TESCO

Factsheet

Tackling deforestation.

Why It Matters.

Forests contain the overwhelming majority of life on Earth, including 80% of the planet's terrestrial species[1]. They also play a critical role in helping to regulate temperature and humidity[2] and are important carbon stores with over one trillion tonnes stored in forests and forest soils[3]. On top of all that, forests also provide livelihoods for 1.6 billion people[4]. For all these reasons and more, Tesco is committed to protecting forests and working towards sourcing only from verified zero deforestation areas.

Relevant SDGs

Our Progress.

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

(1) Fauna and Flora International
(2) Global Environmental Facility
(3) UN Food and Agriculture Organization (FAO)
(4) UN FAO

Our Approach.

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

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

Improve

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

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

Transform

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

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

Read about our commitment to the Cerrado region here.

Advocate

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

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

Key highlights.

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

100% palm oil RSPO certified across the Group.

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

£10 million committed to protect the Brazilian Cerrado.

3 Year Performance.

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

(1) Figures exclude Booker

Methodologies.

How we measure our progress

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

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

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

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

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

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

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

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

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

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

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

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

1) Physically certified to feed mill:

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

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

- ADM v2
- Cargill Triple S

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

- RTRS Regional Credits
- CRS Area Mass Balance

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

Looking ahead.

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

Targets

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

Read more about our approach

More information
Our approach to tackling deforestation
Extending our commitment to prevent Amazon deforestation
Our commitment to increase meat alternatives
Deforestation FAQs
Reports
Tesco UK Zero Deforestation Soy Transition Plan
Tesco Group Palm Oil and Soy Transparency Mapping 2021
Policies
Beef Policy
Palm Oil Policy
Soy Policy
Timber Policy
Sustainable Palm Oil Supplier Requirements
Zero Deforestation Soymeal Supplier Requirements
Benchmarks
CDP Forests
WWF Palm Oil Scorecard