

Congruency Analysis on Human Rights

WHEREAS: Inconsistencies persist between many companies' published policies and actual practices and operations, posing substantial risks to their reputations and ongoing viability.

The "Human Rights" statement¹ ² and policy³ published by McDonald's Corporation ("Company") espouse the following:

- "... over two million individuals who work in McDonald's franchised restaurants around the world are critical to the System's success, enabling it to drive long-term value creation ..."
- "... we take seriously our responsibility to respect and promote human rights and to act with due diligence to avoid infringing on the human rights of others and addressing any impacts on human rights if they occur."
- "We commit to reduce the risk of infringing on human rights by identifying, monitoring, and addressing any impacts on human rights to our employees, which we have caused or to which we have contributed."

McDonald's appears to uphold – or rescind – these principles inconsistently across countries where it conducts business.

For example in China, the Company seeks accelerated growth⁴ in an environment where many U.S.-based businesses increasingly exercise caution⁵ due to uninsurable risks.⁶ In its zeal to grow to 10,000 stores by 2028, McDonald's must comply with the dictatorial Chinese Communist Party, which controls the government. But the Company is more than just a restaurant operator in the country; McDonald's is in a minority partnership (48%-52%) with Chinese state-owned CITIC Capital.⁷ Thus the Company jointly owns its China locations with an entity the U.S. State Department says is responsible for atrocities including genocide, forced sterilization, forced abortions, and torture⁸ -- especially against the Muslim Uyghurs in Xinjiang province, where McDonald's operates at least two restaurants.⁹

¹ <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/jobs-inclusion-and-empowerment/human-rights.html>

² <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/jobs-inclusion-and-empowerment/talent-and-benefits.html>

³ https://corporate.mcdonalds.com/content/dam/sites/corp/nfl/pdf/McDonalds_Human_Rights_Policy1.pdf

⁴ <https://www.reuters.com/markets/deals/mcdonalds-acquire-carlyles-stake-china-unit-2023-11-20/>

⁵ <https://www.wsj.com/finance/stocks/wall-streets-china-dreams-slip-away-f68ac708>

⁶ <https://www.wsj.com/articles/your-china-business-may-be-uninsurable-political-risk-coverage-222f15dd>

⁷ <https://www.prnewswire.com/news-releases/mcdonalds-to-acquire-carlyles-stake-in-mcdonalds-china-301993539.html>

⁸ <https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/china/>

⁹ <https://twitter.com/xinjiangchannel/status/1346733542718390272?lang=en>

Yet upon Russia's invasion of Ukraine, the Company temporarily closed all its locations in Russia, while promising to continue to pay its 62,000 employees in the country.¹⁰ But two months later the Company announced it would exit Russia *permanently* (representing 9% of revenues), stating in a press release, "The humanitarian crisis caused by the war in Ukraine, and the precipitating unpredictable operating environment, have led McDonald's to conclude that continued ownership of the business in Russia is no longer tenable, *nor is it consistent with McDonald's values.*"¹¹ The abandonment by the Company of its Russian locations came despite no reports of endangerment to its restaurants or workers.

Considering the disparate approach between these two examples, it appears that whatever the Company's principles are, that "McDonald's values" have stark inconsistencies.

Resolved: Shareholders request the Public Policy and Strategy Committee of the Board of Directors to analyze the congruency of the Company's human rights policy positions with its actions, especially in countries in geopolitical conflicts or under oppressive regimes, as they impact how the Company maintains its reputation, viability and profitability. A report published on the Company's website, at reasonable cost and omitting proprietary or confidential information, by March 31, 2025, would be most beneficial.

¹⁰ <https://www.cnn.com/2022/03/08/mcdonalds-will-temporarily-close-850-restaurants-in-russia-nearly-2-weeks-after-putin-invaded-ukraine.html>

¹¹ <https://www.cnn.com/2022/05/16/mcdonalds-says-it-will-sell-its-russia-business-after-previously-pausing-operations-due-to-ukraine-war.html>