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.



Factsheet

Food waste and redistribution

Why it matters.

Hunger and food waste are two major societal and environmental challenges. It's reported that 690 million people go hungry each night, yet it's estimated that one third of all food produced in the world is lost or wasted. The environmental impact of food waste is significant – our 2021 Driven To Waste report suggests that 40% of food is uneaten and food waste is responsible for 10% of total global greenhouse gas (GHG) emissions, an increase from previous estimates. Tackling food waste has been identified as one of our most material issues where we can make a difference and drive change.

With cost-of-living front of mind, and the average four-person household wasting approximately £800 worth of food each year[1], we are working harder than ever to help our customers save money, use up all the food they have at home, and cut household food waste.

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 farming strategy, we're focused on:



Our commitments and targets.

- 85% of unsold food safe for human consumption in the UK redistributed to humans or animals by December 2025.
- Reduce food waste from our own operations by 50% by December 2025 in relation to our 2016/17 baseline.
- Work in partnership with our suppliers to halve food waste in our supply chains by December 2030 and increase the number of suppliers reporting a reduction.
- Work in partnership with food banks and regional charities to help feed people by redistributing food to local communities around the world.

Our approach.

We set out an ambitious target to halve food waste in our own operations by 2025, and are working hard to meet it. We remain committed to UN SDG Target 12.3 to halve global food waste by 2030.

We have a long-standing commitment to reducing food waste from farm to fork and ensuring that surplus food fit for consumption is redistributed. We aim for suitable remaining surplus to be converted for animal feed or used to recover energy through anaerobic digestion.

Reducing waste starts with avoiding it in the first place. Since becoming the first UK retailer to start publicly reporting our food waste figures in 2013, we've continued to work across our own operations to eliminate waste where we can - using data and insight to inform our forecasting and ordering. However, we know there is still more for us to do. Supermarkets can't solve this issue alone - it's the practical frontline action that really changes things and our supplier partners are crucial to the fight against food waste. Where we can't avoid surplus food, we put it to good use. We have made progress, in many cases by thousands of colleagues, in our shops, distribution centres and at our suppliers, all proactively taking steps to reduce food waste every day including:

- Introducing our Reduced in Price, Just as Nice reduced-to-clear sections in over 300 stores, helping to prevent waste in the first place and offering customers great value.
- Encouraging Tesco suppliers to adopt 'Target, Measure, Act', with 106 now reporting their food waste as part of our work to halve food waste in our supply chain by 2030.
- Establishing Tesco Exchange as an online marketplace matching surplus stock with demand from suppliers across the Tesco supply chain.
- Supporting over 5,500 charities from our stores and distribution centres, providing unsold food to those who need it most.
- Saving 128 million meals through our Colleague Shop since its launch in 2018.
- Transparency has been key to driving our food waste reduction progress. That's why we support food waste reporting - and its important we're transparent when we find a problem.

In January 2024, we terminated our relationship with our food waste processor in the UK, following an internal review which showed that food we believed was being processed for animal feed was in fact going to anaerobic digestion.

While anaerobic digestion can have a role in recovery of energy and avoids food going to landfill, under the food waste hierarchy we count food going to anaerobic digestion as waste. As we had worked with the processor over several years, we believe it is right to exclude animal feed from our data.

Consequently, we have withdrawn all previously published waste performance data for the UK and the Group. Our baseline year is unaffected as our food waste was processed by a different partner at that time. The change only relates to food we expected to be processed for animal feed; the food previously donated to charities and community groups and the food shared with colleagues is unaffected.

Removing animal feed from our reported numbers for 2022/23 resulted in a food waste reduction of 18% against our 2016/17 baseline, significantly lower than the 45% reduction reported last year. In 2016/17 we reported 95,127 tonnes of food waste, equivalent to 0.63% of total food handled.

For full year 2023/24 our waste reduction metrics for the UK and Group relate only to the final eight weeks of the financial year, the periods after we had terminated our relationship with our previous food waste processing supplier and moved to a new partner. Our Group food waste reduction for those eight weeks was 14%[◊2] as a percentage of food handled versus the 2016/17 baseline.

Given the limited amount of data available, we have chosen not to include detailed data tables as part of this factsheet.

Our ambition to send surplus food unfit for human consumption to animal feed remains and we're working hard with partners to rebuild this surplus destination route and remain committed to our previously stated 50% reduction target.

