



McDonald's Australia Limited Modern Slavery Statement



Introduction

At McDonald's Australia Limited ("**McDonald's Australia**"), we take seriously our responsibility to respect and promote human rights and to act with due diligence to avoid infringing on the human rights of others and addressing any impacts on human rights if they occur.

We are committed to respecting human rights as set out in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We strive to foster safe, inclusive, and respectful workplaces wherever we do business and respect the fundamental rights of McDonald's Australia'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 Australia may impact the human rights of particularly vulnerable groups, such as migrant labourers, unskilled labourers, indigenous people, women, or children, we are also guided by other international standards that elaborate on their rights.

This Modern Slavery Statement is published in accordance with *Modern Slavery Act 2018* (Cth). It outlines the approaches we have taken so far to prevent modern slavery in our operations and supply chains.

We continue to build our knowledge of the risks of modern slavery and the areas of our business that could face some of these challenges. We work across our business and supply chains to put the right practices in place to prevent and respond to any potential risks. Modern slavery is unacceptable within our business and supply chains. We have a responsibility to respect the rights of people who work for the company, and to do business with franchisees, suppliers and business partners that respect human rights for their respective employees. We recognise there is no single solution to human rights issues, which is why it is critical that we engage with all of these stakeholders to build awareness and understanding.

Our structure, operations and supply chain

Our structure and operations

McDonald's Corporation ("**McDonald's Corp**") is the world's leading global quick service restaurant retailer, serving 69 million people every day. McDonald's Corp harnesses the power of our franchisees, suppliers and employees working together toward our common goal of serving delicious, feel-good moments for everyone. Franchisees bring the spirit of entrepreneurship and commitment to communities; suppliers are dedicated to highest levels of quality and safety; and McDonald's Corp facilitates learning and sharing across more than 38,000 McDonald's restaurants worldwide.

McDonald's by the Numbers



McDonald's Australia is an unlisted Australian public company, and together with McDonald's Corp we work across all three elements of our business—the Company, the franchisees, and our supplier partners—to use our scale for good for our communities, the environment and our people. Our approach to modern slavery and ensuring human rights are underpinned by this same commitment.

At the heart of McDonald's Australia business is a franchise business, with more than 80% of McDonald's restaurants in Australia are owned and operated by franchisees, local businessmen and women, who are passionate about running a business which invests in

their local communities and local people. The remaining approximate 20% of restaurants are owned and operated by the McDonald's Australia company which is equally committed to the local communities we operate in.

Other parts of the McDonald's Australia business operations include construction, fit out of our restaurants, ownership and leasing of land, marketing, IT and logistics.

In 1971, McDonald's Australia opened its first restaurant in the Sydney suburb of Yagoona. Today there are 996 McDonald's restaurants across Australia that collectively employ more than 105,000 people across the restaurants and management offices from all ages and backgrounds.

Our supply chains

McDonald's Australia has a complex supply chain, with both local and global supply chain partners, which employ millions of workers in over 105 countries.

Suppliers are a critical component of the McDonald's 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 to share best practices.

We know that a large part of the success of the McDonald's Australia's system lies in our trusted relationships with our supplier partners. We expect all suppliers, regardless of the cultural, social and economic context, to meet our expectations of fundamental rights for all people. This means treating their employees with fairness, respect and dignity, and following practices that protect health and safety for the employees in their facilities.

McDonald's Australia is also part of the McDonald's Flagship Farmers programme, which was launched to develop and celebrate a network of farms that demonstrate excellence in the three sustainability areas that underpin a healthy and progressive farm business: economic viability; ethical practices; and environmental safeguarding. The Flagship farmers and producers strive to make sure that their employees are paid fairly and they have been provided with the necessary training to do their jobs safely.

Under ethical practices, McDonald's Australia's global priority impact areas include human rights. Through our approach to continuous improvement, we continue to work with our food and farming partners to understand changes in the industry and make sure that our initiatives make a real difference to not only the farmers that supply our menu, but the wider industry too.

Here in Australia, we are also committed to supporting Australian producers and manufacturers and our first preference is always to source produce from within Australia whenever it is viable and appropriate to do so. We are very proud of the reputation we have earned as a key supporter of Australian agriculture.



