

**ASDA**



# Creating Change for Better

*Environmental, Social & Governance Summary Report 2021*



## Welcome from our owners

**In their first year of co-ownership of Asda, TDR Capital and Mohsin and Zuber Issa reflect on progress made on Asda's ESG agenda and their plans to grow the business to create a sustainable future.**

Despite another year of unprecedented change and uncertainty, the Asda team continues to adapt and innovate for our customers, colleagues and communities. While keeping shelves stocked and many thousands in work, we've also made progress on our Creating Change for Better promises and remained a consistent force for good.

From continuing to reduce our carbon emissions and stepping up our support for local communities, against a challenging backdrop 2021 has been year of progress on our ambition to create change for better, growing our business in a way that creates a sustainable future for our company and generations to come.

As a growth business serving almost every postcode in the UK through our various store formats and online presence, employing 145,000 colleagues and sourcing from around 4000 suppliers, we have the opportunity to make an important contribution to people and planet. Through this report, we will share our progress on the key ESG issues that matter to our business and to you, our stakeholders.

Despite the ongoing and immediate challenges presented by the pandemic and global unrest, we have not lost sight of our role in broader issues faced by society today. Climate change is an urgent and devastating global problem that presents material risks to supply chains and our ability to achieve sustained growth now and in the medium to long term. In this report, you'll see we are committed to playing our part in both protecting and regenerating our planet. We're providing greater transparency through our reporting, including sharing our full carbon footprint and roadmap to operational net zero for the first time.



We have also continued our journey to more sustainably source our key commodities and in our efforts to reduce waste in our business, be that operational, food or packaging, as well as bringing our refill zones to more customers across the UK.

You can read more about our **Better Planet.**

In the wake of the pandemic, public health has been thrust into the spotlight in a way that none of us could have predicted, and as a grocery retailer we're concerned about the growing inequalities affecting health outcomes. We know the difference having access to a healthy diet and lifestyle can make, and understand our role in providing opportunities to make better choices.

Our community work continues to go from strength to strength and through Asda Foundation we have increased our investment into our local communities. In 2021 we channelled our efforts into tackling barriers to kids reaching their full potential, focusing on food poverty, inclusion and wellbeing, and we will continue to build on this moving forwards. We also celebrated the 25th anniversary of our award-winning fundraising and behaviour-change breast cancer awareness campaign Tickled Pink and we have bold plans for the next five years – including breaking £100m in fundraising for essential services, awareness and research.

We continued to make progress on being a truly inclusive retailer where people love to work and shop. We know women are underrepresented at management levels in retail and so we've set ourselves new targets to increase the proportion of female general store managers to 30% by 2025. And whilst our operations are UK-focused, our supply chain is global. Asda has operated under Walmart's responsible sourcing programme for the past 20 years, and in 2021 took the opportunity to start to build a bespoke human rights programme that focuses on Asda's business, supply chain and risks.

You can read more about our **Better Lives.**

And finally, as we put plans in place to take this business into a period of sustained growth, we're doing so in a responsible way. Particularly where we're moving off Walmart programmes and processes, we're working to install new compliance programmes that support this expertise and passion towards our Creating Change for Better agenda. Good governance is a fundamental factor, and welcoming Lord Rose as Chairman and Dame Alison Carnwath as non-Executive Director in 2021 strengthened our leadership.

Read more about how we hold ourselves accountable to be a **Better Business.**

Asda has a bright future – and we're excited to play our part in accelerating this great business. The scale of Asda's reach means we can make an important contribution to both society and the planet, and we're committed to continuing progress across our ESG agenda so that we can create lasting, positive change for better.

*Mohsin and Zuber Issa  
TDR Capital*

*UK's Lowest Priced  
Supermarket*



*Winner, Online  
Supermarket of the Year*

## 2021 Key Stats

- 
**£23,488.5m**  
revenue
- 
**745,000+**  
colleagues (91,000+ FTE)
- 
**675<sup>1</sup>**  
Asda and Asda Living stores UK-wide
- 
**37**  
Asda on the Move wholesale sites
- 
**75.5m**  
customer trips each week
- 
**3900+**  
active suppliers
- 
**323<sup>2</sup>**  
Petrol Filling Stations

<sup>1</sup> 615 = 396 superstores, 156 supermarkets, 30 Supercentres and 33 Living stores.

