Here at Asda our approach to sustainability is based on the belief that protecting the environment and saving people money go hand in hand.

This belief is backed up by the fact we’ve made great strides in terms of our own environmental performance, which have directly helped us to lower our operating costs and, in turn, provide lower prices for our customers.

We have committed to passing on £800 million worth of savings to our customers through sustainability initiatives by 2020, and we have already saved over £100 million to date.

We know that our customers see ‘being green’ as part of everyday life and they genuinely want to lead more sustainable lifestyles - they’ve told us time and again, through our ‘Everyday Experts’ panel. We’re committed to helping our customers to take greener actions and to making more environmentally friendly products affordable and accessible for everyone.

In terms of our own operations, we’d like to think our record speaks for itself. Since 2005 we’ve reduced energy use in our existing stores by 33% and in new stores by 45%. We’re basically saving the equivalent to the energy used in 60,000 homes every year. We travel less too. Today our goods travel 18 million fewer road miles than they did in 2005, which also cuts carbon, and helps our bottom line. Asda hates waste, of any kind, and we’re proud to say we’ve diverted 96.5% of our waste away from landfill.

On the following pages we take a look at the work we’ve been doing to meet our sustainability targets and look forward to the goals we have in place for 2015. It’s a journey we’re excited to be on, one that promises to reap benefits for the environment, Asda, our partners and, most importantly, our customers.

Chris Brown
Senior Director,
Sustainable Business, Asda
Sustainability Timeline

2005
- Launch of Sustainability 360 looking at how we can create a better business
- 13 new sustainability targets agreed to 2010

2007
- We introduce Dairy Link ‘best practice’ meetings with our farmers
- Our first low carbon store opens in Shaw, Manchester
- A network of Asda Service Centres is established with seven new depots to manage waste and recycling

2008
- We start to link energy savings to store performance and store managers’ bonuses
- Achieve a reduction in food packaging weight of 27%

2009
- Our second low carbon store opens in Bootle, Liverpool
- Energy reduction targets of 25% met across the whole Asda estate a year ahead of target

2010
- 37 new sustainability targets agreed to 2015
- New focus on supply chain announced
- Our stores send no food to landfill
- We’re the first retailer to use double deck trucks to deliver directly to stores

2011
- We launch Everyday Experts – Europe’s largest dedicated customer panel on sustainability
- The ‘Go Green’ colleague sustainability challenge runs across Asda House, stores and depots

2012
- The Asda Sustain & Save Exchange is launched – dedicated to resource efficiency to help our suppliers reduce their energy, water and waste
- We achieve 15.7% absolute carbon footprint reduction
- Develop Simply Sustainable Water booklet in partnership with LEAF
- Link with the Sustainable Fisheries Partnership
- We roll out electric car charging points to all new and remodelled stores – the most of any retailer

2013
- The Asda Sustain & Save Exchange covers over £10bn of Asda sales and identifies over £1m in savings for our suppliers
- Launch of the industry leading FareShare project to divert surplus food stock to charity
- Develop an innovative partnership with the University of Leeds to allow further dedicated research into affordable sustainability
- We become the first retailer to develop a climate change adaptation framework for all operational areas
We have reduced our carbon footprint – the measure of all the greenhouse gases we create – by 15.8% since 2007.

We’re committed to making Asda even more environmentally friendly and we have reduced our carbon footprint – the measure of all the greenhouse gases we create – by 15.8% since 2007. We spent around £7m on energy reduction projects in 2012, including things like LED lighting, double deck trailers, colleague engagement, tackling refrigerant gas leaks and even electric vehicles for business travel. In fact, this investment has contributed to a full year reduction of around 32 million kWh – that’s the equivalent of the energy used by around 1,600 average UK households every year. It’s also saved us £2.6m, so it’s great to see the investment paying off.

Our focus on sustainability doesn’t stop at an internal level though. We’re regularly part of sustainability discussions with governmental and non-governmental organisations, shaping policies and getting feedback on our own progress. It’s about being in the right place at the right time, having the right information to make the best decisions and keeping sustainability at the heart of everything we do.

