



McDonald's Restaurants
Limited Gender Pay
Gap Report 2020



Foreword

from Paul Pomroy,
Chief Executive Officer, UK & Ireland

I have worked at McDonald's for over 20 years, and people often ask me why I have remained here for so long. I always respond by saying that it's because of the inclusive culture and the people I work with day in, day out – from restaurant to office. Encouraging the growth and progression of all our people is at the heart of everything we do at McDonald's and essential for the continued success of our business.

Gender pay gap reporting has, rightly, brought the challenges women face in the workplace to the forefront of the business agenda. We welcome the requirement for greater transparency, and recognise how important sharing progress in this way is to truly shifting the dial.

At McDonald's, we have been working hard for many years to provide an environment where all our people can thrive. Inclusion, and opening our doors to everyone, is a core McDonald's value. We have designed our cultural framework to ensure our people feel empowered to drive inclusivity. These are more than just principles that sit in a document. They drive everything we do for our people and have helped bring about real change. Our ultimate ambition is to be one of the UK & Ireland's most inclusive employers.

For all of us, the year just gone has been unlike any other in our lifetimes. The period of time we're reporting on, up to April 2020, only takes us to the start of the COVID-19 pandemic and the profound changes to our day-to-day lives. But it's worth reflecting on it, because the experiences of the last 12 months have raised important questions around the equity of women in the workplace and at home. It would be easy to relegate these issues at a time when so many other fundamental challenges to our business and our lives are present. But for me, this period has only reinforced my commitment to our people and to ensuring diversity in all its forms. I believe we need to grasp this moment to really look at ensuring we create working experiences that are fair and equitable for all.

The world around us might have changed, but the experience has underlined what McDonald's has always done best: providing great experiences, with great tasting food, served by great people. Each of our customers is unique, and every community we operate in is different. Now more than ever, we want our teams to reflect the rich diversity of the communities they serve – and we know we serve those communities best when we operate in this way.



Paul Pomroy,
UK & Ireland CEO

We are proud of the progress we have made with achieving gender balance through most levels of our organisation, but we know there is more work to do. At the highest levels of our business it is an ongoing journey. We're committed to making tangible progress and recognise this may take some time to create a truly inclusive environment for both our people and our customers.

It takes each of us to make a change for all of us, and we remain committed to playing our part.





How we calculate the median difference

LOWEST PAY PER HOUR MEDIAN PAY PER HOUR HIGHEST PAY PER HOUR



DIFFERENCE = MEDIAN HOURLY PAY GAP



LOWEST PAY PER HOUR MEDIAN PAY PER HOUR HIGHEST PAY PER HOUR

How we calculate the mean difference



= MEAN MALE AVERAGE PAY



= MEAN FEMALE AVERAGE PAY

DIFFERENCE = MEAN HOURLY PAY GAP

McDonald's Restaurants Ltd. (UK only)

McDonald's has been part of the UK for over 45 years. We have 1,343 restaurants across the country that are owned and operated by either us or our franchisees – creating jobs and opportunities for people, no matter their gender, age or life stage.

Our UK & Ireland (UK&ROI) business is comprised of three parts – our regional head offices, 130 company-owned restaurants and our franchised restaurant estate. Across the UK&ROI, 90 per cent of our restaurants are owned and operated by franchisees – local businessmen and women who invest a significant amount in their restaurants, people and local communities. As independent employers, our franchisees

will each publish individual gender pay figures as required by the Government.

This report provides figures for McDonald's Restaurants Ltd. in the UK only, which covers the first two components: McDonald's company-owned restaurants and UK head offices. Together, these represent a workforce of 16,770 employees, of which 728 people* are employed in head office roles. We offer a wide range of jobs – from our restaurant crew and managers, through to roles in our corporate functions.

Across our franchisee base, 182 in total, 155 are male and 27 are female. This means 12 per cent of our franchisees are female. While this is above the industry average of 10 per cent, we are committed to supporting more women considering a career as a franchisee.



AROUND **90%** OF OUR RESTAURANTS ARE OWNED AND OPERATED BY FRANCHISEES

OUR FRANCHISEES WILL EACH PUBLISH INDIVIDUAL GENDER PAY FIGURES AS REQUIRED BY GOVERNMENT

TODAY, WE HAVE **1,343** restaurants ACROSS THE COUNTRY

A PART OF THE UK FOR ALMOST **45 years**

There are three component parts:

- OUR UK HEAD OFFICES
- OUR 130 COMPANY-OWNED RESTAURANTS
- OUR FRANCHISED RESTAURANT ESTATE

MCDONALD'S RESTAURANTS LTD. (UK ONLY)

MCDONALD'S COMPANY-OWNED RESTAURANTS AND UK HEAD OFFICES REPRESENT A WORKFORCE OF **16,770** WHICH INCLUDES JUST OVER **728 people** EMPLOYED IN HEAD OFFICE ROLES

Data provided as at snapshot date 5th April 2020

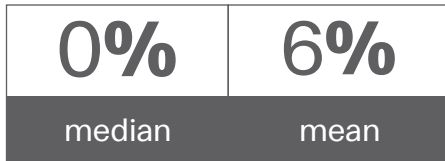
*This is 412 head office staff and the remainder is located in Global Departments, our Ronald McDonald Children's Charity and our Ronald McDonald Houses.



