

Use. Reuse. Repeat.

Sharing learnings on reusable packaging.

Tesco Reuse Report 2022



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A message from Ashwin Prasad, Chief Product Officer.

As a food industry, we need to find ways to feed our growing population more sustainably – using less land and fewer natural resources. This is crucial if supermarkets are to retain the ability to serve customers affordable, healthy and sustainable food.

It's why we recently updated our business purpose to integrate an environmental imperative into what we do, with the aim of serving our customers, communities and planet a little better every day.

I know the cost of living debate is front of mind and we are doing everything we can to address this, however plastic waste remains the number one environmental concern for our customers. So, in line with our purpose, we have made significant progress in delivering our 4Rs packaging strategy – ensuring we remove plastic where we can, reduce it where we can't, reuse more and recycle what's left.

Since 2019, we have cut more than 3000 tonnes of packaging from our UK business and removed over 1.7 billion pieces of plastic. We've improved more than 2,000 product lines so we use less material, include more recycled content and make it easier for customers to recycle.

While we are proud of our progress, we acknowledge that there is much more still to do. To achieve the kind of transformational change required, we need to make progress on two fronts. Firstly, we must continue to explore areas in which we can remove plastic entirely from products, where it's not needed.

Secondly, we must identify and implement scalable packaging solutions. This report is concerned with the latter of these two objectives. Scalable reuse solutions will not only help eliminate plastic

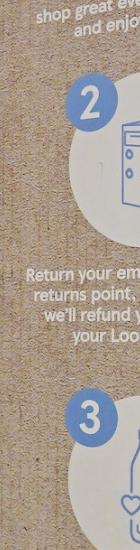


waste and pollution, they can also help unlock a wide range of environmental benefits, including the conservation of natural resources which must go hand-in-hand with reducing greenhouse gas emissions.

Through this report we want to be transparent and set out what we've learned through our pilots with the reusable packaging experts, Loop. It is a partnership that has seen us trial both a dedicated online shopping service that delivered products pre-filled in durable reusable packaging and a scaled, in-store pilot across ten of our UK stores.

For a prefill packaging proposition to succeed as a genuinely accessible and affordable option in the long-term, it will need scale. It will be needed to become second nature for customers across many different retailers. And it will be much easier and more efficient logistically if everyone operates it in a common way, especially if we develop and share a common infrastructure for customers to return used containers.

Our sincere hope is that our whole industry can learn from our experiences as much as we have.



The need for sustainable packaging

Packaging is a vital issue for the food industry. It serves a number of important functional benefits, such as protecting products, safely transporting food to homes and reducing food waste.

However, it can also have a negative impact on the environment, and therefore it is vital that food businesses, including retailers such as Tesco, act to address the issue.

Public awareness of the issue of plastic waste has risen sharply in recent years. The BBC's Blue Planet II documentary showed how devastating plastic can be when it ends up in the environment, and that the proliferation of "single-use plastic" has gone too far.

Since then, UK shoppers have viewed the impact of plastic waste as the priority sustainability issue to tackle. And they look to retailers and government to lead the way. Initiatives have been set up to cut plastic use and ensure that packaging materials become more recyclable, with customers responding well to changes that make recycling easier and more accessible.

It has been estimated that the UK uses nearly 2.5 million tonnes of plastic packaging each year¹. Data from WRAP, a non-governmental

organisation that promotes a sustainable future, shows that around half of the total was recycled in 2020². Experts and campaigners argue that while there is a need to improve recycling rates, a sustainable reduction in packaging materials should be achieved by a combination of removing materials outright and rapidly increasing the switch to reusable alternatives³.

We agree that while we should continue to do everything we can to drive removal, reduction and recycling to minimise impacts of the current system, new approaches are needed.



Sources:

¹ 2022, House of Commons Library, UK, www.assets.publishing.service.gov.uk, [available to read here](#)

² 2021, WRAP, UK, www.wrap.org.uk, [available to read here](#)

³ 2021, Greenpeace, Netherlands, www.greenpeace.org.uk, [available to read here](#)



Reusable Packaging

Reuse is about using an object or packaging more than once without breaking down and re-manufacturing it. This entails collecting and simply cleaning the packaging before reuse, and requires durable packaging materials that can withstand multiple cycles of collection, cleaning and use.

If done correctly, reusable packaging is better than recycling because it does not continuously need materials and so reduces the amount of materials used for packaging. Reuse requires significantly less energy, for collecting and cleaning packaging, than would be needed to recycle the packaging.

Reuse greatly reduces the risk of waste if there is an incentive for customers to return packaging. So while recycling is preferable to incineration or landfilling, it should really be the second priority after reuse.

Prefill

Prefilled packaging is a form of reuse where the product is provided pre-packed in high-quality durable reusable packaging for the customer. The customer will either find the packed product on the shelf or delivered to their door. This model means it is just as easy for people to shop for products in reusable packaging as it is to shop for those in recyclable packaging. However, it requires customers to return the packaging for cleaning after each use.

With the retailer having responsibility for cleaning and refilling, the system is easier and more attractive to customers than a conventional

Reuse models have of course been used in the past – for example, milk bottles being returned to the milkman – but not at scale for decades. Compared to how supermarket customers have become accustomed to shopping, reuse is perceived as less convenient, requiring new behaviour and additional time and effort.

The drive for efficiency and convenience has delivered some significant benefits for customers. However, we are now increasingly aware of the environmental cost of single use plastics, so we need to review these reuse models and establish how to make them efficient and convenient as well as sustainable. From a business perspective, reuse is a new way of operating, complicated by the reality that the infrastructure that can support reusable packaging get to scale is still in its infancy.

Crucially, reuse models need to be affordable. Customers who are shopping products in reusable packaging are still seeking the great value Tesco offers in other parts of our store.

supermarket refill station. It is also a tidy and hygienic system, removing the need for multiple people to touch, scoop and pour food into containers, which in turn prevents spillages and food waste throughout the store and in the home.

This model places responsibility on the industry rather than the customer, but it does have an advantage going into in-store and online supermarket delivery models. We believe all these reasons mean it has greater potential to scale than in-store refill.

R

REMOVE

R

REDUCE

R

REUSE

R

RECYCLE

What has Tesco done so far?

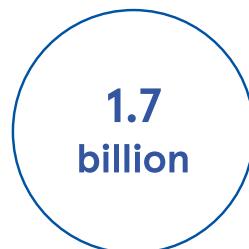
Since 2019, we have been tackling the impact of plastic waste through our 4Rs strategy – to remove packaging where we can, reduce where we can't, reuse more and recycle what's left. Where packaging can't be removed, we are working with suppliers to reduce it to an absolute minimum.