As we move towards our next milestone goals for 2015, we are working hard to remain accessible, affordable and sustainable. Recognising the very real effects of climate change, we are focussing on adaptation and resilience, making sure we have the insight and evidence to adapt, develop and succeed in the future.
Corporate

Spotlight on: Everyday Experts

We know that our customers have something to say about sustainability... and we want to listen. After all, our customers are the heart of our business.

We have the largest customer panel on sustainability in Europe and regularly ask our 7,500 Everyday Experts for their opinions on green issues. The Everyday Experts project has two main objectives: to generate customer insight on sustainability and bring these into the business, and to engage Asda customers with the issues surrounding sustainability. The insights we gain - including the desire to cut waste and that ‘green’ products shouldn’t cost more – have been invaluable. We’re working with the University of Leeds on a pioneering new programme to create more sustainable products for our customers and to help them reduce food waste. It will focus on research into customer attitudes around sustainability, understanding customers’ motivations and actions. The partnership will also develop tools to assist in large-scale behaviour change – ultimately helping our customers to save money at home by reducing food waste.

These customer insights have also proved valuable to wider stakeholders. The customer demographic of Asda has been found to match the UK demographic – so any intelligence we gather can prove useful at a national scale. The information has been fed into Defra and DECC to advise how they talk to customers, general attitude trends, who consumers trust and how to get messages across.

Green Champions

Every single one of our colleagues is engaged in sustainability here at Asda, it’s something we think should cut through every aspect of our operations.

Our Green Room social networking site, Aisle Spy blogs and the ‘All About Asda’ colleague magazine, are all used to get the messages out and, more importantly, help us to get feedback on everything we do.

Every store also has a dedicated Green Champion. We keep them updated with news and green initiatives and they talk to colleagues and customers about how to be more environmentally friendly. There are also Green Champions in Asda House and George House, and Carbon Champions in depots, making sure that the message gets throught to all levels of our business.
We know that our customers care about where their food comes from. It’s our job to help them make informed choices and let them know the heritage and source of everything they buy.

Our approach to sustainable products does not necessarily mean that every single customer wants, or needs, to know every single detail about a product. We want to give them enough information to make an informed choice, but it’s also an opportunity for us to do the right thing and make sure our shelves are stocked with affordable, greener products that allow our customers to be green too.

In terms of our sustainable agriculture policy, we are committed to supporting farmers and their communities; producing more food with less waste and fewer resources; and sustainably sourcing key agricultural products. In the past few years, this has meant increasing sales of locally sourced British apples, sourcing sustainable palm oil for our products, and sponsoring Open Farm Sunday, to help people reconnect with their local farms.

We have also carried out life cycle assessments – the study of products from raw materials to disposal – on many of our products including milk, potatoes, chicken and eggs. The results of this will help us to reduce our impact on the environment all the way along the supply chain.
Spotlight on: Palm oil

Palm oil is used across a whole range of products, from food and medicines to cosmetics and detergents.

Meeting this demand has led to the rapid expansion of palm oil plantations – something that can damage huge areas of rainforest and displaces indigenous people.

Palm oil has the highest yield of any vegetable oil – growing the crops uses much less land than any other vegetable oil growing crop. So, if grown sustainably we can actually reduce the amount of land needed to produce the same volume of oil as an alternative crop. We’re committed to making sure that all the palm oil used in own-brand products is from sustainable sources. We’re an active member of the Roundtable on Sustainable Palm Oil (RSPO) and we were one of the first signatories of the Unilever WWF coalition on sustainable palm oil. We’re also passing on the commitment to our customers, helping them to make informed choices by listing the type of vegetable oil used in the ingredients rather than the more ‘generic’ explanation.

By the end of 2015 we are aiming to have our own supply of segregated sustainable palm oil – grown, milled and refined separately from uncertified sources. It’s far more challenging than simply seeking certification for palm oil use but something that we believe is worth doing. We’re making good progress as the 16,000 tonnes of palm oil and palm kernel oil used at Asda supports the RSPO scheme.

