

ASDA

OUR BRIGHTER LIVING REPORT 2023



CONTENTS

ABOUT THIS REPORT

This report provides a review of the 2023 calendar year and relates to Bellis Finco plc and subsidiaries including International Procurement Logistics (IPL). As a result of partial or limited 2023 data, the acquisitions of Arthur Foodstores Ltd. and Euro Garages (Jersey) Ltd. are not incorporated into this report, with the exception of our carbon scope 1 & 2 calculations. We intend to report the full group, including these acquisitions, in the 2024 report.

The report covers our approach to ESG topics and our performance in 2023. Bellis Finco plc has reported with reference to the GRI Revised Standards for the period 1 January 2023 to 31 December 2023 and also the United Nations (UN) Sustainable Development Goals (SDGs). The GRI Content Index is available [HERE](#). A list of our affiliated environmental third parties is available [HERE](#).

INTRODUCTION	
Welcome	04
About Asda	06
Climate-related financial disclosure summary	08
2023 Highlights	10
Our ESG approach	12
HEALTHY & SUSTAINABLE CHOICES	
Healthy choices	14
Sustainable choices	18
NET ZERO CARBON	
Our 2023 total carbon footprint	20
Science based targets initiative	22
NATURE	
Strategic nature priorities	24
ZERO WASTE	
Food waste	28
RESPONSIBLE BUSINESS FUNDAMENTALS	
Charity fundraising, corporate giving and community outreach	32
Our colleagues	34
Responsible sourcing and human rights	38
SCORECARDS	
ESG Performance Scorecards	40



WELCOME FROM MOHSIN ISSA



Almost three years ago, we began our journey of rebuilding this great business. As shareholders our mission was to bring this iconic British business back into British ownership, invest to build the Asda brand and ensure its long-term success – achieved by delivering outstanding value across multiple channels for the benefit of our customers.

I'm proud of the foundations we've now put in place to deliver on our growth strategy and our purpose to bring brighter living within everyone's reach. This includes investing in a world class IT system, in an innovative and relevant loyalty scheme and in our convenience offering. These significant strategic investments reflect our long-term ambition for Asda's growth.

It also meant aligning our ESG programme to our growth plans: prioritising our efforts around providing accessible and affordable solutions for customers to shop in a healthier and more sustainable way, and developing a more efficient and resilient value chain to enable us to grow sustainably. In this report, we set out new approaches on health, sustainable choices and nature, focused on delivering these key outcomes.

It has also involved taking some tough decisions. We had previously committed to setting a science-based carbon reduction target by 2025 and, while we have had our near-term target validated, the truth is that the

business now looks very different to when these targets were submitted. Therefore, we're not publishing these targets, but committing to rebasing our footprint and resubmitting new targets to the Science-Based Targets Initiative (SBTi) for validation in future. In the meantime, however, we will continue to work towards the validated targets for the legacy Asda business.

There is a lot to be proud of this year. It was pleasing to receive our first external ESG rating by Sustainable Fitch and a score in line with leading retailers globally. It's also great to see carbon emissions continue to reduce, down 7% on last year, and the recyclability of our own brand packaging move up to 96%, near to our 2025 target of 100%.

It's not always plain sailing though, and there are areas in which progress has been slower or even in the wrong direction. We've reported these as normal and we remain committed to finding solutions; so, while we celebrate the achievements of 2023, we know our work is nowhere near done.

Mohsin Issa CBE
Asda Co-Owner

CHAIRMAN'S FOREWORD LORD STUART ROSE

I'm pleased to be able to welcome you to Asda's 2023 Environmental, Social, Governance Report. It marks another important milestone in our ESG journey and the fourth time that we've reported our ESG progress in this way.

2023 was a big year for Asda, with major strategic investments delivered and the foundations being laid to build a bigger and better Asda. It was a significant year for the ESG programme too, with new strategies developed to match the new ambitions of the business, while continuing to make progress against existing targets.

