SUSTAINABILITY FACTSHEET 2023/24

In our series of factsheets we share in-depth information and highlights from the last year on the issues which have the potential to influence our business performance and those where our business can make the biggest difference and drive transformative change. These factsheets have been developed to support the information we publish in our Annual Report.



Why it matters.

Packaging plays an important role in protecting products and reducing food waste. Packaging waste, particularly plastic, can be a significant environmental problem, especially when not reused or recycled. More than 171 trillion pieces of plastic are now estimated to be floating in the world's oceans[1]. Of the eleven billion tonnes of plastic waste generated globally so far, less than 10% has been recycled[2]; and even the recycling process itself generates environmental impacts. We have a responsibility, together with our suppliers to help prevent environmental problems associated with plastic waste and we are committed to playing our part in promoting a closed loop system.

Sustainable Development Goals (SDGs).

The United Nations (UN) 17 SDGs were established with the vision of radically improving the lives of people and the planet by 2030. We're committed to doing our bit towards SDGs and, for our nature strategy, we're focused on:





Our commitments and targets.

- All paper and board used will be 100% sustainable by December 2025.
- Our packaging will be fully recyclable by December 2025.

Our highlights.

Over 2.3 billion pieces of plastic permanently removed from own brand products in the UK.

In an industry first, we've begun recycling used plastic food trays back into packaging - creating a fully circular packaging solution for our range of core chilled ready meals.

Launched industry-leading packaging improvements with several brands, including Pringles recyclable tubes and a label-free Sprite bottle trial.

Our approach.

We're closing the loop on packaging to ensure it's treated as a valuable resource that can be used, reused, collected, and recycled.

We aim to minimise our use of packaging, particularly plastic, and ensure what we do use can be collected, reused or recycled so that none of it goes to waste. This ambition supports a system where plastic stays out of the environment and inside a circular economy.

We know plastic and packaging is an important issue for our customers and we're firmly focused on our 4Rs (Remove, Reduce, Reuse, Recycle) strategy, which has been in place since 2019. This means we remove packaging where we can, reduce it where we can't, reuse more and recycle what's left, ensuring packaging never finds its way into landfill or into the environment.

- **Remove:** We focus on removing unnecessary packaging and hard-to-recycle materials.
- **Reduce:** We are constantly striving to reduce the amount of packaging we use to an absolute minimum.
- **Reuse:** We are exploring new opportunities to reuse packaging in support of a circular economy.
- **Recycle:** We aim to ensure all the packaging we use is fully recyclable and contains recycled content where possible.

We only use packaging where it serves a clear purpose and we are supporters of the UK Plastics Pact, which aims to eliminate problematic plastics, reduce the total amount of packaging on supermarket shelves, stimulate innovation and new business models and help build a stronger UK recycling system.

Our 4Rs strategy.

Remove

We've removed over 2.3 billion pieces of plastic in our UK business since 2019. Our innovations this year include:

- Becoming the first supermarket to scrap plastic packaging for our own brand pocket tissue multi-packs replacing it with recyclable paper and saving more than 55 million pieces of soft plastic[3].
- Focusing on incorporating recycled materials, we've launched a new range of luxury soft toilet rolls and kitchen towels made from cardboard recycled from home delivery boxes, cardboard tubes from toilet rolls, and corrugated card waste. The innovative process uses less water and energy, compared to paper made with traditional tree fibre[4].

We continue to explore innovative solutions to remove packaging, including collaborating with household brands. This year, we've been running a trial in eight Tesco Express stores in partnership with Coca-Cola to remove the label from Sprite bottles. The redesign simplifies the recycling process and reduces packaging. The label has been replaced with an embossed logo on the front of the bottle, and laser-engraved info on the back.

In addition to the above, we've removed the following plastic from our operations:

- Over 62 million plastic tamper sleeves / reseal tabs removed or replaced with paper on our own-brand wraps, oils, vinegar, honey and sauces.
- Over 30 million clip lids removed from products such as dips, mascarpone and ricotta.
- Over 12 million plastic windows removed from desserts, cheese selection packs and pies.
- Over 12 million plastic caps removed from Grower's Harvest juice cartons.
- Over 7 million inner plastic bags removed from our main own-brand black tea.
- Over 5 million plastic films replaced with paper on own-brand oats.

Reduce

Where we're not able to remove packaging completely, we strive to reduce the amount of packaging we use to an absolute minimum. We know that packaging design and the materials used can have a big impact on the sustainability of the product, which is why we work collaboratively, across our business, and with our suppliers to keep this front of mind during the design process. Since 2020 our reduction innovations have saved over 5,900 tonnes of packaging.