Focus on: Toy ties

Getting toys from their boxes with all those ties and fastenings can, we know, be really frustrating for parents. And that’s just one of the reasons why we’re in the process of replacing them with alternatives.

To date, we’ve already replaced all the wire ties used to hold toys in place, reducing the amount of wire waste that ends up in landfill by an estimated 80 tonnes every year. This has involved working closely with our suppliers to come up with alternative solutions.

One of the most innovative fastenings we’re using now is a paper rattan tie. These are a great sustainable alternative to wire ties, holding products in place but can be easily removed and recycled.

As we were looking at the issue of toy ties, we’ve also been able to address any over-packaging of products, which means we can reduce unnecessary packaging and introduce more recyclable materials.
Asda Sustain & Save Exchange

Our focus on sustainability is carried through to our suppliers. We know that over 90% of our environmental impact lies within the supply chain, so we’re building a world-class supplier base that sets the standard in terms of sustainability.

To do this, we created the Asda Sustain & Save Exchange. It’s an online tool supported by live events, free for our suppliers, which provides information, ideas, enables them to share best practice, and identify opportunities for increasing resource efficiency. Suppliers have made improvements in everything from investing in new and more efficient cold stores and tapping transformers to reduce energy use, to new LED lighting projects. There are currently over 700 members registered on the Sustain & Save Exchange and it’s already identified over £11 million of potential savings for each supplier – a huge achievement in only a couple of years.

The key to its success is building trust and the creation of shared value through knowledge. We fund 100% of the Sustain & Save Exchange but we’ve made a commitment to our suppliers that they keep the savings they unlock – something that is utterly unique for our sector.

The Resource Saver is part of the Asda Sustain & Save Exchange. It allows suppliers to see how they are performing in their sector and the Asda Sustain & Save Exchange, gives them access to information, advice and collaborative activities. Knowing where savings can be made, and enabling them to make those savings, will put suppliers in much better financial health. This, in turn, leads to job security, and even increased employment opportunities, as well as improved productivity and performance.
We hate waste of any kind. It’s a mantra that’s always been close to Asda’s heart and we’re pleased to say it’s serving us well. To date, we have successfully diverted 96.5% of our waste from landfill.

Our recycling efforts are focussed on the eight Asda Service Centres (ASCs). We deliberately sited the ASCs next to our distribution centres so that lorries can offload material for recycling at the ASC (where it is bailed and sent for recycling), before heading next door with an empty lorry to pick up goods for the stores, and then when they unload the goods at stores the lorries can refill with materials to be recycled and so on… This process creates an efficient recycling chain and also reduces the mileage and carbon emissions of our lorries – a win-win situation!

Asda was the first supermarket to sign WRAP’s construction waste charter that aims to send zero construction waste to landfill. This ethos carries through to our construction waste. Whether it’s a new store, extension or retrofit, our specialist team identifies waste that can be re-used or recycled to reduce the amount of construction waste going to landfill. It’s proved successful so far, with 96% of construction waste being diverted, including 100% diversion from two schemes in Gorseinon and Hastings.
Waste

Food waste

None of our stores send food to landfill.

We always try to reduce the amount of food waste from our stores as much as we can and donate any fit for consumption surplus stock to charity. But where it arises it is sent to be made into pet food or is converted into energy at an anaerobic digestion plant.

Love Food, Hate Waste

In 2012 we ran the largest Love Food, Hate Waste campaign of any retailer.

Reducing food waste can save a family of four around £50 every month, so we know it’s an important issue. It was a really great campaign with in-store demonstrations and tips and recipes for leftovers both online and in our Asda magazine. With all of our communications, we have managed to reach over 10 million customers!

We’re also moving away from ‘Use By’ dates to ‘Best Before’ dates where applicable and working with the Food and Drink Federation and the Institute of Grocery Distribution to standardise industry portion sizes. It all helps to reduce waste, both in store and in our customers’ homes.

Packaging – there are continued calls to reduce it but, without some packaging, a lot of the products we sell would rot or be damaged before our customers get them home.

