID 19 restrictions, however we launched a supply chain virtual film - this was viewed by over 250 supplier colleagues.
- The supply chain virtual film captured views from across the supply chain, from McDonald's and suppliers. The film covered perspectives on impact due to lockdown and a look forward to future collaboration across the supply chain and strategic direction for working better together.
- The intention is to hold a Supply Chain Conference in 2021 subject to local guidelines and COVID 19 related safety measures.

Supplier Roundtables

Annual supplier roundtables are held by McDonald's, inviting senior executives representing 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 businesses now and in the future.

2020

- The Supplier Roundtables were suspended in 2020 due to COVID 19 restrictions.
- These will now recommence in 2021 with the aim of re-establishing the supplier relationship at a senior level and offer the leadership view on priorities coming out of the COVID 19 pandemic and future business strategy coming out of the COVID 19 pandemic and our future strategy





Environment and Sustainability

McDonald's Corporation and the Company prioritises progress across a range of environmental matters, to improve our long-term sustainability and business resiliency, which benefits McDonald's and the communities it serves. McDonald's Corporation and the Company monitors environment-related government initiatives and consumer preferences, to support the direction of our future strategy and the areas of focus in the short, medium and long-term.

To guide our management of sustainability matters, McDonald's Corporation and the Company has developed goals and performance indicators that are updated periodically on McDonald's Corporation and the Company's websites, informed by relevant frameworks. These include goals and initiatives to reduce system greenhouse gas emissions, eliminate deforestation from our global supply chain, responsibly source ingredients and packaging, and increase the availability of recycling in restaurants to reduce waste, which McDonald's Corporation and the Company recognises are increasingly important to customers.

In recent years, McDonald's Corporation has made significant progress on our global commitments where we can make a difference at scale and drive industry-wide change. The effects of climate change and the impact to natural resources such as water and soil could have a direct and indirect impact on the operations of the McDonald's System. McDonald's Corporation and the Company will continue to assess potential risks and opportunities to analyse possible material impacts to the McDonald's System as we believe taking action on sustainability and environmental matters will drive business value in the long-term by ensuring we are managing operational costs in our energy supply, improving the security of supply of our raw materials and reducing our exposure to increasing environmental risks, regulation and taxes.

Scale for Good

We are committed to using our scale for good. As one of the UK and the world's largest restaurant businesses, we recognise that we have a responsibility and an opportunity to act on some of the most pressing social and environmental challenges in the world today. With our unparalleled reach across the UK, in hundreds of communities, we are acutely aware that we have a real opportunity to create change. McDonald's flagship global environmental strategy ("Scale for Good"), targets are set at a McDonald's Corporation level but are implemented locally. At a market level, we have a number of local initiatives that complement our overarching goals.

Each of our Scale for Good priorities comes to life through leadership from local franchisees and crew, investments in local community partnerships, engagement in the communities of farmers and suppliers, and through the experiences of millions of customers in their local McDonald's restaurants. As part of McDonald's Corporation's Scale for Good targets, we are taking a range of measures with targets on:

- Climate Action
- Beef Sustainability
- Packaging and Recycling
- Commitment to Families
- Youth Opportunity

Sustainability Framework

In 2020, the Company worked with external consultants to develop a UK Sustainability and Brand Trust Strategy “The Plan for Change”. The Plan for Change outlines a long-term ambition to become a more sustainable business set within four pillars which are underpinned by a series of goals.

Outcomes:

- We are living out our global brand mission, purpose and values, making the greatest possible **positive impact on communities and planet**.
- Customers find **new reasons to trust** and love us.
- Driving resilience and value through **sustainable innovation**.
- Key opinion formers understand we’re sustainability leaders reducing risk and **supporting brand trust**.
- Collaboration with McDonald's Corporation/ markets to **tackle common challenges**.
- A **blueprint for other markets** to follow in developing their sustainability and impact plans to help raise up the whole McDonald's System.

The framework contains four pillars:

Planet Positive

People Positive

Great Restaurants

Great Food

In 2021 the intention is to move from the development phase to activation and an external launch. Further details shall be published in due course and in our 2021 reporting.

In the UK we have progressed several initiatives that align with McDonald's Corporation's Scale for Good goals and our UK sustainability strategy. For more information on our environmental initiatives within the UK please visit our [here](#) and for more information on our global initiatives please visit [here](#).



Beef Sustainability

All the beef we use in UK restaurants comes from British and Irish farms accredited by a nationally recognised farm assurance scheme, such as Red Tractor or Bord Bia. We work closely with our suppliers and the wider beef industry to collaborate on sustainability outcome measures and develop research to achieve progress with independent consultancies.

