

Asda Creating Change for Better

2020/21



May 2021

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Message from our CEO

For decades, supermarkets have been part of the fabric of daily life, fulfilling the most basic needs of consumers – to feed their families. At Asda, we have always been proud to be more than just a retailer and to play an active role in the communities we serve, but 2020 and the onset of the Covid-19 pandemic brought that role into the spotlight more than ever before.

Alongside other essential workers, we've been at the frontline of feeding the nation, operating our stores and home delivery services in the most challenging of circumstances. Throughout this time, our first priority has been keeping our customers and colleagues safe. We've enabled vulnerable colleagues to stay at home on full pay while recruiting 23,000 temporary team members, supporting local economies.

And we've worked shoulder to shoulder with our suppliers to give them the certainty they've needed – with clear communication and faster payment terms. Within our communities, we've pulled together to support vulnerable customers in accessing essential groceries, and worked closely with our charity partners the Trussell Trust and FareShare to set up e-referral systems for food banks to ensure that surplus food was redistributed to those in need.

While this year has been exceptional, I am proud that we have not lost sight of our wider environmental, social and governance (ESG) responsibilities – because, even with a thousand plates spinning, doing the right thing is baked into who we are. Through this report, we will share with you how we're progressing on the key ESG issues that matter to our business and to you, our stakeholders, and where we stand to make the greatest difference.

Despite the significant challenges of this last year, we have never lost sight of the other great challenges our society faces. Climate change represents a threat to human safety on an unparalleled scale and presents very material risks to our food chain; we are committed to playing our part in accelerating solutions which protect and regenerate our environment. Public health has never been more under scrutiny than this year, or the inequalities affecting health outcomes starker. Access to an affordable healthy diet is a fundamental requirement and we take our opportunity to contribute here seriously. Social inequality has never been greater – and we are determined to continue to drive positive change, both within our organisation and externally.

**"AT ASDA, WE'VE
ALWAYS PUT OUR
CUSTOMERS'
NEEDS FIRST."**



Creating Change for Better

In 2019-20, as we continued to expand our company-wide ESG programme, Creating Change for Better (CCFB), we've listened to our customers, developed products and services that meet their needs, and taken an inclusive approach to creating healthier, more sustainable choices. Our holistic environmental strategy, Better Planet, guides our efforts on reducing carbon emissions, protecting nature and eliminating waste in our business. We've already lowered our direct carbon emissions by 31% since 2015 and we're committed to achieving a 50% reduction by 2025. We're taking action across our fleet, our refrigeration technology and reducing our absolute energy use as well as embracing renewable sources.

"AS WE MOVE FORWARD ON OUR ESG JOURNEY, WE'LL CONTINUE TO BE TRANSPARENT ABOUT OUR PROGRESS, AS WE WORK WITH OUR COLLEAGUES AND PARTNERS TO CREATE POSITIVE CHANGE."

Plastic packaging is an issue our customers write to me about regularly. I know they share our passion to reduce unnecessary single-use plastic and we're committed to helping. By redesigning over 200 Asda Brand ranges we've already taken 9,300 tonnes of plastic out of our products, as well as eliminating millions of single-use items from all our sites. We're working hard in our own backyard too – we send zero operational waste to landfill and all our transit cardboard and plastic packaging is recycled. All of our stores now have the capability to donate surplus food to charity. Our "Greener at Asda Price" promise means we're working hard to give our customers affordable access to greener alternatives which save them money – and by using and wasting less in our supply chain we can invest savings into great customer value.

Since 2018, we've donated more than £25 million through our Fight Hunger Create Change programme to help our charity partners, FareShare and the Trussell Trust, reach more people and tackle the root causes of poverty. We also have two other long-standing national charity partnerships, with more than £26 million raised to date for BBC Children in Need and over £71 million over the past 25 years for Asda Tickled Pink in the fight against breast cancer. Our independent charity, the Asda Foundation, shares our ambition to create better communities and delivers emergency support where it is most needed. In 2020, this included helping victims of severe flooding and donating over £1.5 million in grants to help communities through the Covid-19 pandemic, including providing PPE and other essentials for care homes and grants for residents and for schools to help parents struggling to meet the cost of children returning to education.

Creating better lives is linked to our dual responsibility of producing food that improves both the health of people and the planet. We want our millions of customers to know that they can trust us to deliver on this. By 2024, we aim to have increased the proportion of healthy own-brand products to 60%. Central to this will be introducing 1,200 products labelled with our new healthy living Live Better icon, signposting customers to our most nutritious options. And we will continue to adapt our product ranges to cater for all dietary preferences, including free-from and plant-based food.

We take the same inclusive approach to our healthcare solutions. For example, in 2020, we introduced the UK's first drive-through flu jab to help vulnerable people gain safe, rapid access to this important vaccine – and used our learnings here to work with the NHS to establish the first supermarket-based Covid-19 vaccine centres in our Cape Hill and Watford stores.

Amidst the Covid-19 pandemic, events in 2020 also brought into sharp focus issues of diversity and inequity, in particular related to race. Our new diversity and inclusion strategy will help us to create an environment where all colleagues can thrive and contribute to our vision. We're also stepping up our focus on well-being, and enabling our colleagues to take ownership of personalising their learning and development journey.

Beyond our own operations, we're expanding our responsible sourcing efforts, promoting workers' rights and working to eliminate the risk of modern slavery from our supply chains. Overall, our efforts to engage fairly with our suppliers have seen us ranked third of 13 designated retailers for overall compliance with the Groceries Supply Code of Practice. Importantly, through our commitment to local suppliers, we are gearing up to source more British produce.

As we move forward through 2021 and beyond, I am heartened by the resilience we have shown in our response to the pandemic. I would like to thank our colleagues for pulling together and delivering for our customers in exceptional circumstances. Whilst I look forward to putting Covid-19 behind us, I am grateful for the opportunity it has afforded us to show ourselves at our best, and for our colleagues to be recognised in society for the important work they do every day to feed the nation. As we return, hopefully soon, to some level of normality, we remain dedicated to meeting our customers' needs, and making greener, healthier and other responsible choices more affordable and accessible to all.

I hope you enjoy our first ESG report and look forward to hearing your feedback.



Roger Burnley, Chief Executive Officer, Asda

Our Story

From the very beginning, Asda has championed customer value by listening to our customers and communities, and developing products and services that meet their needs. Our people and unique culture have always made Asda a special place to work and shop. We take pride in our communities and do everything we can to help the vulnerable, while working to help uncover and tackle the root causes of hardship in society.



The first Queens Supermarket, opened in Castleford by our founders Peter and Fred Asquith in 1962

Our company was founded in Yorkshire in the 1960s, where we still have our home office today. Over the years, we've seen some momentous changes, from opening the UK's first self-service supermarket in Yorkshire in 1963 to our acquisition by Walmart in 1999, making us part of the world's biggest retailer, and many other adventures along the way.

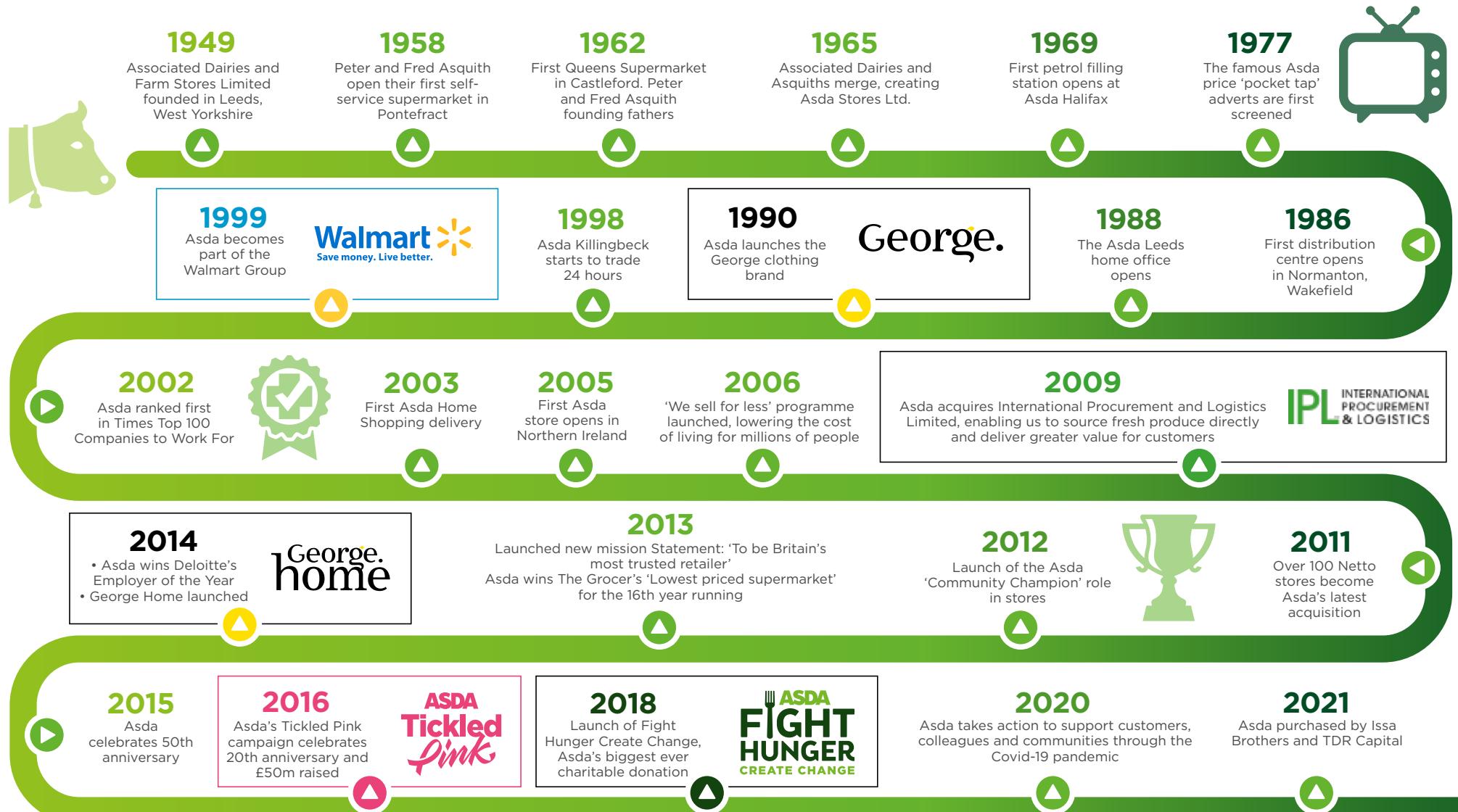
In 2009 we purchased International Procurement Limited (IPL), now one of the UK's biggest importers of produce to help improve the value, quality and availability of our products in a cost-effective way, so we can continue to offer low prices to our customers.

In 2021 we are at the beginning of the next exciting stage of our journey, having recently left the Walmart family and gained new owners in TDR Capital and the Issa brothers, founders and co-CEOs of EG Group.



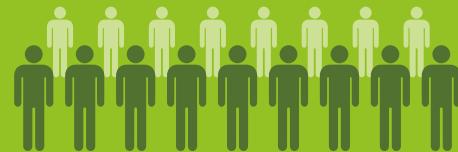
In 2020, we brought back our iconic 'Pocket Tap' which is synonymous with great value.

Customer Champions since 1965, our story so far



ASDA

Asda is one of the UK's largest supermarket retailers, with a network of 656 stores and online services. More than 14 million people shop with Asda every week, and www.Asda.com has the capacity to serve 98% of UK homes. Through everything we do, we aim to help our customers save money and promote healthy, sustainable lifestyles.



145,000
COLLEAGUES



£22,899.2m
GROSS SALES
IN 2019

5 million
VISITS TO THE
GEORGE.COM
WEBSITE EVERY WEEK




656
STORES



1,000s
OF DIRECT
& INDIRECT
SUPPLIERS



ONLINE GROCERY
PICKING OPERATIONS
(IN STORE)



MORE THAN
14 million
CUSTOMERS
PER WEEK
(IN STORE AND ONLINE)



DISTRIBUTION CENTRES
ACROSS ASDA
LOGISTICS SERVICES

George.

The George fashion brand launched in 1989 and is now sold in over 560 stores and through George.com. It continues to grow ahead of the market. George is the 3rd largest volume retailer online in the UK with around 5 million visits to the website per week generating circa 200,000 customer orders each week. One in three buyers shops for Schoolwear* at George.*

*Kantar Data w/c 13.12.20.

About this report

Our reporting is guided by frameworks such as the Global Reporting Initiative (GRI) Standards and the United Nations (U.N.) Sustainable Development Goals (SDGs). This report provides a comprehensive view of our approach to ESG issues and our performance in 2020 and in some cases 2019 (due to data availability). Some historical progress is included for context as this is our first Asda-specific ESG report. The data and claims contained within this report are correct to the best of our knowledge, as of the publishing date of May 2021.

ESG Issue Prioritisation

Our mission, to save people money so they can live better, has never been more important. We have both an opportunity and a responsibility to address issues such as climate change, resource scarcity, social inequality and responsible supply practices while remaining laser-focused on delivering value to our customers.

In developing our Creating Change for Better (CCFB) strategy, we focused firstly on creating a holistic approach encompassing the environment, people, communities and our business – and understanding which major issues affect us and our stakeholders the most. We've prioritised these according to the best opportunities to serve and support our customers and communities, and where we stand to create tangible, lasting change. This is the best way for us and our partners to achieve positive impact at scale. It will also help us to contribute to achieving the UN's 2030 Sustainable Development Goals, the goals guiding the global push for a fairer, more sustainable world (see appendix page 116).

To determine the key priorities of our strategy, we have listened to our customers, engaged with a range of experts both within and outside our company, conducted research and referred to our former parent company,

Walmart's approach to defining its key sustainability issues. We aim to maintain an open dialogue with all our stakeholders, stay informed of evolving trends and keep evaluating our approach to understand if we need to adjust our focus. We will further develop our external stakeholder engagement in 2021.

Listening to our customers – We remain relentlessly focused on the changing needs of our customers. We stay close to their views on world issues and our progress on social and environmental topics, assessing how we're delivering on our promises to customers and identifying areas for improvement.

Expert advice and research – Social and environmental issues are complex and connected. In addition to our own experts researching and engaging in the issues, we welcome key external partners such as NGOs, suppliers and academics to share thought leadership and best practice. We also leverage our membership of major industry collaborations and associations to build our knowledge, understanding and contacts in these areas.

Importance to stakeholders	Major	Supporting customer health and safety	Carbon emissions (operations and supply chain) Providing affordable greener products and services Healthy, inclusive, sustainable dietary choices Food and operational waste Plastic and packaging
Significant	Data security Executive remuneration Lobbying Stakeholder engagement	Water stewardship Natural capital and biodiversity Circular economy Learning & development Supporting local communities	Local and British sourcing Sustainably and Responsibly sourced ingredients & materials Employee Health, Safety & Wellbeing Human rights Food safety & quality
Moderate	Air quality Water stewardship (supply chain) Tax transparency	Charitable giving Responsible marketing Business ethics & compliance Animal welfare Transparent supply chains	
	Moderate	Significant	Major

Asda Impact

Trends driving our approach

We're operating in a rapidly changing market influenced by major global challenges and consumer preferences. In particular, we and our partners are innovating to transform the way food is produced and consumed.

The climate emergency

In 2018, the UN Intergovernmental Panel on Climate Change (IPCC) called for urgent action to keep average global temperature rises below 1.5 degrees (compared to pre-industrial times). With the global food industry accounting for 25% of the world's emissions (from production to sale), retailers must help to transform food production and build farmers' resilience to climate change.

Biodiversity collapse

Biodiversity is vital to producing food crops. Yet nearly 70% of all wildlife has been lost since 1970 due to human activity, according to the World Wildlife Fund for Nature (WWF).¹ This includes industrial farming, with large areas deforested in recent decades to grow crops. Deforestation and biodiversity loss also lead to climate change, so it's critical that we protect and restore nature.

Circular economy

With deepening resource scarcity and concerns that food production is exceeding the planet's natural limits, our industry must champion a more regenerative approach to producing food. This means eliminating waste and ultimately, giving back more than we extract from nature. It includes ensuring packaging is designed for recycling or reuse, as well as non-food products being built to last.

Transparency and human rights

With growing stakeholder interest in radical transparency, it's vital that our industry does more to address human right issues, including modern slavery, within our global supply networks.



¹ World Wide Fund for Nature; Living Planet Report 2020 | 2. <https://ourworldindata.org/food-ghg-emissions>



UK customer trends

Healthy eating and living



Eating more fruit and vegetables and maintaining a balanced, healthy lifestyle is vital to well-being, and should be in reach for everyone. It makes good business sense for us to offer holistic health solutions for customers and employees, covering food, pharmaceuticals and optical health.

Local sourcing and community support



The impact of the Covid-19 pandemic has reinforced trends towards people buying locally and supporting their local communities. Meanwhile, poverty is increasing and more people than ever are using food banks, with an 89% year-on-year increase in food bank use in April 2020.¹ It's vital that retailers act to support local suppliers and make a positive impact in their communities.

Shifting diets



With a greater diversity of dietary preferences and a rise in allergies/food intolerance, we're doing our best to cater for everyone. Many people now prefer a plant-based or flexitarian diet, for example, or need product ranges that exclude certain ingredients. We have invested in lowering prices to expand access to these lifestyle choices.

Intention vs. action gap



Some 65% of Asda customers say they would be willing to change the way they shop to be more environmentally friendly.² However, it's not always easy for people to follow through on their intentions when they reach the supermarket shelves. We want to help bridge the gap between intention and action by removing some of the barriers around affordability and availability.

A

Globe

People

+

Handshake

Creating Change for Better (CCFB) strategy

As a major retailer, we have a responsibility to improve the impact of our business and supply chain, and help make the world a better place. We know that our customers care about pressing issues like poverty, healthy living and protecting the planet, and they want us to play our part in creating solutions that work for everyone. By taking action, we're not only meeting their expectations, we're also strengthening our business for the future, so we can continue to deliver the same great value.

Our Creating Change for Better strategy, first developed in 2018, tackles the major challenges facing our business and society today, focusing on the issues that matter most to our business and stakeholders, and where we can make the biggest difference. It's guided by ambitious goals that will guide our efforts

to be a force for good and help transform people's lives. Importantly, Creating Change for Better builds on our long history of doing the right thing by our customers, and the progress we've made in reducing our environmental footprint, creating healthier products and services, and supporting our communities, while upholding high ethical standards. By weaving together all our environmental, social and governance (ESG) ambitions into one holistic strategy, and with the support of our colleagues, customers and suppliers, we know we can achieve more and move more rapidly towards our goals.

We're inviting you all to join us on the journey, by inspiring one person at a time; together we can start a chain reaction, and create a measurable, positive difference to people's lives and our world.

Introducing the CCFB pillars



To play our part in tackling climate change and resource scarcity, we need to cut our carbon emissions and drive down waste – including food waste. We're also committed to protecting biodiversity through sustainable sourcing and to making greener products and services more affordable to our customers.

[See pages 16-52](#)



We're proud to support local communities across the UK and work with our charity partners to fight poverty, support children in crisis and provide breast cancer research and support.

[See pages 53-73](#)



We all want to live long, healthy and happy lives. At Asda, we're striving to make the healthier choice the easier choice by making nutritious food affordable and appealing, with uplifting communications, national campaigns and innovation in our own-brand products.

[See pages 75-86](#)



To become the UK's most trusted retailer, we need to uphold the highest standards of honest, ethical conduct. Colleagues must be able to feel safe and respected in inclusive workplaces. And beyond our stores, we need to source responsibly.

[See pages 87-112](#)

Delivered by our colleagues

Our people are at the heart of our efforts across all of our focus areas. We ensure we create an inclusive workplace for them where we promote their well-being, listen to their needs and provide them with development opportunities to succeed. [See pages 89-98](#)

See all of our ESG commitments and our approach to ESG governance in the Appendix. (Pages 117-122)

Sustainability at George

As Britain's first supermarket clothing brand, George now also includes home products and is sold in over 560 Asda stores and through George.com. George have the largest value and volume in Schoolwear¹ and one in three buyers shops for Schoolwear at George.

But style, quality and price are not enough without making sure we're doing the right thing as a business. We believe we can use George's scale as a force for good and that good value, planet-friendly fashion should not cost the earth or come at an unacceptable cost to workers. So we are committed to reducing George's environmental impact and protecting the rights of the people who work hard to make our products a success.

Building on strong foundations

Building on years of working to protect workers' rights (see page 100), George has extended its sustainability efforts to include environmental issues. Collaboration sits at the heart of the way George tackles these industry-wide challenges. For example, it works with the Ethical Trading Initiative to improve labour conditions, and it's supporting the ZDHC Foundation to eliminate harmful chemicals in the global fashion industry.

In March 2019, George took its ambitions to the next level with its George for Good strategy, including a set of 2025 goals. These goals focus on the five areas where the George business stands to make the biggest difference. These are: responsibly sourced raw materials, chemical management, packaging, human rights and circular economy innovation (keeping clothing in use for as long as possible and transforming old clothes into raw materials for new products.)

George works closely with Asda to address these challenges, and during 2020 merged to become part of our overall Creating Change for Better strategy, retaining its brand-specific goals while supporting Asda's broader push for sustainability (see pages 16-52). Together we're stronger and will build momentum more rapidly on our shared vision for change.



George for Good – our sustainability strategy

A
Globe
People
Plus
Handshake



Responsibly Sourced Fibres

- All Cotton will be responsibly sourced by 2025
- All Viscose will be sourced from traceable sources with a low environmental impact
- All polyester will have a minimum of 30% recycled content by 2025



Zero Tolerance of Hazardous Waste

- We aim to have all mills reporting through the Higg Index by the end 2022
- We aim to eliminate hazardous waste being released into the soil, water and air
- We will work with suppliers to reduce the discharge of higher-risk chemicals from the manufacturing of apparel, footwear and textiles
- We will actively participate in the Microfibre Consortium to reduce ocean plastics
- We are aligned with ZDHC²



People

- Public disclosure of first-and-second-tier factories
- Continued support of HOPE worldwide



George Cares

- Enhancing clothing recycling facilities for our customers
- Promoting longevity of our garments through customer care
- Our Sourced by George website¹ was relaunched in 2020 and is being continually updated to show our progress



Packaging

- All George care labels are now made from recycled polyester
- All George packaging will be 100% recyclable
- 50% of hangers will be reused or recycled by 2025
- All primary paper-based packaging to come from sustainable sources by 2025
- 30% recycled content in all garment polybags

Covid-19 response

Covid-19 took a tragic toll on people's lives in 2020. For us, it brought unprecedented pressures to maintain stocks and adapt our stores and deliveries. We acted rapidly and robustly, utilising our well-established Incident Management Group and Business Continuity Programme. Our stores were soon optimised for social distancing and sourcing was adjusted to keep essential goods flowing, particularly for NHS staff and vulnerable people.



Customers

We introduced multiple social distancing measures, over 4,200 in-store sanitising stations and more than 1,000 Covid Safety Marshalls to promote health and safety in store.

We scaled up our online delivery capacity to meet the rapidly growing demand, added a further 57 electric vans to our fleet, and protected delivery slots for the vulnerable.

We launched the first supermarket drive-through flu jab.

We were the first supermarket in the country to provide in-store Covid vaccinations, with our trained pharmacy colleagues delivering jabs to priority groups selected by the NHS.



Colleagues

We recruited an additional 23,000 temporary colleagues to help us feed the nation.

We supported vulnerable colleagues during the initial 12-week lockdown and beyond, providing colleagues shielding at home with full pay.

We provided personal protective equipment and increased Covid-19 safety measures across stores, depots and home offices.

We provided all frontline colleagues with an additional week's thank you payment in June 2020.



Community

We increased our Asda Community Champions' regular monthly budget of £150 to £350 to extend our giving to local NHS hospitals and care homes.

Our Community Champions processed 2,781 local donations to 1,947 organisations (including food banks or NHS facilities) during the first national lockdown.

Asda Foundation donated £200,000 to the Royal Voluntary Service to fund a telephone companionship service for elderly and vulnerable people.

Asda and Asda Foundation joined forces to make a donation of 7,000 laptop bundles for school children to tackle digital exclusion.

A





Key Workers

We adjusted our shopping times to ensure NHS key workers and care home workers could shop hassle-free, and provided vulnerable people with special access.

We connected the NHS with our suppliers to procure personal protective equipment, scrubs and gowns; George also donated 20,000 pairs of socks to NHS Wales.

When PPE was scarce, we donated over £200,000 worth of medical-grade face masks to care homes

We gave 5,000 nurseries priority access to delivery slots to help them to continue supporting parents through lockdown.



Charity Partners

We donated a further £5 million to our Fight Hunger Create Change partners to provide emergency response and build charity resiliency.

We supported BBC Children in Need's 'Big Night In' Appeal, which raised £67 million for BBC Children in Need and Comic Relief.

We added bespoke products to support our Tickled Pink charity partnerships and gave customers the ability to donate via scan and go terminals for the first time, preventing the need to collect cash.

We launched an Asda 'Rainbow Pizza' with 100% of the profits being split equally between NHS Charities Together and The Care Workers' Charity



Suppliers

We provided a rent-free quarter to around 250 small businesses across our estate.

We committed to immediate payment for our small business suppliers.

Together with other retailers, we provided more than 1,000 suppliers with free best practice webinars on protecting workers.



See more on the actions we're taking to meet customers' needs in the crisis.

[https://www.Asda.com/creating-change-for-better
/we-are-all-in-this-together](https://www.Asda.com/creating-change-for-better/we-are-all-in-this-together)

Better Planet

WE ARE TACKLING CLIMATE CHANGE, ELIMINATING WASTE, PROTECTING AND RESTORING NATURE, WHILST ENSURING GREENER CHOICES ARE GOOD VALUE FOR OUR CUSTOMERS.

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Better PLANET

We are proud of our achievements in providing great customer value whilst driving positive change to tackle climate change, eliminate waste, and protect and restore nature – see some of our key highlights below:



Carbon footprint reduction in 2019 compared with 2007
44% absolute reduction

Amount of carbon saved by suppliers leveraged through The Asda Sustain and Save Exchange platform: over **72,000 tonnes¹**

98%
of our timber, paper and pulp products are sustainably sourced.²



Percentage of cotton sourced through sustainable schemes

60%³

Increase in food redistribution between 2018 and 2019
98% increase⁴



ASDA 581

Number of all Asda superstores and supermarkets with the ability to donate surplus edible food to charities and food banks.

Weight of plastic
removed from our own brand packaging
since 2018: over **9,300 tonnes⁵**

Over 200
product ranges have seen plastic reductions⁵

Zero
operational waste is sent to landfill



1. Data is collected by a third party (www.manufacture2030.com) via two methods; directly from suppliers or indirectly through surveys. 2. Based on extrapolated supplier survey results received relating to the 2020 calendar year. 3. George estimated total cotton lint footprint submitted to BCI as part of a Walmart global membership umbrella. 4. That's food donated to charity, given away to customers and colleagues, commercial redistribution and used for animal feed. 5. Currently only plastic removal is tracked, with reduction calculated using the previous 12 month sales volume.

Our ambition and strategy

A warming world and depletion of natural resources will have a direct impact on UK food supply – and on our ability as a retailer to source it. At the same time, more and more of us want to know where our food has come from, and we want peace of mind in what we're consuming. The food retail sector is seeing unprecedented media and consumer interest in environmental issues from plastics and palm oil, to food waste and fish farming.

