

ANNUAL REPORT **2017**

Overcoming challenge with **Youthful Ambition**



McDonald's Saudi Arabia annual report on the nationalization of our workforce



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رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA



Our journey

We are extremely proud of our Saudi employees, who are valued and effective ambassadors for McDonald's Saudi Arabia.

We sincerely believe that our young Saudi workforce deserves the best work environments, should be positively motivated, and able to enjoy exceptional advantages. We have a history of offering some of the best employee programs in the Kingdom, but have no intention of sitting on our laurels – rather we look forward to investing even more in future generations with our new Tafawoq (Excellence) and Tomooh (Ambition) programs.

Our message to our team is this: McDonald's Saudi Arabia greatly appreciates your professionalism and achievements, and therefore care about your progression and future, which is why we are committed to our development programs. Investing in our team is a true win-win situation.

Thanks to everyone who, like us, believes that our investment in education and empowerment is a boost for the individuals, for McDonald's Saudi Arabia, but most importantly, for the whole country.

Having you as part of the McDonald's team is an honor: your will and determination is a great support to your country.



8,450
employees



269
branches



29%
nationalization

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Our Ambition is Sky High!

What we have been doing for the last 25 years has helped set the course for employment best practices in our country. It is a course that we consider a national duty which we have been proud to perform.

HRH Crown Prince Mohammed bin Salman bin Abdul Aziz, architect of Saudi Vision 2030 often says: “Our ambition is sky high.”

While some companies have been slow to invest in their people, McDonald’s Saudi Arabia has long pioneered human resources development, and was the first company to adopt clear plans consistent with Saudi Vision 2030.

Both Riyadh International Catering Corporation, developmental licensee for McDonald’s in the Central, Eastern and Northern regions, and Reza Food Services, developmental licensee in the Western and Southern regions, elected to treat employees as partners in success. Since our establishment in 1993 we have consistently invested in employee development and successfully attracted and retained many young Saudis to our ranks, by offering them a comfortable, flexible and distinctive work environment.

What we have been doing for the last 25 years has helped set the course for employment best practices in our country. It is a course that we consider a national duty which we have been proud to perform.

This year, we have devised a new strategy, and are directing our focus towards the quality of jobs, enabling us to bring out the potentials of young Saudi workers, focusing on their leadership skills, and stimulating their latent ambition. We train our youth not only as managers, but prepare them to be leaders who may go on to manage other Saudi companies.

We have no doubt that creating employment opportunities for the young is one of the best ways to boost the national economy. However, if the employment opportunities are not sufficiently attractive and challenging, and we do not invest in the skills of our youth, it will not bring about the desired change.

We are proud of the clear career paths we have developed, in particular the four recruitment paths we launched two years ago to attract ambitious young Saudis. These career routes continue to offer many young Saudis a path towards management, but now these programs have been joined by our new initiatives.

We want our employees to be proud of being part of a great organization like McDonald’s Saudi Arabia, and we cannot be more proud than today, because of the professionalism shown by our staff, and the journey we have begun with Tafawoq and Tomooh..

Our staff have benefited from multiple training courses, all of which have added to their professional skills. **We are not exaggerating if we say that our restaurant managers have a similar level of experience, skill and knowledge as any general manager** in a medium-sized company. We equip them with great ability in personnel management, sales, team management and many other vital competencies.

Let’s jump 13 years ahead to 2030, when most of our branches will be managed by young Saudis.

This is the sixth annual report in which we have shared our experience in job nationalization. By doing so, we believe we have raised the expectations of what is possible and achievable, and changed the overall understanding of nationalization throughout the private sector.

While the hurdles in employment nationalization gradually diminish, the challenges that face us multiply. Today at McDonald’s Saudi Arabia we are focused on the quality of the job. Our aim is to foster a spirit of vitality and creativity, retain talented youngsters, and offer clear career paths.

We offer unique training programs, believing that if we want a strong future we have to invest in its foundations.

We are not described as market leaders for nothing. Our employees have repeatedly demonstrated that they are responsible and able, and that young Saudis can manage branches very well indeed.

Our intention is to use all our resources, energies, experiences and creativity to invest in our people, to enhance the quality of jobs held by young Saudis, to accelerate the progress toward achieving the strategic objectives behind sustainable economic growth in Saudi Arabia, and to enable individuals to realize their aspirations. We are greatly looking forward to the future.



Mishaal Khalid F Al Saud
President of Riyadh International Catering Corporation

Developmental licensee for McDonald’s in the Central, Eastern and Northern regions of Saudi Arabia.



