

**McDonald's Australia Limited**

# **Modern Slavery Statement**



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## Acknowledgment of Country

McDonald's Australia Limited (**McDonald's**) acknowledges the Traditional Custodians of the lands on which we operate throughout Australia. We pay our respects to Elders of Aboriginal and Torres Strait Islander communities past and present and extend that respect to all members of those communities.

## Macca's Story

### Where we've come from

McDonald's opened its first restaurant in Australia on Bidjigal Country in the Western Sydney suburb of Yagoona in 1971.

In the fifty years since, McDonald's has affectionately become 'Macca's' and grown into the largest quick-service restaurant company in the country, with more than 1,020 restaurants, upwards of 200 franchisees, more than 115,000 people employed in restaurants, and serving more than two million Aussie customers every day.

Our restaurants operate in metro, regional and rural communities, providing jobs, supporting local communities, and upskilling the next generation.

## Our vision & values

Our values of *Serve, Inclusion, Integrity, Community and Family* define who we are and how we run our business and restaurants. Our values guide our decisions, big and small, because we know that actions are louder than words.

We want our customers and communities to know they can rely on Macca's to provide great value, excellent quality food and make a difference where it matters.

We understand that modern slavery practices impact millions of people around the world and human trafficking remains a hidden blight on our global society. Therefore, we are 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.



**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 neighbors



**Family**  
We get better together

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 we address any



negative impact on particularly vulnerable groups, such as migrant labourers, unskilled labourers, First Nationals people, women, or children if they occur.

This is McDonald's third Modern Slavery Report and it 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 are proud of the progress we have made to date but acknowledge that much remains to be done, and there is no single solution to preventing all forms of modern slavery practices. McDonald's will continue to work with our suppliers and Global company with the common focus of protecting and promoting human rights of workers in our business and operations.

## **Our structure, operations, and supply chain**

McDonald's is an unlisted Australian public company and operates as a franchise business. Eighty-five percent of restaurants are owned and run by local businesspeople, and the remainder are operated by McDonald's. Our franchisees are pillars of their communities, supporting local organisations, charities, and sporting clubs and helping during times of crisis.

What makes our system so unique is our business model of the three-legged stool. A balanced partnership together with franchisees, suppliers, and McDonald's to ensure our ongoing success.

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

### **Our Supply Chains**

McDonald's 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. It is equally important to us that we source our products in a responsible and ethical manner.

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



## 1) Economic

McDonald's is committed to supporting Australian producers and manufacturers. Where our food comes from and how it is produced matters to our customers, communities, and the environment. We've worked with Australian farmers and producers for more than 50 years. We purchase much of our produce and products, such as beef, chicken, milk, wheat, eggs, crisp lettuce, fresh tomatoes, and apples, from right here in Australia.

Our first preference is always to source local. Every year we source more than 200 million kilos of Aussie produce from thousands of Australian farmers and spend more than \$1 billion sourcing locally.



Examples include<sup>1</sup>:

- Lettuce: our crispy Iceberg and Cos lettuces are grown by farmers in New South Wales, Queensland, South Australia and Victoria.
- Apples: We use 100% Australian Granny Smith apples in our apple pies. They are picked from orchards in regional New South Wales and Victoria. On occasion we may need to use Pink Lady or Fuji apples to assure supply.



## 2) 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.

Together with our customers, employees, franchisees, farmers, producers, and suppliers, McDonald's is finding innovative ways to reduce emissions and keep waste out of nature.

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<sup>1</sup> Our first preference is always to source local. However, subject to changes due to availability or seasonality, produce may be imported from other countries.

From minimising plastic in customer packaging to driving climate action, investing in renewable energy, and partnering to advance sustainable agriculture, we're on it.

We're working toward sourcing all our customer packaging from renewable or reclaimed materials (excludes pre-packaged goods) while continuing to help keep waste out of nature. In 2020, McDonald's phased out single-use plastic straws, cutlery, and drink stirrers from restaurants nationwide, removing more than 500 million plastic straws and 115 million pieces of plastic cutlery from circulation. That's 860 tonnes of plastic removed from our restaurants annually.

By the end of 2023, all of our restaurants will be using new sundae cups containing fibre-based materials.

### **3) 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 following areas:

- Human rights
- Workplace Environment
- Environmental
- Business Integrity



This program aims to protect the health, safety and human rights of workers and audits are regularly conducted by our independent third-party auditors from a McDonald's approved audit firm in Australia to ensure our key suppliers are meeting our social responsibility expectations.

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' primary processing plants are annually audited by independent third-party auditors from



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

## Modern slavery risks

Using the Global Slavery Index 2018<sup>2</sup>, we have identified the following modern slavery risks within McDonald's supply chains and operations.