<sup>2</sup> 323 = 179 automated sites, 83 'Drive to Pay' kiosks, 5 'Walk to Pay', 39 adjacent to stores and 17 standalone petrol stations as at 31 December 2021.

## ESG strategy

In 2021, we listened to customers, colleagues and wider stakeholders to ensure our **Creating Change for Better** strategy was future-fit to make the greatest impact possible on ESG issues faced by our communities, society and the planet.

To align further with stakeholder expectations, we restructured our Creating Change for Better programme to comprise three, rather than four, pillars, covering our commitments to ESG best practices:

### Environmental

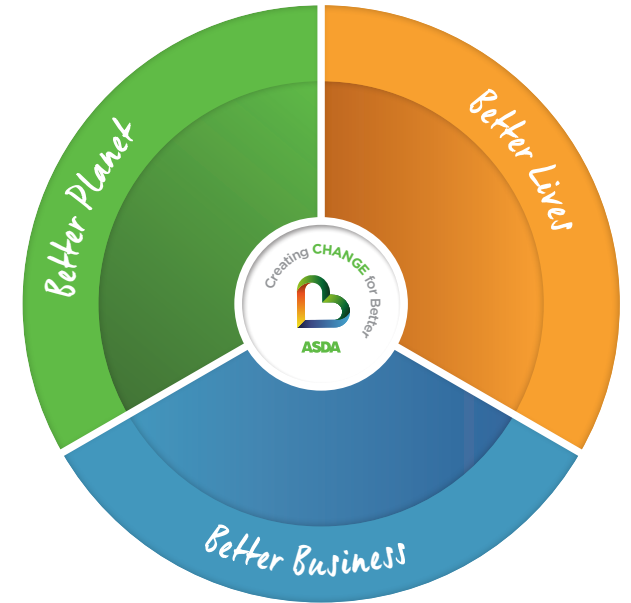
**Better Planet:** We aim to work to protect and conserve the world around us through sustainable practices and initiatives.

### Social

**Better Lives:** We aim to remove the barriers to opportunity, health and wellbeing for our customers, colleagues and communities.

### Governance

**Better Business:** We hold ourselves to the highest standards of responsible business, to ensure Asda is a fair, safe and transparent place to work and shop.



Within these pillars, we now have our clearest view to date of the most important topics to our business and to our stakeholders, derived from a detailed materiality assessment.

## Our focus

These ESG topic areas are ones upon which Asda can have a major impact, namely our climate change response, how we deal with packaging, food and operational waste, enabling our customers to enjoy healthy, sustainable diets and supporting our local communities. These priority issues are given extra focus and resource, to ensure that we remain on track and moving at pace to meet our commitments.

Meanwhile, we remain vigilant of emerging priorities such as biodiversity, circular economy and equity, diversity and inclusion, and have teams actively progressing all other areas of ESG topics identified in the materiality matrix.