Abdul Rahman Ali Reza
General Manager of Reza Food Services Co. Ltd.,

Developmental licensee for McDonald’s in the Western and Southern regions of Saudi Arabia.

In 2018, we will continue to play a leading role in guiding the market and developing ideas and initiatives for young Saudis. Now, we are moving from the recruitment phase to the development phase: building brand loyalty, retaining and developing Saudi talent. We are proud of our results to date, especially the performance of our human resources and community service teams, who have been outstanding.

Today, as we work towards Vision 2030, we realize that challenges are great, and that a spirit of cooperation is needed in order to overcome them. It is a way of working we have followed for 25 years – and have no intention of slowing down now.

We want our employees to be proud of being part of a great organization like McDonald’s Saudi Arabia, and we cannot be more proud than today, because of the professionalism shown by our staff, and the journey we have begun with Tafawoq and Tomooh..

Tafawoq Program

In 2017, we launched Tafawoq as part of the McDonald's strategic plan, demonstrating our commitment to continuous learning and desire to challenge and motivate our people.

Tafawoq (excellence) is a six-month program aimed at 18-23 year-olds without a university education who have the potential to succeed in entrepreneurial and business roles.


Before launching the program, we ran an internal recruitment event to identify those we judged had the potential to become an 'exceptional' McDonald's manager.

When we launched Tafawoq, we hadn't expected such a huge turnout, with more than 400 applying to join the program. The best of a talented bunch

were selected in several stages, with, finally, 12 talented young Saudis chosen to become shift managers.


We were racing against time, to graduate the first batch of students and see the results of such a unique program. From January until June, the first batch have learnt several skills qualifying them to become a shift manager. In early 2018 we benefited from a second batch of 16 youths, who completed their training on December 31, 2017.

For those who weren't initially successful in their application for Tafawoq, all is not lost. They are welcome to reapply, as long as they can demonstrate high commitment, dedication, outstanding performance, skills and knowledge.



Program Duration

6 months

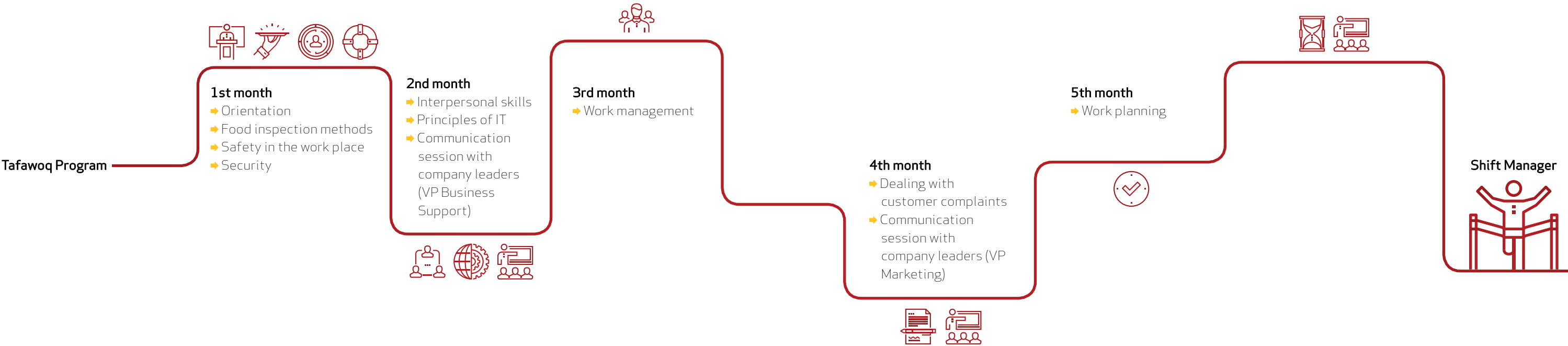


1st batch

12 managers



Before launching the program, we ran an internal recruitment event to identify those we judged had the potential to become an 'exceptional' McDonald's manager.



Tomoooh Program

We believe that the future of McDonald's Saudi Arabia will be determined by the ambition of our employees which is why we are preparing for the the future with our creative program called Tomoooh (ambition), which is aimed to make a qualitative leap in employee qualifications and transformation. Tomoooh, which was launched in 2017, is an 18-month training program targeted at new university graduates or those about to graduate, as well as at outstanding graduates of Tafawoq. In its first few weeks, we received more than 100 applicants; 95 percent of them from outside of McDonald's, the remainder being our own qualified staff.