Putting customers at the heart of what we do is a crucial Asda value. Having worked in food retail businesses for much of my career, I care deeply about the important role we have in supporting customers' health and sustainable shopping decisions. I'm pleased that in this report we set out new strategies on healthy and sustainable choices, including a new target to improve the sales-weighted health score of our products year on year. Providing a better choice for customers who want to shop in a healthier and more sustainable way not only makes moral sense, but business sense too, and is crucial to how we understand the role ESG plays in our growth.

But what I've also learned from my years in the retail industry, is that success is built in partnership with the supply base. That's as true on ESG as it is on things like value and quality, particularly when Scope 3 emissions are 98% of our total footprint, with the vast majority of this made up by a small number of large suppliers. Asda is committed to working in partnership with all our suppliers and this year announced a new requirement for our largest suppliers to share their sustainability data with us. This means we can ensure that our activities are aligned, and we are driving progress in the areas that matter most to our businesses and stakeholders.

Our vision for Asda is to build a retailer that retains the best of its British heritage in doing the right thing for customers, colleagues and communities, whilst creating a new, exciting spirit of entrepreneurialism that embraces the new and evolving needs of customers. Working together with partners, tackling big issues and delivering better outcomes for customers on ESG is part of this vision. It's an exciting challenge that I feel privileged to be a part of.

Lord Stuart Rose
Chairman





ABOUT ASDA

OUR PURPOSE IS TO BRING BRIGHTER LIVING WITHIN EVERYONE'S REACH

With roots dating back to a family business in the 1920's in West Yorkshire, today Asda serves over 18 million customers each week from over 1,000 stores located around the UK with its team of over 150,000 colleagues.

In 2023 we significantly expanded Asda's store portfolio and colleague base through our acquisition of Euro Garages (Jersey) Ltd, the majority of EG Group's UK business, and through our acquisition of 116 sites with attached petrol filling stations from The Co-operative Group, to bring Asda value to more Asda communities.

Whilst our primary operations include the sales of groceries, clothing, general merchandise and fuel through our stores and online, we also offer a range of other services including Asda Money, Asda Mobile, Pharmacy and Optical Services. Asda was also the first UK grocer to open a clothing range in its stores, with the George brand introduced into our supermarkets in 1990. Today George is an icon of the British high street.

Our purpose is to **bring brighter living within everyone's reach**. It is the reason we exist and by which we will achieve our purpose.

Our strategy is the means by which we achieve our purpose. It is centred around four strategic pillars which guide our business priorities and planning: **proposition, product, location and experience**. Underpinning our strategy are four enablers: running an efficient operating model, driving the business through improved data and systems, and an ESG programme which builds a sustainable business for the long term.



WE PUT CUSTOMERS AT THE HEART OF EVERYTHING

We are here to serve customers and they trust us to deliver for them. We have to balance what customers need with what our business needs to grow, securing a strong future for us all.

WE DON'T WAIT TO MAKE GOOD STUFF HAPPEN

We operate in a highly competitive and fast changing market. We go for any opportunity to make things better for customers, rooting our decision making in data and analytics.

WE LOVE WHAT WE SELL

We are proud of everything we sell and are confident in recommending to our customers.

WE DARE TO TRY

We can't stand still. We need to innovate and try new things.

WE ARE ALL COLLEAGUES

We are all colleagues, together one team: we are over 150,000 colleagues, every single one of whom makes a contribution. We all have different backgrounds and experiences, and we value input from everyone.

OUR VALUES

Our values are the behaviours and ways of working that make us Asda. They demonstrate that we put customers at the heart of everything we do, always striving to do better for them, working together as one team.



18M
CUSTOMERS EACH WEEK



1,000
STORES LOCATED AROUND THE UK



150,000
COLLEAGUES



CLIMATE-RELATED FINANCIAL DISCLOSURE SUMMARY

The Financial Stability Board (FSB) created the Taskforce for Climate Related Financial Disclosure (TCFD) framework, to develop recommendations on the types of information that companies should disclose to improve corporate reporting and to support investors, lenders and insurers to factor in climate-related risks into their decisions. In our 2023 financial accounts, we made our climate-related financial disclosures, as required under UK legislation, aligned to the TCFD framework. This has provided further insight into material climate-related risks and opportunities, and supported our ongoing strategic development and targets.

