

Signatory Name: McDonald's Australia Limited

The question numbers in this report refer to the numbers in the report template. Not all questions are displayed in this report.

Status: Completed

The content in this APC Annual Report is hereby endorsed by the Chief Executive Officer, or equivalent officer of the organisation.

Yes

5. Industry sector (please select 1 only):

- Brand Owner / Wholesaler / Retailer
- Packaging Manufacturer
- Waste Management
- Other - Commercial Organisation
- Community Group
- Industry Association
- Government
- Raw Material Supplier
- Other:

6. Industry type (please select 1 only):

- Food & Beverage
- Pharmaceutical / Personal Care / Medical
- Hardware
- Homewares
- Communications / Electronics
- Clothing / Footwear / Fashion
- Chemicals / Agriculture
- Fuel
- Large Retailer
- Tobacco
- Shipping Company
- Airline
- Other:

7. Please indicate your organisation's reporting period:

- Financial Year: 1 July 2011 – 30 June 2012
- Calendar Year: 1 January 2012 – 31 December 2012

Goal 1: Design

KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent.

8. Does your company have documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent?

Yes No

9. Of the types of packaging **existing at the beginning of the reporting period**, what percentage had been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

%

10. Have any new types of packaging been introduced during the reporting period?

Yes No

11. If yes, of the **new types of packaging introduced during the reporting period**, what percentage have been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

%

12. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 1

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	SPG incorporated into packaging review process (in addition to use of Eco-Filter2.0) for new packaging construction types	McDonald's environmental packaging review tool, Eco-Filter2.0, has been used for the analysis of all new packaging formats since 2010. The tool has been reviewed by GreenBlue, the US non-profit sustainability institute, of which the Sustainable Packaging Coalition (SPC) is a project. GreenBlue provided the following comment in relation to the Eco-Filter2.0: "The stated intention for the Eco-Filter tool is to enable a consistent approach to the evaluation of packaging designs/formats against key environmental metrics aligned to McDonald's corporate values and sustainability goals. Overall Eco-Filter2.0 is well suited to that task." Ecofilter scoring fulfils the requirements of the SPG and forms part of the New packaging development process.
2.	100% of new consumer packaging construction types reviewed against SPG and Eco-Filter2.0	Eco-Filter Analysis forms part of the NPD Process. This analysis was completed on 100 % of new products launched in 2012.
3.	Reviews for 100% of existing consumer packaging items commenced	Completed to schedule

13. Describe any constraints or opportunities that affected performance under this KPI

Environmental impact is one of five criteria incorporated into McDonald's process of developing food and beverage packaging. The other four are functionality, cost, availability of materials and impact on our operations. Consistency is synonymous with the McDonald's brand and quality criteria for our global core menu items are clearly defined by a set of Gold Standards for packaging in addition to food, to ensure consistency of delivery to our customers in every area of the world. Packaging is globally and regionally reviewed for compliance to Gold Standard. To this note, packaging choices may be constrained by the requirements to meet Gold Standards.

a) Avoiding or minimising the use of materials and other resources

Cold Cups and Lids: The major products in this range are determined by global or zone packaging standards therefore a smaller range of products in this category are free to be assessed. Of those able to be assessed: we have implemented the change to the McFlurry Cup as reported in the previous year's annual report and have identified a further project regarding optimizing the board usage and size for the McBites packaging.

Hot Cups: As per cold cups, the major products in this range are determined by global or zone packaging standards. For those items that are free to be assessed we have identified a project to move to a recycled outer wall on hot cups. This modification is still in the development stage and will be validated in due course.

Plastic Cups: Plastic cups have been validated against performance targets and the local cups require more rigidity

Folding Cartons: There has been a review of folding cartons against global standards. This presented an opportunity to optimize the blank layouts on the reels/sheets used by the suppliers across the zone. This review has resulted in an overall board usage reduction of 187 tons in Australia. We also reviewed the possibility to move products from clamshells into wraps whilst maintaining food product integrity and global standards. One product (Double Cheeseburger) was transitioned to a wrap saving 760 tons of raw materials.

Wraps: There has been a review of wraps against global standards. Whilst this resulted in some of the ANZ wraps needing to increase their dimensions to ensure product integrity, it also presented an opportunity to reduce the base weight of a number of wraps from 33 to 30gsm, with an overall reduction in paper usage of 81 tons. A further project will analyse potential source reduction on one of the McNugget boxes.