Program Duration
18 months



Employees who have completed Tafawoq can enroll in Tomoooh, which consists of 70 percent professional experience, 20 percent skills, and 10 percent knowledge and learning.

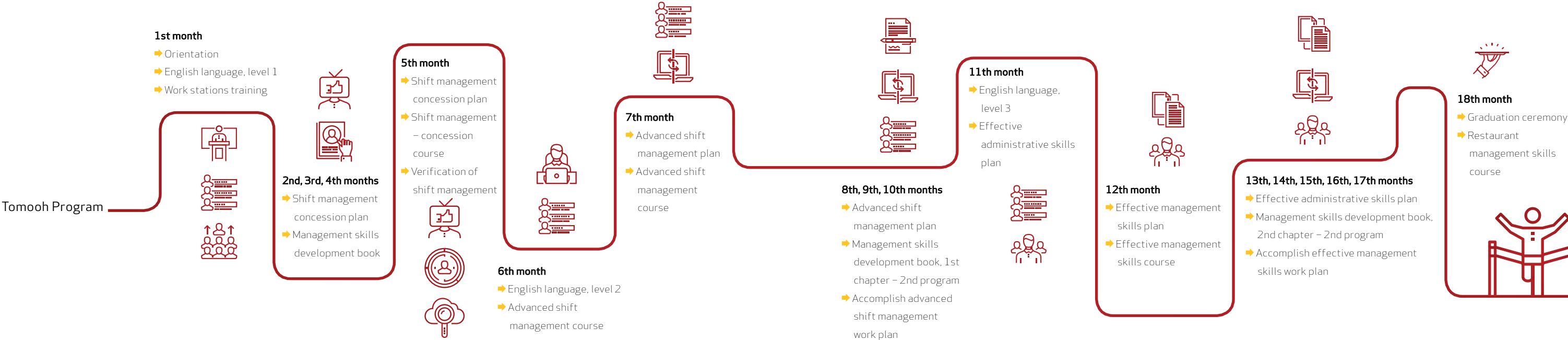
We have established a partnership with several Saudi universities to introduce the Tomoooh program, which seeks to qualify young Saudis in management, to the equivalent skill-set of a general manager in a medium-sized company.

Employees who have completed Tafawoq can enroll in Tomoooh, which consists of 70 percent professional experience, 20 percent skills, and 10 percent knowledge and learning.

Participants in Tomoooh receive medals and certificates of training courses they have completed, while after 10 months of training they will be sent abroad on a recreational trip. Above all, students are expected to exceed a 90 percent attendance record, pass all their exams, attend

all courses, pass the performance evaluation, a monthly evaluation from their operations consultant, a quarterly evaluation by their operations manager, and to have received no warnings in their file.

After graduation from Tomoooh and appointment to branch management, ambition does not stop – rather participants are expected to further their ambitions and aspire to increasingly senior roles, such as operations manager, administrative and financial affairs manager, and real estate manager, among others. We believe our young Saudi employees are eager to explore the future – they just need to be given the chance, and that is exactly what we do with programs such as this.



Value goes beyond job

The value of our management training goes beyond a McDonald's career.

When we tell our employees that they "are the stars of the country," we are not flattering them: we believe it.

We at McDonald's Saudi Arabia are proud of our efforts to enhance the skill and ability of our employees, even if it takes years of investment to reap the rewards.

The entire private sector follows the approach taken by McDonald's, which has enabled our restaurant managers to be recognized as skilled and knowledgeable professionals, to the level of managers in any mid-sized company.

Management, training, financial return, marketing. These are just some of the skills our employees learn. But their skill sets go far beyond this brief list, and include:



Initiatives to date

McDonald's Saudi Arabia employee skill-set



- ➔ Communication skills
- ➔ Work ethics
- ➔ Teamwork
- ➔ Spoken and written English
- ➔ Food safety
- ➔ Control of nutritional hazards
- ➔ Work under pressure
- ➔ Customer service
- ➔ Production systems
- ➔ Property management
- ➔ Security and safety basics
- ➔ Shift management

