



McDonald's Restaurants Limited
Gender Pay Report 2021



Foreword

from Alistair Macrow,
Chief Executive Officer, UK & Ireland

I have worked at McDonald's for nearly 15 years, and taking on the role of Chief Executive in the UK and Ireland is a hugely exciting point in my career. This is primarily because of the sheer passion and talent of our people across our organisation. They have always been at the heart of our business and key to what sets us apart, but never has that incredible team spirit been more evident than in recent times when so much has been asked of everyone, at work and at home.

Our continued success is dependent upon us continuing to attract, train and retain the most talented people. If we have the very best people, we will always have the best business. I'm committed to continuing to focus on investing in everyone in our organisation and I am passionate about doing everything possible to ensure that all of our people are able to realise their potential.

Our people want to come to work, to be part of a team, to be able to realise their full potential and enjoy themselves. They rightly expect fair treatment, opportunity, personal growth, friendship and reward. They value the community we provide above all else. A group of people with shared interests who care about each other. In that environment they don't just flourish; they also provide our customers with the best experience possible.

I am proud to embrace our differences and that everybody we employ can be themselves at work; but they do all have one thing in common - opportunity. I am committed to giving each and every person the opportunity to thrive, grow and succeed – whatever their background, and wherever they come from. We have an unwavering commitment to invest in rewarding and upskilling every single person, while supporting them to be themselves at work.

We have taken great strides forward when it comes to gender equality in our business. Last year, for the first time, we celebrated gender parity at a senior leadership level in the UK & Ireland, including across our Executive Team. We've also achieved gender parity at a restaurant level and continue to increase our proportion of female franchisees.

There's plenty to be proud of, but while our gender pay gap remains well below the industry average, our ambitions remain much higher. We know that more must be done.

Looking ahead

In 2022, we won't stand still. We have set ourselves clear and measurable targets to continue to drive diversity, equity and inclusion (DE&I) and put them at the heart of our business strategy as part of our newly launched Plan for Change. I recognise that not everyone has the same start in life, so we've set a goal of helping one million people into training, jobs or new opportunities by 2030.

We are also investing in a range of programmes to help women across the business achieve their goals, bringing positive impact not only to them as individuals, but to the wider communities we serve. That includes creating more networks for women within our business, fostering allyship and playing our part in providing a bigger voice for women within our industry.

We are committed to creating an environment where all our people can truly flourish, and we know that when they do our whole McDonald's community feels the benefit – from the customers we serve to the partners and suppliers we support.

Talent is key to our success, and we will continue to invest to ensure we deliver opportunity for all. For me, there is nothing better than seeing someone realise their potential, because a business full of people realising their potential is the most irresistible type of business there is.

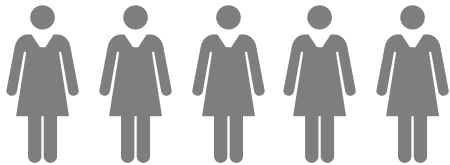


Alistair Macrow,
UK & Ireland CEO

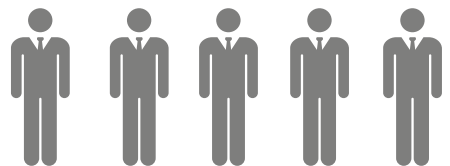


How we calculate the median difference

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 1,463 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, 132 company owned restaurants and our franchised restaurant estate. Across the UK&ROI, 91 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 753 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 11 per cent, we are committed to supporting more women considering a career as a franchisee.

91%

OF OUR RESTAURANTS ARE OWNED AND OPERATED BY FRANCHISEES

TODAY, WE HAVE 1,463 restaurants ACROSS THE COUNTRY

A PART OF THE UK FOR OVER 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

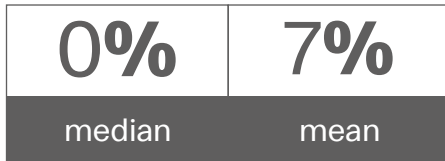
753 people

EMPLOYED IN HEAD OFFICE ROLES



Our data

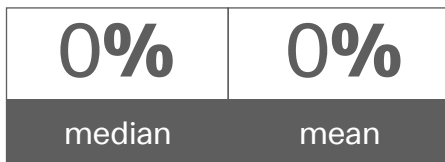
Pay gap at McDonald's Restaurants Ltd.