The full disclosure is available to read [HERE](#).

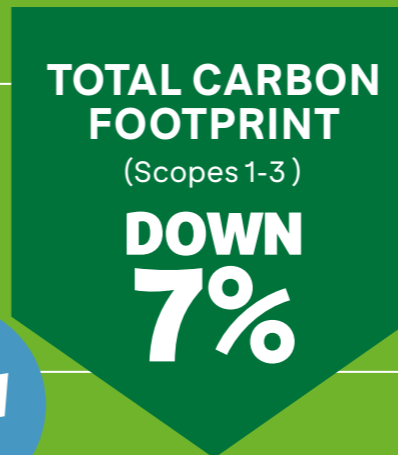
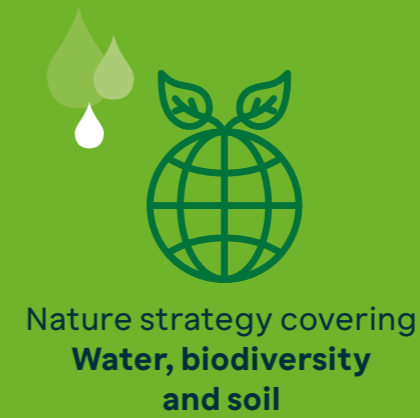
RECOMMENDATIONS AND SUPPORTING RECOMMENDED DISCLOSURES

GOVERNANCE	The Board is responsible and accountable for overseeing the effectiveness of the risk management process, of which climate risk is a Principal Risk.
RISK MANAGEMENT	The Board delegates responsibility to the Executive Committee and thereby the ESG Steering Committee.
STRATEGY	To support our understanding of strategic risks and opportunities associated with climate change, we conducted qualitative scenario analysis based on three potential warming scenarios. Strategic opportunities are further supplemented by the Transformation team, which is responsible for strategic planning.
METRICS AND TARGETS	The key metric we use to measure progress against climate-related risks and opportunities is our own emissions data. (see Carbon section on page 21).

RISK/OPPORTUNITY TYPE	IMPACT PATHWAY SELECTED	MITIGATION	RISK/OPPORTUNITY TIME HORIZON
Physical - Extreme heat	Impact of fridge and/or freezer failure on sales of chilled/frozen goods and potential loss of inventory.	Adiabatic cooling which increases the capacity of refrigeration during ambient conditions, auto load shedding to enable units to run at more efficient temperatures; and investment in energy saving measures, for example installation of chiller doors, LED lighting to reduce heat, and active fridge control to optimise efficiency.	Near term Medium term
Physical - Extreme heat	Impact on supply of poultry both for meat sales and use as a raw ingredient.	Risk assessments are carried out to identify farms at risk of heat stress, to then target with mitigation. For higher risk farms, suppliers are installing mitigations such as misting systems to provide cooling, farms also reduce stocking density in the warmer months and train colleagues on heat management to know when and how to implement measures to avoid the risk of stress.	Medium term
Physical - Drought	Impact on supply of tomatoes. Note: Tomatoes were selected as an example of crops grown in areas such as southern Spain, both directly sold and as ingredients.	Mitigating water shortages similarly falls under our Nature strategic priority, with the aim to source 50% of our fresh food from areas of sustainable water management by 2030. We're working on a number of important projects to support water management and drought resilience in our supply chain, including commitments to multi-stakeholder projects in Spain and South Africa, as well as with UK suppliers.	Medium term
Transitional - Carbon pricing	Cost exposure from own operations to possible future carbon pricing/taxation mechanisms.	We aim to have net zero operations by 2040. We've already demonstrated significant progress in reducing our operational emissions versus the 2015 base by 41% and have a clear roadmap for achieving further reductions, including transitioning our delivery fleets to lower carbon or electric vehicles, electrification of our heating and cooling systems and energy efficiency actions.	Medium term
Transitional - Fuel regulation	Risk of lost revenue due to possible future developments in fuel regulation and green energy transition.	We're already preparing for the fuel transition, with many of our sites having EV charging capacity.	Long-term
Transitional - Shift in consumer preferences	Scale of opportunity from transitioning to alternatives to carbon-intensive meat products.	The potential to harness the demand for meat-free or less carbon intensive products presents an opportunity to offer our customers greener more sustainable alternatives and forms a key part of our ESG strategy to offer healthy, sustainable choices to our customers.	Near term Medium term