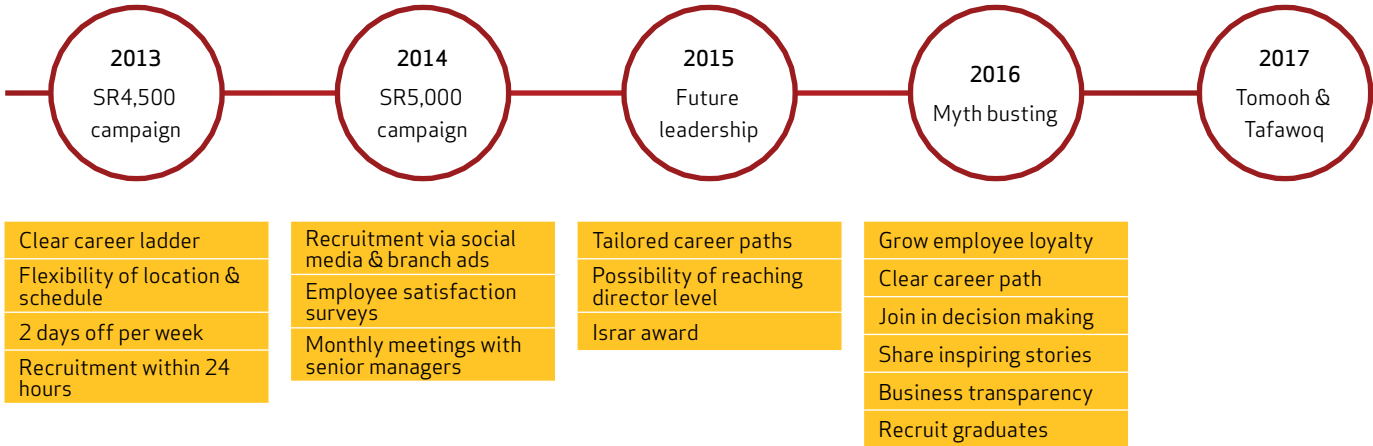
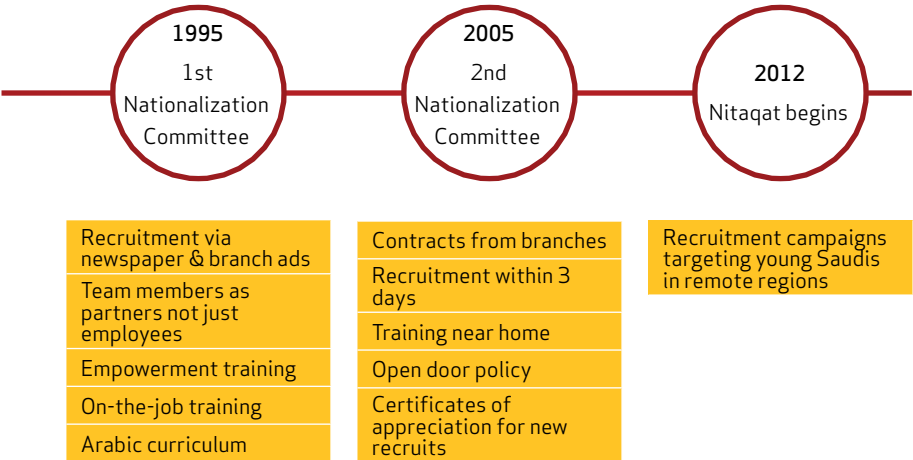


- ➔ Equipment handling
- ➔ Profit basics
- ➔ Training basics
- ➔ Effective communication
- ➔ Commitment
- ➔ Time management
- ➔ Basic mentoring and advisory
- ➔ Risk assessment and management
- ➔ Dealing with injuries
- ➔ Security awareness
- ➔ Planning and daily maintenance
- ➔ Facilities management
- ➔ Power management
- ➔ Chemical handling
- ➔ Increasing productivity



- ➔ Prioritization
- ➔ Request of services from support departments
- ➔ Negotiating and influencing skills
- ➔ Learning recording system
- ➔ Calculation of crew costs
- ➔ Identification of training needs
- ➔ Performance audit
- ➔ Food stock control
- ➔ Paper stock control
- ➔ Waste management
- ➔ Receiving and calculating of restaurant orders
- ➔ Restaurants management
- ➔ Dealing with customer complaints
- ➔ Analysis of sales, profit and loss
- ➔ IT principles

Year 1993 McDonald's Saudi Arabia founded



2017 at a glance

Successful organizations will often review the reasons for their success, look forward to the future, and keep an eye out for any potential challenges in order to exploit promising opportunities.

McDonald's Saudi Arabia accomplished this year's achievements in this manner, continuing its efforts at all levels to create a more vital and positive business environment.

It has been a year of non-stop activity, programs, and plans. We became better educated and richer in expertise and market knowledge, with a keener determination to succeed.

