

Business and Trade Committee

Oral evidence: Employment at Mcdonald's Franchises, HC 195

Tuesday 14 November 2023

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Members present: Liam Byrne (Chair); Ian Lavery; Anthony Mangnall; Andy McDonald; Mark Pawsey.

Questions 53-121

Witnesses

[II](#): Alistair Macrow, Chief Executive Officer, McDonald's UK and Ireland and Carol Rogerson, McDonald's Franchisee, Suffolk and Norfolk.



Examination of witnesses

Witnesses: Alistair Macrow and Carol Rogerson.

Q53 **Chair:** Welcome to the second panel of this Business and Trade Select Committee session. We are investigating the culture of the workplace in McDonald's. Mr Macrow and Ms Rogerson, would you just say a word of introduction and then we will get started?

Alistair Macrow: Morning, Chair and Committee. My name is Alistair Macrow. I am the chief executive of McDonald's in the UK and Ireland, and I have been for the last two years. I would just like to say that, having read all the testimonies for this Committee and having heard them on the BBC, some of those testimonies are quite horrifying—

Chair: We will get into the questions in a moment, Mr Macrow. Thank you.

Alistair Macrow: I would just like to offer an unreserved apology to anyone who has been affected directly by any of those issues raised. It is not what I would expect in our business at all.

Carol Rogerson: Good morning, Chair. My name is Carol Rogerson. I have been a McDonald's franchisee since 2014, so I have been in post for about 10 years. Before that, I was the managing director of an international customer service business for 20 years. I operate 18 restaurants in Norfolk and Suffolk.

Q54 **Chair:** Thank you. Mr Macrow, some of the testimony that we have received from whistleblowers is harrowing. The BBC has provided reporting of sexual assault, but some of what we have heard from whistleblowers includes the following: "Manager A said to me that I was probably spending too much time on my knees and that I should get on my knees in front of him to make myself feel better."

Another said: "Sexual conversations between 16-year-old employees and adults were so normalised that no-one in management ever did anything about it."

Another said: "If a 16-year-old asked me whether they should work at McDonald's I would tell them not to. The chances are that older male managers will take advantage of them."

Another said: "At one point in the night," a co-worker "wrapped his arms around me and dragged me over to the sink at the back of the kitchen, saying he was going to whip" them. They added: "There was one shift where I was put on the line, next to the boy who assaulted me."

Another said that "a 16-year-old crew member was being touched inappropriately around the waist by a 22-year-old shift manager. She was too young and too shy to tell the senior management, so I complained to the business manager for her. He wasn't bothered about it."

Another said: "I told" a manager "that a man...was making inappropriate sexual comments to me and that I didn't like the behaviour." They said that the manager "shut me down before I could explain further and told



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me that I was being issued with an official formal warning”.

One of the parents we heard from said: “To witness our children being spoken down to, demoralised and degraded in their everyday working environment and treated with so little respect as a human being was horrific to stand by and watch.”

How would you feel, Mr Macrow, if these were your kids?

Alistair Macrow: These testimonies are truly, truly horrific. They are very hard to listen to. Being in charge of the business, that some of these things have occurred in some of our restaurants is something that is very difficult to hear. I am the father of an 18-year-old myself, and I can truly understand how anybody would feel if their child were to be subject to any of the things that we have heard about here today.

I am absolutely determined to root out any of these behaviours, identify individuals who are responsible for them and make sure that they are eradicated from our business. When I became aware of them in the summer through some of the BBC reporting, I immediately took action to start to make a difference. The first thing I did was to make sure that I encouraged everybody who had been affected to speak up. I did everything I could, through every channel, to encourage people to come forward. I put in place an enhanced facility in our independent investigation handling unit to make sure that we could deal with all those allegations, and we have been dealing with those allegations sympathetically and systematically ever since.

At the same time, I took steps to make sure that we were very clear in our training and communication to everybody in the organisation about what was right and what was wrong, and how to speak up themselves. I then made sure that all our managers understood that swift and severe disciplinary action had to take place in any instance where people fell short of our standards. These are not the standards of McDonald’s; this is not the culture—

Q55 **Chair:** Mr Macrow, you have been the chief executive for how long?

Alistair Macrow: Two years.

Q56 **Chair:** So hundreds of these cases have occurred on your watch. Hundreds of young people have suffered sexual harassment on your watch. The question for us is: are you running an abusers’ charter, or are you just a bad manager?

Alistair Macrow: These cases, as I said, are absolutely horrendous. What I would like to be clear about is that we will tackle them and make sure that we do everything we can to eradicate them from the business. Nothing is more important, and nothing has been more important from day one for me, than ensuring that we have a safe, respectful and inclusive workplace for our people. Not only is it the right thing to do to make sure that people are safe—nobody should come to work and expect to be faced with any of these sorts of things—but it is the way to motivate people. Our people are our brand; our people are our business. It is our



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people that make us the successful business that we are, and we must create the right environment for them to work in. That has been the focus from day one.

Q57 **Chair:** But on your watch, how many cases have there been of young workers reporting sexual harassment?

Alistair Macrow: Probably the best way for me to answer that would be—

Chair: The best way to answer it is with a number.