Labels: The review of the labels category resulted in a realisation that the stores use a number of the inner packs in a month, and that distribution could be modified to a full case. The inner pack cartons were no longer required, resulting in a carton usage saving of 1.4 tons

Drinks Carriers: A project was identified to move to a smaller version of the drinks carriers. If this project passes operational and consumer acceptance testing, it will result in a board usage reduction of up to 20%

Napkins: Please see last year's annual report for details of the Napkins

Cutlery and Straws: The cutlery was reviewed against updated rigidity standards to ensure consumer safety and this has resulted in a move to more rigid cutlery. The cutlery is designed so that the increased rigidity has been reached with a minimal increase in plastic usage of 15 tons.

b) Optimising recyclability and recycled content

(i) Paper Bags: During the 2011 review of the Paper Bags it was concluded that due to the functionality requirements the sizes of the bags are to remain the same. The EFPAT tool was used to assess the potential impact of changing to 35% Post Consumer Recycled (PCR) fibre in Carry Out Bags (COB), acknowledging the potential risk for direct food contact packaging. The focus of this project has been modified to investigate source reduction as a lower risk route in the face of potential risks for food contact packaging.

(ii) Plastic Containers/Cutlery/Bags/Straws: A general review of all resin-based items was completed, using the EFPAT tool. Significant potential in moving to a single polymer stream have been identified, which will lower raw material impacts, and also simplify end-of-life solutions. A business case will be completed in due course evaluating material and recycling infrastructure availability and assessing as to whether a choice of a single polymer will assist in the recyclability of the waste stream and also result in functional products. This is a long term project and in the last year we have initiated a survey on what resins are used in what markets for which items and which applications. We have identified the performance and functionality requirements. The next step is to combine this research and identify the development direction. The development will continue to establish if there is a resin that can match all requirements

Goal 1: Design

KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPG's or equivalent.

Star Rating

4

Star Rating Comments

Reviews completed as per schedule.

Goal 2: Recycling

KPI 3: % signatories applying on-site recovery systems for used packaging.

14. Do you have on-site recovery systems for recycling used packaging?

- Yes at all facilities/ sites
 Yes at some, but not all facilities/ sites
 No

15. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 3

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Cardboard collected from 100% of Company-owned restaurants where waste services are not managed by centre management and where appropriate infrastructure exists.	This target was achieved in 2011 and has been maintained in 2012. Based on a conservative average, restaurant recycles approximately 12 tonnes of cardboard a year which across our 230 company owned restaurants equates to around 2,700 tonnes of cardboard recycled in a full year.
2.	Collaborate with waste service providers to optimise the recovery of resources, including consumer packaging from our restaurant waste. Commence trials in metropolitan areas in NSW, VIC and WA where infrastructure, service providers and appropriate costing is available. Target 60% diversion from landfill for total waste – no operational issues at the restaurant level - Contamination of organic waste within acceptable limits.	In 2012 McDonald's continued our trial of Organic waste collection in our 20 Sydney trial restaurants. Results in the trial have shown that the total diversion from landfill rate was 44% for the calendar year with a total of nearly 1,600 tonnes diverted from landfill. There have been several operational challenges with contamination occurring and employees struggling to understand the mechanics of the trial and not separating the streams correctly. McDonald's plans to address these trial issues by producing an online training module in conjunction with our waste contractor to ensure all employees are fully complying with waste separation procedures as well as implement easier to understand signage specifying details of what can be put into the relevant bins. Due to the prevalence of these operational issues the trial was ceased in Victoria and not commenced in Western Australia to enable greater focus on getting the procedures correct in a localised environment.
3.	Evaluate recovery of clean waste streams by way of reverse logistics in conjunction with our dedicated distributor Martin Brower. Assessment to be made through trial collection of all clean plastic pallet wrap from restaurants serviced by the Raymond Terrace DC. Target is for the value of collected material to off-set additional cost of return of material, upgrading of infrastructure at DCs (compactors) and labour Collection of 100% clean pallet wrap for routes where delivery vehicle returns to DC	As reported for 2011, Raymond Terrace DC reverse logistics trial results concluded that the plastic recycling rebate alone did not pay for the cost of the upgrade to the existing compactor, but changes in the work practices at the DC produced labour savings that made the cost of the upgrade approx cost neutral. Plastic recycling at the Raymond Terrace DC during 2012 was 7.8 MT for the calendar year which can be directly attributed to return of the pallet wrap from our restaurants. This pallet wrap would previously end up in general waste. Reverse logistics initiatives to recover shrink wrap were extended in 2012 to Melbourne, Perth, and Brisbane Distribution Centres.
4.	Formal policy for recycling of used office print cartridges and paper in each state office. Policy adhered to by all State offices.	A policy has been established to facilitate a consistent approach to recycling of all office print toners. Recycle bins are located at every work station and document security bins are provided.

