

McDonald's Australia Limited

Modern Slavery Statement



Acknowledgment of Traditional Owners

McDonald's Australia acknowledges the Aboriginal and Torres Strait Islander people of Australia as the first inhabitants and the Traditional Custodians of the lands where we live, learn and work. We pay our respects to Elders past and present.



(Yagoona in 2021)

Macca's Story:

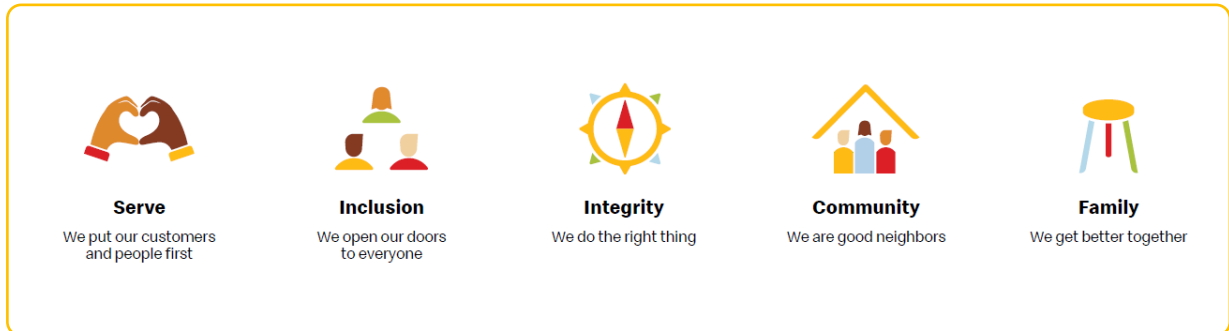
Where we've come from

Back in 1971, we opened our first restaurant in the Sydney suburb of Yagoona. Today there are over 1,020 McDonald's restaurants across Australia, and we employ more than 110,000 people across our restaurants and management offices.

With close to two million customers visiting our restaurants every day, it's our priority to maintain their trust and integrity. To do this, we make sure our customers and employees receive the respect they deserve. Through honesty, hard work and outstanding quality, service, cleanliness, and value (QSC&V), we make sure that our restaurants are up to the standard they deserve.



McDonald's Australia is committed to conducting business ethically and in compliance with the letter and spirit of the law. Inherent in our corporate values is our commitment to do the right thing.



We strive to foster safe, inclusive, and respectful workplaces wherever we do business and continue to hold ourselves to the highest standards. We take our responsibility to act with due diligence to avoid infringing on the rights of others seriously and to address any impact on particularly vulnerable groups, such as migrant labourers, unskilled labourers, indigenous people, women, or children if they occur.

This Modern Slavery Statement is published in accordance with the *Modern Slavery Act 2018* (Cth). It outlines the approaches we have taken to identify, prevent, mitigate, and address any modern slavery practices that we may cause, contribute to, or are directly linked to our operations, products, and services through our business relationships.

We recognise that much remains to be done, and there is no single solution to human rights issues. McDonald's Australia continues to build our knowledge of the risks of modern slavery that we could face within our operations and supply chains. Modern Slavery has no place within McDonald's systems, and we are committed to preventing forced labour and supporting the goals of the Australian Modern Slavery Act.



Our structure, operations, and supply chain

Acknowledgment of Traditional Owners

McDonald's Australia is an unlisted Australian public company. It's a franchise business with approximately 85% of Australian restaurants owned and operated by individual businessmen and women. The remainder of the restaurants are owned and run by the company.

Other parts of the McDonald's Australia business operations include construction, development, leasing of property to our franchisees, food innovation, marketing, supply chain, corporate affairs, finance, human resources, and information technology services.



Our Supply Chains

McDonald's Australia has a unique supply chain with local and global supply chain partners. Our supply chain model is based on a culture of partnership and collaboration, making it possible for us to serve consistently safe and high-quality food.

Suppliers are a critical component of our business. We build long-term relationships with our supplier partners and are proud that many of them have worked with us for many decades. These long-term relationships enable us to have open and honest conversations and share best practices.

It is important that our suppliers operate sustainable and profitable businesses and benefit from their partnership with McDonald's Australia. It is equally important to us that we source our products in a responsible and ethical manner that contributes to the development of sustainable agriculture and food manufacturing processes.

Within our supply chain, we consider that we have responsibilities to our suppliers and the community in three key areas:



Economic

McDonald's Australia is committed to supporting Australian producers and manufacturers. Our first preference is always to source produce from within Australia whenever it is viable and appropriate to do so. For instance, subject to availability, our beef, chicken, potatoes, wheat flour and eggs are all sourced from Australian suppliers.