Without information, surveys and regular employee meetings , companies are working in the dark.

During our 25-year journey, we have come to realize that comprehensive data gives us the best possibility at every stage of our business. Consequently, we can focus our efforts and planning effectively to achieve optimum results.

Through data collected during our employment weeks for example, we identified the incentives that most improve employee loyalty to the company, such as a clear career ladder, promotion opportunities, financial incentives, and flexibility of conditions. By compiling data from leaving employees, we can better understand their reasons for leaving and our opportunities.

McDonald's Saudi Arabia is always facing new challenges which require careful planning, an integrated vision, and consistent efforts coupled with experience and understanding.

We have already made a huge leap towards the future as one of the world's top performers. We can highlight our achievements in numbers: in 2017 we opened 20 new branches and employed several hundred young Saudis. We are planning to open a further 26 branches in 2018, and hope to employ another 1,000 young Saudis.



Our nationalization of employment reached 29 percent, and in line with our focus on job selection, we are set to further increase this. Of a total of 8450 employees, we have 2450 young Saudi team members working in 269 branches across 50 Saudi cities.

Also, last year we opened branches in areas where we had no previous presence, a course we hope to continue in 2018.



Last year our employees served over 150 million customers, and their learning and experience have increased significantly. All our Saudi employees benefited from on-the-job training, and a program of rewards and incentives not offered by many other private sector companies.

Learning Management Software

In 2017, McDonald's Saudi Arabia launched its new Learning Management software to provide employees with skills and learning.

The new system is adopted from SAP, and strengthens job knowledge through e-learning tools, videos and advanced content. The new system has distant learning options, improving performance and productivity, and providing rapid training at any time.

The new software proved succesful in reducing travel hardship, saving costs and avoiding problems of attendance and commitment. Today, employees can learn online, watch related videos, read and print content, participate in studies and take online exams. Trainers and supervisors can also more easily follow up and communicate with employees.

The company benefits from easy and quick tech updates, all of which contributes to building a knowledge society, improving the leadership abilities of Saudi employees, while constantly refining their skill-sets, wherever they are.



Elmajless

In April 2017 we launched Elmajless, an online employee communications platform which enables our staff to stay tuned to all MacDonal's news and views. Elmajless provides round-the-clock access to a wide array of business data including our employee guide, the company's latest updates and policies, information about new products and promotions, job descriptions and development opportunities, the McDonald's glossary, performance evaluation forms, food safety and hygiene guidelines, and training material. We also publish our regular internal newsletter on Elmajless, which covers staff activities events and achievements.

Highlights

Our employees.. our strength



Our growth



Hear from graduates

At McDonald's KSA we take pride in the fact that the education, training and skills we offer to our employees are the best in the Kingdom, and that many of our departments and branches are managed by Saudi employees. They have demonstrated that they can be creative, productive, and dynamic. And henceforth, with more and more graduates from our Tafawoq and Tomooh programs, we can expect our Saudi leaders to continue growing.

علي غانم علي محمد
ALI GHANEM ALI
MOHAMMED



في برنامج "تفوق" تعرفت على زملاء النجاح، واكتسبت عشرات المهارات التي أثق بأنها ستكون سندا لي في مسيرتي.

Training and learning at McDonald's Saudi Arabia are beyond traditional ideas; it is a transition to reach success. I am confident that by joining this extraordinary organization, I am on track.

إن فرحتي بالتخرج اليوم تأتي بعد أيام وأسابيع من الدراسة والتعلم، وماكدونالدز السعودية تنتظر منا أن نرد لها شيئا مما علمتنا ياه. أعدها بأنني سأبذل كل ما بوسعي لإكمال مسيرة النجاح التي بدأتها ماكدونالدز قبل عاماً.

In 2017 I received many surprises and gifts, but joining McDonald's Saudi Arabia has been the best of them all.

عبد علي حسن كعبي
ABDO ALI HASSAN KABEE



أجمل ما ببرنامج "تفوق" هو خطته الواضحة، وما يتضمنه من دورات وبرامج متنوعة، والتي تؤهل الموظف لأن يكون أهلاً للمسؤولية على اختلاف مستوياتها.

I know for sure that my success is exactly what McDonald's Saudi Arabia believes we are capable of, and expects from us. I promise that we will strive to be worthy of that confidence.



احمد علي محمد الحارثي
AHMED ALI MOHAMMED
ALHARTHI

أعلم يقيناً أن نجاحي ما هو إلا خطوة من النجاح الذي تنتظره منا ماكدونالدز السعودية، أعدكم سنكون أهلاً لهذه الثقة الغالية.

