



McDonald's Supply Chain Pollution Investigative Report

“Scale for Good”

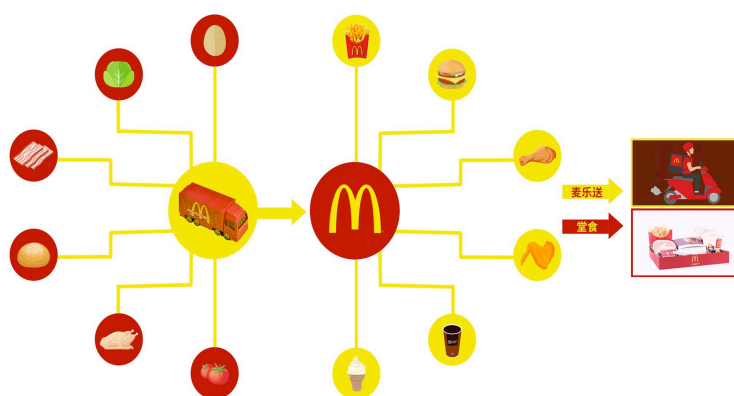
In 2018, McDonald's announced its Scale for Good sustainability vision and action plan around the world. Later that year, in June, the company began to promote "green" paper straws in the United Kingdom and Ireland to replace plastic straws, claiming that this action was just “one of a wide range of actions to protect the environment.”¹

McDonald's China declared the Scale for Good sustainable development action plan “a small step for us, a big step for the world” at an October 2018 brand event in Beijing, committing to build more green restaurants in the Asia Pacific and to promote more green packaging to reduce its packaging and plastic use.²

In August 2019, however, after negative coverage by the BBC and other media outlets, McDonald's admitted that its "recyclable" paper straws introduced in 2018 could not in fact be recycled; they could only be thrown away as general garbage. When the true story came out, it caused a brief social media firestorm.³

The attention of Chinese and foreign netizens is understandable. As one of the most well-known fast food companies in the world, McDonald's has a colossal sales volume that takes any problem and super sizes it to McDonald's scale. What the public may not yet understand is that McDonald's environmental management problems are actually much greater than straws that cannot be recycled as promised.

Problems Beyond the Straw



After following McDonald's environmental track record for many years, IPE decided to investigate the environmental performance of its restaurants and suppliers in China, from food production to restaurants to takeout packaging and the transport of frozen foods.

¹ http://www.sohu.com/a/332092856_115479 (The citation date for all links in this report is August 20, 2019.)

² <https://www.mcdonalds.com.cn/news/mcdonalds-china-announces-scale-for-good-green-package-and-green-restaurant>

³ <https://news.sina.com.cn/o/2019-08-07/doc-ihytcerm9139972.shtml>

The Classic Hamburger: Meat Ingredients



Figure 1. Supplier list published on the official McDonald's China website

The wastewater generated by meat production and processing often contains large amounts of pollutants that must be properly treated.

The administrative penalty decision issued by the Chaoyang District Environmental Protection Bureau (EPB) in Beijing (Chaoyang Environmental Penalty No. 696 [2017]) and the pollutant discharge permit issued to Beijing Hormel Foods Co., Ltd. (hereinafter referred to as Beijing Hormel Foods) through the National

Pollution Permit Management Platform shows that the factory discharges industrial wastewater into local surface waters, which eventually flow into the lower reaches of the Wenyu River on the northern side of the factory site.⁴

Figure 1 shows McDonald's supplier list, while Figure 2 features the administrative penalty decision.⁵ Figure 3 highlights the position of Beijing Hormel Foods and surrounding water bodies.