Alistair Macrow: Okay. We have received 407 contacts of all types relating to a safe, respectful and inclusive workplace. Within those, we have been able to fully investigate 157 so far. Within those, 75 resulted in disciplinary action, with 18 resulting in dismissals. Of those 75, 17 were sexual harassment cases. There were also nine bullying cases and one case of racism within those 75.

Q58 **Chair:** That is 407 since when?

Alistair Macrow: Those were reported since the setting-up of our independent handling unit in July; those are the ones that we were able to investigate. Some of them stretch back as far as the 1980s. Clearly, we were able to investigate more fully those that were more recent. We still have 249 that we are investigating at the minute, and they include 27 cases of sexual harassment.

Q59 **Chair:** In four months, you had over 400 cases reported to you.

Alistair Macrow: That is correct. They did not all occur in that period of time, and they are not all sexual harassment cases. As I said, we have had 17 confirmed sexual harassment cases that have led to disciplinary action, and we are investigating a further 27.

Q60 **Chair:** How many of those cases have been referred to the police?

Alistair Macrow: The way that we have worked with the police is that, in any of these cases, we would recommend that the individual make the report directly to the police. If an offence is occurring in the restaurant at any point in time, and someone is in danger, we would report it to the police ourselves, but in these cases, we give the choice to the individual, because we know from our work with bodies such as EHRC that reporting to the police directly without the person's consent can put them in danger, so we would not do that directly.

Q61 **Chair:** How many have been reported to the police?

Alistair Macrow: By McDonald's? We would not directly report a sexual harassment case; that would be reported by the individual.

Q62 **Chair:** Are you aware of how many individuals have reported cases to the police?

Alistair Macrow: I am not.

Q63 **Chair:** We have 407 cases in the four months since July—



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Alistair Macrow: Not of sexual harassment. Of those 407 cases, the vast majority will be relatively routine HR issues that organisations face. It may be people being unhappy about the breaks that they have been scheduled, or the tasks that they have been asked to undertake at work. I gave you the exact number for sexual harassment: there were 17 confirmed cases of sexual harassment, and 27 are under investigation, so there we are waiting to understand exactly what happened.

Q64 **Chair:** But you are unaware of whether any have been escalated to the police.

Alistair Macrow: I do not have a number. I certainly know that some have been escalated to the police, but it is not a number I have.

Q65 **Chair:** How many franchises are these 407 cases spread across?

Alistair Macrow: I do not have the exact number of franchises that they are spread across. We have 193 franchisees, and franchisees run 89% of our business. There is not a particular hotspot or area where there is real concern. There is a wide distribution of cases.

Q66 **Chair:** It is across the whole business, this problem?

Alistair Macrow: These cases come from across the whole business, including the restaurants that we own ourselves.

Q67 **Chair:** How many out-of-court settlements have you come to in the last four months with individuals who have brought cases of abuse or sexual harassment?

Alistair Macrow: I can't discuss individual cases.

Chair: I don't want the individual cases; I just want the number.

Alistair Macrow: I am unaware of a number for sexual harassment cases that have been subject to a specific agreement. I listened to the conversation earlier about NDAs. I want to be clear: where terminations of employment result in a settlement agreement with the individual, we will use a confidentiality clause, but those confidentiality clauses always, always allow whistleblowing, co-operation with criminal inquiries and discussions with professionals such as legal or medical advisers. They are not the type of agreement that was mentioned earlier.

Q68 **Chair:** I had not asked about NDAs, but I would like to know how many NDAs you have signed in relation to the 407 cases.

Alistair Macrow: I don't believe we have signed any NDAs in relation to those cases. There will be people who exited with a settlement agreement, and there may be confidentiality clauses in their agreement, but not NDAs as described.

Q69 **Chair:** How many staff and how many managers have been sacked as a result of these allegations?

Alistair Macrow: So far, since July, 18 in total have been dismissed. As I say, we are still investigating and working through additional processes for



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a further 249. To give you a picture of what we see on an ongoing basis, we typically would see between 20 and 25 contacts per week, of which one or two would be sexual harassment; about five would be bullying. Others would be—

Chair: One or two a week!

Alistair Macrow: One or two a week across the entire organisation.

Q70 **Chair:** And there are 249 individuals with allegations against them still working for McDonald's.

Alistair Macrow: Anybody who has an allegation of sexual harassment made against them would be suspended. It is our policy to suspend them when an accusation is made.

Q71 **Chair:** How many franchises have you terminated as a result of complaints about sexual harassment?

Alistair Macrow: We have not terminated any franchises directly because of a complaint about sexual harassment. If I could give some clarity on our commercial agreements with our franchisees and how they have ended, we have seen 37 franchisees leave McDonald's in the past five years. Of those, 13 were underperforming and six of them were underperforming specifically on our people brand standards, which is what we hold people to account against to ensure that they are delivering the correct experience for the people in the restaurant.

Q72 **Chair:** No franchises have been terminated as a result of sexual harassment claims. Mr Macrow, it sounds like profit is more important than protecting workers.

