Its sustainability endeavours may well be McDonald’s best-kept secret because consumers are not aware of its long-term and expansive efforts. But the world’s largest restaurant company believes that with its scale, it has a responsibility to effect meaningful change around the world.

By Vanessa L Facenda

All photos courtesy of McDonald’s Corporation
As long as McDonald’s has had ketchup in our veins, we have had coffee in our veins,” said Townsend Bailey, director, supply chain sustainability, McDonald’s USA.

McDonald’s has been selling coffee since the original restaurant was opened by the McDonald’s brothers in 1948. Ray Kroc opened the first restaurant for McDonald’s System, Inc, a predecessor to McDonald’s Corporation, in 1955. The world’s largest restaurant company sells an inordinate amount of coffee – more than one million cups per day via its 37,000-plus restaurants in approximately 120 countries – and McDonald’s has committed to sourcing 100 percent sustainable coffee by 2020.

“Just as coffee has been an integral part of McDonald’s, so has sustainability — it’s our best-kept secret,” said Bailey.

The quick-serve restaurant chain has been investing in sustainable initiatives for 25 years, since first collaborating with the Environmental Defense Fund, but few seem to be aware of its comprehensive sustainability strategies.

“People don’t expect it from us. They find it surprising that McDonald’s is using its scale for good,” said Bailey. “We are a big, multinational company with thousands of restaurants worldwide. We are owning it and using it for good.”

Over the last 11 years, McDonald’s has intensified its sustainability efforts, issuing its first global commitment to sustainability in 2014. Long term, the Oak Brook, Illinois-based company aspires to source all its food and packaging sustainably. Currently, McDonald’s focuses on six priority products: coffee, beef, chicken, fish, palm oil and fibre-based packaging. These products were identified through independent analysis by the World Wildlife Fund (WWF) as the products that carry the greatest sustainability impacts – such as biodiversity loss or deforestation – and where there is the most potential to create positive change. This article explores McDonald’s strategies for sourcing sustainable coffee and fibre-based packaging.

Coffee, McDonald’s 1st Sustainable Item

Coffee has been a fundamental part of McDonald’s business from the beginning and continues to progress. Far from a cookie-cutter approach, each country in which McDonald’s operates restaurants has an individual coffee profile to meet that country’s tastes. The first McCafé opened in Melbourne, Australia in 1993. McDonald’s introduced espresso-based drinks in the US in 2008. McCafé coffee has grown from an on-premise beverage only, to a retail one as well. In 2015, McDonald’s rolled out retail coffee in the US and Canada to 55,000 locations.

This year, McDonald’s is introducing RTD McCafé coffee in US retail outlets. As its coffee programs have evolved and expanded, so have McDonald’s sustainable coffee efforts.

“We believe all our customers should be able to enjoy a delicious cup of McCafé today and long into the future. By sourcing sustainable coffee, we can ensure a continued supply of quality coffee beans, while supporting farmer livelihoods and the future health of our planet,” said Francesca DeBiase, McDonald’s chief supply chain and sustainability officer, in the 2016 report, McDonald’s Journey to Sourcing Sustainable Coffee. She stated that as one of the largest coffee retailers in the world, “every step we take toward sustainability has the potential for tremendous positive impact. Our size and global reach give us the responsibility to lead meaningful change in the world.”

By 2016, 56 percent of McDonald’s coffee was sustainably sourced, up from 37 percent in 2015. More than half of this was Rainforest Alliance Certified.

McDonald’s believes that the only way to achieve global coffee sustainability is by working closely with partners and its suppliers. In addition to the Rainforest Alliance, McDonald’s works with UTZ and Fairtrade to source sustainable coffee. Coffee was McDonald’s first product to receive Rainforest Alliance certification. “The collaboration was launched in the summer of 2007 with a decision by McDonald’s to have certified coffee across their offering in the EU,” said Marcel Clement, director of markets transformation for the Rainforest Alliance. “The initial split was 80 percent Rainforest Alliance.
and 20 percent UTZ.” (Rainforest Alliance and UTZ merged in January 2018.)

The company’s European restaurants have been serving coffee that is Rainforest Alliance, UTZ or Fairtrade Certified since 2008 (except for decaffeinated coffee). Australia, Brazil, Costa Rica, the European markets and New Zealand have all reached McDonald’s 2020 target and are serving 100 percent sustainably sourced coffee. In the US and Canada, 100 percent of the espresso served comes from RA-certified farms.