So, we’ve been working hard to reduce our packaging as much as possible, while at the same time making sure it still protects the product. Whether it’s replacing glass bottles with recycled plastic, using lightweight film tops instead of plastic punnets or even designing a new carton for our tea bags to remove the need for extra external cellophane wrappers, we’ve looked long and hard at our products and reduced packaging where we can.

We’re making sure any unavoidable surplus stock goes to good use. Through our partnership with FareShare, we’ll be providing 3.75 million additional meals to their network of charities.
Spotlight on: Asda and FareShare

We’ve set up a project with FareShare, the national charity committed to fighting hunger.

We’re going to send surplus stock from our distribution centres to FareShare depots. From there, they can distribute it to over 900 charities, where it’s cooked and served to people who really need it, meaning that perfectly good food does not go to waste.

The charities provide a whole range of services, such as housing homeless people and providing a refuge from domestic violence. And thanks to these food donations, the charities will save £4.5 million, which they can invest in essential services. The promise of a hot meal is often just the start of the story – volunteers are on hand to listen, offer advice, and help get people back on their feet.

Of course, we’re working hard to reduce surplus food stock in the first place, but sometimes it can’t be avoided. Sometimes suppliers send ‘overs’ or stock that we haven’t ordered; a couple of extra cases here and there can quickly add up to thousands of surplus cases each week. This food is in date and perfectly edible – so we think this project is important to put it to good use.

The food we donate is going to make a huge difference to FareShare and the people it helps. In 2012 they redistributed enough food for over 8.6 million meals. That’s enough to feed 43,700 people every day. The food that Asda sends will result in another 3.75 million meals by the end of 2013.
Since 2005, we have reduced energy use by 33% in existing stores and 45% in new stores. The energy saved is the equivalent to that used by over 60,000 homes every year.

Our low carbon stores at Shaw in Manchester, and Bootle in Liverpool, were built with the latest innovations as standard, including passive technologies such as roof lights and sun pipes. Most of the energy reductions achieved in existing stores are down to colleagues doing things differently, changing the way they do everyday tasks. It’s not always about making revolutionary changes; we are communicating better with our colleagues, explaining how things work, which activities use the most energy and how to go about changing things.

Depots were also included in our existing building targets and achieved a 20% reduction in carbon emissions by 2009 (a year earlier than the 2010 target). The improvements made range from LED lighting in car parks and freezer chambers to standardised heating levels and setting up a network of Carbon Champions to spread the word. We also increased the temperature of our freezer chambers from -25 to -20 degrees – this does not affect the goods but has saved 7,000 tonnes of carbon every year.

And we’re not sitting back on our laurels; we have a target to develop a new depot building that emits 30% less carbon by 2015 and a target that 30% of the energy mix used to power our stores, depots and offices comes from renewable sources by 2020.
Energy

From A to B...

Getting our products from depots to stores is something we have to do! But we’ve been making changes.

The use of double deck lorries on store deliveries is saving over 90,000 journeys each year – that’s an annual saving of over £10 million. Overall, we now travel 18 million fewer road miles each year (compared to 2005) and have made fleet efficiency improvements of 47%. In fact, we’re going to build on this achievement and increase the target to 60% by 2015. It’s an ambitious target, the highest of all retailers, but it’s one we’re confident we can achieve.

We’re also looking at alternative fuel sources. We use around 50 million litres of diesel a year but we’re currently trialling a switch to dual fuel vehicles. If the trial is a success and rolled out across our fleet, we could half our fuel usage by 2015-16.

Alongside the actual vehicle initiatives, we’re also investing in our drivers. By improving driver training and introducing intelligent ‘driver-style’ technology we can monitor and address issues to make sure all our drivers are driving efficiently.

It’s not just lorries either. We’ve been utilising the rail network to move goods, single-handedly reducing carbon emissions by 80,000 tonnes and road journeys by 10,000 every year.

Water, water, everywhere

For too long water has been taken for granted, but no more.

We trialled the use of rainwater harvesting at two of our depots and upgraded the filters so we can reuse more water for tray washing. These two initiatives alone will reduce water consumption by around 50%.

Spotlight on: Refrigeration

Refrigerants, it’s a complicated field. With changes in legislations, recommendations and disagreement within the industry, it’s also a key area of focus for Asda.