BRINGING BRIGHTER LIVING WITHIN EVERYONE'S REACH 2023 HIGHLIGHTS



Requirement for large suppliers to provide us with **SUSTAINABILITY DATA** **ecovadis**

1. An ESG Rating of '3' indicates an average ESG profile. Find out more [HERE](#).
2. Level 2 to Level 7 apprenticeship programmes available.
3. We offer standard eye screening health checks at all our optical units.
4. The donations were made by redirecting surplus ingredients directly from manufacturers within the Asda and IPL supply chain. In addition, several key supplier partners were involved and have made some very generous donations. Find out more [HERE](#).



OUR ESG APPROACH

OUR ESG PROGRAMME WILL SUPPORT OUR BUSINESS GROWTH STRATEGY

Our ESG strategy focuses on providing accessible and affordable solutions for the growing number of customers who want to shop in a healthier and more sustainable way, and developing a more efficient and resilient value chain so that we grow sustainably.

We reassess our material issues regularly to ensure we continue to address the most relevant topics to our stakeholders and make a meaningful impact. Following our most recent materiality assessment in 2022, our priorities remain on the five key areas below.



Our five **priority** areas are:



HEALTHY & SUSTAINABLE CHOICES

Developing healthy and sustainable, affordable products and providing customer access and responsible marketing to support healthy and sustainable choices.



NET ZERO CARBON

An end-to-end net zero carbon emissions business.



NATURE

More sustainable and resilient supply chains, driving a positive impact on key natural resources.



ZERO WASTE

Reduce, reuse and recycle waste across the supply chain and operationally.



RESPONSIBLE BUSINESS FUNDAMENTALS

Health and safety, Equity, Diversity and Inclusion, responsible sourcing and human rights, modern slavery, charitable fundraising, including Asda Tickled Pink, corporate giving and local community outreach.



HEALTHY & SUSTAINABLE CHOICES

HEALTHY CHOICES

As one of the UK's biggest supermarkets, we understand the important role we play in providing accessible, healthy choices for customers, and the impact these choices can have on the nation's health.

In early 2024 we relaunched our health strategy, marking a new chapter in our long history of action on health, including being the first retailer to introduce front of pack traffic light labelling and the establishment of our Live Better icon, which signposts customers to the healthiest options. To assist in the development of our health strategy, we have partnered with the charity Nesta, an independent research organisation, who aims to help people live longer, healthier lives by halving the number of people with obesity in the UK. Nesta is on a mission to increase the average number of healthy years lived in the UK, while narrowing health inequalities. Nesta brings leading expertise in behavioural science, data science, design and technology.

Using the Government's Nutrient Profiling Model (NPM), we have set out our ambition to improve the average sales weighted¹ health score of the food we sell, both branded and own-brand, year on year. In the NPM, points are allocated based on a product's negative nutrients i.e. energy, saturated fat, sugar and salt and deducted for positive nutrients i.e. fibre, protein and % fruit, veg & nuts. The lower the score, the healthier the product with products deemed 'unhealthy' (HFSS) scoring above 1 (for drinks) or 4 (for food).

A blunt high fat, salt, sugar (HFSS) or non-HFSS sales targets mean a disproportionate focus is given to reformulating marginal products to bring them into the non-HFSS category, rather than focusing on improving the nutritional profile of the full range of products. However, an average-sales weighted NPM score allows you to recognise improvements to the healthiness of all products, including those where it may be difficult to shift out of the HFSS category.

With Nesta's support, we will measure this change according to a sales-weighted Nutrient Profiling Model (NPM) score. For each 0.1 reduction in this 'Health Score', Nesta estimates that, on average, over the next three years, the potential value to society could equate to £71m GBP per year, based on work by Frontier Economics for the Tony Blair Institute for Global Change.



OUR HEALTH TARGET
To improve the average health score of our sales year on year.