Alistair Macrow: That is absolutely not the case. The most important thing in our business is our people. Our people are our brand; our people are the face of McDonald's to our customers. We do everything we can to look after our people. We invest heavily in their training, and we make sure that they have a good environment to work in and opportunities to progress very quickly through the business. They are what make McDonald's successful. Without our people, there would not be any profit—that is really clear to me.

Q73 **Chair:** If people are so important to the success of your business, do you feel that you have a particular duty of care to safeguard those workers, especially young workers?

Alistair Macrow: Yes, I do. Every person has the right to come to work in a safe, respectful and inclusive environment. I expect people to be able to enjoy their work. I expect people to be comfortable. I don't expect people to be subject to anything other than the most respectful behaviour.

Q74 **Chair:** Is that duty of care a legal responsibility?

Alistair Macrow: It certainly is a legal responsibility, but—

Chair: On you?



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Alistair Macrow: For me, it is more than a legal responsibility. For me, it is a commitment, and it is one of the strong values of our brand that we should have an inclusive environment.

Q75 **Chair:** Is that reflected in the franchise agreements that you sign with franchisees?

Alistair Macrow: It certainly is. One of the people brand standards on which we hold franchisees to account is about creating an environment in which there can be no harassment or discrimination.

Q76 **Chair:** And that is a legally enforceable—

Alistair Macrow: That is part of our legally enforceable contract with our franchisees.

Q77 **Andy McDonald:** Mr Macrow, you have said that you do have a duty of care, you have talked about providing a safe and secure working environment, and you have said that people are your brand. How is that going?

Alistair Macrow: The testimonies that we have heard today clearly indicate that there are some shifts in some restaurants where we are not achieving the standards that we wish to achieve. That is what I am determined to tackle and that is what my action plan is there to address—the actions we have taken already, plus the work that I have commissioned with PwC to help us understand how we can further strengthen our preventive measures. We want to be stronger. I want us to be the best employer of young people in the UK and Ireland, and that requires us to be the best we possibly can be in that area. I absolutely acknowledge that we have an issue today in some restaurants on some shifts that we must solve.

Q78 **Andy McDonald:** You have said that you are going to look at improving where you can. Isn't it really that you must improve? I have to ask you, Mr Macrow, since this happened on your watch, with your duty of care and the standards that you hold yourself to, why are you still in your job?

Alistair Macrow: I believe that my commitment to ensuring that we perform at the highest levels in these areas is absolute and very clear to everybody, and that our entire organisation knows what is expected. It is my duty to make sure that expectations are clear. It is also my duty to make sure that we are delivering on that, and I will continue to do so.

Q79 **Andy McDonald:** Let me draw your attention to something. With this franchise system, your laser-like focus is on the quality of the product. You have to make sure that it is consistent, wherever anyone goes. An awful lot of money and attention go into the franchise system and the standard of the food that you are producing. Why on earth are you not paying the same attention to the people who deliver the profits for you, and to your franchisees, as to quality control of your product? Or is it just that you have franchised away your responsibilities?



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Alistair Macrow: First of all, our focus on our people is every bit as strong as our focus on the quality of our product.

Q80 **Andy McDonald:** Well, quite clearly not, Mr Macrow. We have just heard people's testimonies. You really cannot sit there and tell us that. If your focus is on your people, you need to get better glasses, because you are not looking at this clearly enough.

Alistair Macrow: We have some issues that I am keen to acknowledge, and I am keen to make sure that we do something about them, but our overall commitment to our people is very good. We have close to 180,000 people, and nearly every one of them is a good, honest person who comes to work to do a good job, work hard, look after our customers and look after each other. I do not want them tarred with the same brush as individuals who must be rooted out of our business. I accept that it is my job to root out those individuals and eliminate this issue.

Franchising, which you mentioned, is not part of the issue. In fact, we franchise our restaurants because it makes us stronger as a business. Our best restaurants are run by franchisees. Having a local businessperson operating in their community, close to their people and with their own personal investment is the best recipe for having a very well-run business with high levels of accountability. That, along with our people, is what has driven our success. For me, franchising makes us stronger, not weaker, in this and every area.

Q81 **Andy McDonald:** You have made your own argument, Mr Macrow, because there are people—as I am sure we will hear from Carol shortly—who will be doing an excellent job. I think I have them in my community too, but I cannot deny the evidence that we are hearing, and I am afraid I am not sure that you are paying attention to it. What does McDonald's do at a corporate level to inspect working practices and employment conditions at individual franchises? How do you oversee and enforce standards in that way? Tell us about that.

Alistair Macrow: We have both a formal and an informal process. The formal process is known as PACE. It involves visiting restaurants to audit them on a whole range of measures. There are a large number of visits across the year, some focused purely on the customer, some focused purely on the restaurant, some focused purely on food quality and some focused purely on people and brand standards, to make sure that we are maintaining them. It is a fundamental part of our being able to hold franchisees to account. It feeds into their business review, which gives them their overall performance, which is how we judge whether they are delivering in the way they should.

Q82 **Andy McDonald:** You have a restaurant employee feedback process: "at least one crew and manager survey completed each year in each restaurant, with an accompanying action plan." Given the severity of the problem—the toxic culture that we have heard about—do you really think that that annual feedback process is in any way appropriate?