The most beautiful part of Tafawoq is its clear plan and the variety of courses and programs which prepare staff to handle responsibility at different levels.



خالد فيصل العنزي
KHALED FAISAL AWAD
ALENEZI

خلال عام ٢٠١٧م، استقبلت مفاجآت كثيرة ووصلتني هدايا كثيرة، ولكن انضمامي لماكدونالدز السعودية هو أحلى مفاجآت وهدايا هذا العام.

My joy in graduation comes after weeks of studying and learning, and now I look forward to giving something back and will do my best to continue the journey of success that McDonald's began 25 years ago.



محمد عبدالله جحلان
MOAHMMED ABDULLAH
SALEM JAHLAN

التدريب والتعلم في ماكدونالدز السعودية يتجاوز الأفكار التقليدية، بل هو مرحلة انتقالية للوصول إلى أفق الإنجاز، وأثق بانضمامي لهذا الكيان الاستثنائي بأبني أسير على الطريق الصحيح.

In Tafawoq I met successful colleagues and learned many skills that I am confident will support me throughout my career.

٢٠ عاماً انطوت ومسيرتنا المباركة تمضي..

نفاخر في ماكدونالدز السعودية أن التعليم والتدريب والمهارات التي نوفرها لموظفينا هي الأفضل في المملكة، واليوم إدارتنا وفرونا تدار من قبل موظفينا السعوديين.

أثبتت شبابنا أنهم في أي موقع كانوا، يستطيعون الإبداع والتفوق، وهانحن نرّف اليوم الدفعة الثانية من خريجي برنامج "تفوق"، مبارك لهم ولنا النجاح، ومن نجاح إلى نجاح بإذن الله.

العمل في ماكدونالدز يحتاج إلى طاقة، إبداع، التزام، والشجاعة الكافية لإنهاء برنامج "تفوق". سوف نتجح حتماً إذا آمنت بالفكرة الفائلة: "النجاح يجذب النجاح".

لا أجد مكاناً أكثر إلهاماً مثل هذا المكان، أنا هنا اليوم لنصنع معاً الغد.

مكان العمل المميز هو من يجعل أبنائه أفضل مما وجدهم عليه، وهو ما ينطبق تماماً على ماكدونالدز السعودية.. شكرًا لكم.

كان عام ٢٠١٧م عام التعلم، لقد تعلمت في برنامج «تفوق» كيف أتعامل مع الموظفين والزبائن، وإدارة العمل والوقت، والتسويق، ومبادئ تقنية المعلومات، والأهم من ذلك كله، التخطيط للعمل.

ليس هناك أجمل من أن يحس الإنسان بأن جهده يُقدّر، وماكدونالدز السعودية خير من يُقدّر، وأؤكد أننا جميعاً سنكون سنداً دائماً لها.

لا يصل الناس إلى حديقة النجاح، دون أن يمرّوا بمحطة الجِد والاجتهاد، وقد وجدت هذه المحطة في برنامج «تفوق» الذي صمّمته ماكدونالدز السعودية.



سيف حمزه محمد البلوشي
SAIF HAMZAH MOHAMMED
ALBLOSHI

There's no workplace more inspiring than this, I am here to build the future together.



وليد خالد صالح الرشيد
WALEED KHALED SALEH
ALRASHEDI

Working at McDonald's needs energy, creativity, commitment, and the courage to finish Tafawoq. Inevitably you will succeed if you believe that 'success attracts success'.



إبراهيم خالد إبراهيم بالطور
IBRAHIM KHALED IBRAHIM
BATYOR

A good workplace environment helps a workforce perform and improve – which is exactly what McDonald's Saudi Arabia provides. Thank you.



فارس عبدالله سليمان الرثيع
FARES ABDULLAH
SULAIMAN ALRETHAIE

For me, 2017 was a year of learning. On the Tafawoq program I learned how to deal with employees and customers, work and time management, marketing, IT principles and most of all, successful planning for work.



محمد عادل حسن المهدي
MOHAMMED ADEL
HASSAN ALMAHDI

There is nothing more incredible than being appreciated for your efforts – and McDonald's Saudi Arabia is the best at valuing me, which is why they can count on my loyalty.



محمد موسى علي الملحوي
MOHAMMED MOUSA ALI
ALMLHAWI

People do not reach the garden of success without being earnest and diligent – which is clearly pointed out in the Tafawoq program.

تفوقكم فخرنا