

Appt Corporation Ltd

Modern Slavery Act Statement

As a Joint Venture Partner of McDonald's UK, at Appt Corporation we conduct our activities in a manner that respects human rights as set out in The United Nations Universal Declaration of Human Rights. We do not use any form of slave, forced, bonded, indentured or involuntary prison labour. We do not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. We support fundamental human rights for all people. We will not employ underage children or forced labourers. We prohibit physical punishment or abuse. We respect the right of employees to associate or not to associate with any group, as permitted by and in accordance with applicable laws and regulations.

Introduction

This statement is published in accordance with the UK Modern Slavery Act. It outlines the approach Appt Corporation takes with McDonald's to prevent modern slavery in our business and associated supply chains.

In accordance with the practices of McDonald's Restaurants Ltd, Appt Corporation endorses McDonalds' first Modern Slavery statement published in July 2017. As a Joint Venture Partner, we have continued to deepen our understanding of the risks of modern slavery and ensure we have practices in place to respond to that risk.

Modern slavery is unacceptable within our business and associated supply chains. We have a responsibility to respect the rights of people who work for Appt Corporation, and to do business with 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 our stakeholders.

Our Business and Supply Chain

Working with McDonald's UK, Appt Corporation is proud to have run its business in the UK since 2006. Today, we operate 37 restaurants across London and Berkshire and employ over 3,000 employees from all ages and backgrounds.

Around 80% of McDonald's restaurants in the UK 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. Appt Corporation is proud to be one of them.

Our Supply Chain

Serving safe, quality, sustainably sourced food that our customers can trust is a priority for us as a business. We are very proud of the reputation we have earned as a key part of the McDonald's family as it collectively operates as a supporter of UK agriculture, but are also proud to work with McDonald's to source items for our menu from global suppliers.

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We strive to build long-term relationships with all stakeholders and suppliers and we are proud that many of our suppliers have worked with us collectively for years. All of the ingredients on our menu are sourced from approved suppliers who have to adhere to our high-quality standards which are independently audited. As a part of the McDonald's family where possible, our suppliers source ingredients from farms accredited by a recognised farm assurance scheme such as Red Tractor, with regular audits taking place on farm to ensure that standards are being met. In addition, many of our supply chains are vertically integrated, giving our suppliers control and oversight of every step of production.

The success of the McDonald's system and that of its franchisees lies in its trusted relationships with its supplier partners. It expects all suppliers, regardless of the cultural, social and economic context, to meet our collective 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 people working in their facilities.

Globally, McDonald's is a member of the Sustainable Agriculture Initiative Platform, a body which aims to develop principles and practices for the sustainable production of crops, beef, dairy and other produce. By working with a number of organisations through this platform McDonald's is focused on continuing to develop sourcing standards to not only improve animal welfare and the environment but also to safeguard the health and welfare of the people in and around our supply chain. As a part of the McDonald's family, Appt Corporation supports this focus entirely.

McDonald's global responsible sourcing strategy focuses on products that carry the greatest sustainability impacts globally and where we have the most potential to create positive change. One of the Priority Impact Areas for the programme is human rights.

In 2012, McDonald's UK established *Farm Forward*, a long-term sustainability programme to support British and Irish farmers. APPT Corporation entirely supports this programme. Through it we collectively aim to help farmers run thriving businesses by investing in programmes and research to develop skills and knowledge, raise standards of animal welfare and make environmental improvements. Through this approach to continuous improvement, we will collectively continue to work with food and farming partners to understand changes in the industry and make sure that our initiatives make a real difference to the thousands of farmers who supply our menu and the industry alike.

Additionally, in 2009 the McDonald's [*Flagship Farmers*](#) programme was launched to develop and celebrate a network of farms which demonstrate excellence in the three sustainability areas that underpin a healthy and progressive farm business: economic viability, ethical practices and environmental safeguarding. Under ethical practices, McDonald's global priority impact areas include human rights.

Our People

As a Joint Venture Partner of McDonald's UK, 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

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invest in and develop them. We believe in developing a culture in which our people are treated with dignity and respect at all times.

