

Annual Report and Action Plan

Company Name: **McDonald's Australia Limited**

Trading As:

ABN: **36000697763**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Leading**

The chart below indicates the overall performance level of this organisation listed above in the 2022 APCO Annual Report. The organisation's reporting period was **January, 2021 - December, 2021**



Understanding APCO Annual Reporting performance levels:

- 1 Getting Started:** You are at the start of your packaging sustainability journey.
- 2 Good Progress:** You have made some first steps on your packaging sustainability journey.
- 3 Advanced:** You have taken tangible action on your packaging sustainability journey.
- 4 Leading:** You have made significant progress on your packaging sustainability journey.
- 5 Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

Contact

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Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

- During 2021 McDonalds Australia has partnered with suppliers to develop and test future solutions including 100% renewable and certified moulded fibre straw-less lids for hot and cold beverages, 100% renewable and certified compostable wraps, PE free cup coating systems, fibre based sundae packaging. We look forward to progressing commercialisation of solutions in 2021 where feasible.
- Launch of the R1000 to trial and test sustainability activity has been successful as a means to test initiatives including sustainable packaging and waste innovations. R1000 has maintained a significantly higher waste diversion rate compared to a standard restaurant whilst enabling the business to fine tune procedures that can be scaled.
- Launched ARL labelling on Happy Meal Boxes for Australia and New Zealand

Describe any opportunities or constraints that affected performance within your chosen reporting period

A major challenge in delivering truly sustainable products, which contribute to a circular economy is availability of end-of-life infrastructure for recoverability that is economically feasible and practical to businesses.

Further constraints are related to the supply chain and long timelines to commercialise packaging alternatives in an extremely unpredictable global economy including raw material assured supply and shipping delays.

Food safety and customer satisfaction is considered as the first priority for McDonald's. Global brand minimum requirements may constrain some packaging innovations such as use of recycled content due to food safety.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

- Reduction of single use plastic use through the transition of paper straws and wooden cutlery nationwide
- Globally committed to sustainable happy meal toys (Link here: <https://corporate.mcdonalds.com/corpmcd/en-us/our-stories/article/Sustainability.happy-meal-toys.html?msclkid=a47c8ad4a8b411ecb3a95fc0806de9cd>)
- McDonald's AU maintained its commitment towards 100% chain of custody certified fiber, as part of McD's 2020 global fiber goal where all guest packaging in scope is certified.
- McDonald's Global goal to packaging waste for 2021 extended to include fluorine free packaging and reported on our progress of performance. <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/our-planet/packaging-and-waste.html#ourPerformance>

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Include a commitment to achieving the 2025 National Packaging Targets in our strategy.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **100%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste
 - Eliminate hazardous materials
 - Use of renewable materials
 - Use recycled materials
 - Design to minimise litter
 - Design for transport efficiency
 - Design for accessibility
 - Provide consumer information on environmental sustainability
- **100%** of our packaging to be optimised for material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.

- Use recycled content in:
 - Secondary packaging that we use to sell our products
 - Tertiary packaging that we use to sell our products
 - Other items which we purchase (e.g. office stationary and suppliers etc.)
- 26% of our packaging to be made using some level of recycled material

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- 71% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Investigate opportunities to use reusable packaging.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- 78% of our packaging to have on-pack labelling to inform correct disposal.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - Paper/cardboard
 - Soft plastics
 - Rigid plastics
- Aim for 24% of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Conducting regular clean ups
 - Participating in Business Clean Up Day
 - Sponsoring a clean up day
- Phase-out the following problematic and unnecessary single-use plastic items:
 - Lightweight plastic shopping bags
 - Fragmentable (e.g. oxo-degradable) plastics
 - Expanded polystyrene (EPS) packaging for food and beverage service or retail fresh produce
 - EPS loose fill packaging
 - Moulded EPS packaging for white/brown goods or electronics
 - Rigid polyvinyl chloride (PVC) packaging
 - Rigid polystyrene (PS) packaging
 - Opaque polyethylene terephthalate (PET) bottles
 - Rigid plastic packaging with carbon black