McDonald's Australia does not own any businesses that supply to us, and we have long-term relationships in place with many of our suppliers, for example, we have been working with Ingham's for over 25 years.



Environmental

We work with all our suppliers to assist them to provide us with an uninterrupted, long-term supply of quality food and packaging in a way that minimises our impact on the environment. We also encourage the protection of resources that our suppliers share with the communities in which they operate.



Ethical

We know that our influence in the marketplace brings with it a responsibility to ask for more than quality and price. We have guidelines and programs in place in relation to social responsibility and animal welfare.

The foundation of our social responsibility supplier program is our global Supplier Code of Conduct which outlines McDonald's minimum requirements in the areas of employment and workplace practices. This program aims to protect the health, safety and human rights of workers and audits are regularly conducted in Australia to ensure suppliers are meeting our social responsibility expectations.

Our animal welfare expectations currently meet or exceed all minimum standards in Australia. We also adhere to McDonald's Animal Welfare Guiding Principles in relation to animal welfare. We believe that animals should be free from cruelty, abuse, and neglect. Our guidelines are based on technical standards and a comprehensive audit program which was developed using the knowledge of third-party experts. Our beef, poultry, and pork suppliers' processing plants are annually audited by independent third-party auditors from AUS-MEAT



or a McDonald's Australia approved audit firm to ensure supplier compliance. Our chickens are sourced from RSPCA Approved Farms.



Identifying risks of modern slavery practices

We have undertaken a risk identification process to assess the potential for McDonald's Australia to cause, contribute to or be directly linked to modern slavery practices within our supply chain. This assessment involves a thorough review of our supply chain activities based on the following categories:

- **sector and industry;**
- **entity;**
- **product and services; and**
- **geographic/country.**

To strengthen our assessment of potential modern slavery risks, McDonald's Australia has utilised tools such as the [Global Slavery Index](#) (GSI) to identify the key indicators of risks present in our operations and supply chains.

Below is a list of identified risk areas based on our assessment:



Employees of McDonald's Australia

We consider there to be a low risk of modern slavery within our corporate staff and employees in our restaurants. We have proper processes in place to prevent the risks of coercion and forced labour.



Sector/Industry

We have identified industries such as agriculture, fishing, textiles, palm oil, product packaging, waste management and equipment manufacturing that present high risks of modern slavery as these industries rely upon short-term, seasonal and migrant workers.



Geographic

Although McDonald's Australia is committed to supporting Australian producers and manufacturers, if we cannot locate the quality and value that meet our golden standard, we will source products and materials such as coffee, cocoa, fish products or equipment materials from other countries. We acknowledge that by doing so there is a risk of modern slavery, particularly in countries that are considered to be at high risk e.g., Southeast Asia.



Mitigating and managing risks

We continue to build on the action plans that we have implemented since our first reporting period in relation to modern slavery. We are pleased to report on the following progress:

✓ **Supplier Code of Conduct (CoC)**

We continue to work with our suppliers to secure their commitment to our Supplier Code of Conduct, which sets our expectations for suppliers on critical topics including modern slavery/ human rights, workplace environment, business integrity and environmental management. The CoC forms part of our contractual agreements which suppliers must agree to as part of their on-boarding process into the McDonald's Australia system.

The CoC has continued to evolve and strengthen in order to reflect updated international human rights standards, consultation with external experts, a human rights gap analysis and dialogue with suppliers.

McDonald's Australia expects all suppliers and their facilities to meet the standards and promote the principles outlined in the CoC. 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 CoC. 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 CoC prohibits any form of slavery, forced, bonded, indentured, or involuntary prison labour. Suppliers and third-party labour agencies are prohibited from retaining employees' government-issued identification, passports or work permits as a condition of employment.

✓ **Supplier Code of Conduct (CoC)**

The Supplier Workplace Accountability Program supports compliance with the standards and expectations outlined in our CoC and its aim is to help suppliers understand our expectations, verify compliance and work toward continuous improvement.

Human rights due diligence is incorporated into the SWA program through onsite facility audits for all direct food and packaging suppliers and indirect protein suppliers. The frequency of the audit is determined by audit outcomes, with frequent facility attendance and re-audits put in place where non-conformances are identified.

In 2021, we extended the SWA program to our key confectionery suppliers to mitigate any modern slavery risks to people.

