

McDonald's Australia has been a nationally recognised Registered Training Organisation for over 15 years.

More than \$40 million is spent annually on training crew, managers and corporate employees.

McDonald's obtained a 2012 EOWA Employer of Choice for Women citation. Some 56% of the McDonald's Leadership Team is female and 55% of restaurant managers are female.

More than 5,000 employees participated in the McDonald's Traineeship Program in 2011.

18 weeks paid parental leave is provided to corporate and company restaurant employees.



6
**EMPLOYMENT
AND TRAINING**

VALUING OUR PEOPLE

At McDonald's we know it is our people who determine our success. We work to provide an employment experience that our employees will always value, one that is flexible, complements their lifestyles and provides opportunities for the development of life-long skills.

We provide many Australians with their first job and this brings with it a special responsibility. We strive to provide all our people with a job in a respectful, safe and friendly environment with the opportunity to learn.

We are one of the largest employers and trainers in Australia with some 90,000 people employed by the company and its franchisees across the country.

A DIVERSE WORKPLACE

Each McDonald's restaurant employs on average 80 to 100 crew and managers. Many of our restaurants (63 per cent as at December 2011) trade for 24 hours a day while others trade for 18 hours or less a day. Within this broad span of hours, sales volumes fluctuate significantly and this sales pattern calls for a workforce seeking flexible hours. This is often ideal for people balancing work with family or study commitments.

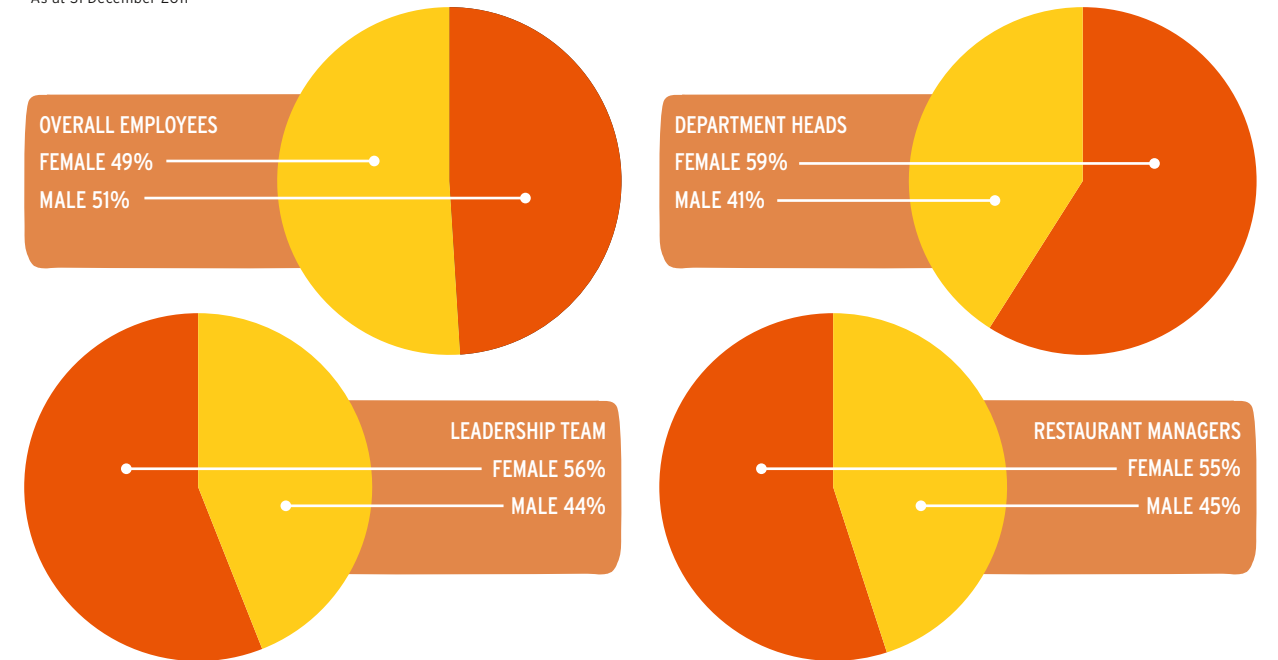
McDonald's is a major employer of youth. In fact, the majority (67 per cent) of our crew are between 14 and 18 years old and another 20 per cent are aged between 19 and 21. Over 90 per cent of our restaurant managers started with McDonald's as crew and the majority (86 per cent) of restaurant managers are aged between 18 and 30.

