



## Australian Packaging Covenant

# SUSTAINABLE PACKAGING GUIDELINES CASE STUDY: MCDONALD'S AUSTRALIA

### ABOUT MCDONALD'S

The first Australian McDonald's restaurant opened in the western suburbs of Sydney in 1971. There are now (as of August 2012) 873 McDonald's restaurants across Australia serving approximately 1.7 million customers every day.

McDonald's is committed to supporting Australian producers and manufacturers and their first preference is always to source produce from within Australia whenever it is viable and appropriate to do so. McDonald's use a very high proportion of Australian sourced products with 90 per cent of their food and packaging manufactured in Australia. Their supply chain model is based on a culture of partnership and collaboration which allows them to serve safe, sustainable and high quality food. McDonald's work with suppliers who share the company's value and vision for sustainable supply. McDonald's holds their suppliers 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. As their strategic partner for packaging procurement, HGS manage McDonald's expectations and APC commitments with regards to retail packaging and retail packaging suppliers. HGS brings a depth of knowledge both locally, and from a zone and global level on packaging supply including materials, sustainability, alternative sources and regulations.

### HOW MCDONALD'S HAVE IMPLEMENTED THE SUSTAINABLE PACKAGING GUIDELINES

McDonald's environmental packaging review tool, Eco-Filter, has been used for the analysis of all new packaging formats since 2010. Eco-Filter is a proprietary software package design decision tool built for McDonald's to evaluate the environmental impacts of their packaging. It provides the capability of a quantifiable comparison between package formats and it incorporates the environmental KPIs of package weight, percentage of recycled materials and percentage of renewable materials. It also includes the additional measurement criteria of material health, carbon dioxide /greenhouse gas emissions and end of life options. Packaging is evaluated and compared at the individual component level (for example beverage cups) and in some cases at the configuration level (for example beverage systems or bowl systems). Eco-Filter scoring fulfils the requirements of the SPG and forms part of the new packaging development process.

In addition, the Eco-Filter Portfolio Analysis Tool (EFPAT) assesses the total packaging portfolio per country. Users can evaluate negative and positive environmental impacts on the packaging portfolio. Eco-Filter criteria and scoring are aligned with the EFPAT and the criteria and weighting remain consistent. The scenario analysis capability allows users to modify the country portfolio to see how individual changes may impact the portfolio from an environmental standpoint. Real life or hypothetical scenarios can be run to measure the impact on the packaging portfolio as compared to the baseline.

## USING THE SPGS TO ASSESS EXISTING PACKAGING FORMATS

McDonald's has developed a Packaging Review Timeline incorporated into the APC Action Plan 2011-2012 which was reviewed and updated during 2011. The schedule aims to have completed or commenced review of all existing consumer packaging items by the end of 2012.

## CHALLENGES

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 and therefore packaging choices may be constrained by the requirements to meet McDonald's Gold Standards.

## THE SPGS IN ACTION

McDonald's collaborated with Huhtamaki and replaced the McFlurry cup with a Four Flap McFlurry Cup design that allows the elimination of the plastic McFlurry lid. This packaging improvement results in the removal of an SKU and a reduction in plastic of 47.82 tonnes per annum.

The previous McFlurry packaging consisted of polystyrene lid, a polypropylene McFlurry Spoon and a 320gsm Paperboard Bleached Cup. The target was to achieve a better overall score in the Eco-Filter by removing an SKU and as much of the non-fibre packaging component as possible.

The McFlurry spoon was light-weighted and made shorter in 2009. The viscosity of the soft serve/sundae mix and the mixing process requires the spoon to have enough strength to not break under the torque of mixing.

The lid is used as a splash guard for mixing and hence the cup replacing it had to have the flaps incorporated to act as the splash guard. The plastic lid also served to increase the rigidity of the overall cup, and hence its removal meant that the base weight paperboard needed to be increased to maintain sufficient rigidity. The overall trade off in environmental score on the Eco-Filter showed that the removal of the plastic lid outweighed the impact of the increased size and weight of the cup.



## LESSONS LEARNED

Any changes need to be supported across all business units and therefore cross-functional involvement and support across the business is required for success. The operational success of the packaging is paramount as is the sensory impact on the food of any proposed packaging changes. Naturally, projects that have both a commercial and an environmental benefit have a greater chance of success.

## THE FUTURE

McDonald's Australia is currently exploring opportunities to further optimise waste management and recycling potential in the restaurants.

Beyond 2012 McDonald's is looking to broaden their scope beyond consumer facing packaging to include a greater focus on behind the counter transport packaging.