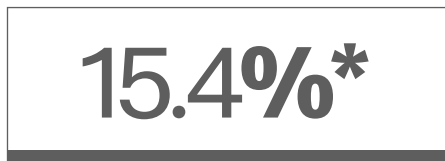
Median pay gap of:



Pay gap in our restaurants



UK national average pay gap



Following changes to the timeline of Gender Pay Gap reporting during the Covid-19 pandemic, McDonald's is again required to annually report its data by 4th April each year. As part of the reporting, we are required to identify a 'snapshot date' – a fixed point in time at which our data will be captured each year. As such, all data below is representative of our gender pay on 5th April 2021. For transparency, and in addition to fulfilling the legal requirement to report on the Government website, we have summarised this data below.

At McDonald's Restaurants Ltd. we have a median pay gap of 0 per cent, this is the same as last year and the year before. In fact, it has been the same since reporting began in 2017/18.

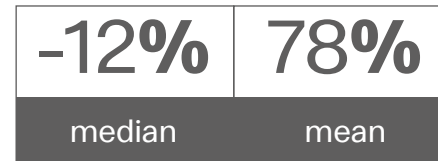
We have a mean pay gap of 7 per cent; last year it was 6 per cent.

Both of our median and mean pay gap figures are significantly below the latest national averages – a national median pay gap of 15.4 per cent and a mean pay gap of 14.9 per cent.

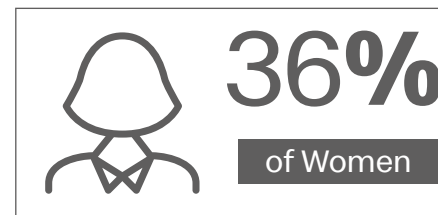
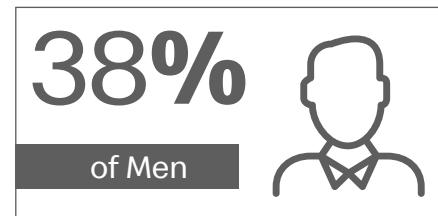
The median is the middle number in a set of figures. To illustrate, if you were to line up all of our female employees in order of how much they are paid, from lowest to the highest, and do the same with our male employees, the man and woman in the middle of each line would be paid exactly the same.

The mean is the average of a set of figures. If you were to calculate the average hourly pay for men across our business, it would be 7 per cent higher than the average hourly pay for women. While we should not be satisfied with any gap, this falls far below the latest average

Bonus pay gap at McDonald's Restaurants Ltd.



Bonus received



gap in the UK. In our restaurants, we have both a mean and median hourly pay gap of 0 per cent.

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 several bonus schemes at McDonald's Restaurants Ltd., including two for our restaurant staff. As of April 2021, when the data contained in this report was drawn down, each month we measured our company-owned restaurants based on customer feedback on order accuracy, of which the top 10 per cent awarded 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. This year, 38 per cent of men and 36 per cent of women received a bonus payment.

It is also worth noting that the long-term incentive bonus which we offer as a business impacts the overall bonus calculation, and that all roles have grades and bonus targets that are consistent and aligned to those grades.

*ONS data 2021



We have a median bonus gap of -12 per cent (+12 per cent in favour of women). Last year it was -1 per cent (+1 per cent in favour of women).

Despite the improvements in our median bonus gap, our mean bonus gap is 78 per cent, up from 70 per cent last year.

This gap is largely the result of the higher proportion of men in our senior leadership team at the time the data was captured (April 2021), as well as senior leaders being eligible to receive stock options as part of our Long-Term Incentive Scheme which can be vested over a long period of time which will continue to impact the bonus gap. Whilst we continue to have a good balance of women across all levels of our restaurant crew, and across our head office management, we recognised there was significant room for us to improve representation at the most senior levels of our business.