The following employment data represents only those people employed by McDonald's Australia either in management offices or in the 234 company owned restaurants Australia wide. Franchisees are responsible for employing their own people and their employee data is not available for central collection or review.



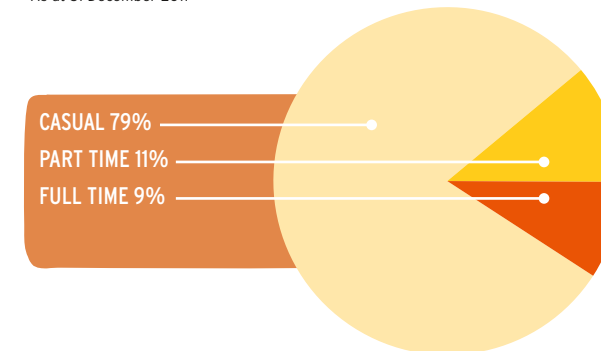
BREAKDOWN OF MALE AND FEMALE EMPLOYEES (McDONALD'S AUSTRALIA)

*As at 31 December 2011



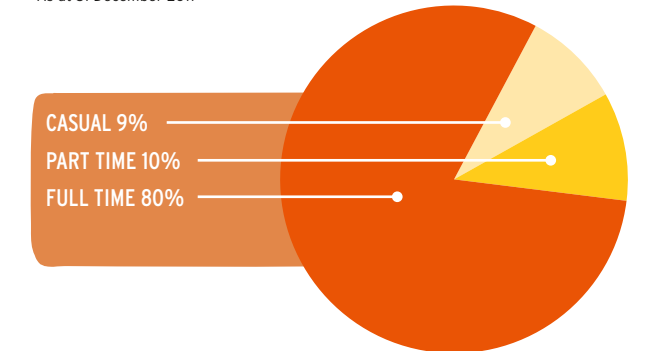
BREAKDOWN OF EMPLOYMENT TYPE FOR RESTAURANT EMPLOYEES (McDONALD'S AUSTRALIA)

*As at 31 December 2011



BREAKDOWN OF EMPLOYMENT TYPE FOR CORPORATE EMPLOYEES

*As at 31 December 2011



A FAIR AND EQUAL WORKPLACE

McDonald's strives to create a work environment where everyone can expect to be treated equally with dignity and respect. We actively encourage all team members to promote a friendly, respectful workplace and to discourage any behaviour that might cause hurt or embarrassment to others.

Likewise when it comes to development opportunities, individuals are evaluated on their performance and promotion is based on merit. Employment, promotions and training are not determined by age, race, colour, sex, appearance, religion, marital or parental status, sexual preference, disability, impairment or national origin. Everyone is evaluated on their performance.

A comprehensive Diversity and Inclusion Policy, which incorporates Equal Employment Opportunity principles, is in place at McDonald's and a summary of this is presented in an easy to understand format to all employees during their online or face to face orientation. Information about the policy

In the 2011 National Management and Crew Opinion Surveys, 91 per cent of both crew and managers agreed that they are treated with dignity and respect regardless of race, sex, religion or age.



is made available to employees on the intranet and in the employee handbook. This policy outlines our aim to ensure that employees enjoy a harmonious work environment that is free from discrimination or harassment and the expectations we have of all our employees. The policy information also provides guidelines to assist employees if they do feel they have been discriminated against or harassed at work.

There are a number of communication channels available to employees to raise concern or provide feedback in relation to issues such as harassment and discrimination. These include formal crew and manager communication sessions, performance reviews, our Open Door Policy and a Personal Action Letter (PAL). The PAL program provides a pro-forma letter and envelope addressed to the Human Resources Department and is a confidential way for employees to seek advice and have problems solved within the organisation.