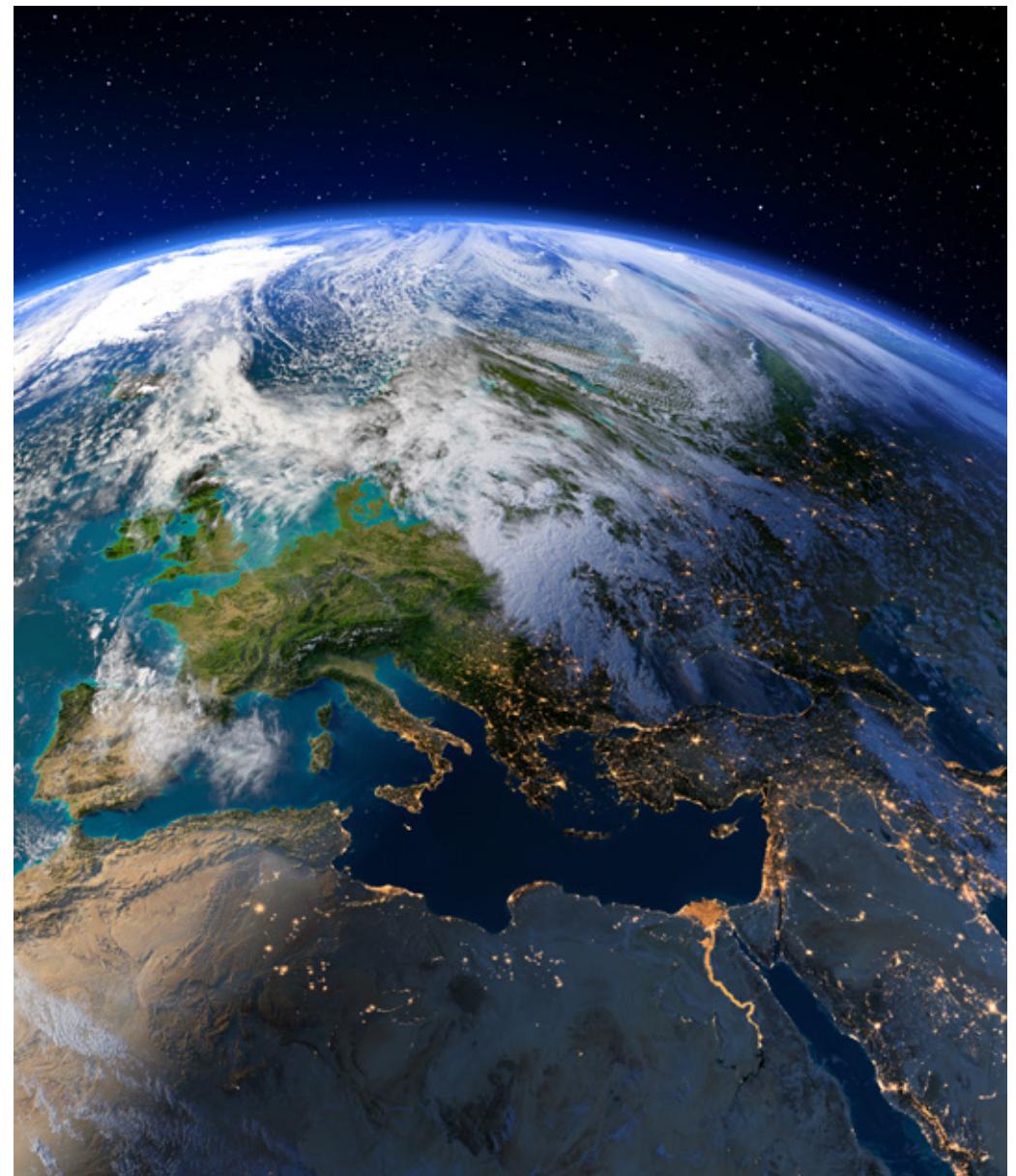
But tackling these issues is not always as straight forward as you may think. For instance, plastic packaging, which is harmful to the environment, extends shelf life thus avoiding food waste and associated carbon and methane emissions. Navigating these kinds of dilemmas is a responsibility we take very seriously and it's why we work collectively, alongside other supermarkets and with NGOs – so that solutions work for our planet and communities.

Our Better Planet mission is to:

"BE TRUSTED TO CREATE CHANGE FOR BETTER, TAKING REAL ACTION TO REDUCE CLIMATE CHANGE, ELIMINATE WASTE AND PROTECT NATURE'S RESOURCES."

Some 65% of Asda shoppers say they'd be willing to change the way they shop to be more environmentally friendly, but only 23% are acting on their intentions – and price is one of the main reasons.¹ At Asda, we believe that shopping sustainably shouldn't have to be a luxury. It is why our 'Greener at Asda Price' promise pledges more sustainable choices at the same price, or less, than standard alternatives. We'll work with our colleagues and suppliers to make this a reality, and continue to encourage and support our customers in making behaviour changes that respect the planet.

Whether it's food miles or animal welfare, soy or packaging – we have a solid track record of acting decisively on environmental challenges. But we know there is more to do. Our new ambitions will help to future-proof our business and deliver value to our customers.



Greener At Asda Price:

Sustainable choices that save our customers money, cut our costs and protect our planet.

To achieve our ambitions, we need a clear roadmap with both short-term (2025) and longer-term (2040) goals. Building on our progress, we now intend to accelerate our efforts for greater impact. And we'll keep you informed of our performance, achievements and challenges along the way.

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Carbon



Nature



Waste



Value



Eliminating carbon emissions

Sourcing and farming
which respects and restoresElimination of food, product and
packaging wasteGreener choices which save
our customers moneyAn end-to-end net zero
carbon emissions businessA regenerative impact on nature, all
food sustainably producedA zero waste world, where
nothing goes in the binCarbon-neutral baskets which
save our customers money

Our 2040
Vision

Our 2025
goals

- ◎ **COMMITMENT 1**
50% lower direct GHG emissions
- ◎ **COMMITMENT 2**
Develop measurement of non-direct scope 3 emissions

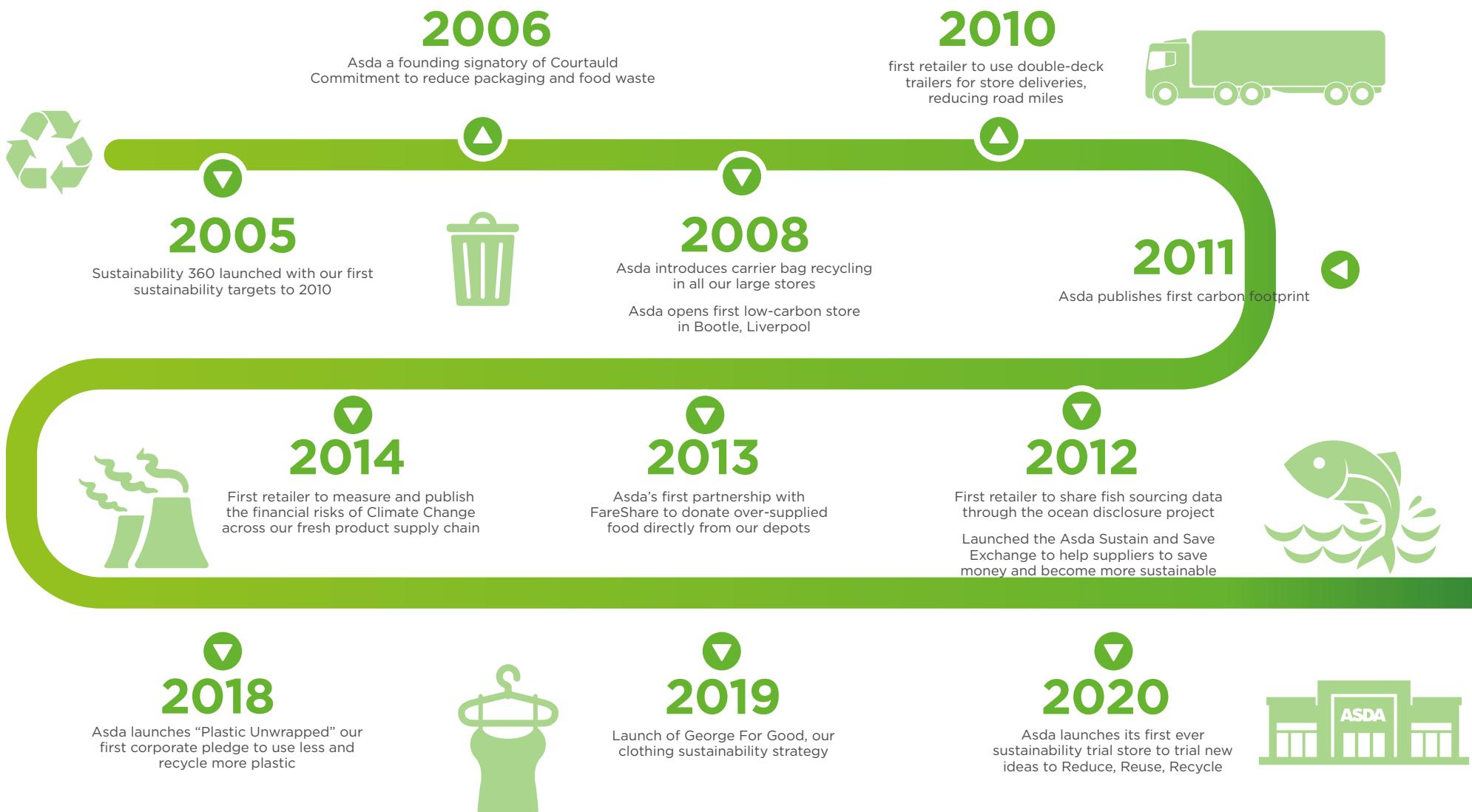
- ◎ **COMMITMENT 3**
Top 20 commodities sustainably sourced
- ◎ **COMMITMENT 4**
Develop Natural Resource Stewardship programme

- ◎ **COMMITMENT 5**
Zero waste operations*
- ◎ **COMMITMENT 6**
Reduce food waste by 20%
- ◎ **COMMITMENT 7**
Reduce packaging and drive 100% recyclability of what remains

- ◎ **COMMITMENT 8**
Enable Asda customers to shop more sustainably
- ◎ **COMMITMENT 9**
Rapid expansion of cheaper, greener alternatives

* Asda definition of zero-waste is 90% diversion from landfill and incineration (including energy recovery) or 90% of operational waste reused, redistributed, recycled.

Our sustainability journey





According to NASA, 2020 was the warmest year on record.¹ Climate change is already here, posing a very real risk to our food supplies – in fact, our Climate Adaption Study² predicted that 95% of fresh produce will be directly impacted by changing weather patterns. And it's not just food supplies – our stores, depots and transport routes are increasingly exposed to extreme weather events associated with climate change, particularly flooding. As a retailer that cares about the future of food, we have a responsibility to join the climate change fight.

We know we don't have all the answers, and that we need to work collaboratively with our partners and suppliers to accelerate change. We're committed to meaningful climate action, and we currently adopt carbon reduction goals in line with the Science-Based Targets initiative. This will help keep our emissions below the Paris Agreement target to keep global temperatures within 1.5° of pre-industrial levels.



Absolute carbon emissions by scope for 2018 and 2019

	2018 tCO2e	2019 tCO2e	% change
Direct Fuel	113,483	106,349	-6%
Direct Fuel, Vehicles	147,225	150,536	2%
Refrigerants	123,077	109,047	-11%
Scope 1 Total	383,785	365,932	-5%
Electricity	348,253	298,538	-14%
Scope 2 Total	348,253	298,538	-14%
Business Travel	6,770	4,729	-30%
Electricity - T&D	29,571	25,346	-14%
Waste	3,852	3,649	-5%
Water	2,883	3,689	28%
Scope 3 Total	43,075	37,413	-13%
Total	775,113	701,882	-9%

Total carbon footprint for the entirety of Asda's organisational boundary, categorised into the respective scopes as defined by the GHG Protocol.

Detailed methodology

Scope 1 refers to direct emissions from fuels such as natural gas or diesel used onsite, vehicles owned and operated by the organisation, and any fugitive emissions associated with refrigerant gases. Fuel oil consumption has been estimated and assumed consistent with 2017 & 2018.

Scope 2 consists of indirect emissions from the generation of purchased electricity consumed in operations. Scope 2 emissions are reported using the GHG protocol location-based approach. All electricity is accounted for using the average UK grid emissions intensity of 0.2556 kgCO2e/kWh.

Scope 3 emissions are all other indirect emissions that arise as a result of Asda's activity, but are under the operational control of another entity. The GHG protocol defines 15 different categories of Scope 3 emissions, however Asda currently report against four categories: Business Travel, Waste from Operations, Fuel and Energy Related Activities, and Water consumption (partial calculation, accounted for under Category 1 - Purchased Goods and Service).

Our carbon footprint

At Asda, our carbon footprint is roughly equally split between the transportation of goods and refrigerants and natural gas (known as direct, or 'Scope 1' emissions) and the electricity we use in our stores (known as 'Scope 2' emissions). We also contribute indirectly to carbon emissions via our supply chains, waste, water and colleague travel (known as 'Scope 3' emissions).

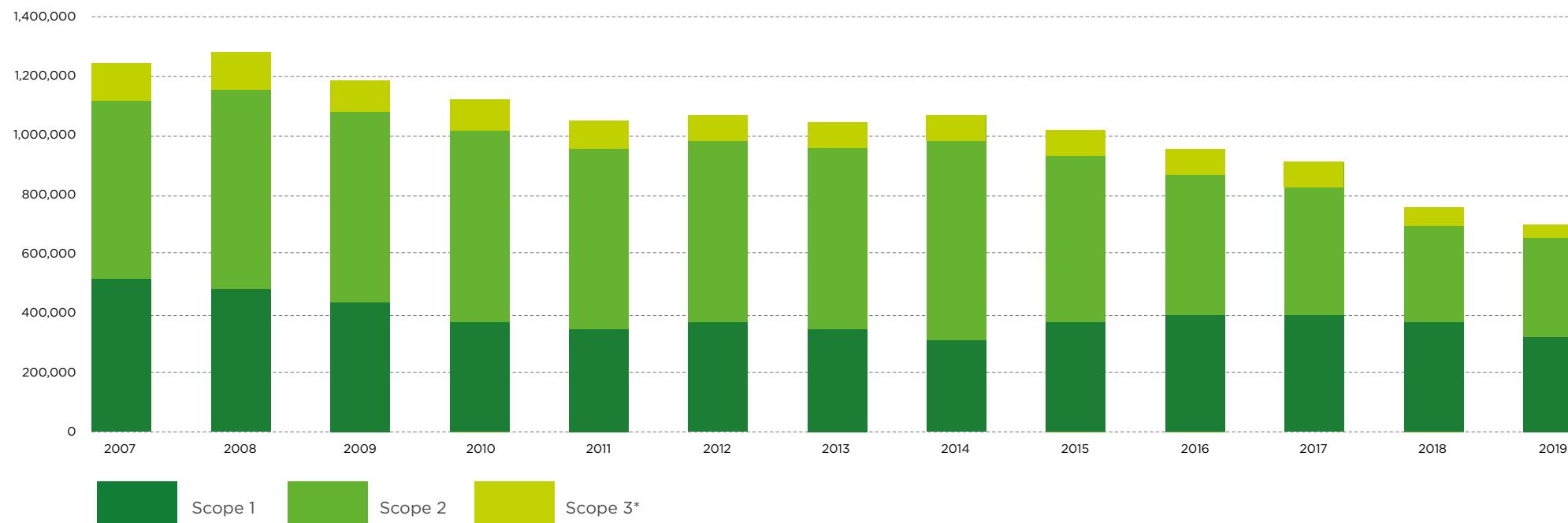
In 2019, our organisation's greenhouse gas footprint for the UK totalled 701,882 tonnes CO₂ equivalent (tCO₂e). This is a reduction of 9.4% compared to absolute emissions in 2018, primarily achieved by reducing our energy use, refrigeration gas emissions and UK grid decarbonisation. Our 2020 carbon data is being calculated, it will be ready later in the year and updated on our website.

So how does this break down? In total, 98.4% of our emissions came from energy usage (mainly electricity), transportation of goods and refrigerant gas usage.

The remainder comprises some of our indirect (Scope 3) emissions: business travel, water use and waste (our Scope 3 measurement is currently limited). As with most retail businesses, the supply chain emissions associated with the production of thousands of products we sell, are typically significantly higher than those associated with our direct operations. We'll begin to map our supply emissions in 2021, working alongside our larger suppliers to understand deeper supply chain emissions.

We exceeded our 2020 target to reduce absolute emissions by 30% (compared to 2007) ahead of time in 2018, and by 2019, we'd lowered absolute emissions by 44%. But we're not stopping there, and we know we need to reduce our impacts further. That's why we've adopted a science-based target to reduce our direct (Scope 1 & 2) emissions by 50% by 2025, compared to 2015.

Change in annual emission by scope since 2007



* Scope 3 only includes a very limited amount of categories

Fuel, fleet and refrigerants (Scope 1 emissions)

◎ COMMITMENT 1: 50% lower direct GHG emissions (scope 1 & 2) by 2025 vs 2015 baseline

Scope 1 emissions have reduced by 5% when compared to 2018. This has been driven by reductions in direct fuel combustion and of refrigerant gas top-ups. Our logistics and transport fleet is the second biggest contributor to our carbon footprint, representing more than two thirds of our Scope 1 emissions. Our fleet is primarily made up of our Asda Logistics Services (ALS) fleet of Heavy Goods Vehicles (HGVs) and the online fleet of large vans. Consolidating journeys in this way lowers mileage, costs and emissions.

After a successful pilot, we have started rolling out natural gas-powered trucks; with over 300 already operational and another 200 due for delivery in the next year, making Asda's the biggest UK fleet of gas-run HGVs. Our ambition is to have a fully gas-run HGV fleet in place by 2024, numbering almost 1,000 tractors and reducing our carbon emissions by an estimated 71,000 tonnes. Electric vehicles (EVs) currently make up less than 2% of our online fleet. We've deployed 57 EVs to support our online operations and will seek to scale this up over the long term as payload, range and charge speeds improve.

Our depot transport teams monitor and manage efficient driving. We provide dedicated training for drivers covering topics including driver style and fuel efficiency, helping to reduce risk and improve health and safety. The annual submissions we make to the Carbon Trust and our four-yearly ESOS report cover mileages and fuel used for both fleets.

Refrigerant gases account for approximately a third of our Scope 1 emissions and we've seen 15 years of continual improvement in design, installation and maintenance practices that have been driving down these emissions. We've also been moving to lower emission refrigerants, achieving a 66% reduction in direct refrigerant emissions intensity per square foot and a 53% reduction in absolute emissions.

As well as direct emissions, refrigeration uses electricity which contributes to our Scope 2 energy use. We have developed the world's first cost-effective, low-carbon refrigeration technology, which we will begin to roll out in 2022 to achieve a 94% reduction in direct emissions. We have designed these new low-carbon systems to be cost-effective to retrofit. What's more, the system requires less than 40% of the total refrigerant gas charge to operate.



IN 2021, ASDA WILL HAVE THE BIGGEST UK FLEET OF GAS-RUN HGVS AND WILL BE FULLY GAS-RUN BY 2024

Did you know?

To reduce our carbon delivery miles, we're trialling 25 carbon-fibre Mercedes sprinter vans. These super-light models emit lower emissions and will soon be available as electric-powered. We're now looking at alternative technologies to avoid diesel-based cooling in the vans' fridges, while exploring alternative temperature-control technologies for our chilled trailer fleets. Overall, we'd like to see our entire logistics fleet run on biogas, which can reduce CO₂ emissions by 80%. We already have the largest fleet of gas-powered trucks in the UK at over 300 and we're aiming for over 500 by early 2022.

Electricity (Scope 2 emissions)

◎ **COMMITMENT 1: 50% lower direct GHG emissions (scope 1 & 2) by 2025 vs 2015 baseline**

Our energy strategy focuses on three core areas:

- **Reduce energy intensity:** Lower energy consumption and decrease the cost to sell
- **Buy renewables:** Lessen impact of rising costs and reduce our reliance on fossil fuels
- **Control the most efficient stores:** Control energy efficiency and carbon reduction.

Our energy governance group meets regularly to drive momentum against our strategy and targets. For example, the group has agreed a plan to identify the best and most cost-effective ways to purchase electricity, including through Power Purchase Agreements and potential on-site generation activities (such as solar PV panels).

Although we've expanded our store space by 200% over the past decades, we've reduced the amount of electricity we use by over 20%. We were the first UK supermarket to create a virtual 20MW power station, reducing demand on the National Grid. We're also monitoring building performance 24 hours a day, seven days a week.

Scope 2 emissions have reduced by 14% to 298,538 tCO₂e in 2019. In absolute consumption terms, electricity usage has decreased from 1,230GWh to 1,160GWh. This is a result of successfully implementing energy efficiency projects and the continued decarbonisation of the UK grid. To drive progress on Scope 2 emissions we will purchase or source 50% of our electricity from renewable sources by 2025.

Value chain (Scope 3 emissions)

◎ **COMMITMENT 2: Develop measurement of non-direct scope 3 emissions, then set targets to 2025**

For any retailer, Scope 3 emissions created indirectly via customers or suppliers are the most complex to measure and reduce – but they can be significant. As both purchaser and retailer, Asda has a responsibility to support emissions reductions right across our value chain. In doing so, we engage stakeholders and address climate change more holistically and transparently.

We have committed to establish a measurement methodology, publish our footprint, and release reduction targets before 2025 for our Scope 3 emissions. Scope 3 emissions include all other indirect emissions that occur in a company's value chain that are not in Scope 1 and 2.

We are currently working with key suppliers to help map a more complete view of our Scope 3 emissions. We recently held our biggest ever Sustainability Conference, which brought together over 1,300 supplier representatives and Asda colleagues to share ideas and solutions to tackling issues across our whole sustainability scope.





A regenerative impact on nature, all food sustainably produced

Food production systems require a diverse range of plants, animals, bacteria and fungi, both for the direct supply of food and to sustain the underlying ecosystem processes that make agriculture possible – from water supply to soil fertility enhancement, pollination and natural pest control. Whether it's protecting UK fish stocks, or ensuring cocoa cultivation conserves rainforests – we have a responsibility to ensure our supply chains are sustainable into the future.

We're working with suppliers, farmers and growers to protect and restore land so they remain productive for generations to come. This means taking action to prevent deforestation, upholding high standards of animal welfare, nourishing the soil and conserving fresh water. We're constantly evolving and strengthening the way we source our own-brand products, and collaborating with branded suppliers on sustainable sourcing. In 2020, we made significant strides in sourcing six of our key commodities from deforestation-free sources – including soya, timber (paper and pulp), beef, cocoa, tea and coffee.

We all need to work together to protect nature. Working with Asda owned International Procurement and Logistics (IPL), we can reach a large network of suppliers in the UK and worldwide to accelerate our impact.

Farming

We're promoting more responsible farming practices in our supply chain by encouraging farmers to adopt a precise approach to applying pesticides and fertilisers and follow the principles of Integrated Pest Management (IPM). This is a holistic way of controlling pests using a variety of methods, while lowering any unintended impacts on other insects, animals and plants. Additionally, we are trialling planting cover crops such as forage radish, brown mustard, phacelia and buckwheat to attract and feed pollinators. Our ambition is to work with over 500 farms to improve their performance and their impact on the natural world.

We have partnered with the Cambridge Institute for Sustainability Leadership to run tests on growers' and farmers' soils. These measurements (soil chemistry, biology and physical structure) will analyse soil health, identifying risks and exploring ways to improve current practices. We will roll out this system to more farms in the 2021 growing season.

Palm oil

② COMMITMENT 3: Top 20 commodities sustainably sourced by 2025

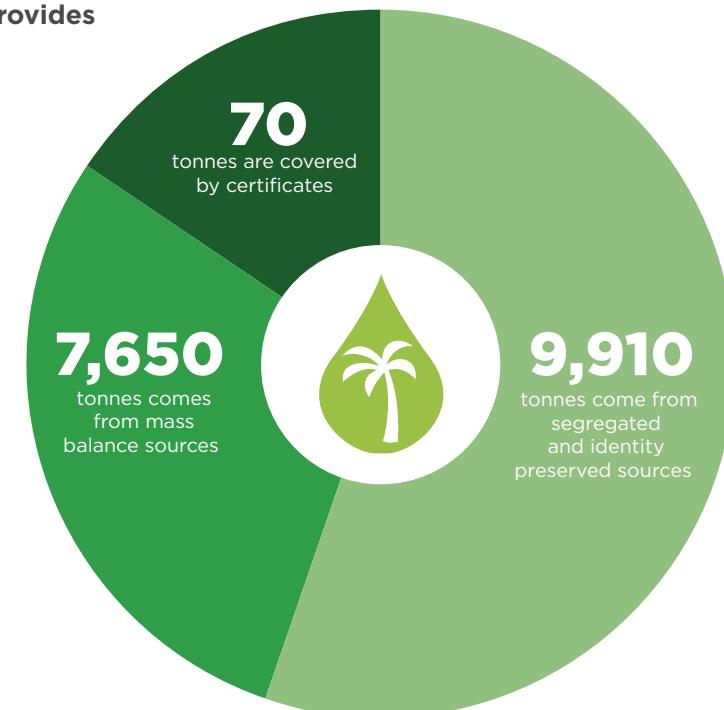
Palm oil is a useful ingredient for all sorts of products like chocolate, bread, make-up and candles. Although palm oil production has led to significant deforestation, it's an efficient crop. More palm oil can be produced from the same amount of land than any other equivalent vegetable oil crop. So instead of boycotting palm oil, we're working through the Roundtable for Sustainable Palm Oil and with NGOs, growers, suppliers and governments to develop sustainability standards for its production.

Did you know?

In 2020 99% of our palm oil volumes were sourced through physical certification schemes.¹ We used 17,630 tonnes of sustainable palm oil form the RSPO scheme.



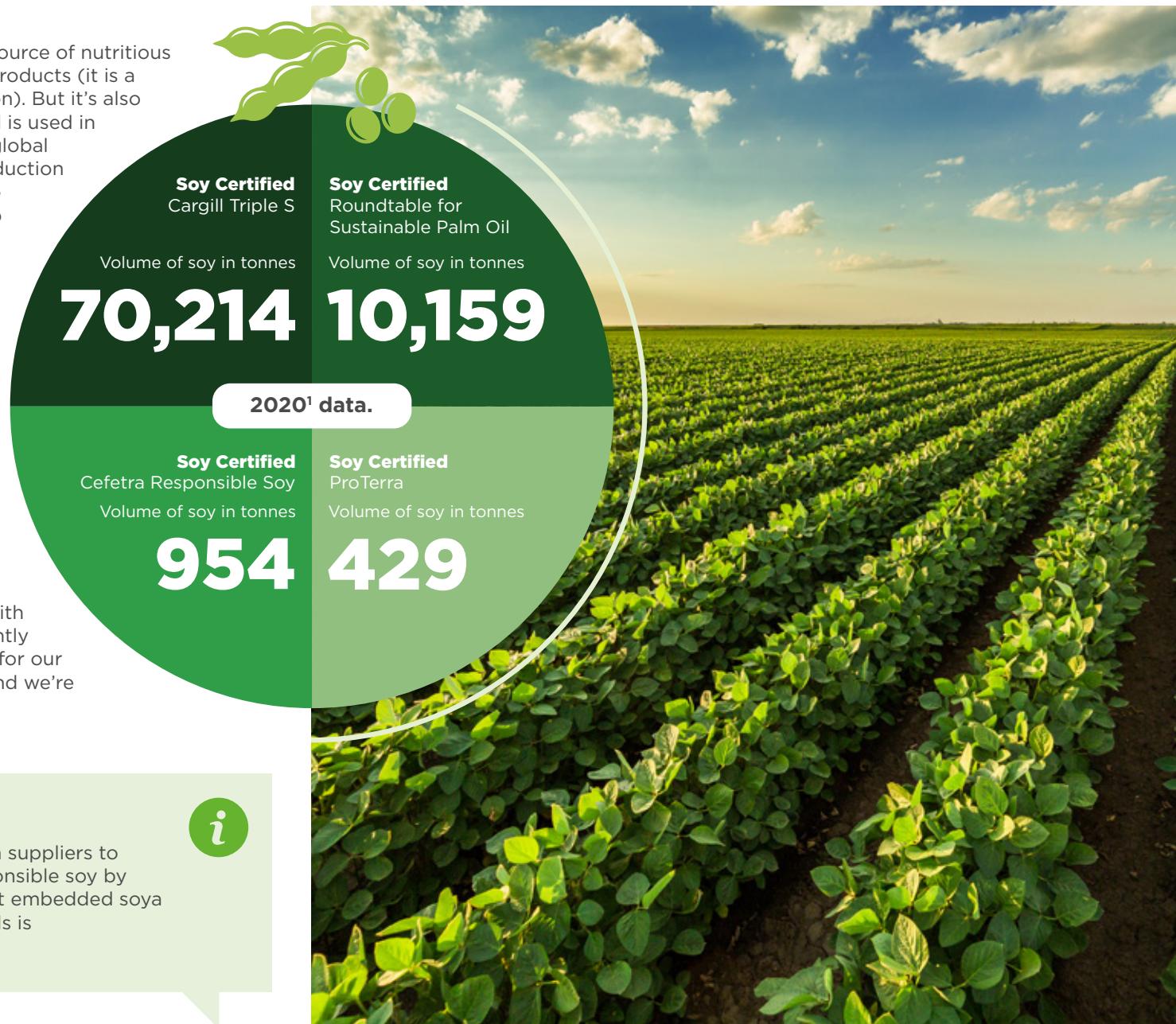
This chart provides
2020 data.



¹. Figures provided by suppliers for Own Brand products

Soy

Soy (or soya) has become an important source of nutritious protein. We mainly consume it via meat products (it is a common feed in mass livestock production). But it's also increasingly part of plant-based diets and is used in cooking oil, biofuel and cosmetics. With global demand for meat still increasing, soy production has risen significantly, increasing pressure on forests and fragile ecosystems. To help preserve and protect forests, particularly in Latin America, we are a member of the Roundtable on Responsible Soy and the Soy Moratorium. We're also taking action to make sure all soy used in animal feed in our own brand primary protein products – that's products like fresh meat, fish and milk – will be responsibly sourced by the end of 2021. And we're on track to achieve this. We're working with suppliers to identify risks, and we'll make it a condition of doing business that all the soy we source is covered by zero-deforestation soy credit schemes. Even soy sourced from low-risk countries, such as the US, must comply with good agricultural practices. We are currently measuring responsible soybean sourcing for our fresh meat, poultry and dairy products, and we're working to include more product areas.



Did you know?

We will work with our primary protein suppliers to source 100% physically certified responsible soy by 2025. We will also work to ensure that embedded soya in processed products like ready meals is sourced sustainably.