Some examples of our work in this area over the last year include;

- In a UK first, we launched tubeless kitchen foil which we estimate will save 12.5 million cardboard rolls from needing to be produced, saving 330 tonnes of cardboard each year. The new cardboard core-less product has been made possible thanks to a new machine that allows the aluminium foil to be rolled tightly around a spindle that has air vents in it. After starting with our top selling kitchen foil line, we plan to roll this out to the rest of our foil range[5].
- Introducing 'pillow packs' for our fresh mince which use 70% less plastic compared to vacuum packs. The slightly inflated 'pillow' keeps the mince in perfect condition and prevents it being compressed at all. The new packaging is also recyclable so customers can put it into the front of store recycling units along with their other soft plastic[6].
- We've partnered with Pringles to stock a kerbside recyclable tube, which includes a paper tube and base, as well as a recyclable plastic lid.

More broadly, across our operations we have:

- Reduced 226 tonnes of packaging from core chilled ready meals.
- Reduced 147 tonnes of plastic from mixers and flavoured water.
- Reduced 140 tonnes of glass from instant coffee.
- Reduced 117 tonnes of packaging from kitchen towels.

Reuse

As part of our 4Rs strategy, we're exploring new opportunities for customers to be able to reuse packaging in support of a circular economy. If done effectively, reuse of packaging can be better than recycling - there's less need to reproduce packaging and the energy requirements are lower[7].

In partnership with Loop, we ran a year-long online shopping, and a nine-month in-store trial, both of which have now concluded, in support of a circular system for packaging. Our online shopping trial, which launched in July 2020, allowed customers to order and return products in reusable packaging to and from their doorstep. Our in-store trial introduced products in reusable packaging in 10 large UK Tesco stores. Customers were able to buy products in reusable packaging that could be returned to store when finished so they could be cleaned, refilled and used again. The in-store trial was positively received by customers and detailed findings are available. No single company can create a successful scalable reuse proposition in isolation and we continue to use the insights from the trials and work alongside stakeholders across the value chain to understand how we best help scale reuse in the future.

Recycle

We aim to ensure all the packaging we use is fully recyclable and contains recycled materials where possible. We are removing complexity from our packaging and using material combinations that can be recycled together. We also continue to advocate for the government to introduce a national recycling infrastructure and encourage our suppliers to incorporate a minimum of 30% recycled plastic content where possible and safe to do so.

We continue to recycle our secondary packaging which covers both waste cardboard and plastic in which our products are transported into our stores. A significant proportion of the shrink wrap used in our distribution network is recycled into our bags for life, with 80% of the content made from our own waste material. Reusable green trays are also used to transport products into store to avoid single-use transit packaging.

Beyond making improvements to the way we design products and select materials, we are implementing solutions to help our customers recycle, including:

- In an industry first, we've begun recycling used plastic food trays back into packaging - creating a fully circular packaging solution for our range of core chilled ready meals8. The change is in collaboration with leading packaging manufacturer Faerch and will see customer-recovered PET trays - collected via European kerbside waste - recycled and converted back into food grade plastic trays.
- Helping our customers recycle their soft plastic through our collection points in all our UK large stores, recognising that soft plastic is not commonly collected by local councils. The soft plastic collected is either recycled, used for energy recovery, or for recycling research and development, working in partnership with others to help develop recycling solutions. We accept all plastics, to date collecting over 2,000 tonnes.

- Using the soft plastic collected in-stores to make recycled planters which we are donating to schools in partnership with Veolia's Sustainable Schools Programme. The aim of this work is to improve air quality around schools, engage pupils on the power of plants and find innovative recycling solutions which contribute the greatest benefit to the communities we serve.[9]
- Removing coloured plastic and changing blue, red and green milk caps to a clear alternative on around 425 million bottles of milk every year. Coloured plastic currently needs to be processed separately from clear packaging, and so this simple change means that each year 595 extra tonnes of recycled plastic can go back into making new bottles, a process which can be repeated every time a customer recycles it[10].

Deposit return schemes (DRS):
Tesco Ireland has invested over €15 million in the installation of reverse vending machines, for each of our 170 stores nationwide, as part of implementing the national DRS scheme which launched on 1 February 2024. The introduction of DRS means customers in these stores will be charged a small refundable deposit on plastic bottles, aluminium, or steel cans, which they can then claim back by returning the empty container.[11]

In addition, in Tesco Hungary and Slovakia DRS legislation came into force on 1 January 2024 and by the end of May 2024 we expect all our eligible stores to be participating in the scheme.

In the UK, DRS is one of a package of reforms that have been announced in recent years, alongside EPR (extended producer responsibility) and WEEE (waste electrical and electronic equipment recycling). In 2023, we conducted trials of the DRS scheme, and the feedback from customers was overwhelmingly positive. They found it easy to use, and returning items became second nature to them as they did their weekly shopping.

For DRS to work successfully, we believe the scheme should cover the whole of the market and be simple for customers. We are supporting DEFRA in their development of DRS within the UK. To ensure a successful implementation, it must be phased correctly to align with EPR and other reforms, as well as be interoperable between UK nations.