In addition to our CoC, McDonald's Supplier Workplace Standards and Guidance Document is shared with all key suppliers of McDonald's Australia and provides detailed guidance on each aspect of the CoC and how suppliers and their supply chains can meet our expectations. For example, the SWSGD clearly explains that all suppliers should:



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

In 2021, our global company McDonald's Corporation updated the SWSGD and hosted training sessions on the updated standards that reached more than 4,000 global suppliers. As of June 2021, more than 4,300 facilities are actively participating in the SWA program across the globe.



✓ Ethical and Sustainable Supply

• Coffee

McDonald's Australia has continued its partnership with the Rainforest Alliance to serve McCafe coffee made from 100% Rainforest Alliance Certified coffee beans in all of our restaurants in Australia. To be awarded the Rainforest Alliance Certified seals, farms must meet specific standards balancing all aspects of production, including the rights and welfare of workers and protecting the environment. We are proud to be sourcing from farms that offer better working conditions, as well as education and medical care for farmers and their families.



• Palm Oil

McDonald's Australia only purchases palm oil that is certified by the Roundtable on Sustainable Palm Oil (RSPO). RSPO promotes palm oil production practices that respect human rights (with a focus on the rights of vulnerable groups such as women and children), promote the livelihoods of rural communities, help to reduce deforestation and preserve biodiversity.



• Fish Products

Our fish products come from Marine Stewardship Council (MSC) certified companies. By collaborating with the MSC, McDonald's Australia is achieving its goal of sustainable fish sourcing and supporting fishermen and companies that do the right thing.



• Agricultural Produce

McDonald's Australia also assesses its suppliers of agricultural products by way of audit based on ethical and worker safety criteria. This is monitored and reported annually.

✓ **Training on Modern Slavery**

Since our first reporting, we delivered in-person Modern Slavery training and risk assessment training to the McDonald's Supply Chain team. The training equips our key contract managers with the necessary tools to recognise situations where McDonald's Australia can potentially cause, contribute to or be directly linked to modern slavery practices and sets out the action plans they can take to avoid such practices.

✓ **Supplier Modern Slavery Questionnaire**

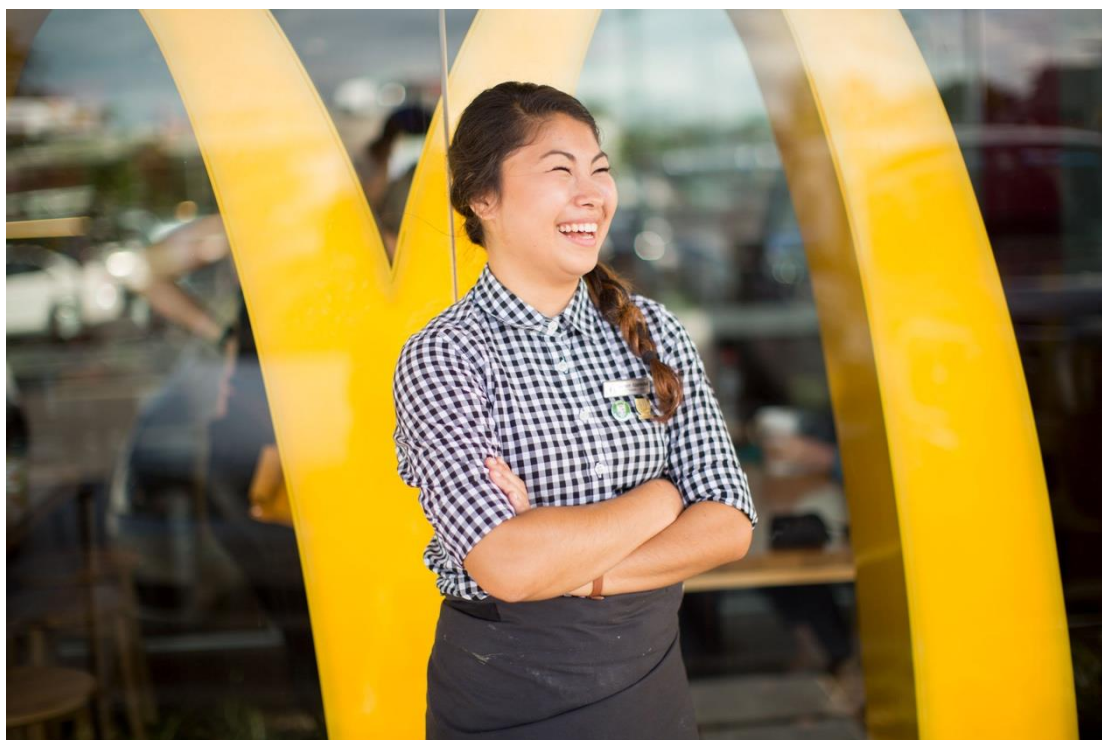
We created a Supplier Modern Slavery Questionnaire to assess our suppliers' policies and practices to identify, assess, and mitigate modern slavery risks in our supply chains and operations.

