

Corporate Governance Framework (2020)

South Coast Foods Limited

South
Coast
Foods 

ABOUT SOUTH COAST FOODS LIMITED

South Coast Foods Limited (“the Company”) is a joint venture between Grant Copper and McDonald’s Restaurants Limited (“**McDonald’s**”) and operates a group of franchised McDonald’s restaurants across the south coast of England.

South Coast Foods was founded in 2008 with the purchase of 14 restaurants. The business has subsequently grown to 24 restaurants operating under the leadership of our Managing Director, Grant Copper.

As a McDonald’s franchisee we operate our business based on the McDonald’s Corporation philosophy of being consistent in all that we do, providing great service and high quality food to our customers.

The McDonalds Corporation together with McDonalds, franchisees including the Company and suppliers are referred to herein as the “McDonalds System”.

Our business strategy is aligned to the wider McDonalds system. As a McDonald’s franchisee we rely on, and benefit from, McDonald’s performing many business disciplines that would typically be the responsibility of a large business. These include, but are not limited to, supply chain, marketing, communications, and restaurant development. Further information can be found by visiting [McDonald's Corporate Governance Framework 2020](#).

OUR APPROACH

The South Coast Foods Corporate Governance Framework (“**Governance Framework**”) is underpinned by our purpose/vision of:

Making delicious feel good moments easy for everyone.

As a key McDonald’s franchisee we ensure our Company priorities remain aligned to the McDonald’s local brand strategy.

The Governance Framework summarises our approach to how we operate, why we do the things we do and how we work together with our customers, our employees and stakeholders.

Growth Pillars

As part of the McDonald’s System, South Coast Foods has adopted the new growth pillars which are rooted in McDonald’s Corporation and identity. Under direction and guidance from McDonald’s Corporation, we 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. We are also committed to a marketing strategy that highlights value at every tier of the menu, as affordability remains a cornerstone of the McDonald’s brand.

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

Focus on Digital, Delivery and Drive Thru by leveraging competitive strengths, accelerate technology innovation, building a digital experience growth engine that provides a fast, easy experience for our customers.

The Company’s approach is underpinned by a relentless focus on running great restaurants. We manage and measure our performance by analysing our KPI’s versus Company goals, local market trends and McDonald’s UK results. South Coast Foods 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.

Our Values

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

1. Serve

We place the customer experience at the core of all we do.

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.

We are a learning organisation that aims to anticipate and respond to changing customer and employee needs through constant evolution and innovation.

2. Inclusion

We are committed to our people.

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.

In addition, our employee strategies aim to create an environment grounded in diversity, equality and inclusion whilst continually evaluating and evolving compensation programmes. We offer quality training and learning opportunities and uphold a high standard of health and safety for our employees and customers alike.

3. Family

We believe in the McDonalds System.

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.

We form part of a global McDonald's system. As such, we work as a system to provide sustained profitable growth for our shareholders. This requires a continuing focus on our customers.

4. Integrity

We operate our business ethically.

Sound ethics is good business. At South Coast Foods we hold ourselves, and conduct our business, to high standards of fairness, honesty and integrity. We are individually accountable and collectively responsible.

5. Community

We give back to our communities.

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 local communities a better place.