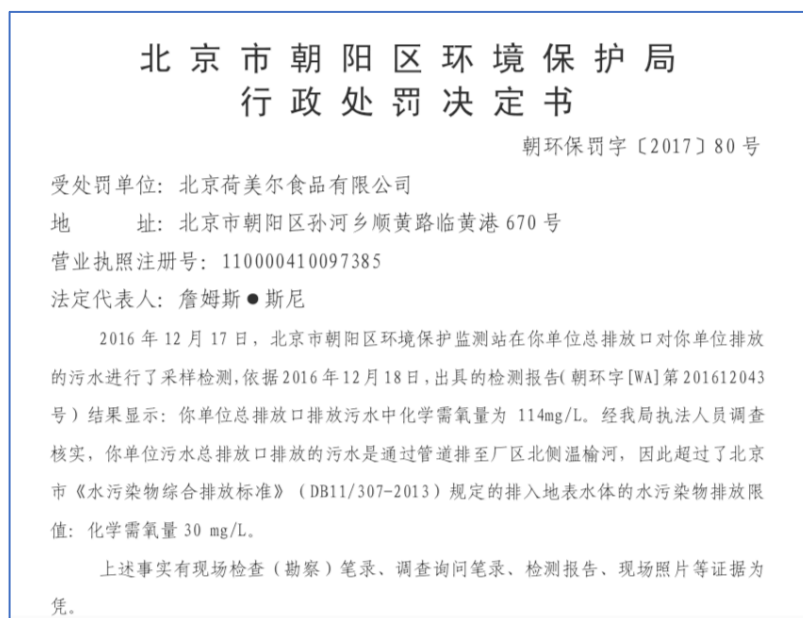


Figure 2. Excerpt from the 2017 administrative penalty decision

⁴ <http://permit.mee.gov.cn/permitExt/syssb/wysb/hpsp/hpsp-company-sewage!showImage.action?dataid=978433c1a8514031bfabd2f262f36fec>

⁵ <https://www1.mcdonalds.com.cn/list/quality/index.html>

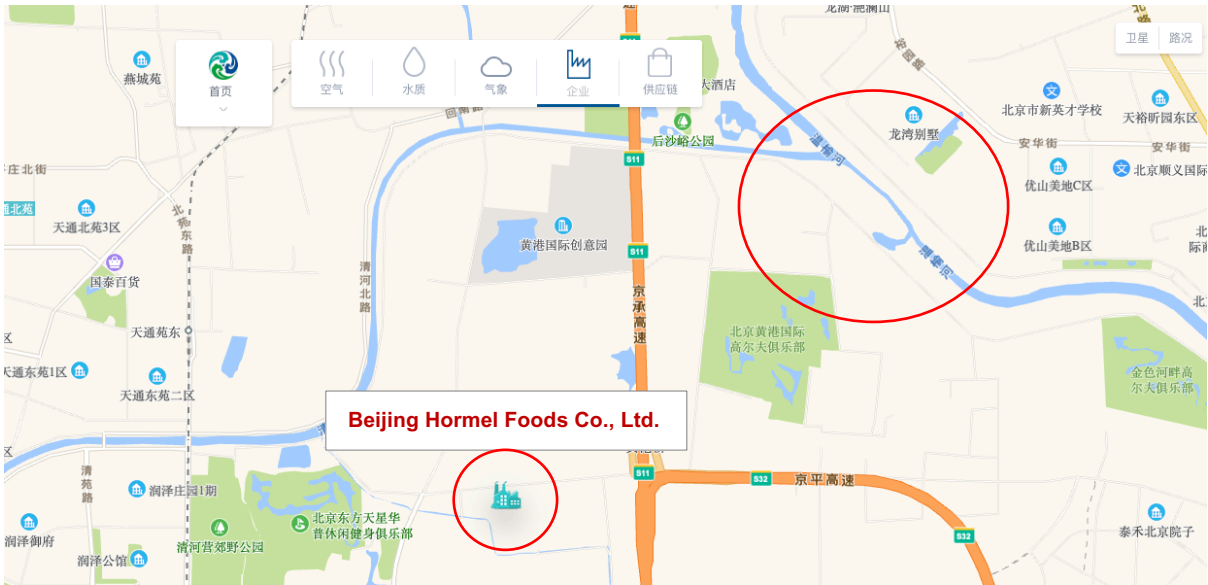


Figure 3. Relative position of Beijing Hormel Foods and the Wenyu River

The Water Pollution Prevention and Control Plan, implemented in 2015, requires local governments at the prefecture level and above to manage “black and smelly” water bodies in developed urban areas. At the start of 2016, Beijing published a list recognizing 61 of these water bodies in its developed areas, including the Wenyu River. Over the past three years, Beijing invested large sums of money and labor resources to carry out the treatment of these rivers, which improved the environmental quality of the Wenyu River. By searching water quality on the Blue Map Database, one can see that the section formerly considered “black and smelly” in the lower Wenyu River has been completely treated (Figure 4).⁶