16. Describe any constraints or opportunities that affected performance under this KPI

Goal 2: Recycling

KPI 3: % signatories applying on-site recovery systems for used packaging.

Star Rating

4

Star Rating Comments

Targets met or well addressed. Note that data to demonstrate the 'continuous improvement' of the APC may need attention, as targets:actuals need to be expressed quantitatively, and in the same terms.

KPI 4: Signatories implement formal policy of buying packaging made from recycled products.

17. Does your company have a formal policy of buying packaging made from recycled packaging?

Yes No

18. Is this policy actively used?

Yes No

19. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 4

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	100% of fibre for consumer packaging is either recycled or comes from verified legal and acceptable sources (self reported) by December 2011	Annual Renewable Raw Material Sourcing Guideline Survey is conducted annually. Data reported in 2012 based on product supplied in 2011 indicated Recycled Fibre Use at 18% and 100% of the balance (virgin fibre) from legal and acceptable sources. Target was achieved.
2.	Buy Recycled Policy developed for items beyond branded consumer packaging. Key business unit being covered by the policy with KPIs set for each.	McDonald's composed a general buy recycled policy to cover all departments of the business in 2011 however feedback has been received that the policy is too generic and not relevant for individual department functions. In 2013 McDonald's plan to write department specific 'Buy recycled' policies to ensure relevant KPIs.

20. Describe any constraints or opportunities that affected performance under this KPI

McDonalds Materials Hierachy, whilst not explicitly a buy recycled policy, refers to a range of sustainable procurement principles which are embedded in our packaging development process supported by the use of the Eco Filter and EFPAT tools.

The material choice hierarchy supports implementation of Strategic Procurement and Product Development strategies and tactics to improve the performance of the packaging portfolio.

The material choice working hierarchy was developed based on the goals embedded in the Ecofilter 2 tool (Minimizing Weight, Maximizing Use of Recycled Materials, Minimizing the Amount of Harmful Chemicals Used in Production, Reducing CO2 and Other Greenhouse Gases, Maximizing End-of-Life Options such as Recycling).

The principles for the material hierarchy are as follows:

1. Can the item minimize packaging weight through optimisation? One aspect of optimizing packaging design is using the least amount of materials required to provide the required packaging performance. The amount of material affects the environmental impact at the front end, during use and during end-of-life.
2. Can the packaging item be made using recycled materials (with a preference for post consumer recycled content if permitted by law)
3. Can the packaging item be made from renewable materials – moving away from petroleum-based coating and plastics (resins)?

Although petroleum based petrochemicals will continue to be a major factor in the global economy, one of the key issues with addressing climate change and resource depletion is sustainable management of renewable resources.

If not recycled, can virgin paper be sourced from certified sustainable forestry sources?

4. If performance requires plastic like properties, is there an option for a polymer made from renewable resources? If not, polyolefin (PE, PP) is preferred to polystyrene

In terms of specific projects for increasing the use of recycled content, we are working on recycled outer walls for Hot Cups as well as cooperation with a paper mill to develop and qualify a locally produced QSR board with a recycled component.

Further metrics are being researched to measure and report virgin fibre from sustainable sources. Once this process is completed, targets will be set. Different certification schemes like FSC and PEFC are being engaged to facilitate achievement of both forestry management and full chain-of-custody certification through the supply chain. Supplier seminars and training workshops are being conducted. A business case is being prepared to establish availability and cost of forestry management certified material through a certified supply chain. Certifying recycled content is also being explored.

On 24th December 2011 McDonald's was proud to open our accredited 4 'Green Star' restaurant at Kilsyth in Victoria. As a part of the green star accreditation process McDonald's used low VOC paint as well as recycled concrete, low formaldehyde wood, forestry certified timber and Best Practise Manufactured PVC products. These initiatives as well as others to reduce water & electricity and gas consumption are being analysed for possible inclusion in future buildings. These building initiatives are not available in all parts of Australia making uniform adoption difficult until nationwide supply is available. Also, in some cases, the cost of using recycled building products is significant compared with un-recycled products.