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

HOW WE ARE ORGANISED

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

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

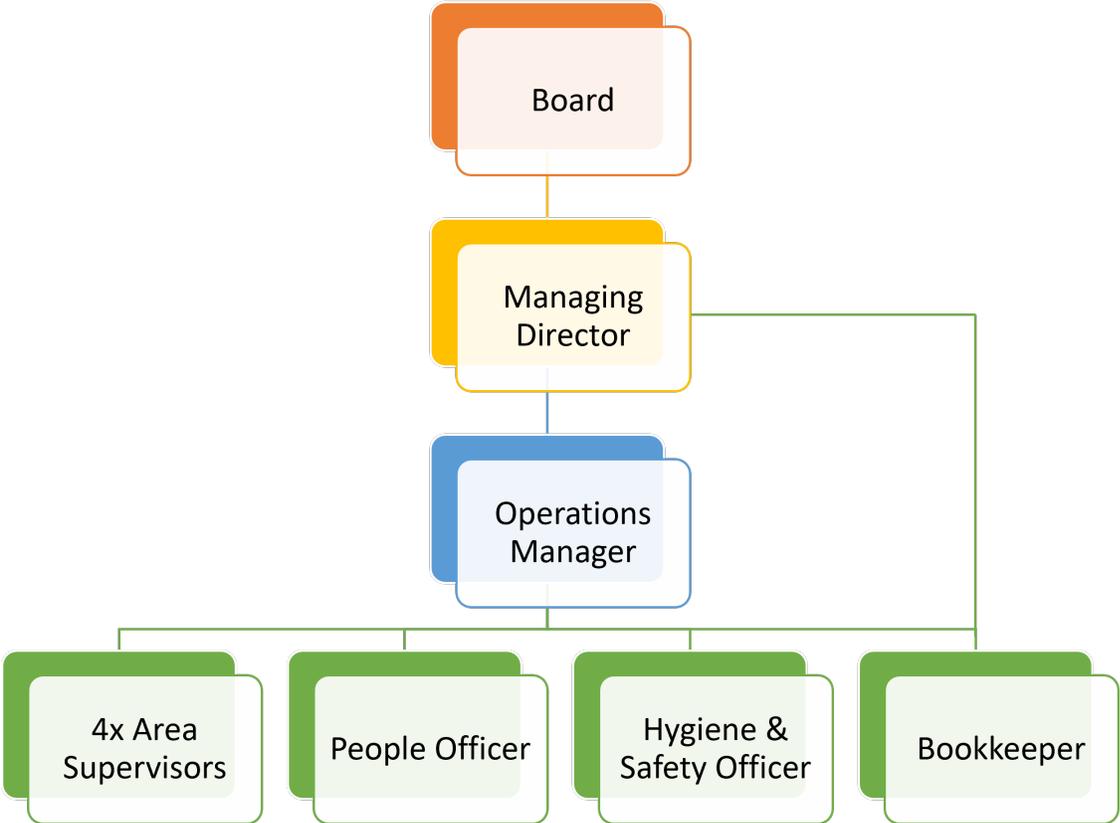
**Nearly 10 million guest visits in
2020 to our restaurants across the
south coast of England**

HOW WE ARE GOVERNED

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

The Company has adopted the Wates Corporate Governance Principles for Large Private Companies (“Wates Principles” in the UK in combination with the Governance Framework. As a joint venture the Company is also subject to reporting to McDonald’s as part of the wider McDonald’s System’s requirements.

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



The Board

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

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

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

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

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

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

Operation of the Board

The Board aims to meet formally twice a year. This ensures that directors focus sufficient time on key areas and that the Board’s time together is used effectively. On the rare occasion that a Director is unavoidably unable to attend a Board meeting, they 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.

In 2020 | despite the COVID-19 pandemic and several National Lockdowns the Board convened formally twice, in May by WEBEX and October under the recommended social distancing rules.

The success of the Company 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. Due consideration is paid to our stakeholders, including but not limited to our customers, suppliers, employees and shareholders (including McDonald's).

In all of its activities the Board requires that our employees and suppliers conduct business with the highest ethical and professional standards, including adhering to the [Standards of Business Conduct](#) set by McDonald's Corporation.

Director Appointments

Nominated senior management from McDonald's and the Managing Director 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

The McDonalds nominated directors also hold senior positions in McDonald's and are acutely aware of the potential for conflicts of interest. The 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

A structured training programme exists based on the individual's needs, skills and experience for those directors new to the Company and senior leadership who are appointed to the Board. Directors also receive guidance on Governance Framework and Wates Principles, including training and development, as well as their duties as directors on the Board.