Alistair Macrow: In the UK, we go much further than that.



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Andy McDonald: That is not what your letter says. You wrote to us and set it out. These are your words, not mine.

Alistair Macrow: In our global brand standards, the requirement is for one; in the UK, we insist upon four per year.

Q83 **Andy McDonald:** Okay. Thank you for that. The Chair asked you a question about NDAs, and we did not get a straight answer, so I will ask you this: how many cases have been settled that contained confidentiality clauses on your watch?

Alistair Macrow: I don't have that number.

Q84 **Andy McDonald:** Well, can you write to the Committee with the details of the number of cases that have been settled containing a confidentiality clause?

I want to press you on something else. You have heard from trade unions. Quite frankly, the disregard that McDonald's has for trade unions is utterly scandalous. Are you going to change your ways and have a much more proactive, sensible and modern approach to working with trade unions, who are there to do what you are not doing, which is to protect your employees?

Alistair Macrow: I am making sure we protect our employees. I am spending time talking to various people who have allowed us to get the best understanding of the challenges and how to help our particular profile of customers.

Q85 **Andy McDonald:** No, no. You're not getting away with that. Will you recognise and deal with trade unions?

Alistair Macrow: Our employee base includes nearly 100,000 people under the age of 20. Of under-20s in this country, only 2.4% have chosen to be part of a trade union. It is not a way of engagement that works for the profile of our customers. For me, it is important to work with people who really understand the customers we have in our restaurants.

Q86 **Andy McDonald:** Mr Macrow, you are not getting it. There has been a collapse. The very thing that you are talking about—safe and secure environments—is what trade unions focus on. You are giving me gobbledegook to tell me that they should not be involved in the process. Can't you see that they are absolutely pivotal to making sure that your staff, who you say that you care so much about, are properly protected?

Alistair Macrow: It is really important to understand who works in our restaurants.

Q87 **Andy McDonald:** People. Young people. Vulnerable people.

Alistair Macrow: Very young people. Only 4% of all trade union members in this country are under the age of 25. The trade unions are not the best people to help me understand our particular employees.

Q88 **Andy McDonald:** That is turning logic on its head—to say that having a



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low level of penetration of trade union membership means that it is not relevant and effective. Is the answer not to have more?

Alistair Macrow: I believe I have answered the question.

Chair: I think the point is that it is not about helping you understand the employees, Mr Macrow; it is about making sure that your workers are safe at work.

Q89 **Andy McDonald:** Just one final question. Carol, can you tell us how often employment practices at your restaurants are inspected by the McDonald's corporation?

Carol Rogerson: Through the system that Mr Macrow was talking about—the performance and customer excellence system—we monitor everything that is happening, particularly around people practices. The access that I have to that as the franchisee is exactly the same as the access that McDonald's corporation has. On top of that, we have a franchisee consultant who will look after three to four franchisees, meaning that they will spend at least 25% of their time in one or more of my restaurants, so there is a very big communication link there. On top of that, we have live calls, quarterly reviews and a face-to-face annual review of our total business with somebody from McDonald's corporation. That would typically be our director of franchising, who works for the corporation. It is quite an intense audit procedure.

Q90 **Andy McDonald:** Do you want to amplify that at all, Mr Macrow? From your perspective, how does it work between the franchisees and the corporation?

Alistair Macrow: Carol has described it very well. For us, it is very important that we invest our time and energy where it can make the most difference and where it is needed. We absolutely do make sure that we understand the performance in all franchisee restaurants, and we will spend more time in restaurants that appear to be underperforming, or in franchisee organisations that perform worse than others. We are very targeted in how our time is spent.

Q91 **Chair:** I think what we are trying to understand is this: you are one of the most standardised businesses in history; you standardise food, hygiene and uniform, but it does not seem that you can standardise labour standards. You have said that there is a problem across the business. Why can you not standardise the protection of young people?

Alistair Macrow: There is huge consistency in the standards that we deliver, from a people point of view, across our estate, whether in franchises or company-owned restaurants. For example, we offer five ways for people to speak up in every restaurant, regardless of who owns it. They are able to contact somebody in the restaurant directly. They can phone the same people at a helpdesk. They can use an email contact form. They can go on to a portal, or they can call a global hotline number, which is available in every single restaurant.



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There is a “speak up” culture in the training that people go through. When somebody joins our business, right the way through the recruitment process, whether it is for a franchisee or the corporation, they would be given numbers to call if they had any issues during the recruitment process. Everybody would have a welcome meeting, and during that welcome meeting the issues around safe, respectful and inclusive workplaces and sexual harassment will be explained—what is right and what is wrong.

Everybody will then undergo formal training, which they sit down to do individually, and which must be completed. Then after three weeks, everybody will be issued with a journal, which takes them through the things they should have learned by that point in time, and that reinforces those messages. That happens in every single McDonald’s restaurant, whether it is owned by a franchisee or the corporation. There is a good deal of consistency in the experience that our people get.