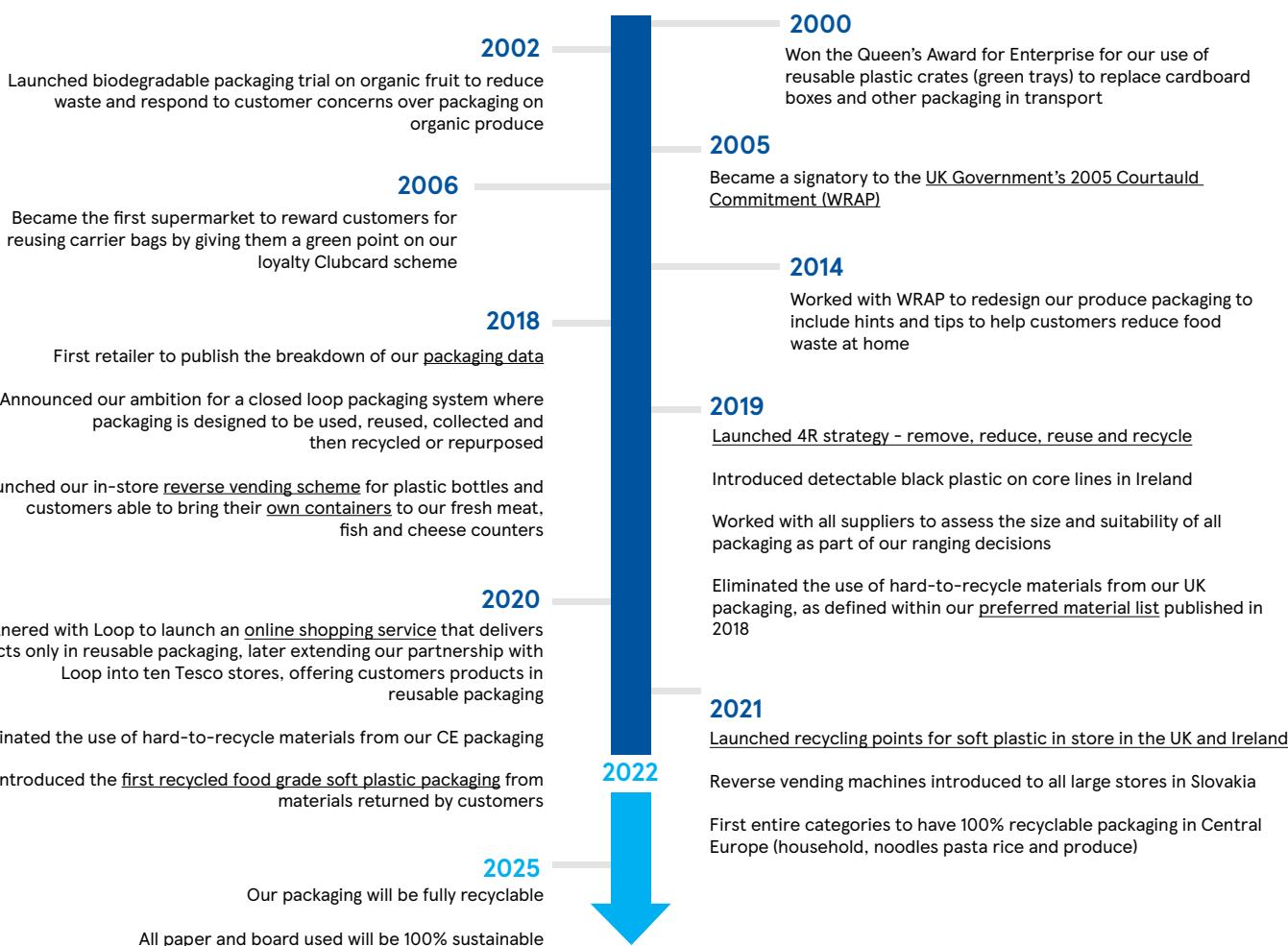
with improved packaging
through 4Rs strategy



tonnes of packaging
removed from
our business



pieces of plastic
removed from our
UK totals





TESCO in partnership with Loop

For many years, products and packaging moved only in one direction – from farms or factories to retailers, on to customers' homes and never returned. Transforming this so that packaging can be returned and reused requires a new way of behaving and operating. It requires a closed loop.

Reusable packaging company, Loop aims to meet exactly this need. As the leading global innovator in reusable packaging systems, it is working to transform the packaging of groceries and consumer goods from 'disposable' materials to durable, reusable materials that are collected, cleaned and refilled multiple times.

Loop support a prefilled packaging model that addresses a lot of the barriers and challenges of in-store refill. It's easy for customers, avoids spillages and waste in store, and is more efficient for a retailer than in-store refills. This makes it better designed to work at scale.

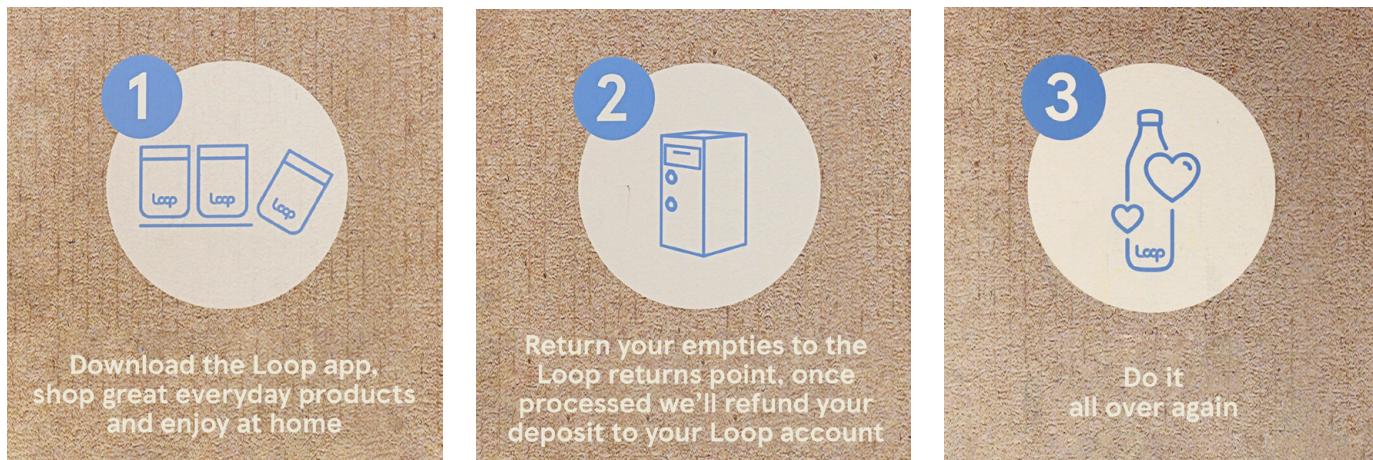
Between July 2020 and June 2021, we ran an online pilot with Loop. Customers across Britain were able to order 150 grocery products in reusable packaging from Loopstore.co.uk and have them delivered to their doorstep. Prefilled products were delivered to over 500 different UK postcodes. Branded and Loop own-brand products were made available in reusable packaging, including sauces, yoghurts, soaps, cereals, moisturisers, chocolate and washing detergents.

From September 2021 to June 2022, we conducted our in-store prefill pilot with Loop. Customers in ten pilot stores in the Midlands and East of England were able to buy 53 lines from popular brands such as Persil, Coca Cola, Heinz and Tetley Tea, as well as 35 own-brand essentials, prefilled and available in store as part of our reuse offer. Customers could simply add these products to their shopping basket as part of their shop, eliminating the need to bring their own containers or undertake the refilling themselves.

In both online and in-store pilots, to encourage customers to return the packaging, a refundable deposit was paid for each reusable packaging – refunded in full when customers return the packaging, via the Loop app. The packaging could be returned through a courier (for online) or directly to an instore collection point. The returned packaging would be cleaned, refilled and made available for the next customer.

Both the online-only and in-store trials were designed to be straightforward for customers so that they can shop in a similar way as for products in conventional packaging. Once the packaging is returned, Loop took care of the collection, transportation and cleaning while the product manufacturers took care of replenishment.

The in-store process



A key attraction of these trials was the potential for scale. For instance, if all customers in our ten pilot stores switched their ketchup, cola and washing up liquid recyclable products to the reusable Heinz Tomato Ketchup, Coca-Cola and Ecover alternatives, reusable packaging would be used more than two and a half million times a year. If scaled up to more stores and more products, the potential reductions in plastic packaging can be vast.