2020

- The Company launched a project with FAI Farms to understand the benefits of 'Adaptive Multi-Paddock' grazing in working towards a regenerative beef system.

Packaging and Recycling

Aligned with our Scale for Good goals, we aim to source all packaging from renewable, recycled or certified sources by 2025. Currently, 87% of packaging is made from fully certified, sustainably sourced fibre.

As part of our recycling strategy, aligned with McDonald's Corporation's Scale for Good, we have installed recycling units in all our UK restaurants and continue to develop messaging for consumers to raise awareness of recycling.

2020

- We developed our Packaging and Recycling Strategy. This outlined our long term vision to use less packaging, move all packaging to renewable, recycled or certified sources, provide recycling in 100% of our restaurants, and enable recycling in communities by 2025.
- We removed the plastic from our McFlurry packaging, swapping the plastic lid will remove 383 metric tons of plastic annually.
- We removed all single-use plastic from our salad ranges. All main meal and side salads will now be served in 100% sustainable and renewable cardboard containers, changing out the existing plastic bowl shaker salad cups and lids which will result in 485 metric tons of plastic removed annually.
- We completed our transition from plastic to paper straws in all our restaurants. Straws can now be recycled alongside coffee and McFlurry cups in all Experience of the Future restaurants.
- In 2020 the Company partnered with litter organisations and local authorities to clamp down, urging people to take responsibility for their own rubbish in a new campaign. McDonald's employees collectively travel 5,000 miles a week collecting irresponsibly dropped litter. Aimed at confronting personal responsibility, the campaign features the slogan 'Get in the Bin' usually used for someone who is talking rubbish. But with over-a-third of Brits (34%) calling out a stranger for littering, the Company is asking everyone to make a stand and 'Get in the Bin'.



Sustainable supply

2020

Working alongside our potato supplier, McCain, in 2020 we launched our Sustainable MacFries Fund to increase the resilience and sustainability of British potato producers. The Sustainable MacFries Fund enables growers to use new technology to improve the understanding of soil quality and optimise water management. Together, the Company and McCain are providing £1 million in grants to British potato growers who produce the specific varieties that make McDonald's Fries.

There are 4 focus areas for the fund highlighted as key to improving water and soil sustainability:

1. Improving infiltration technology which helps break up the soil after compaction, allowing water to filter away more efficiently.
2. Introducing irrigation scheduling technology to ensure the right amount of water is being used on the crop and optimising water usage.
3. Supporting a new sustainable soil and cover crop study to help understand the benefits to soil quality.
4. Supporting individual grower capital projects to give farmers the opportunity to become more sustainable and water usage in their fields, with a chance to invest in technology that could help them grow more sustainably.



Commitment to Families

Our UK and Ireland Public Health strategy is underpinned by three core principles:

1. reformulating our menu to reduce nutrients of concern;
2. offering customer's choice on our menu; and
3. providing customers with the information to inform their food choice.

As a result of this strategy we have continued to make good progress towards McDonald's Corporation's commitment to families.

Over the last 5 years the average Happy Meal contains 14.9% less sugar, 7.6% less saturated fat and 4.5% less salt. As a result of this work, 75% of our Happy Meal bundles meet the McDonald's Corporation's Scale for Good nutrition criteria, against a goal of 50% by 2022.

We are also continuing to simplify ingredients, having removed artificial flavours and colours and are continuing to remove artificial preservatives, where possible.

We will also continue to provide nutrition information at point of purchase across our website, apps, trayliners and on our core menu packaging.

Helping Farmers to be 'Ready for Change' - Prince's Countryside Fund

We established a 3-year partnership with the Prince's Countryside Fund, a charity founded by HRH The Prince of Wales.

Our partnership aims support the economic resilience of UK farming families through our 'Ready for Change' workshops. We co-designed these workshops to support livestock farmers in making informed decisions about change management on family farms.

This followed research by McDonald's and the Fund, which found that 71% of farmers want to make changes to their business over the next five years, but lack the confidence to do so.

2020

- We helped the Fund to deliver its much needed Rural Response Emergency Grants to farming and rural communities navigating the challenges related to the COVID 19 pandemic during 2020.



Reducing greenhouse gas emissions

As part of McDonald's Corporations Scale for Good commitment to sustainability, by partnering with franchisees and suppliers, its aim is to reduce greenhouse gas emissions related to its restaurants and offices by 36% by 2030 and globally, saving 150 million metric tonnes of CO2.