We also recognise that ongoing training for our restaurant management is an effective way to prevent problems at a restaurant level and promote a harmonious workplace. As part of their initial management training, all managers participate in a class entitled 'People Practices' which addresses communication, diversity and equal employment. As managers progress their career each subsequent development program includes a component on people management and creating a fair, effective and enjoyable workplace.

AN EMPLOYER OF CHOICE FOR WOMEN



McDonald's Australia has been successful in obtaining an Equal Opportunity in the Workplace Agency (EOWA) Employer of Choice for Women 2012 citation. This acknowledges McDonald's commitment to providing pay equity for women, offering flexible careers and development opportunities for women and creating a culture which supports the advancement of female employees.

There is strong female representation in place at McDonald's Australia including:

- A female Managing Director / Chief Executive Officer;
- 56 per cent of the senior leadership team are female;
- 44 per cent of executive management positions are held by women;
- A 'People's Scorecard' provides statistics on women's participation at all levels within the organisation. Senior management are then held accountable for equitable results or for taking action on any shift in male/female ratios.

Our Work Life Family policy is a formal agreement to provide a family friendly workplace for all of our people. As part of this policy we provide support for employees with carer responsibilities by enabling them to work part-time.

In 2011 McDonald's introduced 18 weeks paid parental leave for permanent corporate and company restaurant employees. Many franchisees have also introduced this policy for their permanent employees. Having provided employees with a standard eight weeks paid parental leave for over 10 years, a minimum 18 weeks of full pay is now provided to the primary parental carer on the birth or adoption of a child.

In addition, the following policies and resources are in place to assist parents in returning to work and managing their work and life balance:

- Discount childcare scheme.
- Designated breast feeding rooms.
- Fifth week leave policy allows restaurant managers and corporate staff who use their full leave entitlement each year to take a fifth week of paid leave in that year.
- Ability to salary sacrifice to purchase up to four weeks additional annual leave per year.
- A work from home policy allows for flexibility in work arrangements.
- During Summer months corporate employees can commence work 30 minutes early or work 30 minutes later Monday to Thursday in order to finish at 1pm on Friday.

An Australian chapter of the McDonald's Women's Leadership Network was formed in 2009. The aim of the Women's Leadership Network is to ensure a supportive culture for women in the organisation. This includes female franchisees, corporate employees, restaurant managers and suppliers. The Network mentors and develops women and brings together women from all different areas of the business with regular newsletters, functions and development opportunities.



A RESPONSIBLE EMPLOYER OF STUDENTS

McDonald's is the largest employer of young people in Australia and many teenagers gain their first job experience in a McDonald's restaurant at the same time as undertaking full-time studies. Approximately 70 per cent of our crew are secondary school students. This gives us a significant responsibility to ensure a positive first employment experience for our crew and to ensure an appropriate balance between schooling and employment.

Our Responsible Student Employment Policy ensures that young full time students will usually work no more than two shifts per week during term time and in the case of students 17 years of age or younger they will not work beyond 11pm or before 5am on a school day.

Furthermore our current workplace agreement stipulates a minimum ten hour break between shifts to ensure that employees have adequate time to rest.

On an ongoing basis, for all students our flexible rostering system accommodates examination periods and other important school, extracurricular and family commitments.

In addition, we offer several programs to assist students with their study. For example, we offer a Charlie Bell Scholarship for Future Leaders worth \$15,000 to an employee each year. This scholarship recognises leadership aspirations and contributes to the cost of tertiary education.

NEW E*SMARTCLOCK IN RESTAURANTS

Scheduling and shift management is key to our employees' overall employment satisfaction. It is important that they receive breaks in a timely way; that they have enough time after work to rest, study and pursue personal interests, and to be confident in the management team's ability to manage their restaurant effectively.

To help proactively and intelligently manage labour rules at the restaurant level, the e*SmartClock, a software based time-clock system, was introduced in 2011. The e*SmartClock was designed to assist with making sure that crew receive adequate breaks during and between shifts, and also assists restaurants with complying with youth employment legislation. The cost of implementing e*SmartClock in all restaurants will be in excess of \$2.6 million. This is a significant investment by McDonald's and our franchisees in the continuous improvement of our compliance measures and people practices.