The Loop prefill offer was designed with customers in mind -

- Preliminary customer research was conducted to discover the right products for a shopper that might be receptive to reusing packaging.
- Prices were matched pro-rata with the original products.
- In an attempt to create a proposition that works throughout the country, we chose to put prefill in a range of locations that are broadly representative of UK demographics.
- Videos, signage and leaflets explaining the reuse process were displayed in store.
- Trained Tesco colleagues and Loop ambassadors were present in store to help customers understand the process.
- The range was designed to capture attention as part of a bespoke display.
- Emails that included money-off coupons were sent to customers in the stores' catchment areas, encouraging them to take part. Adverts were placed in the local media and geo-targeted ads ran on social media to further drive participation.

Our reuse learnings so far

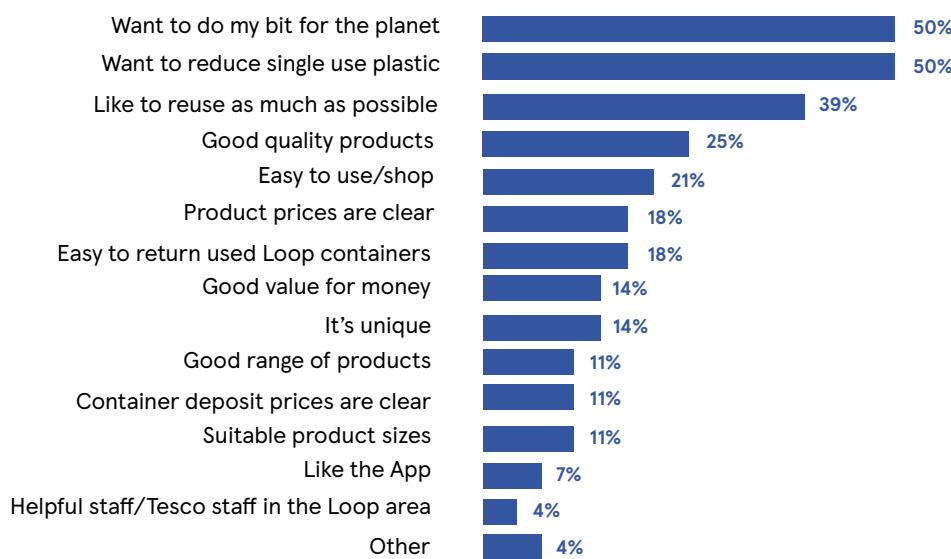
1. Many customers want to shop in reusable packaging

Our pilots proved that many shoppers want to buy products in reusable packaging. We met our targets for customer participation with thousands of customers having taken part and shown a willingness to shop in reusable packaging. More than 80,000 products were purchased over two years.

Results of our pilots confirmed that prefill shopping is most popular among a the small percentage of eco-conscious shoppers who are likely to adapt their day-to-day habits based on their environmental values. To successfully scale reuse we will need to work together as an industry to greater engage all sections of the population. Shopping prefill can be as convenient as for conventional packaging. However, we need to make it easier for customers to return packaging and reclaim their deposits.

Surveys tell us that the general public is yet to fully appreciate the differences and benefits of reuse over recycling. For reuse to scale, there needs to be a greater appreciation of the benefits it offers so that customers are more willing to adopt the moderate behavioural changes that will be required to make reuse packaging mainstream.

Customer motivation for buying reusable products at Tesco



2. Reuse can work for retailers and suppliers

Many of our suppliers participated in our prefill pilots with Loop. Twenty-five big brands put forward their products for the in-store partnership and this was matched with a range of our own-brand essentials. Suppliers have fed back their view that the Tesco / Loop prefill proposition was the most successful major UK reuse proposition that they have seen to date. The prefill option gives a natural opportunity for suppliers to differentiate their product and communicate the unique qualities of their products to customers.

Reducing the costs of collecting and cleaning reusable packaging could be achieved by operating in a joined-up way across various retail and food service businesses – similar to retailers being supplied from the same farms or factories. Shared distribution, cleaning and refilling services for many different supermarkets, food service and catering could help deliver scale and cost-effectiveness more quickly than any single retailer can by going it alone.

Our pilots also suggest that it is possible for many brands to offer reusable packaging options with only minimal changes to their current production infrastructure and packaging. For instance, some current ‘disposable’ containers are durable enough to be cleaned and reused if there is a reliable process of returns – including labels to support returns and refunds, as well as a reliable packaging-cleaning supply chain. In such cases, it is possible to deliver reuse packaging without heavy investment in new production infrastructure.



3. In-store colleagues as ambassadors of reuse

Our colleagues in store played a key role in getting customers to take part in the prefill pilot. Many customers said they took part following their interaction with a trained colleague who was able to explain the reuse process and why it is better for the planet than recycling. Combined with the in-store visibility of the prefill stations, conversations with colleagues ensured customers actively considered taking part and reassured them that the process is straightforward. Two-thirds of customers who took part in the prefill pilot in store reported that they found the process easy.

4. A truly scalable proposition

With an offer of more than 200 products across our online and in-store pilots, our partnership with Loop has been one of the most ambitious reusable packaging propositions by a supermarket to date. It is the biggest Loop launch in any of its global markets, the biggest prefilled reusable packaging scheme seen in the UK, and into in-store and online supermarket delivery models.

Our modelling, based on data from our prefill pilots, shows the potential impact on single-use packaging if we can further improve and then scale up a prefill proposition. If rolled out to 400 stores across various retail chains, a prefill offer could be a viable business opportunity that replaces millions of pieces of recyclable plastic with reusable alternatives. This offers an additional tool in the fight against plastic waste.

As our in-store prefill pilot comes to an end, we are currently reviewing our learnings to enable us to develop the next stage of a scaled reuse offer. We want to work out how to build an even better proposition that can better integrate the operational complexities of a reuse proposition into our business and enable us to achieve greater scale, as more customers become ready for it.





Scaling reuse in the UK

We need more customers beyond the most eco-conscious, to make the switch to products in reusable packaging. To enable this will require a bigger range of products, competitive prices and a simpler process of returns. This demand will grow more sharply as the public develops a better awareness of the environmental benefits of reusable packaging.

A plan to scale reuse should therefore focus on the following four key areas:

1. Keep simplifying the customer experience

At present, shopping prefill products is almost as convenient as conventional, but it involves new behaviours of paying a deposit and returning the packaging for cleaning. Simplifying this further would increase customer adoption.

There are opportunities to further simplify the customer experience of prefill by:

1. Removing the need to download a stand-alone app to receive a refund of deposits,
2. Speeding up deposit refunds, or developing an alternative means to remind customers to return packaging without requiring a deposit payment,
3. Increasing flexibility and locations for packaging returns,
4. Locating in-store returns stations at the most convenient points for customers, and,
5. Ensuring packaging shapes are optimised for transport and to fit conveniently into the average UK household.

While there are some obstacles to overcome in terms of logistics and cleaning routines, online shopping potentially lends itself particularly well to prefilled packaging solutions, as the retailer can be responsible for delivering and returning the packaging.

Providing a simpler and engaging customer experience is a key role for retailers, suppliers and the wider industry.



2. Competitive Price

Currently, reusable packaging will often cost more to produce ‘per unit’ than disposable packaging. However, we know that most customers understandably do not wish to pay more for products in reusable packaging. At the current scale, our pilots showed that the cost of cleaning and prefilling reusable packaging can sometimes cost more than the actual product inside.

Economies of scale and improved efficiency will be key to getting to parity between reusable packaging and conventional single-use packaging. This will require improved processes by retailers and suppliers as well as investment by industry and potentially government, for reuse to become a commercially viable option that works at scale.