As we move into a new era with a clear target, we will be publishing our baseline and will agree the milestones to measure our performance against over the following months. Our previous health metrics will continue to be monitored internally as they all contribute to the improved Health Score target:

- Increase the number of Live Better Products.
- Grow Asda Plant Based Sales.
- Reduce red traffic lights on Asda products.
- Cartoon characters removed from HFSS² own brand products.
- Increase the proportion of healthy non-HFSS² Asda own brand.

1. Our Health Score is defined not only by the type of products we sell but also quantities sold (sales weighted) of said products. If we sell predominantly healthy products our business health score would be lower.
2. High fat, salt and sugar.






HEALTHY & SUSTAINABLE CHOICES

ACCESSIBLE HEALTHCARE

In 2022, we strengthened our health care partnerships through the provision of consulting rooms within our stores conveniently located adjacent to our pharmacies.

We support 'Our Future Health' and offer space to the NHS and our charity partners to host mobile units in our car parks organised by our Asda store Community Champions. In 2023, Asda's 27th year of supporting breast cancer charities through its Ticked Pink partnership, our Asda car parks also provided an alternative location for vital breast screening services in England. The provision of space inside and outside our stores offers convenience to our customers and reduces travel to hospital and associated parking fees.

In addition to our in-store optical eye screening services, in 2023, we became the first supermarket in the UK to offer NHS diabetic eye screening in stores. At the end of the year we had over 60 sites offering community health care services, with more planned for 2024.

-  **57,000+ 'OUR FUTURE HEALTH' CHECKS**
-  **100,000+ eye SCREENING CHECKS**
-  **1ST UK SUPERMARKET TO OFFER NHS DIABETIC eye SCREENING**
-  **36,000+ LUNG HEALTH CHECKS**



THE HEALTH MENU

In January 2024, we launched our new Health Menu range, which offers nutritionist-approved meals that are not only affordable but focused on specific health benefits. The range has been designed so customers can eat more whole foods, try a plant-based diet or add more vegetables to their plate. The clear signposting of the benefits on the products aims to help customers make informed choices and understand the impact of these choices on their health and wellness.



In 2023, we re-launched our Live Better icon and our portfolio of products stands at 876. Live Better was created to make healthy eating simple and for customers to see at a glance the healthiest choices across all Asda brands and ranges.

The Live Better icon is awarded to products that meet the below criteria:

- be non-high fat, salt and sugar (HFSS) in accordance with the UK's 2004-2005 Nutrient Profiling Model
- have a defined nutritional benefit, as listed on the GB Nutrition and Health Claims Register¹
- no red traffic lights (unless entirely driven by fruits, vegetables, nuts or oily fish)
- meet our nutritionists' category specific criteria e.g., bread must be high in fibre.

Live Better products are aligned to The Eatwell Guide² which supports more sustainable eating patterns.

¹ A health claim is any statement about a relationship between food and health.
² The Eatwell Guide shows how much of what we eat overall should come from each food group to achieve a healthy, balanced diet.

ASDA FUNDING TO INCREASE COMMUNITY ALCOHOL PARTNERSHIPS (CAP) ACROSS THE UK

As a business, we remain committed to creating awareness around the harms of alcohol and the health benefits of cutting down. We also believe there is still much to be done at a local level to reduce the harms caused by excessive alcohol consumption and under age drinking, and to ensure children enter adulthood with both the essential knowledge about alcohol and a responsible attitude to its consumption.

That is why we recently announced a significant increase in our support for Community Alcohol Partnerships (CAP) who support with evidence-based interventions. CAP sets up and supports local partnerships that aim to reduce alcohol harm in children and young people, improve their health and well-being, and enhance their communities. Asda has supported CAP since 2009. Through CAP's next funding period, we have confirmed our ambition to provide nearly £1 million, around £300,000 annually.

This will be used to increase the number of CAPs across the country, as well as the scope and quality of the services they provide in local communities. This new level of funding, provided by Asda will be used to increase the capabilities of the partnership nationwide, and enable CAP to expand its outreach and ability to continue to grow in key-high-harm regions including Scotland, the North East, North West, and South West of England as well as re-starting the CAP programme in Northern Ireland.