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

In 2020 | Michelle Graham-Clare was appointed Director

Gareth Helm resigned as Director

In 2021 | Mark Kiernan was appointed Director

Gareth Pearson resigned as Director

HOW WE MANAGE AND MONITOR RISK

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

McDonald's ultimate parent McDonald's Corporation manages and assesses risk. Many risk factors span across all markets including the UK and the key risk factors are discussed within the financial statements of McDonald's Corporation, found [here](#) and McDonald's for the year ended 31 December 2020 which can be accessed online at Companies House.

We strive to foster safe, inclusive and respectful workplaces and respect the fundamental rights of our employees which are:

- freedom from slavery and child labour;
- freedom to associate and not to associate;
- equal opportunity for everyone;
- a safe and healthy workplace; and
- freedom from discrimination and harassment.

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

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

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

In 2020 | we rolled out anti-bullying, harassment and discrimination training for all our employees and managers.

Business Planning

The Board receives bi-annual reports from management on updates from all areas of the business including business strategy and insights, people, operations, health and safety, IT & digital, and finance, which it takes into account in its discussions and decision making. Additional non-financial disclosures detailing the policies pursued by the Company in relation to the workforce, the environment, social matters, human rights, anti-corruption and anti-bribery matters are also received by the Board.

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

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

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

- financial controls and reporting - an annual financial audit of the business is conducted;
- food hygiene, health and safety - annual audits are completed and published annually;
- insurance cover - an update on the parameters of the insurance schedule (including claims updates) is completed annually and reviews of premiums for the following year are completed; and
- compliance with employment practices - our Managing Director presents an overview of business employment practices on annual basis

Our continual and thorough engagement with the "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 our Company and the wider McDonald's System.

Brexit

The Company supported by McDonald's took a proactive approach to preparing for the end of the Brexit transition period, and managing the potential impacts on the system. For further information on Brexit, preparations taken across the UK market including the Company, please refer to the McDonalds annual report and financial statements for the year ended 31 December 2020 which can be accessed online at Companies House.

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 our financial results, condition and outlook. Importantly, beginning in early 2020 the global pandemic resulting from COVID-19 disrupted global health, economic and market conditions, consumer behaviour and the Company 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 behaviour to change and worsening or volatile economic conditions, each of which could adversely affect our business.

In addition, the Company 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.

In 2020 | we held various meetings with McDonald's and our Company leadership team in response to the pandemic. These frequent engagements allowed us to continue assessing the impact of the pandemic on our business and our people, introduce changes in line with government guidance and consider the "road to a better normal" to allow the Company to emerge from the COVID-19 pandemic.

Operations and re-opening

The pandemic has impacted all aspects of business operations from health and safety; supply chain and distribution; restaurant operations and staffing; and customer demand. Throughout 2020, there have been varying degrees of government restrictions on operating hours, dine-in capacity and mandated full restaurant closures.

As such, we responded by adhering to local government, adjusting restaurant operating hours and closing restaurants in accordance with national lockdowns. Supported by McDonald's engagement with government and trade bodies, the Company's 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 UK 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.

Workplace health and safety

The Company 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 has made informed decisions with the guidance from McDonald's, the government as well as the World Health Organisation to develop new ways of working in the areas of hygiene and safety.

In addition, and supported by McDonald's, the Company engaged with a global leading public health expert consultancy to provide ongoing counsel and expertise on infection prevention and control, and to identify best practices to mitigate the spread of COVID-19. The Company also utilised the McDonald's process to capture customer data for local government's track and trace programmes.

Over the last year, elevated health and safety standards have been executed in all restaurants and supplements the Company's priority on maintaining the safety and well-being of its staff and customers. We have implemented new safety measures for staff including but not limited to restricting number of staff at sites, redesigning kitchens and workflow to ensure the appropriate social distancing is in place, encouraging all customer payments are made electronically rather than cash and screens within our kitchens to ensure the safety of our staff. Re-opening guidelines and checklists for restaurants, protective equipment, new e-learning modules, health declarations, and many other controls have been implemented to effectively minimise the risks of infection and transmission of COVID-19 in our workplaces.

