



## PUBLIC REPORT TEMPLATE 2013

### Part 1 - Corporation details

#### Controlling corporation

Insert the name of the controlling corporation exactly as it is registered with the EEO Program.

McDonald's Australia Limited

#### Overview

McDonald's Australia is an Australian Public Company wholly owned by McDonald's and listed on the NY Stock Exchange. We are a franchise business with more than 70% of the restaurants in Australia owned and operated by individual, local business men and women. The remainder of the restaurants are run by company staff. It is these company-owned and operated restaurants and associated facilities (Head Offices, Training Centres) that fall within McDonald's Australia's reporting requirements under the National Greenhouse and Energy Reporting (NGER) and Energy Efficiency Opportunities (EEO) programs.

Continuous improvement is an important part of McDonald's culture, with significant changes being throughout our history of operations to become more environmentally responsible. This commitment to environmental sustainability is reflected in the continued commitment to improve in the assessment of our energy use and the identification of energy efficiency opportunities as part of the second EEO cycle.

Significant investments have been made in the area of Corporate Responsibility and Sustainability (CR&S), with allocation of staff and resources to ensure energy and sustainability objectives are met. The team is charged with the responsibility of building on the first assessment cycle to deliver a coordinated response to EEO legislative requirements.

**Table 1.1 - Major changes to corporate group structure or operations**

**Table 1.1 – Major changes to corporate group structure or operations in the last 12 months**

McDonald's Australia are progressing through their second Energy Efficiency Opportunities (EEO) assessment cycle. Since the start of the second assessment cycle, there have been no significant changes to the way that we conduct our business, nor any significant acquisitions, mergers, de-mergers, redevelopment, changes to product mix or production.

Within the last financial year, there has been, however, a number of divestments of McDonald's Company Owned and Operated restaurants to franchisees. As McDonald's have adopted a representative approach to assessments, this will have no bearing on the way in which assessments are undertaken. This only means that the proportion of energy use covered by detailed assessments increases, as does the representivity of opportunities identified.

**Declaration**

**Declaration of accuracy and compliance**

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.



Catriona Noble  
CEO

Date: 17 December 2013

## Part 2 - Assessment outcomes

**Table 2.1 – Assessment details**

It is compulsory to complete a separate table for each entity\* that has been assessed

<b>Name of entity</b>	Company Owned and Operated Restaurants	
<b>Total energy use in the last financial year</b>	505,601	GJ
<b>Total percentage of energy use assessed when assessments (as per Assessment Plan schedule) were undertaken</b>	2%	%
<b>Progression through representative assessments (Proportion of energy use assessed that is representative of total energy use)</b>	40%	%

**Description of the way in which the entity carried out its assessment:**

As with the previous assessment cycle, a comprehensive process will be employed, addressing the key requirements of the EEO program. A representative approach will be taken to assess our key activity, namely our company owned and operated quick service restaurants. This approach has been adopted for a number of reasons, including:

- Company owned and operated restaurants contribute more than 97% of our baseline energy use,
- Restaurants are very homogenous across the group.
- The approach is likely to be more cost-effective, leading to increased available funds for investment in energy efficiency.

Energy efficiency ideas and opportunities will be identified and evaluated for sites representative of the population and assessed for suitability and applicability across the population using a consistent approach. Outcomes of assessments will be communicated to relevant employees internally for further action and reported publicly as required under the EEO program.

The representative approach excludes assessment of Corporate Head Offices, Training Centres, and fuel use associated with corporate vehicles. Fuel use associated with corporate vehicles was allocated the entity of Company Operated Restaurants under NGER, and includes vehicular fuel consumption by restaurant managers of a minimum tenure and corporate employees who exercise a company vehicle option as part of their employment package.

We have proposed to undertake ten (10) detailed assessments over our second five year EEO cycle to represent the restaurants within the portfolio. There exists a good correlation between energy use and variables impacting energy use, with the number of sites to be assessed has been determined through statistical sampling techniques ensuring adequate confidence in representivity.

Detailed assessments of representative sites will comprise of a number of phases. These will include:

- Collection and review of site contextual data to better inform downstream assessment processes
- Collection, analysis and benchmarking of site-level energy use data for improved data management opportunities, trends in energy use and factors affecting energy use, as well as high level energy efficiency opportunities.
- Detailed end-use technology-based investigations, including the understanding of energy disaggregation by end use and considerations of energy and mass flows.
- The generation of a list of energy efficiency ideas resulting from the review of site and business contextual information, energy use analyses, benchmarking and end use technology reviews.
- The application of a consistent decision-making approach to energy efficiency ideas in order to determine a list of potential energy efficiency opportunities. These opportunities will be assessed to a level sufficient to meet whole-of-business evaluation requirements.

Energy efficiency ideas and opportunities that have been identified and evaluated through the application of a consistent detailed assessment approach will be considered for applicability across the broader portfolio or restaurants. Outcomes of the assessments will be communicated to relevant employees internally for further action and reported publicly as required under the EEO program.

Due to the selection of a representative approach, the schedule of assessments detailed in McDonald's EEO Assessment Plan, the proportion of energy use assessed is taken to be the energy use of the four completed restaurant assessments. This does not reflect the entirety of assessment works undertaken to date, nor the quantity of energy to which the outcomes of these assessments will be applied, but completed assessments. The remainder of the detailed assessments are being undertaken progressively, with extrapolation of opportunities across the portfolio being undertaken as and when required.