The investment required for reuse to achieve scale is significant as it requires retailers to operate with new processes and manufacturers to create new production lines. The cost of collection, cleaning and refill will need to fall so reuse becomes comparable to the cost of using recyclable packaging. At the same time, the current cost of living focus brings to the fore the need to control spending and ensure competitive pricing on refillable, durable packaging solutions.

In the short term there is a need for better labelling and communication to explain that a proportion of the price is a fully refundable deposit. NGOs, key opinion formers and retailers can play a key role in raising awareness.

3. Cultural shift towards reuse

Survey data tells us that customers often view reusable packaging as equal in environmental impact to recyclable packaging. Also, as some of the reusable packaging in our pilots has been identical to the conventional packs, some customers and colleagues couldn't tell the difference. This meant that the disruptive nature of reuse was even less appreciated. A better public understanding of the significant environmental benefit of reusable packaging is likely to make it more acceptable for customers to undertake the shift in shopping habits needed to make reuse mainstream.

Even when the environmental benefits of reuse are fully understood, success will only happen when a broad section of customers are prepared to return packaging for reuse. Behaviour change on this scale represents a material challenge to everyone involved.

Retailers and brands can help by increasing the visibility and impact of reuse packaging in stores and advertising. Reusable packaging needs to stand out in order to inspire customers and ensure they take notice.

Increasing public awareness of the positive impact of reuse over recycling is also a role for campaigners, experts, opinion formers and media. For instance, our pilots show that customers tend to prefer products in steel tins and would sometimes avoid durable reusable plastic packaging. This could lead to more packaging in energy-intensive and expensive steel tins than is necessary. In scenarios like this, the voice and credibility of opinion formers and NGOs will be needed to build consumer confidence in the fact that durable plastic packaging used as part of a credible reuse scheme will not end up as waste or in the environment.



4. Collaborating for success

Our prefill trial was made possible by the work of hundreds of people across more than 30 businesses, including 25 brands that supplied products in reusable packaging, courier companies transporting the products and the company responsible for cleaning the packaging. This built on the insights of experts and campaigners calling for reuse innovations and the entrepreneurship and vision of Loop.

For reuse to succeed as a mainstream proposition across the UK, this coalition will need to grow. Opinion formers and NGOs need to continue playing their role to keep reuse on the agenda, educate the public and advocate for reuse to become mainstream. The support of policy-makers will be crucial to foster the regulatory environment for reuse to scale. And investment will be required across the value chain to achieve economies of scale. Industry will need to continue to experiment with various reuse options and explore the most viable routes to scale.

One company cannot create a successful and scalable reuse proposition in isolation. Between us, we need to innovate and ensure we create a system that customers will find easy to use, and offers a range of products at great value with clear benefits for the planet. We hope this report will be useful to others also trying to figure out how to scale up reuse.



Factsheet

Tackling deforestation.

Why It Matters.

Forests contain the overwhelming majority of life on Earth, including 80% of the planet's terrestrial species¹. They also play a critical role in helping to regulate temperature and humidity² and are important carbon stores with over one trillion tonnes stored in forests and forest soils³. On top of all that, forests also provide livelihoods for 1.6 billion people⁴. For all these reasons and more, Tesco is committed to protecting forests and working towards sourcing only from verified zero deforestation areas.

Relevant SDGs



Our Progress.

Planet Pillar		
Commitment	KPIs	Our 2020/21 performance
Achieve zero net deforestation	Percentage volume palm oil certified to Roundtable on Sustainable Palm Oil standard	100% of palm oil is certified to the Roundtable on Sustainable Palm Oil (RSPO) standard
	Percentage of paper/wood products certified to Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source	100% of assessed lines of paper/wood products are FSC/PEFC certified or from recycled sources
	Percentage of annual soy volumes for relevant animal proteins meeting our Zero Deforestation Soy Transition Plan	100% of UK soy whole animal protein products meet our Zero Deforestation Soy Transition Plan

(1) Fauna and Flora International

(2) Global Environmental Facility

(3) UN Food and Agriculture Organization (FAO)

(4) UN FAO

Our Approach.

We have met our target to achieve zero net deforestation by 2020. To go further, we are aiming to source all our soy from whole regions that are verified as deforestation-free by 2025.

As the UK's largest retailer, we have a responsibility to play our part on the issue of deforestation. We are committed to protecting vital tropical forests, and we work with our suppliers and partners to take direct action. Through a combination of industry collaboration, financial contributions, and supply chain transparency we are making good progress, but we know we can't do this alone. To reach our ambitions, our deforestation strategy seeks to 'Improve, Transform and Advocate' to create lasting change for a sustainable future.

Improve

We are determined to tackle deforestation and improve existing strategies, leading by example. To achieve this, we are:

- Committed to zero net deforestation when sourcing raw materials such as palm oil, soy, timber and beef for our Own Brand products.
- Driving incremental change through certification by sourcing certified sustainable products and commodities. We use 100% RSPO certified palm oil for our Own Brand products and 100% of our assessed Own Brand products are FSC/PEFC certified wood and paper or from recycled sources.
- Setting our UK Zero Deforestation Soy Transition Plan to ensure we are taking effective action on our most important raw material. Our three-phase approach began in 2018 with a focus on soy credit schemes and has evolved to focus on establishing greater visibility along the supply chain through greater segregated, certified supply. We are now focused on delivering the third phase of the plan, as we look to align our soy ambitions around sourcing from verified zero deforestation areas.

Transform

Achieving zero net deforestation in forest commodities will require transformational change in sourcing and forest governance, among many other factors. This requires that we act in our own supply chains and with wider industry to provide effective solutions. We are:

- Providing £10 million over five years to encourage Brazilian soy farmers in the Cerrado region to protect native vegetation and transition to producing soy only on existing agricultural land.
- Calling, alongside other members of the GRI taskforce, for a coordinated UK policy on food to drive the transformational changes needed to ensure our food systems deliver affordable, healthy and sustainable food.
- Halving the environmental impact of the average UK shopping basket by working with WWF to report progress against important sustainability metrics, including ending deforestation and habitat conversion.



[Read about our commitment to the Cerrado region here.](#)

Advocate

We recognise that effective forest governance is essential to successfully reversing deforestation. To achieve this, we need to collaborate to deliver a shared mandate. We are:

- Supporting national initiatives to prevent deforestation in producing and consuming countries. For instance, in 2017 we published a Business Statement of Support ('SoS') for the Cerrado Manifesto with 22 other global companies to encourage cross-sector collaboration to balance sustainable agriculture and Brazil's natural ecosystem.
- Supporting civil society's aim to prevent further deforestation in critical forest biomes such as the Amazon and Cerrado.
- Collaborating with industry to achieve a broad coalition of government, industry, experts and NGOs to drive meaningful change. For instance, through our roles as Co-Chair of the SoS Steering Group, and Co-Lead of the Consumer Goods Forum (CGF) Forest Positive Coalition's Productive Landscapes Working Group.

Key highlights.

100% of annual soy volumes for relevant animal proteins meet our Zero Deforestation Soy Transition Plan (UK).

100% palm oil RSPO certified across the Group.

100% of paper/wood Own Brand products FSC/PEFC certified or from a recycled source.

£10 million committed to protect the Brazilian Cerrado.