# Greener at Asda Price

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



## Carbon



## Nature



## Waste



## Customer Value

Our mission →

Eliminating carbon emissions

Sourcing and farming which respects and restores

Elimination of food, product and packaging waste

Greener choices which save our customers money

Our vision for 2040 →

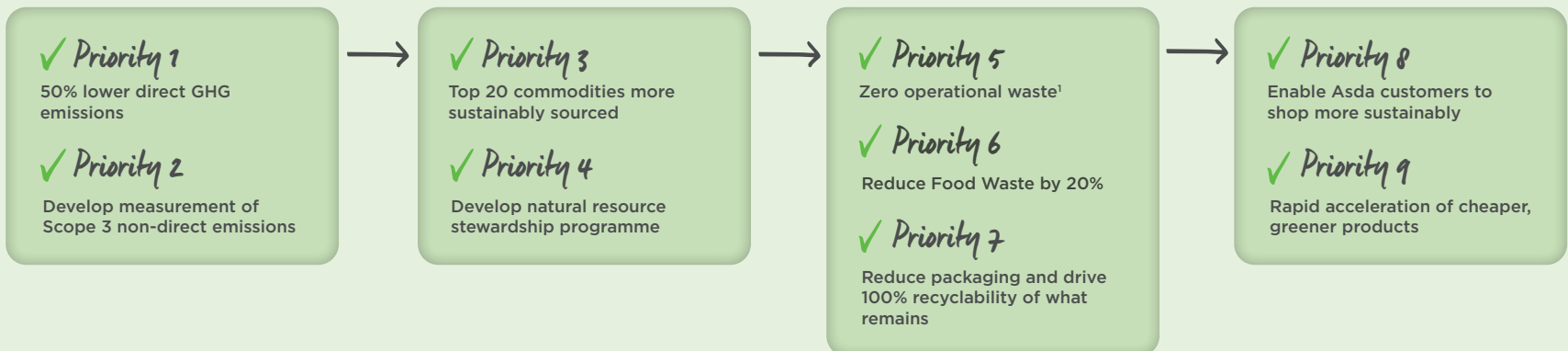
An end to end net zero carbon emissions business

A regenerative impact on nature, all food sustainably produced

A zero waste world, where nothing goes in the bin

Carbon neutral baskets which save our customers money

Our 2025 priorities →



<sup>1</sup> Asda definition of zero waste is 90% diversion from landfill and incineration (including energy recovery) or 90% of operational waste reused, redistributed, recycled.

# 2021 Highlights

*We mapped our full carbon impact, so we can work to drive down emissions wherever they arise.*



## 100%

of our own brand dairy<sup>2</sup>, eggs, potatoes and chicken came from British farms.

*35% reduction in scope 1 & 2 carbon emissions since 2015*

*We distributed 18% more surplus food than in 2020*

*3.3m school uniforms<sup>3</sup> with responsibly sourced fibres sold*

The Grocer magazine found that a 'green' Asda basket was £5.79 cheaper than the next lowest-priced supermarket



*The iPhone 11 was the most traded mobile phone in 2021 at musicMagpie SMARTDrop kiosks in Asda*



*Refill*

*75 big brand dry products & Asda own brand products*

*85% of Asda Brand packaging is recyclable in customer homes via kerbside collections*

The George Preloved vintage fashion range has diverted **20,500** garments from prematurely ending up in landfill<sup>1</sup>



<sup>1</sup> Since 2020.  
<sup>2</sup> Dairy includes milk, cream, butter and cheddar. Chicken includes primary and breaded chicken.  
<sup>3</sup> A school uniform comprises shirt/polo, bottoms (trousers, skirts, dresses) and a jumper/sweater. All cotton in our uniforms is 100% responsibly sourced via Better Cotton, all polyester will have a minimum of 30% recycled content certified by Global Recycling Standard and all viscose will be from managed forests and FSC Certified.

# Better Lives for all

We aim to remove the barriers to opportunity, health and wellbeing for our customers, colleagues and communities.



## Customers



## Local Communities



## Colleagues



## Supply Chain Communities

Our mission →

Supporting our customers to enjoy healthy, sustainable diets

Enabling togetherness, connections and resilience in Asda communities

Empowering colleagues to be their best selves

Ensuring the dignity of the people who make the products we sell

Our vision for 2040 →

A quantifiable positive benefit on our customers' health

A long-term, positive social impact on the communities we serve

A measurably more inclusive business, providing opportunities for colleagues to progress

A mature, proactive, data-led programme that manages risk in partnership with suppliers

Our priorities →

- ✓ Priority 1<sup>1</sup>  
Increase the proportion of healthy own brand products to 60%
- ✓ Priority 2<sup>1</sup>  
Increase number of Live Better products to 1,200
- ✓ Priority 3<sup>1</sup>  
Grow Asda Plant Based sales by 100%



- ✓ Priority 6<sup>3</sup>  
Improve outcomes for 5 million kids in Asda communities
- ✓ Priority 7<sup>3</sup>  
A safe, inclusive space to meet in every Asda community
- ✓ Priority 8<sup>3</sup>  
To raise £100m for Asda Tickled Pink