Our Values



Serve

We put our customers and people first



Inclusion

We open our doors to everyone



Integrity

We do the right thing



Community

We are good neighbours



Family

We get better together

Identifying risks of modern slavery practices

McDonald's Australia recognises that given the complex and diverse nature of our supply chains the following possible modern slavery risks can occur in our operations and both our domestic and overseas supply chains.

Forced Labour

**Worst forms of
child labour**

Debt Bondage

**Deceptive recruiting
for labour or services**

To strengthen our assessment of potential modern slavery risks, McDonald's Australia has utilised tools such as the [Global Slavery Index](#) (GSI), the [Global Estimates of Modern Slavery: Forced Labour and Forced Marriage report](#) (Global Estimates of Modern Slavery Report) and the [Modern Slavery Registry](#) to identify the key indicators of risks present in our operations and supply chains. We have outlined the areas of those risks below:

Sector and Industry Risk:

Within our operations we have assessed our risk profile based on sector and industry risks. McDonald's Australia is aware that there are parts of its operations and supply chain where unskilled and temporary labour is resourced. Since a majority of such labour providers are not employed directly by McDonald's Australia, we have less control and visibility over their working conditions and employment terms. We also recognise risks exist in the use of labour in areas such as construction and agriculture and fishing sectors (Global Estimates of Modern Slavery report indicated high risk sectors) and we have tailored our risk management actions to address those risks.

Country Risk:

Another key indicator of risk is the country of origin from which products or raw materials are sourced for the McDonald's Australia system. 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 from other countries. We acknowledge that by doing so there is a risk of modern slavery, particularly from countries that are considered to be at high risk such as in Asia and the Pacific (GSI indicated high risk regions).

McDonald's Australia acknowledges that there have been added challenges and risks due to the COVID-19 pandemic which have increased the vulnerability of many workers as a result of factors such as restaurant closures. In order to support our restaurant team members McDonald's Australia implemented a program that allows temporary transfer of employees (to another McDonald's restaurant) who did not have enough shifts or were stood down as a result of COVID-19. Although we are uncertain of the future implications of COVID-19 on our operations and supply chain, McDonald's Australia is continually watching for increased human rights risks and is committed to ongoing management of COVID-19.



Mitigating and managing risks

Supplier Code of Conduct

The [Supplier Code of Conduct](#) applies to all of McDonald's Australia's suppliers (both local and global). This includes our IT suppliers, financial service providers, marketing and advertising firms, construction companies, equipment providers and so forth. It sets out our expectations for suppliers on critical topics including modern slavery/ 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. The Code 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 Supplier Code of Conduct 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 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 slavery, forced, bonded, indentured, or involuntary prison labour. Suppliers and third-party labour agencies are prohibited from retaining employees' government-issued identification, passports or work permits as a condition of employment.

The Supplier Code of Conduct is the cornerstone of the global Supplier Workplace Accountability (SWA) program which aims to help suppliers of products to understand the expectations of McDonald's Australia, verify compliance with our expectations and work toward continuous improvement. As of April 2020, McDonald's Corp. has over 4,000 facilities active in the SWA program across 98 countries. Whilst not all of these suppliers provide products or services for McDonald's Australia, as part of a global business and supply chain we expect the same high standards to be applied across all markets within the McDonald's system around the world. The program audits many different types of facilities and products, such as food, packaging, uniforms and Happy Meal toys.

The SWA program 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 program also includes on-site announced audits conducted by third-party auditing firms to assess compliance with the Code. McDonald's Corp 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.

Training on modern slavery and human rights

For suppliers, the global SWA programme includes an online training platform where they can access materials that provide guidance on preventing modern slavery. Training modules include: Ensuring Eligibility to Work, Protecting the Rights of Migrant Labour, and Implementing Grievance Mechanisms. For example, the Migrant Labour training aims to educate suppliers on the risks related to modern slavery when sourcing migrant labour and some key actions they can take to ensure they are protecting the rights of migrant workers in their facilities.

Employment practices and remediation

At McDonald's Australia, we are committed to inclusion, diversity and providing opportunities for everyone. 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 that is 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 are able to 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.

Employee Relationship Hotline: The hotline is our main method for raising employment concerns anonymously. We have trained staff supporting the callers which allows employees to safely report any potential modern slavery risk.