3 Year Performance.

		Company-wide data		
Commitment	KPIs	2018/19	2019/20	2020/21
Achieve zero net deforestation	Percentage volume palm oil certified to Roundtable on Sustainable Palm Oil standard	100% ⁽¹⁾	100% ⁽¹⁾	UK: 100% Identity preserved: <0.1%, Segregated: 72%, Mass-balance: 28%, Credits: <0.1%, Uncertified: <0.1% ROI: 100% Identity preserved: 0%, Segregated: 71%, Mass-balance: 29%, Credits: 0%, Uncertified: <0.1%
				Central Europe: 100% Identity preserved: <0.1%, Segregated: 44%, Mass-balance: 13%, Credits: 43%, Uncertified: <0.1%
				Booker: 100% Identity preserved: <0.1%, Segregated: 31%, Mass-balance: 67%, Credits: 2%, Uncertified: <0.1%
	Percentage of paper/wood products certified to Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source	UK/ROI: 87%	UK/ROI: 93% CE: 94%	UK/ROI: 100% CE: 98%
	Percentage of annual soy volumes for relevant animal proteins meeting our Zero Deforestation Soy Transition Plan (UK)	N/A	100%	100%

(1) Figures exclude Booker

Methodologies.

How we measure our progress

To track our progress in achieving zero net deforestation, our three KPIs track progress across different product categories where deforestation may occur. We rely on the expertise and guidance of external frameworks and methodologies to set these KPIs. This includes working with NGOs and established frameworks such as the Roundtable on Sustainable Palm Oil (RSPO) and the Forest Stewardship Council (FSC) Programme.

A brief description on how we measure our progress against our KPIs can be found below.

Percentage volume palm oil certified to Roundtable on Sustainable Palm Oil standard.

As defined by certified sourced palm oil used within Tesco Own Brand products. As part of this process, we report to four levels of RSPO certification:

- **Identity preserved:** The amount of RSPO certified palm oil that is uniquely identifiable to a single RSPO certified mill and its certified supply base.
- **Segregated (SG):** The amount of RSPO certified palm oil from different certified sources kept separate from ‘ordinary palm oil’ (palm oil from a non-certified source) throughout the supply chain.
- **Mass Balance (MB):** The amount of RSPO certified palm oil mixed with ‘ordinary palm oil’ throughout the supply chain.
- **RSPO Credit (e.g. ‘Book and Claim’):** Proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer, and has entered the global palm oil supply chain.

An annual palm oil survey is conducted by third-party specialist, 3Keel, to assess supplier adherence. All suppliers are required to submit their response to a secure online portal which is collated, analysed and verified before being reported externally. This KPI is aligned with the Tesco commitment of zero net deforestation in the sourcing of palm oil.

Percentage of paper/wood products certified to Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source.

As defined by percentage volume of Own Brand paper and wood products from assessed lines sold which are FSC or PEFC certified or from a recycled source.

Data is collated four times a year and is then aggregated for a full year. To obtain the data, our international sourcing hub require suppliers to complete an assessment process, which our technical managers are responsible for completing the appropriate due diligence for.

Percentage of annual soy volumes for relevant animal proteins meeting our Zero Deforestation Soy Transition Plan.

As defined by soy used within the Tesco supply chain – the majority of which is indirect use as soymeal in animal feed. The scope includes all suppliers who provide Tesco UK Own Brand whole animal protein products and Own Brand products containing animal protein. This scope is also in line with tiers 2, 3, 4a and 4b of the Consumer Goods Forum soy ladder.

Our approved third-party standards (prioritised in order of preference) include:

1) Physically certified to feed mill:

- ISCC Plus
- Proterra (MB or SG)
- RTRS (MB or SG)

2) Physically certified to UK (chain of custody system does not extend beyond point of import):

- ADM v2
- Cargill Triple S

3) Farms are certified in connected supply chain sourcing region to Tesco, but no chain of custody is present:

- RTRS Regional Credits
- CRS Area Mass Balance

Our approved verified zero deforestation soy sourcing areas are all areas in the Amazon that grow soy in compliance with the Amazon Soy Moratorium. Data is collated at the beginning of each calendar year via an online portal, collated by third-party specialist 3Keel. Certifications fall into three categories: Area mass balance, Mass balance and Segregation, corresponding to increasing levels of traceability.

Looking ahead.

We are committed to tackling deforestation and we are making progress, but we know there is more we can do. We will continue to drive action, both within our own sourcing policies and by working in collaboration with wider industry to advocate for better forest governance.

Targets

- 100% of palm oil certified to Roundtable on Sustainable Palm Oil (RSPO) standard.
- 100% of assessed lines of paper/wood products to be FSC/PEFC or from a recycled source across the Group.
- 100% sustainably certified soy in our whole animal protein products.

Read more about our approach

More information

[Our approach to tackling deforestation](#)

[Extending our commitment to prevent Amazon deforestation](#)

[Our commitment to increase meat alternatives](#)

[Deforestation FAQs](#)

Reports

[Tesco UK Zero Deforestation Soy Transition Plan](#)

[Tesco Group Palm Oil and Soy Transparency Mapping 2021](#)

Policies

[Beef Policy](#)

[Palm Oil Policy](#)

[Soy Policy](#)

[Timber Policy](#)

[Sustainable Palm Oil Supplier Requirements](#)

[Zero Deforestation Soymeal Supplier Requirements](#)

Benchmarks

[CDP Forests](#)

[WWF Palm Oil Scorecard](#)



Factsheet

Marine.

Why It Matters.

Covering three quarters of the Earth's surface¹, oceans are home to some of the planet's most unique and diverse creatures. They also serve as a key source of food, with more than three billion people depending on the oceans as their primary source of protein. As the UK's biggest fishmonger, we have an important role to play in promoting healthy oceans and fish stocks.

Relevant SDGs



Our Progress.

Planet Pillar		
Commitments	KPIs	Our 2020/21 performance
Sustainably source all our wild seafood by 2030	Percentage of wild-caught seafood (tonnes) certified by Marine Stewardship Council (MSC)	63% of wild-caught seafood (tonnes) certified by MSC

(1) <https://www.undp.org/content/brussels/en/home/sustainable-development-goals/goal-14-life-below-water.html>

Our Approach.

As a major retailer sourcing globally and the UK's biggest fishmonger, Tesco has an important role to play in promoting healthy oceans, fish stocks and in preserving resources for future generations. We work collaboratively across the industry to responsibly source our seafood.

Our marine strategy covers both wild and farmed fish products and focuses on three key areas: the health of fish stocks; impacts on non-target species and the health of the marine ecosystem. Our Little Helps Plan ambition is to sustainably source all our wild-caught seafood and we are making progress against that ambition. We work with the Sustainable Fisheries Partnership (SFP) and other partners, including WWF, to collect data on our source fisheries, risk assess them, and work with our suppliers on any improvements that are needed. All our seafood sources are publicly disclosed and can be found online [here](#).

Improve

We are improving fishing practices in our supply chain by sourcing our fish sustainably to preserve natural ecosystems and marine wildlife. To achieve this, we are:

- **Aiming to sustainably source all our wild seafood** and working with our suppliers to engage in Fishery Improvement Projects (FIPs).
- **Improving tracing systems** to ensure that all our seafood can be traced back to the boat that caught it. We adopt a zero-tolerance policy towards Illegal, Unreported and Unregulated (IUU) fishing.
- **Helping to reduce ocean pollution from waste abandoned by the fishing industry** through our collaboration with Global Ghost Gear on their 'Fishing for Litter' initiative.