Q92 **Chair:** There seems to be a good deal of consistency in people undermining what you have just set out as well. You will have seen the whistleblower testimony that sets out problems around a culture of silence and denial, poor training, poor discipline, poor supervision of employment law and conflicts of interest and impartiality. One whistleblower has talked about the problem of complaints being passed back from corporate to the franchisee, so that, in effect, the franchisee is marking their own homework. Some of the BBC reports have talked about difficult managers, or managers with bad behaviour simply being moved from one restaurant to another. Other whistleblowers have talked about their reluctance to come forward because they fear that a manager will then cut their hours. We have heard, in some incidents, of people being staffed back on to the floor with people who they have said have assaulted them, despite managers knowing about those complaints. We have heard other whistleblowers talk about the culture of settlement through tribunals, and NDAs to maximise silence. We have heard other whistleblowers say that they would face severe consequences and get removed from crew trainer programmes, and would not be eligible for promotion.

You must recognise that, despite the systems that you have put in place in your tenure as chief executive, there is now a culture not of standardised good practice, but standardised bad practice.

Alistair Macrow: I am deeply troubled by many of those testimonies, and I certainly apologise unreservedly to anyone who has been directly affected in that way. I would like to be clear about many of the things that were touched on there. For instance, since our agreement with the EHRC, we have amended policies, and there is no managed move policy any more. A manager will not be moved to another restaurant to avoid a disciplinary. That will now be dealt with in that particular restaurant.

Q93 **Chair:** “Now”—it wasn’t in the past?

Alistair Macrow: Moving people was something that used to occur. That is something we have changed within the organisation.



Q94 **Chair:** When was that?

Alistair Macrow: We changed it following our agreement with the EHRC, which was formalised in February.

You also raised the issue of complaints being passed back to a franchisee. One of the things I put in place in the summertime is that, for all the serious and sensitive cases that come to our independent handling unit, the expectation is that, if it is a franchise restaurant, they will be handled not by the franchisee, but by an independent external law firm, which will make sure that those are investigated properly, and that we can have real confidence in what has happened.

In terms of speaking up in a restaurant, and the concerns about people's shifts being affected, I think it is important to understand that people have multiple ways of speaking up, many of which do not involve speaking up in the restaurant. In any case, in a restaurant, there will be 15 to 20 managers. Only one of those would be scheduling shifts, and that shift schedule will change pretty frequently, so the opportunity for someone to change a person's shift and drastically affect their working hours because they have said something is pretty rare.

Q95 **Anthony Mangnall:** You were good enough to write to us on 11 August this year about the creation of the investigation handling unit, your evaluating safeguards and your confidence to speak up. Could you give us a quick update on those? You have just referenced the five ways in which people can make a complaint or a report: directly to the restaurant management team; by visiting the people services portal; calling the UK people services help desk; using the anonymous reporting form; and calling the global business integrity line. Could you give us an idea of how frequently those are used? If you don't have all the data, I ask that you write to us with that information and how they are faring.

Alistair Macrow: Absolutely. The total usage was the numbers I gave earlier. Typically, 20 to 25 contacts a week, 100 to 110 a month is what we have been seeing. We saw an influx in July when we had the reporting, and I went out personally encouraging people to contact us. We saw closer to 400 in that month. That is the sum total of all those contacts through all those routes. They cover a wide range of issues, from more routine employment issues, such as unhappiness about the scheduling of a break or a task someone is being asked to do, right through to the truly awful cases, such as sexual harassment.

Q96 **Anthony Mangnall:** How are the units that you have set up faring? How are they resourced? How many staff do you have in them? We have not yet asked what the timeline is from a report of an incident to your investigation and to resolving it.

Alistair Macrow: The investigation handling unit was an additional resource put on top of our existing people services desk to focus on these areas. We recruited four people. It has been up and running since July. They deal quite comfortably with the level of contact that comes through on a regular basis. They are in place and operating. We have investigated



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cases; we do so systematically. We have dismissed individuals. We have disciplined people. We have retrained people, and we have worked on how we improve the “speak up” channels. Of the five channels you talked about, two are relatively new additions.

We developed the anonymous contact reporting form with the EHRC. It particularly works for young people, and we saw that they are more willing to engage with that. The global integrity line was always available, but we have put it more to the front of our communication because it gives people a real feeling of anonymity, if they would like anonymity, which can of course be important to people.

The other thing I have been working on is setting up an employee advisory panel within the organisation to give our most junior people the opportunity to speak to me directly. That helped me understand what is important to young people and what their experience is in our restaurant.

Q97 **Chair:** How many young people have you spoken to?

Alistair Macrow: Personally? I haven’t got the exact number, but it would be between 50 and 100.

Q98 **Chair:** In total?

Alistair Macrow: Yes.

Q99 **Anthony Mangnall:** I guess my concern is where the level of responsibility rests. You said repeatedly today that people are your brand. Your brand is also very important; you need to keep it so that people come to your restaurants and buy your food. At the same time, you have a large number of franchisees out there, and you are giving them the responsibility to run their own restaurants, albeit with a level of standardisation, but you can’t standardise people. It is about where you find that balance and how you try to get it right.