1. This chart reflects the split of soy certification schemes used by Asda in 2020. Figures are provided by our suppliers.

Timber, paper and pulp

As global timber requirements rise, we are increasing our use of responsible forestry products which can help protect natural forests and support sustainable livelihoods.

We committed to ensuring that all of the wood, paper or pulp contained in our own-brand products would be sourced sustainably by the end of 2020. That means, the material for products such as cards, tissues and toilet roll is sourced through the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) schemes. By the end of 2020 we'd achieved 98.6%¹ with a clear plan of action for the remaining product.

Away from product we have also taken important steps in areas such as till receipts which are now FSC certified. Additionally, it is now policy that all our card packaging within our Extra Special range is sustainably sourced.

Cocoa

We all know and love the humble cocoa bean. However, its production is often linked to deforestation and child labour. We have committed to using 100% sustainably sourced cocoa by the end of 2020 and will update you in our next report when we have all the necessary data.

We ask all suppliers of Asda Brand products containing cocoa to comply with our sustainable cocoa policy. Through these schemes, such as Rainforest Alliance Certified, cocoa farmers adopt practices that help to protect the environment and benefit farm workers and their communities.

To help customers identify sustainably sourced cocoa, products containing more than 12% cocoa must display the mark of the relevant certifying scheme on the packaging.

Coffee and tea

Coffee is one of the most popular drinks consumed worldwide. However, as farmers' coffee yields become affected by extreme weather and plant diseases, the risk of further deforestation increases. To source coffee sustainably, we are supporting Asda own-brand product suppliers and growers to improve practices in a way that helps protect the environment and improves their livelihoods, providing responsibly sourced coffee products by the end of 2021. Asda-approved coffee sourcing schemes are: Rainforest Alliance Certified² and Colombian Coffee Growers Federation (FNC).³

We are currently developing our Tea Policy. To ensure our tea is sustainably sourced the majority of it is Rainforest Alliance Certified and by the end of 2021 all our black tea will be covered by this scheme.



Cocoa, Coffee & Tea



¹. Based on extrapolated supplier survey results received relating to the 2020 calendar year. ². Find out more at <https://www.rainforest-alliance.org/> ³. <https://federaciondecafeteros.org/wp/federation/about-us/?lang=en>

Water and oceans

In the UK, both summer droughts and winter flooding are hitting the headlines more and more as our climate changes. Such extremes are clearly bad news for agriculture, which is why we are working with our UK farmers to understand water risks in our supply chain.

In East Anglia, we're supporting the Water Sensitive Farming project. In 2019, the project focused on protecting water quality in the River Ouse by helping farmers to build earth barriers slowing the movement of water from their fields into the water course, reducing sediment run-off. Such interventions proved to be important as the River Ouse flooded extensively at the end of 2020.

◎ **COMMITMENT 4:** Develop a natural resource stewardship programme by 2025

To help optimise our water use, we have introduced water reduction initiatives at our stores and depots. To date, we have focused on fixing leaks, making sure our existing systems are working effectively and adopting water reduction technologies. For example, in a number of our depots we have deployed rainwater harvesting systems. Looking to the future, we want to make efficient water use a fundamental focus when planning how we operate new stores.



"WE ARE WORKING WITH OUR UK FARMERS TO UNDERSTAND WATER RISKS IN OUR SUPPLY CHAIN..."

... TO HELP OPTIMISE OUR WATER USE, WE HAVE INTRODUCED WATER REDUCTION INITIATIVES AT OUR STORES AND DEPOTS."

Case study

Fishing for plastic

In 2020, we launched a new initiative, Fishing for Plastic, to help remove plastic from the sea around the UK and protect marine life. We equip the fishing crews who supply us with their fresh catch with durable bags, so they can collect plastic waste from the water and bring it to shore. We have also supported Norway's Fishing for Litter scheme; their first vessel to enter the scheme collected over 218 tonnes of waste from the ocean in 2019.



Sustainable seafood

Over 80% of the world's fish stocks are fully exploited or overexploited¹, highlighting the importance of sourcing from well-managed fisheries that conserve ocean biodiversity.

We know our customers are interested in where their fish comes from, and it's our job to show sourcing information clearly on seafood products so customers can make their own informed choices. That's why we are working with the Sustainable Fisheries Partnership (SFP) to support responsible fishing across our industry and better understand the risks in our supply chain. Its Ocean Disclosure Project report includes social and environmental information on our white fish (cod and haddock) supply, an industry first. We also support fisheries in Fisheries Improvement Projects to improve their practices.

Tuna

Our own-brand tinned tuna is sourced from fisheries using pole and line or using Fish Aggregating Devices, as part of the Fisheries Improvement Projects. Asda has been a member of the Global Tuna Alliance since 2019.² working to improve the management of tuna stocks. We also support the creation of marine reserves and marine protected areas.

Fish meals and oils in our supply chain

While limited quantities of fish meals and oils are used for terrestrial livestock, larger volumes are used in aquaculture diets. Asda has supported the Fisheries Improvement Project for South East Asian fisheries, which is raising standards at two fisheries in Vietnam and two in Thailand.

Farmed seafood

Aquaculture or farming seafood is an increasingly important source of food. Popular UK fish choices, such as salmon, trout and warm water prawns, are all farmed. We are working with our suppliers to reduce the impacts of aquaculture systems, and our farmed seafood must be produced in line with Best Aquaculture Practice, Global GAP or Aquaculture Stewardship Council schemes.



**WE KNOW OUR CUSTOMERS ARE
INTERESTED IN WHERE THEIR FISH
COMES FROM, AND WE WANT TO
PROVIDE CLEAR INFORMATION TO
HELP INFORM THEIR CHOICES.**

Animal welfare

We're making improvements across our supply chain to make sure that all animals are treated with dignity and respect. In particular, we're working closely with farmers to develop better ways of rearing animals. For example, we have formed farmer groups to benchmark health and welfare standards. We also use the 'Five Freedoms' framework¹ to help define our animal welfare and sourcing policies.

At Asda, we stipulate that all of our meat must be stunned pre-slaughter. For more information about our position on animal welfare, have a look at our Animal Welfare Policy.² We are also committed to sourcing cage-free shell eggs by 2025.³

"WE'RE MAKING IMPROVEMENTS ACROSS OUR SUPPLY CHAIN TO ENSURE THAT ALL ANIMALS ARE TREATED WITH DIGNITY AND RESPECT."

Animal testing

We don't test any of our own-brand beauty, toiletry or household products on animals. In fact, we haven't tested any of the ingredients in our cosmetics or cleaning products on animals since the end of 2009 and 2015 respectively.

Reducing antibiotics in food production

We do not support the routine preventative use of antibiotics in livestock rearing. We work with suppliers and farmers on the reduction and responsible use of antibiotics without compromising animal welfare. We are also members of the Food Industry Initiative on Antimicrobials, and the Responsible Use of Medicines in Agriculture Alliance, working across the food sector on this important topic.⁴



1. <https://www.gov.uk/government/groups/farm-animal-welfare-committee-fawc> | 2. <https://www.asda.com/creating-change-for-better/animal-welfare-policy> | 3. <https://www.asda.com/creating-change-for-better/better-planet/nature/animal-welfare>
 4. <https://www.asda.com/creating-change-for-better/antibiotics-report>

Waste A zero waste world, where nothing goes in the bin

We hate waste of any kind – from food, packaging and product, to wasted energy, road miles and natural resources. Our mission is to eliminate all avoidable waste, ensuring that whatever is unavoidable can be reused or recycled. The amount of natural resources and carbon emissions associated with the production, transit and sale of food or packaging which ends up in the bin (where it then produces further emissions, causes damage to wildlife or litters our countryside and oceans) drives our focus on this. Our ambitious waste commitments help us to support a more sustainable future, while reducing costs and increasing efficiency.



At Asda, we create three main waste streams and we have made specific commitments across each one



COMMITMENT 5: Operational waste
Packaging from the supply chain, product damages and returns, pharmaceutical and hazardous materials as well as customer waste from car parks and cafe's are all processed from Asda sites to responsible waste management streams.



COMMITMENT 6: Food waste
Only 3% of food waste produced in the UK is lost at the retail point of sale, with most wasted in consumers' kitchens or earlier in the supply chain. We're focused on reducing our unsold surplus and diverting everything we can to valuable use.



COMMITMENT 7: Plastic packaging waste
Our customers are passionate about reducing the volume of product packaging they need to dispose of at home, so we're helping our customers reduce, reuse and recycle.

Operational waste

Operational waste, which we handle in our stores, depots and offices, comes from a range of areas, including packaging from the supply chain, product damages and returns, pharmaceutical and hazardous materials, as well as customer waste from car parks, recycling bins and cafe's.

◎ COMMITMENT 5: Zero waste operations by 2025

Our zero waste policy guides our efforts to reduce, reuse, recycle and redistribute our operational waste, and since 2019 we have diverted zero operational waste direct to landfill.

The largest type of waste we handle at our sites comes from the secondary or transit packaging on the goods we sell. All our cardboard and plastic film is sorted at the back of each store and returned on segregated cages to one of our nine Asda Service Centres which are spread around the UK. There, materials are further separated and baled ready for recycling by our waste service providers. The cardboard is most likely to return to Asda as a new cardboard box, and the plastic film is segregated by polymer type and some of it returns for a second life as an Asda Bag For Life.

In 450 Asda stores we offer recycling bins to collect customers' unwanted clothing, which is then used to raise funds by our charity partners and kept out of landfill. All our stores also have battery recycling bins and small electrical drop off points at customer services. In our larger stores we have customer recycling bins for all types of plastic bags and film packaging – all of which we send for recycling. At Asda Middleton we introduced a dedicated recycling hub to take back the items customers told us frustrated them most.

We've switched all the cutlery, cups and straws used in Asda cafe's and sites to recyclable materials and through our partnership with The Reuse Network, we even send our old office and canteen furniture on to enjoy a second lease of life.



SOME OF OUR OPERATIONAL PLASTIC FILM RETURNS TO STORES – REBORN AS A BAG FOR LIFE

Food waste

Even though the GHG emissions associated with wasted food globally account for more than those produced by global aviation,¹ only 37% of UK customers realise that wasting food contributes to climate change.²

When it comes to food waste, we need to think from farm to fork. That's because in the UK more than 9.5 Mt end up in the bin (or not consumed by humans). This is equivalent to 22% of the food we buy. 70% of that food waste happens in the home with the average family of four throwing £720 of food in the bin every year³ – so we must play a role in helping our customers reduce both the wasted money and associated GHG emissions. Next is the supply chain where a further 17% of UK food is wasted.

While British supermarkets account for only 3% of retail food waste,³ we're working to drive this down as low as possible in Asda stores. Next is the manufacturing and supply stage where a further 16% of UK food waste occurs. Our comprehensive, end-to-end approach encompasses efforts to reduce the absolute amount of food we're unable to sell and then to increase the proportion of that remaining unsold food which we redistribute to useful destinations. Our Food Waste commitment is aligned with Courtauld 2025:⁴

◎ COMMITMENT 6: Reduce food waste by 20% by 2025

Reducing the amount of unsold food

It's very difficult to completely align the amount and type of food we order and ship to our stores with fluctuations in customer demand. An unexpectedly sunny weekend can drive a spike in sales of salad and a slump in sales of root vegetables, sometimes leading to a surplus of unsold food. Sometimes food can be damaged in transit and become unfit for sale.

Asda has been voluntarily publishing our food waste data publicly since 2018. In 2019 we processed 31,881 tonnes of food surplus (redistribution/animal feed) and food waste (Anaerobic digestion/Energy from Waste) from our stores and depots. Although this was not a reduction overall versus 2018, we're pleased that we succeeded in redistributing almost twice as much from waste.

As part of our efforts to reduce surplus food, in 2019 we created a new team dedicated to reducing food waste within our supply chain. The team scrutinises our waste performance, right down to individual product lines, enabling us to make decisions on initiatives to tackle waste and work with our suppliers to create change. Improving how and when we order to optimise shelf life has reduced food and packaging waste. We also maximise selling time by reducing the price of products on the 'use by' date, and we're constantly working on ways to enhance this to sell as much good food as we can.

Our technical and product development teams are also working hard on ways to extend product life without compromising on quality. Work in this area has dramatically increased the time we have available to move food safely through the supply chain and still give our customers plenty of time to use food after they take it home.

Food Waste & Surplus Data*

Food to Energy (tonnage)			
How are we doing?	2018	2019	% change
Anaerobic digestion	27,354	28,071	+3%
Energy Recovery	1,018	761	-25%
Total	28,372	28,832	+2%

Food Surplus Destinations (tonnage)

Topic name	2018	2019	% change
Commercial Redistribution	119	823	+592%
Donation	1,134	1,723	+52%
Animal Feed	42	82	+96%
Customer Giveaways	243	420	+73%
Total	1,538	3,049	+98%

*2018 data has been recalculated, this has resulted in a small change in stated tonnes to energy. We are committed to developing our data accuracy each year

Our approach⁵ for measuring food waste follows industry best practice using the Food Loss and Waste Accounting and Reporting Standard to accurately measure the waste generated by our stores and operations.⁶ Our 2020 food waste data is being calculated, it will be ready later in the year and updated on our website.

Redistributing surplus food

While our first priority is to reduce the absolute volume of surplus food coming off our shelves and being processed as waste, we are also committed to ensuring that we handle that surplus in the most value-adding way possible, directing as much as possible for human or animal consumption.

Since 2013, Asda has been working with FareShare to donate surplus food caused by over-supply, damages or short-date codes directly from our chilled depots. Our third-party logistics partner picks and delivers this food to FareShare depots across the country, ensuring each region receives a good range of different fresh foods rather than very large quantities of one type of food.

“BETWEEN 2018 AND 2019 WE SAW A 98% INCREASE IN FOOD REDISTRIBUTION ACHIEVING OUR COMMITMENT TO DOUBLE FOOD REDISTRIBUTION BY 2020. THIS WAS DRIVEN BY A 52% INCREASE IN FOOD DONATIONS AS WELL AS INCREASES IN COMMERCIAL REDISTRIBUTION...”

Since those early beginnings we have expanded our charity donation programme to include our home offices, our ambient depots and we are particularly proud in 2020 to have achieved our goal of enabling all our stores¹ to donate their surplus through FareShare Go. This could not have come at a better time as food poverty escalated as a result of the pandemic. To date this programme has seen us donate edible surplus food equivalent to five million meals.

We work closely with FareShare Go to help our stores find partner charities and groups for surplus food donations. FareShare recruits the charities and makes sure they have the necessary food hygiene measures in place to provide food to people in need. Our stores¹ donate products from four areas: fruit and vegetables, bakery, flowers and ambient (food that isn't chilled). We work closely with charities to offer timely donations and arrange collections. If the original charity is unable to collect the donation on the same day we offer it to another charity.

Sometimes things aren't suitable for people to eat, so when we have bread that is too stale to be donated to charity, we send it to be used for animal feed. Food that is no longer edible is sent for anaerobic digestion. This creates energy and the by-product called digestate is used as a fertiliser for farms.

Did you know?

We are increasingly focused on helping our customers save money by wasting less. For example, we will be reviewing 'use by' and 'best before' labelling by adding 'freeze me' labels and running 'love your leftovers' campaigns. We'll also be increasing the number of storage containers we offer and working on advice for customers to help them make food last longer. In March 2021 Asda supported Wrap's Food Action Waste Week, sharing tips and ideas with colleagues and customers alike.

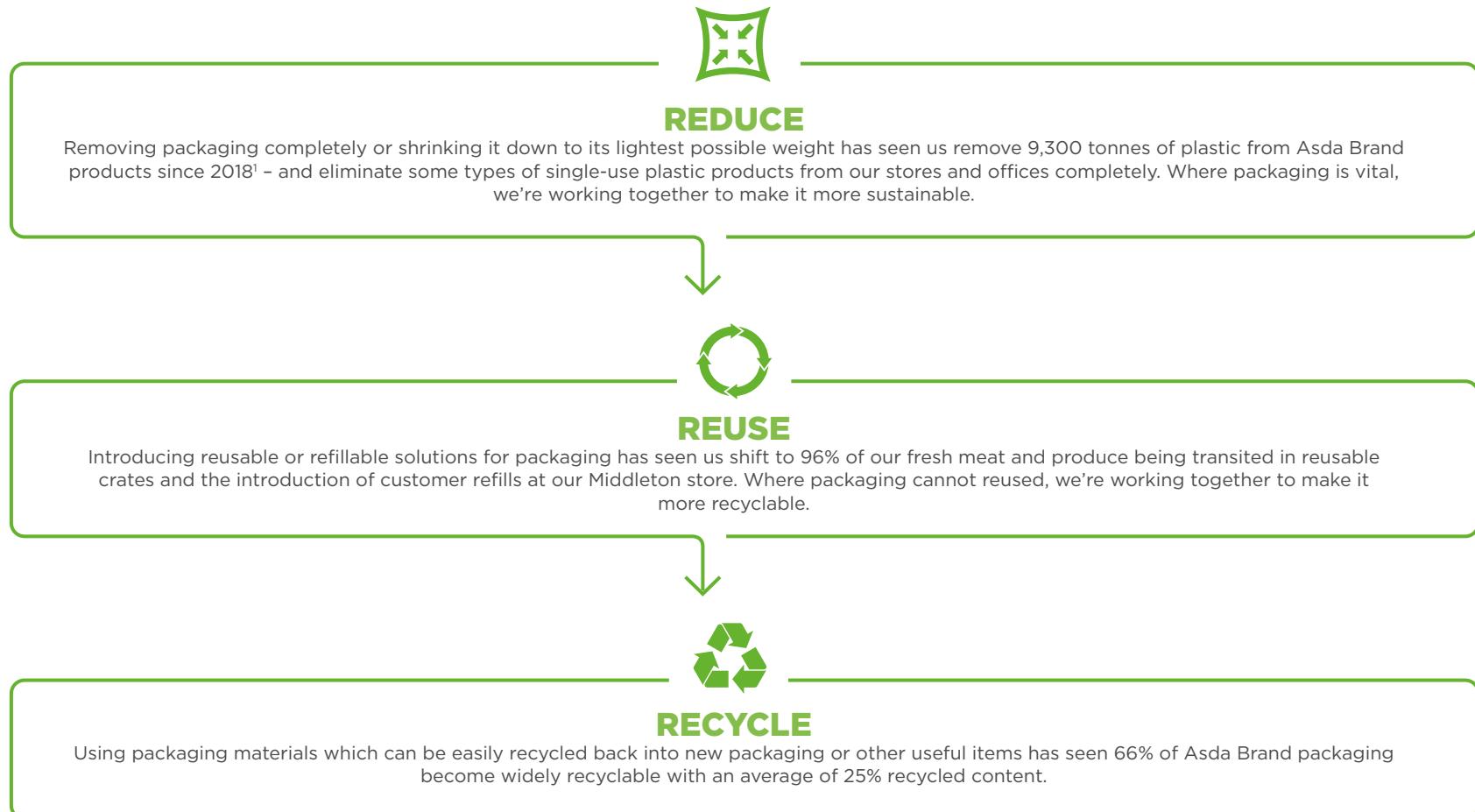


Plastic and packaging waste

Packaging plays a vital role in protecting goods and keeping food fresh for as long as possible. But increasingly, consumers want to see fewer single-use plastics, especially when it comes to fresh produce. Many are also confused about what plastics are accepted in their kerbside collections, throwing some recyclable plastics into their landfill bins. We are determined to tackle the plastic challenge, so we're thinking outside the box to find innovation solutions and we're stepping up our efforts within the wider system and industry.

◎ COMMITMENT 7: Reduce packaging and drive 100% recyclability of what remains by 2025

The basis of our approach is to apply the “3 R’s” of waste management, focusing on reducing or avoiding plastic altogether:



1. Currently only plastic removal is tracked, with reduction calculated using the previous 12 month sales volume.

Thinking bigger picture

We're working on a comprehensive packaging strategy that considers the impact of materials at every step of the value chain. Driven by robust data, the strategy will help us better weigh up challenges such as packaging versus food freshness and food miles, and identify solutions that are genuinely sustainable.

In a circular economy, products are designed to save natural resources and energy, and to minimise waste by containing materials that can be used again and again. This requires an end-to-end approach to make sure the packaging suppliers use has a clear route through the shop, to our customers' homes and back into the system with the minimum possible resource loss.

It's important to think holistically about the merits of particular solutions and their alternatives. For instance, approximately 10% of the plastic we put on the market comes from milk bottles. When we've tried further reducing the plastic content in these bottles, they break more easily, wasting milk (a far greater carbon contributor than a few extra milligrams of plastic). As milk bottles are also collected at kerbside by most councils and recycled in a 'closed loop' back into new bottles, trying to reduce our plastic tonnage here may not yield the real planet benefits we're focused on.

We want to base our decisions on credible data and insight, which is why we're learning together as an industry and supporting shared industry goals. Together with other UK supermarkets, we're working towards finding a consistent way to measure progress, define single-use plastic and reach 30% recycled content by 2025. Driving progress involves partnering with the UK Plastics Pact run by WRAP, and with the IGD and the British Retail Consortium, among others. Throughout 2021, we'll be working with experts both within and outside Asda to develop our value chain packaging strategy. We'll be publishing our findings, new targets and initiatives later in the year.

"THE ELIMINATION OF AVOIDABLE PLASTIC, AND CRUCIALLY SINGLE-USE PLASTIC, IS AT THE TOP OF OUR MINDS – AND AT THE TOP OF OUR CUSTOMERS' MINDS. WHILE WE HAVE ALREADY MADE GREAT PROGRESS IN REDUCING PLASTIC, WE ARE COMMITTED TO IDENTIFYING NEW OPPORTUNITIES TO GO FURTHER AND DO MORE."

Roger Burnley
Chief Executive Officer, Asda



Reduce

Our first priority is to eliminate all avoidable packaging without negatively affecting food waste or overall planet impact. We focus on both weight and piece changes in order to avoid inadvertently making things worse by “lightweighting” a pack which is currently easy to recycle and instead increasing its chance of ending up as street or ocean litter.

Back in 2017 we set ourselves a goal of reducing Asda Brand plastic by 10%; a goal which we achieved early and so extended to 15% reduction on a like-for-like product list by 2021. We’re on track to achieve that goal, having taken more than 9,300 tonnes of plastic out of more than 200 product ranges.¹ We’ve also recently set ourselves an aspiration to remove three billion individual pieces of plastic by 2025 and we’re off to a great start. In 2019, we sold 535 million fewer Asda Brand pieces of plastic – that’s the same as one item fewer in every customer basket.²

In 2018, we removed all single-use carrier bags from our stores and extended that to online deliveries in 2019 (we temporarily reintroduced them during Covid-19 for safety reasons). In 2020, we trialled removing lightweight plastic bags in our fresh produce area and, following the positive customer response, we rolled this out to all Asda stores, instead offering 30p reusable and 100% recycled material bags. We’re still working on viable alternatives to our heavier-weight reusable Bags For Life, that will maintain convenience for all shoppers.

Reuse

Introducing packaging which can be reused has the potential to make a big contribution to our efforts to reduce single-use packaging. This can involve “refill” versions of everyday items like coffee or household cleaners sold in compact or lighter weight packaging, as well as the introduction of loose dispensed products which our customers can buy by the kilo using their own reusable containers. Our first trial of Refill in our Middleton store has been extremely encouraging and we’re learning a great deal about the types of product, the operational systems and the ways we can help our customers to engage with a new way of shopping. We’ll be rolling out the successful aspects of Middleton to more stores as quickly as we can and expect to have established Refill revenue streams across at least 40 products before 2025.

We’re also embracing “reuse” behind the scenes, and now move 96% of our fresh meat and produce between depots and stores in heavy-duty reusable crates.



¹ Currently only plastic removal is tracked, with reduction calculated using the previous 12 month sales volume. ² Results from supplier survey responses for the calendar year upweighted to represent total universe (vs. 2018)

Recycle

Where product can't be reduced or reused, we aim for the highest possible level of recyclability. We're pleased that already 66% of Asda Brand packaging is widely recycled and we'll keep working on the last few tonnes of "easier to switch" materials.¹ The largest part of the remaining packaging is flexible film which is rarely collected by councils and which isn't typically high enough quality to be recycled back into food packaging. However we have already established some capability for using this type of lower-grade material, for example some of our in-store marketing materials will be enjoying a second life as traffic bollards! Our aspiration is to find sustainable ways to take back more difficult-to-recycle customer waste and give it a valuable second life.

By setting a target to reach at least 30% recycled content in Asda Brand packaging, we're also helping to stimulate the market for recycled content, enabling investment in new recycling infrastructure and technologies. In 2019, we estimate there was 24.8% recycled content in our own-brand primary packaging.² This is an increase of 5.2 percentage points versus the 2018 estimate. We also aim to increase the amount of recycled content we use in our products. Over the last two years, we've introduced many products containing recycled content, such as saucepans, washing up bowls and bedding.

We'll be incorporating a "circular" philosophy into the heart of our integrated packaging strategy and expect to establish at least 25 viable projects before 2025.

Plastic in products

As well as being the most common packaging material, plastic can feature in single-use products. Sometimes it's obvious and can be easily eliminated; for example we've completely eliminated single-use plastic straws, cutlery and take away containers from our stores and cafés. We removed 25 million plastic forks from our fresh salads and we offer an extensive range for plastic-free parties. Plastic can also be found in unexpected places, for example in cleaning wipes or tea bags. We are in the process of identifying all types of products we sell where single-use plastic could be removed and working with suppliers to assess alternative options.

Visit our website for a data table showing our 2018 and 2019 volumes of plastic sold and net reductions.³

Case study



**INTERNATIONAL
PROCUREMENT
& LOGISTICS**

Collaborating with IPL

International Procurement and Logistics (IPL) have worked closely with Asda since early 2018 to partner on our Reduce, Reuse, Recycle strategy. A range of projects saw over 1,600 tonnes of plastic removed from the IPL range by the end of 2020. Among many pioneering efforts, IPL and Asda were the first to offer a 100% recyclable fruit punnet.

These punnets are used across fresh produce as they are clear and protect the product. In early 2020 IPL trialled a pack with the film made of the same material as the punnet and partly welded to the pack, so the whole package can be recycled together. Following the successful trial, this pack is already operational for blueberries and will soon be available for grapes and tomatoes.

In addition, we now have a minimum of 50% recycled content in all punnets. On some products, we've gone even further. The 75 million grape punnets we use annually are made of 70% recycled content. We've done the same for 325g tomato punnets (20.5 million a year), as of the end of 2020, all our stone fruit punnets are made of 100% recycled content too (4.1 million). We plan to expand this to all punnets in 2021.



1. Results from a supplier data entry questionnaire which covers their packaging profile for the calendar year. Widely recyclable used when collected by at least 75% or more local authorities across the UK for recycling. I

2. Results from supplier survey responses for the calendar year upweighted to represent total universe. I 3. <https://www.asda.com/creating-change-for-better/better-planet/waste>

Case study



Getting creative to cut waste: Middleton store, Leeds

At Asda, we want to help make sustainability more affordable, more accessible, and easier for all our customers. At our newly developed Middleton Sustainability Trial Store, launched in October 2020, we plan to test and learn from brand new initiatives to reduce, reuse and recycle products and packaging. The initiatives which are successful will be rolled out more widely throughout the Asda estate from 2021. Visit our website for more info¹

REDUCE

Why it makes sense

The best way for Middleton store to reduce the impact of plastic on our environment is to reduce the amount of plastic in the first place. Some of it we need for shelf life, or product safety, but some products can potentially be sold without any single-use plastic at all.



What we're doing

We've increased our range of loose fruit and veg available, with 53 fresh produce lines in loose, unwrapped format including cauliflowers, mushrooms, apples, cabbages and baby plum tomatoes. Instead of plastic wrap for flowers, we will be using a recyclable paper wrapper for our seasonal bouquets. We're also trialling unwrapped multi-packs with plastic removed from popular canned multipacks of beans, fish, veg and soups.

We've increased our range of plastic-free party products, removed the plastic from all our greetings cards and are trialling paper packaging for some of our duvets.

¹. <https://www.asda.com/creating-change-for-better/better-planet/middleton>

Case study

REUSE

Why it makes sense

Reusing packaging is a great way to reduce reliance on single-use plastic. This helps reduce our carbon footprints, reduces the amount of litter produced, and promotes a circular economy.



What we're doing

The Middleton store has a dedicated 16-metre Refill Zone offering more than 30 household staples sold in refillable format – from cereal to tea to oats, coffee beans, rice and pasta. Customers are encouraged to bring in their own containers and everything on offer is the same price or cheaper than the packaged alternative. Customers can choose to buy only as much as they need, helping to keep within their budget.

The zone also includes touch-screen machines to refill popular Unilever brands of shampoo, conditioner and laundry detergent in bespoke, reusable bottles. We've achieved this in collaboration with much-loved household brands including Kellogg's, Persil, Radox and PG Tips.

We're also offering water stations with still or sparkling water, and an expanded range of food storage containers to help customers learn the new habit of bringing their own packaging to the shop along with their reusable bags.