- ✓ Priority 4<sup>2</sup>  
Establish and improve our colleague Wellbeing Index
- ✓ Priority 5<sup>2</sup>  
30% female General Store Managers



- ✓ Priority 9<sup>2</sup>  
Implement a Human Rights due diligence approach that goes beyond audit
- ✓ Priority 10<sup>2</sup>  
Develop principles of remedy for issues in our supply chain

1 2024 priority.  
2 2025 priority.  
3 2026 priority.



# 2021 Highlights



We launched our in-store greengrocers trial at 150 stores

**484** more Live Better products now in stores

£77m raised<sup>3</sup>



"In 22 years we have raised over £28m"



# £25m<sup>1</sup> investment

to enable FareShare and Trussell Trust to donate

## 100m meals<sup>2</sup> across the UK



## ASDA Foundation

Grants worth £3.7m donated to small community groups

45,000+ sold in 2021



# 84%

felt they could be themselves at work



Apprenticeships: 15 new Level 2 LGV Drivers on the road

# 8 6 m

Steps<sup>4</sup> taken in the Great Asda Adventure



the equivalent to almost twice round the world!

<sup>1</sup> £25m: 2018- 2021  
<sup>2</sup> A meal can be defined as 420g of food, definition from WRAP.  
<sup>3</sup> 1996 to 2021.  
<sup>4</sup> Mental Health Awareness Week runs for a week each year in May.



# Growing the right way

We hold ourselves to the highest standards of responsible business, to ensure Asda is a fair, safe and transparent place to work and shop.



## Ethics and compliance



## Economic contribution



## ESG governance



## Transparent disclosure

Our mission →

Doing the right thing, always

Be a positive force for the UK economy and our supply chain

Rigorous governance that holds us accountable

Robust reporting that stakeholders can trust

Our vision for 2040 →

An agile compliance programme tailored to our needs

Be the retailer of choice for the UK's innovative suppliers

An ESG culture from top to bottom

Best in class ESG disclosure

Our priorities →

✓ **Priority 1**  
Operate an Ethics and Compliance programme that supports our growth following Walmart separation

✓ **Priority 2**  
Work collaboratively with our suppliers and champion innovation

✓ **Priority 3**  
Support SMEs with surplus Apprenticeship Levy

✓ **Priority 4**  
ESG KPIs for key colleagues

✓ **Priority 5**  
Data for material ESG issues externally audited

# 2021 Highlights



Launched our Nurture incubator programme



Appointment of Lord Rose as Chairman and Dame Alison Carnwath as Non-Exec Director



**£1.2m** surplus Apprenticeship Levy pledged to small and medium enterprises



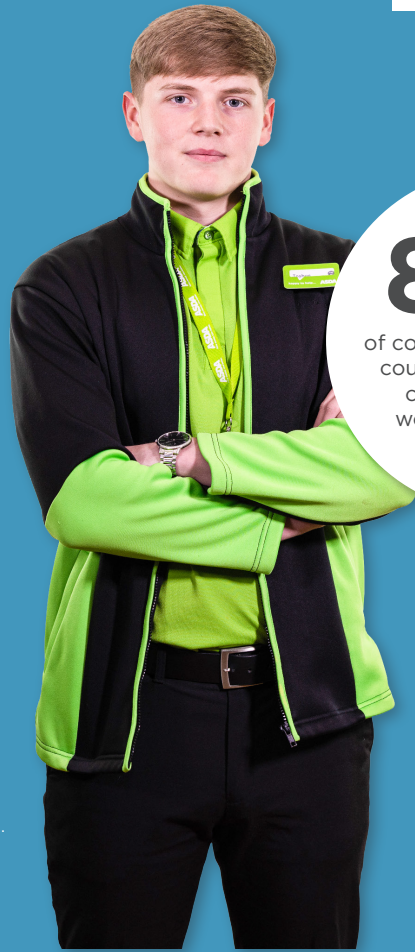
**GSCOP**

**94%**<sup>1</sup>

of suppliers ranked Asda as

*"consistently or mostly"*

following the Groceries Supply Code of Practice



**85%**  
of colleagues stated they could report unethical concerns without worrying about the consequences


34 live partnerships across 1000 locations in 374 stores.