Coffee farm expansion can lead to the clearing of forests. By 2018, all McDonald’s coffee from high deforestation risk regions will be sourced from RA-certified farms, in particular, Honduras, Indonesia and Vietnam.

Expanding beyond coffee, McDonald’s has increased the number of RA-certified products to include tea, pineapple sticks, orange juice and bananas.

In addition to its current sustainable coffee certifications, McDonald’s is helping farmers implement sustainable coffee practices and providing them access toward continuous improvement. The McCafé Sustainability Improvement Platform (SIP) is McDonald’s sustainable coffee framework. SIP has been designed to strengthen coffee-farming communities and to help build greater capacity for sustainably-sourced coffee. SIP also provides the roasters that supply McDonald’s coffee with guidance across four key elements they must achieve in order to become a SIP-approved program. (See sidebar page 23)

Between 2012 and 2016, McDonald’s USA, McDonald’s Canada and their franchisees invested USD $6.5 million in providing technical assistance for 15,000 farmers in Guatemala. The training, in partnership with TechnoServe, an international non-profit and agricultural technical assistance provider, helped the participating farmers withstand the coffee leaf rust epidemic that struck Central America between 2012 and 2013. According to McDonald’s, the participating farms saw yields that exceeded those of their neighbours by 45 percent on average as of 2017, and suppliers saw the quality of the coffee from these farms improve as well.

The program concluded in 2016. “Instead of launching more of our own technical assistance programs, we integrated technical assistance into the foundational requirements of McCafé SIP,” said Bailey. “That means that all McCafé SIP-approved programs have incorporated some form of technical assistance based on the needs of the farmers engaged in the program.”

McDonald’s continually looks to partner with organizations to achieve its sustainability goals. It first collaborated with Conservation International 25 years ago and has joined forces with the organization again on the Sustainable Coffee Challenge, a shared effort with other leaders in the coffee industry that endeavour to make coffee the world’s first sustainable
McDonald’s Responsible Sourcing Strategy
In the long term, McDonald’s wants to source all its food and packaging sustainably. McDonald’s defines sustainable sourcing through what it calls the three “E’s, and has identified seven priority impact areas to support them:

**Ethical Practices**
McDonald’s works with its suppliers to ensure the health and safety of people, safeguard the health and welfare of animals in its supply chain, and conduct business ethically, by:
- Promoting the health and welfare of animals
- Respecting human rights

**Environmental Protection**
McDonald’s aims to minimize and improve the lifecycle impacts of its food and packaging on the environment, from forest and farm to front counter, by:
- Addressing climate change
- Reducing food and packaging waste
- Protecting water resources
- Conserving forests

**Long-Term Economic Viability**
McDonald’s strives to deliver affordable food while supporting equitable trade practices and investment in the communities that its supply chain touches through improving:
- Farmer livelihoods

McDonald’s also partnered with Keep America Beautiful to implement a whole coffee grounds composting program. McDonald’s sustainable coffee initiatives also support the United Nations Sustainable Development Goals, a global agenda that was developed in 2015 to end poverty, protect the planet and ensure prosperity for everyone.

**Expanding Sustainable Packaging Goals**
McDonald’s sustainable sourcing strategies do not end at the farm. Through its 25-year partnership with the Environmental Defense Fund (EDF), McDonald’s removed polystyrene sandwich boxes and reduced its environmental impact by cutting solid waste and streamlining material choices. The initiative eliminated more than 300 million pounds of packaging, recycled one million tonnes of corrugated boxes and reduced waste by 30 percent in the decade following the collaboration.

In 2014, McDonald’s established its first global goal to reduce waste and recycle more. The company joined the World Wildlife Fund’s Global Forest & Trade Network program and instituted fibre-sourcing targets, including a preference for Forest Stewardship Council (FSC) packaging made from wood fibre.

McDonald’s has pledged to use less packaging and drive innovation in sustainable packaging, while further improving packaging and reducing waste. It is working with packaging companies to reduce material volume where possible and design packaging to recapture the value of materials through recycling.
eliminating the costs and environmental impacts associated with its disposal. Pursuant to its “Scale for Good” initiatives, by 2025, McDonald’s aims to have 100 percent of its guest packaging coming from renewable, recycled or certified sources.