[Read more about how we are improving our sustainable fishing processes here.](#)

Transform

We are transforming the way fish are managed to ensure that each stage of the food chain is supported for the long-term. We are driving innovation by:

- **Working with suppliers to protect the health of target fish stocks**, while reducing the impact of fishing on non-target species and the wider marine environment.
- **Encouraging sustainable feeding practices in our supply chain.** For example, we are currently undertaking trials of alternative sustainable feed ingredients, such as algal oil and insect feed and how they can be incorporated into the diet of fish that we sell.
- **Promoting human rights in the fishing industry.** We want to ensure that workers in our supply chains are treated with respect and are working safely by having visibility of working conditions along the supply chain. We are working with suppliers to identify and alleviate risks, such as through programmes including Project Issara and our work with the Seafood Ethics Action Alliance.



[Read about our commitment to delivering sustainable feeding practices here.](#)

Advocate

To source fish sustainably, we need to play our part in supporting effective ocean governance and ensuring collective action in key areas. To achieve this, we are:

- **Working with WWF and suppliers to advocate for the adoption of a Seascape approach** across the wider industry to protect the health of the entire marine ecosystem.
- **Enhancing transparency in seafood supply chains through the Ocean Disclosure Project (ODP)** by improving and expanding disclosure relating to seafood sourcing.
- **Member of the Steering Committee of the Global Tuna Alliance** an independent group of retailers and supply chain companies, working to ensure that tuna ultimately meets the highest standards of environmental performance and social responsibility with a clear five year strategy in place.
- **Reducing the Forage Fish Dependency Ratio (FFDR) < 1 reflected in the WWF Basket Metrics.** FFDR provides an indication of how many wild-caught fish are used to produce farmed fish.



[See how we are working with WWF to transform the future of tuna here.](#)

Key highlights.

- +180 lines of Marine Stewardship Council (MSC) certified seafood offered to our customers.
- Launched **seascape approach** for tuna sourcing.
- 63% of our wild seafood volumes certified by MSC.
- Took a public position on halting the sourcing of Indian Ocean tuna given concerns around sustainability of stocks and their management.
- **MSC supermarket of the year 2021**

3 Year Performance.

UK data					
Commitment	KPIs	2018/19	2019/20	2020/21	
Sustainably source all wild seafood	Percentage of wild-caught seafood (tonnes) certified by Marine Stewardship Council (MSC)	72%	79%	63%	

All fish and seafood we source must meet the Tesco Marine Sustainability Requirement. In 2020/21, 63% of our wild seafood was MSC certified. This is a reduction on previous year performance, principally driven by the industry loss of mackerel certification combined with the reduction in the purchase of some MSC volumes for other species. We remain committed to sustainably sourcing all our wild fish and through our memberships of the North Atlantic Pelagics Advocacy (NAPA) group we aim to help recover mackerel's MSC certification and thus increase the percentage of wild-caught seafood certified to MSC to back over 70% in 2021/22.

Methodologies.

How we measure our progress

To track our progress in sustainably sourcing all our wild-caught seafood, we rely on the expertise and guidance of the Marine Stewardship Council (MSC) to set our KPI. A brief description of our methodology can be found below.

Percentage of wild-caught seafood (tonnes) certified by Marine Stewardship Council (MSC)

As defined by percentage (volume) of wild-caught seafood (fish and shellfish) sourced for Tesco UK certified as sustainable. To calculate this, suppliers enter data on the fisheries they use monthly. Data is entered via the Sustainable Fisheries Partnership online portal.

Looking ahead.

Going forward we are focusing on three main areas: how we can meet recognised sustainability criteria with the species in our portfolio who do not hold a certification yet; delivering our Tuna Roadmap, including doing our part to achieve an ecosystem-based approach; and focusing on how to reduce the environmental footprint of aquaculture feed further, starting with salmon.

Commitments

- Roadmap to transition to ecosystem-based tuna fisheries management by 2030.
- Through our memberships of the North Atlantic Pelagics Advocacy (NAPA) group we aim to help recover mackerel's and herring's MSC certification and increase the percentage of wild-caught seafood certified to MSC to back over 70% in 2021/22.

Target

- 100% MSC certified tuna by 2025.

Read more about our approach

More information

[Our approach to Preserving Marine Habitats](#)

[Upholding Human Rights in Fishing](#)

[Joining the Ocean Disclosure Project](#)

[WWF Seascape Project](#)

[Responsible Tuna Sourcing](#)

[Marine FAQs](#)

Policies

[Seafood Policy](#)



Factsheet

Sustainable agriculture.

Why It Matters.

The environmental impacts from agriculture can be considerable. Half of the world's habitable land is used for agriculture, 70% of global freshwater withdrawals are used for agriculture¹ and food accounts for a third of global greenhouse gas (GHG) emissions². With an increasing global population to feed, ensuring everyone has access to a healthy, nutritious diet in a sustainable way is one of the greatest challenges facing the agricultural sector.

Relevant SDGs



Our Progress.

Planet Pillar		
Commitment	KPIs	Our 2020/21 performance
Sustainably source our agricultural products	Percentage of key suppliers with robust on-farm biodiversity improvement plans	50% of key suppliers
	Percentage of key suppliers with robust on-farm water management plans	40% of key suppliers
	Percentage of key suppliers with robust on-farm soil health improvement plans	40% of key suppliers

(1) <https://ourworldindata.org/environmental-impacts-of-food>

(2) <http://www.fao.org/news/story/en/item/1379373icode/>

Our Approach.

All our meat, dairy, fruit, vegetables and ingredients which go into our prepared meals and grocery products have their origins on farms around the world.

Our sustainable agriculture agenda promotes food production that is compatible with protecting water resources, biodiversity, climate and soil health. We expect all our largest suppliers to have their own sustainable agriculture strategies which address their most material farm-level impacts and risks, and we work with them to share best practice and build farm-level improvement and management plans. We are taking action to promote sustainable agriculture and protect nature by:

Supporting farmers

Our aim is to be British agriculture's most trusted partner, to secure the future of farming, food and fisheries. We work with tens of thousands of suppliers and producers to offer quality, healthy and sustainable products at affordable prices, including:

- **Communicating and connecting with suppliers through the [Tesco Supplier Network](#),** an online community that enables suppliers to discuss sustainable practices.
- **Supporting and inspiring** the next generation of farmers through the [Future Farmer Foundation](#), which has had 350 graduates since 2014.
- **Promoting sustainable production**, customer needs and our standards through the [Tesco Sustainable Farming Groups \(TSFG\)](#) by sharing best practice ideas from our suppliers, farmers and colleagues.



[See how we are supporting farmers to improve sustainable practices here.](#)

Taking action on climate change

Agriculture and food production accounts for around 47% of Tesco's carbon footprint, although measuring the impact at an individual farm level is complex. To take action to reduce the global GHG emissions associated with agriculture, we:

- **Set science-based targets for manufacturing and agricultural supply chains**, aligned to the Paris Agreement's 1.5°C global warming trajectory. We will reach net zero across our supply chain – including our agriculture supply base – by 2050. (see our [Climate change factsheet](#)).

- **Helping our agricultural suppliers improve their impact measurement** through tools such as the [Cool Farm Tool](#) and the carbon assessment consultancy we provide for [Tesco Sustainable Dairy Groups \(TSDGs\)](#).