Tackling food waste in our Tesco UK operations

We use WRAP's hierarchy system, which is supported by the UK government, to drive down food waste where we can, and make the best possible use of it where we can't.



1. Prevent waste in the first place

We have embedded the food waste hierarchy into our operations. We strive to eliminate unsold food going to waste through well-established processes such as our reduced to clear programme in stores, whilst also ensuring availability for customers.

Our Reduced in Price, Just as Nice areas are now available in over 300 stores, and we've removed best before and use-by dates from a range of products, as well as using yellow stickers to help customers identify great value products and stop food going to waste.

2. Redistribute the food that's still good to eat

If food cannot be sold, we prioritise its redistribution to charities and community groups, as well as offering it to colleagues. We have continued to develop technology to make it easier for colleagues to support our redistribution charities; as a first step any food surplus can be scanned by colleagues in store and automatically offered to charities via FareShare. If food remains it is then donated to communities via Olio and its volunteers. For any remaining food surplus, products are offered to our colleagues through the Colleague Shop.

In the last year we have worked in collaboration with our redistribution partners to significantly increase the amount of surplus food we donate to charity – increasing the number of meals going to charities and communities to more than four million meals a month.

This change has been supported by empowering our colleagues, giving them permission to act with discretion and donate food in dented or damaged packaging that they would personally eat or drink. Likewise, FareShare now take food in our distribution centres that would have previously been wasted because it was classified as 'damaged'.

We've also joined forces with other food businesses to support the King's Coronation Food Project which launched in November 2023 and will be delivered in partnership with FareShare across the UK and The Felix Project in London. It intends to support the 13 million people in the UK already experiencing food insecurity by redistributing surplus from across the food supply chain.

3. Aim to use surplus food in pet and animal feed

We're exploring new solutions that will mean suitable remaining surplus can be sent to pet food production or converted to animal feed. For example, we continue to be interested in black soldier fly as a potential means of reducing food waste and we're currently trialling this concept to learn more.

4. Turn waste into energy

Where no other options are available, we recover energy from food waste through anaerobic digestion, with incineration as a last resort. Energy recovery is an important way of avoiding landfill and our Tesco stores in UK and Ireland have not sent food direct to landfill since 2009.

ROI

In Ireland the Tesco Surplus Food Donations Programme has been in place since 2013, powered by Irish social enterprise FoodCloud, and food sharing app Olio. Through this programme the equivalent of over 20 million meals of surplus food has been donated to over 350 community organisations nationwide.

Surplus food is offered for donation through every Tesco Ireland store each evening and weekly from our distribution centres. Surplus food not donated through FoodCloud or Olio is offered to our colleagues for free through our Colleague Shop.

Any food remaining is processed through anaerobic digestion. Through a market-leading initiative, we buy back the biogas created from our food waste – the equivalent to heating six stores annually.

In ROI, our food surplus was 5,962 tonnes in 23/24, of this we redistributed 1,324 tonnes to charities and in our colleague shop, leaving a residual waste of 4,638 tonnes which represents 0.77% of total food handled. This is an improvement against our 16/17 baseline year where we reported 5,996 tonnes of food waste, equivalent to 1.08% of total food handled.

Central Europe

In 2017, we became the first retailer in the Czech Republic, Hungary and Slovakia to publish food waste data. We're proud to have already achieved the UN Sustainable Development Goal target to halve food waste by 2030 in all three countries.

Similar to the UK, we have rebranded our 'reduced to clear' sections in over 60 stores in Slovakia and the Czech Republic. All stores follow the food waste hierarchy and support our food surplus donation programme, providing unsold food to local food banks and charities, or where food is no longer suitable for humans, to local animal charities for use as animal feed. This programme has been crucial in helping us to redistribute unsold food across stores, and since its launch in 2013, we've donated over 150 million meals to local communities.

In 2022, we rolled out our partnership with FoodCloud to stores in Slovakia and the Czech Republic, increasing the amount of surplus food we can donate. Tesco in Slovakia has been working in partnership with the Slovak Food Bank organisation since 2015, which works with more than 100 local charities and groups. Since the start of Tesco's donation programme, the organisation has redistributed more than 16,000 tonnes of food.

In Hungary, our award-winning food redistribution scheme has helped provide over 90 million meals, working collaboratively with the Hungarian Food Bank Association.