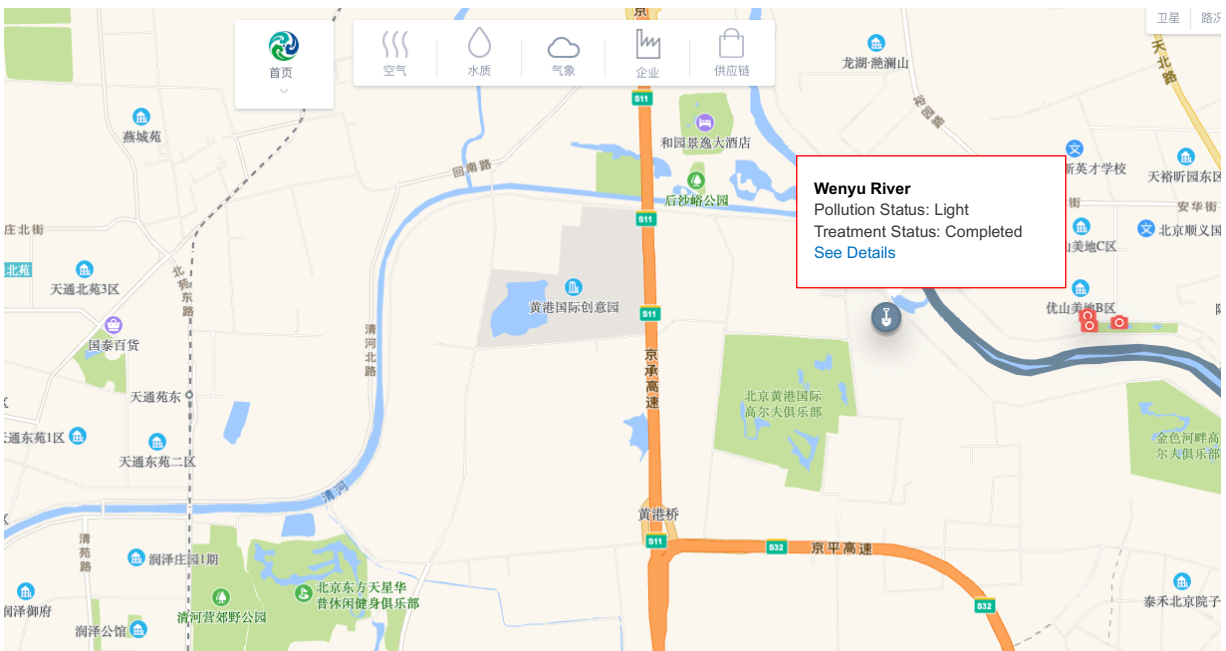


Figure 4. Treatment of the polluted section of the lower Wenyu River

⁶ <http://www.ipe.org.cn/MapWater/water.html?q=2>



Figure 5. Photo of the lower section of the Wenyu River (August 2019)

As seen in Figures 3 and 4, the wastewater from McDonald's supplier Beijing Hormel Foods is discharged directly into a critical water body. If the company repeats its discharge of water pollutants beyond the standard, it may adversely affect the present state of the Wenyu River.



Popular Snacks: Spicy Chicken Wings

McDonald's spicy chicken wings, a popular snack in China, are produced from frozen chicken wings purchased from suppliers. Our investigation found that four out of five McDonald's suppliers of frozen chicken wings and chicken legs have incurred environmental violation records for pollution in their air and wastewater emissions, two of which were published in the past two years. Figure 6 identifies these suppliers, while Table 1 lists their violations.

