



**First Affirmative**  
FINANCIAL NETWORK

**Shareholder  
Advocacy**



# Showcasing the Power of Active Ownership: Demanding Action on Child Labor from McDonald's and Wendy's

First Affirmative Financial Network, a leader in values aligned investing, views proxy voting and advocacy as the impact of ownership. The firm stands by the values it shares with its clients and is committed to making a difference through working with Advisors and end-clients to generate the change they wish to see in the world.

With the belief that shares give investors both a vote and a voice, First Affirmative continues to make it a priority for clients' votes to be counted and their voices to be heard.

Recognizing that values-aligned investors have dual objectives of

economic gain and promoting ethical corporate behavior, First Affirmative has joined a coalition of advocates and investors representing over \$2.6 trillion in assets to confront the alarming child labor practices at McDonald's and Wendy's restaurants.

Through two letters sent to the companies' Boards of Directors, the coalition, led by [SOC Investment Group](#), is calling for immediate action to address the hundreds of child labor violations uncovered at their franchised locations in recent years.

**The scale of the problem is staggering.**

As cited in the [letters](#) and stemming from a [recent report from the Washington Post](#), McDonald's has had over 2,300 child labor violations across more than 13,000 restaurants since 2013, while Wendy's franchisees were responsible for 8.7% of all U.S. child labor violations from 2018-2022. These unethical practices not only exploit vulnerable minors but also expose the companies to significant legal and reputational risks.

To tackle this crisis head-on, First Affirmative along with the rest of the coalition are urging McDonald's and Wendy's to:

1. Adopt a zero-tolerance policy on child labor in their Codes of Business Ethics
2. Assign Board-level oversight of human rights issues
3. Conduct independent third-party human rights risk assessments, with findings released publicly and annual progress updates

First Affirmative believes that companies implementing best practices on sustainable and ethical governance issues enhance their ability to maximize shareholder value. Without employing these best practices, companies expose themselves to systemic risks and associated costs that can adversely impact clients' portfolio performance.

These engagement letters exemplify First Affirmative's unwavering commitment to using the power of active ownership to drive positive change. By joining like-minded investors and amplifying their collective voice, the firm is able to exert meaningful pressure on corporations to address essential challenges.

Proxy voting is another key lever in First Affirmative's values aligned investing approach. In the 2022-2023 proxy season, the firm supported 75% of all shareholder proposals, demonstrating its willingness to champion ESG issues in the boardroom. On environmental and social proposals specifically, First Affirmative's support exceeded 88% - far surpassing the average support levels among asset managers.

For investors seeking to align their investments with their values while also being active shareholders, [First Affirmative's Values-Aligned Direct Index Solution \(VADIS\)](#) offers a compelling opportunity. VADIS allows for the creation of personalized, robust portfolios that reflect an investor's unique values. By directly owning shares in companies, VADIS investors gain the ability to participate in shareholder engagement efforts, such as proxy voting and specific campaigns.

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Through VADIS, First Affirmative empowers a growing number of advisors and clients to use their capital as a force for good.

The combination of customized portfolio construction and active ownership enables investors to fully integrate their convictions into their investment strategy. As the McDonald's and Wendy's campaign demonstrates, this engaged approach has the power to shine a light on corporate misconduct and catalyze real reforms.

Looking ahead, responsible investing leaders like First Affirmative and innovative solutions like VADIS will only become more essential as the public increasingly demands accountability from the corporate sector. With its proven track record of impact and unshakable commitment to its principles, First Affirmative is well-positioned to help conscientious investors make a meaningful difference with their assets in the years to come.

To learn more about how VADIS can help you build a personalized, values-aligned portfolio while participating in impactful shareholder engagement, [schedule time with our team here](#).

## Contact

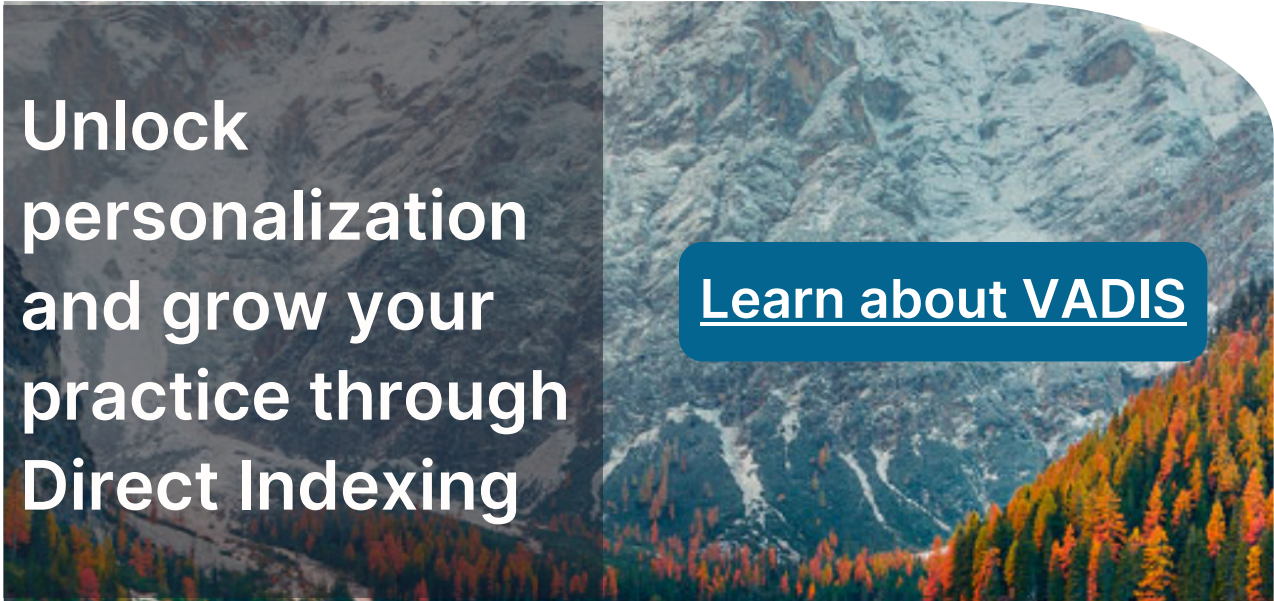
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