



Alistair Macrow
Chief Executive Officer,
UK & Ireland

Rt Hon Liam Byrne MP
Chair, Business & Trade Select Committee
House of Commons
London
SW1A 0AA

30 November 2023

Letter sent by email

Dear Mr Byrne,

Thank you for your letter dated 20 November 2023 following the evidence I provided to the Committee on 14 November.

I welcomed the opportunity to update you and Committee members on the actions that the brand and our franchisees in the UK & Ireland have taken in response to the disturbing allegations that have been reported. I know it takes a great deal of personal courage for victims to speak up and it is my top priority to ensure we act swiftly and decisively on what we hear. I sincerely apologise to anyone affected.

I am determined to identify and root out any behaviours that fall below our standards and expectations. We are working as hard and as fast as we can to ensure that every allegation is fully investigated, and appropriate action taken. As of 10 November 2023, there were 75 allegations that resulted in some form of disciplinary action with 18 resulting in dismissal. Further details are provided in Appendix A below.

That work remains ongoing with the support of our Investigation Handling Unit (IHU), the external legal partners we have brought on board and our franchisees. My expectation is that further disciplinary action will be taken in due course. The success of our business is underpinned by the people in our restaurants. They are the face of our brand for the millions of customers that choose to visit McDonald's each day. To be absolutely clear, there is simply no place for anyone at McDonald's if they threaten the culture and/or put at risk the 180,000 people who work in McDonald's restaurants in the UK & Ireland.

Looking ahead, I want McDonald's to be stronger and I am passionate about our brand becoming the best place for young people to work in the UK & Ireland. To help us achieve that, we have commissioned the support of external consultancies and a dedicated team of MRL and franchised employees to review our processes and help identify areas that could be strengthened. Where necessary, I will take further actions that will help to enhance the trust and confidence of our people.

Further information, and a full response to your follow-up questions, is included in the appendix below.

I hope that my response, and the evidence provided by myself and our franchisee, Carol Rogerson, provides you and the Committee with reassurance about our dedication to address this issue and our commitment to ensure that McDonald's is a safe, respectful, and inclusive workplace.

Yours sincerely

Alistair Macrow
Chief Executive, McDonald's UK & Ireland

McDonald's Restaurants Ltd
11-59 High Road
East Finchley
London
N2 8AW

Telephone +44 (0) 203 892 0342

APPENDIX A: RESPONSE TO COMMITTEE QUESTIONS DATED 20 NOVEMBER 2023

Q1: Settlement Agreements

(a) An illustrative copy of the standard confidentiality clauses that McDonald's Restaurants Limited includes in settlement agreements with current or former employees.

McDonald's Restaurants Ltd strongly believes in an individual's right to whistle blow, raise criminal complaints, cooperate with a criminal investigation and to speak to professional advisors such as lawyers and medical professionals. Of critical importance, McDonald's Restaurants Ltd will:

1. Ensure that any guidance from the Law Society and Solicitors Regulation Authority as to confidentiality terms is reflected in any current settlement agreement.
2. Seek to protect an individual's ability to whistle blow, raise criminal complaints, cooperate with criminal investigations, and speak to professional advisors such as lawyers and medical professionals, in line with the guidance referenced above.

Settlement Agreements, in an employment context, are governed by statute (Employment Rights Act 1996 s203). On the occasions where McDonald's Restaurants Ltd might use such an agreement, it will typically be because an individual is being made redundant or where there may be, for example, performance or capability concerns, conduct issues which are disputed, or changes to roles or work leading to an agreed exit. It is important to recognise that terms are mutually agreed and designed to give clarity as to any agreed terms such as financial sums, ongoing benefits, agreed announcements or references, and settlement of any potential claims, which therefore gives certainty to both the individual and the employer. Confidentiality is a part of this as, naturally, certain things should remain as known between the parties only. However, as can be seen from the illustrative wording, we mutually agree to protect the individual's ability to whistle blow and/or raise criminal complaints.

An illustrative copy of current confidentiality clauses in a McDonald's Restaurants Ltd drafted settlement agreement is included in Appendix B.