RECYCLE

Why it makes sense

Recycling is one of the best ways we can reduce our carbon footprint. From creating a circular plastics economy and decreasing resource usage, to cutting production costs and preserving natural resources for future generations – recycling is fundamental to reducing our impact on our environment.



What we're doing

We've created a dedicated Recycling hub at the front door of Asda Middleton, where customers can bring back items that are often not included in kerbside collections such as crisp and biscuit packets, plastic toys, cosmetic containers and toothpaste tubes. We have introduced Asda's first reverse vending machine for cans, plastic and glass drinks bottles, a powerful test in advance of Scotland introducing a new Deposit Return Scheme in 2022.

Asda Middleton also includes a second-hand clothing section offered in partnership with vintage wholesaler Preloved Vintage Wholesale, giving great-quality older clothes a second life – see page 52 for more details. There are several hanger recycling points throughout the store, including at the tills. In addition, our 180 Middleton store colleagues are helping us trial new colleague uniforms made from 100% recycled material – yet another example of embracing a circular economy.

Finally, we've created a new Community Zone to help customers learn about and be inspired by sustainability. Our first charity partner to use this space is the Salvation Army Drop and Shop, where customers can donate their unwanted clothes, books and toys for Covid-safe processing and onward use.¹

¹ <https://www.Asda.com/creating-change-for-better/better-planet/middleton>



Value

Carbon-neutral baskets which save our customers money

Our long-term vision, aligned with the UN Paris Climate Agreement, is to operate a net zero business no later than 2040. While we're fully committed to doing everything we can to do the hard work for our customers, achieving net zero will need every one of our shoppers to embrace changes to the products they buy in our stores.

Our vision is to be selling carbon-neutral baskets which save our customers money, no later than 2040.

This will involve lots of small changes, increasing over time, and we aim to make measurable progress on the impact of our customers' shopping by 2025.

◎ COMMITMENT 8: Enable Asda customers to shop more sustainably

Changing our habits isn't easy. Despite our best intentions many of us struggle to act on our good intentions when everyday barriers get in our way.

One of the biggest jobs we have to do is develop really clear information to help our customers choose. Measuring the true lifetime planetary impact of any one product versus another is extremely complex with no common approach and this makes it challenging for us to identify and therefore help our customers discover the sorts of products which would reduce the carbon footprint of their basket. There are also many behaviours customers could adopt to reduce their planet impact, such as reusing bags and containers and helping to recycle more difficult materials. Encouraging participation and measuring the impact of these changes is all in scope.

Asda is committed to proactively partner with industry stakeholders to make progress on measurement, definitions and best practice with respect to communicating the planet impacts of products to customers. We expect this work to involve the development of consistent rules regarding product labelling and environmental claims, customer trials, as well as more holistic data at the product level. We'll be reporting back on our progress on this in coming years and expect to be able to quantify our goals in due course.



¹. Shoppercentric survey of 1000 UK shoppers, September 2019 | ² & ³. Kantar Worldpanel February 2020 | ⁴. <https://www.retailtimes.co.uk/research-reveals-80-of-uk-shoppers-describe-themselves-as-environmentally-friendly/>

⑩ COMMITMENT 9: Rapid expansion of cheaper, greener alternatives

Providing our customers with greener and cheaper choices

Price is the number one reason customers cite as a barrier preventing them from choosing greener products. We are particularly passionate about ensuring no customer is unable to participate in a greener lifestyle just because they can't afford it. Our "Greener at Asda Price" promise means we'll make it affordable and accessible to all to choose the more planet-friendly option.

Our actions to start this journey

To begin with that means working to guarantee that our loose, unwrapped, compact and refill solutions are the same price or cheaper than their standard alternatives. Moving forward it means increasing our range of products which help our customers reduce their footprint whilst also saving money. We already offer a 25p discount off our café hot drinks when customers bring a reusable cup and we aim to encourage and reward other greener efforts in similar ways.

Our suppliers play a critical role in leading innovation and renovation to drive this agenda. Often "Eco" versions of regular products struggle to reach the same sort of scale and therefore struggle to command equivalent marketing budgets or shelf space - and economically can struggle to generate efficiencies of scale. Together with our suppliers we can work to make these alternatives more competitive, more visible and more mainstream, making greener choices part of every basket.

In coming years we expect to attach specific sales targets (%) to this commitment, as well as develop incentive packages for our suppliers and reporting on our progress. A key part of enabling this will be the development of consistent data and definitions described earlier.



Delivering our Better Planet Strategy through collaboration

The vast majority of Asda's impact on climate and nature is indirect, through the products we buy and sell from our hundreds of suppliers. For years we've been working through the Sustain & Save Exchange and collaborating with product and service providers from all parts of the supply chain.

We're establishing strategic partnerships through both our Supply Chain Collaboration Board and our Commercial Joint Business Planning, to test, learn and transform our joint businesses to better serve our customers. Every one of our hundreds of suppliers has been briefed and invited to join us on our Better Planet journey and we're proud that a large number have already joined us. In February 2021 at our Sustainability conference, we announced our expectation for our biggest suppliers to commit to reduce carbon emissions of the products they provide to Asda before the end of 2022.

Collaboration with industry peers, NGOs, subject matter experts, policy makers and academics is also critical to making the sort of sustainable change required. So many of the areas we are working on within our Better Planet strategy require a full system approach, to align the choices we make from the farm, through factories, depots and stores, into consumer homes and then through a sustainable end of life recycling system. Asda colleagues participate and lead throughout all the main industry working groups and we will share progress of those groups regularly.

"I BELIEVE THAT WORKING CLOSELY WITH OUR SUPPLIERS IS CRUCIAL. WE NEED TO HAVE OPEN AND HONEST CONVERSATIONS, AND WE HAVE CLEAR REQUESTS FOR OUR SUPPLIERS TO HELP US COLLECTIVELY DO OUR BIT."

Paul Gillow - VP Commercial Transformation & Strategy

Case study

Bringing suppliers on board

The Asda Sustain & Save Exchange is an online private community for our suppliers to collaborate and share best practice in resource efficiency and sustainability. Launched in 2012, it has since grown to over 2,400 members representing 724 suppliers (as of end 2020).

We provide suppliers with insight and guidance to make progress in areas such as carbon emissions, food waste and plastics. Over the past eight years, the Exchange has supported suppliers to save nearly £30 million and reduce their carbon footprint by over 72,000 tonnes.¹ Read more on our website²

Find out how we're helping our milk supplier Arla Milk to cut their carbon emissions.³



1. Data is collected by a third party (www.manufacture2030.com) via two methods; directly from suppliers or indirectly through surveys. 2. <https://www.asda.com/creating-change-for-better/better-planet/carbon/arla-milk>

General Merchandise

While Asda's primary business is food, our 'everything under one roof' approach means we aim to make the shopping experience easy for our customers by providing them with a range of non-food products through our General Merchandise (GM) division. We also have dedicated 'Asda Living' stores which offer customers a range of Fashion, George Home and other general merchandise products.

In 2020, we developed a new Better Planet strategy for this division. We have three ambitions which will lead our sustainability work.

By 2025 General Merchandise products will:

- 1. Use innovative materials and fewer natural resources**
- 2. Help our customers to lead more sustainable lives**
- 3. Provide sustainable routes for when products reach the end of their useful life.**

Where relevant, the GM sustainability commitments align to those for Food and George clothing products. Our shared key materials are cotton and polyester for textile products, paper used in our greetings cards, gift wrap and palm oil within our candles. Therefore, we work to make sure these all meet our sustainable sourcing policies. Read more about our position on these commodities on pages 25-27. We also address issues specific to GM such as the use of peat in growing medium and the use of glitter and single-use plastic items in our festive and celebrations ranges.

Our GM ranges cover Cook and Dine, Homeware and Textiles, Toy and Entertainment, Outdoor and Gardening as well as seasonal items such as Christmas decorations and Halloween items. Many of these items fall under the scope of 'own-brand' meaning that they either hold the George Home branding or have been exclusively designed for us through collaborations such as Disney. George Home was launched in 2014, focusing on the same pillars that have become synonymous with the George clothing brand for over two decades – quality, style and value.





Festive fun with less plastic

We know that our customers want to celebrate the festive season with our great range of products but they don't want to be left with excessive plastic to deal with. We set to work understanding which products we could remove plastic from. Glitter was identified as a high-risk area and so in 2019 we created a policy to remove plastic glitter from many of our 2020 Christmas products. Through product innovation and supplier collaboration all our own label loose festive cards, boxed cards, wrapping paper, gift bags, festive houseplants and flowers no longer contain plastic glitter.

Plastic within packaging is also an area we wanted to tackle. All acetate from crackers packaging has been removed and one of our cracker sets is fully recyclable meaning the packaging, cracker and the gift inside are all recyclable. Finally, we have introduced a new bay of sustainable festive products to help direct our customers and highlight sustainable choices.

We also learn from our trials and understand that we may not be able to get things right the first time, for example we have been testing and innovating on removal of the plastic wrap surrounding our tubes of fully recyclable wrapping paper – however all our tests show that alternative solutions create waste due to product damage and so we were unable to implement a solution for Christmas 2020 but we are pleased with the learnings so far.



Did you know?

To make our ambitions a reality, we want to help our colleagues do everything they can to help us accelerate our journey. We'll be providing new sustainable product guidelines – giving everyone involved in product design and production the clarity they need to get this right. We'll also offer training sessions on how to tackle more challenging materials. As our GM teams continue to make progress in 2021, we will also develop a similar approach for our non-edible products.



George has its own sustainability strategy – George for Good (see page 13) – which is part of Asda's overall Creating Change for Better strategy. With a very different supply chain, different materials and distinct product life cycles compared with our food business, a specialised approach is needed.

To reduce its environmental footprint, George is exploring the sustainable sourcing of key materials, cutting hazardous waste, optimising packaging and identifying circular solutions. George is increasingly expanding its efforts to protect the environment, in addition to its long-standing focus on human rights. See more in Better Business on pages 100-103.

Responsibly sourced fibres

The way fashion and homeware brands like George source materials for products can have a big impact on the environment and people's livelihoods in production countries. To maximise its positive impact, George focuses on the materials it uses most – cotton, polyester and viscose, as well as timber and palm oil, materials it shares with Asda's food business. We have already made strong progress as shown by our 2020 data for our three most-used fibres below:

Cotton

◎ By 2025, all our cotton for own-brand clothing and soft home textile products will be responsibly sourced

As the UK's second largest clothing retailer by volume, George's commitment to source cotton more responsibly will help to increase both demand and supply. To achieve our goal, we will work with our own-brand clothing and soft home textiles suppliers to source cotton through programmes such as the Better Cotton Initiative (BCI) of which we're a member through Walmart. George is committed to improving cotton farming practices globally with the BCI which is the largest cotton sustainability programme in the world. Together with its partners, the programme provides training on more sustainable farming practices to more than two million cotton farmers across 23 countries. Better Cotton is sourced via a system of Mass Balance and so is not physically traceable to end products. As of 2020, 60% of the cotton we sourced was through the Better Cotton Initiative.¹ But it doesn't stop there; we are also working with our suppliers to include recycled and organic content in some of our products as we continue on our cotton journey.



BCI_Kolondieba_Mali_2019-50: BCI/Seun Adatsi



BCI_cottongeneral_1: BCI



BCI_Kolondieba_Mali_2019-21: BCI/Seun Adatsi

Polyester

◎ We are committed to sourcing 100% of our polyester with a minimum of 30% recycled content by 2025

Polyester is an artificial fibre made from oil and is used widely around the world. Approximately 26% of George clothing is made from this fibre, so it's important that we innovate to source recycled polyester, in order to reduce the strain on natural resources and keep fossil fuels in the ground. Recycled polyester is generally made from plastic (PET) bottles, and this is a great way of diverting waste that could potentially end up in landfills or in our oceans. Our sourcing of recycled polyester is governed by third-party certificate schemes such as Global Recycled Standard (GRS) and Recycled Claim Standard (RCS).

Viscose

◎ We are committed to sourcing viscose from traceable sources with a low environmental impact.

Viscose is typically derived from wood pulp and agricultural crops that are regenerated as cellulose fibre. So we must make sure that the forests we source from are not ancient, endangered or controversial and if wood is used, it is from sustainably managed sources. Our partnership with CanopyStyle helps drive our viscose sourcing policy. CanopyStyle is an initiative developed by Canopy, an independent environmental organisation working to protect the world's forest globally. Our sourcing of viscose uses green shirt suppliers from Canopy's Hot Button Report¹ and is governed by third-party certificate schemes such as the Forest Stewardship Council (FSC), which collaborates with brands and retailers to put pressure on the largest viscose suppliers to source viscose sustainably and protect ancient and endangered forests. Building on this work, we have joined an industry-wide initiative led by not-for-profit organisation Changing Markets to help achieve a collective path towards responsible viscose manufacturing.

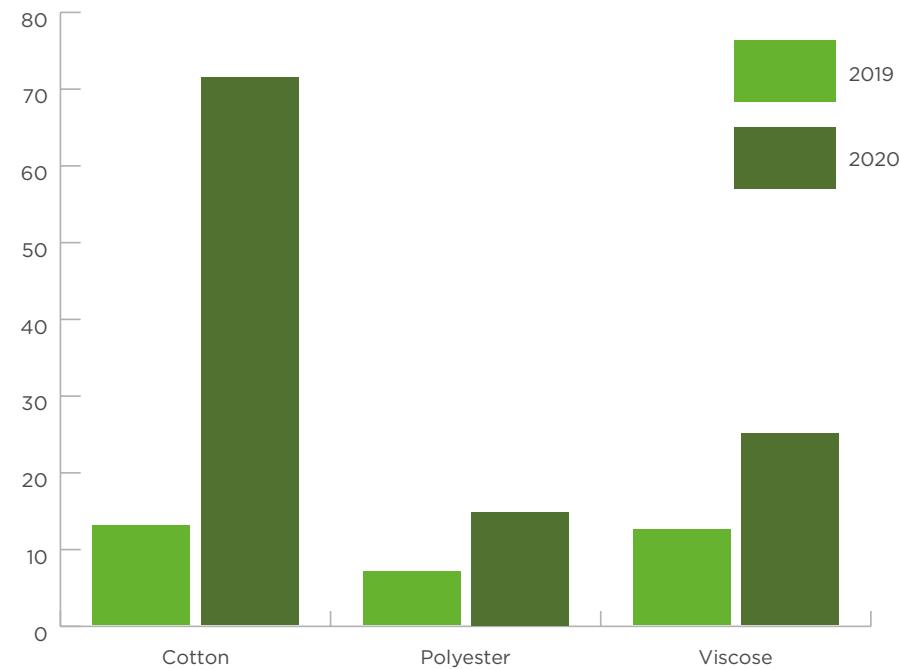
At George, we support the use of regenerated cellulosic fibres, which include viscose/rayon, modal and lyocell. Our Policy on Regenerated Cellulosic Fibres² further describes how we work in these areas.

Did you know?

By 2025, we aim to achieve 100% sustainable viscose, 100% responsibly sourced cotton and a minimum of 30% recycled content within all polyester clothing. And by 2021, we aim for 80% of our denim, knitwear and outer wear ranges to be sourced sustainably. Beyond this, we will review how our fibres impact on biodiversity in production countries, and provide our customers with more transparency over where the fibres in their clothes come from, by mapping our supply chain back to the fields where our raw materials are grown.



The 2019 and 2020 data below are for the total of responsibly sourced cotton, polyester and viscose. During 2019 we were still in the early stages of our journey and we have achieved good progress in 2020.





Timber and palm oil

- ◎ All of our own-brand products containing wood, paper and pulp will be sourced sustainably by the end of 2020

We will only sell products that contain certified, sustainable timber by the end of 2020 and continue to source only certified sustainable palm oil. To learn more, see our Nature commitment on pages 25-27.

Policies

We have phased out or eliminated certain fabrics and practices within our supply chains as part of our sustainability and ethical pledges. Our Fibre Sourcing Policy and Animal Welfare Policy,¹ in particular, highlight our key commitments and banned practices such as sandblasting, cotton from Uzbekistan, waste incineration, the use of certain chemicals (in line with REACH regulations) and the responsible sourcing of animal-derived materials.

Hazardous waste

- We aim to eliminate all hazardous waste being released into the soil, water and air and to work with suppliers to reduce the discharge of higher-risk chemicals from the manufacturing of apparel, footwear and textiles

In George products, chemicals are used in processes to make clothes, such as washing, dyeing and printing. We want to make sure that our products are safe to make, safe for the environment and safe to wear. So we promote good chemical management to protect worker safety and to help conserve waterways, soils and the wider environment in sourcing countries. Hazardous waste also includes greenhouse gas emissions that cause air pollution and climate change.

The Sustainable Apparel Coalition (SAC)

George is a member (through Walmart) of The Sustainable Apparel Coalition (SAC), which is a fashion industry collaboration working to measure environmental impacts in the same way. To do this, members use The Higg Index. Developed by the SAC, it's a suite of tools that enable garment factories to measure and score their performance on water, energy, chemicals and waste. Factories can use this information to help protect the well-being of factory workers, local communities and the environment. Being a member of the SAC allows us to work more closely with our suppliers, particularly fabric mills, to help improve transparency and boost their sustainability performance.

- ◎ We aim to have all mills reporting through the Higg Index by the end 2022.

By 2022, we aim for all fabric mills supplying George clothing to be using the Higg Index. As of 2020, 70% of our suppliers were using these tools.

ROADMAP TO ~~ZERO~~

chain to complete a chemical waste management survey, which has provided insights into priority areas such as fabric mills and wet finishing processes. George is aligned with ZDHC, an industry-led organisation¹ within the fashion and footwear industry. Their vision is widespread implementation of sustainable chemistry, driving innovations and best practices to protect consumers, workers and the environment.

◎ We will actively participate in the Microfibre Consortium to reduce ocean plastics

Microfibres are increasingly identified by scientists as a major source of ocean pollution. There are also concerns that they are entering the food chain, and may carry other harmful chemicals. While exact figures on the clothing and home textiles industry's impact are not available, we have already taken action to address this important topic. We were the first big supermarket to sign up to The Microfibre Consortium (TMC), which promotes the development of practical solutions for the textile industry to minimise the release of microfibres into the environment from textile manufacturing and during throughout their useful life, including when clothes are washed by consumers. TMC is looking to connect in-depth academic research with the reality of commercial supply chains to help brands, retailers and supplier members better understand the challenges around microfibre pollution and make tangible progress.

Packaging

George is committed to increasing the amount of packaging we recycle and reuse. This includes our hangers, care labels, polybags (used to protect our products in transit) and more. To read more on Asda's plastic commitments, see pages 35-40.

George began this journey by raising awareness of Europe's REACH and hazardous chemicals regulations among our suppliers through extensive training. In addition, we asked our supply



The
Microfibre
Consortium



GEORGE'S AMBITION IS TO WORK WITH SUPPLIERS TO REDUCE THE DISCHARGE OF HIGHER-RISK CHEMICALS FROM THE MANUFACTURING OF ITS APPAREL, FOOTWEAR AND HOME TEXTILES BY 2025



Hanger recycling

- ◎ **We will increase the number of hangers we recycle to 50% by 2025**

Our black hangers currently have a minimum of 80% recycled content.¹ All the hangers we retain are either reused or recycled into new George hangers. As they can't be recycled at the kerbside, we encourage customers to return any hangers they've taken home with their purchases. Since 2018, our customers have returned over 3,000 tonnes of plastic hangers to our stores. In 2019, we reused 29% of our hangers.

Recycled packaging and care labels

- ◎ **All our George care labels, since the end of 2020, are now made from recycled polyester**
- ◎ **All George packaging will be 100% recyclable by 2025**

The challenges we face for recyclable packaging are around the stickers we use, which currently cannot be recycled at kerbside.

Plastic reduction

- ◎ **We are aiming for the polybags that display our clothes in stores to have at least 30% recycled content by 2025**

Card packaging FSC approved

- ◎ **All George card packaging is now approved by the FSC as of the end of 2020**
- ◎ **By 2025, all primary paper-based packaging will be from sustainable sources**

Currently over 80% of our paper packaging has moved to FSC-based materials.¹

1. Based on supplier declarations.

George Cares

George Cares is our commitment to our customers to provide high-quality, long-lasting products to help people get through the rough and tumble of life. In recent years, we have taken this further by trialling new circular solutions that go beyond durable products to help reduce, reuse and recycle – giving products a second life and keeping them in use for as long as possible.



Durable and long-lasting clothing

To ensure George products offer the best value for money, we focus on four key areas: developing, fitting, checking and listening. Our products are fitted on real people of all shapes and sizes by our expert technologists, and thoroughly tested by certified laboratories. We ask a variety of people to try and test them, including our own colleagues, to ensure they meet our satisfaction guarantee.

George works closely with our supplier partners to produce the end product, offering training to their teams through our George Academy, and helping them to reach and maintain our standards.

Making the most of customer feedback

Customer feedback means a lot to Asda, and we encourage George customers to keep us updated with their views on price, quality and fit. Our online reviews show that 92.8% of reviewers would recommend the purchased products to a friend. In 2020, just 6.8% of product sales value was returned to us.



**WE OFFER A 100-DAY
GUARANTEE ON ALL GEORGE
CLOTHING AND FOOTWEAR**

Reduce, reuse, repurpose and recycle

George works with third parties to reduce, reuse, repurpose and recycle all end-of-line ranges, customer returns and withdrawn or rejected stock. All sampling generated through our buying processes are resold to colleagues, with funds going to charity. George also works with charities such as Newlife and His Church to provide vital funds through the donation of our customer returns. In addition, over 400 Asda stores have clothing banks in their car parks; this is where customers can donate unwanted clothing and raise money for charities such as Tickled Pink.

In 2020, we formed a partnership with Sheffield-based Vintage Kilo, who supply high-quality vintage, retro and second-hand branded clothing. Our Preloved Vintage offer was launched at our Middleton sustainability store in October and has proven very popular with customers. As a result, it has now grown to a further nine Asda stores in Scotland and the north of England, all of which launched in December 2020. We are excited to be offering premium vintage and retro clothing at affordable prices to our customers. We have plans to roll Preloved out to an additional 40 Asda stores by the end of April 2021, 50 stores in total, following the success of our Middleton store trial.



“WE ARE EXCITED TO BE OFFERING PREMIUM VINTAGE AND RETRO CLOTHING AT AFFORDABLE PRICES TO OUR CUSTOMERS.”



Better Communities

“WE SUPPORT LOCAL COMMUNITIES ACROSS THE UK AND WORK WITH OUR CHARITY PARTNERS TO FIGHT POVERTY, SUPPORT CHILDREN IN CRISIS AND PROVIDE BREAST CANCER RESEARCH AND SUPPORT.”

Better COMMUNITIES

We're proud to support thousands of charities and good causes of all sizes across the UK, through fundraising, donations and volunteering. We're particularly focused on fighting poverty, supporting children in crisis and breast cancer research and support, whilst supporting our local communities during times of crisis and helping them to build long-term resilience.

Total value of
community
contributions:
£28.5m



Beneficiaries from
Asda's community
contributions²

1m

Grants committed by
Asda Foundation in 2020

£4.5m



We've
donated over
£25 million
to FareShare and
the Trussell Trust
since 2018



111.7 million
meals¹ enabled through
financial or in-kind donations
to charity since 2013



**Supported
1 million**
people with food and
advice services to tackle
the root causes of poverty



250,000
pieces of equipment
provided to Care
Home staff during the
Covid-19 pandemic



Customers have
donated over
5 million
meals to food banks
since 2018



£71m
raised for Breast Cancer
Charities to date through
Asda Tickled Pink

£26m
raised for

BBC Children in Need
over the past 21 years



1. A meal can be defined as 420g of food, definition from WRAP <https://wrap.org.uk/sites/default/files/2020-11/Food-surplus-and-waste-in-the-UK-key-facts-Jan-2020.pdf>. I 2. People reached through Asda funded national charity partnership activity, people benefitting from a donation of goods, space and/or time at our stores and people supported by an Asda Foundation grant. I 3. Includes funds raised for Breast Cancer Now from colleague and customer fundraising, cause related marketing products, corporate events and clothing bank collections

A history of supporting communities

2010

Asda Foundation Colleague Hardship fund launched



2018

Launch of Asda Fight Hunger Create Change partnership with FareShare and the Trussell Trust, aiming to create long-term positive change to poverty in the UK

Asda celebrates the NHS' 70th birthday by organising tea parties and offering free tea and coffee in store to NHS staff

2019

Asda Plastics Investigators activity reaches over 400,000 primary school pupils, educating them on the importance of recycling and reducing plastic



2012

Launch of the Asda 'Community Champion' role, providing a dedicated colleague in all large Asda stores, focused on charity fundraising and providing local community support

Launch of Asda Foundation Green Token Giving grants, supporting thousands of local charities every year



2020

20th anniversary of Asda's national fundraising partnership with BBC Children in Need, with £26m raised by that point

Asda takes a range of actions to support communities through Covid-19, including a £5m donation to FareShare to aid their emergency food response and the donation of 250,000 medical-grade face masks to over 3,500 care homes



2013

Asda helps fund the UK's first national Breast Cancer Tissue Bank, providing a major boost to Breast Cancer research



2014

Launch of Asda Schools Toolkit, equipping Asda Community Champion with lesson plans and materials to help educate primary school children about healthy eating

2021

Over £25m donated to FareShare and the Trussell Trust since the start of the Fight Hunger partnership, enabling us to support over 1 million people with food and advice to help them out of a crisis situation

25th anniversary of Asda Tickled Pink charity partnership with over £71m raised to date



A



Our Better Communities' vision

Community is a word you'll hear often at Asda. Across stores, distribution centres and home offices, we're proud to be part of the local communities we operate in.

As one of the largest employers in town, we see it as our responsibility to build stronger communities, and to connect and convene others to make a collective impact. This year, more than ever, we've seen the power of connectivity and community, as friends, neighbours, businesses and charities have pulled together to support each other, find solutions to seemingly impossible situations and look after the most vulnerable in society.

Our better communities' work focuses on making a difference in the areas that matter to our customers. Through our network of community champions and fundraising initiatives, we take real action to make a positive change to poverty, tackle breast cancer, support children and families in crisis and build stronger, more resilient communities.

In any given year, we partner with thousands of charities, community groups and local good causes to support projects that make our communities a better place to live.

"OUR BETTER COMMUNITIES' WORK FOCUSES ON MAKING A DIFFERENCE IN THE AREAS THAT MATTER TO OUR CUSTOMERS."



Our community contribution in 2019: in numbers



Every year, we record our investment in the community – through cash donations, volunteering and product donations – and as we move into 2021, we will measure the impact of this investment in alignment with the Business for Societal Impact (B4SI) framework.¹ This is a global standard that any company can use to help quantify their positive contribution to society. Our 2020 data will be updated later this year.



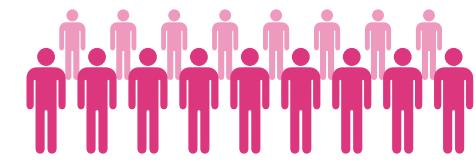
Over £28.5m
Total value of
community contributions²

Cash
CONTRIBUTIONS
Over £19.8m³



Over £4m
VALUE OF TIME⁴
INVESTED IN OUR
LOCAL COMMUNITIES

Over £3.7m
value of unsold food
product donated within
our stores



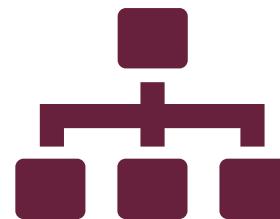
1,416

Number of home office employees who participated
in community activities in paid working time



1,088,799

People benefiting directly
from Asda's community
contributions⁵



35,434

Number of organisations
benefiting directly from Asda's
community contributions⁶



5,706 Hours

contributed by home office
colleagues during company time

¹ <https://b4si.net/framework/business-investment-for-societal-impact/> | ² Contributions consist of direct donations made by Asda, including grants given by the Asda Foundation, via: Community Champions; Asda Foundation emergency donations; Match funding; Membership and subscriptions; CRM Initiatives; Employee volunteering time; Value of goods donated to food banks via instore trolley donations; and overheads including management costs, wages and admin costs. This information has been submitted to and verified by BfSI.

³ Includes contributions from Fight Hunger donations, Asda Foundation grants, corporate donations, activity resources, match funding, membership fees and donations through National Charity CRM initiatives. Based on BfSI criteria and data submission.

⁴ 'Time' refers to Community Champions' wages incorporating number of hours and individual hourly pay per individual. ⁵ Includes contributions from Fight Hunger donations, Asda Foundation grants, corporate donations, activity resources, match funding, membership fees and donations through National Charity CRM initiatives. Based on BfSI criteria and data submission. ⁶ Includes Asda national charity partnerships, groups supported by our Community Champions in store, groups who receive an Asda Foundation grant and Asda head office(s) donations

Introducing our community champions

Our colleagues are the heroes, and they've always made Asda special. This couldn't be truer of our Asda Community Champions – whose role it is to help make the communities around their stores a better place to live, work and grow up in. Based in our larger stores, our 380+ Community Champions are the face and heart of Asda in their local area and the driving force behind our support of worthy causes. They provide localised support tailored to meet the specific needs of their communities through fundraising, outreach activities and supporting with grant applications.