<sup>1</sup> Groceries Code Adjudicator Survey 2021.

## How are we doing?

These scorecards assess our progress against our key performance indicators. We have not included commitments published in the 2020 ESG Report that were classed as ongoing commitments rather than time-bound targets, but you can see our 2020 report.

	Strategic commitment	Target date	Baseline	2020	2021	Comments	SDG
Carbon	Reduce GHG emissions (Scope 1 & 2) by 50%	2025	957,918 tCO <sub>2</sub> e (2015)	32% reduction on baseline  655,358 tCO <sub>2</sub> e	35% reduction on baseline  624,679 tCO <sub>2</sub> e	We will re-base our commitments upon setting a new science-based target.	7, 13
	Develop measurement of non-direct scope 3 emissions, then set targets to 2025	2025	N/A	Scope 3 measured: 30,298,632 tCO <sub>2</sub> e	Scope 3 measured: 29,748,151 tCO <sub>2</sub> e  Committed to setting an SBTi target.	We will set a science-based target encompassing Scopes 1, 2, 3 and FLAG ahead of our 2025 deadline.	12, 13
Nature	More sustainably source our top 20 commodities:	2025					2, 12
	- Bananas		100% (2020)	100%	100%	Rainforest Alliance or Fairtrade	
	- Cocoa		46% (2020)	46%	95%	Rainforest Alliance, Barry Callebaut or Fairtrade for all products with more than 12% cocoa	
	- Coffee (ground and bean)		100% (2021)	N/A	100%	Rainforest Alliance or Fairtrade certified	
	- Cotton		60% (2020)	60%	91%	Better Cotton, Organic or Recycled cotton certified	
	- Fish		98% (2020)	98%	99%	MSC certified or working towards certification in a fisheries partnership	
	- Palm Oil		99.6% (2020)	99.6%	99.8%	RSPO physically certified (mass balance or segregated), 0.2% covered by certificates	
	- Polyester		12% (2020)	12%	36%	Recycled content certified to Global Recycled Standard scheme	
	- Soya		74% (2021)	N/A	74%	Certified to schemes benchmarked against the FEAC sourcing guidelines (2021) with desired criterion 34 & fixed cut off date of 2020	
	- Tea (OB, excluding flavoured teas)		100% (2021)	N/A	100%	Rainforest Alliance certified	
- Timber, Paper and Pulp	98.6% (2020)	98.6%	98.6%	FSC, PEFC Certified or recycled material			
- Viscose	22% (2020)	22%	67%	FSC Certified			
- <b>NEW:</b> Beef; Berries; Chicken; Dairy; Grapes (table and wine); Lamb; Pork; Rice; Soft citrus; Wheat	-	-	-	Setting a baseline and to begin reporting in 2022			
Develop a natural resources stewardship programme	2025	N/A	N/A	N/A	Piloted soil health tool for further roll out in 2022. Joint programme with Syngenta on Green Headlands continues to expand acreage of biodiversity plots.	14, 17, 13	