In accordance with our new partnership we have made the decision to end our partnership with Drinkaware of which we have been a committed partner since inception. We have not taken the decision to step away lightly and intend to remain engaged and open to working together in the future.



"At Asda, we recognise the importance of ensuring a healthy, alcohol-free, childhood and by committing funding to CAP we will be able to help to provide vital support to at-risk groups in communities that previously have not had access to these valuable resources. By significantly increasing Asda's support for CAP, we hope to spread the real-world benefits of CAP to more people and more communities across UK."

Kris Comerford, Chief Commercial Officer - Food, Asda

"There is still much to be done to reduce the harms caused by underage drinking and ensure that children enter adulthood with both the essential knowledge about alcohol and a responsible attitude to its consumption. The additional funding provided by Asda will enable us to turbocharge our efforts and give greater focus to parental attitudes and behaviour. Asda's planned in-store communications will provide valuable help in amplifying CAP's key messages."

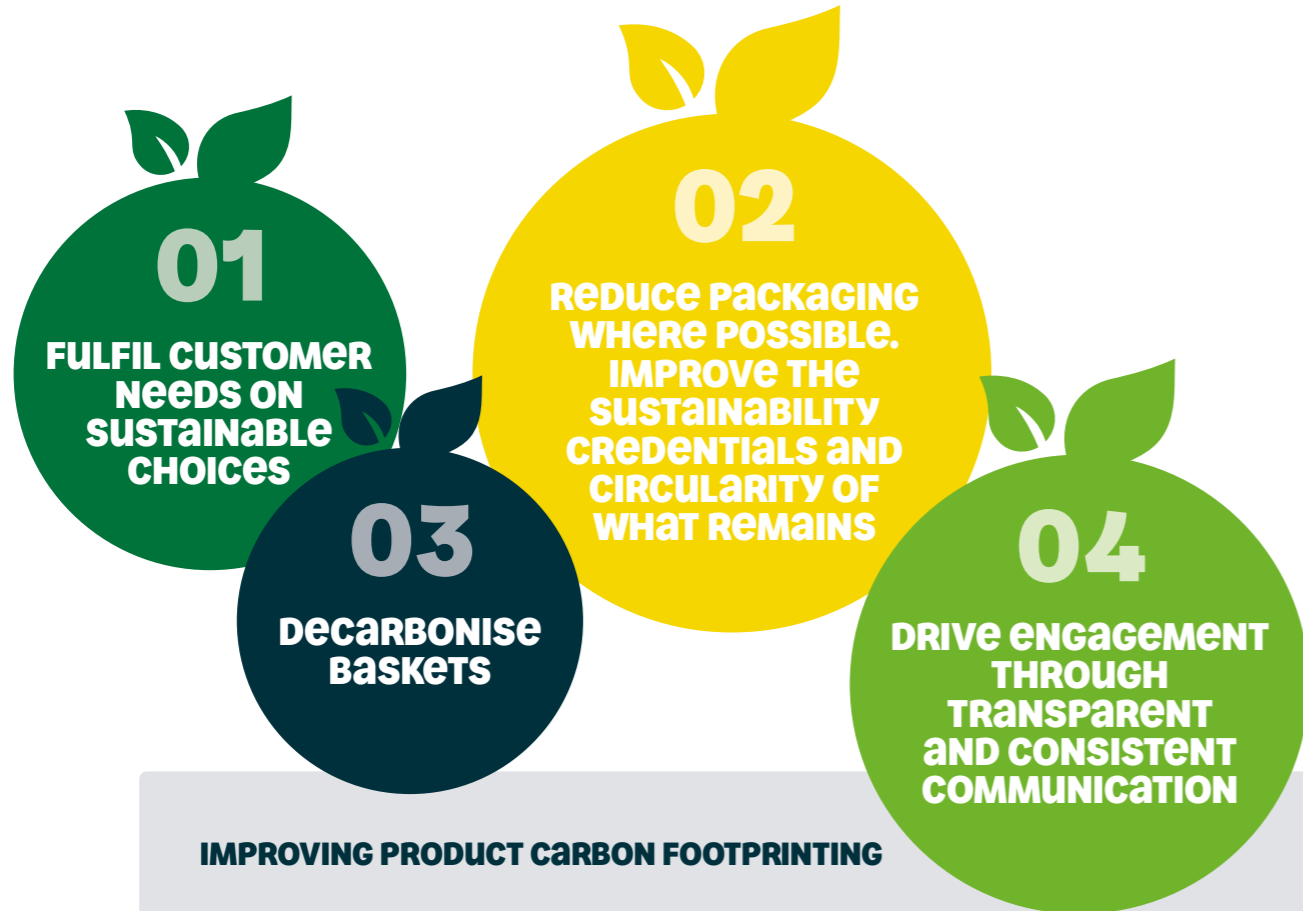
Derek Lewis, CAP Chair



HEALTHY & SUSTAINABLE CHOICES

SUSTAINABLE CHOICES

Sustainable choices is a key pillar of our broader ESG strategy, focussed on how we best support customers to make more sustainable choices when shopping with us. As part of this strategy, we have identified four strategic goals:



IMPROVING PRODUCT CARBON FOOTPRINTING

Asda has a vision of building a more resilient and profitable business for the long term, and decarbonising baskets is a key part of this vision.

While significant progress has been made in reducing Scope 1 and 2 emissions, there are significant challenges in reducing Scope 3 emissions. A key barrier is product level emissions starting with accurate product level data. To address this challenge on product data, Asda has joined the **BRC Mondra Coalition** alongside other supermarkets and food businesses in the UK. The aim of the coalition is to harmonise the approach on product level sustainability data in the industry. In the first year of its inception, significant progress has been made on building consistent methodology and carbon footprinting across coalition members.

As of May 2024 we have shared our own label product data with Mondra and are in the process of footprinting our own label product portfolio, to support the aims of the coalition. We will continue to work with the coalition to take the project forward and intend to utilise the project to support our net zero plans.