For example, Appt Corporation, published a Gender Pay report in April 2018 (as required by the UK Government) which showed that its median pay gap was 1% and its mean pay gap was 5%. This is significantly below the mean national average of 17.4%. Appt Corporation will continue to push ourselves to ensure we remain a diverse and fair place to work.

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 restaurants 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 Appt Corporation, McDonald's UK and all of our people. Current examples include:

- **Your Viewpoint:** Feedback from our people is a really important way of understanding how they feel about coming to work. We send out an employee survey once a year to understand their views and concerns. Each restaurant and head office department then write up an action plan to address the main items and improve the working environment.
- **Listening Sessions:** Our people can speak individually or in groups about their experiences or concerns in their restaurants. These sessions follow a process which ensure that any concerns are rectified via an action plan drawn up after the sessions.
- Appt Corporation operates an **Open Door** policy for all its employees. We know how important it is to listen to our people. This means our people can approach anyone in the management team and talk openly about any issues, concerns or problems that they may have.

Policies and Due-diligence

We support the goals of the UK Modern Slavery Act and take our responsibility seriously to act with due diligence to avoid infringing on the human rights of others and address any impact on human rights should they occur. We conduct our activities in a manner that respects human rights as set out in the United Nations Declaration of Human Rights, and we are committed to ethical recruitment in our employment practices as a component of our overall human rights approach.

We continue to work with external stakeholders to actively review our approach and global policies related to protecting human rights, to give greater transparency and clarity on our commitments and ensure they remain aligned with internationally recognised standards.

McDonald's [Supplier Code of Conduct](#) applies to suppliers globally. It launched its first Supplier Code of Conduct in 1993 and has continued to evolve and strengthen it, to reflect updated international human rights standards, consultation with external experts, a human rights gap analysis and dialogue with suppliers. As a Joint Venture Partner, we support McDonald's in expecting, and providing, guidance to assist in meeting the standards for human rights, workplace environment, business integrity and environmental management contained in the

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Supplier Code of Conduct. We also expect supplier self-managed excellence in these four areas through the implementation of their own management systems.

Grievance mechanisms are a critical component of the Supplier Code of Conduct and suppliers are expected to create their own internal programs for handling reports of workplace grievances, including anonymous reports. In addition to requiring suppliers to provide their own grievance mechanisms, McDonald's also provides channels for people with its supply chain to report issues. Appt Corporation endorses this entirely.

We expect all suppliers and their facilities to meet these standards and to promote the principles outlined in the Supplier Code of Conduct. We also expect 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.

The Supplier Code of Conduct is the cornerstone of McDonald's global **Supplier Workplace Accountability (SWA)** programme, which aims to help suppliers understand expectations, verify compliance with expectations, and to work towards continuous improvement.

The SWA programme is built on a model of continuous improvement and education. Suppliers are provided with training to understand the SWA requirements and how to comply with its standards. In 2017, the McDonald's family had a total of 3,733 facilities participating in the SWA programme. Whilst not all of these suppliers provide products or services for McDonald's UK, 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.

McDonald's SWA programme includes guidance to suppliers on complying with our standards, including our expectation that suppliers hold their own supply chains to the same high standards. Appt Corporation supports McDonald's providing suppliers with training to understand their SWA requirements and how to comply with its 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 programme also includes on-site announced and unannounced audits conducted by third-party auditing firms to assess compliance with our Code. McDonald's works with a range of third-party auditing firms around the world with expert knowledge and local insight, including understanding local languages and cultures. On-site audits are physical inspections of the facility and will include visits to housing and cafeterias for workers. In addition, the monitoring firms 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

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that suppliers do not retain workers' government-issued identification, passports or work permits. Appt Corporation entirely endorses these approaches.

Effective Action

Where noncompliance is identified, suppliers work with a third-party audit firm to complete a corrective and preventative action plan to address this. 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 noncompliance and establish specific accountability. In instances of significant non-compliance, suppliers are subject to a follow-up audit to ensure that the incident(s) of non-compliance have been properly addressed.