Over the past twelve months we have taken several steps to address this – including achieving gender parity at a senior leadership level in the UK – and will continue to do so throughout 2022. In addition to launching many of the initiatives we have detailed below, we have also seen the promotion/new hire of three women to SVP or VP, meaning we now have six female SVPs or VPs on our 12-strong UK board.

As we look to the future, and the strength of the female talent we have throughout the business, we are confident that female representation at this level of the business will continue to improve. While the impact of these team changes is not reflected in this year's figures, we hope, as a result of some of these moves, to see an improvement on the bonus gap when we next report.

Ensuring that improvement happens is not something we can leave to chance – it will take conscious effort and investment. We are fully committed to making both. We have always supported the exceptional female talent we have at McDonald's – from crew members to head office execs – and will continue to focus on accelerating their career growth with us and retaining their talent within the business. We take our responsibility to represent the communities we serve seriously at McDonald's, so our work to foster female talent in the business is key.





Closing the gap in 2022 and beyond

We believe in being people positive – championing great people, whatever their background – and helping to open doors to skills, jobs and opportunities. From our senior leaders to our restaurant teams, we are committed to reflecting the diverse communities we are part of and to stand up for individuality and equality.

That's why, as part of our Plan for Change, we outlined a number of commitments that will help us to deliver on that promise:

- By 2024: We will work with our supplier partners and franchisees to advance social inclusion through a Mutual DE&I Commitment.
- By 2025: 40% of participants in our new corporate placement and internship programme for our restaurant employees will be from underrepresented groups.
- By 2030: We will maintain gender balance within our senior leadership roles.
- By 2030: We will ensure 40% of all senior leadership roles are held by people from underrepresented groups.

We are determined to make clear progress against these goals and we have launched a number of initiatives over the last year which will help us to tackle the gender pay gap at McDonald's more effectively and better support and nurture our fantastic female talent.



These initiatives include:

Our recruitment processes, which continue to support diversity. 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 to ensure we are reaching as wide a pool of talent as possible. In 2021, 58% of all external hires were females and 40% were also ethnically diverse.

Our Restaurant to Corporate Bridge programme. Launched last year, our Restaurant to Corporate Bridge programme provides members of our restaurant crew with the opportunity to experience life in one of our corporate teams. We have set a target that aims for us to recruit 40% of the programme from under-represented groups, including women, and are looking forward to welcoming our second cohort in May.

Our Empowering the Female Leader programme. Our pioneering female development programme has 36 candidates from across the UK this year. It features regular face-to-face sessions with trainers and speakers from both inside and outside the business, covering diverse topics from building a personal brand, to overcoming imposter syndrome. The aim of the programme is to foster development, build confidence, and inspire and equip participants to succeed in their career aims.

Our workshops and learning modules. We have rolled out several workshops and learning modules to support us in creating a more diverse and inclusive workplace. These include the new face to face 'creating belonging workshop' which will be rolled out to the business, including our restaurant teams this April, and an event on 'masculine cultures', which encourages discussion around how female progression could be better supported by both men and women in the business.

Our partnership with WiHTL. We have continued to work closely with our industry association, Women in Hospitality, Tourism and Leisure (WiHTL), over the past year to support their mission of creating diverse and inclusive environments that positively impact five million employees globally by 2025. This year we have the opportunity to participate in the organisation's Global Female Leader Programme, a unique, comprehensive cross-industry programme designed to provide a series of experiences and learning opportunities to support career progression for female leaders in our industry.

Our support for the Women in Business Expo and National Inclusion Week. We are proud to partner with these important events and initiatives, helping them to increase their outreach and allowing us to share learnings to further our collective DE&I objectives.

Initiatives such as these will continue to help us on our journey towards addressing the gender pay gap in our business. As we look ahead into 2022, and beyond, we will continue to evolve these programmes and add new initiatives, where valuable, to support us in reaching this goal.



The McDonald's Women's Leadership Network

Our people remain the beating heart of our business and we've always been proud of our work to harness their talent and support them in getting ahead. Nurturing our female talent is integral to that effort and one way we are bringing this to life is through the creation of our Women's Leadership Network, which launched last year and which I am honoured to chair.