The typical current wording provided in Appendix B contains the important and necessary carve outs in respect of allowing people to whistle blow, raise criminal complaints, cooperate with criminal investigations, and speak to professional advisors such as lawyers and medical professionals, in line with guidance from the Law Society and Solicitors Regulation Authority. It is also worth noting that any employee entering into a settlement agreement is required to take independent advice and they are free to propose amendments and changes to the agreement before signing. The terms are mutually agreed. The current standard settlement agreement provides for the parties to keep matters relating to the Agreement and the termination of employment confidential. Guidance as to the wording to be contained in settlement agreements is regularly reviewed and updated, and it is important to note that individual confidentiality clauses may differ over a five-year period and beyond as the guidance has evolved over time. However, when McDonald's Restaurants Ltd is drafting a settlement agreement, it will always follow best practice and use the guidance available at the relevant time of the settlement.

In addition to Settlement Agreements, there may be times when a current or former employee raises a complaint with ACAS via the Early Conciliation process, or where they submit an employment tribunal claim. In those circumstances where a settlement is mutually agreed, McDonald's Restaurants Ltd will typically enter into conciliation agreements known as COT3 agreements, which are mutually agreed settlements (with either financial or non-financial terms) reached with the assistance of ACAS. While similar in nature, COT3 agreements are different from settlement agreements as they primarily relate to a particular complaint or claim. A settlement agreement will be typically wider in scope and will likely include facilitation of the termination of an employee's employment.

Wording for COT3 agreements will also typically contain confidentiality clauses, and an illustrative copy of wording typically used by McDonald's Restaurants Ltd in current COT3 agreements is at Appendix C. Again, this is in line with current guidance on carve outs in respect of allowing people to whistle blow, raise criminal complaints, cooperate with criminal investigations, and speak to professional advisors such as lawyers and medical professionals. It is important to note that individual confidentiality clauses drafted by McDonald's Restaurants Ltd may differ over a five-year period and beyond as the guidance has evolved over time.

(b) Total number of settlement agreements that McDonald's UK has signed with current or former employees in the past five years containing such clauses.

The table below provides, to the best of our knowledge, information on both settlement agreements and COT3 agreements that have been agreed to with McDonald's Restaurants Ltd over the last 5 years.

We do not have data or information relating to agreements signed with franchisees. As set out in my letter to the Committee on 11 August, franchisees are independently owned businesses and are their own legal entity. Franchisees are therefore the legal employer and have ultimate responsibility and legal liability for managing their employees / workforce. Under the conventional franchise agreement, franchisees are under contractual obligations to comply with all applicable laws & regulations. This includes all employment and health & safety laws. They are not however required to report to McDonald's Restaurants Ltd as to when they have entered into settlement agreements or COT3 agreements with any of their current or former employees. It is common practice (generally, in most organisations) for settlement agreements to be confidential as between the parties that entered into them; and it is not uncommon for the mere fact of settlement to also be confidential. Therefore, since the franchisees are separate legal entities, McDonald's Restaurants Ltd does not have any legal basis on which to obtain or review copies of such settlement agreements.

ITEM	TOTAL
Settlement Agreements	
Number of Settlement Agreements related to an issue defined as harassment due to a protected characteristic or sexual harassment in last five years signed with McDonald's Restaurants Ltd	2
Total overall settlement agreements in last five years signed with McDonald's Restaurants Ltd	78 <i>Most settlement agreements (72%) relate to redundancies where the business has typically agreed to specific exit terms with individuals. Other settlement agreements will typically be entered into to facilitate an agreed exit where there may be performance or capability concerns, conduct issues which are disputed, or changes to roles or work leading to an agreed exit. Any employee entering into a settlement agreement is required to take independent legal advice and they are free to propose amendments and changes to the agreement before signing. Terms are mutually agreed.</i>

Conciliation Agreements (COT3s)	
Total number of Conciliation Agreements (COT3) in last five years to settle potential or actual tribunal litigation signed with McDonald's Restaurants Ltd	38
Number of Conciliation Agreements (COT3) related to settle potential or actual tribunal litigation for an issue defined as harassment due to a protected characteristic or sexual harassment in last five years signed with McDonald's Restaurants Ltd	15 <i>Including:</i> • Eight to settle claims brought by the person who had either been dismissed or disciplined where their conduct had been an issue. • Seven to settle a claim brought by those who were alleging (often amongst other things) that harassment had happened to them

(c) A breakdown of settlement agreements signed in relation to any incident pertaining to a breach of McDonald's 'People Brand Standards'.