BENEFITS OF LONG TERM EMPLOYMENT

Russell has been employed as a Dining Room Attendant at McDonald's for over 24 years. He was supported into employment at McDonald's by JobSupport, a not for profit disability employment service, that specialises in finding jobs for people with intellectual disability. Russell's long term employment at McDonald's has had many benefits. Russell benefits through the development of confidence and self-esteem, and having the opportunity to interact with his team members and regular customers. McDonald's benefits by having an extremely dedicated employee, who is an active and enthusiastic member of the team. Other employees, particularly Russell's supervisors, gain valuable experience in working with people with disabilities.

EMPLOYMENT FOR PEOPLE WITH DISABILITIES

Since the lodgement of our first Disability Action Plan in 1998 we have progressively worked towards ensuring that McDonald's operates at best practice level in relation to customers and employees with a disability. Through the employment of hundreds of individuals with disabilities, we are part of an extensive network of community organisations, groups and citizens, proactive in supporting people with disabilities.

Arrangements are in place so that employees with a disability can achieve competency based training outcomes and can access other career development opportunities.

We partner on an individual basis with disability employment services nationally. Through those partnerships, McDonald's has been able to effectively employ people with disability, and have consequently enhanced our welcoming approach to an even more diverse range of customers. The success has been very encouraging and, in fact, a McDonald's employee in NSW who was employed through Jobsupport Inc will celebrate his 25th anniversary of employment with McDonald's in 2013.

In 2012 we appointed a National Disability Recruitment Coordinator; WorkFocus. WorkFocus has been partnering with McDonald's since 2010 and their appointment further enables us to ensure a common approach to employment of people with disability is adopted nationally.

ENCOURAGING INDIGENOUS EMPLOYMENT

McDonald's is committed to providing real jobs for Indigenous Australians who meet our hiring requirements and training standards. We have demonstrated this by signing up to the Australian Employment Covenant (AEC) and by taking part in a program called 'P-Plate'.

The Australian Employment Covenant (AEC) is a national industry-led initiative which brings all Australians together to help close the gap between Indigenous and non-Indigenous Australians in relation to employment opportunities. P-Plate works with public schools to help prepare Indigenous students for their first job. As part of McDonald's involvement in the program P-Plate representatives will also help mentor Indigenous students who already have a job at McDonald's.

PAY AND REWARD

In 2010 the McDonald's National Enterprise Agreement was implemented. This Agreement meant that, for the first time, one document regulates employment terms and conditions nationally for McDonald's employees Australia-wide. When implemented, it was also one of the largest enterprise agreements in Australian labour history.

The Agreement is the result of extensive negotiations with the Shop, Distributive and Allied Employees Association, which is the relevant trade union, and was based upon detailed economic modelling and consultation with a franchisee working party.

Once negotiated with the union, the Agreement was presented to restaurant crew and managers for voting. The vast majority of employees voted in favour of the Agreement.

All corporate employees and restaurant managers receive an annual performance and salary review and this determines their pay increases and possible bonuses. All crew can participate in an annual review and many do, however, this Agreement (and the previous Awards and Agreements) ensures that their pay is increased annually irrespective of whether a review takes place.

In the 2011 National Manager Opinion Survey, 81 per cent of managers believed that the person they report to supports their training and development by providing coaching, discussing development plans and making training available. 90 per cent of managers believe they have access to materials needed to support their development. In the 2011 National Crew Opinion Survey, 92 per cent of crew agreed that they received the training and information required to do a good job.

LISTENING TO OUR EMPLOYEES

For many years McDonald's has conducted annual surveys to receive feedback from crew, managers and corporate employees. In 2011 we began to improve the way in which we measure how much our people enjoy working at McDonald's and we will be asking for that feedback on a more regular basis and in different formats in the future.

In addition to the annual surveys other measures are in the place to receive employee feedback and track our people performance including:

- A quarterly People scorecard which includes a range of metrics such as proportion of female employees, annual leave balances, turnover and number of unscheduled absences.
- Brown Bag Lunches which are hosted by a member of the leadership team each month. A random selection of corporate employees is invited to have lunch with a member of the leadership team, who facilitates a small group discussion. Feedback and actions are shared with attendees.
- Anonymous exit surveys.
- Announced and unannounced audits of restaurant compliance with employment legislation, policies and procedures.