- In June 2020 the Company announced it would introduce electric vehicle (EV) rapid charging points as standard across new UK Drive-Thru restaurants, through a new partnership with InstaVolt. McDonald's ambition is to create a new nationwide charging network to support increasing demand for EVs, as the business looks to play its part in a greener economic recovery.
- The partnership with InstaVolt, the largest owner-operated network of rapid EV chargers in the UK, marks a huge stride forward for EV charging infrastructure, and will also include the introduction of charging points at existing Drive-Thru restaurants within the McDonald's estate where possible.
- The introduction of rapid chargers across the McDonald's estate will help cater for increasing demand, and contribute to the UK's target of net zero emissions by 2050 in the UK. It comes as the UK economy starts to rebuild post the COVID 19 pandemic with a renewed focus on low carbon industries and infrastructure, and as more drivers than ever consider EVs due to the dramatic improvement in air quality witnessed during lockdown.



Reducing Plastic

As part of McDonald's Corporations Scale for Good commitment to sustainability, by 2030, McDonald's has committed to source all packaging from renewable or recycled sources by 2025.

2020

- In July 2020, the Company pledged to remove non-sustainable hard plastic from its iconic Happy Meal. From 2021, the Happy Meal will only include soft toys, sustainable paper-based gifts or books as the Company works to find sustainable alternatives to hard plastic.
- This represents the biggest reduction in plastic by the Company to date and is the next step in its mission to reduce its environmental impact across all areas of the business. The move will eliminate over 3,000 metric tons of non-sustainable plastic, whilst continuing to give customers the Happy Meal they know and love.
- In March 2020, in a first for the UK business, McDonald's trialed paper packaging for any Happy Meal toy. The paper packaging was introduced for Happy Meal books from August, removing the plastic wrapping entirely from 2021 and a further 200 tonnes of plastic.
- From May 2020, the Company offered everyone the choice of either a book or a toy with every Happy Meal in the UK. This gave families the choice to opt out of a plastic gift in every restaurant. This initiative builds on the successful Happy Readers promotion which has distributed over 90 million books with the Happy Meal in the last seven years.
- From May 2020, McDonald's ran a five-week nationwide toy amnesty, collecting any unwanted plastic toys in its 1,350 restaurants and recycling the returned plastic into play equipment for Ronald McDonald House Charities across the UK.
- In December the Company opened a brand-new playground, made using recycled Happy Meal toys, which was available for families staying at the Ronald McDonald House Oxford, located just moments away from the Oxford Children's Hospital. The playground is the first of at least fifteen to be made from more than one million recycled Happy Meal toys, which will be installed across the UK in 2021. The toys from the toy amnesty in May, along with surplus toys from when the restaurant business closed were given a new lease of life as part of this programme. Once the playground reaches its end of life, it has been designed to ensure it can be recycled again and again.

Communities

McDonald's Corporation and the Company embraces our role and commitment to the communities we serve. McDonald's Corporation and the Company will continue to look for ways to utilise our size and scale to create an even bigger impact in the communities we serve in the future.

Ronald McDonald House Charities ("RMHC")

RMHC is the chosen corporate charity partner of the Company, with fundraising efforts from the Company, its franchisees and customers providing millions of pounds of valuable funds for the charity over the last 30 years.

Ronald McDonald 11 houses across the UK are partnered with NHS hospitals provide free 'home away from home' accommodation for families so they can be moments away from their child in hospital, for as long as they need it.

Ronald McDonald House Charities UK is an independent charity founded in 1989 and in this time has supported nearly 50,000 families.

As well as donating part of their profits, the Company and its Franchisees also hold annual fundraising days, provide free office space, business resources and advertising.

Community Support and Crisis Response

With 1,350 locations in the UK, we are uniquely positioned to give something back to the many communities we serve. Because the majority of our restaurants are run by independent Franchisees, the Company's has deep roots in communities and knows how best to be there for them, whether that's providing a delicious meal, volunteering in the neighbourhood or helping during a time of need. The COVID 19 pandemic has brought many new challenges, but the Company, suppliers, employees and Franchisees have stepped up to support communities during the crisis.

The Company believes that good food and precious resources should never go to waste, and we want to use our scale to help tackle this challenge. We're working with our supply chain, Franchisees and restaurants to ensure our food serves its purpose, and we're donating meals and ingredients to feed families in need in local communities across the UK.