In accordance with local government guidance, from March 2020:

- the Company postponed or cancelled all in person non-essential business meetings;
- the Company's office was closed and staff were required to work from home wherever possible in accordance with local government guidance; and
- when the Company's office reopened for essential business, it did so ensuring all social distancing and safety protocols were in place.

Employees

Throughout the COVID 19 pandemic our employees have been our priority. As the pandemic evolved, a number of measures were taken to ensure financial stability of our employees.

The Company agreeing 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.

How We Communicate

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

- ✓ Dependable and committed to doing the right thing;
- ✓ Open to different ideas and cultures; and
- ✓ Connected to customers, suppliers, communities, regulators and each other.

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

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

Customer Engagement

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

McDonald's website

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

In 2020 | there were over 27 million unique visitors to the McDonald's website.

The My McDonald's App

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

The press and our newsroom

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

Social Media

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

Newsletters

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

Employee Engagement

Our employees are absolutely key to our success. Whether they work in our restaurants or in a support function, we would not be able to run great restaurants without them. That is why we work hard to create jobs and opportunities for all our employees, regardless of gender, age or life stage. Those who want career progression or simply a way to earn a wage and pay the bills.

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

Understanding how our employees feel about the Company is vital. It helps us ensure that we are giving them the right support to achieve their potential and to serve our customers well. We have open door policies all year round but this is also done through a number of specific forums with results filtered back to the Board.

These procedures ensure that the Board engage regularly with both our management teams 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 the Company.

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

Employee Surveys

McDonald's helps us undertake quarterly employee surveys to allow everyone in the business to comment on how they feel about their role at the Company and have embarked on a "Big Conversation" with all our restaurant crew and managers to drive the conversation about how our employees feel about their work. Some of the specific surveys conducted include:

Love to Listen

These are conducted four times a year and are sent to all our restaurant staff. The aim is to regularly establish sentiment from restaurant based employees using 10 questions. Whilst these surveys are normally conducted 4 times per year, the survey waves have been conducted bi-weekly for period of 12 weeks. This approach has ensured that feedback given is reflective of not just a few points in time, but from across the whole year. Questions have focused on satisfaction, safety, wellbeing and diversity, equity and inclusion with employees encouraged to take the surveys more frequently. The key measurements for these surveys are the questions: "How satisfied are you with your job at McDonald's?" and "My Health and wellbeing is a priority for my management team."

The Love to Listen OurLounge Poll

This gives all employees the opportunity to give regular feedback on how they are feeling. A different question is asked every 2 weeks. Our restaurants are able to view their staff's feedback. A number of questions are aligned with McDonald's. Questions are timed to correspond with events that are happening across the business and are bucketed into three main categories:

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

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

Newsbites

In April 2020 and through McDonald's UK we benefited from a new all-audience channel enabling us to communicate feel-good stories and business updates with restaurant employees as well as office employees directly to their inbox. Newsbites was designed to keep our restaurant employees and office employees connected and engaged during the pandemic by sharing good news stories from across the business and to recognise individuals who go above and beyond both at work and within their larger community. Newsbites has been well received within our restaurants with a consistent above average open rate and click rate and subscriber numbers continuing to grow.

In 2020

Throughout 2020 and in light of the global pandemic, we engaged with our workforce through different means and offered them the opportunity to make us aware of any support they might need during the lockdown periods as well as about their wellbeing and safety when returning to work.

Love to Listen

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. It has remained imperative to provide our employees a platform that is “always on health & wellbeing” to give feedback and this has been used to inform business decisions throughout the year, particularly related to restaurant reopening during the pandemic.