NATIONAL CREW OPINION SURVEY

In 2011 a National Crew Opinion Survey was conducted as it has been annually since 1985. This survey provides valuable feedback to management and is an important tool for developing policies and practices.

Some of the feedback received included:

- 93 per cent of crew said they enjoy the friendships they have at work.
- 87 per cent of crew agreed that rules and policies are applied fairly and consistently.
- 85 per cent of crew believe they receive recognition or praise for good work. This was a nine per cent increase on the 2009 survey results.
- 85 per cent of crew feel valued as an employee of their restaurant.
- 80 per cent of crew are proud to work at McDonald's.
- 76 per cent believe they receive a similar rate of pay to friends doing similar jobs for comparable organisations. This is a 13 per cent increase on the 2009 survey results.

NATIONAL MANAGER OPINION SURVEY

In 2011 managers from both franchised and company owned restaurants participated in the National Manager Opinion Survey.

Some of the feedback received included:

- 94 per cent of managers enjoy the friendships they have at work.
- 87 per cent of managers agreed that they have a clear understanding of their goals and objectives.
- 80 per cent of managers said that overall they would recommend working at their McDonald's restaurant.

- 75 per cent of managers feel valued as employees at their restaurant.
- 72 per cent of managers believe there is good communication between managers and crew.
- 70 per cent of managers believe that their remuneration package is competitive compared to people working in similar positions in other quick service restaurants. This is a 10 per cent increase from 2009.

NATIONAL CORPORATE ENGAGEMENT SURVEY

In 2011 corporate employees participated in an engagement survey which, for the first time, was conducted by AON Hewitt. This allowed McDonald's results to be compared to other employers across Australia.

Overall the survey results told us that most corporate employees say positive things about working at McDonald's and strive to do their best. An opportunity to improve employees' intention to stay with McDonald's was identified.

Some of the feedback received included:

- 84 per cent of corporate staff understand how they contribute to the organisation's goals and objectives.
- 80 per cent of corporate staff agreed that McDonald's objectives and goals are meaningful to them.
- 79 per cent of corporate staff agreed that the organisation inspires them to do their best work every day.
- 82 per cent of corporate staff agreed they feel encouraged to take initiative and suggest improvements to better serve customers.
- 82 per cent of corporate staff said they get a sense of accomplishment from their work.

The results from these three surveys are distributed to the senior leadership team and help drive departmental strategies and processes for the following year.



Kim Wilson : from management trainee to Editor-in-Chief, *New Idea*

Kim Wilson joined the McDonald's Nunawading, Victoria restaurant in 1996 as a management trainee after travelling extensively overseas. Kim would recommend working at McDonald's to anybody as it offers a fantastic training ground for any sort of business. The basic rules of business that she was taught at McDonald's continue to influence Kim's career and work ethic today.

"If I had to choose one skill I was taught at McDonald's it would be that a negative experience is an opportunity. It was a great mantra for life - if you can take a problem and turn it into something positive you are going to have a pretty good life," says Kim.

Kim also says that if she sees someone has worked at McDonald's for over 12 months she knows she can trust that person will be professional, punctual, appreciative of hard work and can be counted on to do a job properly from beginning to end.

TRAINING AND DEVELOPMENT

McDonald's has been a Registered Training Organisation for over 15 years and each year we invest more than \$40 million in training our crew, managers and corporate employees.

We recognise that a team of well trained, motivated individuals will drive the success of our brand and business and so we believe that, not only is people development our responsibility, it is also a smart investment.

McDonald's training is well recognised for developing skills that form the basis of any career. Testament to the effectiveness of our training is the fact that many of our senior executives, including current MD and CEO Catriona Noble, started their working lives as crew.

There are five main McDonald's training centres in Australia - in Sydney, Melbourne, Brisbane, Adelaide and Perth. These purpose built centres contain state of the art lecture theatres and classrooms and are used to conduct training course for McDonald's crew, management and corporate employees. Nationally, over 5,000 McDonald's students attended courses in our training centres in 2011.

TRAINING EXPENDITURE

McDonald's Australia annually spends more than \$40 million on training. This includes the cost of training crew, managers and the development programs offered to corporate employees.

