

## **Adopt Human Rights Policy Emphasizing Ethical Recruitment 2018 – McDonald's Corp.**

**WHEREAS**, recent global estimates found that 16 million people are trapped in conditions of forced labor in the extended supply chains of the private sector, generating over \$150 billion in profits for illegal labor recruiters and employers through underpayment of wages. Of these workers, over 70% are in debt bondage and forced to work in industries such as agriculture and food processing.

In the U.S. it is estimated that over half of workers in the food and agriculture industries are migrant workers. Studies by the Center for North American Studies (CNAS) indicate that 62% of milk in the U.S. was produced by farms employing immigrant labor. To secure employment in the U.S. food industry and similarly overseas in commodities like palm oil, unethical recruiters often charge migrant workers the equivalent of thousands of dollars in fees.

Migrant workers globally are prime targets for exploitation. This takes many forms, including discrimination, retaliation, debt bondage, illegal deductions from wages and confiscated or restricted access to personal documents, limiting workers' freedom of movement leading to forced labor and human trafficking.

According to the UN Guiding Principles on Business and Human Rights, companies have the 'corporate responsibility' to respect human rights within their operations and supply chains. Any company directly or indirectly employing migrant workers must have a policy that assesses if workers are being recruited into debt bondage, forced labor and, ultimately, slavery.

The State of California and the United Kingdom have passed laws requiring companies to report on their actions to eradicate human trafficking and slavery.

McDonald's Supplier Code of Conduct prohibits the use of forced labor in company's supply chains. However, McDonald's does not have a policy that addresses recruitment of workers and the company's risk of forced labor from unethical recruitment practices in its supply chain.

In addition, in the 2017 Corporate Human Rights Benchmark report, McDonald's scored 10 out of 100 on the implementation of the UN Guiding Principles on Business and Human Rights and other internationally recognized standards.

The company's lack of disclosure means that investors have insufficient information to gauge how well the company is addressing this serious risk to the company and to workers.

**RESOLVED**, Shareholders request that McDonald's adopt a Human Rights Policy based on the UN Guiding Principles on Business and Human Rights, including a section on ethical recruitment and issue a report at reasonable cost, omitting proprietary information, by November 2018.

**Supporting Statement:** The ethical recruitment provisions should include company operations and its supply chains, prohibition of payment of recruitment fees by job-seekers and confiscation of worker's personal documents, and the requirement of written contracts for workers in their native language at the point of recruitment.