Goal 2: Recycling

KPI 4: Signatories implement formal policy of buying packaging made from recycled products.

Star Rating

4

Star Rating Comments

Noted that target 1 was met, although is not strictly in the same term of the KPI. Reviews of the policy (Item 2) could address this. Q20 demonstrates many actions being undertaken, not all appearing in the target:actual regime.

Goal 3: Product Stewardship

KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.

21. Does your company have formal processes in place for collaborating with other companies or organisations on improved packaging designs and/or recycling which aims to reduce or eliminate waste?

Yes

No

22. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 6

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Resource recovery target of 60% materials from waste to be included and reported against for any new waste management contracts for Company-owned restaurants.	All new waste management contracts for company owned restaurants have included a 60% resource recovery target.
2.	Develop an action plan to increase the recyclability of restaurant waste packaging, based on discussions with ACOR (and other industry associations as appropriate).	<p>The proposal from ACOR to develop an action plan around increasing recyclability was not progressed. McDonald's has continued to consult with waste contractors, and through our packaging procurement partner, HAVI Global Solutions (HGS) we have completed a review of the current End-of-Life infrastructures inclusive of insights to recycling / composting capabilities in Australia. A collaborative process was taken to conduct this research complemented by input from strategic suppliers. An End of Life Infrastructure Report was prepared, consolidating the information.</p> <p>Complimentary to this a review of the current Waste Management practices in existence at the restaurants within Australia was completed, in order to understand current situation of how waste is managed in the restaurants and how the restaurants are contracting for waste services.</p> <p>A review to identify the potential partners that could be leveraged to build a more robust waste diversion system and screen to determine and prioritize greatest market opportunities was completed. Based on the findings of the end of life infrastructure research and the in-store waste management survey, potential partners were identified and a business case for a project was prepared and presented to McDonald's at the end of 2012 for consideration 2013.</p>

23. Describe any constraints or opportunities that affected performance under this KPI

McDonald's supply chain model is based on a culture of partnership and collaboration which makes it possible for us to serve safe, sustainable and high quality food. We work with suppliers who share our value and vision for sustainable supply. We hold them to clear standards for quality, safety, efficiency and sustainability. HAVI Global Solutions (HGS) is McDonald's global packaging procurement partner. HGS are based within McDonald's Head Office and attend all relevant internal meetings that affect packaging, such as Product Development and New Product Implementation Cross Functional Teams. As our strategic partner for packaging procurement, HGS manage McDonald's expectations and APC commitments with regards to retail packaging and retail packaging suppliers. HGS brings to the table a depth of knowledge both locally, and from a zone and global level on packaging supply including materials, sustainability, alternative sources and regulations. Quarterly Business reviews are held between McDonald's and HGS to review progress and opportunities. In addition, McDonald's Supplier Performance Index, is the primary evaluation tool used to evaluate overall performance in serving McDonald's needs. This is a formal process that includes sustainability components. HGS share and apply our vision of sustainable supply to their own suppliers (our indirect suppliers), and follow a similar supplier review process.

Through these partnerships we achieve an understanding of industry-wide sustainability challenges and opportunities related to packaging.

In conjunction with McDonald's, HGS have developed a 2013-2015 Australia and New Zealand McDonald's Packaging Strategy which includes specific goals and KPI's around sustainability. The strategy and KPI's are focussing on three areas, namely sustainable sourcing, risk management and portfolio improvement. Sustainable sourcing will be focussing on identifying sources of raw materials that are independently audited and certified as sustainable. Risk management will focus on improving material selection and phasing out materials with a low material health and developing alternative solutions, with improved material health and end-of-life options. Portfolio improvement will focus on process improvement, waste reduction and improved efficiencies.

Goal 3: Product Stewardship

KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.

Star Rating

3

Star Rating Comments

Target not being met but remedial actions being addressed with suppliers. Constraints noted.

KPI 7: % signatories showing other Product Stewardship outcomes.

24. Since the beginning of the reporting period, has your company had any other outcomes related to product stewardship?

Yes No

If yes, please give examples of other product stewardship outcomes

From June 2012, McDonald's commenced a closed loop Used cooking oil to Biodiesel program in Victorian restaurants facilitating transition of 100% of our distribution partner Martin Brower fleet to run on 100 biodiesel, made from the used cooking oil recycled from McDonald's restaurants. Biodiesel burns cleaner and more efficiently than traditional fossil diesel. The biodiesel program in Victoria is being optimised with plans to expand into other states.