How our Community Champions help

From outreach programmes to grant giving, our Community Champions listen to our communities' needs and work with local people to make sure we're providing support to those who need it most. They work tirelessly to support charities, projects and initiatives that make a real impact for local people. They also build close relationships with local schools, working with teachers to promote healthy food and an active lifestyle, enthusing children about cooking and talking to them about protecting the environment. In 2019, our Community Champions worked with over 15,000 local groups across the UK, and reached 2,791 schools.¹

Every year, Asda Community Champions...

- Provide space in our stores to local groups to raise awareness of services available within the community, collect food for food banks and support fundraising for local charities. Some of our stores also have rooms available free of charge that community groups can use to hold meetings.**
- Run fundraising events in our stores, through bag packing, bucket collections and by donating goods to fundraising events. Our Community Champions have also taken part in some remarkable colleague fundraising events – from shaving their hair off to running marathons. In everything they do, they make us all incredibly proud.**
- Each Champion also has a monthly budget for monetary and product donations to provide practical support to local charities. They also coordinate the in-store Green Token Giving scheme, funded by the Asda Foundation.**

Did you know?

Our Champions have been working closely with schools to deploy our Plastic Investigators Club education initiative which aims to teach children about the importance of recycling and tackling plastic pollution. As part of this we have run competitions in schools for children to design environmental posters – with the winner in Bristol taking home £20,000 for their school to spend on a recycling and sustainability initiative.

So far, Asda's Plastics Investigators programme has reached 408,565 school pupils through 2,791 schools and a parental audience of 694,561 with messages about the importance of plastics recycling.



1. Activity includes donations of time, space and goods. School activity consisted of a 'Plastic Investigators' activity managed by the organisation 'We are Futures'.

Case studies

Helping people forge new friendships

To tackle social isolation within her community, Liz Cotterill set up a friendship café at our Warrington store to bring people together on a regular basis. Now, a group of around 16 people meet up regularly to play dominoes, knit blankets for local care homes, discuss books and taste test Asda's cakes. They also have regular guests who provide talks about issues in the local community and where to get support.

“GRANDPARENTS BRING GRANDKIDS ALONG AND NEW PARENTS CAN MEET LOTS OF PEOPLE IN THE COMMUNITY WHO ARE HAPPY TO HELP THEM WITH ADVICE AND SUPPORT. AFTER ALL, THAT'S WHAT FRIENDS ARE FOR...”

Liz Cotterill, Asda Community Champion, Warrington store



Connecting local groups for good

Diane Springthorpe from our Colne store ran an inspiring networking event for local charity groups in her in-store community room. This enabled local groups to meet for the first time, establish new connections, and even join forces to support people in crisis during the Covid-19 pandemic.

“THE IDEA IS WE WORK AS ONE WHOLE ENTITY TO SUPPORT OUR LOCAL AREA. IT'S NOT JUST ABOUT THE FOOD, IT'S ABOUT SHARING RESOURCES AND SUPPORTING OUR COMMUNITY WITH OTHER GROUPS SUCH AS MENTAL HEALTH AND CHILD SERVICES.”

Diane Springthorpe, Asda Community Champion, Colne store



Asda Foundation

Asda Foundation is an independent charity with more than 30 years' history of helping people in local communities, and has donated more than £40 million to date. Its mission is to transform communities and improve lives throughout the UK, complementing Asda Stores' ambition to be at the heart of local communities, through building long-term community resilience and being there in times of crisis. The Foundation supports grassroots organisations in making a real impact, and supports local communities in emergencies, reacting quickly to help people in the immediate hours following a disaster.

In 2020, Asda Foundation committed more than £4.5 million to communities across the UK. These grants focus on supporting small, local activities, and range from £50 to £25,000. We fund all sorts of projects, from school uniforms to Christmas lunches to refurbishing a community centre kitchen – helping to make a positive difference to all involved.

Back in 2012, we were one of the first retailers to enable customers to vote in store for funding to go to local good causes. At Asda, we call this Green Token Giving. Since its launch, we have supported over 5,000 local good causes annually. In 2020, we donated over £1 million through this innovative scheme. We also offer our colleagues match funding for their own charity fundraising efforts.

In 2020, Asda Foundation adapted its traditional grant programmes to support people affected by the Covid-19 pandemic. We are also accelerating our plans to use digital technology to reach and support more communities, and engage more customers. For example, in 2021, we plan to trial a digital version of our Green Token Giving Programme. We also plan to make grant applications a fully digital, paperless process, making things easier for communities and contributing to Asda's sustainability mission.

Providing emergency support

Asda Foundation supports communities through emergencies, helping them to get rapid, practical help in the event of disaster. This ranges from personal emergencies, such as house fires, to those affecting whole communities, such as storms and floods. For instance, at the end of 2019, we helped people affected by the floods in South Yorkshire to get back on their feet by sending a lorry with cleaning supplies as well as baby food and premixed baby milk.

ASDA foundation



Case studies

Helping flood victims across the UK

When Storm Dennis hit the UK in February 2020, leaving thousands of people homeless, Asda colleagues stepped in to help people affected by the flooding. Colleagues from our stores close to the worst-hit areas across the UK helped with clean-up operations, as well as handing out cleaning products, food parcels and other essential items. The Asda Foundation also provided support to hundreds of affected households through a combination of individual grants and larger, more strategic community grants.



"I PHONED ASDA BLACKWOOD STRAIGHT AWAY AND LUCIE THERE WAS INCREDIBLE. SHE GOT ALL THE ITEMS THAT WE NEEDED - WE WERE OVERWHELMED BY HOW SYMPATHETIC ASDA AND ASDA FOUNDATION WERE AND HOW QUICKLY THEY ACTED. WITHIN HOURS OF PHONING WE'D RECEIVED THE ITEMS. IT WAS AMAZING. SUCH GENEROSITY WHICH HAS MADE SUCH A DIFFERENCE."

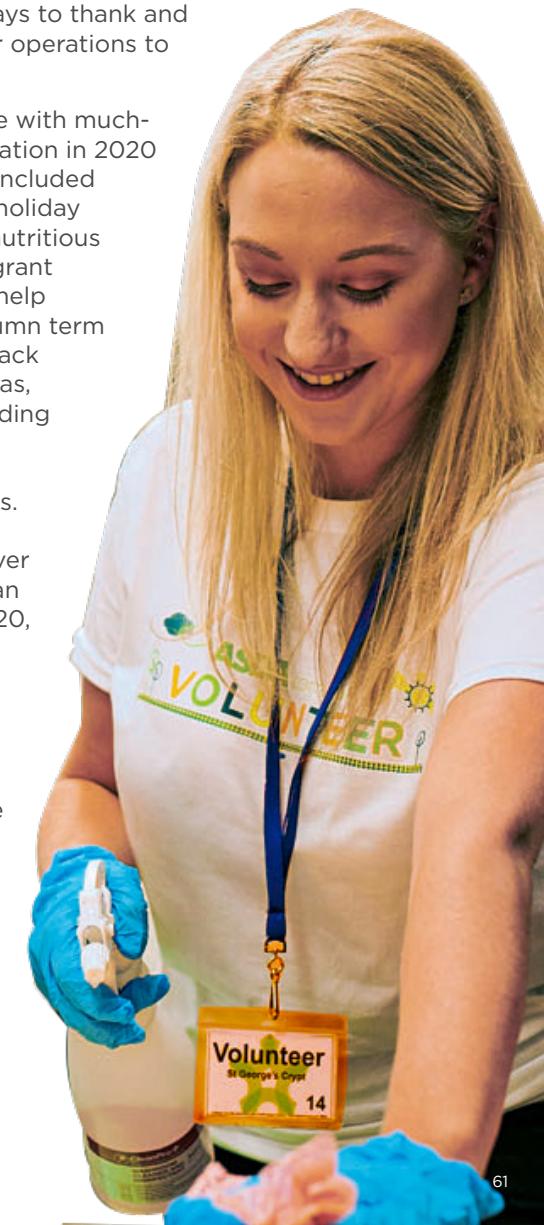
Hayley Davies, Llanhilleth Institute

Pulling together to support people during the Covid-19 pandemic

We know that we're all in this together, so we've taken – and are still taking – action across our business – from donating to our charity partners to finding ways to thank and support the NHS, to adapting our operations to protect the vulnerable.

To help reach the most vulnerable with much-needed support, the Asda Foundation in 2020 developed four new grants. This included a Healthy Holidays grant to help holiday activity groups provide healthy, nutritious meals to children and a hygiene grant for care homes and hospices. To help parents meet the cost of the autumn term we launched a Getting Schools Back on Track grant. Ahead of Christmas, Asda Foundation launched a Feeding Communities grant, designed to help provide meals to anyone in need, supporting over 850 groups. Throughout the pandemic, Asda Foundation in 2020 supported over 273,000 individuals and more than 5,000 local groups. Overall in 2020, the Asda Foundation gave over £1.5 million in grants to support communities impacted by the pandemic.

In addition to supporting vulnerable individuals and people in care homes, Asda Foundation worked with us to increase our stores' monthly community budget from £150 to £350. 90% of stores with an active Community Champion took advantage of this opportunity.



Case study

Helping people suffering from loneliness and isolation in 2020

The social distancing restrictions and lockdowns brought by the Covid-19 pandemic have left many elderly and vulnerable people cut off from their families and communities. To help people suffering from loneliness and isolation, Asda Foundation partnered with the Royal Voluntary Service, donating £200,000 to support its telephone befriending scheme. In 2020, The Royal Voluntary team made 100,000 calls, providing a vital link to the outside world. This builds on the Asda Foundation's existing partnership with the Royal Voluntary Service, through which the Foundation has donated more than £1 million since 2015 to support the elderly.



“COMMUNITY CONNECTIONS ARE A VITAL PART OF HUMAN SOCIETY AND WE’RE PROUD THAT OUR £200,000 DONATION TO THE ROYAL VOLUNTARY SERVICE ENABLED THEM TO PROVIDE REASSURING CALLS FROM FRIENDLY VOLUNTEERS TO THOSE WHO NEEDED IT MOST.”

Alexandra Preston, Senior Manager, Asda Foundation

Support from Asda Stores during the pandemic



And some **980 food banks** could set up e-referral systems so that vulnerable families could access food parcels more easily.



We connected one of our key suppliers with University Hospital in Leicester to enable the provision of **260,000 surgical gowns**



We also raised funds for NHS charities and the Care Workers' Charity, while our...



to over **3,500 care homes**, while our Community Champions made many donations of snacks, toiletries, hand creams and clothing to both care homes and hospitals

Fighting poverty

Poverty is a growing issue in the UK, impacted even more by the effects of the Covid-19 pandemic. Over 14 million people nationally live below the poverty line, and just below a third of those affected are children. Yet at the same time, 4.4 million tonnes¹ of edible food is wasted in the UK each year and as a food retailer, it's important to us that we do what we can to make a difference.

We've been on a journey since 2018, partnering with FareShare and the Trussell Trust to provide support for people in crisis today and working towards a tomorrow where there is no need for food banks in

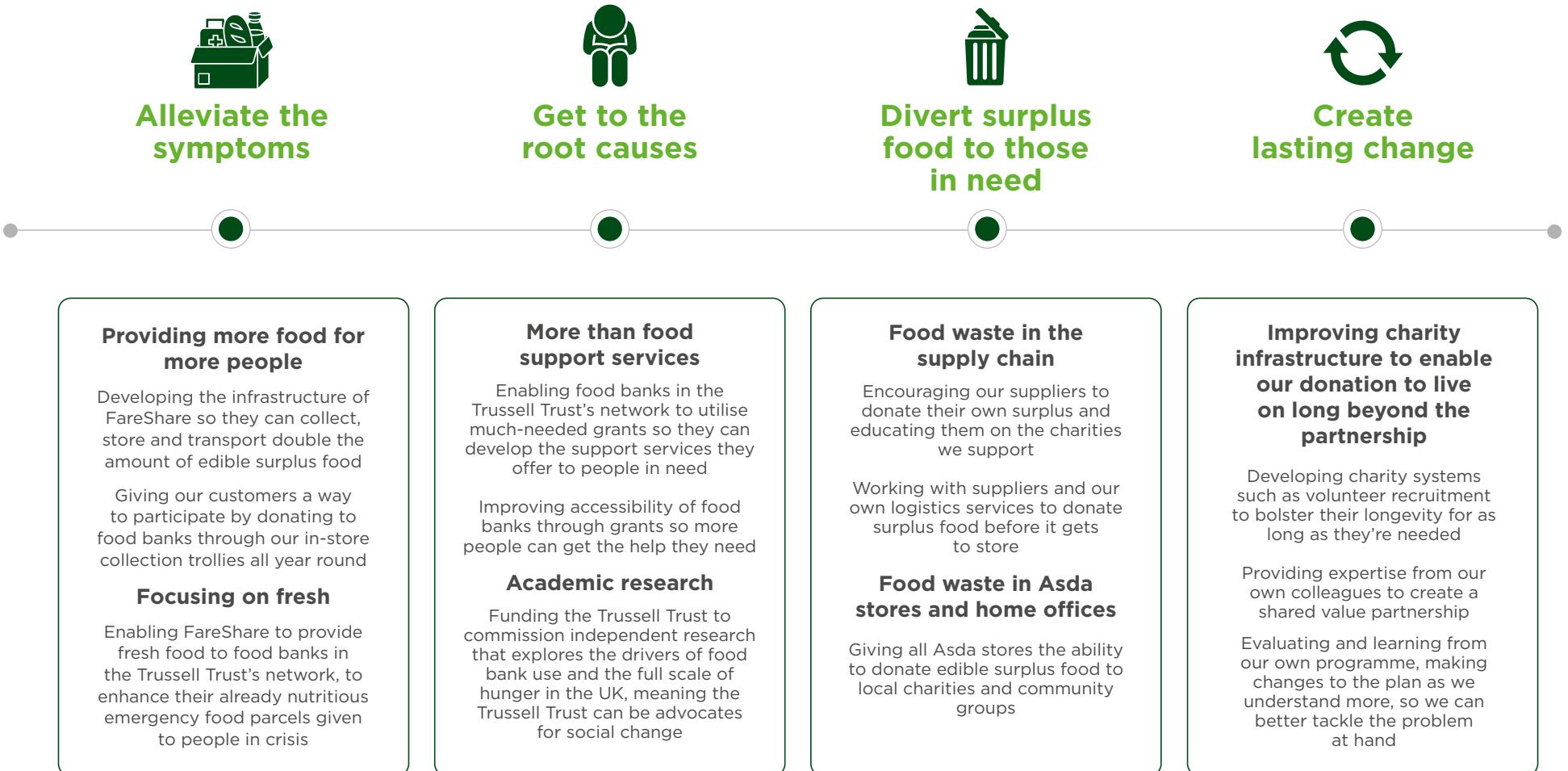
DONATING OVER £25 MILLION SINCE 2018 TO FARESHARE AND THE TRUSSELL TRUST, TOGETHER WE'LL FIGHT POVERTY AND CREATE LONG-TERM POSITIVE CHANGE

the UK. Donating over £25 million since 2018 to these two leading charities, together we'll fight poverty and create long-term, positive change. As a retailer, the greatest contribution we can make is alleviating the symptoms of poverty by providing more meals and putting edible surplus food to good use. However, the issue of poverty is highly complex, and there shouldn't be a need for food banks, so whilst we do what we can to provide people with food, we're also on a mission to tackle the root causes of poverty.



1. Estimates of Food Surplus and Waste Arisings in the UK, Wrap, 2017. <https://wrap.org.uk/sites/default/files/2021-02/WRAP-Estimates-of-Food-Surplus-and-Waste-Arisings-in-the-UK-2017.pdf>

Four simple steps to making a difference



Alleviate the symptoms: Providing more food

We aim to alleviate the symptoms of poverty by investing in charities' infrastructure and services so they can collect, store and transport more food. The increased capacity will mean the charities can continue to distribute increased levels of food long after the Asda Fight Hunger Create Change programme. At the beginning of our programme, we set out to enable our charity partners to:

- ◎ Provide an additional 24 million meals annually
- ◎ Give 500,000 people access to fresh food every year

"THE ASDA FIGHT HUNGER CREATE CHANGE PROGRAMME IS ALREADY ENABLING UNPRECEDENTED TRANSFORMATION FOR THE UK'S CHARITIES AND COMMUNITY GROUPS. THANKS TO ASDA'S FUNDING, FARESHARE HAS BEEN ABLE TO OPEN NEW WAREHOUSES, LEASE MORE VANS AND - MOST IMPORTANTLY - SERVICE MORE CHARITIES WITH VITAL, NUTRITIOUS MEALS, ENSURING SURPLUS FOOD IS DIVERTED TO THOSE WHO NEED IT MOST."

Lindsay Boswell, CEO FareShare

Since the launch of our Fight Hunger Create Change programme, we have supported FareShare in expanding its activities by funding infrastructure improvements including new warehouses, chillers, forklift trucks and warehouse retrofits at FareShare premises across the UK. This means that FareShare have been able to double the amount of food they can handle in their network, ultimately providing more food to local charities. Through capacity building alone, FareShare have provided over 46 million additional meals, exceeding our target of 24 million meals. On top of this, our support to FareShare during the pandemic provided another five million meals. Our Community Champions and media investment has also encouraged more food donations in store, and between 2018 and 2020 our customers and colleagues donated enough food to provide over five million meals to support local food banks.

To help people in crisis gain access to more fresh, nutritious food, we're:



Investing in more chilled vans and fridges for FareShare across the UK, which has enabled the charity to reach a further



Promoting more fresh food in food banks; by connecting the two charities for the first time, we're also enabling the Trussell Trust to add more fresh fruit and vegetables to its

500,000 people with fresh food

nutritionally balanced food parcels, reaching

240,000 people to date



Case studies

Supporting our local food bank

Our Middlesbrough store's Community Champion Jenny Barnett, has helped the Redcar Area Food Bank to better service people living in poverty by setting up a permanent edible surplus food collection point in store and volunteering at the food bank. Jenny also supported the food bank with a £5,000 Asda Foundation grant to help expand its reach.

"JENNY'S FANTASTIC AND THE COLLECTION POINT HAS BEEN A GODSEND TO US - A REAL LIFESAVER - BECAUSE SADLY WE'RE GETTING MORE CLIENTS THAN EVER."

Helen Hedges Redcar Area Food Bank manager

"I HELP OUT IN THE CAFÉ SERVING FREE HOT MEALS TO PEOPLE, WASH UP, MAKE UP FOOD PARCELS, MEET AND GREET THE GUESTS AND PLAY WITH THEIR CHILDREN WHILE THEY'RE GETTING SUPPORT - ANYTHING THEY NEED."

Jenny Barnett, Asda Community Champion,
Middlesbrough store



Tackling root causes of poverty

Helping people who are in crisis and need immediate support is essential, but it's also important to understand the underlying issues of why someone comes to a food bank so they don't have to return again. The Trussell Trust is using our donation to support its food banks in becoming more resilient and reaching more people. So far, we've granted more than £5.8 million to 217 food banks in the Trussell Trust's network to enable them to better support people in crisis. As a result, over 1 million people have been supported with food and advice services to help them out of their crisis situation.



Advancing academic research

While our grants for food banks are creating change locally and ensuring people don't have to return to a food bank, we're also focusing on making a change at a national level so people don't need to turn to a food bank in the first place. We've funded the Trussell Trust to commission a piece of independent research by Heriot-Watt University exploring why people use food banks in the UK.¹ Understanding the state of hunger across the country will support the Trussell Trust in policy research and social advocacy work, providing clear, in-depth analysis on the reasons behind severe food insecurity, and will ultimately support local and national change.

Case study

Reaching vulnerable families with healthy food

Fresh food is so important to people's health and mental well-being, which is why in 2018, Asda funded a revamp of FareShare West Midlands, purchasing a new industrial chiller to double their capacity to provide fresh food to local community groups. One of the local groups to benefit from this was House of Bread, who have been able to provide more healthy food to homeless and vulnerable people.



"WE GET A REAL VARIETY – SOME OF THE VEG AND MEAT IS THE QUALITY YOU'D EXPECT TO FIND IN A POSH RESTAURANT. WITHOUT FARESHARE, WE COULDN'T AFFORD THE SAME QUALITY AND VOLUME OF FOOD."

Will Morris, Director, House of Bread

¹ <https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/06/SoH-Interim-Report-Final-2.pdf>

Diverting surplus food to people in need

◎ Expanding our existing food donation activities

As a retailer, we want to help prevent the waste of thousands of tonnes of good, edible food wasted by the food industry and in the home every year. We're proud to have reached our goal of giving all our stores the ability to donate edible surplus food to local food banks and community groups. And in addition to redistributing as much of our surplus food as possible from stores, depots and home offices, we're also encouraging our suppliers to do the same.

"OVERALL, THROUGH OUR EDIBLE SURPLUS FOOD DONATIONS AT STORE, DEPOT AND HOME OFFICES, WE HAVE NOW DIRECTLY PROVIDED 20 MILLION MEALS FOR PEOPLE IN NEED SINCE 2013"

Our overall impact¹

From alleviating the symptoms of poverty with more meals, to tackling the root causes so people don't need to return a food bank, we've achieved so much since the start of our Asda Fight Hunger Create Change programme. Looking at the work we do across different areas of our business, from dealing with edible surplus food waste to the donations we provide to our partner charities, we've met an amazing milestone that keeps on growing. With a combination of our donations from depots and home offices since 2013, our donations at store since 2018, our investment in FareShare's infrastructure also since 2018 and our Covid-19 grant to FareShare and the Trussell Trust in 2020, we've enabled over 111 million meals to be provided to vulnerable people across the UK.

Additional meals Asda has enabled partner charities to donate by funding their infrastructure:

ENABLED

**77.6
million
meals**

Through our multi-million pound grant to FareShare, the charity has increased their capacity to collect, store and transport more food (since 2018)

**7.2
million
meals**

Our emergency Covid-19 grant to the Trussell Trust supported food banks in giving out over 800,000 emergency food parcels at the height of the pandemic (since 2020)

DONATED

**5.6 million
meals**

All of our Asda stores have the ability to donate edible surplus food from our back-of-store operations to local community groups and charities (since 2018)

**15.7 million
meals**

Through our depots and home offices, edible surplus food that won't make it to our stores is donated to support various charities (since 2013)

Total enabled
**84.8
million
meals**

**5.6 million
meals**

Our emergency Covid-19 grant to FareShare enabled the charity to buy over 2,300 tonnes of food to distribute to local charities in their network (since 2020)



Total donated
26.9 million meals



OVERALL TOTAL

**111.7 million
meals**

Breast Cancer

Every 10 minutes in the UK one woman is diagnosed with breast cancer and one man is diagnosed every day.¹ We're passionate about helping to save lives from breast cancer; educating our customers; and supporting those living with the disease. Since its inception in 1996, our Tickled Pink campaign has evolved from colleague-led fundraising to a multi-award-winning partnership with a strategy to promote breast check awareness and improve early diagnosis of breast cancer in the UK with the support of our colleagues, customers and suppliers. Today, Asda Tickled Pink reaches millions of people every year and we will be celebrating the 25th anniversary of Asda Tickled Pink in 2021 with more innovative awareness campaigns and fundraising activities to support our charity partners Breast Cancer Now and CoppaFeel!

"AT COPPAFEEL!, WE ARE ABSOLUTELY DELIGHTED TO BE THE NEWEST ADDITION TO ASDA'S TICKLED PINK FAMILY! THIS PHENOMENAL PARTNERSHIP HAS THE POWER TO TRANSFORM OUR SMALL CHARITY AND HUGELY INCREASE THE IMPACT WE CAN HAVE ON THE LIVES OF SO MANY YOUNG PEOPLE. ASDA TICKLED PINK WILL SUPPORT A NUMBER OF KEY PROJECTS INCLUDING GROWING OUR DIGITAL PRESENCE, INCREASING OUR REACH AND AWARENESS, AND DEVELOPING AND STRENGTHENING OUR HEALTH AND EDUCATION PROGRAMMES."

Natalie Kelly, Chief Executive of CoppaFeel!

Our charity partnerships

Breast Cancer Now is now the largest breast cancer charity in the UK² with the aim to connect anyone affected by breast cancer to trained nurses to seek advice. In 2020 we fundraised £3.3 million to support its efforts, helping the charity to reach 1,780,153 people through its award-winning helpline and life-changing support services.

Working with charity CoppaFeel!, a new Tickled Pink partner introduced in 2020, we are stepping up our promotion of the importance of regular boob and pec checking and raising awareness of the signs and symptoms of breast cancer. With engaging in-store and social media campaigns, together we aim to increase monthly checking among 18-24 year-olds in the UK from 36% to 47%, which could mean an extra 600,000 young people adopting regular boob checking behaviour by 2024.

Case studies

Sharing health messages with consumers through our packaging and till receipts

Communicating with consumers on product packaging is a privileged opportunity for us to engage with people on cause-related messaging. Our suppliers really get on board during Breast Cancer Awareness Month, with products like Diet Coke, Dove and PG Tips creating special campaign packaging and donating part of each sale to the 2020 Tickled Pink campaign. And within our own brand ranges, we've made strides on sharing boob-checking messages too. In 2019, our George business committed to providing an annual donation of £500,000 to Tickled Pink along with including breast cancer awareness messaging across its entire bra range, reaching more than three million women annually. Breast-checking messaging is also included on our feminine care packaging helping us to reach more than 10 million women each year, and we reach nearly eight million customers on Asda Pharmacy dispensary bags.



1. Average total of UK invasive breast cancer cases between 2015 and 2017 (55,252) - combined statistics from various NHS Trusts | 2. <https://breastcancernow.org/about-us/media/press-releases/leading-charities-unite-create-uk%20%20largest-breast-cancer-charity-committed-putting-end-breast-cancer>

Engaging our colleagues and customers

Our in-store campaign fundraising and awareness activities are delivered primarily by our Community Champions. We try to be as disruptive and engaging as possible with our boob checking messages ranging from stickering check messaging on Asda own-label products to providing dedicated leaflets and resources with self-checking advice. The success of these campaigns was recognised by the charity sector, with Asda winning a 2020 Business Charity Award¹ and being highly commended at the Third Sector Charity awards.² Moreover, it has enabled our boob check messaging on our till receipts to become a mainstay, now being included on every Asda receipt, all year round, meaning millions of customers each week will be reminded to check their boobs or pecs!

IN 2020 OUR COLLEAGUES AND CUSTOMERS RAISED £484,904 THROUGH IN-STORE COLLECTIONS AND WE INTRODUCED NEW DIGITAL FUNDRAISING TECHNOLOGY TO MAKE GIVING SAFER AND EASIER

2020 has been a challenging year for the fundraising sector and Asda Tickled Pink has not been exempt from the Covid-19 challenges. However, the support from our suppliers in creating cause-related products provided a lifeline for Tickled Pink fundraising. We are committed to making a tangible difference to early diagnosis rates in the UK through our awareness campaigning and encouraging behaviour change.



THROUGH OUR TICKLED PINK FUNDRAISING CAMPAIGN, WE DONATED £3.3M TO OUR CHARITY PARTNERS. THESE FUNDS HELPED BREAST CANCER NOW TO REACH 1,780,153 PEOPLE BETWEEN AUGUST 2019 AND JULY 2020

Our achievements

Over the last 25 years, Asda's Tickled Pink¹ funding to our charity partner Breast Cancer Now has enabled the following:



Funded one in every five women

calling the Breast Cancer Now Helpline and provided a lifeline of support from a network of trained volunteers who've had personal experience of breast cancer

Funded life-changing

support services such as the Moving Forward course, to help people cope with the devastating impacts of breast cancer



Funded over 500,000 hours of research
to help discover how we can prevent breast cancer

Led to over
400 world-class scientific discoveries, helping us change the future of breast cancer



Increased access to
life-extending drugs on the NHS



In a UK first, we supported the creation of the Breast Cancer Now Tissue Bank and raised over £5 million to support its work.² With 52,000 samples available, the bank is helping to advance research. For example, scientists at the University of Leeds have used tissue samples to create a 3D 'model' of the breast which can be used to study how breast cancer develops.



Winner
of the 2020 Third Sector Business Charity Awards:
Partnership, Fashion and Retail

1. Read more on our Better Communities: Breast Cancer webpage at <https://www.asda.com/creating-change-for-better/better-communities/tickled-pink> | 2. Includes funds raised for Breast Cancer Now from colleague and customer fundraising, cause related marketing products, corporate events and clothing bank collections.



Disadvantaged Children

Through our partnerships and campaigns, we raise funds to enable local projects and services to support disadvantaged children and help them to remove barriers and negative factors that can prevent them from reaching their potential. Our main partnership is with BBC Children in Need. Over the past 21 years, we've raised over £26 million to support disadvantaged children and young people across the UK. In 2020, we supported the BBC Children in Need Big Night In and November TV appeals, helping to raise over £2 million. Through the £2.5 million raised by Asda in 2019, we supported BBC Children in Need to fund over 200 projects delivering play activities and opportunities, reaching over 30,000 children and young people. Our funding supported a variety of projects including activity workshops for children in hospices, playworkers for youth groups, play equipment and play respite care.