	Strategic commitment	Target date	Baseline	2020	2021	Comments	SDG
Waste	Achieve zero-waste operations	2025	88% (2020)	88% 100% diversion from landfill	88.1% 100% diversion from landfill	Our zero-waste target is 90% of all operational waste reused , recycled , repurposed , donated to charity by 2025 with zero to landfill.  We have sent zero operational waste to landfill since 2019.	12, 13
	Reduce food waste by 20%	2025	26,826	26,848 tonnes (+0.08% increase vs baseline)	28,807 tonnes (7.3% increase vs baseline)	Total food surplus increased in 2021 with surplus impacted by colleague absences due to COVID-19 impacting markdown and donation processes, and supply chain challenges disrupting forecast accuracy.  We have redistributed 18% more food in 2021 vs 2020 and 75% more than in 2019.	12, 13
	Reduce own-brand primary plastic packaging by 15% (9,750 tonnes)	2021	65,000 tonnes (2017)	55,179 (-9821 tonnes)	N/A	Relative target measuring weight saved per unit multiplied by annual sales volume. Absolute plastic packaging increased in 2020 as a result of COVID-19 related sales shifts.	12, 13
	Reduce packaging and drive 100% recyclability of what remains	2025	N/A	85% - Recyclable at Kerbside 4.5% - Recyclable in large stores with bags Total: 89.5%	To be published later in 2022	Our 2021 packaging figures will be published once available later in the year.	12, 13
Value	Enable Asda customers to shop more sustainably	2025	N/A	N/A	-	-	1, 2, 10, 13
	Rapidly expand cheaper, greener alternatives	2025	N/A	N/A	-	Expansion of refill offer to four more stores, with Greener at Asda Price guarantee.	1, 2, 10, 17






	Strategic commitment	Target date	Baseline	2020	2021	Comments	SDG
<b>George for Good:</b>							
<b>Fibre sourcing</b>	100% of the cotton for our own-brand clothing and soft home textile products more responsibly sourced	2025	60% (2020)	60%	91%	Better Cotton, Organic or Recycled cotton certified	12, 13, 14, 15
	Source viscose from traceable sources with a low environmental impact	2025	22% (2020)	22%	67%	FSC Certified	12, 13, 14, 15
	Source 100% polyester with a minimum of 30% recycled content	2025	12% recycled content (2020)	12% Recycled content	36% Recycled content	-	12, 13, 14, 15
<b>Waste</b>	All factories reporting through the Higg Index*  *This commitment previously related to mills only, but has now been expanded to incorporate all factories/sites	2022	N/A	60% of our supplier factories/sites**	91% of our supplier factories/sites**	George has been engaged with the Higg Index (HI) since 2019 and all supplier factories are requested to be engaged with the HI.  **A supplier may have one or more facilities	12, 13, 14, 15
	Eliminate all hazardous waste being released into the soil, water and air	2025	N/A	N/A	222 (of 277 known 'wet finish') supplier facilities/sites are engaged	Measured by supplier engagement with the ZDHC platform.  'Wet finishing' is the part of the process where the most chemical interaction takes place e.g. dyeing and finishing, laundry and print units.	12, 13, 14, 15
<b>Packaging</b>	50% of hangers reused or recycled	2025	2018	20%	17.5%	Stepped back last year as COVID-19 had a significant impact on the handling of hangers. We are working hard to improve this with increased comms to stores and to our customers.	12, 13, 14, 15
	30% recycled content in all garment polybags	2025	N/A	0%	0%	Rolling change on all orders to take place from January 2022.	12, 13, 14, 15
	All George packaging to be 100% recyclable	2025	N/A	80%	83%	-	12, 13, 14, 15
	All primary paper-based packaging from sustainable sources	2025	N/A	80%	100%	FSC Certified	12, 13, 14, 15