In 2012, enhancement of McDonalds environmental scorecard now provides a global benchmarking report that assesses supplier performance against other packaging suppliers globally. Suppliers are encouraged to share best practice and drive improvement in their facilities across Water, Energy and waste.

At McDonald's, we know that "success breeds success" and through the sharing of innovative best practices, we hope others are able to leverage learnings and use them as a catalyst for similar improvements.

<http://bestpractices.mcdonalds.com> is a public website that has been set up to highlight environmental best-practice innovations in a wide spectrum of areas with tangible impacts for our business and our brand. These environmental innovations, taking shape at multiple levels throughout the McDonald's System (our suppliers facilities and in our restaurants word wide).

25. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 7

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	Extend stewardship opportunities with Clean Up Australia (CUA) through increase of at least 50% the number of Company-owned restaurants offering mobile phone recycling in-restaurant for the week of CUA Day.	In 2012 McDonald's offered mobile phone recycling at company operated restaurants who participated in Clean Up Australia Day however the option was not taken up by the restaurants. The number of phones returned through this program in previous years was too small. Due to the belief that mobile phone recycling is now broadly accesible to consumers via numerous other outlets McDonald's has decided to not continue with this program in 2013.
2.	2011 environmental scorecard data to be reported by key branded consumer packaging suppliers with a target improvement on previous year's performance or against supplier internal goals.	3 key branded consumer packaging suppliers were requested to complete the 2011 environmental scorecard for McDonald's and 100% response was obtained. Additionally, core suppliers report environmental projects and achievements in broader terms ongoing in their Quarterly Business Review documents.
3.	Quantify and report the annual number of deliveries avoided as result of inventory optimisation at restaurants, and subsequent kilometres and fuel avoided	Total of 988,000km transport was avoided during 2012. This accounts for a reduction in fuel usage of 455,000 Litres.
4.	Biannual circulation of stewardship actions to McDonald's staff, licensees, and key suppliers via an environment newsletter.	In 2012, a fundamental shift was made away from the biannual environmental newsletter, instead McDonald's employees are now informed of environmental initiatives and stewardship actions through regular postings on our internal intranet – 'McSource' as well as regularly at Staff and Business Meetings (Where licensees are present) as well as through our quarterly Business Book publication. In 2012 McDonald's focus was on Energy Reduction and a booklet was published for Staff and Licensees with energy tips and an 'Energy Audit' to complete at each restaurant.

26. Describe any constraints or opportunities that affected performance under this KPI

McDonald's Global Sustainable Land Management Commitment (SLMC) announced in 2011 pledges to work with suppliers who, over time, follow practices to ensure packaging fibre comes from sustainable sources. Following on from this, McDonald's seeks to increase the volume of fibre-based packaging raw materials from suppliers that have earned credible third party certification. Currently McDonald's recognises a number of established forestry certifications. An Annual Renewable Raw Material Sourcing Survey (RRMSS) has been conducted since 2008. The aim of the program is to exclude high risk sources and encourage certified well-managed sources by working with the supply chain. In 2010, we expanded the scope to include not only tree fiber, but all renewable raw material sources used for consumer packaging. As the marketplace is rapidly bringing forward new raw materials for packaging we saw the necessity to expand the scope of our tree fiber sourcing program. The expanded scope could include, for example: bagasse, wheat chaff, derivatives of corn, palm, and soy. The expanded scope makes sense as the sourcing issues that impact forest fiber also are relevant to other renewable raw materials. As such, we are planning to review additional information regarding sourcing to assess alignment to our sourcing goals, which are:

- 100% known origin of renewable raw material source (i.e., traceable to origin)
 - 100% substantiated legal and acceptable renewable raw material sources
 - Continuous improvement towards achieving 100% certified land managed sources
- We understand that the tree fiber supply chain is more developed than that for non-tree renewable raw materials in terms of systems of traceability and certification. As traceability is a prerequisite for responding to questions related to legal and acceptable sources, it may not be possible to respond to all survey questions for non-tree renewable raw materials. Therefore, we encourage suppliers to demonstrate continuous improvement towards this goal by working over time to achieve the following levels of assurance for their raw materials: supplier-verified known and legal source, supplier-verified sustainable land management, and credible third-party verification of above.