**THROUGH OUR PARTNERSHIPS AND CAMPAIGNS,
WE RAISE FUNDS TO ENABLE LOCAL PROJECTS
AND SERVICES TO SUPPORT DISADVANTAGED
CHILDREN TO REACH THEIR POTENTIAL**

We raise funds for the BBC Children in Need partnership through George cause-related marketing products and in-store fundraising and engagement activities. In 2020, we launched new options for customers to donate digitally in store, broadening the ways they can donate whilst keeping people safe.

Case study

Helping a child overcome anxiety

In 2019, we funded a Power of Play project called People in Action, North England. The project delivers free weekend play sessions to young, disabled people from Leeds. One of these young people was Jay, aged nine at the time, who had become withdrawn after being bullied at school. By playing and having fun in an inclusive environment, Jay became less anxious and more open. His communication improved, and he is now more confident in communicating with his peers and the play workers.

Emergency Essentials for BBC Children in Need

We believe that no child should experience barriers to fulfilling their potential and every child should live with enough food, a bed to sleep on, clean clothes and a supportive environment. So in 2020 and beyond, we switched the focus of our BBC Children in Need support to direct all our fundraising efforts to its Emergency Essentials programme, which provides children and their families living in crisis with essential everyday items. This is vital at a time when a third of children in the UK are living in poverty, with 2.8 million living in severe poverty, while some 44% of families in crisis lack basic material items such as beds,¹ washing machines or children's clothing. This provision of emergency essentials complements our efforts to help more children access healthy food through our Fight Hunger, Create Change programme.

"THE EMERGENCY ESSENTIALS FUNDING WE HAVE RECEIVED AS A FAMILY HAS MEANT THAT WE COULD GET A NEW BED FOR MY SON AND NEW MATTRESS FOR MY DAUGHTER. TO THEM IT'S SOMETHING WONDERFUL AND SPECIAL. TO ME IT'S BEING ABLE TO GIVE MY CHILDREN THE BASICS THAT I COULDN'T AFFORD AND THE COMFORT IN KNOWING THAT MY CHILDREN HAVE CLEAN SAFE BEDS TO SLEEP IN. SOMETHING I WOULD ALWAYS WISH FOR EVERY CHILD."

Mother of two children whose family has experienced severe domestic abuse.



**Together, we can
SUPPORT CHILDREN IN CRISIS.**

ASDA

**BBC
Children
in Need**

This year, money raised by Asda customers and colleagues will help fund BBC Children in Need's Emergency Essentials programme to support children in crisis across the UK.

The programme provides items which meet a child's most basic needs, such as a bed to sleep in, or a cooker to provide them with a hot meal.

Across the UK,
**44% OF FAMILIES
IN CRISIS**
lack basic material
items such as beds,
washing machines, or
children's clothing.

CHILDREN
IN CRISIS

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In-store community board poster - November 2020

¹ www.gov.uk/government/statistics/households-below-average-income-199495-to-201718

Better Lives

“WE ARE WORKING HARD TO MAKE THE HEALTHIER CHOICE THE EASIER CHOICE AND TO PROVIDE AFFORDABLE PHARMACY, OPTICAL AND HEALTHCARE SERVICES FOR OUR CUSTOMERS.”



Better LIVES

We want to make the healthy option the easy and affordable choice for our customers. Below are some of the steps we've taken to encourage and support healthy living

We're making our own brand products healthier and in 2020 we removed

518 Tonnes of sugar¹

Our pharmacies and opticians offer **convenient, affordable** services, adapting and innovating to meet people's needs

In 2020, Asda pharmacies launched the UK's first **drive-through flu jab.**



11 BILLION

Calories removed¹ in 2020

More than 1,000 

of our colleagues have taken part in **autism and dementia awareness sessions** as part of our efforts to make our stores as inclusive as possible²



In 2020 we reduced **996 tonnes** of fat and **20 tonnes of salt¹**



We were one of the **first retailers** to ban the sales of energy drinks to under-16s in 2018



1,200 products set to feature our Live Better icon by 2024



The price customers see is the price they **pay**

Over £6m invested in lowering the price of **Free From** products for our customers



Cartoon characters removed from own-brand breakfast cereals



Customers we've engaged to help raise awareness on consuming less alcohol between 2017-2020: **19,000**



Price of our flu jabs for Asda colleagues: **£1**



Asda offered the government access to all of our 238 in-store pharmacies to support Covid-19 vaccine rollout

238

A

Globe

People

+

Handshake

Our Better Lives vision

We all want to live long, healthy and happy lives. At Asda, we are making nutritious food affordable and appealing, with health-focused communications, support for public health campaigns and innovation in our own-brand products.

In the UK, we face many dietary challenges. We eat too much saturated fat and sugar and not enough vegetables and fibre. Around one third of children leaving primary school¹ and two thirds of adults are overweight or obese.² It's an issue that affects underprivileged communities the most. A 2018 Food Foundation study found that half of UK households may not be able to afford a healthy diet³ and 67% of our customers feel the key barrier to maintaining a healthy diet is affordability.⁴ Additionally, a lack of knowledge around healthy eating and cooking skills, together with busy lifestyles, are also barriers to good nutrition. The financial burden of obesity and related conditions to the NHS is estimated to be over £6 billion each year.⁵

Obesity and the Covid-19 pandemic

Obesity is associated with many chronic diseases,⁶ including cardiovascular disease, type 2 diabetes, at least some types of cancer, liver and respiratory disease, in addition to having negative impacts on mental health. A Public Health England Report suggests that people who are overweight or obese are at an increased risk of serious COVID-19 complications and death, compared with those of a healthy weight.⁷



**WE'RE WORKING HARD TO PROVIDE HEALTHIER,
MORE SUSTAINABLE CHOICES THAT SAVE OUR
CUSTOMERS MONEY AND IMPROVE THEIR
NUTRITIONAL INTAKE**

1. <https://digital.nhs.uk/services/national-child-measurement-programme> | 2. <https://commonslibrary.parliament.uk/research-briefings/sn03336> | 3. <https://foodfoundation.org.uk/new-report-on-the-affordability-of-a-healthy-diet/> | 4 Pulse of the Nation Survey, August 2020 (Base, 1781) | 5. <https://bmcpubhealth.biomedcentral.com/articles/10.1186/1471-2458-9-88> | 6. <https://www.gov.uk/government/publications/excess-weight-and-covid-19-insights-from-new-evidence> | 7. <https://www.gov.uk/government/news/excess-weight-can-increase-risk-of-serious-illness-and-death-from-covid-19>

Making food healthier for more than a decade

We have a long-standing commitment to help to improve our customers' health. Here are the landmarks in our journey:

A

2008

Asda began its journey on salt reduction targets across 76 categories in Asda Own Brand
We removed artificial colours and flavours from own-brand products where technically feasible

**2011**

Asda introduced calorie labelling in out-of-home café settings

**2016**

In addition to salt targets, Government introduces sugar targets and Asda began the sugar reduction journey

**2019**

Asda supported Veg Power's 'Eat Them To Defeat Them' campaign and helped customers to eat healthily on a budget with our '1 Basket 5 Meals' feature

**2021**

In 2020 alone we removed 11 billion calories, 996 tonnes of fat, 334 tonnes of saturated fat, 518 tonnes of sugar and 20 tonnes of salt from Asda own brand products

**2009**

Asda removed hydrogenated fat, sodium benzoate and aspartame from own brand products

**2013**

Asda introduced front of pack traffic light labelling in line with UK Government's labelling scheme

**2018**

Asda was one of the first of the big 4 retailers to ban the sale of energy drinks to under-16s
We reformulated Own-Brand drinks to ensure none of them were liable for the Sugar Drink Industry Levy

**2020**

We relaunched our Free From range, improved traffic light products and added the Live Better icon to more products



What's our vision for health?

Every week, millions of customers shop with Asda. We want to support them to lead healthier lives, by making healthier choices easier, more affordable and better for the planet. We have four areas of focus:

A	1  Reformulation	We will make our own-brand products healthier
	2  Communications	We will support our customers to make healthier choices through our communication channels
	3  Innovation	We will innovate and engage with our stakeholders to drive progress towards healthier and more sustainable diets
	4  Value	We will make the healthier choice accessible to all

Our nutrition commitments are approved by our executive board and are a part of the way we do business, supported by regular monitoring and efforts to optimise our activities.



◎ We will increase the proportion of healthy (non-high fat, salt or sugar content) Asda own-brand products to 60% by 2024

Whilst we still have work to do, we have made some important progress. In 2020 alone, our efforts to reformulate own-brand products reduced calories in customers' baskets by 11 billion and removed 996 tonnes of fat, 334 tonnes of saturated fat, 518 tonnes of sugar and 20 tonnes of salt.



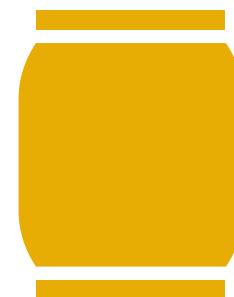
REMOVED
334
tonnes of
saturated fat

Our own-brand products have less fat in 2019
with 996 tonnes of fat removed



15%
REDUCTION IN SUGAR
in our breakfast cereals
and yogurts

Sugar in our yogurts, ice creams, cakes and breakfast cereals is down by more than 15% since 2015, on a sales-weighted basis



We will increase the proportion of healthy
(non-high fat, salt or sugar content)
Asda own-brand products to

60% by 2024

◎ We are committed to reducing red traffic lights on Asda own-brand products year on year

As part of our ongoing reformulation programme we will continue to remove salt, sugar and calories from our own-brand products and will use the number and proportion of red traffic lights to measure our progress.



◎ We will continue to improve the nutritional content of our Asda Little Angels infant food range in line with government guidance

Our Little Angels range is suitable for infants from 6 months and comprises pouches, meals and snacking products. The products contain no added sugar and we will continually work to improve the nutritional content of the range, in line with government guidance.



Case study

Lower calorie sandwich fillers and snacks

In 2020, we reviewed our prepared sandwich fillers and mayonnaise-based dips and salads. We also worked with our supplier to develop a reduced-fat mayonnaise with the same product quality, flavour and texture. In some cases, we also made other minor recipe adjustments, without impacting fat, sugar or salt levels. This enabled us to replace our 'reduced fat' option sandwich fillers with a mainstream option that automatically offered a healthier choice. In this way, customers purchasing sandwiches with these lower calorie sandwich fillers benefit from lower-calorie fillings.

Overall, these efforts will deliver a two billion calorie reduction each year across 18 types of prepared sandwiches, a 149 million calorie reduction among our dips and a 23% reduction in calories among our mayo-based salads. Most importantly, we heard from our customers that they perceived no difference between the old recipes and the new, reduced-calorie alternatives.



Communications

- ◎ We will continue to label all own-brand products in line with the UK's front-of-pack labelling scheme
- ◎ We are committed to offering 1,200 Live Better products by 2024

We recognise the importance of front-of-pack traffic lights to enable customers to manage their calorie intake and their intakes of nutrients of concern – fat, saturated fat, sugar and salt. We are committed to continuing to label products with front-of-pack traffic lights, excluding some defined exceptions.

In addition to traffic light labelling, we also recognise the importance of highlighting healthy choices to our customers with a focus on positive nutrients and health benefits. That's why we launched our Asda Live Better icon in 2020 which highlights the healthiest choices in our own-brand ranges. The Live Better criteria are based on the principles of the Eatwell Guide.¹

We began adding the icon to qualifying products in 2020, and this will continue towards 2024, with 1,200 products set to qualify to feature the icon.



We aim to have a range of **1,200** own-brand products carrying the **Asda Live Better Icon by 2024**




So what's our Live Better promise?

1		Every product has at least one defined nutritional benefit
2		You won't see any products with red traffic lights (unless they're driven entirely by fruits, vegetables, nuts or oily fish)
3		Every product has been approved by our Asda nutritionists

¹ <https://www.nhs.uk/live-well/eat-well/the-eatwell-guide/>

◎ We will remove cartoon characters from high fat, sugar and salt (HFSS) own-brand products by 2022 (excluding seasonal foods and drinks)

We are committed to highlighting more healthy products and messages in our marketing communications. In early 2020, in order to incentivise healthier choices for children, we removed cartoon characters from the design of our breakfast cereals. In addition, we're adding characters to healthy products like our Garden Gang range which launched in 2019.

Case study

Saying goodbye to our Rice Snaps Crocodile

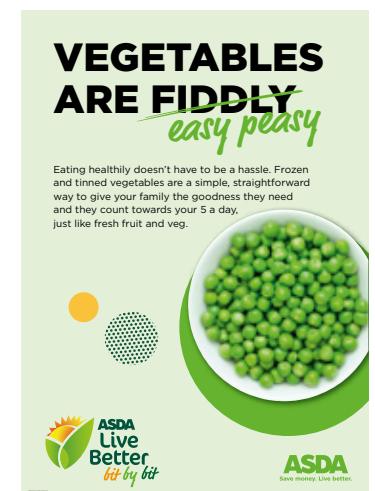
To help our customers make healthier choices for their children, we redesigned our character-based cereals, including our iconic Rice Snaps crocodile. In particular, we removed the cartoons from all our own brand packaging and created new designs featuring bigger product images and clearer nutritional information. Over the past five years, we've reduced the sugar content of our cereals, with more reductions in the pipeline for 2021.



Customer engagement

In January 2021, with support from Community Champions, we launched our 'Live Better Bit by Bit' activity. The aim was for Community Champions to help their customers, communities and colleagues to live better and make better choices by eating more healthily, moving more, and looking after their mental well-being. Our messaging supported the idea that making small changes can make a big difference and included posters in store and a whiteboard with a 'tip of the day' for colleagues and customers.

In-store community board posters



Innovation

We're increasingly developing new products that help customers live healthier lives. Whether our customers are vegan, vegetarian, have special dietary requirements or are just looking to make healthier choices, we are continually developing new ranges to suit their needs, such as our award-winning Free From and Plant Based ranges.

◎ We are committed to growing Asda Plant Based sales by 100% by 2023.

Our Plant Based range offers customers healthy, sustainable choices that are suitable for vegans. Some 60% of the Plant Based range qualifies for our Live Better icon. The range is endorsed by The Vegan Society, as we know that's important for our customers.



We will continually engage with and support initiatives to address the UK's nutrition and obesity challenges including through national campaigns, expert working groups and relevant academic projects

We work closely with colleagues and customers in our local communities to encourage people of all ages to form healthier habits and get active. Our Community Champion programme helped us run healthy eating classes at primary schools, even developing our own school's toolkit to help engage children with eating well.

Our support of regional and national public health campaigns includes Public Health England's Change4Life campaign, and more recently in 2020, Veg Power's 'Eat Them To Defeat Them' campaign and the British Nutrition Foundation's Healthy Eating Week. Within our industry, we contribute to expert groups focusing on healthier, more sustainable diets and behaviour change. This includes the IGD Nutrition Strategy Group and associated working groups. IGD (The Institute of Grocery Distribution) is a research and training charity that sits at the heart of the food and grocery industry. Additionally, we work closely with the UK government to help ensure we comply with relevant health policies and reformulation targets.

Case study



VegPower campaign

Launched in 2019 by ITV and Veg Power, the 'Eat Them To defeat Them' campaign encourages young people to eat more fresh fruit and vegetables. We help fund the campaign, and in 2020, we supported the production of the new Veg Power Activity book, and our Community Champions distributed 80,000 copies to schools. Overall, the campaign has seen more than 650,000 children eating more vegetables, and 18 million more units of vegetables sold. That's enough for an extra portion of veg on every family dinner table in the UK for each week of the campaign.

Value

Feeding the family for £30 per week

Throughout 2020 we included a regular feature in our Asda Magazine called 'One Basket 5 Meals' where customers can find five healthy family recipes for under £30. These recipes contain no red traffic lights and provide at least one of our customers five recommended daily portions of fruit and vegetables.



**WEEKLY MEAL PLAN
For Under £15**

Monday

Breakfast	Malted wheats cereal with chopped banana and milk	Lunch	Barns on bread with a boiled egg	Snacks	2 smart price fromage frais, 2 garden gang easy peelers
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For lunch, prepare half the pot of beans as per the instructions on the label. Remember to add the remaining beans for later in the week.

Tuesday

Breakfast	2 smart price fromage frais, 2 barns with butter topped with banana slices	Lunch	Tuna and sweetcorn sandwich with garden gang apple slices	Snacks	Glass of milk, garden gang apple slices
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For lunch, use a fifth of the pot of tuna mayonnaise and remember to save the rest for use later in the week.

Wednesday

Breakfast	Beans on toast with a boiled egg	Lunch	Jacket potato with salsa dip and garden gang sticks	Snacks	Cucumber sticks with salsa dip and sweetcorn dip, garden gang banana
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Our lunch today uses the leftover tuna mayonnaise from yesterday. Use another fifth of the pot and save the rest for use later in the week.

Thursday

Breakfast	Toasted with butter and chopped banana	Lunch	Fish finger with cucumber sticks and pepper dippers	Snacks	3 smart price fromage frais, 2 garden gang easy peelers
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For lunch today, boil a jacket potato and top into dips. Add cucumber sticks and pepper dippers which can be dipped into the salsa dip or sweetcorn dip.

Friday

Breakfast	Malted wheats cereal with chopped banana and milk	Lunch	Barns with red pepper sliced and garden gang apple	Snacks	3 smart price fromage frais, 2 garden gang easy peelers
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Top Tips

- Remember to stay hydrated by drinking lots of water.
- Fruit and veg is packed full of fibre, and why not try choosing your fruit and veg from the free from range?
- To speed up the jacket potato, heat in the microwave before crisping up the edges. You could also add pesto for pasta if you're short on time!
- For older and more active children, you can increase the portion sizes or add an additional snack to their day.

Asda FIGHT HUNGER CREATE CHANGE

*This meal plan has been developed in line with UK dietary advice by Asda's qualified nutritionists. It is aligned to nutritional guidelines for children aged 4-11 years. This meal plan is not intended to be a substitute for a varied diet containing a wide variety of fruit and vegetables per day. Meal plan is based on feeding one child. For older or more active children, larger portion sizes may be required.

In 2020 we invested

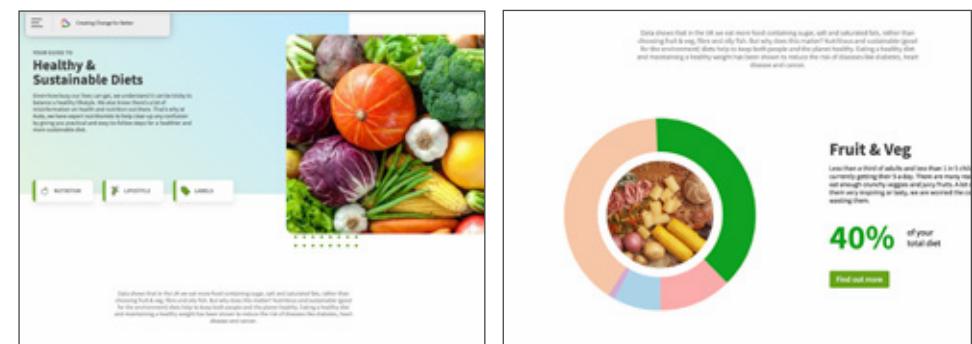
£6.17m

to lower the price of
Free From products



Investment in Free From

We know from customer insight that customers often perceive Free From products to be a healthier choice versus standard products, and we therefore recognise our responsibility to improve the nutritional content of Free From products where technically possible. Throughout 2021 we will be landing nutritional improvements to the Free From range, including fortification of 43 products, improvement of 18 front-of-pack traffic lights and increasing the number of products in the range that qualify for the Live Better icon to 10 products.



Our Healthy Eating website

In January 2021 we launched a new customer-facing website¹ to support customers to make positive changes towards a healthy lifestyle. The website includes information on healthy diets and hydration, exercise, how to read food labels and advice on high fat, salt and sugar foods.

¹ <https://www.asda.com/healthyeating>

Supporting customer health

We offer a mix of NHS and private healthcare services, helping to support public health in our local communities. Our work in our pharmacies and opticians has been helping to relieve pressure on the NHS, particularly during the Covid-19 pandemic. We offer a full range of over-the-counter medicines, and customers can also seek professional, trusted advice from our qualified healthcare team on a range of minor ailments.

- ◎ **We will provide a great-value destination for healthcare products, services and advice that customers can trust**
- ◎ **We will provide a broad range of healthcare services at times and in ways that meet customer needs**

Pharmacy

We strive to offer our customers innovative, affordable services, becoming the first supermarket to offer flu jabs in the early 2000s, for example. All Asda colleagues can benefit from a £1 flu injection. We offer advice on quitting smoking and provide guidance on everything from medicines for travel abroad, to everyday concerns like hay fever. We no longer sell sugar-sweetened drinks. All our 254 pharmacies have private consultation rooms on-site to enable confidential patient discussions.

Did you know?

We want to help people gain access to life-changing medicines in an affordable way. In 2010, we started selling privately prescribed IVF drugs on a not-for-profit basis and we continue to do so.



Case study

Supporting the NHS through in-store Covid-19 vaccinations

Asda became the first supermarket to offer in-store vaccinations at the end of January 2021 by providing our facilities and qualified staff at our Cape Hill store in Birmingham. We transformed our George department to make space for the vaccination centre – which will operate seven days a week and have the capacity to administer 250 jabs per day. Asda has also offered NHS England the full use of its 238 in-store pharmacies and qualified pharmacists to support the roll-out.

Providing the UK's and drive-through first drive through flu jab

Asda Pharmacy launched the country's first ever drive-through flu jab centre. This service will help vulnerable people get this important vaccination safely, and will be offered free of charge to vulnerable groups and essential workers. Others can also benefit from the jab at a cost of £8, the lowest price available. This innovative trial will help us optimise the way we provide a future Covid-19 vaccine, enabling us to respond quickly to help the vulnerable develop immunity to the virus.



Opticians

Our 156 Asda Opticians offer people the opportunity to visit us for both glasses and contact lenses, eye examinations and additional NHS eye care services. We understand that the cost of buying glasses can put some people off getting an eye test. So our promise is that the price customers see is the price they pay – no expensive add-ons for thinner lenses or varifocals – just one all-inclusive price. This is unique to the UK market and makes our offer truly affordable. We also offer free eye tests for colleagues and for their nominated user.



Did you know?

During Covid-19 we implemented remote consultations and dispensing to ensure patients still had access to eye care services without the need to go in to stores. We also implemented the Covid Urgent Eye Care service to allow customers with urgent eye conditions to be seen in our stores rather than in A&E or at GP surgeries.



Caring for customers with disabilities or suffering from serious illness

⑤ We will create a supportive shopping experience for customers with disabilities

To create a supportive shopping experience, we offer special equipment, along with accessible service desks and facilities and assisted shops. We also provide hearing loops for customers who may be hard of hearing and help our staff communicate with blind customers using Braille guns. Over the last few years (pre-pandemic), for one hour every Tuesday, 1,000 dementia-trained colleagues¹ in 64 of our stores helped create a more inclusive environment for our customers which included the dimming of lights and lowering of background noises.

Case study

Making shopping accessible during Covid-19

Our colleagues helped to improve the store experience for disabled customers by remaining considerate and patient, making helpful suggestions and using basic sign language. To support people who were unable to reach a store, we increased our weekly delivery slots from 500,000 to over 850,000, in addition to supporting those with an existing priority delivery slot. We are delighted that this approach has the support of major charities, including the Alzheimer's Society.

“COVID-19 HAS HAD A BIG EFFECT ON HOW WE ALL DO OUR SHOPPING, WHICH IS WHY AT ASDA WE HAVE DONE ALL WE CAN TO MAKE OUR STORES AS ACCESSIBLE AS POSSIBLE.”

Gareth Hind – Senior Manager - Diversity and Inclusion



1. Completion of training not tracked - assumption made that at least a third of colleagues completed the assigned training activity.

Better Business

“WE STRIVE TO MAINTAIN AN ETHICAL AND COMPLIANT BUSINESS AND TO CREATE THE RIGHT WORKING CONDITIONS FOR OUR COLLEAGUES AND SUPPLIERS TO THRIVE.”



Better BUSINESS

We can only deliver our Creating Change for Better vision if our colleagues feel safe and respected and by upholding the highest standards of honest, ethical conduct across our stores and sourcing operations. Here are some of our key achievements:

1,000
Dementia-trained
colleagues¹



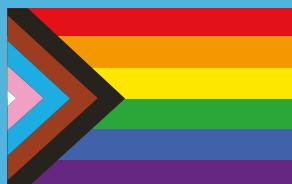
Percentage of colleagues responding positively to 'I am proud to work at Asda':

77%



in our 'Your Voice' survey

Over 1,000 colleagues
took part in corporately supported
Pride events across the UK in 2019



Asda's median hourly
gender pay gap:
5.5%

16,000
colleagues
supported to
shield at home
through the
Covid-19 pandemic

We source from
300 local suppliers
providing more than
2,000 product lines

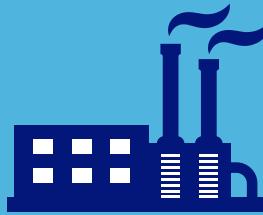


Asda supports the
**Bright Future
Programme
for survivors of
modern slavery,**
alongside 28 charities
and another 20
businesses.



Asda ranking for overall
compliance with the
Groceries Supplier Code of
Practice (GSCOP): 3rd out
of 13 designated retailers.

Number of workers in Bangladesh
provided with initial basic
safety training:
1,596,682



500 suppliers
Number of suppliers
who have completed
The George Supplier
Academy's Assured
Quality Level course
to conduct quality
inspections



1. Completion of training not tracked - assumption made that at least a third of colleagues completed the assigned training activity.

Our Better Business ambitions

Our mission is to be the UK's most-trusted retailer. This means building a business that's diverse and inclusive, and creating a safe and supportive environment for our colleagues, customers and suppliers. We focus on providing the best possible learning opportunities for our colleagues, listening to their needs and promoting their health and well-being. We encourage everyone to be 'Proud to be Asda' which celebrates an inclusive workplace that enables everyone to reach their full potential. Our people are at the heart of our efforts to uphold the highest ethical standards. Together, we're working hard to provide our stakeholders with a clear view of how and where our products are made. We're also expanding our responsible sourcing efforts and collaborating with suppliers to raise social, ethical and environmental standards in our supply chain.

Our people strategy is focused on 3 key areas

	Diversity and Inclusion
	Health and Wellbeing
	Learning and Development

Proud to be Asda

We want to create a truly inclusive culture where all our colleagues have the confidence to be themselves. Helping all our colleagues to flourish is also essential to our ability to serve our customers and achieve long-term business success. We call this 'Proud to be Asda - Proud to be You'. We've created inclusion networks covering, but not limited to, our five core inclusion strands of well-being, pride, disability, ethnicity and gender. We have also introduced inclusion working groups, embedding the inclusion conversation into the different functions of our business and at an exec level inclusion forum.

"WE ENCOURAGE EVERYONE TO BE 'PROUD TO BE ASDA' WHICH CELEBRATES AN INCLUSIVE WORKPLACE THAT ENABLES EVERYONE TO REACH THEIR FULL POTENTIAL."



Inclusion campaign

We dedicated the month of September 2020 to inclusion, with a campaign centred around life lessons and conversation starters. For example, we launched our 'Proud to be Asda - Proud to be You' initiative, delivering a 16-page booklet to 135,000 colleagues and introducing inclusion notice boards across all stores and depots. To share knowledge and best practice, we made daily 60-second videos, throwing the spotlight on colleagues and their diversity and inclusion advice and conversation starters. Other initiatives included guest-edited bulletins and supportive social media campaigns. Our LinkedIn campaign achieved over 100,000 views, including both Asda and external stakeholders.



Colleague Stories

"WHEN I CAME OUT IT WENT MUCH BETTER THAN I EXPECTED, EVERYONE WAS WONDERFUL. I WAS REALLY NERVOUS ABOUT COMING BACK TO WORK, ESPECIALLY AROUND HOW CUSTOMERS WOULD REACT, BUT WHAT I DIDN'T REALISE WAS HOW MY COLLEAGUES WOULD HAVE MY BACK EVERY STEP OF THE WAY."

Asda colleague Ellie on coming out as transgender



"WE ALL HAVE A PART TO PLAY IN MAKING SURE ASDA IS A PLACE WHERE EVERYONE FEELS THEY BELONG. FOR EXAMPLE, IT'S IMPORTANT WE TALK ABOUT THE BLACK LIVES MATTER CAMPAIGN. WE CAN ONLY DO THIS BY LISTENING AND LEARNING WITH OPEN EARS AND MINDS. WE NEED TO STAND UP FOR WHAT'S RIGHT."

Asda colleague Bobbi on joining an inclusive business



Our Diversity and Inclusion strategy

We have developed a Diversity and Inclusion plan for 2021 spanning four key areas:

A
Globe
People
Plus
Handshake



Building knowledge and confidence



Improving our approach to diversity and inclusion



Towards better governance



Maintaining momentum



To build our colleagues' knowledge and confidence to discuss diversity and inclusion, we plan to launch refreshed digital training, along with monthly inclusion forums supported by our leaders, regular updates, and talks from external topic experts.

We plan to improve the quality of the diversity information we gather on our colleagues, especially on gender and ethnicity. This will allow us to continue to review any pay gaps and include more diversity-focused questions in our Your Voice survey.