- January 2020; Restaurant employees - 1920 responses, 68% agreed or strongly agreed that the Company cared about their Health & Wellbeing
- October 2020; Restaurant employees - 745 responses, 65% agreed or strongly agreed that the Company cared about their Health & Wellbeing.
Of the 745 participants, 65% were happy or very happy with their job

McDonald's UK Intranet

The McDonald's intranet, which our business managers have access to, is also a useful point of reference for everyone in the business, providing weekly operations updates, another opportunity for our employees to share their opinions and to recognise our crew and teams. This is also a reference point for our employee assistance program, to ensure that our employees get access to any additional support they may need.

OurLounge

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

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

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

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 OurLounge editor.

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

MYSTUFF 2.0 (HR System)

MYSTUFF2.0 is an employee system managed by McDonald's which we utilise. The system gives our employees a mobile friendly platform to manage their own personal data and each user has a unique ID (single-sign on) to access the vast range of McDonald's tools all in one place. These include learning and development, scheduling as well as our staying connected platform, OurLounge.

Training via FRED

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

- Interactive learning journals
- Leadership curriculum books
- Reference materials
- Q reference guider

Fred is the one-stop-shop for all learning reference materials, available to every employee with their own unique log on details.

Regular Meetings

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

- Quarterly meetings with our business managers
- Bi-annual meetings with our salaried managers

In 2020

- We held 3 business managers meetings and 2 salaried mangers meetings
- Topics included:
 - Health, safety and COVID-19 procedures in our restaurants;
 - Recycling and environmental progress;
 - HR and people updates;
 - Financial performance;
 - Operational performance; and
 - Customer Satisfaction KPI's.

Regular Communications

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

Operations Update

The operations update, which is managed by McDonald's, is a 'to do list' for the week, focusing on operations excellence in order of priority, providing timely information to help restaurants focus on quality service and cleanliness. It includes a rolling 5-week operations calendar, and a crew operations update and other necessary attachments. These are issued to our business managers and are sent weekly every Monday.

In 2020 there were 130 operations updates

People Team Updates

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

In 2020

- We held four virtual or face to face staff meetings for each of our 23 restaurants.
- We held Zoom meetings for all staff to communicate lockdown implications, McDonald's UK temporary restaurant closure, furlough scheme, reopening plans and general reassurance.

Shareholder Engagement

We work as a system to provide sustained profitable growth for all our shareholders.

The Board has the responsibility for engaging with our shareholders. McDonald's expertise and resources are important in giving us the 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 McDonald's at various points throughout the year and on all major decisions that affect our restaurants, ensuring that decisions are appropriately debated before being implemented and are made for the long-term benefit of the Company.

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

- McDonald's franchisee roadshows;
- Franchisee engagement sessions;
- McDonald's franchisee consultants; and
- Franchisee Live Calls.

McDonald's Franchisee Roadshows

Historically the McDonald's Executive Team travelled across the country to host Roadshows. At these roadshows we provided feedback on McDonald's plans that may affect our business including Finance, Delivery and IT.

In 2020

- Given social distancing rules and travel restrictions in 2020 this moved to a virtual platform. There were two virtual roadshows in 2020.

Franchisee Engagement Session

We provide insight and input to McDonald's via an annual franchisee engagement session. This session allows us to provide ideas and influence on the creation of McDonald's business plans which we ultimately adopt.

The output from this session is passed to McDonald's planning teams for further consideration and are then prioritised by the P Teams based on strategic priorities and key business and consumer opportunities. These P Teams are cross-functional teams made up of subject matter experts from the McDonald's departments, as well as four or five franchisee representatives.

In 2020 our Managing Director attended the virtual session held by McDonald's

McDonald's Franchisee Consultants

Our business has access to the support of a McDonald's franchisee consultants ("Franchisee Consultants"). Franchisee Consultants are experienced business and operational leaders within the McDonald's system. We regularly consult with our McDonald's Franchisee Consultant on both the day-to-day challenges within our restaurants as well as our longer-term strategic decisions with feedback regularly passed up the McDonald's hierarchy.

