



Dunkin' Donuts Energy Programs Interim Progress Report

November 2016

At Dunkin' Donuts, we believe reducing energy use is a critical component of our corporate responsibility strategy. While energy reductions have always been an operational and fiscal imperative for the company, we kicked off our U.S. energy reduction strategies in earnest in 2010 when we launched our sustainability program and reporting. You can read about these efforts in depth in our three Corporate Social Responsibility (CSR) [reports](#).

Since 2014 we have made strides on the energy front – launching a new sustainable restaurant program and an energy management initiative, making new tools available to our franchisees, and engaging a consultancy to help us take a holistic look at our energy strategy and what is feasible for us both on an enterprise level and as a franchised system. We also committed to publishing this interim report to provide updates on our progress in the U.S. We will provide a more comprehensive update on our efforts, including updates on our corporate facilities and new GHG reduction targets for our U.S. business, in our 2016 report. We expect to publish this report in the spring of 2017.

Commitment to Energy Reduction

We believe reducing our energy use as a company and in our franchised restaurants is smart business: it helps us and our franchisees save money, and it reduces our footprint and helps mitigate climate change. For this reason, multiple departments and cross-functional teams across Dunkin' Brands are involved in our energy reduction strategy, including the CSR, operations, construction, store planning and equipment teams.

Because our restaurants are independently owned and operated by our franchisees, Dunkin' Brands' role is to provide guidance, tools and resources to our franchisees to make energy reduction strategies as easy to opt into and implement as possible. Since 2014, these have included:

- Comprehensive energy toolkits, which provide strategies for energy reductions in franchisee-owned facilities;
- DD Green Achievement™, our sustainable restaurant program; and
- An energy management initiative, implemented in partnership with local utility companies.

Energy Toolkit Updates

In 2016 we updated our *Power Down, Profit Up* toolkit, originally created in 2012, with the latest restaurant and equipment specs and industry standards. In addition, we created a companion kit for our Central Manufacturing Locations (CMLs), which are also franchisee-owned. The toolkits provide franchisees with tactics – ranging in difficulty and cost – they can implement in order to save energy in their restaurants and facilities.



DD Green Achievement Progress

In 2014 we launched DD Green Achievement, a program that aims to help franchisees build sustainable, energy-efficient restaurants in the U.S. DD Green Achievement restaurants are built with energy efficient and sustainable elements, including LED lighting to reduce energy use, high-efficiency mechanical units, performance windows, water reduction features such as low-flow faucets and more. We set a goal to open 100 DD Green Achievement restaurants by the end of 2016, and we are pleased to report that we opened the one hundredth restaurant in Lake Forest, CA, in October 2016.

Our DD Green Achievement restaurants are located in more than 20 states across the country in different regions and climate zones – from California to New Mexico, Florida, Maine and Illinois. Opening a DD Green Achievement restaurant requires a small additional financial commitment from franchisees, who work with their construction manager and architect to incorporate a menu of sustainable options into the build of their new or remodeled restaurant.

When we launched DD Green Achievement, our goal was to set a target for energy and water reduction across our portfolio of DD Green Achievement restaurants. In order to accomplish this, we worked with a consultancy to:

- **Calculate a baseline of energy use in our conventional restaurants.** We took a stratified sample of 138 restaurants belonging to 47 franchisees across geographic regions and climate zones and collected a year's worth of utility bills from those restaurants. Average annual energy use at conventional restaurants that provided both electricity and heating data was found to be 880 GJ per restaurant¹.
- **Conduct energy modeling** to both estimate the average electricity and heating use of a conventional restaurant and predict the energy benefits of DD Green Achievement. Using the energy use data from the conventional restaurants in our sample, in conjunction with energy equipment and restaurants specifications, we modeled energy use for a conventional restaurant and a restaurant achieving DD Green Achievement status.
- **Collect energy use data from a subset of DD Green Achievement restaurants that have been open for one year.** After analyzing one year's worth of energy and gas bills for a sample of DD Green Achievement restaurants, we found that the average annual energy use for a DD Green Achievement restaurant is 694 GJ per restaurant, with a wide range of 232 GJ to 940 GJ.

Using the data we gathered and the work completed with our external consultancy, we feel confident that our DD Green Achievement restaurants are designed to save between 15-20% of energy compared to a conventional Dunkin' Donuts restaurant. Factors that may influence this include occupancy behavior. However, because we do not have the infrastructure to manually collect utility bills for analysis for our DD Green Achievement restaurants, we feel like it would be irresponsible to set an actual target that we may not be able to report on in the future.

Note: We had also hoped to calculate a baseline for water use in our conventional restaurants and set a target for reduction in DD Green Achievement restaurants. However, we were not able to do so due to lack of data availability and water metering. While we were able to obtain water usage information from 64 conventional restaurants and 5 DD Green Achievement restaurants, we did not feel like the sample size was large enough and had concerns about the accuracy and completeness of the data.

¹ Figures based on a restaurant of 1,800 square feet



New Energy Management Initiative

In 2016 we kicked off a new energy management initiative for Dunkin' Donuts U.S. restaurants that draws on an innovative partnership model between Dunkin' Donuts, utility companies, vendor partners and control systems platforms. The energy management initiative is an optional pilot program for Dunkin' Donuts franchisees in limited markets in the U.S. Those who choose to opt in commit to installing LED lighting, refrigeration controls/updates and an energy management system that provides controls for equipment temperature and on/off schedules. We believe this program has the potential to greatly reduce energy use at participating restaurants, while at the same time potentially saving our franchisees money.

We have begun rolling this program out to our Massachusetts, Rhode Island and Connecticut franchisees and anticipate having some initial results to report in our 2016 CSR Report.