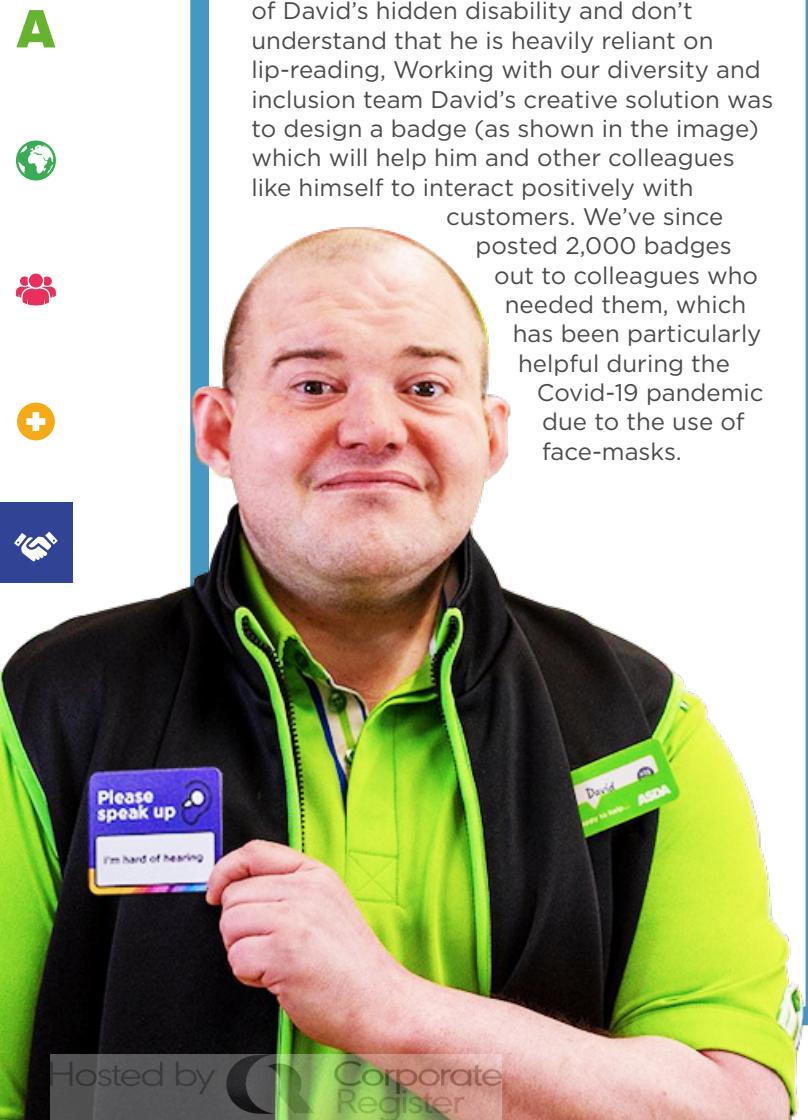
To better oversee and govern our approach to diversity and inclusion, we will work with experts to overcome barriers to creating a more inclusive culture, and transform our inclusion networks to reach more people.

We will update our inclusion boards monthly across the company, publish a bi-annual report, and run events empowering our teams to champion local discussions on diversity and inclusion topics. We'll also share our ambitions with external stakeholders.

Case study

Supporting our colleagues

David is a shop floor colleague at Asda who is hard of hearing. He loves interacting with people and helping customers to have the best shopping experience. However, sometimes our customers are unaware of David's hidden disability and don't understand that he is heavily reliant on lip-reading. Working with our diversity and inclusion team David's creative solution was to design a badge (as shown in the image) which will help him and other colleagues like himself to interact positively with customers. We've since posted 2,000 badges out to colleagues who needed them, which has been particularly helpful during the Covid-19 pandemic due to the use of face-masks.



Inspiring women

Our success depends on empowering everyone in our business to contribute equally and at all levels. And we understand the positive impact of gender balance on the success of our business, particularly at senior levels. While we have more women than ever in senior leadership roles, we recognise there is still more to do. That's why we continue to empower more women to gain access to senior roles. In particular, we have a goal to increase the number of female store managers.

Achieving greater gender diversity

To improve gender diversity and overcome the gender pay gap in our business, we focus on the following areas:

- Recruitment** – We help our hiring managers to have a diverse candidate pool when recruiting new colleagues
- Inclusive culture** – We offer unconscious bias awareness training to all our managers, helping our leaders to make a positive impact on diversity and create a more inclusive working environment
- Leadership development** – We help accelerate career progress among high potential female colleagues through dedicated leadership and mentoring programmes
- Apprenticeship and learning** – Our apprenticeship programmes are open for all colleagues to apply and the current female participation rate in higher level apprenticeships (levels 5, 6, 7) is 54%.

In 2020, our gender pay results were:

Asda median hourly
pay gap:
5.5%

The UK national median
gender pay gap is
15.5%

Asda mean hourly
pay gap:
8.4%

The UK national mean
gender pay gap is
14.6%

Read more about our plans to better understand and reduce our pay gap in our Gender Pay Gap Report.¹



Overcoming unconscious bias

- We will continue our development curriculum to include
- ◎ conscious inclusion training and monitor attendance to ensure all line managers attend required modules

In 2020, to help our leaders understand and become aware of how to mitigate unconscious bias we worked with drama-based company S.T.E.P.s to deliver training to our leaders and their teams based on real scenarios experienced by our colleagues.

Education is essential for more inclusive, supportive workplaces and communities. We support our teams in upskilling around diversity and work with charity partners to help promote inclusion through open dialogue and constructive problem-solving.

Inclusion Partnerships

- In 2019, we developed three t-shirts featuring Pride slogans and donated £12,500 to our partner Diversity Role Models, enabling the charity to deliver over 100 empathy and inclusion workshops to 2,500 UK school pupils. We continued our partnership with DRM in 2020, expanding our George range which enabled a donation of £100k to the charity. Find out more online.¹
- In 2020 we made a financial donation to enable anti-racism charity 'Show Racism the Red Card' (SRTRC) to continue teaching young people and adults about the causes and consequences of racism.² We also ran workshops to upskill Asda colleagues.
- We are partnering with Enactus UK to help enable the next generation of young entrepreneurs to create positive change in society. Asda volunteers coach and mentor the teams and participate in judging at competitions, ahead of selections for the Enactus World Cup.³

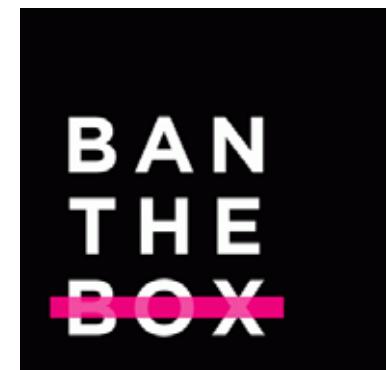


Case study

Promoting tolerance for ex-offenders

- ◎ Proud Members of the Ban the Box campaign since November 2020

When former offenders re-enter society, it's often hard for people to give them a second chance, and they may struggle to get jobs. Asda has signed up to Business in the Community's 'Ban the Box' campaign, as we agree it's important to consider everyone on the basis of their skills and ability, regardless of their past misdemeanours. We began telling our colleagues about this initiative in 2019, and plan to roll it out company-wide in 2021.



Did you know?

Asda is a proud member of the The Disability Confident scheme, which supports employers to make the most of the talents disabled people can bring to a workplace.



¹ <https://corporate.asda.com/newsroom/2020/05/31/george-at-asda-welcomes-diversity-role-models-as-charity-partner> | ² www.asda.com/creating-change-for-better/better-business/great-place-to-work | ³ <http://enactusuk.org/asda-partner-competition-20-21>

Working in partnership for workplace inclusion

We are proud of our accreditations and achievements in our diversity and inclusion work.

A
A
Diversity
Role Models
Partnership with
Diversity Role models



Level 2: Disability Confident Employer



The Prince's Responsible Business Network

BITC Member and Race campaign supporter, Race at Work signatory



Bronze Accredited Employer.
We are aiming to achieve silver status in 2021



Partnership with
Diversity Role models



Recruitment and Employment member of the Confederation (REC)



Silver Award

Health and Wellbeing

**Ensuring that we increase the percentage of colleagues
who answer positively to 'my manager cares about me
as an individual' in the colleague survey**

Inspiring and enabling our colleagues to be the best they can be starts with supporting their overall wellbeing. We're passionate about well-being and creating a culture where all our colleagues feel able to seek support and have access to helpful resources.

Throughout the year we raise awareness of mental ill health and encourage all our colleagues to understand we all have mental health. In 2019 we continued to support Public Health England's Every Mind Matters campaign, which encourages individuals to explore their own mental health. In particular, we promoted the new Every Mind Matters app among our customers and colleagues, and signposted our colleagues to the advice and support available through the campaign website.

"WE'RE PASSIONATE ABOUT WELLBEING AND CREATING A CULTURE WHERE ALL OUR COLLEAGUES FEEL ABLE TO SEEK SUPPORT AND HAVE ACCESS TO HELPFUL RESOURCES."

The Asda wellbeing portal

Our colleagues viewed our company wellbeing website – new in 2020 and covering all key aspects of wellbeing – over 60,000 times in the first six months. We further updated this site at the end of 2020 to include broader well-being topics, for instance information on drinkaware, domestic abuse and menopause.



Emotional Wellbeing



Social Wellbeing



Physical Wellbeing



Financial Wellbeing

Case study

Rethinking mental illness

Through our partnership with Rethink Mental Illness, established in 2019 and funded by a grant of £136,800 from the Asda Foundation, we delivered mental health workshops to retail, distribution and head office colleagues. We focused on being open and overcoming the barriers to discussing mental illness, staying positive and supporting individuals who may be struggling. Participating colleagues paid forward their learning by taking the leadership team at their base location through a one hour upskill on key elements they learned, enabling our salaried leaders to feel more confident talking about mental health and ensuring we have ongoing conversations on mental wellbeing.

Maxine works in our Wakefield depot and in 2019, having attended the Rethink Mental Illness workshop, was inspired to share her learnings with the wider management team so they too could take a more proactive approach to helping colleagues. Maxine played a leading role in wellbeing discussions at the depot and created a well-being room where colleagues could find advice on both physical and mental health topics. This approach is being shared across all our depots in the UK. It also earned Maxine the Asda Innovation Award for 2019.

"MAXINE'S WORK HAS BEEN A REAL CONTRIBUTING FACTOR IN IMPROVING OUR ABSENCE PERFORMANCE YEAR ON YEAR, HELPING US TO ACHIEVE OUR CORE PURPOSE OF SERVING OUR CUSTOMERS BETTER THAN ANYONE ELSE."

Jon Parry, Vice President, Asda Logistics and Supply Chain



Colleague engagement

'Being Asda' means we continually think of new ways of doing the right thing for our customers and our colleagues. To build trust among households across the country, we recruit a great range of people with diverse backgrounds and skills, and bags of enthusiasm. We look for people with a customer-focused mindset, who innovate and engage well with others, and are committed to doing the right thing and delivering results.

Listening to our colleagues

We are a people business and we firmly believe our colleagues make the difference. They work hard every day to deliver great service to our customers. That's why we want to:

- Maintain the 2020 score for 'I feel free to**
- be myself every day at work' in the colleague survey**

Every year, we listen to our colleagues' views on making Asda a better place to work through our 'Your Voice' survey. It's completely confidential and enables all our colleagues to respond honestly on what we're doing well and where we can improve. Over 97,000 colleagues took the opportunity to share their opinions with us through the 2020 survey. The findings reveal a colleague engagement index of 76%, while 77% of colleagues responded positively to 'I am proud to work at Asda'.

Flexible working

Flexible working is an important part of supporting colleagues' wellbeing and enabling our people to give of their best and fulfil their career ambitions. We are proud to offer all our colleagues the flexibility to work in a way that suits their lifestyle. Our flexible working policies are straightforward and easy to understand, and cover all aspects of flexible working, including career breaks, job shares, shift swaps, remote or part-time working and family leave.

Colleague Stories

"EVERYONE NEEDS SOME FLEXIBILITY IN THEIR WORK. IT'S NOT ABOUT HOW MANY HOURS YOU WORK BUT HOW YOU WORK THAT MAKES A DIFFERENCE. WORKING FLEXIBLY ALLOWS ME TO GIVE MY BEST TO THE BUSINESS WHILE ALSO MAKING TIME FOR OTHER THINGS THAT ARE IMPORTANT TO ME."

Asda Store Manager Charley on working a four-day week



Our Covid-19 pandemic response

The Covid-19 pandemic has altered the way we live and how we shop. We've adapted to the circumstances, helping to keep our colleagues and customers safe, while still offering great customer service. This included supporting the local economy by providing 23,000 temporary jobs at a time when many were struggling.

As well as offering flexible working for our office colleagues, we have supported more than 15,000 colleagues to shield at home, continuing to provide them with full pay, without any furlough support from the government. We also paid for colleagues to shield if they were living with a clinically extremely vulnerable person. Additionally, we provided Occupational Health assessments and support for shielding colleagues, before they returned to work.

To help colleagues with financial troubles in the crisis, we launched Pay Advance, a new benefit that provides our colleagues with a share of their pay before pay day. Building on our Colleague Hardship Fund, this reduces the need for credit cards or loans to cover emergency or unexpected expenses.



write to Roger

Write to Roger: Our CEO welcomes colleagues' ideas

All year round, we invite our colleagues to submit simple but innovative ideas for the business to our CEO, Roger Burnley. These ideas are then shared with the business owners to help shape the future development of our business. The colleagues with the best ideas are selected for a 'Proud to be Asda' award. In 2020 over 5,000 nominations were made from both colleagues and customers alike, nominating their Asda heroes. Learn about this year's winner.¹

Case study

Asda colleagues honoured by HM The Queen

We're very proud that eight colleagues were honoured by Her Majesty The Queen in her Birthday Honours list in 2020, for their passion and commitment during the Covid-19 pandemic. Faisal Tuddy (pictured), Superintendent Pharmacist, created an end-to-end process to establish a prescription delivery service in less than two weeks to keep our customers safe. He said:

"I FEEL HUMBLED TO BE ACCEPTING THIS HONOUR, IT'S A TESTAMENT TO THE INCREDIBLE WORK OF ALL OUR PHARMACY TEAMS IN STORE AND HOME OFFICE, WHO HAVE GONE ABOVE AND BEYOND TO LOOK AFTER OUR PATIENTS WHEN THEY NEEDED US MOST"

Geoff Norris, Julie Cook, Karen Clarke, Lucy Mansell-Render, Sam D'Souza and Simon Lea also received BEMs and Imran Rashid Dawji received an MBE. They were recognised for the way they've supported the most vulnerable during the pandemic, as well as for helping us maintain vital services.

There were further congratulations due to nine other Asda colleagues, who were recognised in Her Majesty the Queen's New Year Honours list for their work during the pandemic. Read more about the amazing work of these colleagues on our website.²



Learning and Development

We value all our colleagues and want them to reach their full potential. So we invest in a wide variety of learning and development opportunities to help our colleagues shape their careers. We are committed to:

- Increasing the percentage of colleagues who answer positively**
- ◎ **to 'I am supported by my manager in my personal development' in the colleague survey**
- Continuing to invest in the skills development of our colleagues,**
- ◎ **supporting them in their career in Asda, outside of Asda and their life beyond**
- ◎ **Supporting our colleagues to realise their potential in Asda**

To help colleagues personalise their learning schedule, we launched our 'You Can Be' programme in spring 2019. Some 1,946 colleagues joined the programme in 2019, with a further 1,236 colleagues joining in 2020. Additionally, through our national network of Asda Academy Centres, we've introduced engaging learning techniques, including games and virtual reality. Some 90% of participants say they'd recommend the Academy curriculum.

- **Over 10,000 learners supported through our Academies so far**
- **More than 20,000 hours of training for leadership teams**
- **3,000 shop floor colleagues took part in a 'Greet Help Thank' simulation game to promote consistently good customer service**

Developing senior leaders

Accelerate (Senior Manager)

Accelerate is an accelerated development programme for senior managers, with learners comprised of 54% women and 46% men. Five of the 27 leaders to participate in 2020 have already been promoted to senior director roles.¹

Elevate

Elevate is an accelerated development programme for Senior Directors, with participants comprised of 45% women and 55% men.²

Apprenticeships

Some 10,000 colleagues have completed a formal apprenticeship in seven years, gaining a recognised qualification and developing skills to meet the demands of a fast-paced, retail environment.

Case studies

Supporting local businesses to recover from Covid-19

Businesses paying the UK's Apprenticeship Levy can transfer up to 25% of their annual funds to support smaller businesses in funding apprenticeships within their organisations. To help keep this going amid the Covid-19 pandemic, in 2020, Asda transferred £300,000 of our levy funds to three intermediary partners (Leeds City Region Economic Partnership, Leicestershire Economic Partnership and the London Progression Collaboration). We will continue to explore the impact of the transfer in 2021, and identify other partnerships to accelerate the economic recovery in the regions we serve.

Inspiring students



Pre-pandemic we hosted many work experience weeks for university students and school pupils, including the Leeds Tech Week, giving them an insight into our products' journey from factory to store. And in 2019, over 40 volunteers from our Technology team engaged with schools to encourage girls and boys to consider Science Technology Engineering and Maths (STEM) careers. We also sponsor and host an annual school technology competition, however in 2020 this wasn't possible so has consisted of virtual activity. Beyond this, Asda supports research and training charity IGD's Feeding Britain's Future programme, with our colleagues volunteering to promote careers in the food and grocery industry.



Did you know?

In 2020, the government recognised Asda as one of the UK's Top 100 Apprenticeship providers.



Our Ethics and Compliance programme

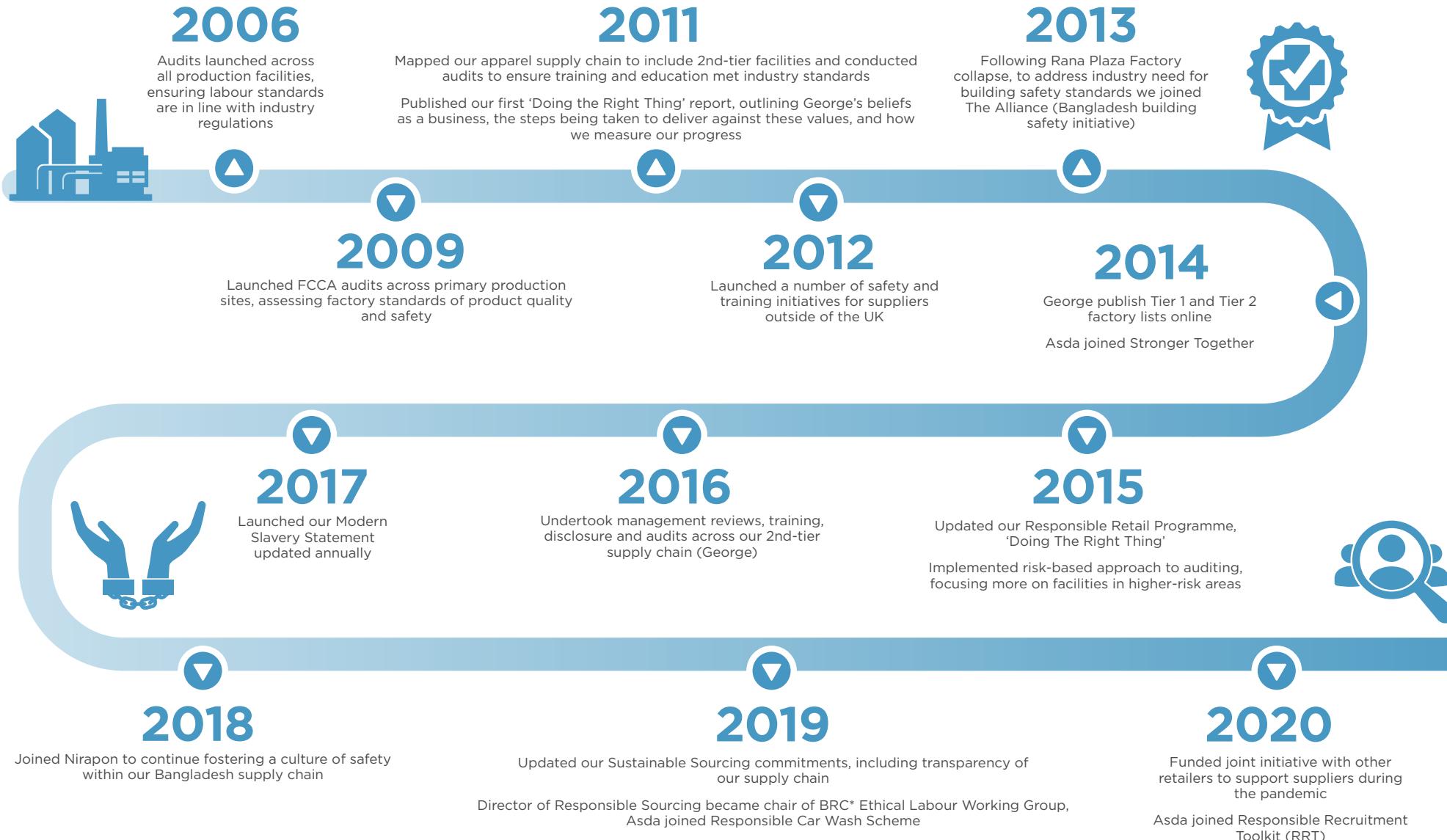
Ethics and compliance are at the heart of ensuring our business meets the expectations of our stakeholders in terms of our conduct and behaviours. These behaviours and expectations extend to everyone who works with us, from our employees to our suppliers and contractors, requiring them to share our values and help promote a culture where people do the right thing as a matter of course. We are also working to ensure our supply chains are resilient and bring about positive change by sourcing responsibly, promoting human rights and preventing modern slavery.

Our Ethics and Compliance programme is designed to manage compliance risks associated with 14 key areas relevant to the retail sector:



Human Rights: Our Journey of Improvement since 2006

Our efforts over the years aim to promote human rights within our supply chain for food, apparel and the other products we provide.
We work closely with our suppliers and partners in increasingly innovative ways as shown below.



Responsible sourcing

Protecting the human rights of all who contribute to our business – from our employees to the workers in our supply chain – is not only the right thing to do, it's essential to our future success. Partnering with our suppliers and their facilities globally, we work to mitigate risks, drive remediation and improve standards for workers via our risk-based approach.

We expect suppliers to operate responsibly through abiding by applicable labour and employment laws and adhering to our Standard for Suppliers. These standards form the cornerstone of our programme and lay out how we expect our suppliers to cascade the requirement throughout our supply chains across the globe. Transparency is key to this approach and it allows us to manage and mitigate risk via a robust monitoring programme that focuses on risk, the closure of any non-conformances and continuous improvement.

Our global programme focuses on forced labour, under-age labour, unsafe working conditions and violence and harassment against women. We currently use third party social, safety and environmental compliance audits to help us evaluate our suppliers' overall compliance and to manage risk in the supply chain. These audits seek to monitor whether, among other things, workers are properly paid for the work they do, labour is voluntary, workers are not being exploited, working hours are not excessive and are consistent with local laws, and facilities meet health and safety laws and regulations.

Collective action and collaboration is vital to driving improvement into global supply chains and at Asda we work extensively with suppliers through partnerships to bring about positive change. We are active members of collaborations such as The Ethical Trading Initiative, The British Retail Consortium and the Food Network for Ethical Trade which continue to drive improvement on behalf of their members. Via these strong and productive relationships we engage with other retailers, NGOs, Trade Unions and suppliers to address risks, investigate issues and establish initiatives to achieve collective goals.



Preventing modern slavery

Modern slavery is a complex and often hidden issue affecting an estimated 40.3 million people worldwide¹. Within Asda's business and supply chain, we do not tolerate modern slavery. In line with the UK's Modern Slavery Act 2015, we began a strategic journey in 2015 to identify, prevent and tackle instances of modern slavery in our business and supply chain, and have now published our fourth Modern Slavery Statement². As part of this effort, we also provide training to our suppliers and help our colleagues recognise and report potential signs of modern slavery.

Asda is a member of Stronger Together, an alliance working to reduce the risks of forced labour and human trafficking by providing resources for suppliers. In 2019, the UK Responsible Sourcing team collaborated with Stronger Together to help Asda colleagues identify indicators of modern slavery within their daily lives – a first within the retail sector and a new area for Stronger Together. Learn more about our approach to modern slavery via our website.³

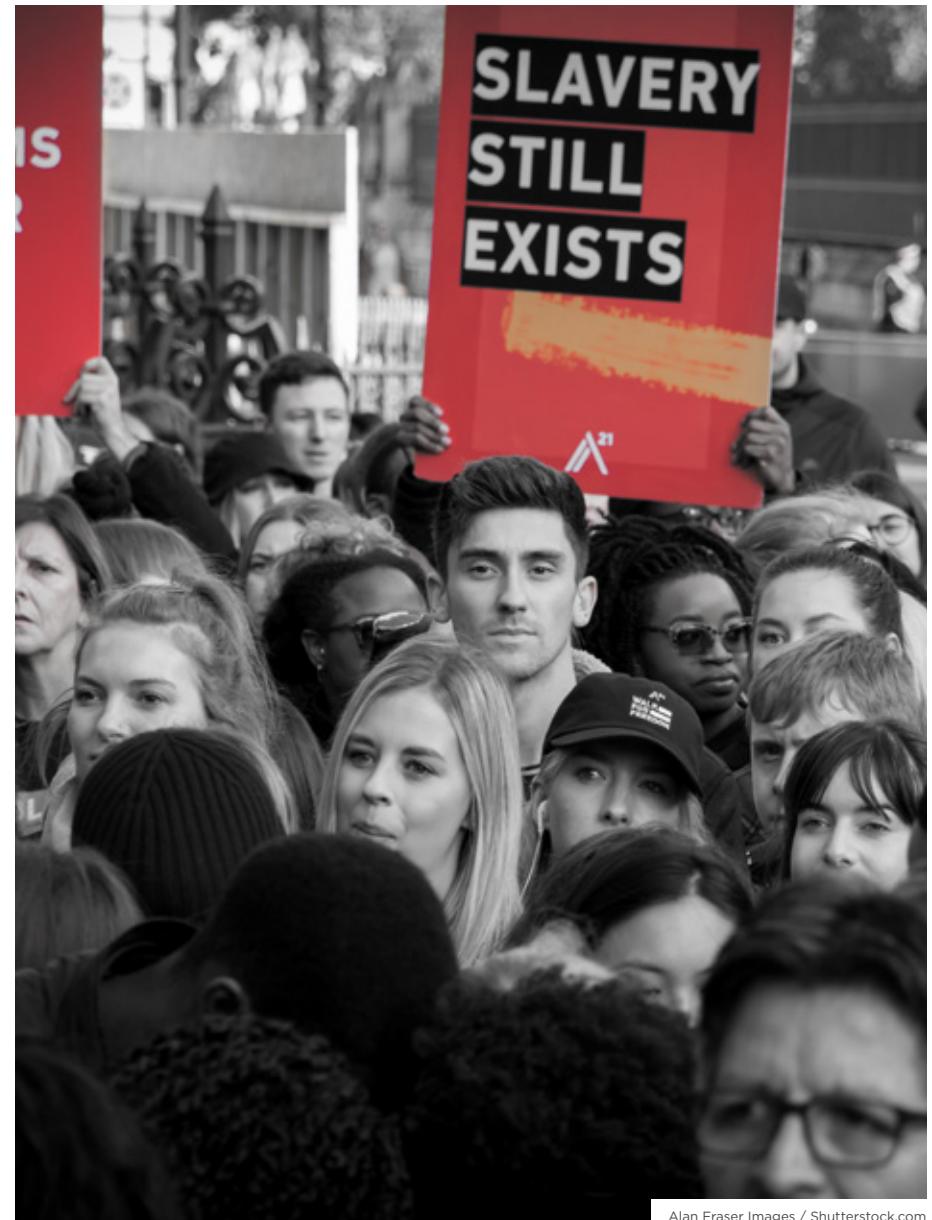
"ASDA WAS A FOUNDING ORGANISATION OF THE STRONGER TOGETHER CONSUMER GOODS STEERING GROUP IN 2013, AND HELPS EMPLOYEES WITHIN THEIR BUSINESS, THROUGHOUT THEIR UK SUPPLY CHAIN AND THE WIDER SECTOR TO SPOT THE SIGNS OF FORCED LABOUR AND TAKE ACTION AGAINST IT."