Franchisee Live Calls

The gravity of the COVID 19 pandemic on the business, has meant that many changes were required to both our business plan and also the day-to-day operations. As a result, McDonald's UK introduced regular franchisee live calls.

In 2020 a total of 34 held in 2020 all of which were attended by our Managing Director.

The Company relies on its suppliers for success. As a McDonald's franchisee, we primarily utilise McDonald's established supply chain who manage many of our suppliers on our behalf.

We are proud supporters of British and Irish agriculture via McDonald's who work with over 23,000 British and Irish farmers who supply quality produce for our menu, as well as businesses who are help us create more sustainable packaging. Through McDonald's we have an extensive supply chain across the UK and we believe that our suppliers contribute to our success.

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

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

In 2020

- The Company worked closely with McDonalds and its suppliers on contingency planning for assured supply so that we were able to continue to operate safe restaurants, and we had no breaks in supply for food, packaging, toys or equipment throughout 2020 due to the COVID-19 pandemic.

For further information on McDonald's supplier engagement please see McDonald's annual report and financial statements for the year ended 31 December 2020 which can be accessed online at Companies House.

Local Community Engagement

Ronald McDonald House Charities (RMHC)

We are a proud supporter of RMHC which is the chosen charity partner of McDonalds. Throughout the year we hold events and encourage our customers to donate to this great cause all with the aim of funding the amazing work RMHC does in providing the families of sick kids with safe and clean accommodation near hospitals. In particular we support the RMHC houses in our local area at Southampton Children's Hospital and The Royal Alexandra Children's Hospital, Brighton.

In 2020:

- We raised over £8,000 across all our restaurants. This was significantly lower than 2019 as COVID-19 restrictions impacted on our ability to hold fund raising events.

Keeping Britain Tidy

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

In 2020:

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

Shaping Portsmouth

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

COVID-19

In 2020:

- Following the decision to close our restaurants in March 2020, the Company was left with many thousands of pounds worth of excess stock. Rather than simply dispose of this food as waste, it was distributed via the Company's chosen charitable channels to support those most in need.

Environment and Sustainability

As a McDonald's franchisee our environmental initiatives and goals are progressed in-line with McDonald's Corporation and McDonald's wider environmental strategy of which many McDonald's franchisees across the UK align with. McDonald's Corporation and McDonald's prioritises progress across a range of environmental matters, and endeavours to improve its long-term sustainability and resiliency, which benefits the McDonald's System including the Company and the communities it serves.

To guide our management of environmental matters, McDonald's Corporation and McDonald's has developed goals and performance indicators that are updated periodically on McDonald's Corporation and McDonald'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, McDonald's and the Company recognises are increasingly important to customers.

In recent years, McDonald's Corporation have made significant progress on our global commitments where we can make a difference at scale and drive industry-wide change. Actual or perceived effects of changes in climate, weather patterns, water resources, forests or other natural resources, or packaging waste could have a direct or indirect impact on the operations of the McDonald's System in ways which we cannot fully predict at this time. McDonald's Corporation, McDonald's and the Company will continue to assess potential risks and opportunities to analyse possible material impacts to the business as we believe taking action on 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 proud to be an active participant in McDonald's flagship global environmental strategy, Scale for Good. 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.

Being part of 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. In the local communities we serve, we are acutely aware that we have a real opportunity to create change. We are involved in a number of local initiatives that complement McDonald's and our Company's overarching goals.

Each of the Scale for Good priorities comes to life through our leadership and crew and through the experiences of millions of customers in our local McDonald's restaurants. As part of the 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

We have supported several initiatives that align with the Global Scale for Good goals and McDonald's Sustainability strategy.

For more information on environmental initiatives please visit the McDonalds UK website.