There are no settlement agreements in relation to McDonald's People Brand Standards. These are our own standards that set expectations to help ensure consistency across all McDonald's restaurants and on which franchisees are regularly assessed.

As set out in my letter to the Committee on 11 August, franchises are independently owned businesses and are their own legal entity. Under the conventional franchise agreement, franchisees are under contractual obligations to:

- i. Comply with all applicable laws & regulations. This includes all employment and health & safety laws.
- ii. Comply with all standards set by the McDonald's System which includes both our National Franchising Standards and our Global Brand Standards.

Our National Franchising Standards are used to assess the performance of a franchisee and their compliance with our expectations as their franchisor. There are five core elements to the National Franchising Standards in the UK, against which each franchisee is assessed, one of which is 'People Culture'. All company-owned and franchised restaurants are also expected to follow our Global Brand Standards. The Global Brand Standards prioritise actions in four people related areas:

- **Prevention of harassment, discrimination, and retaliation:** procedures in place for reporting claims of harassment, as well as policy and training established to prevent harassment and discrimination.
- **Prevention of workplace violence:** procedures in place for incident reporting, as well as policy and training established to mitigate the risk of violence in the workplace.
- **Restaurant employee feedback:** at least one crew and manager survey completed each year in each restaurant, with an accompanying action plan. In the UK the McDonald's system exceeds this requirement and carries out four surveys per year.
- **Health and safety:** annual health and safety audits with action plans to reinforce a culture of safety.

Again, as I set out before, we recognise there are times when franchisees or restaurants may be considered to not have fully complied with our standards. As a responsible franchisor, we will always try at first to work with franchisees to help them improve and identify what, if any, additional support is required. Where improvements are needed, franchisees are required to develop the right action steps for improvement, with guidance from their Franchisee Consultant. Any serious issues must be rectified immediately. We set a clear expectation that actions are put in place from that point to ensure our standards are met. Depending on the severity of the issue, these must be corrected within 30 to 90 days with progress followed-up on and assessed by our Franchisee Consultants

I refer the Committee back to my previous correspondence which includes further details about McDonald's National Franchising Standards and Global Brand Standards and the important role of our franchise consultants.

(d) Breakdown of settlement agreements signed in relation to sexual harassment, or any other incident involving abuse against the protected characteristics.

Please see table above.

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Q2: Definition of 'sexual harassment' and any related terminology or definitions

Sexual harassment is defined under the Equality Act 2010 and is unlawful. As set out in the legislation, sexual harassment occurs when a person engages in unwanted conduct of a sexual nature that has the purpose or effect of violating someone's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for them. Sexual harassment can also happen when unwanted conduct of a sexual nature (or related to gender reassignment or sex) has taken place and that a person has been treated less favourably because they either rejected, or submitted to, such unwanted conduct.

More widely, we will always seek the view of legal and HR experts to ensure that the correct definitions are being used and understood within the business. As part of the legal agreement we have signed with the EHRC, we have also sought their input and continue to work collaboratively on the action plan we have agreed to ensure that the measures we implement are effective in continuing to create a culture that is aligned with such definition.

Broader definitions are provided within existing policies such as our Anti-Bullying & Harassment policy. This policy is designed to help create a safe and supportive working environment. It explains how we expect people to behave, what to do if they see or experience inappropriate behaviour and how everyone can help to create a respectful working environment. The aim of this policy is to help prevent the occurrence of bullying, harassment and/or victimisation at work and to provide guidance on how to resolve complaints both informally and formally. The EHRC has, as part our legal agreement, reviewed this policy and provided feedback that we incorporated in August 2023. The policy also includes the following definitions in addition to Harassment (including sexual harassment):