We've also been working with the company, Grinsect in Hungary to trial the use of insect farming to reduce food waste. In early 2023, we adapted our operating model to launch this innovative concept in 13 stores, sending surplus produce and bakery products to black soldier flies, which are then turned into insect protein and used as animal feed.

In CE, our food surplus was 26,123 tonnes in 23/24, of this we redistributed 8,788 tonnes to charities, sent 8,215 tonnes to be processed for animal feed and were left with residual waste of 9,119 tonnes which represents 0.57% of total food handled. This is an improvement against our 16/17 baseline year where we reported 38,872 tonnes of food waste, equivalent to 1.75% of total food handled.

Booker

Booker has been working with local charities to redistribute surplus food since 2012. Booker redistributes food directly to FareShare's network of charities and OLIO's Food Waste Heroes, in collaboration with the two organisations and the food-sharing app Foodiverse. Results include:

- Redistributed over seven million meals to charities, communities and colleagues from 190 branches and 15 distribution depots which include Booker Wholesale, Makro, Booker Retail Partners and Best Food Logistics.
- During the year Booker supported 727 FareShare charities and communities. In total our donations to charities, communities and colleagues have increased by more than one million meals, or 24%.
- Booker and Best Food Logistics have been awarded the FareShare Food Partner Logo for 2023 to recognise food partners that consistently divert surplus to FareShare from across their operations and celebrates organisations who, through their work with FareShare, are:
    - Providing nutritious, healthy food to families at risk of hunger.
    - Demonstrating a commitment to tackling needless food waste.
    - Reducing their Scope 3 carbon and water footprint.
    - Saving charities money on their food bills.
- As well as working to reduce its own food waste, Booker is supporting its independent business customers to reduce food waste within their own premises. For example, Booker helped 674 independent retail customers prevent and redistribute food waste by introducing them to our partners Too Good To Go.

In Booker, our food surplus was 5,350 tonnes in 23/24, of this we redistributed 2,949 tonnes to charities and in our colleague shop, leaving a residual waste of 2,401 tonnes which represents 0.09% of total food handled. This is an improvement against our 16/17 baseline year where we reported 3,575 tonnes of food waste, equivalent to 0.16% of total food handled.

Working with our suppliers

Through 'Target, Measure, Act' we are committed to partnering with our suppliers to halve food waste in our supply chains by 2030. Champions 12.3 consists of executives, including our CEO, from organisations dedicated to accelerating progress towards achieving SDG Target 12.3 by 2030. Its 10x20x30 target brings together over 10 of the world's largest food retailers and providers, each engaging at least 20 suppliers to halve food loss and waste by 2030.

We believe what gets measured gets managed, which is why we encourage our suppliers to publicly disclose their level of food waste. Over one hundred of our suppliers have reported food waste for the last two years, substantially exceeding the Champions 12.3 Target. We continue to support calls for mandatory food waste reporting.

For FY 2023/24, 106 suppliers reported on food waste. Suppliers reporting on food waste represent over 50% of fresh food sales in the UK and 39% in ROI.

We support our suppliers in the following ways:

- We seek to utilise as much of the crop as we can in our products. Perfectly good, but wonky or misshapen fruit and veg is used in ready meals and soups.
- We also use our Perfectly Imperfect range to sell wonky and mishappen fruit and veg. We have now sold more than 68 million packs.
- We also support growers with crop flushes. When farmers unexpectedly grow too much we have taken the crop and sold it to customers at a reduced price.
- We've created a new way for suppliers to avoid waste by creating a food surplus marketplace called Tesco Exchange. This gives suppliers the ability to sell or donate any unwanted products to other suppliers who can put them to good use.
- We encourage suppliers to use FareShare and Company Shop to make use of surplus food.

In ROI, we are a signatory to the Irish Government's Food Waste Charter through the Environmental Protection Agency (EPA) and continue to advocate for a focus on food waste reduction from farm to fork, encouraging our local supply base to target, measure and act on the issue.

In CE, we encourage and support key Tesco own brand suppliers to measure and publish their food waste data. We also support suppliers and producers in the region to manage crop flushes and through our Perfectly Imperfect range, We play an active role advocating for more businesses in the region to align with the Champions 12.3 Target, Measure, Act approach to reducing food waste - including organising regular stakeholder roundtables to raise awareness, share good practice and discuss how we can work together to reduce food waste.

You can read more about the steps suppliers are taking when it comes to food waste in these case studies.