Similar to our CoC, Suppliers must agree to answer our Questionnaire as part of their onboarding process into the McDonald's Australia system. We are currently exploring opportunities to automate this process as part of our contract management system.

✓ **Contractual term**

We have updated the terms of our supply contract within Supply Chain to include provisions requiring our suppliers to comply with modern slavery laws, to respond to our Modern Slavery Questionnaire and maintain their own policies and procedures in relation to modern slavery practices.





Other relevant policies and remediation processes

From kitchen to counter to head office, our success would not be possible without the hard work of our people, which is why it is so important we invest in and develop them. We believe in developing a culture in which our people are treated with dignity and respect at all times. We promote equal employment opportunity (EEO) to ensure that our employees enjoy a harmonious work environment free from harassment, bullying and unlawful discrimination.

We aim to create an environment of open and honest communication with everyone having the opportunity to have their say. We know that a motivated and engaged team of people in our restaurant is vital when building a great place to work.

One key component of building a great workplace culture is ensuring that our people can speak freely and openly about any concerns or worries. We are always identifying ways to improve the communication between McDonald's Australia and our people. Examples of our current programs include:

- **Employee Assistance Program**

This program was designed as an avenue for employees to access 24/7 support. It provides free and confidential counselling to an employee for any work or personal issue they might be experiencing.

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- **McDonald's Business Integrity Line**

As part of our policy of speaking honestly and openly, we have a global McDonald's Business Integrity Line, which offers a toll-free telephone line to allow anonymous reports of any violation of our Supplier Code of Conduct. This line is staffed 24 hours a day, seven days a week.

- **Health and Wellbeing Toolkit**

McDonald's Australia has developed a toolkit to raise awareness, educate and open conversations about mental health and wellbeing. The toolkit comprises of fact sheets, resources and information that support staff wellbeing and safety. McDonald's Australia has a range of online modules and courses to support employees, with additional courses being rolled out across all corporate employees and restaurant management.



Other policies of McDonald's Australia that support our anti-modern slavery program:

- **Anti-bribery, Fraud and Conflict of Interest policy**
- **Whistleblower policy**
- **Respectful Workplace Policy**
- **Open Door Policy**
- **Personal Relationship Policy**

Assessing our effectiveness

For this reporting period, we adopted the same stringent measures to evaluate the effectiveness of our actions, which include:

- Number of suppliers that have signed and returned their Anti-Slavery Compliance Declaration Forms via our logistics partner Martin Brower to indicate that modern slavery risks have been assessed and mitigated within their supply chains and operations.
- Number of suppliers that comply with our CoC and SWA program. We continue to adopt the same remediation processes in the event a non-compliance is identified, namely the suppliers are required to work with a third-party audit firm to complete a corrective and preventative action plan to address the non-compliance. The plan must provide specific time frames within which corrective action will be taken, root causes analysed, and policies and procedures updated. In addition, the plan must be designed to avoid the recurrence of non-compliance and establish specific accountability. In instances of significant non-compliance, suppliers are subject to a follow-up audit to ensure that the non-compliances have been properly addressed.
- Regular review of our internal policies.
- Proactively identifying any high-risk suppliers within supply chains.
- Regularly monitoring the existing frameworks in place to address modern slavery risks.
- Engaging in regular discussions with our supplier partners.

Internal Consultation

In preparing this Modern Slavery Report, McDonald's Australia consulted with its Supply Chain team and Martin Brower to identify the areas of risk and how best to report ongoing progress. McDonald's Australia does not own or control any other operating entities. All authorised directors of McDonald's Australia Limited have reviewed the statement prior to its publication.



Looking ahead

At McDonald's Australia, we will continue to strengthen our approach to managing the risk of modern-day slavery within our business and supply chains. Our focus for the next reporting period is to:

- Increase the number of McDonald's employees trained on modern slavery awareness and risk assessment;
- Continue to roll out modern slavery compliance clauses in all of our contracts with suppliers;
- Engage with a greater number of suppliers to drive improvements within our supply chain; and
- Collaborate with our counterparts in the US and the UK to seek new opportunities to enhance our due diligence checks.

Statement Approval

This statement is prepared pursuant to the *Modern Slavery Act 2018* (Cth) and has been approved by the board of directors of McDonald's Australia on 23 June 2022.



Antoni Martinez

Chief Executive Officer/Managing Director of McDonald's Australia Limited