Among these suppliers, Cargill Animal Protein (Anhui) Co., Ltd. received multiple violations very recently. In 2017 and 2018, the local EPB imposed fines of RMB 1,161,100 for its inadequate operation of sewage treatment facilities, improper disposal of solid waste, major changes in the scale of its construction work, and failure to reapply for environmental impact assessment (EIA) documents in accordance with the law.

Figure 6. List of McDonald's frozen chicken wing/chicken leg suppliers

●蔬菜类 ●蛋类 ●水产类 ●肉类 ●含乳制品 ●薯类 ●植物油 ●饮料类 ●焙烤类 ●酱料调味类 ●其他类 ●农业产品					
返回		搜索结果			
肉类	产品	产品执行标准	供应商	资料名称	操作
猪肉类	冷冻鸡翅中	GB16869-2005	嘉吉动物蛋白(安徽)有限公司	企业法人营业执照	Q 查看
	冷冻鸡翅中	GB16869-2005	嘉吉动物蛋白(安徽)有限公司	资质证明	Q 查看
鸡肉类	冷冻鸡翅中	GB16869-2005	嘉吉动物蛋白(安徽)有限公司	每批发货检验报告	
	冷冻鸡翅中	GB16869-2005	山东铭基中慧食品有限公司	企业法人营业执照	Q 查看
冷冻鸡翅中	冷冻鸡翅中	GB16869-2005	山东铭基中慧食品有限公司	资质证明	Q 查看
	冷冻鸡翅根	GB16869-2005	山东铭基中慧食品有限公司	许可证	Q 查看
冷冻鸡腿肉	冷冻鸡翅中	GB16869-2005	山东铭基中慧食品有限公司	每批发货检验报告	
	冷冻鸡翅中	GB16869-2005	江苏泰森食品有限公司	企业法人营业执照	Q 查看
香脆鸡腿	冷冻鸡翅中	GB16869-2005	江苏泰森食品有限公司	资质证明	Q 查看
	冷冻鸡翅中	GB16869-2005	江苏泰森食品有限公司	每批发货检验报告	
麦乐鸡	冷冻鸡翅中	GB16869-2005	福建圣农发展股份有限公司	企业法人营业执照	Q 查看
	冷冻鸡翅中	GB16869-2005	福建圣农发展股份有限公司	资质证明	Q 查看
麦香鸡	冷冻鸡翅中	GB16869-2005	福建圣农发展股份有限公司	每批发货检验报告	
	冷冻鸡翅中	GB16869-2005	铭基食品有限公司	企业法人营业执照	Q 查看
板烧鸡腿	冷冻鸡翅中	GB16869-2005	铭基食品有限公司	每批发货检验报告	
	冷冻鸡翅中	GB16869-2005	铭基食品有限公司	每批发货检验报告	

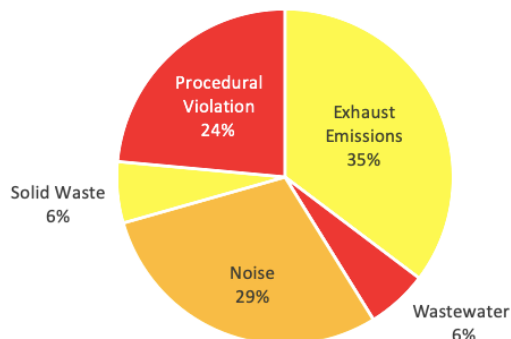
Table 1. List of environmental violations for frozen chicken wing/chicken leg suppliers

Supplier Name	Product	Speciality	Year	Violation Record
Cargill Animal Protein (Anhui) Co., Ltd.	Chicken	Frozen chicken wings Frozen chicken legs	2018	Wastewater treatment facility failed during normal maintenance
			2018	Did not dispose of solid waste as required
			2017	Major operational changes were not submitted for environmental impact assessment and were not approved
			2017	Did not dispose of solid waste in accordance with EIA requirements
			2016	Factory construction did not match plans outlined during EIA approval
Shandong Keystone Foods Co., Ltd	Chicken	Frozen chicken wings Frozen chicken legs	2019	Industrial exhaust was not tested as required
			2018	Industrial exhaust discharged from exhaust treatment facilities was not tested; no original monitoring records or test reports
			2018	Yellow environmental credit rating
			2017	Did not receive approval before operation
			2015	Excess pollutants in wastewater discharge
Fujian Sunner Development Co., Ltd.	Chicken	Frozen chicken wings Frozen chicken legs	2016	Wastewater discharged directly and exceeded pollution standards
			2010	Excess pollutants in air emissions
McKey Food Services	Chicken/ Beef	Frozen chicken wings Frozen chicken legs	2011	Excess pollutants in wastewater discharge
			2010	Excess pollutants in air emissions