Helping customers in the home

Our customers are central to the food waste fight. Tesco research[3] has discovered that over three quarters of UK households (77%) throw away unused or unopened food, with more than half a million people throwing away food they forgot to eat on a daily basis. WRAP research suggests household food waste costs a family of four up to £1000 per year.

We're supporting customers with simple changes they can make at home. This includes hints and tips, recipe inspiration and food storage advice to help them save money and stop good food from being thrown away:

- We're helping customers reduce food waste at home, spend less and budget more effectively, via the Tesco Real Food website, with a dedicated food waste section, including free toolkits available to download to help make changes at home, and over 300 food waste friendly recipes on the site.
- Lack of planning can also result in wasted food. Tesco research shows that nine in 10 customers don't always know what's in their kitchen when heading to the supermarket[4]. We're helping to change that by encouraging everyone to 'take stock before they shop', writing a list of what's already in their fridge, freezer and kitchen cupboards, before going out to buy more food.
- We've continued to promote our 'Use Up Day' proposition – launched in 2022. This is a day each week dedicated to helping customers make the most of meal leftovers and any food already in their kitchens, to make their food and money go further.
- Recent data from food waste prevention group WRAP showed that 54,000 tonnes of yoghurt is wasted every year by UK shoppers. We've therefore replaced use-by dates with best before dates on 30 of our own brand dairy products, allowing customers to use their own judgement, and save good food from being thrown away.

Looking ahead

- We want to make reducing and eliminating food waste a national mission. By using our role within communities, we can redistribute surplus food and play our part in addressing a significant environmental concern. This approach not only helps our customers save on their shopping bills but also supports those facing food poverty. We remain committed to testing and learning from new solutions that increase food accessibility for all.
- We aim to address waste within our supply chain, including at farm level and we want to do even more to support our farmers and growers with surplus redistribution. Building on the successes of food waste reduction in our supply chain through Target, Measure, Act - we continue to work with government and policy makers to develop mandatory food waste reporting policies, to lock in transparency and share learnings.
- Continuing to embrace new technology, solutions, ideas and innovation. We remain interested in how insects can be used as a natural source of both fertiliser and animal feed, as well as helping minimise food waste in our operations.
- Maintaining our efforts to help customers reduce their household food waste and save money through our programme of campaigns focused on simple actions like meal planning, storing food correctly and using up leftovers. We will continue to support customers by growing the resources and tools available on the popular Tesco Real Food website.

- Where Tesco can take action, we will. Where it involves wider industry action, we will use our skill and scale to convene and share best practice, through industry coalitions in the UK and internationally. For example, through WRAP, Consumer Goods Forum, Efficient Consumer Response (ECR), World Resources Institute (WRI) and the European Food Banks Federation.
- We're in the process of rebuilding our animal feed capabilities so that food waste which is not suitable for human consumption, can be converted into animal feed. We have already partnered with expert providers, and as we achieve key project milestones, we plan to share more details on our progress in this area.
- As part of our ongoing commitment in this area our food waste target forms part of our remuneration policy, linking the reward of our global leaders through the Performance Share Plan (PSP) to performance against this target, along with targets on climate change and diversity and inclusion. PSP targets align with our financial years, the first PSP featuring food waste reduction was set in 2022 and vests in February 2025 at the end of FY24/25.
- In 2020 we launched the first of our sustainability-linked finance products, and we have continued to strengthen this area. Our product suite now includes a Revolving Credit Facility, refinanced in November 2022, with interest linked to food waste reduction as well as commitments on increasing the percentage of female and ethnically diverse colleague representation amongst our top global leaders and reducing GHG emissions.

Memberships and partnerships.

Here are some examples of our key collaborations on food waste and redistribution:

Protecting freshwater habitats:

Performance

Given the limited amount of data available, we have chosen not to include detailed data tables as part of this factsheet.

Read more about our approach.

More information
Our approach to food waste
Supporting communities with food redistribution
Food waste report

More information
Our food waste methodology
Deloitte assurance statement

Footnotes

1 Forgotten food costing families approx. £800 a year (tescoplc.com)

2 Deloitte LLP was engaged to provide independent limited assurance over the selected food waste data highlighted with a ◊ using the assurance standard ISAE 3000 "Revised". Deloitte has issued an unmodified opinion over the selected data. Deloitte's full assurance statement is available here.

3 Forgotten food costing families approx. £800 a year (tescoplc.com)

4 Helping customers reduce food waste at home (tescoplc.com)