	Strategic commitment	Target date	Baseline	2020	2021	Comments	SDG
Health	1,200 Live Better products to be on offer	2024	0 (2019)	262 (+262)	746 (+484)	The criteria for qualifying for the Live Better icon is aligned to the OFCOM Nutrition Profiling model and the Eatwell guide as well as to our own category specific nutrition criteria.	3
	Increase the proportion of healthy (non-high fat, salt or sugar content) of Asda's own brand products to 60%	2024	55% (2020)	55%	54%	While this stepped back this year, we continue to reformulate our own-brand products in order to achieve our target.	3
	Reduce red traffic lights on Asda products year on year	2024	22% (2020)	22%	23%	-	3
	Continue to improve the nutritional content of Asda Little Angels infant food range in line with government guidance	2024	N/A	N/A	N/A	We continued to work on improvements, removing one line with added salt, replacing three lines with lower sugar alternatives and improving the sweet to savoury ratio at total range level.	3
	Grow Asda Plant Based sales by 100%	2023	2020	N/A	33.1%	-	3, 12
	Cartoon characters to be removed from high fat, sugar and salt (HFSS) own-brand products (excluding seasonal food and drinks)	2022	N/A	>35 product lines remaining	2 lines remaining	Remaining packaging due to change in 2022.	3
Supporting Local Communities	Across 2018-2021 we will donate £20m through our Fight Hunger Create Change partnership to help tackle poverty in the UK	2021	£0 (2018)	£24.2m	£27.0m	-	1, 2, 3, 17
	We aim to enable our charity partners to provide an additional 24m meals every year by 2021	2021	0 (2018)	66m additional meals per year	113m additional meals per year	We continue to collect food and essentials for food banks through donation trolleys in Asda stores.	1, 2, 3, 10
	<b>NEW</b> Reach 5 million children in Asda communities through Asda Better Starts	2026	0	N/A	N/A	Measured through work delivered by Asda Community Champions and charity/community partners.	1, 2, 3, 10
	<b>NEW</b> Boost community wellbeing by providing a safe, inclusive place to meet in Asda communities	2026	-	8 Asda Community Rooms 4424 donations of space in Asda stores	8 Asda Community Rooms 5049 donations of space in Asda stores	Tracked through the provision of Community Rooms in Asda stores, the donation of space for community groups and through the number of groups funded by Asda Foundation's Investing in Spaces and Places Grant stream.	3
	<b>NEW</b> Raise £30m for Asda Tickled Pink over the next five years, bringing our total fundraising to £100m over 30 years	2026	£76.8m (2021)	£3.3m £70.9m total	£5.9m £76.8m total	-	1, 3, 10

 Strategic commitment	Target date	Baseline	2020	2021	Comments	SDG	
<b>Supporting Local Communities</b>	<b>NEW</b> Set a baseline and then a target to increase breast checking amongst Asda colleagues and customers	2022	N/A	N/A	N/A	-	3
	<b>NEW</b> Empower 8,000 community groups per year to tackle issues in their local community through Asda Foundation	2026	N/A	7,100	10,000	-	1, 2, 3
<b>Colleagues</b>	<b>NEW</b> Create a new colleague wellbeing index and set a baseline	2022	N/A	N/A	N/A	We intend to set targets and report against this baseline in subsequent reports.	3
	<b>NEW</b> Increase percentage of female General Store Managers to 30%	2024	24% (2021)	N/A	24%	-	5, 10
<b>Supply Chain Communities</b>	<b>NEW</b> Implement a Human Rights due diligence approach that goes beyond audit	2025	N/A	N/A	N/A	In 2021 we established our bespoke Human Rights programme following Walmart separation.	3, 5
	<b>NEW</b> Develop principles of remedy for issues in our supply chain	2025	N/A	N/A	N/A	-	5, 10

 Strategic commitment	Target date	Baseline	2020	2021	Comments	SDG	
<b>Ethics and Compliance</b>	Operate an Ethics and Compliance programme that supports our growth following Walmart separation	N/A	N/A	N/A	N/A	Following separation from Walmart in 2021 we have established bespoke programmes in a number of areas that were previously managed globally.	3
<b>Economic Contribution</b>	Increase the volume of products sourced from UK suppliers (including chicken*, dairy**, wheat and potatoes) and source 100% British beef	2021	N/A	N/A	100% UK chicken, dairy, wheat and potatoes 90% UK beef by December (excluding Christmas speciality lines)	Owing to supply chain constraints, we were unable to fulfil the commitment to source 100% UK beef. * chicken includes primary and breaded chicken. ** dairy includes milk, cream, butter and cheddar.	12
	<b>NEW</b> Work collaboratively with our suppliers and champion innovation	N/A	N/A	N/A	Nurture programme launched	In early 2022 we launched our first tranche of Nurture supplier products to customers.	12
	<b>NEW</b> Support SMEs with surplus Apprenticeship Levy	N/A	N/A	N/A	N/A	£1.2m pledged to SMEs	-



Find out more about our ESG progress and stories at:  
[Asda.com/creating-change-for-better](https://Asda.com/creating-change-for-better)

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