McDonald's SWA programme is designed to support suppliers in meeting our standards. However, there are circumstances under which McDonald's UK will remove a supplier from the supply chain to address instances of significant noncompliance with its Supplier Code of Conduct.

Ethical Recruitment

As a Joint Venture Partner, we support McDonald's UK prohibition of direct or indirect fees or costs being charged to those seeking employment with or who are employed by it for the services directly related to recruitment for temporary or permanent job placement, unless legally permissible and within the legal limit. This includes where it may use private recruitment services or where McDonald's perform recruitment activities directly. Even where such fees or costs are legally permissible and within the legal limit, our collective policies and practices are designed to ensure that no one is indebted to McDonald's or to a recruiter in a manner that prohibits the individual from freely leaving his or her employment.

We do not retain an employee's ID such as passports or work permits as a condition of employment for longer than 24 hours and only for legitimate administrative reasons, including immigration checks. Appt Corporation provides any agreements, whether oral or in writing, in a language understood by the person agreeing to be bound by agreement and expects that any recruiter, labour broker or employment agent will do the same and will be responsible for ensuring that the agreement is understood by the person agreeing to be bound accordingly.

Fundamental to McDonald's Supplier Code of Conduct is also the expectation of ethical employment practices by our suppliers and their supply chain, including subcontractors and third-party labour agencies. The Code prohibits any form of slave, forced, bonded, indentured, or involuntary prison labour and prohibits suppliers and third-party labour agencies from retaining employees' government-issued identification, passports or work permits as a condition of employment. We also expect suppliers to provide their own internal reporting mechanisms, to ensure their employees have a safe and timely way to report workplace concerns without the fear of retaliation.

Understanding and Managing Risk

An important element of our human rights due diligence approach is understanding global and national human rights risks and using this information to support the SWA programme. McDonald's assesses the potential human rights risks of supply chains, including modern slavery risks, through desk-based research, supply chain mapping and audits, and stakeholder engagement.

A key indicator of risk used is the country of origin where sourcing products or raw materials originate from. For example, McDonald's uses analysis of country-level human rights risks to help inform the audit cycles for our suppliers. Facilities situated in countries that are considered to be at high risk of such practices require more regular on-site audits regardless of the outcome of previous audits.

As beef sustainability is a key global priority, McDonald's has undertaken human rights assessments on a number of beef farms in the UK and Ireland to better understand the challenges they face in safeguarding the people that work in their businesses. Appt Corporation entirely endorses the above approaches.

Identifying Emerging Issues and Partnering to Improve Standards

To continue to ensure McDonald's supplier programme addresses emerging modern slavery and human rights issues and risks, at a global level it participates in initiatives such as AIM-PROGRESS, which supports responsible sourcing. It also support 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.

We also believe that real, systemic change throughout the supply chain requires partnership with industry. That is why Appt Corporation continues to support McDonalds' global involvement in the International Council of Toy Industries (ICTI) Ethical Toy Program for our Happy Meals toys, bringing together industry partners to support a sustainable supply chain for the toy and entertainment industry.

Training on Modern Slavery

The global McDonald's SWA programme includes an online training platform where suppliers 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. Live training sessions are held with suppliers on modern slavery and in 2017 training was offered to suppliers in Malaysia on forced labour, grievance mechanisms, and managing migrant labour through AIM Progress.

Going Forward

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In 2018 and beyond, we will continue to support McDonald's in its efforts to strengthen our collective approach to managing the risk of Modern-day Slavery within our business and supply chains. McDonalds' is in the process of reviewing its global approach and policies related to protecting human rights, with the aim of launching a global human rights policy statement that gives greater transparency and clarity on our collective commitments, nationally and globally. We are using internationally recognised standards, including the UN Guiding Principles on Business and Human Rights, and the views of external stakeholders, to guide this process.

Some of our collective next steps include:

- Providing modern slavery awareness to Appt Corporation employees in various departments

Statement Approval

This statement was approved by the Managing Director on 15th April 2019.

Atul Pathak OBE

Managing Director