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, 7 days a week.

Health and Wellbeing Toolkit: McDonald's Australia has developed a toolkit to raise awareness, educate and open up 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.

Policies and other actions

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.

As part of our on-boarding procedures, McDonald's Australia also carries out the following checks (both initial and ongoing):

- Criminal background checks.
- Visa checks.
- Working with children checks.
- Parental consent forms where there are specific restrictions on work that can be performed by school-aged children.

In addition to the above, McDonald's Australia carries out regular assessment of indicators of modern slavery risks which comprise of the following:

- Anti-Slavery compliance declaration forms.
- Regular site visits.
- independent safety audits.
- Statutory declarations from head contractors to ensure payment of subcontractors.

Assessing the effectiveness of our actions

Since the SWA Program began, McDonald's Corp has provided optional training and engaged with thousands of suppliers and facilities. Over time, suppliers have taken on increased ownership over compliance processes. For example, Martin Brower, one of our biggest logistics providers, is not only part of the SWA Program but has also implemented additional measures such as sending out surveys to system suppliers to ensure all reporting requirements are satisfied.

Where a non-compliance is identified, suppliers 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 recurrence of the 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.

The SWA programme is designed to support suppliers in meeting our standards. However, there are circumstances under which we will remove a supplier from the supply chain to address instances of significant non-compliance with the Supplier Code of Conduct.

In addition to training, auditing, and other aspects of the SWA program, we require that suppliers provide their own internal reporting mechanisms to ensure their employees have a confidential, safe, and timely way to report workplace concerns without the fear of retaliation. Our Supplier Code of Conduct stipulates that suppliers must create internal grievance mechanisms and programmes for handling reports of workplace grievances, including anonymous reports.

Other ways McDonald's Australia have assessed the effectiveness of our actions include:

- Number of suppliers that have signed and returned their Anti-Slavery compliance declaration forms;
- Regular review of our policies and pro-actively identifying any potential restaurant risks specifically in relation to child labour;
- Engaging in quarterly business reviews with suppliers to allow open discussions regarding sustainable and ethical business practices; and
- Regularly monitoring the existing frameworks in place to address modern slavery risks.

Advocacy of human rights

In 2019, McDonald's Corp convened a multi-stakeholder roundtable of human rights experts and advocates on the sidelines of the UN Forum on Business and Human Rights. The group included stakeholders from civil society, academia, the public sector, peer companies and international organizations.

The group received an update on McDonald's Corp's supply chain human rights activities and provided feedback and advice on how to advance the program.

We believe that real, systemic change throughout the supply chain requires partnership with industry. That's why McDonald's Corp joined the [ICTI Care Program](#) for the Happy Meals toys scheme in 2016, bringing together industry partners to support a sustainable supply chain for the toy and entertainment industry.

To ensure our supplier program addresses emerging human rights issues and risks, McDonald's Corp participates in initiatives such as [AIM-PROGRESS](#), a business initiative focused on responsible sourcing, and Business for Social Responsibility's Human Rights Working Group (HRWG), which supports implementation of the UN Guiding Principles on Business and Human Rights in a shared-learning forum of more than 40 companies.



Looking Forward

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. We're in the process of reviewing our local and global approach and policies related to protecting human rights, with the aim of ensuring a more robust action plan to address modern slavery risks. We're using internationally recognised standards, including the UN Guiding Principles on Business and Human Rights, and the views of external stakeholders, to guide this process.

In order to continue to develop and strengthen our response to modern slavery some of our next steps include:

- Providing modern slavery training to McDonald's Australia employees.
- Continuing to work within the global business with cross-industry and industry groups collectively combat forced labour.
- Continuing to work with our suppliers to drive improvements within our supply chain, including conducting audits with worker surveys.
- Use our Flagship Farmers Programme to select and showcase our most progressive suppliers who work with peers and share their industry-leading people processes and practices.
- Seek new opportunities with our suppliers to enhance our anti-modern slavery policies, particularly in light of COVID-19.



Statement approval

This statement is prepared pursuant to Modern Slavery Act 2018 (Cth) and has been approved by the board of directors of McDonald's Australia on 18-12-2020

Signed

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Andrew Gregory
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Andrew Gregory
Chief Executive Officer/Managing Director