### Employees of McDonald's

We recognise that there is a risk of modern slavery that exists in the hospitality industry which employs potentially vulnerable categories of workers such as young people and migrants on temporary visas. However, we consider there to be a low risk of modern slavery within our corporate staff and employees in our restaurants as we have proper policies and contracts in place to prevent the risks of coercion, forced and/or child labour. The fact that our operations are based entirely in Australia is a low geographic risk for modern slavery which also mitigates this risk. We also take steps in our HQ to ensure we are continually updating our knowledge and resources to ensure that we are across any change, and they are communicated properly throughout our business.

### Sector/Industry

The Global Slavery Index 2018 identified the cocoa industry presents high risks of modern slavery. We also recognise that our most salient modern slavery risks are present in our operations of McCafe. Hence, we have been a long-term partner with the Rainforest Alliance to ensure that our McCafe blend is sourced from Rainforest Alliance certified farms across Brazil, Honduras, Kenya and Ethiopia.

### Geographic

Although McDonald's is committed to supporting Australian producers and manufacturers, if we cannot locate the quality, volume 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 at high risk. Numerous countries which operate suppliers' facilities which are considered high risk are prohibited from supplying to McDonald's, such as:

- **Bangladesh:** goods imported from Bangladesh will not be accepted into the McDonald's system.
- **Brazil:** goods imported from Brazil must not include goods or raw materials that originate from sites that are listed on The Dirty List (this is one of Brazil's most famous anti-slavery tools and it lists individuals or legal entities known to exploit labour under conditions analogous to slavery in Brazil).
- **North Korea:** goods from North Korea will not be accepted into the McDonald's system, including any goods made or transported using North Korean labour.

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<sup>2</sup> <https://www.walkfree.org/global-slavery-index/2018/findings/highlights/>



## Mitigation of modern slavery risks

In addition to the actions stated above, we continue to build on the following initiatives which we have developed since our first Modern Slavery Report to tackle modern slavery risks:

### Modern Slavery Questionnaire

In the last reporting period, we developed McDonald's own Modern Slavery Questionnaire (**Questionnaire**). Since then, we have been exploring various options to embed the Questionnaire within McDonald's contract management system as a key part of the McDonald's supplier onboarding process. We have also prepared modern slavery provisions to include in our supply contract with key and high-risk suppliers, which require them to provide information about their modern slavery compliance and to ensure they maintain their own policies and procedures in relation to modern slavery practices.

In the meantime, we continue to collaborate with our long-term logistics partner Martin Brown to issue Anti-Slavery Compliance Declaration forms to our key suppliers to assess any modern slavery risks present with our supply chains.

### Modern Slavery Risk Checklist

In this reporting period, we developed a Modern Slavery Risk Checklist (**Checklist**) based on the following categories of risk as set out in the "Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities" and the Global Slavery Index 2018.

The checklist helps McDonald's contract managers to properly assess the risk profile of each new supplier they wish to introduce into the McDonald's system and identify those suppliers that warrant further due diligence. This checklist is easily accessible via McDonald's corporate page and is part of Supply Chain's legal playbook.

The aspects the Checklist covers include the following:

- Sector/industry
- Entity
- Product and service
- Country risks

### Supplier Code of Conduct

We continue to work with our suppliers to secure their commitment to our Supplier Code of Conduct (**CoC**), 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 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 expects all suppliers and their facilities to meet the standards and promote the principles outlined in the CoC. Fundamental to the CoC is the expectation of ethical employment practices by suppliers and their supply chain, including subcontractors and third-party labour agencies. We expect our suppliers to hold their own supply chain, including subcontractors and third-party labour agencies, to the same standards contained in the CoC.

From an anti-modern slavery practice perspective, the CoC specifically stipulates that the suppliers must:

- ensure that underage labour is not used in the production or distribution of their goods or services;
- not use any form of slavery, including forced, bonded, indentured or involuntary prison labour;
- create internal programs for handling reports of workplace grievances; and
- not retain employees' government-issue identification, passport or work permits as a condition of employment.

### **Supplier Workplace Accountability Program (SWA Program)**

Since our first Modern Slavery Statement, McDonald's continues to use the Supplier Workplace Accountability Program to support 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 addition to our CoC, McDonald's Supplier Workplace Standards and Guidance Document is shared with all key suppliers of McDonald's 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.



## Other relevant policies and remediation processes

McDonald's continues to implement its existing policies and programs to mitigate human rights risks in our business, which include the following:

### Whistleblower Policy

McDonald's is committed to maintaining the highest standards of honesty, openness and accountability both within the organisation and in its business dealings. Our Whistleblower Policy, which has been updated since our last Modern Slavery Statement, aims to encourage the reporting of misconduct or improper state of affairs in relation to McDonald's. It also establishes reporting and investigation mechanisms to effectively deal with any disclosures made by the disclosing persons. Protection is also provided to ensure all disclosing personnel feel supported and can raise concerning issues.