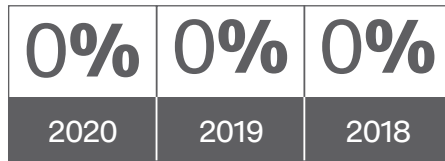
Our year three data

as of 5th April 2020

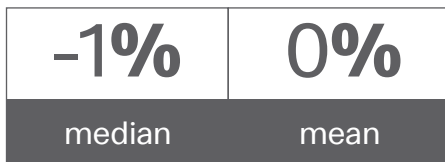
Pay gap at McDonald's Restaurants Ltd.



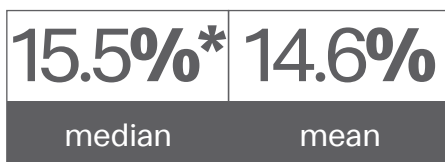
Median pay gap of:



Pay gap in our restaurants



UK national average pay gap



Due to the impact of COVID-19, the UK Government suspended the obligation for businesses with 250 or more employees to report their 2019 Gender Pay Gap data. For transparency, we have reported this, alongside our 2020 data on the Government website and summarised below.

At McDonald's Restaurants Ltd. we have a median pay gap of 0 per cent. This is exactly the same as last year and the year before. We have a mean pay gap of 6 per cent; last year it was 4 per cent. Both of these figures are significantly below the latest national averages – a national median pay gap of 15.5 per cent and a mean pay gap of 14.6 per cent.

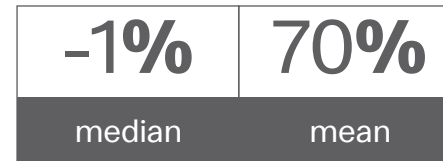
The median is the middle number in a set of figures. To illustrate, if you were to line up all our female employees in order of how much they are paid, from lowest to the highest, and do the same with our male employees, the man and woman in the middle of each line would be paid exactly the same.

The mean is the average of a set of figures. For example, if you were to calculate the average pay for men across our business, it would be 6 per cent higher than the average pay for women. While we should not be satisfied with any gap, this falls way below the latest average gap in the UK.

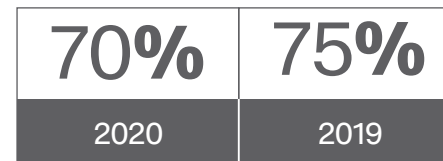
These figures are even lower in our restaurants, where the median pay gap is 1 per cent in favour of women and the mean pay gap is 0 per cent. Today, our business is almost equal parts men and women (47 per cent men to 53 per cent women).

*ONS data 2020

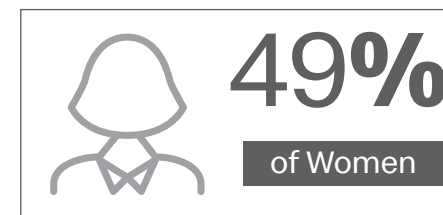
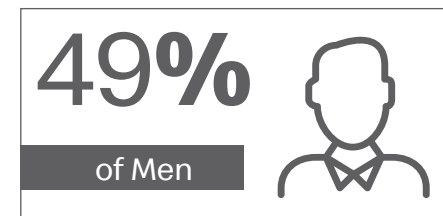
Bonus pay gap at McDonald's Restaurants Ltd.



Mean bonus gap



Bonus received



As well as looking at hourly pay, companies are asked to share data on the number of men and women who receive a bonus and the median and mean bonus pay gap.

There are a number of bonus schemes at McDonald's Restaurants Ltd., including two for our restaurant staff. Each month, we measure our company-owned restaurants based on customer feedback on order accuracy, of which the top 10 per cent award their employees with 50p for each hour they have worked in a two-week period. In addition, all restaurant managers are eligible for a quarterly bonus based on feedback on order accuracy and customer service.

In our head offices, we award bonuses to our people based on a combination of individual and company performance. Our senior leadership (Senior Managers and above) are also eligible to receive stock options and restricted stock units from McDonald's Corporation as part of the Long-term Incentive scheme. All bonuses are dependent on business performance. They are approved by the compensation committee in the US, annually in February.