Jantine Werdmüller von Elgg - Managing Director Stronger Together

Supporting victims of modern slavery

To help victims of slavery move forward with their lives, we offer practical support to help people gain confidence, find jobs and live independently. We're doing this by supporting the Bright Future programme which is an employment programme first developed by the Co-op and their charity partners, to provide victims of modern slavery with a pathway to paid employment and reintegration into society.⁴

While we are making progress, we know there is still some way to go. As the Covid-19 pandemic presents unprecedented challenges for us all, we remain committed to protecting the most vulnerable. Please see our Modern Slavery Statement for more information.³



Alan Fraser Images / Shutterstock.com

1. <https://www.globalslaveryindex.org/2018/findings/global-findings> | 2. https://corporate.asda.com/media-library/document/asda-modern-slavery-statement-2020/_proxyDocument?id=00000171-cb73-df96-a9f7-fff724ae0000
 3. <https://www.asda.com/creating-change-for-better/better-business/responsible-sourcing/> | 4. <https://www.co-operative.coop/ethics/bright-future>

Towards greater transparency

Apparel supply chains are complex and fragmented, reaching across the world and providing a livelihood for millions of people. Yet they're also vulnerable to poor labour conditions. Understanding the behaviour and practices of our suppliers – and their suppliers – is tough but essential to raising standards and building transparency. It's the right thing for our suppliers and their workers, our customers, and ultimately, our business.

A Our ultimate ambition is for 100% transparency across our supply chain

We publicly disclose lists of our 1st Tier¹ and 2nd Tier² apparel facilities and we are continuously expanding our transparency journey. Tier 1 means our direct facilities, these are primary production factories, including any standalone stitching units. Tier 2 includes any printing, embroidery, washing, packaging and finishing units. We have also listed all nominated fabric mills and trim suppliers. Our key challenge is understanding what's happening at the farm level. Working with the Better Cotton Initiative and CanopyStyle, we are taking steps to build farmers' capacity to adopt sustainable practices and insight into their ongoing performance.

Promoting workers' rights in the supply chain

When you choose an item of clothing from George, it's likely it has been produced by a female factory worker. In Bangladesh alone, over 80% of the four million people employed in the garment industry are women.³ Looking after their welfare is something we take very seriously, and we're supporting them in a number of ways. Importantly, we're helping our suppliers create a safe, respectful working environment, improve labour conditions and prevent harassment.

To help address worker safety issues in the Bangladesh ready-made garment industry, Asda, at the time that it was a part of Walmart, became a founding member of the Alliance of Bangladesh Worker Safety in 2013.

The Alliance concluded its five-year commitment on 31 December 2018, and during that time we have seen significant progress. We are particularly encouraged by how training has promoted factory safety in Bangladesh, and how it has led to an improvement in factory workers' knowledge and awareness of fire safety. Following the provision of initial basic safety training through The Alliance, 1,596,682 workers now have a better understanding of the fire hazards and their role in emergencies and evacuations.



WE PUBLICLY DISCLOSE LISTS OF OUR 1ST AND 2ND TIER APPAREL FACILITIES AND WE ARE CONTINUOUSLY EXPANDING OUR TRANSPARENCY JOURNEY

Sk Hasan Ali / Shutterstock.com

Education and innovation

We work with the HOPE *worldwide* in Bangladesh to offer education, financial support and training to garment workers and their families to help them improve their livelihoods

Every child has the right to education



In Bangladesh, Government schools are free of charge but class sizes vary from 60-100 children per class so there is very little interaction between teacher and student and very few progress to further education.

HOPE *worldwide* Bangladesh offers a broad curriculum and a more interactive education with smaller class sizes, a nurturing environment and a midday meal. At George, we want to both improve conditions for garment workers and support our workers' families and help to increase access to education for people of all ages.

Learn more about how we're empowering garment workers and their children through education, through our partnership with HOPE Schools.¹

Supplier Academy Training

The George Supplier Academy is active in countries including Bangladesh, China, India, Italy, Sri Lanka and Turkey. It helps our suppliers' workers to gain new skills that can lead to promotions, improved income and increased job satisfaction. At the same time, it helps to ensure product quality and better productivity. To date, over 500 workers have attended our Assured Quality Level course to conduct quality inspections. In 2019, we launched two new courses: Fabric Inspection Accreditation and General Product Safety. And the training works. Our supplier Jinnat Fashion Ltd in Bangladesh has been able to meet quality requirements while boosting efficiency and improving worker satisfaction. In 2021 and beyond, we'll keep on working with our suppliers to raise standards.



WE WANT TO IMPROVE CONDITIONS FOR OUR GARMENT WORKERS AND PROVIDE SUPPORT FOR THEIR FAMILIES



NAUFAL ZAQUAN / Shutterstock.com

1. <https://direct.Asda.com/george/sustainability/sourced-by-george/GLP-DEP-GFORGOOD-SBG,default,pg.html>

Supplier support

Our suppliers are important strategic partners and we strive to be fair and clear in all our dealings with them. As one of the UK's largest grocers, we are governed by the Groceries Supply Code of Practice (GSCOP), a set of legal rules for grocery retailers on managing supplier relationships. The Groceries Code Adjudicator survey undertaken in the first quarter of 2020 showed that for the previous 12 months, 94% of Asda's suppliers believe that we comply with the Code 'consistently well' or 'mostly' well. We're also going further by making fair treatment part of our everyday interactions, listening to suppliers' concerns and doing our best to find a solution that works for everyone. We want to keep raising our standards and leading by example.

"94% OF ASDA'S SUPPLIERS BELIEVE THAT WE COMPLY WITH THE CODE CONSISTENTLY WELL OR MOSTLY WELL."

International Procurement and Logistics

Food processing business International Procurement and Logistics (or IPL) was acquired by Asda in 2009 and sources a variety of different products from around the world for our customers, ranging from fresh fruit and vegetables, nuts and dried fruit, house plants and flowers to award-winning wines. We are supporting IPL in raising social, environmental and ethical standards in its supply chain, while keeping food affordable and tackling key issues like food poverty and food waste.

IPL assesses any new supplier's practices carefully and has its own Modern Slavery Policy. In 2020, IPL began a major effort to help its suppliers improve their performance on protecting the environment, covering important areas like water, soil, food waste and plastics.



**PICKED, PACKED
AND PRODUCED WITH PRIDE.**

IPL INTERNATIONAL
PROCUREMENT
& LOGISTICS



Strengthening our Supply Chain and Renewing our commitment to British sourcing

As we move ahead under our new ownership, we wanted to reassure our customers that we're still committed to offering low prices and supporting British suppliers. So in 2020, we announced our intention to source a higher-proportion of products from UK-based suppliers. This will cover a range of products such as chicken, dairy, wheat and potatoes, as well as a commitment to source 100% British beef by the end of 2021. Throughout this effort, we'll retain a strong focus on quality. We want to retain the top spot, having won 2020 Meat Retailer of the year at the Food Quality Awards.

On a broader basis we plan to invest over £1 billion over the next three years into our business and into strengthening the resiliency of our supply chain.

WE'RE COMMITTED TO SOURCING 100% BRITISH BEEF BY THE END OF 2021

Stepping up our focus on local sourcing

We know that more customers are interested in 'buying local' and we're working with more than 300 local suppliers who now provide more than 2,000 product lines into our stores. We're also helping local suppliers to understand how to build a relationship with Asda by running supplier academies in Northern Ireland and Scotland in partnership with local authorities. At these sessions we provide expert advice and give suppliers an inside look at how our depots and stores work. 35 suppliers took part in 2019, and overall, more than 200 people have benefited from these courses to date. We will continue to expand the programme's reach and flexibility with online modules, and we'll keep on optimising our local ranges.

A



Health and safety

Health and safety is a priority to us. We are committed to keeping our customers and colleagues safe, promoting their welfare and providing high standards of safety.

We work to ensure the safety of our colleagues, customers and others affected by our activities, in compliance with the law. Doing the right thing on safety also builds trust between our business and our customers, colleagues and partners.

"WE HAVE TAKEN A RIGOROUS APPROACH TO SAFETY AMID THE COVID-19 PANDEMIC. WE CAREFULLY CONSIDERED THE RISKS FACING OUR COLLEAGUES BY JOB ROLE, AS WELL AS TAKING PARTICULAR CARE TO ASSESS THE RISKS FOR VULNERABLE COLLEAGUES."

Keeping our customers and colleagues safe

Our Zero Harm Strategy helps us to keep our colleagues and customers safe, setting the tone for how we act on health and safety, and enabling us to comply with all relevant laws, regulations and standards. We have safety initiatives in place across our business, and focus on checking performance and raising standards, delivering training and promoting a culture of safety. We make sure that all new employees receive health and safety training (covering everything from fire safety to emergencies to a clutter-free environment), and that everyone knows how to perform their job safely.

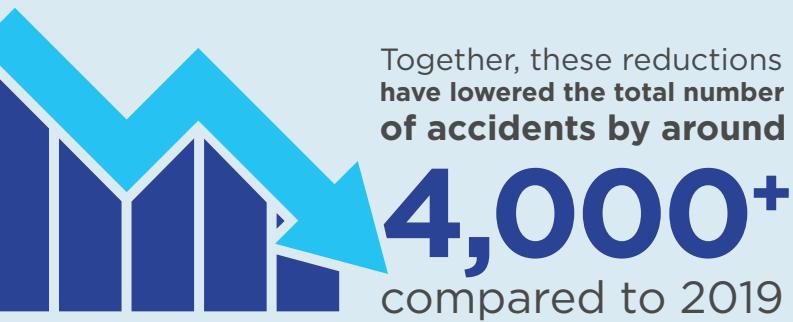
We have taken a rigorous approach to safety amid the Covid-19 pandemic. We carefully considered the risks facing our colleagues by job role, as well as taking particular care to assess the risks for vulnerable colleagues. All our stores had strict social distancing and hygiene procedures in place, and we supported our employees in understanding the best ways to keep themselves, their colleagues and our customers safe. We also provided online health and safety training for our colleagues.

As a result of sustained safety awareness campaigns and empowering our leaders to act on health and safety...

customer accidents
**decreased by
30%**
compared to 2019



colleague accidents
**decreased by
12%**
compared to 2019



Food safety

Providing access to safe, high-quality foods is a vital part of our commitment to our customers. This has never been more important amid the Covid-19 pandemic. Asda upholds all relevant food safety laws, and in addition to regulators routinely assessing food safety and hygiene standards in our stores, we also have regular visits from independent third-party food safety auditors who check that our food safety and hygiene procedures are being implemented consistently across all of our stores. Building on this, we also have Primary Authority Partnerships in place for food safety and hygiene, and are increasingly working on plans to further raise standards, working in partnership with our colleagues, suppliers and third parties.

Our food safety team are responsible for food safety supplier management and ensuring that food safety and hygiene regulatory requirements are in place operationally across the wider business. The team oversee the creation and communication of the operational controls and working practices required to effectively manage food safety and hygiene. They also manage a third party food safety audit programme, that has been developed to independently verify that the food safety programme is being implemented diligently and consistently across all relevant business formats.

Health and wellness (Optical and Pharmacy)

Within our Optical and Pharmacy businesses we focus on complying with all regulation, legislation and professional bodies' guidance and best practice in all areas. This helps to ensure we protect our patients, professionals and the business from claims, sanctions and reputational damage.



**WE WORK TO HELP ENSURE THE
SAFETY OF OUR COLLEAGUES,
CUSTOMERS AND OTHERS
AFFECTED BY OUR ACTIVITIES,
IN COMPLIANCE WITH THE LAW**

Product safety

Our Product Safety team is responsible for ensuring the launch of safe and legal products across our non-food areas (Non-Edible Grocery, General Merchandise and George). This includes clear communication and training to our technical teams on new and updated legislation, and the development of supplier policies and communications for Asda/George-specific requirements. The team also implements a product surveillance testing programme and supports incident management, ensuring the right decisions are made for our customers. Finally, it manages two due diligence systems that ensure compliance with both chemical and timber regulations.

"THE CONSUMER PROTECTION TEAM LOOKS AFTER A WIDE VARIETY OF CONSUMER REGULATIONS, INCLUDING PRICING PRACTICES, WEIGHTS AND MEASURES, AGE-RESTRICTED PRODUCTS AND PUBLIC-FACING MATERIALS."

Consumer protection

The Consumer Protection team looks after a wide variety of consumer regulations, including pricing practices, weights and measures, age-restricted products and public-facing materials. The team's support is vital for any customer innovation projects. In particular, it covers key issues such as our Challenge 25 policy and adherence to Business Pricing Rules. The team also work with our Trading Standards Primary Authority, implementing and updating assured advice and investigating customer referrals.

Trade

The trade programme is responsible for ensuring that Asda adheres to all applicable laws and regulations concerning imports, exports and customs duties. Asda is an Authorised Economic Operator, which means we are recognised by HMRC for maintaining a safe, secure and compliant supply chain.





Labour and employment

We offer equal opportunities for professional development and ensure fair and consistent employment practices for each colleague. To help protect our colleagues, we require our managers to understand and comply with local laws and regulations, and offer training on key issues including right to work requirements and fair pay.

"WE FOCUS ON THE LAWFUL USE AND PROTECTION OF INDIVIDUALS' PERSONAL INFORMATION, AND UPHOLD THEIR PRIVACY RIGHTS IN LINE WITH RELEVANT LAWS AND ASDA'S VALUES."

Data privacy

We collect and handle personal information relating to millions of people every day. Respect for people is at the heart of everything we do, so we take our responsibility to protect this information very seriously. We focus on the lawful use and protection of individuals' personal information, and uphold their privacy rights in line with relevant laws and Asda's values. To make sure our systems are secure and well protected, we follow best practice and use the right technical and organisational controls.

This includes the National Institute of Standards and Technology Cybersecurity Framework (CSF), a guide for businesses to manage and reduce cybersecurity risks. We also comply with the Payment Card Industry's Data Security Standard – a global standard designed to reduce card fraud. It's an important way of protecting sensitive cardholder data.

Finally, we conduct an internal security risk and compliance review as part of any IT project to check systems are designed with security in mind.

More information on Asda's privacy promise can be found online.¹

1. <https://www.Asda.com/privacy>

Compliance

Asda's compliance programme focuses on evolving challenges in the retail sector and sets the tone for the behaviour we expect from our colleagues and partners. Above all, it means treating people with respect, acting with personal integrity and complying with the laws of the communities in which we operate.

Ethics

As a business, we are committed to complying with all relevant laws and regulations while upholding the highest standards of ethics. We expect everyone who works with us, from our employees to our suppliers and contractors, to share our values and help promote a culture where people do the right thing as a matter of course.

We train our colleagues to be able to recognise and speak up about inappropriate conduct. Our Asda Ethics team reviews, analyses and addresses any issues confidentially. In 2020, Asda Ethics received a total of 1,968 contacts, this was an increase of 15 contacts compared with 2019. 1,283 of these contacts contained Ethics concerns or requests for Ethics guidance, 685 contacts fell outside of the Ethics remit (e.g. ordinary HR grievances). Of the relevant Ethics contacts, the Ethics team supported 446 investigations and gave advice on 186 occasions. The remaining 651 Ethics-related contacts were either referred to HR or other areas of the business to be investigated or resolved, or in some cases were duplicates or lacked basic actionable information. Asda Ethics found a case to answer in 31.7% of all Ethics supported investigations, and disciplinary actions were taken as appropriate.

To help our colleagues understand what we mean by acting with integrity, we also provide a Statement of Ethics. Our stakeholders can raise questions or concerns through a central helpline or via email.



“AS A BUSINESS, WE ARE COMMITTED TO COMPLYING WITH ALL RELEVANT LAWS AND REGULATIONS WHILE UPHOLDING THE HIGHEST STANDARDS OF ETHICS.”

Anti-corruption

We have a zero-tolerance approach to bribery. Our anti-corruption team oversees and continuously improves a dedicated programme to prevent it. The team will assess the risk of corruption and take steps to monitor and address any risks posed. In any given year we provide anti-corruption and ethics training to more than 20,000 new and existing colleagues.

Antitrust

We focus on compliance with traditional antitrust and competition law, as well as the Groceries Supply Code of Practice (GSCOP) legislation applicable to grocery retailers with an annual turnover of over £1 billion, designed to ensure that we treat our suppliers fairly.

"WE HAVE A ZERO-TOLERANCE APPROACH TO BRIBERY. OUR ANTI-CORRUPTION TEAM OVERSEES AND CONTINUOUSLY IMPROVES A DEDICATED PROGRAMME TO PREVENT IT."

Anti-money laundering and Financial Services (AML & FS) Compliance

Asda is committed to complying with applicable laws and regulations for financial services provided to customers, as well as laws designed to prevent Asda from serving as a conduit for money laundering. The AML & FS Compliance team uses a compliance programme to support this objective, which includes establishing financial controls, third-party due diligence, and transaction monitoring programmes.

Environmental compliance

Our team of environmental professionals develops and oversees programmes that ensure the company interacts with the external environment in a positive, sustainable and responsible manner. See the Better Planet chapter for how we go beyond compliance to protect the environment, including by delivering training to our colleagues to help manage waste in our stores and tackle any fuel spillages effectively.





THANK YOU FOR READING OUR FIRST ESG REPORT

Find out more about our ESG
progress and stories at:

Asda.com/creating-change-for-better

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Appendix

Impacts across our value chain

Every aspect of our Creating Change for Better strategy applies at every stage of our value chain – from the way raw materials are produced to the way our customers dispose of food packaging. Here, you can see what we're doing at every stage, from field to fork and beyond.

A



Agriculture and production



Agricultural inputs working with rural communities

Nature

Working with farmers to protect nature, and promote animal welfare

Carbon

Emissions produced indirectly by activities in our supply chain, such as farming (Scope 3).

Optimising our impact

Improving practices at a farm level to help protect and restore natural resources and ensure animals are treated humanely and with respect.



Sourcing and processing



Production Processing Transportation

Nature

Sustainably sourcing ingredients, deforestation

Carbon

Emissions produced indirectly by activities in our supply chain, such as processing raw materials (Scope 3)

Workers

Protecting the human rights of those working in the supply chain

Optimising our impact

Sourcing ingredients in a way that protects and restores nature, while respecting human rights. We're working to prevent the waste of food, plastic and packaging and promote low-carbon transportation.



Direct operations



Logistics Transportation Stores and online

Carbon

Direct emissions from our business and activities, including transporting our products to our stores (Scopes 1 & 2)

Waste

Food waste, plastic and packaging

People

Colleague engagement, diversity and inclusion, colleague development

Optimising our impact

We're taking steps to transport our food to stores with low-carbon logistics, and direct any surplus edible food to those who need it most. We're fostering a safe, inclusive workplace where our colleagues can grow and develop.



Customers and communities



Purchase Use Disposal Community impact

Nutrition

Healthy products, ingredients and labelling, educational campaigns

Community

Food poverty, local communities, national charities

Ethics

Ethics and compliance

Optimising our impact

We're making healthier choices easier, innovating to increase the proportion of healthy, sustainable products in our own-brand ranges, and raising awareness of healthy living among our customers. We operate as an ethical business and support our communities.

A How our strategy supports the UN's 2030 Sustainable Development Goals

Our action on sustainability supports the broader, global UN-led push for a fairer, more sustainable world. In particular, our efforts are contributing towards the large majority of the UN's 2030 Sustainable Development Goals (SDG's). For example, our work to tackle food poverty is helping to achieve zero hunger (SDG 1), while our efforts to reduce our carbon footprint are supporting global efforts on climate action (SDG 13).

THE GLOBAL GOALS For Sustainable Development



Which parts of our business does our strategy cover?

Our CCFB strategy covers every aspect of our business, from food to general merchandise. It also covers International Procurement and Logistics, the part of our business that imports produce from abroad and directs it to our Asda distribution centres across the country. Increasingly, our George fashion brand will become part of this strategy, building on its existing George for Good sustainability strategy.



Better Planet (SDG 1, 2, 7, 10, 12, 13, 14, 15 and 17)

Whether it's sourcing our products from land or sea, we must strive to protect and restore these ecosystems and their biodiversity. Through our operations and supply chain, reducing emissions and waste are central to providing our customers with good value without costing the earth.



Better Communities (SDG 1, 2, 3, 4, 10 and 17)

We work with our communities and local people to help eradicate poverty, support children in crisis and enable breast cancer research and awareness. Food is our core business so we use our expertise and food donations to fight hunger.



Better Lives (SDG 3, 10, 12 and 17)

The food and drink, as well as the services we provide, must support and enhance our customers' health at a price that is affordable. Our Pharmacy and Optical store footprint also enables us to make healthcare more affordable and accessible to our customers.



Better Business (SDG 3, 4, 5, 8, 10, 12, 13 and 17)

As a business we respect and support our colleagues to create a diverse, inclusive, fair, safe and enjoyable place to work. This also extends to how we treat and work with our suppliers and partners – an ethical and compliant business from end to end.

Creating Change for Better commitments overview

The goals, commitments and targets we've made through our Creating Change for Better strategy are designed to help Asda aim high, hold ourselves accountable and move as rapidly as possible towards fulfilling our ambitions. Our commitments will galvanise action across our business, led by our senior leaders, supported by robust policies and programmes, and above all, propelled forward by the hard work and dedication of all our colleagues. We'll monitor and report our progress transparently, starting with this, our first annual ESG Report, and importantly, we'll continue to review and evaluate our goals to meet society's evolving needs.

Retailers are operating in a challenging environment and making progress on sustainability is tough for us all. We cannot alone influence the major social and environmental issues we're addressing through our strategy. We are also partly reliant on technological advances and the contribution and commitment of partners and suppliers, and are affected by external factors such as political will, policy changes, economic uncertainty and market volatility. We'll be clear about our challenges and honest about barriers to progress. But we won't stop trying and we won't be afraid to try new solutions and learn from our experiences – for example, trialling innovative approaches at our new Asda Middleton Sustainability store in Leeds.



ESG Area	Target	Deadline	SDGs
Carbon	Our 2040 vision: An end to end net-zero carbon emissions business		
Commitment 1	50% lower direct GHG emissions (Scope 1 & 2), vs a 2015 baselinee	2025	7, 13
Commitment 2	Develop measurement of non-direct scope 3 emissions, then set targets to 2025		12, 13
Nature	Our 2040 vision: A regenerative impact on nature, all food sustainably produced		
Commitment 3	Top 20 commodities sustainably sourced	2025	2, 12, 14, 15
Commitment 4	Develop a natural resource stewardship programme		



ESG Area	Target	Deadline	SDGs
Waste	Our 2040 vision: A zero-waste world, where nothing goes in the bin		
Commitment 5	Zero-waste operations		
Commitment 6	Reduce food waste by 20%, vs a 2015 baseline	2025	12, 13
Commitment 7	Reduce packaging and drive 100% recyclability of what remains		
Value	Our 2040 vision: Carbon-neutral baskets which save our customers money		
Commitment 8	Enable Asda customers to shop more sustainably	2025	1, 2, 10, 13
Commitment 9	Rapid expansion of cheaper, greener alternatives		1, 2, 10, 17
George	Our Sustainability Strategy		
Responsibly Sourced Fibres	<ul style="list-style-type: none"> 100% of our own-brand clothing and soft home textile products will be responsibly sourced We are committed to sourcing viscose from traceable sources with a low environmental impact We are committed to sourcing 100% polyester with a minimum of 30% recycled content 	2025	
Hazardous Waste	<ul style="list-style-type: none"> We aim to eliminate all hazardous waste being released into the soil, water and air We will actively participate in the Microfibre Consortium to reduce ocean plastics We aim for all mills to be reporting through Higg index 	2025 Ongoing 2022	12, 13, 14, 15
Packaging	<ul style="list-style-type: none"> 50% of hangers will be reused or recycled 30% recycled content in all garment polybags All George packaging will be 100% recyclable All primary paper-based packaging from sustainable sources 	2025	



ESG Area	Target	Deadline	SDGs
Supporting local communities	Stores to use donations of time, goods and space to support local communities	Ongoing	1, 10
	Community Champions to allocate grants to community groups (with funding provided by the Asda Foundation)		
Fighting poverty	Community Champions to allocate grants to community groups (with funding provided by the Asda Foundation)	2021	1, 2, 3, 17
	Ensure all stores have the ability to donate food by end 2020 (now achieved)		
	Across 2018-2021 we will donate £20m through our Fight Hunger Create Change partnership to help tackle poverty in the UK		
	We aim to enable our charity partners to provide an additional 24m meals every year by 2021		
Helping disadvantaged children	Building on our 20-year BBC Children in Need partnership to support disadvantaged children, we will support the charity's efforts to deliver emergency essentials to children and their families in the wake of crisis	Ongoing	1, 4, 17
Partnering with breast cancer charities to help prevent breast cancer	We will fundraise to help research into a cure and treatments for breast cancer	Ongoing	3
	We will fundraise to enable provision of breast cancer care and support services		
	We will raise awareness and provide better information to help encourage a culture of self-checking and support prevention efforts		



ESG Area	Target	Deadline	SDGs
Reformulation	Increase the proportion of healthy (non-high fat, salt or sugar content) of Asda own-brand products to 60%		
	Reduce red traffic lights on Asda own-brand products year on year	2024	3
	Continue to improve the nutritional content of Asda Little Angels infant food range in line with government guidance		
Communications	Continue to label all own-brand products in line with the UK's front-of-pack labelling scheme	2022	
	Asda's Live Better icon was introduced in 2020 to signpost the healthiest options in our own-brand ranges. 1,200 Live Better Products to be on offer by 2024	2024	3
	Cartoon characters to be removed from high fat, sugar and salt (HFSS) own-brand products (excluding seasonal food and drinks)	2022	
Innovation	Grow Asda Plant-Based sales by 100%	2023	3, 12
	Continually engage with and support initiatives to address the UK's nutrition and obesity challenges, including through national campaigns, expert working groups and relevant academic projects	Ongoing	3, 17
Value	Provide a great value destination for healthcare products, services and advice that customers can trust	Ongoing	3
Healthcare	Provide a broad range of healthcare services at times and in ways that meet customer needs	Ongoing	3
Shopping Experience	Create a supportive shopping experience for customers with disabilities	Ongoing	10



ESG Area	Target	Deadline	SDGs
A Health and Wellbeing Diversity and Inclusion Learning and Development	We will increase the percentage of colleagues who answer positivity to ' <i>my manager cares about me as an individual</i> ' in the colleague survey	Ongoing	3, 8
	We will make sure our colleagues have access to resources to support their mental, emotional, physical and financial well-being, including management support enabled by manager upskilling		
	We will maintain the 2020 score for ' <i>I feel free to be myself every day at work</i> ' in the colleague survey	Ongoing	8, 10
	We will continue to improve our development curriculum to include conscious inclusion training and monitor attendance to ensure all line managers attend required modules		
	We will be a member of the Ban the Box campaign by 2021 (Achieved Nov 2020)	End of 2021	8, 10
	We will sign up to the BiTC Race at Work Charter in 2021 (Achieved March 2021)		
	We will achieve Disability Confident Level 2 accreditation in 2021 (Achieved Jan' 2021)		
	We will achieve silver level accreditation for Inclusive Employers		
	We will increase the number of Female Store Managers	Ongoing	5, 8, 10
	We will increase the percentage of colleagues who answer positively to ' <i>I am supported by my manager in my personal development</i> ' in the colleague survey		
	We will continue to invest in the skills development of our colleagues, supporting them in their career in Asda, outside of Asda and their life beyond		
	We will continue to support our colleagues to realise their potential in Asda		



ESG Area	Target	Deadline	SDGs
Modern Slavery	Regularly assess modern slavery risks to prioritise and strengthen our efforts, and work with our suppliers to improve their human rights performance	Ongoing	8
Supplier engagement	Work in partnership with our suppliers and strive to be fair and clear in all our dealings with them – measured through the Groceries Supply Code of Practice (GSCOP) survey	Ongoing	8
British sourcing	Increase the volume of products sourced from UK suppliers (including chicken, dairy, wheat and potatoes) and source 100% British beef	2021	12, 13, 17
George	Our ultimate ambition is for 100% transparency across our supply chain	Ongoing	8, 17
Health & Safety	We are committed to keeping our customers and colleagues safe, promoting their welfare and providing high standards of safety	Ongoing	3
Ethics & Compliance	Treating people with respect, acting with personal integrity and complying with the laws of the communities in which we operate across our 14 focus areas	Ongoing	3, 8

Governing and managing sustainability

In 2020 we reviewed and refreshed the way we oversee our Creating Change for Better programme and manage sustainability issues. This has enabled us to create a consistent approach across the entire business. We have focused our efforts on how we position ourselves to make the greatest impact, and harness our agility to navigate changing dynamics and evolving challenges. Our new governance structure will also support us in building trust and championing our customers' needs, as we strive to be a more responsible and sustainable retailer.

The governance model below represents the different levels of ownership and responsibilities for ESG issues at Asda:

- CCFB Central team – Responsible for the co-ordination of the CCFB Steering Committee and for maintaining centralised records of all ESG achievements and commitments. Working with ESG subject matter experts from across the Asda business to co-ordinate the creation of Asda's annual (and other) ESG reporting.**
- CCFB Working Groups – Monitoring progress against ESG commitments, highlighting current/emerging risks, agreeing what decisions are needed from the Steering Committee and the Executive Board and supporting ESG report creation.**
- CCFB Steering Committee – Leading Asda's ESG strategy and policies, overseeing all ESG matters, approval of any new claims or commitments and ESG reporting.**
- Asda Executive Board – Final decision-making body for ESG strategy, policy and activity for Asda, with a dedicated sponsor for each CCFB pillar.**

Our ESG Policy outlines the way we report and track ESG claims and progress, approvals for new commitments or claims, the scope of ESG topics at Asda, and how we ensure accuracy and precision in gathering and managing data on our performance.



Asda ESG Governance Model