Can I bring you in, Carol? What do you do when it comes to a sexual harassment issue, homophobia, racism or whatever? What is the process that you will go through in one of your 18 stores, if it has happened in any of them? Perhaps you might make reference to it, if it has. What is your process for dealing with those sorts of incidents?

Carol Rogerson: I think the best way to start that answer is to explain to you what a restaurant structure looks like. I have listened to the discussion this morning, and it seems that there needs to be some clarity on that. A typical restaurant will have 150 people working in it—that is a very typical restaurant. Among those 150 people, there will be a support management team of five, 15 crew trainers and 15 shift managers. On top of that, you have a people manager who works in that restaurant to look after and support the people in it. Then you have a support structure, which is the organisation that I would call my top team, effectively. That is 15 people. Out of those 15 people, we call five group culture and wellbeing managers. They are CIPD qualified to maybe level 7, but at least level 3. Over the last three, four or five years, we have invested heavily to make sure that we have the right level of human resources support in our



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restaurants to support our people. The infrastructure that sits behind a McDonald's restaurant is quite significant.

Somebody could come through one of our "speak up" channels, and I would add that it is not just the store managers who are there to listen to the crew, the managers and the restaurant; you have this support structure sitting within the franchise group that is also available. If somebody didn't want to speak to somebody in the restaurant, they could talk to a group culture and wellbeing manager or a supervisor, so there is a big infrastructure of people sitting around that restaurant to support and protect the people in it.

Of course we have had cases; I have 18 restaurants and 2,500 employees. Immediately, the first thing we would look to do is support that individual. That is the most important thing. The group culture and wellbeing manager would go with the people manager. It is not likely that it would be the operational manager who works with that individual; most likely, it would be the managers who sit around that restaurant. They support that person, understand the allegation and, with the consent of that person, immediately move to an investigation, which may or may not result in suspension—I can't speak about individual cases. More than likely, if it is sexual harassment, the person would be suspended immediately until that was resolved. That may be resolved through an investigation process.

We also take external legal guidance. Over and above the restaurant infrastructure of our qualified HR people, we use external legal guidance in every instance. We report every instance of sexual harassment, bullying and racism through a Smartsheet process to the corporation. We have to report everything; it is not that you may or may not do it.

Then we will go through an investigation process. We will take legal advice during it, and at the end, there will be an outcome, which may be dismissal or another disciplinary sanction, depending on the case.

Q100 **Anthony Mangnall:** And that is the action that you take, as the head of 18 restaurants in Norfolk and Suffolk?

Carol Rogerson: Yes.

Q101 **Anthony Mangnall:** What expectation, minus the Smartsheet that you have just referenced, do you expect McDonald's corporate to take at this point, or at all?

Carol Rogerson: No, not at all.

Q102 **Anthony Mangnall:** And in that process of where you have had incidents and issues, are you using any of the structures that have been referenced in the letter that was sent to us on 11 August, earlier this year?

Carol Rogerson: Yes, I am using all of them. As a franchisee, we have the option to take the recommendations that are provided by the corporation. My personal preference is to take 100% of the recommendations. That's why I am a franchisee—because I have got that



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corporate network sitting behind me, which can give me all the strategic direction that I need. But it is a personal choice.

Q103 Anthony Mangnall: From your point of view, the system is working and you are finding that the support is there for those who are making accusations, that the investigation process is working and that you are getting the resources you need from McDonald's corporate to do what you need to do?

Carol Rogerson: Yes, I do.

Q104 Anthony Mangnall: Okay. Can I just come back to Mr Macrow, finally? We have heard the alarming testimony or whistleblower accounts, and you have made your apology on this. I am just wondering why we haven't seen any licences revoked on franchises and why they haven't been taken away.

There is a shortlist here setting out how easy it is to take away a franchisee's licence. I am just wondering why McDonald's has not been a little bit more robust in responding to this situation, because clearly there are an alarming number of cases. I accept that it is 407 over a historic period of time and not just since August this year, but why isn't McDonald's being a little bit more robust where there are systematic and continued allegations of homophobia, racism, sexual abuse and all of this side of things?

Alistair Macrow: Simply because we have not seen a case of sexual harassment that has arisen directly from failure on behalf of the franchisee, whether it be their personal action or the way that their organisation is set up and run.

Chair: Other than the fact that they employed the abuser.

Q105 Anthony Mangnall: Yes, but in fairness that is—yes. Okay.

Sorry—anything else you wanted to add to that?

Alistair Macrow: No, that is the answer. Thank you.

Q106 Andy McDonald: Just a very quick one, Chair. I think we just had some staggering evidence that there is a whole system of options available to franchise holders. Is it correct that it is optional? I ask that because, Ms Rogerson, you just explained to us that you made a positive "choice" to embrace all of those methodologies—that is your "choice".

Carol Rogerson: That is linked to the franchisee agreement. My job, as an independent businesswoman, is to stand up to all UK labour laws. It is not a—

Q107 Andy McDonald: But with the techniques and methodologies, as prescribed by McDonald's corporate, there is no legal obligation upon you to take any of them.

Carol Rogerson: Other than the franchisee agreement.

Andy McDonald: Thank you.