The proportion of men and women in our business receiving a bonus is exactly the same. 49 per cent of men do, as well as 49 per cent of women.

We have a median bonus gap of 1 per cent in favour of women. Last year it was 2 per cent in favour of women. Our mean bonus gap is 70 per cent, down from 75 per cent last year, which signifies the improvement we have seen in greater female representation in the senior levels of our corporate roles.



But we have a strong heritage in having some exceptional women in senior roles at the highest level of our business, with nearly 80% of external hires to Director level positions being female and 2020 saw us promote our first female Vice President of Operations and our second in 2021. We are committed to supporting more women into senior leadership roles and retaining them once they get there. This is a crucial component of our strategy, which spans three key areas – representation, acceleration of inclusive cultures and dismantling barriers to opportunity. It will continue to remain a central focus for us in 2021 and beyond.

"Nearly 80% of external hires to Director level positions in 2020 were female"

The long term incentive bonus impacts the overall bonus calculation. All roles have grades and bonus targets are consistent and aligned to these grades. As long term investments vest over a period of one to four years this will have an impact to our numbers, as eligible staff will exercise options at differing points of the year.

Closing the gap in 2021 and beyond

Our commitment to diversity, equity and inclusion (DE&I) remains at the heart of both our business and our culture. That is why we continue to work hard to develop our female talent and leadership.

Our DE&I strategic framework, launched in 2019, has three guiding principles:

1. Represent the diverse communities in which we operate
2. Accelerate cultures of inclusion and belonging
3. Dismantle barriers to economic opportunity

Critically, our framework is something we can use with all the groups that matter to the business: employees, franchisees, suppliers, customers and the communities we operate in.

In 2020, despite the challenges posed by the pandemic, we were able to implement a number of initiatives to bring our DE&I framework to life. For example:

- **We launched the Hello... Inclusion network.** This employee led network is open to all staff. It held expert-led events to share best practice, educate and help us all make changes to create belonging for everyone. This has also provided a space for our employees to share and discuss some of the external events that have taken place in the last 12 months, which have impacted so many people very personally.

- **We continued to support National Inclusion Week.** We were proud to be the headline sponsor in 2019 and actively celebrate the occasion in 2020. We held talks on the topic of race and gender identity and continued our work with a range of organisations including Inclusive Employers, Workingmums.co.uk, Workingdads.co.uk and Women in Hospitality, Travel and Leisure (WiHTL).



- **We rolled out new DE&I e-learning modules.** Building on our learnings from embedding unconscious bias across the organisation, we have developed an educational framework to help us have a safe, respectful and inclusive workplace. These included Speak Up training, How to be an Ally and Creating Belonging across all levels of our organisation, from crew in our restaurants up to our Executive team.

- **We doubled down on our support for working parents.** In light of the pandemic and the impact on working parents, we reached out to listen to them, bringing the community together to share tips and ideas.

"In 2020, 60% of all external hires were female and 45% ethnically diverse, a rise of 22% since 2018"

- **Improving our recruitment processes.** We now require diverse shortlists for mid- to senior-level hires, partnering with specialist agencies for executive search. All job descriptions are gender neutral, we include our DE&I statement within all job adverts and encourage discussions from prospective hires on alternative working applications. This will help us to attract and recruit the best people for our business. In 2020, 60% of all external hires were female and 45% are ethnically diverse also, a rise of 22% since 2018.

- **Supporting female franchisees across the industry.** We want to use the breadth of our system to have an impact and influence the wider franchising sector to achieve greater gender balance. That's why we have worked with the British Franchise Association to champion diversity in all its forms, including showcasing our own female franchisees to attract more women entrepreneurs to consider a career as a franchisee.

- **Supplier SAVES council.** Our largest suppliers are represented through this council, and we have seen gender representation of the council increase by 40% in 2020. The SAVES council are committed to achieving greater representation and inclusive cultures within their own organisations and together we are sharing best practice and leveraging our collective partnership to make an impact far reaching beyond our own corporate structures.



Supporting female leaders at McDonald's

McDonald's has a rich heritage of nurturing female talent. In 2005 we created the Global Women's Leadership Network (GWLN), with a simple but critical mission: to recognise and raise awareness of the significant contributions that women are making to McDonald's worldwide; and advance and facilitate a culture where women have the most opportunity to succeed and grow. Two years later we launched the Women's Leadership Development Programme, to further support the progression of female leaders. That Programme has now evolved to a Leadership Development Programme that is 50/50 women and men to ensure that leadership development is inclusive, focuses on the value of diversity of thought in leadership and encourages two-way allyship.