PACKAGING REDUCTION, RECYCLABILITY & RECYCLED CONTENT

This year, we have agreed our commitments and updated our sustainable packaging targets for 2030.

REDUCE	RECYCLE	RECYCLED CONTENT	RESPONSIBLY SOURCED
20% reduction in total (branded and own brand) primary packaging tonnage on food per 1% of market share.	Maintain our commitment to 100% recyclability of primary packaging across own label products (as per OPRL definition).	Increase recycled content to 35% across primary plastic packaging in own label products.	100% FSC/PEFC certified virgin wood, paper and board in own label primary packaging.

We still intend to drive the 2025 targets we committed to in the UK Plastic Pact, however the 2030 ambition shows our commitment beyond the next year. In 2023, 96% (2022: 93%) of Asda branded packaging was recyclable¹, with an average recycled content of 28% (2022: 29%). We continue to work to achieve our targets for 2025, some examples of work we've accomplished this year are:

- Across our beef range we have reduced the plastic packaging on our steak trays and modified our packaging on beef mince. This delivered **reduced packaging of 120 tonnes annually**. This move also saw improvements to shelf life from nine days to 14 days on beef mince.
- Over **1.8 million lids of Just Essentials soft cheese now include 30% recycled content in packaging**.
- We've also **improved the recyclability of 200 million pieces of plastic annually** by removing the colour milk caps on Asda branded fresh milk. Colourless plastic has higher demand as a recycled material, so this change will drive end markets for the caps after recycling.

REINVIGORATING REFILL

Over the past four years, our refill trial stores have taught us a lot about the complexities of scaling refillable packaging. We've achieved some success in landing customer-facing propositions in-store, supported by collaboration with key suppliers and organisations such as WRAP and IGD.

However, we have experienced operational issues and commercial challenges with our existing approach. Our research showed that the key barriers which included cost, convenience, cleanliness, and perceived product quality have prevented customers from engaging with the refill proposition.

In 2023, we worked with the IGD and Hubbub to understand how communication can be tailored to customers to encourage uptake. This included

geotargeted social media advertisements for refill, in-store signage and updated digital assets. As a result of this work, we found that our communication initiatives increased awareness about the affordability of refill zones compared to prepackaged alternatives. Despite this increased awareness of the affordability of refill, customer uptake remained low.

