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McDonald's Restaurants (Hong Kong) Limited
Submission to the Legislative Council Panel on Food Safety and Environmental Hygiene regarding "Follow-up measures on problem food products produced by Husi food factory in Shanghai" to be discussed at the Special Meeting scheduled on 3 September 2014

Introduction

1. McDonald's Restaurants (Hong Kong) Limited ("McDonald's HK") is pleased to submit the following information to facilitate the discussion on agenda item II, "Follow-up measures on problem food products produced by Husi food factory in Shanghai", at the Special Meeting of the Legislative Council Panel on Food Safety and Environmental Hygiene (the "Panel") which is scheduled to be held on 3 September 2014.

Follow-up Actions

2. First of all, McDonald's HK would like to express our sincere apology once again for the confusion resulting from the manner in which communications in relation to the Husi Shanghai incident were managed, which led to public anxiety.
3. Food safety and the well-being of our customers are McDonald's HK's top priority. After the incident, and in response to the announcement issued by the Centre for Food Safety ("CFS") for the suspension of import of Husi food products from Mainland, McDonald's HK had immediately suspended sale of the relevant products and sealed off all ingredients imported from Husi factories in Hebei and Guangzhou. Following the verification by CFS representatives, all such ingredients that were sealed off in McDonald's HK restaurants and warehouses were discarded in the presence of CFS representatives.

Learning from Experience: Review and Improve

4. We are mindful of consumers' expectations on us and we are now carrying out a comprehensive internal review of the areas where we have fallen short of such expectations in the handling of this incident in hope of formulating practical enhancement measures and implementing these measures as soon as possible.
5. Though McDonald's HK has yet to conclude our review, we have initially identified two areas for improvement: (1) Our emergency and crisis management system and processes should be enhanced. (2) McDonald's HK uses a large variety and an abundant quantity of ingredients, which are sourced from our global network of suppliers. Given the huge volume and complexity of import records and logistics documentation involved, McDonald's HK spent a considerable amount of time retrieving the relevant information. Furthermore, in order to ensure accuracy of the information, we had repeatedly verified the retrieved information, which required more time than expected before such information was released. Going forward, we need to increase the efficiency of our information search and retrieval processes for imported ingredients and speed up the verification process.

Food Safety First: New Improvement Measures

6. Ensuring food safety has always been McDonald's core value. Aside from strict assessment procedures that McDonald's has in place for selecting our suppliers, all ingredients and finished products are required to be prepared in accordance with McDonald's standard, which provides detailed and stringent requirements on food safety. Furthermore, we strictly comply with the Hong Kong laws and regulations in relation to food safety and ensure that all imported ingredients comply with the laws and regulations of their country of origin governing the manufacturing and export of food, as well as regulations for imported food in Hong Kong.
7. **In the wake of this incident, the immediate goal for McDonald's HK's is to rebuild our customers' confidence on our food safety and to minimize inconvenience to our customers.**

Set out below are measures in response to the incident that have been adopted by McDonald's HK or are being planned to further enhance our food safety and the transparency of our product information.

Measures implemented

a. Commitment to product resumption

Through our global network of suppliers, McDonald's HK has been sourcing substitute ingredients from alternative suppliers that meet our global standards for food safety. Starting from 4 August 2014, we have gradually resumed part of the affected food products, and we expect that the majority of the affected food products will be resumed by mid-September 2014.

b. Strengthening of self-monitoring mechanism of food safety

McDonald's has always in place stringent procedures to regularly examine our suppliers' manufacturing processes and food safety standards. Building on this foundation, McDonald's HK has introduced an additional step for sample-testing, where we have commissioned third-party internationally accredited laboratories, including SGS Hong Kong Limited, to carry out sample tests on all ingredients that we have resumed. Sample tests will also be carried out on all existing ingredients to ensure that they meet our stringent standards, and to further enhance public confidence on our food safety.

c. Enhance transparency of information on McDonald's food

To enhance the transparency of information about our food items, McDonald's HK has recently launched webpages entitled "*Learn More About McDonald's Food*" and "*Where Do Our Ingredients Come From?*" on our official website. To fulfil our transparency enhancement commitment, we have disclosed information on the ingredients of our most popular products on these webpages. In addition, a designated email address has been newly set up for customers who may want to learn more about McDonald's food.

Measures under planning

d. Enhance efficiency of crisis and emergency management system and processes

McDonald's HK will review crisis and emergency management system and processes, including providing training on the same, to improve overall efficiency in responding to crisis and to enhance the quality of our information disclosure.

e. Improve efficiency of verification of imported food information

McDonald's HK will improve information management system for imported food and strengthen internal communications to ensure that in the future, information will be provided to regulators, public and the media in a timely manner that meet their expectations.

Conclusion

8. We understand that consumer confidence rides on timely disclosure of accurate information relating to food safety. McDonald's HK is fully committed to meeting our corporate responsibilities to consumers by strengthening communications with regulators, media and the public, and by providing timely responses.
9. McDonald's HK continues listening to the public and stakeholders, and enhancing our service and transparency with dedication and commitment.

McDonald's Restaurants (Hong Kong) Limited
29 August 2014

Note : The English version is for reference only. Members should refer to the Chinese version in case of inconsistency.