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Q108 **Mark Pawsey:** Carol, you have told us about a very mechanistic process. How do you feel about being associated with an organisation about which we have heard these claims and allegations, today and previously? How do you feel inside about that?

Carol Rogerson: Horrified. I feel horrified that these allegations have come in the way that they have come, in the reporting that has been done, because it is not my experience and it is not the experience of the business that I have been in for 10 years.

Q109 **Mark Pawsey:** Thank you. Mr Macrow, you have held some fairly senior positions in corporations, including Marks & Spencer. To the best of my knowledge, the corporations that you have worked for before have not had these types of allegations made about them. Why McDonald's?

Alistair Macrow: I don't know whether these issues are unique to McDonald's or not; I suspect not. But to be honest, what I am focused on is McDonald's. It is our people who matter to me and those are the people who I am determined to support.

I cannot pretend to understand all the reasons why this happens, but I certainly do have a perspective. The way I see it is that we have people taking completely unacceptable and in some cases criminal behaviour. My understanding is that that sort of behaviour happens, of course, when you have a bad-minded person willing to do it, but it happens when they believe there is an opportunity to get away with it.

What that tells me is that there is some shift in some of our restaurants where they believe they can get away with it, and the tools we have to fight that feeling that they can get away with it are communication, knowledge, understanding what is right and wrong, and making people feel comfortable about speaking up, and ensuring that swift and severe disciplinary action happens. That is what we have to enforce in all of these areas to protect against these things.

Q110 **Mark Pawsey:** Is it a culture that arose many years ago, which you are seeking to eradicate?

Alistair Macrow: This is an issue today that is happening in restaurants in the McDonald's brand with me as the leader. My commitment is dealing with what is in front of me today. Origins—

Q111 **Mark Pawsey:** Are you assisted in that by the relatively high levels of turnover, because people work through the business, or is there an endemic cultural problem that you have really got to get to grips with?

Alistair Macrow: There is an issue that needs to be dealt with. I do not see it as an endemic cultural issue that is occurring across all our restaurants, all our shifts and all our people, in any way. Our overall turnover rate for the total business is 51%, which is in line with retail as a whole. We are very proud of the employment we offer and the length of time that people stay with us.

Q112 **Mark Pawsey:** The Equality and Human Rights Commission—you told us



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how that came about. In that agreement, they placed a great deal of weight on training. How do you ensure that the standards of behaviour that are expected of the staff in McDonald's across the business are taken on by people at a very early stage in their induction, once they join the company?

Alistair Macrow: Literally the first thing that happens if somebody wants to join our business is a welcome meeting. From that moment on we are very clear about what is expected—what is right and what is wrong, and how to report anything that does not fit with what we expect. Then there is formal training—

Q113 **Mark Pawsey:** And are you still doing that to the standard you expect?

Alistair Macrow: We are, and I believe we are getting better. The latest report says that 93% of people have gone through the formal training recently. That is a strong level of compliance, which we will continue to drive up until it is 100%. Obviously, with 5% or 6% of people coming in each month there will always be a slight lag to get to 100%.

Q114 **Ian Lavery:** Mr Macrow, you mentioned before that the first time you were aware of this was after the BBC documentary last year, and you have been in position for two years. Are you suggesting to the Committee that you were very much unaware of what was happening until the BBC told you, because if that is the case it shows how problematic the whole structures are within McDonald's? It is obvious that there is something drastically wrong with the business—not only to have complaints by individuals totally ignored, but also the fact that you refuse to allow trade union recognition to represent those individuals who have got complaints. It is quite obvious that as an organisation, and possibly as Ms Rogerson as a franchisee is concerned, you are vehemently anti-trade union. I find that astonishing. You have mentioned that you have got a family member yourself, and you wouldn't want them to be tret the way that these whistle-blowers were tret in their testimonies.

For the life of me I cannot understand—and I want you to tell us why—you will not allow an individual, probably a young person, probably in their first ever job and probably a dream job, to be represented by a trade union representative if they have got a serious complaint about sexual harassment.

Alistair Macrow: To start with the first part of your question, from the moment I started in this role, creating a safe, respectful and decent workplace was my highest priority. What happened in the summertime were some very clear testimonies, and the thing I learned there that was new to me was that there were more people who were not prepared to speak up than I expected. That was the new news.

In terms of trade union membership, every one of our employees of course is entitled to join a trade union. There is no issue with that at all. Every one of our employees is entitled to be joined by a trade union representative if they are in a disciplinary situation. We are happy for them to do that: there is no barrier to that at all.



Q115 Ian Lavery: You are not anti-trade union? Are you denying the fact that, under your stewardship, your guidance, your directorship, McDonald's is anti-trade union? If you are not, why not come up with an agreement with a recognised trade union in the hospitality industry? It is quite simple; and it means that these people, who you claim from the bottom of your heart to be wanting to protect, would have some sort of protection from people other than those working in McDonald's.

Alistair Macrow: I want to help our people be represented in the way that they want to be represented. Their ability to speak up is really important to them. Their direct access to me is really important to them. Those are the things that really matter. As we have talked about before for young people—and we do employ an awful lot of young people—trade union representation is not something that they choose. It is not their way of engaging. As we know, only 4% of trade union members are under the age of 25—

Andy McDonald: Do you make it available to them at the induction stage, Mr Macrow? Do you tell them—

Chair: Order.

