



McDonald's Input to UNGPs10+

McDonald's purpose is to feed and foster communities. Central to that purpose is our commitment to respect human rights wherever we do business and foster safe workplaces built on dignity, inclusion and respect.

The tenth anniversary of the UN Guiding Principles on Business and Human Rights presents the global community with the opportunity to take stock of promising developments and remaining challenges in the realization of the UNGPs. McDonald's is pleased to contribute to the UNGPs10+ consultation process by sharing details on the **McCafé Sustainability Improvement Platform (SIP)**. McCafé SIP exemplifies how corporations, civil society and non-governmental organizations can work together to drive positive social, environmental and economic impact in local communities across Central and South America.

Overview. McDonald's has a complex global supply chain with thousands of direct suppliers who employ more than a million people in over 100 countries. With a supply chain of this scale, we have a responsibility to only do business with suppliers that respect the fundamental rights of their employees and partners. We know that when we partner with our suppliers, we can be a force for good in communities.

Sourcing coffee sustainably upholds our commitment to protect the environment, support farmers and communities, and ultimately help ensure a sustainable supply of coffee for future generations.¹ That's why McDonald's leverages partnerships across our coffee supply chain, including with roasters and the farmers who sustainably grow and harvest quality coffee for McDonald's. Recognizing that a majority of coffee producers are represented by smallholder farmers who often lack access to tools and resources, we saw an opportunity to establish our own platform that supports farmers and their livelihoods.

McDonald's flagship coffee sustainability program is McCafé SIP. Launched in 2016 in partnership with [Conservation International](#) and our coffee roasters, McCafé SIP is a framework to engage and guide our coffee supply chain in sustainable sourcing and invest in coffee growers and their communities over the long term. The four key tenets of McCafé SIP are transparency, producer collaboration, measured performance and assurance.

McCafé SIP was designed to promote flexibility in the services provided so that the programs meet the unique needs of local farming communities. Roasters participating in McCafé SIP conduct a needs assessment of participating farms and use this information to design programs with targeted areas for farmer support. McDonald's and our franchisees partner with roasters to invest in programs that provide resources such as direct premiums to farmers to support economic viability, farmer training, technical assistance, tools and resources, and measurement and evaluation. McCafé SIP programs have also provided support to help build whole community resiliency, such as health services, community gardens to improve food security and school kits for children.

Together, we help farmers better care for the land, increase their overall productivity and improve the quality of the coffee they produce, so that they can continue to grow coffee for many generations to come. Additionally, McCafé SIP offers transparency. Our McCafé SIP roaster-led programs know all farmers by name, allowing us the ability to trace the coffee beans from farm to restaurant.

Working with global partners to design & monitor. Following the launch of McCafé SIP, McDonald's created a cross-sectoral Advisory Council to provide input on the strategic direction of the program. The Advisory Council members include Conservation International, the Rainforest Alliance, Committee on Sustainability Assessment (COSA), Solidaridad, Sustainable Food Lab and Fair Trade USA. In partnership with Conservation International and with input

¹ McDonald's goal was to have 100% of our coffee be sustainably sourced by the end of 2020. We have already reached this goal for coffee served in U.S. restaurants (except in Hawaii). This includes coffee certified to internationally recognized standards such as Rainforest Alliance, Fair Trade, and Fair Trade USA and coffee sourced through the McCafé Sustainability Improvement Platform (S.I.P.). These two approaches are complementary efforts, and we will continue to support both certification and direct collaboration with farmers as methods to achieve positive impacts. McCafé SIP and the external certifications that we use include audits that include social compliance aspects.



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from the Advisory Council, we developed and introduced a set of minimum requirements that all farms must meet and that are assessed through third-party audits. These requirements are focused on social and environmental impacts such as human rights, health and safety, and deforestation. Audits include social compliance standards around key human rights issues, such as forced, bonded and indentured labor, child labor, and health and safety. In partnership with COSA, we also expanded performance metrics that measure continuous improvement toward social, environmental and economic standards annually.

On the ground social & environmental impacts. McCafé SIP is currently active in five countries across South and Central America, reaching nearly 6,000 farms as of 2020. In the Antioquia region of Colombia, to date McDonald's sustainability efforts have helped result in a reduction of 36,000 liters of water usage per year, over 326,000 new coffee trees planted and millions more rehabilitated. Additionally, 1,600 farmers in Valle de Cauca, Colombia received training on record keeping, environmental stewardship and quality assurance in 2019.

Here are a few examples of how McCafé SIP roasters are using insights from the farms to drive resilient coffee production that puts community needs first.

- When developing their sustainability program, **S&D Coffee & Tea's** on-ground team collaborated with producers and Conservation International to understand farm needs, then analyzed its proprietary sustainability scorecard for its ability to fulfill those needs. The team found that environmentally sustainable agriculture and farm management training were key pieces to farmer well-being and long-term profitability. This understanding established the pathway for their sustainability program, which places equal focus on the wellbeing of farmers and their surrounding environment.

S&D has also taken steps to support gender equality in the areas in which they work. Since the beginning of SIP, around 1,260 female farmers and farm workers have participated in training sessions as part of the McCafé SIP/Raíz capacity building programs for coffee communities. Female participation has averaged 25% since 2015. S&D invested an additional \$16,500 to support a group of female farmers in Abejorral, Antioquia, Colombia. This group of 54 women received tailored training and professional support to improve their farm management practices and awareness of gender inequality.

- Roaster **Farmer Brothers** takes a robust, six phase approach to designing interventions for the McCafé SIP program and assessing impact. Farmer Brothers' process includes: a preliminary characterization study of the target population to identify their pre-program conditions; design of program activities to meet producer needs concerning sustainability, as determined by the characterization study; development of a Theory of Change; measurement of baseline conditions of the beneficiaries prior to implementation of program activities; and monitoring and evaluation of the results. The baseline results are brought back to the community, where a representative group of producers actively participates in defining which "hot spots" need to be prioritized. This community group decides which specific projects are implemented. For example, in Antioquia region in Colombia, producers decided to work on food security, because is important for their community and brings financial stability by reducing food-related expenses. Farmer Brothers also works directly with coffee growing communities to promote and encourage women growers in the industry.

McCafé SIP is just one example of how McDonald's establishes shared value relationships with partners across sectors. McDonald's is also a member of the Sustainable Coffee Challenge, an international, cross-sector effort working to make coffee the world's first sustainable agriculture product. We believe that the next ten years of progress toward greater global respect for human rights and sustainable development will require meaningful partnerships that drive change. McDonald's is committed to holding ourselves to the highest standards and sharing what we learn along the way. Upholding human rights and cultivating respectful workplaces builds trust, protects the integrity of our brand and fuels our success. It is the right way to do business.