

12 September 2013

Dear Sir/Madam:

I am a corporate responsibility expert at one of Australia's most prestigious universities, writing to you on behalf of a campaign in the village of Tecoma, Victoria, Australia that has been opposing the construction of a McDonald's restaurant in their community for the past two years. The campaign has massive local, national, and international support, including well-known celebrities and international NGOs. I am engaging with major shareholders of McDonald's and alerting them of the serious corporate responsibility and governance issues in this case. I am also writing to McDonald's Directors and Executives, such as you, and hope to gain a serious response to the concerns held by the campaign members. This situation has hit crisis point for McDonald's in Australia and needs immediate attention.

A delegation representing the campaign will travel from Australia to Chicago next week to deliver an historic petition to McDonald's headquarters on the 17th of September. I am interested in facilitating a meeting between this delegation and representatives from McDonald's. You may be interested to note the campaign raised \$40,000 to support the delegation's trip to the US and to pay for full page ads in Chicago newspapers drawing attention to the Tecoma case. The delegation will certainly attract further media interest and has secured union support in the US.

Despite historic opposition to this development in what is an iconic part of Australia, and overwhelming support from within the community, McDonald's Australia is ruthlessly pursuing this one outlet. It is turning into a PR disaster for them with widespread Australian and international media coverage of the community protests, a 93,000 person petition on Change.org and several thousand people marching against the development on July 28th 2013.

Although some in the campaign are opposed to McDonald's on principle due to its business model, most people are simply concerned about the inappropriate location for this development, which is in an iconic part of the State of Victoria, right next to a pristine national park and across from a pre-school and primary school.

Many people here in Australia are absolutely astounded that McDonald's is so aggressively pushing ahead with this development. As a Director or shareholder, I would be very concerned that the company's reputation is getting dragged through the mud over one small, ill-placed restaurant which, according to an official survey conducted using best practice survey methods, is opposed by 92% of the Tecoma community. I understand that Ms Catriona Noble, McDonald's Australia CEO, has claimed the development is "supported by the majority of the community" (ABC Radio, 09/12/13). I assure you this is absolutely untrue. If she informs you otherwise, you should be asking for evidence and, if this is not forthcoming, you should be asking serious questions about her ability to lead McDonald's in this country.

Not only is the development unwanted by the local community, but it was also unanimously rejected by the local council in October 2011. There were an unprecedented number of submissions of objection regarding the location of the site (across from a primary school and pre-

school), its proximity to a national park (the closest in Australia), environmental concerns for the delicate ecosystem, hazardous traffic conditions in a school crossing zone, the 24/7 hour proposal which would disturb what is normally a relatively quiet village in the evening, and the negative impact on local businesses. Council's decision was overturned by an unelected state level development tribunal (VCAT) that is now being questioned by federal and state MPs, and the media, regarding its purpose and legitimacy. The local council decided not to pursue the matter in the State Supreme Court given its perceived financial inability to challenge a multi-billion dollar corporation with an open checkbook.

The increasing public perception is that McDonald's is a corporate bully, only interested in pursuing tourist dollars in the area at the expense of the environment and the community. McDonald's Australia has provided zero evidence of community support and has only given a token community consultation in the form of a one-sided meeting where false promises were made for further engagement that never occurred. CEO Catriona Noble would not even meet with the delegation that recently delivered the petition to her office, despite media presence and reporting by all the major media networks in Australia.

In a move reminiscent of 'McLibel', McDonalds has singled out a few protestors and is suing them in the State Supreme Court, an action that one of the biggest law firms in Australia, Maurice Blackburn, has described as "an affront to civil liberties" (the firm is now providing pro bono support for the protestors). Furthermore, the public have questioned the strong arm tactics as 50 police were sent to remove a single young female protestor from the roof of one of the historic buildings on the site that have now been demolished.

There are dozens of stakeholders who have expressed support for the campaign including well-known national and international celebrities and organizations; unions; politicians at the local, state and federal levels on both sides of politics; academic experts; health experts; environmental groups; and local schools. They include the likes of Jamie Oliver, Friends of the Earth, Landcare Australia, Corporate Accountability International, and The Obesity Policy Coalition. I have attached a document with a list of stakeholders who have publicly expressed their opposition to the development.

Moreover, the Australian government at local, state and federal levels has also spoken out against the development and is even questioning the laws that allowed planning approval in the first place. The State Planning Minister and State and Federal MPs have all publicly stated that VCAT made the wrong decision in overturning the local council's decision to reject the planning application. In addition, there are now proposals to amend planning laws to prevent such developments being approved in the future. There is serious work being done to have exclusion zones for fast food restaurants near schools, to implement 'protection zones' of regions with significant natural beauty and heritage, as well as to include health in planning laws. In this sense, McDonald's aggressive promotion of this one development has increased regulatory risk which could impede its future growth in Australia.

As I am sure you are aware, there have been recent changes to zoning laws in San Francisco that now prevent "formula retail" stores, including fast food outlets such as McDonald's, from being

built in certain areas. Australia does not yet have such planning restrictions but the Tecoma case will undoubtedly create momentum for such changes to the planning regime in this country.

You may also be interested to note that the Tecoma campaign is the largest community campaign against a McDonald's globally and is very well networked and resourced. There is a professional documentary being made on the campaign. There is even a campaign 'flash mob' YouTube video that has gone viral. The protest has become part of the culture of the Dandenongs region, which is the one of the biggest tourist destinations in the State of Victoria. There are campaign posters in local businesses throughout the region, and even an art gallery next to the site that features anti-McDonald's art work. This campaign is not going away, in fact, it is getting bigger and stronger.

Hopefully, McDonald's global leadership team will demonstrate good corporate responsibility and risk management, and will arrange for senior management in Chicago to meet with the Australian delegation to discuss the case and receive the petition. I strongly encourage you to address this issue and repair the significant damage to the company's brand that the senior management of McDonald's Australia is inflicting. Up until now, most Australians have viewed McDonald's positively, and affectionately refer to your company as "Maccas". I doubt very much that you or your shareholders would want to see the company's reputation trashed by a single development. I am happy to provide any support you may need and to mediate engagement with the campaign representatives.

Sincerely,

Paul Rogers

Email: xxxxx@xxxxx.xxx

Ph: xx xxx xxx xxxx