Q116 Ian Lavery: Mr Macrow, honestly, I cannot really understand what you are coming out with, because I clearly believe that trade union recognition, with a trade union recognition plan between the company and the bakers union would benefit every single employee. If they want to join the union, they can, by the way, and if they don't want to join the union, then they do not need to. I think that you are right in saying that.

However, I do believe that there should be a recognition agreement so that these individuals—you and Carol have read their testimonies and you have said that you are horrified—can have the ability to have a recognised trade union to represent them in the workplace. As the previous panel explained—Nikki from the TUC explained—the evidence is clear that, if there is a recognised trade union in the workplace, incidents of this nature are vastly reduced. Tell us why you will not have a recognition agreement with the Bakers, Food and Allied Workers Union.

Alistair Macrow: As I said, it is not a way that our young people are choosing to engage. My focus—

Q117 Ian Lavery: No, I am not asking what you think the kids might think. I am asking you, as the chief executive—I am asking you, personally—why you will not have an agreement with the trade unions. I am not asking you what you think these young people might think, because you haven't got any idea what these people might think. I am asking you why, personally—because it is within your powers—you will not agree to have a recognition agreement with a trade union in the workplace. Tell us why.

Alistair Macrow: I would like to repeat my earlier answer. All of our people are entitled to join up to a trade union. They are not showing a strong will to do that. That is very typical of young people. My focus now is not on talking to more people. It is about doing things—getting actions done to solve this problem in our restaurants. That is what really matters



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to me: solving the problem and eliminating these unacceptable behaviours so that I know that all of our people, in every single restaurant on every single shift, can work in an environment that I would expect.

Q118 **Ian Lavery:** Mr Macrow, as the Chair said, you can standardise a Big Mac; you can standardise a McFlurry; you can standardise a Chicken Royale; why can you not standardise the protection of your employees by trade union representation? You have tried to answer that three times and have not answered it once.

Alistair Macrow: We hold everybody to the same set of standards. That is what McDonald's is about. It is a consistent set of standards that people are expected to deliver against, and that is what we measure all of our restaurants against, whether they are owned by a franchisee or by the company. That is how we achieve a standard impact.

Anthony Mangnall: The Chicken Royale is Burger King.

Ian Lavery: I withdraw that.

Q119 **Chair:** Just to draw us to a conclusion, Mr Macrow, McDonald's has said that it is going to pursue a zero tolerance approach to sexual harassment—an obligation that you undertook in the EHRC agreement. Can you explain for the Committee, just so we have it on the record, which legal definition of sexual harassment you are using?

Alistair Macrow: I am not aware of a particular legal definition. Our HR folk and our lawyers have a very clear picture of what is and what isn't acceptable, and that is what they will go by.

Q120 **Chair:** How do you define sexual harassment?

Alistair Macrow: Any form of activity that makes people feel uncomfortable in the workplace where they are singled out for specific treatment, whether that be verbal or physical, that is related to their sexuality.

Q121 **Chair:** Are you happy, then, that you are applying the full force of the pledge that you signed up to with the EHRC?

Alistair Macrow: Yes. We are very clear about what is expected. We have spent and will continue to invest time in making sure everybody knows. I know we are not at the end of the road. We have not eliminated this problem—

Chair: You are certainly not at the end of the road.

Alistair Macrow: This is a long and complex issue, and we must continue our focus over the long term. I am in the process of working with PwC to further understand exactly what is happening in all our restaurants to see if we can identify more ways of putting in preventive measures in the future to help us to get there. But the standards are clear, and we will continue to make them clear. Through our investigation handling unit, we know when a serious case of sexual harassment has been investigated. It will be investigated by an external investigator—a City law firm—so we



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know that the standards are maintained, which puts us in the best place to then take the appropriate disciplinary action.

As I said, from the 75 cases, which weren't just sexual harassment—we had 17 cases of sexual harassment, nine of bullying and one of racism—so far, that we have been able to prove, there have been 18 dismissals at the end of it. That gives me some confidence that we are indeed applying that zero tolerance approach now.

Chair: Let me declare an interest, because I started my working career on the shop floor in McDonald's, and back then, it was a good place to work. You have accepted that you have a duty of care to not just McDonald's employees but the employees in your franchises today. However, you have also told us that you have had 407 allegations in the space of the last four months, and that you are getting between one and two allegations of sexual harassment a week. You have said that this is a problem across your business. You have said that in some cases it is criminal behaviour, and that there are restaurants who feel, in your words, that they can get away with it, yet you do not know how many cases have been settled with an employment tribunal and an NDA, and you do not know how many cases have been referred to the police. No franchisees have been fired because of cases of sexual harassment.

This Committee remains concerned about the workplace culture at McDonald's. We will reflect on what you have said today, and on the evidence we have heard from you, the trade unions and the whistleblowers. We will be back in touch before wrapping up our conclusions to Government and to the EHRC. That concludes today's session.