

# Shareholder to Demand Greater Transparency from McDonald's, Walmart About Business Risks in China



National Legal and Policy Center to Present Proposals at Companies' Annual Meetings Over the Next Week

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As shareholders are set to attend annual meetings over the next week for McDonald's Corporation and Walmart Inc., **National Legal and Policy Center** will ask fellow investors to support its proposals to provide greater transparency about the companies' risks of doing business in **China**.

NLPC will present "Communist China Risk Audit" proposals at the meetings, which seek reports to shareholders that address "the nature and extent to which corporate operations depend on, and are vulnerable to, communist China...." The **McDonald's proposal** is No. 7 on Page 93 of the company's **proxy statement**. For Walmart, **NLPC's proposal** is No. 11 on Page 116 of **its proxy statement**.

Both companies oppose NLPC's proposals. In response, NLPC filed rebuttals at the Securities and Exchange Commission in support of its resolutions to be considered at the McDonald's meeting, to be held May 25, and at Walmart's meeting, scheduled for May 31. Read NLPC's SEC filing for McDonald's **here**, and for Walmart **here**.

NLPC's report to the SEC on McDonald's outlines some of the risks inherent in doing business in China, and notes:

*McDonald's 2023 first quarter [report] states that "(financial) results reflected strong operating performance across the (International Developmental Licensed Markets & Corporate) segment, led by Brazil and China." China is a clear driver of McDonald's business performance, making its reliance on China a critical risk, as there are a number of factors that could harm the company*

*The United Nations calls on companies to "provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved." If McDonald's is being "guided" by this principle and is already discussing significant risk exposures using "robust risk management program," then a report...should be easy to deliver and provide investors with meaningful insights.*

An excerpt of NLPC's filing for Walmart states:

*The magnitude of its risk in China is not comparable to the general business risks (already) disclosed by Walmart, many of which are indistinguishable from the disclosures made by other public companies. China-specific risks are present across many parts of Walmart's business...*

*Walmart has invested a considerable amount in its Chinese infrastructure. Thus, potential disruptions due to political, economic, regulatory, or health issues could negatively impact Walmart's investments in the region.*

China is McDonald's second-largest market, with more than 5,000 restaurants representing nearly 13 percent of its total locations. The communist nation is Walmart's fourth-largest market, behind the United States, Central America, and Canada, with 365 stores representing nearly seven percent of its international locations.

"Considering the extent of revenue generated and supply chain that is dependent on China, McDonald's and Walmart owe their shareholders more transparency and specificity about their respective risks in the extensive amount of business they do there," said **Paul Chesser**, director of NLPC's **Corporate Integrity Project**. "Between human rights atrocities and Chairman Xi Jinping's saber-rattling against Taiwan, the feasibility of continuing operations there may be tenuous. We urge their boards of directors to disclose more."

*Founded in 1991, NLPC promotes ethics in public life and government accountability through research, investigation, education, and legal action.*

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For more information or to schedule an interview with Paul Chesser, contact Dan Rene at 202-329-8357 or [drene@nlpc.org](mailto:drene@nlpc.org).

Please visit <http://www.nlpc.org>.

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## Tags

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