### Employee Relations Hotline

McDonald's also offers an Employee Relations Hotline which is supported by two employee relations advisors between the hours of 8am and 6pm Monday to Friday. Employees, franchisees, managers and stakeholders can contact the Hotline by phone, email and chat function as an additional remediation process to deal with employee enquiries and concerns.

### Complaints Resolution Process

All of McDonald's employees have access to complaint resolution processes which allow anyone who believes they are experiencing, or have witnessed, unacceptable workplace behaviour to voice their concerns, this includes behaviours such as bullying, harassment, discrimination, victimisation or general treatment. To ensure an effective and prompt resolution process, our employee grievance system can be dealt with via informal or formal process, where the latter involves written complaint submission and formal investigation. The complaint resolution process also forms part of our McDonald's Respectful Workplace Policy.

### McDonald's Corporate

During this reporting period McDonald's rolled out our Speak Up training to our head office employees, licensees and leadership team. This training aimed to reinforce a safe, transparent and open work environment

### Restaurant Training

In our restaurants, we have also introduced the following programs to show our commitment to taking positive action to enhance our employees' experiences:

- Respectful workplace policy (includes our Speak Up policy and the Complaints Resolution Process);
- Respectful workplace training is conducted during on-boarding and annually at Restaurant Basics Induction Training sessions;
- Speak Up posters on crew notice boards at our restaurants;
- Employee Relations Hotline; and
- Respectful Workplace training at Supervisor and Restaurant Manager summits.



### McDonald's Business Integrity Line

Our Global McDonald's Corporation's office manages McDonald's Business Integrity Line, which is available 24 hours a day, seven days a week. This phone line allows anonymous reports of any violations of our standards of business conduct, including our commitment to human rights to foster safe and inclusive workplaces. For example:

- Freedom from slavery and child labour
- Freedom to associate or not associate
- Equal treatment and opportunity
- A safe and healthy workplace
- Freedom from discrimination and harassment.

### Employee Assistance Program

The program is designed as an additional support avenue for employees to access 24/7 support. It provides free and confidential counselling to an employee for any work or personal concerns they might be experiencing. Since our last Modern Slavery Statement, McDonald's launched a new EAP named Sonder to McDonald's employees and employees of our franchisees as part of our commitment to find new and better ways to support the wellbeing and safety of our people.

## Assessing the effectiveness of our actions

For this reporting period, the Modern Slavery working group at McDonald's regularly reviewed our approach to addressing modern slavery risk to ensure the ongoing effectiveness of our actions. We have adopted the following key measures of effectiveness as we did for the previous reporting periods, namely:

Method	Measure
<b>Anti-Slavery Compliance Declaration Forms</b>	<p>We considered the number of suppliers (i.e. existing and new suppliers) that have signed and returned 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.</p> <p>We recognise that there are still opportunities to improve this method by embedding McDonald's own Modern Slavery Questionnaire within our contract management system as a key part of our supplier onboarding and annual assessment process.</p>
<b>Modern Slavery Contractual Provision</b>	<p>We have increased the number of supply contracts that contain modern slavery provisions. We have prepared 3 forms of modern slavery provisions based on the risk profile of the supplier.</p>



<b>Code of Conduct and Supplier Workplace Accountability Program</b>	<p>We continue to monitor the number of suppliers that comply with our CoC and SWA program. We also continue to adopt the same remediation processes in the event a non-compliance is identified, namely the suppliers are required to work with our independent 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.</p>
<b>Grievance and mechanisms</b>	<p>We have increased awareness of various channels and mechanism for grievances and enhanced our workplace policies as set out above.</p>

## Internal Consultation

In preparing this Modern Slavery Report, McDonald’s consulted with its Supply Chain, People and Culture, Corporate Communications and Legal team, as well as our long-term logistics partner Martin Brower to identify the areas of risk and how best to report ongoing progress. McDonald’s does not own or control any other operating entities. All authorised directors of McDonald’s have reviewed the statement prior to its publication.

## Looking ahead

At McDonald’s, 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:

- Continue to roll out modern slavery compliance provisions in all of our contracts with new suppliers;
- Engage with a greater number of suppliers to drive improvements within our supply chain, including increase the number of modern slavery questionnaires sent and received;
- Increase the number of McDonald’s employees trained on modern slavery awareness and risk assessment; and
- Collaborate and seek new opportunities with our Global companies to collectively enhance our anti-modern slavery programs.



## Statement of 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 on 22 June 2023.



**Antoni Martinez**

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