[Read more about our commitment to tackling climate change here.](#)

Protecting and restoring nature

Biodiversity, healthy soils and access to water are essential for sustainable and regenerative farming and food production. Ensuring responsible practices in these areas is crucial to food security and sustainable farming. To make progress, we:

- **Work with our suppliers to protect and regenerate soil structure and reduce erosion** with soil-friendly on-farm practices, like cover cropping. As an example, we have worked with our biggest potato supplier in the UK, Branston, to subsidise cover crops for farmers across 650 hectares of potato fields.
- **Protect and enhance water and biodiversity across our key agricultural regions** by requesting biodiversity, soil and water management plans from our key suppliers and TSFGs. In addition, we support multiple water stewardship and biodiversity projects in-country. For example, we are working with our suppliers in South Africa to remove invasive tree species along a water course, which is saving approximately 53 million litres of water a year.
- **Collaborate to transform the industry** and support new innovation through trialling of farm biodiversity tools, the Sustainable Food Trust's Global Farm Metric project, and our commitment to [WRAP Courtauld 2030](#).
- **Work with the WWF** to halve the environmental impact of the average UK shopping basket, and help restore nature through the [Sustainable Basket Metric](#).
- **Drive collective industry action** to stop deforestation through our work as part of the Statement of Support for the Cerrado Manifesto and Consumer Goods Forum's Forest Positive Coalition.
- **Strengthen environmental standards for our growers** with adoption of global [LEAF Marque Standard](#). Implementation of the LEAF Marque environmental assurance scheme will roll out across our entire global produce supply chain with all UK growers certified by the end of 2022 and the rest of our global grower base from 2023, with the aim of completing the transformation by 2025.



[Read about our approach to tackling deforestation here.](#)

Key highlights.

- 11% of the way toward halving the environmental impact of the average UK shopping basket.
- Pilot project with key suppliers in our produce supply chains to assess climate impacts and the associated risk to water-scarcity in producing regions.
- Initiated a joint-project with WWF-UK to develop a central online environmental farm advice portal for farmers which will help them identify key environmental risks in their catchment and how to seek out advice to support them to improve and mitigate risks.
- Co-funding free on-farm advice on water course protection in three UK river catchments with The Rivers Trust.

3 Year Performance.

UK data					
Commitment	KPIs	2018/19	2019/20	2020/21	
Sustainably source our agricultural products	Percentage of key suppliers with robust on-farm biodiversity improvement plans	N/A	N/A	50% of key suppliers	
	Percentage of key suppliers with robust on-farm water management plans	N/A	N/A	40% of key suppliers	
	Percentage of key suppliers with robust on-farm soil health improvement plans	N/A	N/A	40% of key suppliers	

Methodologies.

How we measure our progress

To track our progress in sustainably sourcing our agriculture products, we have developed three new KPIs to track progress within our supply chain. While we have been working with our suppliers for many years to implement various biodiversity, water management, soil health and other sustainable farming strategies, we have established a new baseline for these KPIs in 2020/21.

Our improvement plans cover short, medium and long-term goals in collaboration with our suppliers, which will be reviewed on an annual basis. For the purposes of our KPIs, “robust” is defined as plans having: “considered the most high-risk or salient environmental aspects, and/or opportunities for enhancement of agricultural operations or supply chain”.

Environmental farm management schemes such as LEAF Marque in the UK and Fairtrade (SPO) internationally will be treated as ‘robust’ and meeting the definition of these KPIs.

Percentage of key suppliers with robust on-farm biodiversity improvement plans

As defined by the percentage of our tier 1 suppliers that have dedicated on-farm biodiversity improvement plans that:

- Identify areas of biodiversity on-farm.
- Identify areas to improve biodiversity on-farm.
- Have a plan to improve biodiversity.
- Are taking actions to improve biodiversity.

Percentage of key suppliers with robust on-farm water management plans

As defined by the percentage of our tier 1 suppliers that have dedicated on-farm water management plans that:

- Review water use against crop requirements.
- Review water use at landscape level.
- Identify high-risk water pollution areas and take mitigation actions to address. Percentage of key suppliers with robust on-farm soil health improvement plans.

As defined by the percentage of our tier 1 suppliers that have dedicated on-farm soil improvement plans that:

- Measure soil health regularly
- Have an action plan to improve soil health
- Take action to improve soil health

Key suppliers are identified through consultation with the relevant categories (Produce and Meat, Fish, Poultry, Dairy & Eggs). The key suppliers reviewed as part of this year’s work represents about 50% of fresh meat and produce into Tesco by cost of goods.

Looking ahead.

Knowledge in this area is constantly expanding, with growing awareness of the relevant factors, inter-dependencies and trade-offs. Tesco works to navigate these complexities and determine the most valuable role we can play in transforming the food production system to work with the environment. We do this through collaboration with science-led and industry leading experts, such as the WWF. In the future we intend to focus on measuring progress through our TSFGs through defining outcome-based metrics and working with industry to align expectations and support for the agriculture supply-base.

Read more about our approach

More information

[Our approach to sustainable agriculture](#)

[Sustainable Basket Metric](#)

[Supporting farmers](#)

[Tesco Sustainable Farming Groups \(TSDGs\)](#)

[Fair For Farmers Guarantee](#)

[Tesco Supplier Network](#)

[Future Farmer Foundation](#)

[Sustainable agriculture FAQs](#)



Factsheet

Climate change.

Why It Matters.

Climate change is one of the biggest challenges facing the world. The world is on track to warm by almost three degrees by the end of the century¹ with alarming consequences for humanity. We must all play our part to decarbonise. We are taking action and are committed to becoming a net zero business.

Relevant SDGs



Our Progress.

Planet Pillar		
Commitment	KPIs	Our 2020/21 performance
Meet science-based climate targets for our operations, aligned with 1.5-degree trajectory of Paris agreement	Percentage reduction of Scope 1 and 2 greenhouse gas emissions across the Group (baseline 2015/16)	54% reduction
	Absolute UK greenhouse gas emissions (Scope 1 and 2 market-based) (percentage vs 2015/16 baseline 1,751,572 tCO ₂ e)	880,039 tCO₂e 50% reduction
Source 100% of our electricity from renewable sources by 2030	Percentage electricity from renewable sources	100%

(1) <https://www.unenvironment.org/emissions-gap-report-2020>

Our Approach.

In 2009, Tesco became the first business globally to set the ambition to become zero carbon by 2050. Since then, we have set bold science-based targets aligned with the Paris Climate Agreement goal of limiting global warming to 1.5 degrees. We will reach net zero in our Group operations by 2035, and across our supply chain and products by 2050.

Having switched to 100% renewable electricity, our own operations emissions (Scope 1 and 2) now come primarily from refrigeration, heating and transport, but the majority of our total footprint sits in our supply chain (Scope 3). In 2017, we announced science-based climate change targets for both our own operations (in line with a 1.5°C trajectory) and our supply chain (in line with a 2°C trajectory). In September 2021, we updated our supply chain targets in line with a 1.5°C trajectory, committing to reach net zero across our own operations by 2035 and supply chain by 2050. To reach our ambitions, our climate strategy aims to improve and transform our own operations and work collaboratively with our partners and the wider industry to decarbonise our supply chain.

Scope 1 emissions

Our Group Scope 1 emissions account for around 1 million tCO₂e. We are taking action to transform our processes and operations towards a low carbon future. We are:

- **Improving refrigeration efficiency and reducing refrigerant emissions** in our store and distribution centres by installing aerofoil technology and switching from f-gas to CO₂ systems.
- **Reducing emissions from logistics and home delivery** by maximising fuel efficiency across load, route planning and driver behaviour.
- **Switching to decarbonised transport** by pledging to the [Clean Van Commitment](#) and [EV100](#), as well as working with Original Equipment Manufacturers (OEMs) to trial alternatives to diesel in Large Goods Vehicles (LGVs).
- **Addressing emissions from heating** by trialling low carbon alternatives to gas boilers, such as heat pumps and heat reclaim.