Fiber supply to the Australia market for products manufactured in 2011 was reviewed in 2012. Seven suppliers were surveyed in the Australian market. All suppliers submitted a completed response and they were all validated as compliant. Based on the 2011 survey results, there were no at risk suppliers for Australia. In Australia the result was 100% Legal and 100% Acceptable. There was a year on year improvement for this initiative.

Work is underway to facilitate our suppliers achieving fiber chain of custody certification by independent third party auditors by 2015.

Goal 3: Product Stewardship

KPI 7: % signatories showing other Product Stewardship outcomes.

Star Rating

4

Star Rating Comments

Targets met, discontinued or well addressed. Diverse activities outside targets could be brought into the plan-act-report system.

KPI 8: Reductions in packaging items in the litter stream.

27. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 8

	Target: What were your annual targets for the reporting period?	Actual: What did you achieve?
1.	100% of restaurants completing litter patrols at required frequency	The implementation of Litter Patrols is company policy. Litter Patrols must be carried out 1 block in each direction around the restaurant in accordance with the Litter Patrol Plan developed by the Restaurant Safety Team. There are exceptions to the rule for special sites such as airport terminal sites, food courts etc. Any request for an exemption from the Litter Patrol due to the nature of the site must be made to, and agreed upon, by an Operations Manager or Franchise Consultant in writing. Litter Patrol is now part of the Shift Management Tool to ensure a Manager delegates a patrol both in each morning and afternoon shift.

2.	Restaurant engagement and participation in Clean Up Australia Day increased to at least 400 restaurants	Clean Up Australia Day 2011 was our most successful ever with 438 freestanding restaurants participating in the campaign. In 2012 due to inclement weather on the day and floods in a large part of NSW participation was 268 sites. We anticipate that participation in 2013 should return to levels above 400 restaurants.
3.	McDonald's Litterman maintained as a standard inclusion on all branded packaging	The Litterman is part of the standard graphics templates and is checked as part of the graphics approval process.

28. Describe any constraints or opportunities that affected performance under this KPI

Goal 3: Product Stewardship	
KPI 8: Reductions in packaging items in the litter stream.	
Star Rating	4
Star Rating Comments	All useful measures, though measures are of inputs; measurement of net results in litter independently registered annually would provide a good 'outcomes' assessment.

Your Experiences

This section lets you share with us any achievements, good news stories and areas of difficulties in making progress against your plan and the Covenant goals and KPIs.

29. Key achievements or good news stories

In 2012 we have continued to acquire valuable learning's and progressed towards the development of the future foundations required to improve our diversion of waste to landfill. The focus in the area of packaging design using the McDonald's materials hierarchy and the Ecofilter tool have led to the development of packaging innovations facilitating packaging minimisation (detailed under KPI 1). The EFPAT score which is used by McDonald's to assess the environmental impacts for its entire packaging portfolio in Australia has improved from 2010 to 2011, which is the most recent data available.

We look forward to further development of the packaging opportunities identified in 2012, as well as to identify further opportunities in 2013. Our aim is to build on past achievements and we recognise that the entire McDonald's System – inclusive of corporate and restaurant-based staff, our licensee and supplier communities – is important to the implementation of this plan.

30. Areas of difficulties in making progress against your plan, Covenant goals or KPIs

Environmental impact is one of five criteria incorporated into McDonald's process of developing food and beverage packaging. The other four are functionality, cost, availability of materials and impact on our operations. Consistency is synonymous with the McDonald's brand and quality criteria for our global core menu items are clearly defined by a set of Gold Standards for packaging in addition to food, to ensure consistency of delivery to our customers in every area of the world. Packaging is globally and regionally reviewed for compliance to Gold Standard. To this note, packaging choices may be constrained by the requirements to meet Gold Standards.

Star Rating:

KPI	Star Rating (0-5)	Overall Star Rating
KPI 1	4	3.8
KPI 3	4	
KPI 4	4	
KPI 6	3	
KPI 7	4	
KPI 8	4	

Continuing commitment. As the APC is a 'continuous improvement' model the capture of data that can demonstrate performance against targets and over time is important, as is the setting of targets that can be readily measured. Noted that many activities fall outside this regime, which may under-describe the contribution the organisation makes. Conversely, some 'actuals' are not measurable and this can also make it more difficult to assess degree of achievement of target. Some target:actuals are as reported previously.