Issue	Definition
Bullying	Bullying is offensive, intimidating, malicious or insulting behaviour through the misuse of power or position, which leaves the person feeling upset, intimidated, and vulnerable and undermines their self-confidence. Power does not always mean being in a position of authority but can include both personal strength and the power to coerce through fear or intimidation. Examples of Bullying include: • verbal abuse - shouting, swearing or threatening a person • physical abuse - shaking, pushing or blocking someone's way • setting unreasonable objectives or deadlines • excessive or overbearing supervision or the misuse of power • giving persistent unjustified criticism
Victimisation	Victimisation is where a person is subjected to a detriment because they have raised allegations, brought proceedings, given evidence or complained about the behaviour of someone who has been harassing or discriminating against them or others.
Direct Discrimination	Discrimination can be either Direct or Indirect. Direct discrimination occurs when a person is treated less favourably because of a Protected Characteristic. Examples of Direct Discrimination are: • making decisions about whether someone should be offered or not offered a job because of their religious views or because they might be gay • making decisions about who should, or should not, be promoted or trained because of their disability • dismissing an employee because she is pregnant It is not possible to justify direct discrimination except in very limited circumstances such as decisions made about insurance benefits for employees of a particular age.
Indirect discrimination	Indirect discrimination occurs where an unjustifiable requirement or condition is applied which, although in theory applies to everyone, in practice puts a group who share a common Protected Characteristic at a particular disadvantage. An example of Indirect Discrimination can be: • Requiring a job to be done full-time rather than part-time. This could, depending on the job and the individual, potentially disadvantage women because they generally have greater childcare commitments unless it can be justified. In addition, disability discrimination can include either direct or indirect discrimination, any unjustified unfavourable treatment related to disability, and failure to make reasonable adjustments to alleviate disadvantages caused by a disability.

Q3: Reports received by McDonald's UK & Ireland

I shared several statistics with the Committee in response to your questions on 14 November in relation to the contacts we have received concerning a safe, respectful, and inclusive workplace. The table below confirms the data as of 10 November 2023 (the data I updated the Committee on in person) and represents the number of allegations processed by our new Investigation Handling Unit (IHU). While the allegations themselves have been raised and managed since the summer, the incidents relate to a longer time-period.

As set out in my previous letter three external law firms have been appointed since the summer to lead and conduct independent investigations of cases coming through the IHU that relate to franchisee employees. External counsel will also be utilised for all highly sensitive investigations relating to MRL employees.

ITEM	TOTAL
Number of live investigations	249 <i>Including the following unique cases:</i> • 27 involving Sexual Harassment • 59 involving Bullying • 10 involving Racism
Number of concluded investigations	157 <i>Including the following unique cases:</i> • 31 involving Sexual Harassment • 41 involving Bullying • 7 involving Racism
Total (live + concluded investigations)	406 <i>*Please note, I referenced 407 allegations on the day of the Committee</i>
Number of investigations that resulted in some form of disciplinary action	75 <i>Including the following unique cases:</i> • 17 involving Sexual Harassment • 18 involving Bullying (9 relating to a manager; 9 relating to a peer) • 1 involving Racism <i>*Please note, I referenced nine disciplinary actions relating to bullying on the day of the Committee</i>
Number of dismissals	18 <i>Including the following unique cases:</i> • 7 involving Sexual Harassment • 2 involving Bullying • 0 involving Racism

Q4: Duty of care & legal responsibility to tackle abuse

For any worker or employee, the primary entity under an obligation to ensure that those workers' or employees' legal rights are respected is their employer. The position in respect of individuals who are employed by franchisees is no different: the duty of care sits with the franchisee as the individual's employer. In other words, just as McDonald's UK has legal responsibilities and a duty of care towards individuals employed in McDonald's UK company-owned restaurants, the legal responsibilities and duty of care towards employees of franchisees sits with the relevant franchisee.

Notwithstanding the above, as a responsible business, we want to be satisfied that franchisees affiliated with the McDonald's brand are upholding the duty of care that they owe to their employees, and for all people in McDonald's brand restaurants to be treated with dignity and respect. In practice, we seek to do this through ensuring that franchisees are meeting our People Brand Standards.

As I said to the Committee on 14 November, our People Brand Standards (included within the wider National Franchising Standards) help us to hold franchisees accountable and are designed to help create an environment where harassment or discrimination are not tolerated. Franchisees are under contractual obligations (as part of their franchise agreement) to comply with all standards set by the McDonald's System which includes both our National Franchising Standards and our Global Brand Standards.

As the franchisor, McDonald's Restaurants Ltd retains the right to take enforcement and/or termination action in situations where the franchisee fails to comply with the standards prescribed by McDonald's or should a franchisee engage in conduct which reflects materially and unfavourably on the reputation of McDonald's.