[Read more about how we are improving our operations to reduce our impact here.](#)

Scope 2 emissions

In 2015, grid electricity accounted for 65% of our own operations carbon footprint and so we developed our renewable electricity transition roadmap towards reducing our demand and switching to 100% renewable electricity by 2030. Following the sale of our Asia and Poland businesses in 2020/21, we procured more renewable certificates in Central Europe, achieving our goal of 100% renewable electricity across the Group ten years early. We have:

- **Installed solar panels and wind turbines at our stores and depots** to generate electricity on-site
- **Signed the largest unsubsidised Power Purchase Agreement (PPA)** portfolio in the UK, which is 100% additional (as at 4 November 2020), helping to transform the UK National Grid.

Scope 3 emissions

A large proportion of our overall footprint lies within our supply chain, comprising our Scope 3 emissions. We have set science-based targets in line with a 1.5°C trajectory and will shortly be publishing our end-to-end roadmap to net zero, detailing the key actions that we will take to achieve our ambition. This roadmap will build upon our existing actions, including:

- **Rolling-out a network of retail electric vehicle (EV) charging stations** with [Volkswagen](#) and [Podpoint](#), to help our customers switch to electric cars.
- **Taking cross-industry action to improve climate outcomes** by partnering with [WWF](#), the [Aldersgate Group](#), [Corporate Leaders Group](#) and [RE100](#), among others.
- **Supporting positive public policy on climate** goals such as the UK's net zero by 2050 ambition, and the UK ban on internal combustion engine vehicle sales by 2030.

Previously published information and data relating to our Scope 3 emissions has been removed from this factsheet until we release our end-to-end net zero roadmap.

Integrating climate risk into Tesco

We are strengthening governance and processes throughout our business to integrate sustainability goals and embed climate risk, including recognising climate change as a principal business risk and launching sustainability-linked finance products, including:

- **Revolving Credit Facility** launched in October 2020, with interest linked to the achievement of three ambitious environmental targets, comprising GHG emission reduction, renewable energy and food waste.
- **First retailer** to launch a sustainability-linked bond (€750m), with the coupon rates linked to our emissions-reduction performance.
- Announced the **UK's first sustainability-linked supply chain finance programme**, to incentivise wider action on climate across our supplier base.



[Read more about our sustainable financing here.](#)

In 2017, we became signatories of the Taskforce on Climate-related Financial Disclosure (TCFD) and since then we have been implementing the recommendations of the TCFD and embedding it in strategic decision making.



[See our TCFD report in our latest Annual Report and Financial Statement here.](#)

Key highlights.

100% renewable electricity across the Group.

54% reduction in absolute Scope 1 and 2 GHG emissions vs 2015 across the Group.

Launched a €750m sustainability-linked bond.

Set Scope 3 emission targets in line with a 1.5°C trajectory, committing to reach net zero across our supply chain by 2050.

3 Year Performance.

Group data					
Commitment	KPIs	2018/19	2019/20	2020/21	
Meet science-based climate targets for our operations, aligned with 1.5-degree trajectory of Paris agreement	Percentage reduction of Scope 1 and 2 greenhouse gas emissions across the Group (baseline 2015/16)	-41%	-49%	-54%	
	Absolute UK greenhouse gas emissions (Scope 1 and 2 market-based) (percentage vs 2015/16 baseline 1,751,572 tCO ₂ e)	938,536 tCO₂e (-46%)	905,053 tCO₂e (-48%)	880,039 tCO₂e (-50%)	
Source 100% of our electricity from renewable sources by 2030	Percentage electricity from renewable sources	81%	84%	100%	(21% contracted additional)

All figures have been restated to reflect the sale of our businesses in Thailand, Malaysia and Poland. 2019/20 figures have been restated to reflect renewable energy certificates from our UK subsidiaries which were not captured in the reported figure last year.

Group GHG emissions data				
tCO ₂ e	2015/16 baseline	2018/19	2019/20	2020/21
Scope 1	1,240,871	1,117,480	1,105,183	1,053,131*
Scope 2 (Market-based method)	1,095,671	256,446	81,531	13,631*
Scope 2 (Location-based method)	1,657,316	995,543	859,583	718,222*
Scope 1 and 2 (Market-based) Total	2,336,542	1,373,926	1,186,714	1,066,762*
Scope 1 and 2 carbon intensity (kg CO ₂ e/sq. ft. of stores and DCs)	30.16	18.24	15.58	11.63*

KPMG LLP was engaged to provide independent limited assurance over the selected greenhouse gas emissions data highlighted with a * using the assurance standards ISAE (UK) 3000 and 3410. KPMG has issued an unqualified opinion over the selected data. Read the Assurance Statement [here](#).

All figures have been restated to reflect the sale of our businesses in Thailand, Malaysia and Poland and include the acquisition of Best Food Logistics in the UK as well as minor data improvements.

Methodologies.

How we measure our progress

To track our climate change progress, we rely on science-based targets to guide our KPIs – this helps us calculate our percentage reduction in CO₂e in line with climate science, as well as the timeframe for achievement in line with the Paris Agreement. Our carbon footprint is calculated using established frameworks set out by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol – the internationally recognised standard for carbon reporting.

As the science evolves and our business changes, so too does our baseline for reporting. In December 2020 we re-baselined our carbon figures to reflect the sales of our businesses in Thailand, Malaysia and Poland. In March 2021 we re-baselined to incorporate Booker's acquisition of Best Food Logistics. During this process we have also incorporated data improvements since the latest assurance statement. All figures outlined in this document are up to date, and our recalculation policy can be found [here](#).

A brief description on each of the methodologies for our climate change KPIs can be found below.

Percentage reduction of Scope 1 and 2 greenhouse gas emissions (baseline 2015/16) across the Group

Our Scope 1 and 2 emissions cover the following sources across our international operations:

- Scope 1 – The direct GHG emissions that originate from Tesco owned or controlled assets. For example, emissions from gas and other fuel consumption in our stores, distribution centres and offices globally. We also include emissions from fuel consumption in Tesco owned and leased vehicles transporting the products that we sell. As well as energy, we also include emissions from refrigerant gas leakage from systems in our stores or our vehicles.
- Scope 2 – This includes the indirect GHG emissions from the generation of electricity and district heating which Tesco uses, in accordance with the Greenhouse Gas Protocol.

Our data is collected by managers in each location and entered in an internet-based reporting tool. Data is collected quarterly on a country-by-country basis using the “operational control” approach.

Percentage reduction of Scope 1 and 2 greenhouse gas emissions (baseline 2015/16) in the UK

Uses the same methodology as the KPI above but applicable for our UK operations – where our largest footprint lies.

Percentage electricity from renewable sources

As defined by the proportion of electricity which comes from renewable Power Purchase Agreements (PPA) both onsite and offsite, renewable generation from owned assets onsite, and purchased in the form of Renewable Energy Certificates (RECs).

Our reported KPI is all renewable sourced electricity as a percentage of total electricity demand. Data is collated by our internal teams, who carry out the KPI calculations on an annual basis in line with our financial year.

Looking ahead.

We are currently undertaking a comprehensive review of our Group climate strategy to challenge ourselves to go further, including our net zero ambition, decarbonisation roadmaps and supply chain initiatives. More information on the results of this review will be published later in the year and will inform our climate action and disclosure going forward.

Targets

- Net zero across Group operations by 2035 and across the supply chain by 2050.
- Fully electric Tesco home delivery fleet in UK by 2028.

Read more about our approach

More information

[Our approach to climate change](#)

[Our carbon footprint](#)

[Climate FAQs](#)

Methodologies and assurance

[Our carbon footprint methodology](#)

[Our carbon footprint recalculations policy](#)

[KPMG assurance statement](#)

Benchmarks

[CDP Climate](#)