According to the company, as of 2017, 50 percent of its guest packaging comes from renewable, recycled or certified sources. This has been achieved in the US, UK, Canada, France, Germany, Russia, Japan, and China. McDonald’s set an interim target of having 100 percent of fibre-based packaging coming from recycled or certified sources where no deforestation occurs by 2020. McDonald’s also announced that as of 2016, 64 percent of its fibre-based packaging comes from certified or recycled sources.

The company stepped up its sustainable packaging efforts by having McDonald’s Canada switch to 100 percent PEFC-certified (Program for the Endorsement of Forest Certification) hot cups in 2015, and transitioning McDonald’s restaurants in the US to FSC-certified (Forest Stewardship Council) fibre for all hot cups in 2016. All hot cups now incorporate the FSC logo. McDonald’s Brazil achieved full certification under FSC or PEFC certification in 2014, and in 2015, transitioned to 100 percent FSC certification, with the exception of coffee cups.

About two percent of McDonald’s packaging, by weight, is foam. The company plans to eliminate foam packaging from its global system by year-end.

McDonald’s has also committed to eliminating deforestation from its global supply chains. By 2020, the company will have FSC certification in all high-risk countries in order to protect its fibre-based consumer packaging supply chain from deforestation. Previously, McDonald’s was the first quick-serve restaurant chain to sign on to the New York Declaration on Forests, a call for global companies and organizations to do their part to support ending natural forest loss by 2030.

**Suppliers Have a Scorecard**

“In the US, we use an environmental scorecard to track the progress of our suppliers,” said Bailey. He said McDonald’s has asked its suppliers to achieve the following three milestones by 2020:

1. Implement environmental management systems in their facilities supplying McDonald’s.
2. Publicly report their scope 1 & 2 GHG (green house gas) emissions.
3. Choose from and achieve one of the following three targets: reduce energy intensity by 20 percent, reduce water intensity by 20 percent, or achieve zero waste to landfill for manufacturing waste.

Bailey added that all suppliers are required to participate in McDonald’s Workplace Accountability Program.

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**McCafé SIP Creates Sustainability from Bean to Cup**

The McCafé Sustainability Improvement Platform (SIP) was launched in partnership with Conservation International in 2016, as a framework to engage and guide McDonald’s coffee supply chain in sustainable sourcing, as well as investing in coffee growers and their communities over the long term.

McCafé SIP does not replace certification systems, nor is it a certification system, but a means to verify positive impact at the farm level by leveraging existing scorecards and verification systems. It also provides the roasters that supply McDonald’s coffee with guidance across four key elements they must achieve in order to become a SIP-approved program.

**The four pillars of the McCafé SIP include:**

- Transparency – understanding who is growing [their] coffee and identifying all farms participating in a SIP-approved program.
- Producer Collaboration – identifying farmers’ needs and collaborating with local partners to provide relevant training and tools.
- Measured Performance – tracking progress against globally recognized indicators for sustainable coffee production.
- Assurance – verifying data through third-party audits.

Through McCafé SIP, McDonald’s gains better information about the farmers growing the coffee its sources, while third-party verifiers measure progress. McDonald’s also encourages roasters to leverage their expertise and relationships at origin to innovate and advance sustainable farming practices.

Roaster-led programs are providing farmers with access to training and agronomists, helping them take better care of their land and increase their overall productivity and the quality of their coffee.

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**The Difficulties of Recycling**

Recycling infrastructure, regulations and consumer behaviours vary from country to country and city to city, which complicates establishing recycling programs, yet McDonald’s has set a 2025 target to recycle guest packaging in 100 percent of its restaurants.

Currently, McDonald’s restaurants across 12 of its top 16 markets have recycling and litter programs and partnerships in place. Furthermore, the How2Recycle logo is incorporated on approximately 18 percent of McDonald’s packaging in the US to help consumers understand where and how to recycle.

McDonald’s has also instituted a 2020 goal of increasing the energy efficiency of company-owned restaurants in the top nine markets (excluding Brazil and Japan) by 20 percent. Many of the newer restaurants have sustainable features and are LEED certified.

With realistic goals, as well as lofty aspirations, it is unlikely that McDonald’s will be able to keep its sustainable efforts a secret any longer.

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