The Fast Food Chain: Restaurants



McDonald's China Restaurant Violation Types
2017-2019



The Blue Map also contains violation records for 95 McDonald's restaurants in Mainland China. Among them, 15 restaurants received environmental violation records in the past 3 years (2017-2019), and nearly half of the violations addressed the inadequate treatment and monitoring of kitchen exhaust.



Delivery Services: Product Packaging

For consumers who choose to get deliveries or takeout, McDonald's provides paper bags for hamburgers and plastic ones for beverages. A quick search for the beverage packaging supplier Kaiping Heng Wai Plastic Product Co., Ltd. revealed that the company has an outstanding violation record for a faulty environmental noise pollution prevention system from 2018.

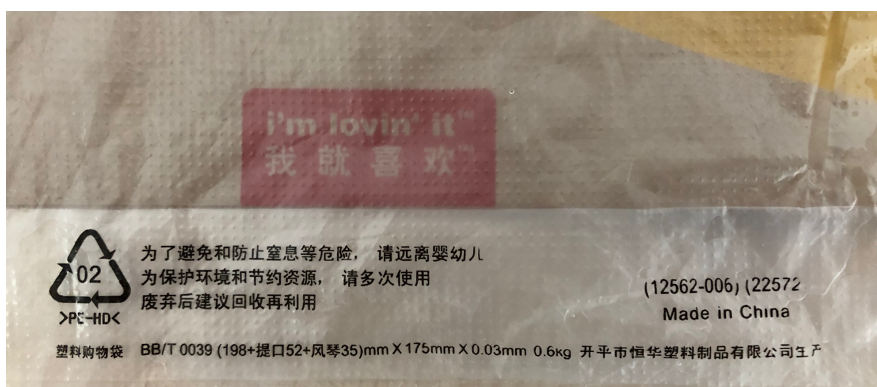


Figure 7 McDonald's beverage packaging supplier information

Mobile Pollution Sources: Logistics



For standard McDonald's operations, frozen food transportation and distribution is an important part of ensuring the food supply chain. It also involves an important environmental problem that cannot be ignored – mobile pollution sources. According to the website of McDonald's frozen food transportation and distribution supplier HAVI Group, HAVI Beijing is responsible for the frozen food transportation of McDonald's entire North China branch.⁷ In 2017 and 2018, the company's diesel exhaust emissions exceeded local pollution standards.⁸

The administrative punishment decision issued by the Changping District Environmental Protection Bureau (Changping Environmental Penalty [2018] No. 25) says that the opacity of smoke emitted from HAVI Beijing's heavy-duty diesel vehicles reached $31.9148 \text{ N}/10^{-2}$ in 2018, exceeding the Limits and Measurement Methods for Exhaust Smoke from In-Use Diesel Vehicles (DB11/832-2011) Class II limit of $25 \text{ N}/10^{-2}$. Additionally, the administrative penalty decision issued by the Beijing Economic Technological Development Area (BDA) management committee (BDA Penalty Decision [2017] No. 249) shows that in 2017, HAVI Beijing's diesel vehicles emitted visible smoke exhaust that exceeded the Limits and Measurement Methods for Smoke at Free Acceleration from Diesel Vehicles (DB11/045-2014), reaching Level 1 smoke opacity on the Ringelmann scale.

