

McDonald's VSB Pilot Update

September 17, 2015

Where we're at today

The McDonald's Verified Sustainable Beef Pilot Project (VSB Pilot) has continued to gain momentum over the last several months and celebrated the following significant milestones.

1. **Indicator development completed** – After more than 12 months of robust stakeholder engagement, resulting in more than 150 edited versions, the Cow-calf/Extensive and Fed cattle/Intensive indicators have been finalized. McDonald's recognizes and appreciates the significant insights and value they received from the twelve-member Scientific Advisory Board¹. These indicators enable Canadian beef producers to demonstrate the outcomes they achieve. This is in contrast to practice-based indicators that prescribe the practices producers use. These indicators have been shared with all enrolled participants and the Canadian Roundtable for Sustainable Beef Indicator Committee to help them draft their own indicators.
2. **Chain of custody making progress** – Our collaborative work with BIXS Co. have yielded significant progress in tracking movements of cattle to and from operations enrolled and verified in the pilot through BIXS 2.0. Our work with the BIXS team has progressed to the point where they are generating monthly reports on the following data:
 - a. Operations – The number of operations enrolled and verified by sector (Cow-calf, Backgrounder, Feedlot and Processing plant)
 - b. Animal movements in general – The number of head born on or after January 1, 2013 that have come through those operations by sector
 - c. Animal movements related to verified operations – The number of head who have moved only through verified operations from birth to harvest
3. **Field engagement shifts gears**
 - a. Phase 1 – In Phase 1 we began working directly with a select few producers who volunteered as part of a beta-test group. This work enabled us to test and rework the indicators at the same time Where Food Comes From refined their verification procedures, and trained Canadian verifiers to manage the pilot.
 - b. Phase 2 – During Phase 2 we opened up the door to more producers as we continued to refine the indicators, develop comprehensive training materials for the verifiers and train additional verifiers, develop a producer manual and a starter tool-kit for the pilot as we learned what works and doesn't work for field engagement and share lessons with the CRSB. Key lessons learned include:
 - i. Multiply our efforts – To ensure a smooth transition to the CRSB, we need to multiply our efforts through others (e.g. Forage associations, Breeders, Veterinary clinics and Feed companies) in the Canadian beef community. We began holding field workshops hosted by producers who have been through verifications so they can share their first hand experiences. Verifiers are also present at these workshops so producers can ask questions and gain insights before they go through their own verification.

¹ Fawn Jackson-CCA, Bob Lowe-ABP, Page Stuart-ACFA, Jackie Wepruk-NFACC, Susan Church-AB Chair NCC, Melinda German-MBP, Lauren Stone-Cargill, Nancy Labbe-WWF, William Burnidge-TNC, Julie Dawson-AAFC, John Basarab, UA & Lacombe Research Centre, Joe Stookey, USK



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- ii. Value proposition – The value proposition for pilot participants includes the following:
 - 1. Leadership opportunity – Producers take an active role in shaping the future of the Canadian beef community through the CRSB; and
 - 2. Free verification – McDonald's pays for them to receive a confidential, professional, independent verification of their operation with the opportunity to benchmark their results against their peers at the end of the pilot; and
 - 3. Share their story – The opportunity to participate in the pilot celebration workshop in April, 2016 and share their personal vision of what sustainable beef means to them and why that is important; and
- 4. **Verifications ramping up** – Based on follow up conversations with participants, the verifications have gone very well and producers are eager to get their reports back and learn how they scored. Where Food Comes From has submitted a preliminary report to the Project Management Team and producers will receive their reports by the end of September.

By The Numbers

Participant Status	Participants by Sector by Status					
	Cow-calf/ Extensive	Fed cattle /Intensive	Both C-C & Fed	Unknown	Processor	Total
Enrolled (Expressed an interest, reviewing expectations)	65	15	8	9	2	99
Declined (Expressed an interest then decided no)	3	0	0	0	0	3
Scheduling in progress	5	2	1	0	0	8
Verifications scheduled	2	0	1	0	0	3
Verification completed	17	8	8	0	1	34
Verification with barriers to entry identified	0	0	0	0	0	0
Total operations work in progress	92	25	18	9	3	147
Operations achieving VSB Status	0	0	0		0	0

Where we're headed

- 1. **Indicator development** – We will issue a press release regarding the finalized indicators in September. The CRSB is scheduled to present their draft indicators at their October meeting. The processor indicators will be finalized in October.
- 2. **Chain of custody** – To increase the data available for monthly analysis, we will be working with producers and processors to get their animal records (births, move-ins, move-outs, tag retirements) updated in BIXS.
- 3. **Field engagement** – We will be participating in the following activities
 - a. Livestock Gentec conference – October 13
 - b. Several ABP regional meetings
 - c. Beef Booster Cattle Industry Focus Group – week of November 16
 - d. Longview 4H Club Workshop at Chinook Ranch – November 20



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- e. Western Canada conference on soil health – December 8-10
 - f. Foothills Forage Association Workshop – Date TBD
 - g. West Central Forage Association Workshops – Dates TBD
 - h. Beef Boosters Industry workshop, Thorlakson Feed yards – February 24, 2016
4. **Verifications** – We will continue working with Where Food Comes From to schedule and complete verifications and disseminate reports. We will begin drafting the benchmarking reports and sharing drafts with participants to refine them and deliver the most value while being reviewed at the celebration workshop in April.



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