There are several factors that need to be considered when choosing a refrigerant. Even though ozone-damaging refrigerants have been effectively banned, many still have significant global warming potential (GWP) – expressed as the effect carbon dioxide has as a greenhouse gas. The damage caused by GWP is due to refrigerant being released into the atmosphere through leakage.

We believe that keeping the refrigerant properly contained is key. After all, any leak, whether high or low in terms of GWP, will damage the environment. Eliminating leakage can leave retailers free to choose the refrigerant that is best for the system, and in many cases that could be HFCs. We’re aiming for the most environmentally friendly system, irrespective of what’s in the system. It’s about overall environmental performance.

We have been focused on reducing our refrigerant gas leaks since 2005, when we averaged a 20% leakage rate across all of our stores. We pledged to reduce this leakage rate to 8% by 2015 – and a low leakage rate means fewer damaging greenhouse gases in the atmosphere. We’ve already achieved this target – in 2013, our gas leak rate is only 7.5%. This is down to the high standards of engineering, installation and maintenance we demand from our contractors as well as the improvements in our new stores, which have an annual average leak rate of just 2.6%. This figure makes us the industry leader in terms of reducing refrigeration gas leakage. Our focus on refrigeration systems also ensures that we are getting the best value for our money and creates savings for the business.
Spotlight on: the electric revolution

The electric vehicle revolution is gaining pace.

They may not be a common sight on our streets today but, in the future, electric vehicles will become increasingly popular. Not one to miss an opportunity, we’re ready for this and already have electric vehicle charging facilities in 56 stores, accounting for 89 charging posts or 178 car parking bays – the highest number of any of the major retailers.

Focus on: Rochdale Distribution Centre

Here are just a few of the things that we’re doing to make our BREEAM ‘Excellent’ rated Rochdale Distribution Centre a model of sustainability:

— North facing offices to maximise daylight
— LED freezer lighting
— Smart refrigeration controls
— Water leak detection
— Recycled steel in construction
— FSC certified wood
— Electric vehicle charge point
Goals for the future

**Corporate**
- Reduce our carbon footprint year on year
  - Maintain our carbon footprint reduction of 10%
  - Focus on adaptation to ensure our business is more resilient to climate change
  - Support Walmart globally to eliminate 20 million metric tonnes of embedded carbon

**Energy**
- Consistently become more energy efficient
  - By the end of 2020, 30% of our energy mix will come from renewable sources
  - Maintain 8% maximum leakage rate
  - By the end of 2020, 30% of our energy mix will come from renewable sources
  - Reduce emissions from transport operations by 60%
  - Irrespective of growth, use same electricity as we did in 2012

**Waste**
- Support WRAP to deliver sectoral targets
  - Reduce household food and drink waste by 5%
  - Reduce grocery ingredient, product and packaging waste by 3%
  - Improve packaging design to maximise recycled content, improve recyclability and deliver protection to reduce food waste with no overall increase in carbon

**Products**
- Work towards affordable sustainability
  - Support farmers and their communities
  - Sustainably source key agriculture commodities
  - Produce more food with less waste and fewer resources
  - All suppliers actively using the Asda Sustain & Save Exchange

**GOALS TO END OF 2015**
About Asda

Founded in the 1960s, Asda today is one of Britain’s leading retailers. It has over 180,000 dedicated Asda colleagues serving customers from 544 stores, including 32 Supercentres, 309 Superstores, 27 Asda Living stores, 174 Supermarkets, 25 depots and eight recycling centres across the UK.

It has its main home office in Leeds, Yorkshire and its George clothing division based in Lutterworth, Leicestershire.

Asda serves over 18 million shoppers a week in store and its growing home shopping business at www.asda.com serves 98 per cent of UK homes.

Its Asda Price Guarantee, launched in 2011, gives customers the reassurance that a basket of groceries will always be 10 per cent better value than competitors. Powered by MySupermarket.co.uk, the APG is the only independent, transparent online grocery price-checker in the world.

Asda joined Walmart, the world’s number one retailer, in 1999.