At the start of 2019, the "Overall Air Quality in 2018" issued by the Beijing Ecology and Environment Bureau found that PM_{2.5} is still the main atmospheric pollutant in Beijing.⁹ According to the PM_{2.5} source analysis released by the city in May 2018, among the sources of local atmospheric PM_{2.5} in Beijing, motor vehicles and other mobile sources accounted for the largest proportion, up to 45%, while diesel vehicles driving around in Beijing were among the mobile sources that contributed the most.¹⁰

The excessive diesel exhaust emissions from McDonald's frozen food transportation and logistics supplier HAVI Beijing may impact local air quality and efforts to treat local air quality. To this end, we recommend that McDonald's and its major logistics provider, HAVI Group, review its diesel vehicle exhaust that exceeds the legal standards, and avoid the adverse effects of frozen food transportation emissions on local air pollution control.

⁷ <https://www.havi.com/our-history>

⁸ <http://www.ipe.org.cn/IndustryRecord/regulatory-record.aspx?companyId=3572077&dataType=0&isyh=0&showtype=0>

⁹ <https://www.huanbao-world.com/a/quanguo/beijing/74919.html>

¹⁰ http://www.xinhuanet.com/politics/2018-05/15/c_1122832062.htm



Co-Branded Signature Products

In addition to food and beverages, McDonald's also occasionally launches its own signature product line, such as Happy Meal toys, themed socks, sunglasses, hats, handbags and other items, or even launch joint products with other brands.

During this investigation, we found that the supplier of a Coca-Cola-branded glass cup launched by McDonald's China in 2019, ARC Glassware (China) Co., Ltd., exceeded standards for chemical oxygen

demand (COD) pollution in its wastewater more than three times in 24 hours on April 16, 22 and 23 in 2019 according to official real-time monitoring data published online. The local EPB subsequently imposed a fine of RMB 200,000 (Ningbo Penalty Decision (2018) No. 4, Ningbo Penalty Decision (2018) No. 5) on the supplier.

Faced with pollution issues, McDonald's has been silent for too long

In response to the violation record for the McDonald's and Coca-Cola's co-branded signature glass supplier, the Institute of Public and Environmental Affairs (IPE) sent a letter to Coca-Cola and McDonald's in July 2019. Coca-Cola responded to say, "The environmental violation record of the suppliers of Coca-Cola and McDonald's co-branded signature glass has been handled by McDonald's, and McDonald's will inform Coca-Cola and IPE of the results."

IPE has tried to contact McDonald's several times regarding various supplier environmental violations since August 2015. During this investigation, we again sent letters and called McDonald's, **but as of the publication of this report, we still have not received any direct response from McDonald's.**

In contrast to McDonald's silence, a number of well-known domestic and international brands have started to pay attention to their suppliers' environmental management issues and openly respond to their suppliers' environmental violation records. For daily updates and details, please see: <http://www.ipe.org.cn/GreenSupplyChain/Communication.html>

One active brand shared the same supplier that produced McDonald's and Coca-Cola's co-branded signature glass and leveraged procurement incentives to motivate the factory to issue a public explanation detailing the reason for its wastewater pollution issues and its progress on corrective actions.

McDonald's CSR—Scale for Good or Scale for Waste?



As demonstrated through the research and analysis above, as a global fast food giant, McDonald's has neglected the environmental performance of its supply chain, from food

suppliers, frozen food logistics and transportation, restaurant operations, packaging and product development. All of these environmental violations are detailed in Table 2.

McDonald's China continues to promote its “green restaurants” and “green packaging” action plans, while presenting its vision for sustainable development through the Scale for Good campaign, which states that “The success of McDonald's is due to its scale. A small step for us is a big step for the world. If McDonald's makes a change for good, even a small change can have a major impact on the world.”¹¹

However, various environmental violations in the McDonald's supply chain, as well as the company's superficial and evasive behaviors toward pollution issues, reflect its longstanding neglect of the environmental performance of its supply chain. Like most consumer brands, McDonald's supply chain comprises the largest proportion of its environmental footprint. When McDonald's ignores regulatory violations and pollution issues in its supply chain, but advertises its impact on the world through small changes, the growth and production of the company cannot possibly Scale for Good, but only continue to Scale for Waste!