It should be noted that we are focused on maintaining our position as Australia's leading quick service restaurant. As such, ideas and opportunities that affect levels of service, the time of service or that do not meet financial hurdle rates will not be acceptable, and will be categorised as 'not to be implemented'.



**Table 2.2 - Energy efficiency opportunities identified in the assessment**

It is compulsory to complete a separate table for each entity that has been assessed

Status of opportunities identified to an accuracy of better than or equal to $\pm 30\%$		Total number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0-2 years		2-4 years		> 4 years		
			No. of opps	GJ	No. of opps	GJ	No. of opps	GJ	
Business response	Implemented	5	1	7	2	51	2	1,056	1,114
	Implementation commenced	1	0	0	1	3,678	0	0	3,678
	To be implemented	6	4	39	0	0	2	160	199
	Under investigation	22	4	63	3	460	15	1,104	1,627
	Not to be implemented	2	0	0	0	0	2	144	144
Outcomes of assessment	Total identified	36	9	108	6	4,190	20	2,465	6,762


Please note that corporate groups are not required to report opportunities with a payback greater than four years. Reporting this data is voluntary.

**Table 2.3 - Details of significant opportunities identified in the assessment**

Corporate groups are required to provide at least three examples of significant opportunities for improving the energy efficiency of the group that have been identified in assessments.

Air Conditioning Package Unit Replacement	Voluntary Information	
<p>New air conditioning systems have been installed at a number of restaurants as a result of a broader review of air conditioning system age, condition and efficiency. The review prioritised restaurant air conditioning system replacement, with energy efficiency being a key driver.</p> <p>Older units were replaced with newer, more efficient package units. These units include:</p> <ul style="list-style-type: none"> <li>- Scroll compressors;</li> <li>- Tri-capacity, improving the systems part load efficiency;</li> <li>- Two speed outdoor fans;</li> <li>- Variable speed backward curve EC plug fan;</li> <li>- Economisers; and</li> <li>- Soft start capability.</li> </ul> <p>Energy savings were derived from an analysis of static and non-static variables impacting energy consumption. In determining the level of savings, however, it was found that a small number of sites improved the service levels (level of internal comfort) and as a result, actually had energy consumption associated with HVAC increase, even though the system efficiency had increased.</p>	Equipment type	Heating, ventilation and air conditioning
	Business response	Implemented
	Energy saved (GJ)	992GJ
	Greenhouse gas abated (CO <sub>2</sub> -e)	293tCO <sub>2</sub> -e p.a.
	\$ saved	\$43,500 p.a.
	Payback period	8.3 years



Pylon lighting LED upgrade	Voluntary Information		
<p>McDonald's are in the process of upgrading their signage across restaurants in Australia from old inefficient fluorescent lighting systems to new efficient LED lighting equipment. This activity saves energy through reducing the wattage required to power external signage.</p> <p>Each freestanding restaurant has one or more lighting pylons (commonly known as the golden arches). Each pylon consists of a combination of standardised components including the yellow M, red base, McCafe sign, drive through sign etc.</p>  <p>There are a number of different standard pylon sizes, with the larger signs consuming a larger amount of electricity due to the increased number of lighting tubes required.</p> <p>Previously, signs were illuminated by inefficient T8 fluorescent tubes. The retrofit does not alter the shape or external aspects of the signs, and actually improves uniformity. Only the light fittings within each sign are upgraded. The retrofits are not reversible as all existing fittings and wiring is removed and replaced with new equipment.</p> <p>The equipment installed has a 50,000 hour lifespan (as per manufacturer specification sheets), significantly increasing time between lamp replacements and decreasing maintenance costs. In this instance, maintenance savings outweigh energy savings.</p>	Equipment type	External lighting	
	Business response	Being implemented	
	Energy saved (GJ)	3,678GJ	
	Greenhouse gas abated (CO <sub>2</sub> -e)	1,022tCO <sub>2</sub> -e p.a.	
	\$ saved	\$385,290 p.a.	
	Payback period	1.6 years	



Voltage Power Optimisation – Five Dock	Voluntary Information	
<p>McDonald’s, with the assistance of their suppliers, have investigated the feasibility of Voltage Power Optimisation (VPO) at a number of restaurants. VPO is the effective management of voltage for optimal and efficient operation of electrical equipment and appliances.</p> <p>As most electrical devices within the commercial kitchen can theoretically operate on voltages far lower than what is typically provided, a reduction in the supply voltage will potentially result in decreased electricity consumption, increased equipment lifespan and reduced maintenance and associated costs.</p> <p>A number of sites have been investigated for suitability, with one site being selected at the moment to undertake the trial. Broader portfolio savings will be presented once this trial has proven successful. It should be noted, however, that supply voltage is variable, thus savings will not be consistent across all restaurants.</p>	Equipment type	Electricity supply voltage regulation
	Business response	To be implemented
	Energy saved (GJ)	425GJ
	Greenhouse gas abated (CO <sub>2</sub> -e)	124tCO <sub>2</sub> -e p.a.
	\$ saved	\$20,056 p.a.
	Payback period	3 years





## Part 3 - Transition to second cycle

This Part is not applicable. McDonald's Australia is a 2005-06 trigger year corporation.