Improving materials and design

We know that packaging design and material selection can have a big impact on sustainability. We continue to work collaboratively with our suppliers to bring environmental considerations to the fore when designing product packaging through our preferred materials and formats list and avoid using hard-to-recycle materials across all our markets. Our efforts in this area focus on:

- Recyclability: all our rigid packaging must be recyclable via kerbside or municipal collection schemes. Where packaging cannot be recycled such as soft plastics in the UK, we offer collection points in our large stores. We aim to use mono flexible films in our soft plastic packaging, which are easier to recycle and use less energy and fewer resources during the manufacturing process.
- Reducing packaging: packaging needs to fit the product effectively and we aim to avoid moving, storing or packing air.
- Recycled content: We have engaged our UK suppliers on the need to include recycled content. We encourage suppliers to incorporate a minimum of 30% recycled content in rigid plastic packaging where safe and feasible to do so, the minimum required not to be subject to the plastic packaging tax that launched in April 2022.
- Sustainable paper and board: working with our suppliers to deliver our ambition of sourcing 100% sustainable paper and board used in our packaging. Industry collected data remains insufficiently robust to report at this time, but we continue to work with our compliance partner Valpak, to address the challenges.

Read more about our 4Rs strategy.

Looking ahead.

- We will continue to focus on our 4Rs strategy, with a priority on further reducing unnecessary packaging.
- We continue to explore new, innovative concepts and improvements to packaging to make it easier for customers to recycle at home.
- We'll also maintain strong partnerships with external stakeholders and government bodies to accelerate action and foster collaboration across the industry, for example our ongoing support to DEFRA in their development of DRS within the UK.

Memberships and partnerships.

Here are some examples of our key collaborations to support healthy,

Protecting freshwater habitats:

wrap valpak

Awards and benchmarks.

British Retail Consortium Reducing Waste Award

Highly commended by BRC for our efforts on donating food waste and cutting down our packaging waste.

Silver winner at Dow Packaging Innovation Awards

Awarded silver alongside Kraft Heinz for the development of new packaging for Heinz Beanz snap pots which are now made with 39% recycled plastic.

British Retail Consortium Reducing Waste Award

Sustainable Retailer of the Year at the Environmental Packaging Awards

Performance.

Commitment	KPI's	2020/21	2021/22	2022/23	2023/24
Sustainably source our agricultural products	Percentage of fresh produce growers certified through LEAF Marque	**We started reporting this KPI in 2022/23**		**100%**	**UK:100%** **Rest of World supplying into UK – 18%**
Sustainably source all seafood	Percentage of wild-caught seafood (tonnes) certified by Marine Stewardship Council (MSC)[b]	**63%**	**63%**	**67%**	**70%**
Achieve zero deforestation	Percentage volume of palm oil physically certified to Roundtable on Sustainable Palm Oil (RSPO) standard [b]	**Group: 100%** **Identity preserved: 0%** **Segregated: 65%** **Mass-balance: 32%** **Credits: 2%** **Uncertified: <0.1%**	**Group: 100%** **Identity preserved: 0%** **Segregated: 73%** **Mass-balance: 23%** **Independent Smallholder Credits: 4%** **Uncertified: 0%**	**Group: 100%** **Identity preserved: 0%** **Segregated: 83%** **Mass-balance: 15%** **Independent Smallholder Credits: 2%** **Uncertified: 0%**	**Group: 100%** **Identity preserved: 0%** **Segregated: 81%** **Mass-balance: 18% Independent Smallholder Credits: 1%** **Uncertified: 0%**
	Percentage of paper/ wood products	**UK/ROI: 100%**	**UK/ROI/CE: 100%**	**UK/ROI/CE: 100%**	**UK/ROI/CE: 100%**
	certified to FSC, PEFC or from a recycled scheme [b]	**CE: 98%**			
	Percentage of soy used in animal feed that meets our UK Zero Deforestation Soy Transition Plan requirements [b]	**100%**	**100%**	**100%**	**100%**

[a] **Figures reported represent performance for the prior calendar year as data is provided via our compliance scheme partner Valpak a year in arrears in accordance with the Producer Responsibility Obligations (Packaging Waste) Regulations.**

[b] Data is reported on a calendar year basis.

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The drop in packaging weight is driven by changes in sales mix and volume, as well as our continued work on removing and reducing our packaging.

[a] Table to be updated with 2023 data in June 2024, once data from third party provider has been received and verified.

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The above data is extracted from our Certificate of Compliance in accordance with the Producer Responsibility Obligations (Packaging Waste) Regulations. The data covers the calendar year 1 January – 31 December.

[a] Table to be updated with 2023 data in June 2024, once data from third party provider has been received and verified.

Read more about our approach.

Reports

Tesco UK Zero Deforestation Soy Transition Plan
Tesco Group Palm Oil and Soy Transparency Mapping 2021
Upholding Human Rights in Fishing
Joining the Ocean Disclosure Project
WWF Seascape Project
Responsible Tuna Sourcing Policies

Policies

Our approach to farming and sustainable agriculture
Beef Policy
Palm Oil Policy
Soy Policy
Timber Policy
Seafood policy
Sustainable Palm Oil Supplier Requirements
Zero Deforestation Soymeal Supplier Requirements

Footnotes

[1] https://www.un.org/en/climatechange/science/climate-issues/food
[2] Tesco commits to net zero supply chain and products by 2050 (tescoplc.com)