- Approximately \$21 million is spent annually on the training of crew including the time of both the trainer and trainee.
- More than \$16 million is spent annually on training managers including both on the job and classroom based training programs.
- The cost to McDonald's Australia for the head office provision of training services exceeds \$3.5 million annually.
- Over \$1 million is budgeted annually for corporate employees development programs.

OFFERING EXTERNALLY ACCREDITED QUALIFICATIONS NATIONAL TRAINEESHIPS

Traineeships are structured, self-paced training programs for crew that lead to nationally recognised qualifications. They are a mix of theory and practical workplace experience. Traineeships provide a strong foundation for a management career at McDonald's or with another organisation within the retail, hospitality or business sector. In some states, traineeships can form part of a student's school assessment work.

McDonald's offers the Certificate II in Retail as recognition to crew people who show potential in their work performance and the Certificate III in Retail is offered to those crew people who wish to move into a supervisory role. It develops the skills and knowledge of senior crew people, crew trainers and individuals who show leadership potential.

These qualifications are nationally recognised outside of McDonald's and transferable to many other industries.

Traineeships are offered at no cost to the employees and, in fact, the crew person is paid for their training time. We see being offered a traineeship as a reward to a crew person for a job well done.

To ensure traineeships are executed successfully, each restaurant has a workplace coach who meets regularly with each trainee and supports them through the program.

TRAINEESHIP PARTICIPANTS 2011

REGION	COMMENCED AND/OR COMPLETED CERTIFICATE II OR III IN RETAIL IN 2011	
	Corporate Restaurants	Franchisee Restaurants
NSW/ACT	690	1,016
VIC	505	1,020
SA	83	138
TAS	0* (No corporate owned restaurants in TAS)	117
QLD	333	1,022
WA	163	140
TOTAL	1,774	3,453



MANAGEMENT DEVELOPMENT PROGRAM

As McDonald's employees progress through our internal Management Development Program they participate in our national training courses and combine this theory based learning with practical experience at the restaurant. Successful completion of this program coupled with the required amount of experience in the restaurant automatically qualifies managers for nationally recognised qualifications. Qualifications that can be earned for completion of the Management Development Programs at various stages include a Certificate IV in Retail Management, Diploma of Retail Management and an Advanced Diploma in Management.

MANAGEMENT DEVELOPMENT PROGRAM PARTICIPANTS 2011

REGION	SSC- Shift Supervisors Course	ASM- Advanced Shift Management	EMP- Effective Management Practices	RLP- Restaurant Leadership Practices	BLP- Business Leadership Practices
NSW/ACT	500	282	135	369	62
VIC/TAS	709	353	142	63	13
SA	175	86	30	21	2
WA	212	112	48	20	2
QLD/NT	624	373	195	31	21
TOTAL	2,220	1,206	550	504	100

WORKPLACE SAFETY AND INJURY MANAGEMENT

At McDonald's, the health and safety of our people is of paramount importance.

Our goal is to ensure every McDonald's place of work is safe and inviting for workers and customers by optimising and continually improving our health and safety management system. We aim to protect our employees, our customers, our contractors, our visitors and our brand. This means that we strive for continuous improvement in the areas of safety, security and injury management; and that we set objectives to find innovative solutions and achieve better safety results year on year.

We aim to:

- Prevent incidents and injuries.
- Comply with applicable laws and regulations.
- Provide a safe working environment, work methods, equipment and substances.
- Identify, assess and manage risks to health and safety; applying the hierarchy of risk controls.
- Provide injury management advice and support to workers.
- Monitor, review and investigate incidents to drive continuous improvement of standards and procedures.
- Deliver effective safety information, training and resources at all levels.
- Provide capable people to work in and manage the business.
- Encourage communication, consultation, co-ordination and co-operation about safety issues.
- Establish measurable objectives, targets and key performance indicators.

In 2012, a new system of harmonised work health and safety legislation was introduced, providing one consistent set of laws and regulations across all jurisdictions. Accordingly, a major focus for McDonald's is reviewing and updating our current Occupational Health and Safety Management System to reflect the updated terminology and approach of the harmonised laws. As a national business we welcome the harmonised approach to work health and safety and we look forward to leveraging the efficiencies of a national system of legislation to further drive continuous improvement in the area of work health and safety.

