

PATRIOTIC MILLIONAIRES

May 19, 2017

Dear McDonald's CEO Steve Easterbrook:

As the largest restaurant chain on earth and the world's second largest private sector employer, McDonald's has an enormous economic footprint. You can choose to use your unparalleled power and influence to make a difference in a world increasingly divided into haves and have-nots, or you can use it to exacerbate an inequality that is one of society's most pressing problems.

Unfortunately, right now, McDonald's is a big part of the problem. Even though you are one of the world's most profitable businesses and aspire to be a "progressive burger company," hundreds of thousands of your frontline employees are unable to meet their basic needs of food, shelter, clothing and medicine.

With your annual shareholder meeting approaching, I urge you to put your dominance over the global economy to work raising people up instead of driving a race to the bottom. No other employer on the planet has the power to make the world a fairer place like you do. It's time to put that power to work.

Since taking the reins at McDonald's in 2015, you have demonstrated a real willingness to try new things and take risks, and changes like the All-Day Breakfast have yielded positive short-term results.

Menu innovations won't sustain success over the long haul, however. In service industries like fast food, it's the people who cook your meals and serve your customers every day who are the foundation for a strong business. You even said it yourself at last year's shareholder meeting. And while McDonald's has embraced many changes in the past few years, the company has not fundamentally changed how it treats its employees.

There's plenty of room for change. McDonald's workers who have been calling for \$15 an hour and union rights have shined a bright light on the harsh conditions they face on the job. The pay at McDonald's remains so low, for example, that workers have to rely on programs like food stamps and Medicaid to support themselves or their families. One report estimated that McDonald's low wages cost taxpayers \$1 billion every year in public assistance for the company's workers.

The hardships your workers face go well beyond their small paychecks. Last fall, McDonald's workers across the country filed complaints with the federal government charging the company with ignoring widespread sexual harassment they faced on the job. Two years ago, McDonald's workers who had suffered severe burns from the hot cooking oil and grills in the kitchen filed 28 health and safety complaints against the company in 19 cities. Workers who have organized and spoken out to improve conditions on the job have faced retaliation and harassment.

McDonald's can't thrive over the long term if its workers are scraping by and routinely mistreated. The business model McDonald's pioneered in the 1950s is now falling flat with 21st century consumers. Company executives recently announced that McDonald's has lost more than 500 million customers in just the last five years.

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Growing numbers of companies across the country are recognizing the importance of investing in their employees, not just for moral reasons, but to improve their own bottom line. These forward-thinking employers know that raising wages puts money in the pockets consumers – meaning more demand for Big Macs, among other things. You shouldn't let McDonald's remain stuck behind the curve.

When your shareholders meet in Oak Brook, Ill., next week, they'll be looking to hear your vision for how the company can regain its footing and secure a successful future over the long-term. After a decades-long career in investment and finance, I know the stakes are high, and this moment calls for a bold approach.

Americans believe workers should be paid fairly and treated decently. If McDonald's wants to win back its customers, the company needs to prove it respects America's workers. Paying \$15 an hour and respecting their right to a union is the place to start.

Sincerely,

Morris Pearl
Chair, Patriotic Millionaires