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**APPENDIX B: CURRENT STANDARD SETTLEMENT AGREEMENT CONFIDENTIALITY CLAUSES
USED BY McDONALD'S RESTAURANTS LTD**

CONFIDENTIALITY OF AGREEMENT

You agree that you have not and will not make or publish any statement to any person, firm, company or organisation whether a client, customer, supplier, or employee of the Company or the Group concerning the terms of this Agreement or any information about the disputes settled by this Agreement or about the circumstances relating to the termination of your employment except to your immediate family in confidence and to your respective professional advisers in connection with the conclusion of this Agreement or where required by any competent authority or by a Court of law or HMRC.

The Company will use its reasonable endeavours to ensure that those employees involved in the termination of your employment and the negotiations connected with the Agreement do not disclose the terms of this Agreement, except where required by a competent authority or by a Court of law or by HMRC or as required for Company internal reporting purposes or for the purpose of ensuring compliance with or enforcing the terms of this Agreement.

Nothing in this Agreement shall prevent disclosure by you of:

- *information disclosed pursuant to any order of any Court of competent jurisdiction; or*
- *information which has come into the public domain otherwise than by a breach of confidence on your behalf;*
- *information disclosed for the purpose of making a protected disclosure within the meaning of Part IVA of the Employment Rights Act 1996;*
- *information raising concerns, including reporting misconduct or a serious breach of regulatory requirements, with regulatory and other appropriate statutory bodies pursuant to your professional and ethical obligations, including those obligations set out in guidance issued by regulatory or other appropriate statutory bodies from time to time;*
- *information to report a criminal offence to any law enforcement agency, and/or*
- *information to co-operate with any law enforcement agency regarding a criminal investigation or prosecution: and/or*
- *information for the purpose of seeking advice from professional advisers who are subject to an obligation of confidence, such as qualified medical practitioners and qualified lawyers.*

APPENDIX C: ILLUSTRATIVE COPY OF TYPICAL CONFIDENTIALITY CLAUSES IN A McDONALD'S RESTAURANTS LTD DRAFTED COT3 AGREEMENT

COT3 AGREEMENT

- 1.1 *The Claimant agrees that he has not and will not make or publish any statement to any person, firm, company or organisation whether a client, customer, supplier, or current or former employee of the Respondent or Associated Company concerning the terms of this Agreement or any information about the disputes settled by this Agreement or about the circumstances relating to the termination of his employment except to his immediate family in strict confidence and to his respective professional advisers in connection with the conclusion of this Agreement or where required by any competent authority or by a Court of law or HMRC.*
- 1.2 *The Respondent will use its reasonable endeavours to ensure that those employees involved in the termination of the Claimant's employment and the negotiations connected with the Agreement do not disclose the terms of this Agreement, except where required by a competent authority or by a Court of law or by HMRC or as required for Company internal reporting purposes or for the purpose of ensuring compliance with or enforcing the terms of this Agreement.*
- 1.3 *Both parties agree that the existence and the terms of this Agreement shall remain confidential to the parties to the Agreement and shall not be disclosed to any third party and in particular shall not be disclosed to any current or former employee of the Respondent or any Associated Company except:*
 - 1.3.1 *where required to be disclosed by law, HMRC or to any governmental, regulatory or other competent authority;*
 - 1.3.2 *to professional advisers, and in the case of the Claimant to his immediate family (provided that they agree to keep the information confidential);*
 - 1.3.3 *in accordance with clause 1.4*
- 1.4 *For the avoidance of doubt, nothing in this Agreement, including but not limited to clauses 1.1 to 1.3 shall prevent the Claimant from:*
 - 1.4.1 *disclosing information pursuant to any order of any court of competent jurisdiction;*
 - 1.4.2 *making a protected disclosure within the meaning of Part IVA of the Employment Rights Act 1996, provided that the disclosure is made in accordance with the provisions of the Act;*
 - 1.4.3 *raising concerns, including reporting misconduct or a serious breach of regulatory requirements, with regulatory or other appropriate statutory bodies pursuant to his professional and ethical obligations including those obligations set out in guidance issued by regulatory or other appropriate statutory bodies from time to time;*
 - 1.4.4 *reporting a criminal offence to the police or other law enforcement agency and/or co-operating with a criminal investigation or prosecution; or*
 - 1.4.5 *disclosing information for the purpose of seeking advice from professional advisers who are subject to an obligation of confidence, such as qualified medical practitioners and qualified lawyers or to a confidential employee assistance programme.*