In 2012 we introduced four strategic pillars that underpin our commitment to safety leadership and our business plan for Workplace Safety & Injury Management:

1. Comply with the letter and the spirit of the law, be the leader of the pack.
2. Up skill and engage our people at every level.
3. Promote effective governance and a top-down safety culture.
4. Provide transparent, easy-to-navigate systems that deliver on our priority areas.





SAFETY LEADERSHIP -> SAFETY CULTURE

We understand that the key to building a strong safety culture and promoting safe working environments is through leadership. We aim to engage our people at every level when it comes to safety, from corporate leaders to crew members working their first shift. The execution of our commitment to safety at a senior leadership level comes through involvement of the Executive Safety Team, a cross-functional group including managers from a range of corporate departments, operations and franchisee representatives. The focus of the Executive Safety Team is to assist in providing a cohesive approach to management, to provide an opportunity to coordinate, cooperate and consult on safety matters, and to drive continuous improvement of safety and security within the organisation.

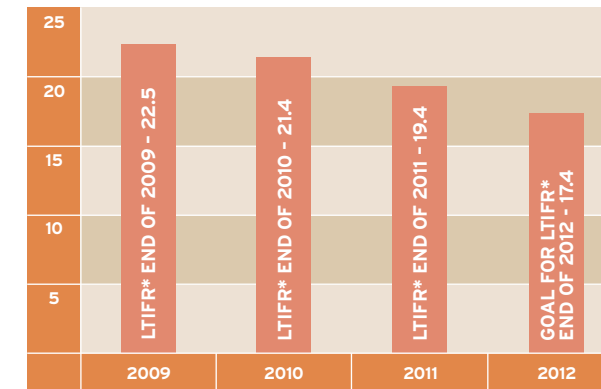
Consultation with crew and managers is essential to create a safe workplace, and ensure they are engaged. We believe that employee involvement in developing and updating workplace safety systems is crucial. As a result every McDonald's restaurant has a safety team made up of six to eight crew members and a manager. The safety team represents a cross section of all crew working in the restaurant and is actively involved in the site's safety program by reviewing incidents, trends and hazards in their restaurant and making recommendations on safety. This team is also consulted on major changes planned for the restaurant and proposed new equipment or operational procedures. Around 10 per cent of crew are actively involved in these teams and they represent all the crew members working in the restaurants.

KEEPING OUR RESTAURANTS SAFE

The main risks to our staff continue to be from slips, trips and falls; hot oils and surfaces; manual handling; security and electrical hazards. We target these key areas by reviewing current processes and designs, and with new initiatives to reduce the risk and drive down incident rates. The Executive Safety Team maintains a focus on these priority areas at every meeting, tracking various projects that aim to improve on priority areas and reduce the risk of incidents.

SAFETY TARGETS & RESULTS

The Lost Time Injury Frequency Rates (LTIFR) is the number of lost-time injuries per million hours worked. It is a measurement used to benchmark safety results. We set aggressive targets for 2010-2013 to reduce LTIFRs in each region, and we're tracking well against those targets. Since 2009 we have seen our national rate drop each year, and our current goal is to reduce it to at least 17.4 by the end of 2012.



*Lost Time Injury Frequency Rates

In the 2011 National Management and Crew Opinion Surveys, 96 per cent of managers and 89 per cent of crew agreed that they are trained in workplace safety. In the 2011 corporate engagement survey 90 per cent of corporate staff said they believe that workplace safety and security are considered important at McDonald's.

2010 injury management statistics

- Number of lost time injuries (as at end 2010): 306
- Average days lost: 10.2

2011 injury management statistics

- Number of lost time injuries (as at end 2011): 258
- Average days lost: 10.8

McDonald's Australia is self insured in NSW and completed a WorkCover audit at the end of 2010. The audit closely examined the McDonald's Occupational Health and Safety Management System (OHSMS). The OHSMS audit reviewed two elements; Management Responsibility and Process Control. McDonald's was successful in both elements and scored at the comprehensive level result for testing and inspection. Our next OHSMS audit is due at the end of 2013.