We call on McDonald's to strengthen the environmental compliance and management of its restaurants and suppliers to effectively address environmental violations. McDonald's must recognize the vast environmental impact of its supply chain and identify the areas of greatest consequence. By joining hands with its suppliers for multi-stakeholder green development, McDonalds can truly identify as an environmental brand and start to use its size and influence to motivate a broader movement toward sustainable production around the world.

¹¹ <https://www.mcdonalds.com.cn/news/mcdonalds-china-announces-scale-for-good-green-package-and-green-restaurant>

Table 2 List of McDonald's supplier environmental violations (excluding restaurants)

Supplier Name	Product	Speciality	Year	Violation Record
Beijing Hormel Foods Co., Ltd.	Pork	Bacon strips Bacon bits	2018	Industrial wastewater phosphorus and nitrogen exceeded pollutant standards
			2017	Wastewater exceeded pollutant standards
			2017	Violated water pollution prevention regulations
Cargill Animal Protein (Anhui) Co., Ltd.	Chicken	Frozen chicken wings/legs	2018	Wastewater treatment facility failed during normal maintenance
			2018	Did not dispose of solid waste as required
			2017	Major operational changes were not submitted for environmental impact assessment and were not approved
			2017	Did not dispose of solid waste in accordance with EIA requirements
			2016	Factory construction did not match plans outlined during EIA approval
Shandong Keystone Foods Co., Ltd.	Chicken	Frozen chicken wings/legs	2019	Industrial exhaust not tested as required
			2018	Industrial exhaust discharged from exhaust treatment facilities was not tested; no original monitoring records or test reports
			2018	Yellow environmental credit rating
			2017	Did not receive approval before operation
			2015	Excess pollutants in wastewater discharge
			2013	Automatic monitoring for wastewater discharge was not operating normally
Fujian Sunner Development Co., Ltd.	Chicken	Frozen chicken wings/legs	2016	Wastewater discharged directly and exceeded pollution standards
McKey Food Services	Chicken/ Beef	Frozen chicken wings/beef patties	2011	Excess pollutants in wastewater discharge
			2010	Excess pollutants in air emissions
Heilongjiang Binxi Food Co., Ltd.	Beef	Beef patties	2016	Did not completed EIA procedures according to relevant regulations
Yisi Baote Bread (Shanghai) Co., Ltd.	Baked goods	Hamburger buns	2010	Wastewater exceeded pollutant standards
Fujian Zishan Group Co., Ltd.	Vegetables	Canned mushrooms	2017	Wastewater exceeded pollutant standards
			2016	Did not completed EIA procedures according to relevant regulations

Anhui Sundaily Ecological Food Co., Ltd.	Eggs	Fresh eggs	2018	Violated regulations for air pollution prevention and management systems
Rich Products (Suzhou) Co., Ltd.	Vegetable oil	Cream products	2017	Suspected of violating regulations for water pollution prevention and management systems
Cargill Grain & Oilseeds (Nantong) Ltd.	Vegetable oil	Sunflower oil Canola oil	2017	Red environmental credit rating
Zhejiang Xindi Jiahe Food Co., Ltd.	Baked goods	Baked egg tart	2017	Suspected of illegally constructing sewage discharge outlets
Ke Rui Ingredients (Shanghai) Co., Ltd.	Sauce and seasonings	Strawberry flavoring	2018	Violated regulations for solid waste management systems
			2018	Violated regulations for air pollution prevention and management systems
HAVI Logistics (Beijing) Co., Ltd.	Logistics provider	Frozen food logistics in the North and Central Plains	2018	Motor vehicle exhaust exceeded pollutant standards
			2018	Failed to carry out emergency training for environmental incidents as required
			2017	Motor vehicle exhaust exceeded pollutant standards
Kaiping Heng Wai Plastic Product Co., Ltd.	Packaging	Plastic packaging and bags	2018	Violated regulations for environmental noise pollution prevention and management systems
ARC Glassware (China) Co., Ltd.	Signature products	Coca-Cola co-branded signature cup	2018	COD in wastewater discharge exceeded standards more than three times in 24 hours according to online monitoring data
			2015	Industrial solid waste accumulation and leakage resulted in environmental pollution
			2012	Yellow environmental credit rating

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