Each year the primary objectives of the GWLN have remained consistent, with the programme evolving in response to feedback, new insights and understanding, and business priorities. The programme has also expanded across numerous countries, which helps to bring different perspectives to discussions.

We are focused on finding new modern ways of working to attract and retain female talent, and ensure women feel comfortable and supported – especially when coming back to the workplace after having children. Support networks, both internal and external, are a vital part of this. I have colleagues who are part of groups like Meat Business Women and Women in Food & Farming, and we encourage each other to build these networks to learn from other women leaders. I also personally have committed to checking that we have balanced short lists with all senior level recruitment and holding our Executive team accountable to ensure we maintain this focus.



As chair of the UK & Ireland WLN, and chair of the Global WLN, it makes me incredibly proud to see the emphasis we place on fostering an environment in which women at McDonald's can thrive. We have seen that male allyship is a crucial factor in our success and therefore this agenda is about all of us, men and women, coming together to recognise the value a diverse workforce adds to our success, and to overcome societal and business challenges to ensure our efforts are sustained.

Tina Dekker, Senior Vice President, Chief Legal & Corporate Affairs Officer

Measures like these will help us on our journey to addressing the gender pay gap within our business. We continue to commit to a programme of sustained improvement, and are working towards a target to achieve gender balance across all levels. At a global level we are committed to having an equal number of men and women in leadership roles by 2030. In the UK, across most levels of head office teams we are almost at 50%, and with others we are actively managing our talent to close the gap. We will also be announcing further diversity commitments over the coming months. We are confident that adopting a long-term approach is the best decision for our business.

But to foster long-term change, we must continue to evolve our approach to ensure our leadership are accountable for the decisions we make. Today, we uphold this in a number of ways, including regular reviews of gender balance across departments, strategic partnerships to consult on our approach, and by investing in a range of support for our female employees. Ultimately, these measures ensure we continue to adopt best practice across all areas of our business





Our commitment to improve

To improve all representation across our business, including for women, we will focus on the three principles guiding our DE&I strategic framework. Represent the diverse communities in which we operate, accelerate cultures of inclusion and belonging, and dismantle barriers to economic opportunity.

In 2021 we will continue this work by:

- **Developing our 'rising star' talent.** We recognise that we have two levels of our leadership structure that are predominantly male at the moment and developing our talent will play a crucial role in closing our gender pay gap. We also recognise the opportunity we have for greater gender balance within the operations part of our business. We have a diverse talent pipeline, and across both corporate and operations are encouraging a 50:50 representation of rising star talent. We aren't there yet, but we are reassured – although not surprised – by the strength of female presence within our rising star base. Within our current workforce, we are working to achieve a 50:50 gender balanced split at every level of our business. We're really pleased to have already reached this at some levels, but recognise that there is more to be done to create parity of representation across the board. To tackle this, we are actively investing in inspiring women to take on more senior roles. This includes continued assessment of our rising star and 'future leader' cohorts, as well as utilising both our membership of WiHTL and our CEO's role on the advisory board to participate in cross-industry mentoring and workshops to develop female talent.
- **Championing flexible working wherever possible.** The pandemic has really opened people's eyes to the widening gap in terms of gender inequality. Whether it's in the office or our restaurants, we are conscious of the pressures of everyday life, and are constantly looking at how we can help staff manage their time. As part of our Better Working Charter, introduced in 2020, we have introduced a meeting-free Friday afternoon and no meetings before 9am and after 4pm. Going forward, we will continue to embrace flexible working, so any parent can find the right balance to be able to progress in their career.
- **Continuing to be transparent.** We will keep sharing our data on representation across the business, including gender and ethnicity, so that we all understand where the challenges and opportunities lie.
- **Continue to work with our suppliers and franchisee partners.** We are working to a collective commitment on DE&I and working together to maximise and accelerate our impact across the communities in which we serve.

Closing the gender pay gap will not happen overnight, but we are committed to driving real, long-lasting change across all areas of our business. During the pandemic we've seen a collective desire to level the playing field. For us, that includes ensuring opportunities for all. That's because McDonald's is for everyone – and we believe in showing our people and our customers that we mean it. We are on a journey and look forward to sharing our progress next year.





Statutory Disclosures - McDonald's Restaurants Ltd.

Median gender pay gap	0%
Mean gender pay gap	6%
Median bonus pay gap	-1%
Mean bonus pay gap	70%
% males/females receiving a bonus payment	49%/49%
Upper quartile (male/female %)	52%/48%
Upper middle quartile (male/female %)	44%/56%
Lower middle quartile (male/female %)	49%/51%
Lower quartile (male/female %)	47%/53%

Declaration

We confirm the information and data reported is accurate as of the snapshot date 5th April 2020

McDonald's Restaurants Ltd. UK workforce
% male/female employees = 47/53%



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