I know that a workplace where everyone is supported equally and is empowered to realise their full potential is a workplace that will succeed. I also know that diversity isn't just the right thing to do but vital to building a better business. Delivering both those things can only happen with proper intent and action and a full commitment to including those with diverse perspectives in everything we do. The Women's Leadership Network is a core part of enabling this at McDonald's.

Our vision is to build a network for female talent across all areas of the company, providing tools, resources, and events to inspire and support everyone's personal and professional development. We do this by connecting women across the UK and Ireland, offering a safe space to build relationships, share experiences, and grow their careers. That's the important formal part, but the informal bit of talking, connecting and building relationships so that women can learn from and support each other is just as important.

So far, we have established an Advisory Board to champion women across the business, alongside an Associate Board where a rotation of talented women from all divisions are mentored by senior leaders. These boards support the wider calendar of events we hold, from development workshops to menopause awareness training. Towards the end of last year, we also undertook a system-wide survey to understand the opinions and challenges of female employees, so we can respond in meaningful ways to their experiences of working with us.

In addition to this female-focused network, we are building a network of Male Allies, so that men in the business can actively support our work towards gender parity and help to shape our shared vision too.

This isn't just an initiative for head office, either – in 2022, we will be opening the network up to all women across McDonald's, alongside a partnership with the Women's Franchising Forum to develop a plan to engage restaurant employees.

The WLN is a testament to how committed we are to empowering women in leadership at McDonald's, and we are only just getting started. By rolling the network out across the business, we will work to champion women at all levels, whilst working hard to identify and develop a pipeline of future female leaders so that every woman can reach their true potential on our people positive journey. I am excited to see what we will achieve together this year.

Michelle Graham-Claire, Chief Marketing Officer and WLN Chair





Our commitment to improve

McDonald's has a longstanding commitment to be an employer where people are treated equally regardless of who they are, their background or their start in life – and that absolutely includes being somewhere women are both fully represented and rewarded. As a result of that long held ambition, we are proud to have one of the most diverse workforces in the UK.

As a business, we have made great strides in a number of areas, such as supporting working mums with the flexibility they need to thrive in their role at work and providing maternity leave support that exceeds the industry average as just a couple of examples of that progress. But we cannot afford to be complacent about the continuous effort required to maintain that diversity and to keep improving the opportunities we provide to people.

Our Plan for Change, which we outlined last year, sets our direction to support us in becoming a people positive business. Within this we have committed that, from our senior leaders to our restaurant teams, we will reflect the diverse communities we are part of and stand up for equality.

We know we have room to improve and that we need to work both fast and hard to make that progress, including by addressing our gender pay gap. Ensuring full and fair representation across our teams requires ongoing focus and effort, and this is work we welcome. We know that we have to be proactive and focused in making steps to close the gap, and every day, female employees at McDonald's interact with our tailored initiatives to champion, grow and develop women.

Our commitment to a diverse and supportive workplace remains as strong as ever. Addressing the pay gap is central to our reinvigorated DEI commitments, under our Plan for Change, and indeed to our broader business success.

In 2022, it will be a fundamental priority of the business to see real progress in this area – to ensure we are genuinely delivering opportunities for all – and we look forward to reporting back next year.





Statutory Disclosures - McDonald's Restaurants Ltd.

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|---|---------|
| Median gender pay gap | 0% |
| Mean gender pay gap | 7% |
| Median bonus pay gap | 12% |
| Mean bonus pay gap | 78% |
| % males/females receiving a bonus payment | 38%/36% |
| Upper quartile (male/female %) | 48%/52% |
| Upper middle quartile (male/female %) | 50%/50% |
| Lower middle quartile (male/female %) | 48%/52% |
| Lower quartile (male/female %) | 42%/58% |

Declaration

We confirm the information and data reported is accurate as of the snapshot date 5th April 2021

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



McDonald's Restaurants LTD.

11/59 High Road
East Finchley
London
N2 8AW
United Kingdom

T: +44 (0) 370 524 4622

www.mcdonalds.co.uk

Registered in England and Wales
Company No: 01002769