



Agreement between IUF, EFFAT-IUF, SEIU, UGT and Norges Bank Investment Management

General

This agreement is the outcome of a dialogue facilitated by the Norwegian National Contact Point for the OECD Guidelines for Multinational Enterprises (NCP) on the Specific Instance between the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), the European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT-IUF), the Service Employees International Union (SEIU) and the União General dos Trabalhadores (UGT), (IUF, EFFAT-IUF, SEIU and UGT hereinafter: "Notifying Parties") and Norges Bank Investment Management (NBIM).

Following the notification by the Notifying Parties about alleged violations of the OECD Guidelines for Multinational Enterprises by McDonald's, APG and NBIM (18 May 2020) in relation to gender-based violence and harassment (GBVH) in the global operations of McDonald's Corporation and related due diligence by APG and NBIM, the NCP concluded in its Initial Assessment of 21 June 2021 that the Specific Instance against NBIM merits further consideration by the NCP. The NCP has therefore, in accordance with the NCP specific instance procedure, offered its good offices to the Notifying Parties and NBIM in order to resolve the issue at hand by means of facilitating a dialogue between the Parties.

In the past months this dialogue has taken place and the Notifying Parties and NBIM came to the following agreement on 9 March 2022.

Exchange of information

As a result of the NCP dialogue on the Specific Instance submitted by the Notifying Parties, NBIM has shared detailed information on its Responsible Business Conduct policies and programs. NBIM has also, to the extent possible, described its engagement with McDonald's. On the basis of this response and the information provided, the Notifying Parties acknowledge that NBIM has developed and has advanced RBC programs and policies in place.

The Notifying Parties also acknowledge that NBIM uses its best efforts to comply with its due diligence obligations under the OECD Guidelines and thank NBIM for the detailed information shared during this NCP dialogue.

Through the dialogue meetings, NBIM and the Notifying Parties (together "the Parties"), have discussed the widespread nature and extent of GBVH against workers in the fast-food industry. They have also taken note of the numerous incidents and court cases in the public domain on GBVH worldwide. The Notifying Parties have shared information about the nature and extent of GBVH in McDonald's workplaces. NBIM has presented the details of its due diligence approach. The Parties



agree that additional attention to GBVH and precarious work in the fast-food and restaurant sector may help increase awareness of the issues and contribute to a safer work environment. Precarious work usually refers to non-standard or temporary employment that may be poorly paid, insecure, unprotected and unable to support a household.

The Parties agree on the following:

Common understanding

- a) GBVH is often related to precarious and insecure working arrangements. This is especially prevalent in the case of young workers. GBVH is a material risk that companies in the fast-food restaurant sector, including a company like McDonald's, need to adequately address in order to create a safe and respectful environment for workers.
- b) Companies' impacts on their own workforce are generally the most direct way in which they affect human and labour rights. A diverse and inclusive working environment and focus on the health and safety of employees and other workers can contribute to profitable business operations, better risk management and ensure respect for human and labour rights.
- c) GBVH occurring within companies cannot be tolerated. In accordance with the OECD Guidelines chapter V (Employment and Industrial Relations), Article 4(c) *"enterprises should, within the framework of [...] applicable international labour standards, take adequate steps to ensure occupational health and safety in their operations"*. Companies should consider diversity & inclusion and health & safety as part of their governance, risk management and reporting. Companies should adopt and publish policies and practices that promote a diverse, inclusive, and safe workplace, including a zero-tolerance policy for GBVH. The International Labour Organization (ILO) provides guidance to companies on ways of engaging with workers when developing policies on GBVH. In particular, ILO Convention No. 190 and ILO Recommendation No. 206 recommend *"the effective recognition of the right to collective bargaining at all levels as a means of preventing and addressing violence and harassment [...] in the world of work."*
- d) The Notifying Parties declare that they will continue to address the need for safe working conditions in McDonald's.
- e) Companies should publicly report on their diversity and inclusion efforts, including, where relevant, on initiatives to prevent and address GBVH. Such reporting ensures that all stakeholders are aware of companies' policies and efforts, which contributes to their effective implementation.

Stakeholder engagement

- f) Companies should consult and engage with their workers and their representatives, health and safety representatives, potentially affected groups and other relevant stakeholders on labour standards, including diversity and inclusion. In accordance with the OECD Guidelines and the OECD Due Diligence Guidance for Responsible Business Conduct, 2018 (p. 48) the

stakeholders of a company are: “persons or groups who have interests that are or could be impacted by an enterprise’s activities. [...] [...] Additionally, not all interests are of equal importance and it is not necessary to treat all stakeholders in the same way. [...] [...] Stakeholders will differ depending on the enterprise and its activities. For example, impacted and potentially impacted stakeholders and rights holders may include: [...] workers and employees including under informal arrangements within supply chains and trade unions [...]”.

- g) Stakeholder engagement, as described in the OECD Guidelines (Chapter II, General Policies, Commentary 25) involves interactive processes of engagement, and also that stakeholder engagement is characterized by effective two-way meaningful communication. Companies should regularly consider whether their business model, organisational structure, incentive systems, training programmes and wider company culture, integrate sustainable business practices appropriately, including related to GBVH. Workers are “key” stakeholders, as they are dependent on the company for their livelihood. Workers should be engaged in these efforts to integrate sustainable business practices, including through collective bargaining, in order to contribute to effective implementation.
- h) The Parties agree that trade union organizations are a potentially rich source of information and experience for investors as well as for companies that want to develop programs and standards relating to the health and safety of their workers. The Notifying Parties state that they are willing to share this knowledge with companies. NBIM believes that investee companies should engage with workers and their trade unions for learning and developing policies in line with the OECD Guidelines.

Roadmap for further cooperation between the Parties

- i) Institutional investors have a role to play in contributing to responsible business conduct by considering associated risks throughout the investment process and to use leverage to influence investee companies to prevent or mitigate adverse impacts.
- j) Institutional investors should articulate a commitment to respect human rights in accordance with internationally recognised principles and standards such as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles for Business and Human Rights, and embed this commitment in corporate governance and across all investment activities. Institutional investors should undertake human rights due diligence to identify actual and potential adverse impacts, and, where directly linked to an entity causing or contributing to adverse impacts, seek to prevent and mitigate adverse impacts by using leverage. Investors should also account for how adverse impacts are addressed by tracking performance and communicating results.
- k) The Parties will continue to address the need for companies, such as McDonald’s, to ensure safe working conditions, including by preventing and mitigating GBVH through the adoption and publication of effective policies and practices. As an investor, NBIM addresses these issues by setting clear expectations towards companies, incorporating gender in due diligence, and, as appropriate, engaging with portfolio companies through dialogue, voting and other relevant initiatives.

- l) The Parties agree to make efforts to pay more attention to the issue of GBVH and precarious work in the fast-food restaurant sector, including through individual and collective action as appropriate.
- m) NBIM underlines that it is always open to learn and to strengthen and further develop its responsible investment policies and programs, including those on GBVH. NBIM therefore encourages trade unions and other stakeholders to share information on GBVH directly. NBIM would also welcome an exchange of views beyond the current NCP process on how to further integrate GBVH in its ownership work, including, for example, through further developing relevant indicators and data sets. The Notifying Parties will ensure that all relevant information on GBVH available in their network of trade union organizations will be shared with NBIM.
- n) The Parties agree to exchange information on the above points through various mechanisms outside of the NCP process, and to promote a gender friendly working environment in the restaurant sector, with a special focus on the fast-food segment.

Mediators

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