Communities

McDonald's Fun Football

Since 2002, the Company has dedicated itself to the bettering and improvement of the grassroots game. Partnering with the 4 UK Football Associations, we've fashioned various initiatives to support clubs and individuals up and down the country. The Company provides free sessions of football delivered by our team of fully qualified coaches in locations across the UK.

In 2020, we were only able to hold a small number of Fun Football events across the UK due to the COVID 19 pandemic. Our Easter and summer waves of sessions were cancelled but we were able to run some pilot sessions in the autumn. These sessions were largely held to test new processes whilst ensuring a COVID 19 secure event for all participants.





2020

Throughout the past year, McDonald's rallied together with our suppliers, franchisees and partners, not just to keep restaurants open and running safely, but also to support our communities and first responders as seen through some of the examples below.

- Following the closure of our restaurants in March, we were able to deliver more than 100,000 litres of organic milk and 400 tonnes of food - including British Free-Range eggs and RSPCA Assured British bacon to homeless shelters, care homes and NHS workers. The Company supported charities including FareShare and Food Drop with the redistribution of surplus stock, and donated Happy Meal boxes to the National Autistic Society to help families enjoy a little familiarity.
- For periods of the pandemic the Company offered in UK restaurants all emergency services personnel, health and social care workers free food and drink, on sight of their work pass. It was a small token of our appreciation for everything that these services are doing.
- During the height of the COVID 19 pandemic in 2020, the Company approved certain restaurants to be used as drive-thru COVID 19 testing facilities by NHS trusts for the benefit of the relevant community.
- In April, the Company supported BBC's "The Big Night In" and contributed to the Emergency Essentials Grant, which will help those most vulnerable during the COVID 19 outbreak. This funding will not only provide vital emergency support to ensure vulnerable people of all ages are safe, warm and fed, but will also ensure that they are able to continue to learn, and stay connected in order to combat isolation and loneliness. The Big Night In saw the BBC's biggest charitable partners, BBC Children in Need and Comic Relief, coming together for the very first time for a special night of television. The live show, produced by BBC Studios Entertainment, offered some light relief and entertainment, whilst celebrating and rewarding those going the extra mile to support their communities in these troubled times. Funds raised on the night were split equally between BBC Children in Need and Comic Relief to provide essential support to local charities, projects and programmes across the UK to help those most in need.
- In September the Company signed up to join England star Marcus Rashford's Child Food Poverty Task Force to end child food poverty. By partnering with the Manchester United striker, the Company endorsed the following three policy recommendations of the National Food Strategy the help identify a long-term solution to child food poverty in the UK;



2020

- Expansion of free school meals to every child from a household on Universal Credit or equivalent, reaching an additional 1.5 million 7-16 year olds
- Expansion of holiday provision (food and activities) to support all children on free school meals, reaching an additional 1.1 million children.
- Increasing the value of the Healthy Start vouchers to £4.25 per week (from £3.10) and expanding into all those on Universal Credit or equivalent, reaching an additional 290,000 pregnant women and children under the age of 4.
- In October the Company partnered with FareShare to provide 1 million meals for families in need. The funding from the Company will enable FareShare to redistribute food to families who need it most. FareShare is the UK's national network of charitable food redistributors, made up of 17 independent organisations. They take good quality surplus food from right across the food industry and get it to almost 11,000 frontline charities and community groups. The food reaches charities across the UK, including school breakfast clubs, older people's lunch clubs, homeless shelters, and community cafes. Every week they provide enough food to create over a million meals for vulnerable people. To find out more visit [fareshare.org.uk](https://www.fareshare.org.uk).
- In December the Company committed to a series of donations to support families during the festive period. The Company donated over 25 tonnes of surplus food to FareShare as part of its ongoing partnership with the food poverty charity as well as 50,000 Happy Meal books to Home Start and other charities for families who may be struggling after such a tough year in 2020. As well as free giveaways and donations, the Company supported families by providing free, fun activities for families.
- The Company donated £158,782 in 2020 to RMHC.





2020

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 etc. 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.

2020

- We had over 27 million unique visitors to our website.

The My McDonald's App

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

2020

- Over 5.7 million people downloaded our app. A 46% increase on 2019.

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.

2020

- We sent out over 200 press releases in 2020.
- We announced various key moves in 2020, including the decision to close our restaurants for the first time in our history when the pandemic started.

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.

2020

On Facebook we had **2,304,254 likes**



On Twitter we had **231,318 followers**



On Instagram we had **219,000, followers**



On YouTube we had **38,000 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. planning team leaders. This includes the Executive NLG, four new franchisees and the Executive 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.

2020

- There was 1 dedicated Customer Quest session in the year.



Thank you