Refill, in its current format, remains too challenging for our business to scale and operate. As with any trial, we need to adapt and evolve. Therefore, we are exiting the refill trials in our four existing stores. Moving forwards, we intend to deliver new, scalable refill and prefill trials that build on our learnings and improve customer uptake, operational feasibility and commercial viability.

1. Year on year increase mainly due to a change in OPRL industry labelling guidance for PP films moving from 'Do Not Recycle' to 'in-store'.
 2. [The Institute of Grocery Distribution](#).
 3. [Hubbub](#), an environmental charity that inspires action that is good for the environment and everyone.
 4. Find out more about our research [HERE](#).



NET ZERO CARBON

OUR 2023 TOTAL CARBON FOOTPRINT

Our total carbon footprint is 26,201,508 tCO₂e (-7% from 2022).



PRODUCT EMISSIONS

Everything from farming of ingredients, processing products, through to packaging

CUSTOMERS USING PRODUCTS

Cooking, washing clothes, disposing of products and packaging

1. Our operational (Scope 1 and 2) figures account for a full calendar year of emissions from Arthur Foodstores Ltd and Euro Garages (Jersey) Ltd, despite the completion of these deals taking place part way through the year.



NET ZERO CARBON

SCIENCE BASED TARGET SETTING

Our ambition is to have net zero carbon emissions operations by 2040 and we have a clear roadmap to achieve this. In 2022, we committed to setting a science-based carbon reduction target across all scopes, including a specific Forests, Land and Agriculture (FLAG) target.

While these targets were validated in early 2024, we recognise that since they were developed and submitted to the SBTi, our rapid growth into the convenience market, from three stores at the start of last year to nearly 500 today, has significantly changed the shape of our business. This means the targets we submitted no longer accurately reflect the size and shape of our carbon footprint and, as such, we're not progressing these targets with the SBTi.

The decision to resubmit our targets to the SBTi does not slow our action. We continue to work to decarbonise our operations, for instance through completing the conversion of HGV fleet to Liquefied Natural Gas by early next year, and in our supply chain, as detailed below. Later this year we also intend to share more details on our net zero transition plans, developed for the group structure prior to our recent acquisitions.

We are now working to establish SBTi validated targets for the total group. We intend to resubmit new targets for validation once we have completed the integration of data from the acquisition of new sites that now form part of our Asda Express convenience format. The interim validated 2030 targets, which do not account for the footprint of our Asda Express operations, are focussed on decarbonising the FLAG and Non-FLAG emissions of our food, George and GM business in line with a 1.5c pathway. We will continue to work towards this ambition.

SUPPORTING SUPPLIERS TO UNDERSTAND CLIMATE RISKS IN AGRICULTURE

Understanding the risks climate change may pose is increasingly important for all businesses. As well as assessing our own risk (see Climate-Related Financial Disclosure) we want to help our supply chain to understand the impacts on food production. In 2023, we published a pioneering new report written by Kite Consulting, looking at the impact a changing climate may have on UK dairy farms, which highlights the importance of understanding climate-related impacts and identifies ways to build resilience on farms.



DRIVING SUPPLY CHAIN ACTION

With 98% of our emissions from Scope 3, working collaboratively with suppliers and partners to drive climate action is imperative.

Broadly, there are two critical areas for driving action: within supplier production processes and in the products we sell.

SUPPLY Base

- Zero deforestation
- Improved agriculture
- Lower carbon manufacturing and logistics

SUSTAINABLE CHOICES

- Carbon conscious design
- Improved circularity
- Ranging and marketing

“We’ve completed EcoVadis assessments for a number of years. It helps us efficiently and succinctly share credible data on our ESG performance with customers and we see uptake from Asda as a strong step forward towards integrating management of supplier sustainability.”

Camilla Riddiford, Head of Sustainability
Arla Foods

As well as our work as part of the BRC Mondra Coalition, in early 2024 we announced a new initiative to increase action in our supply base.

Working alongside the sustainability ratings platform EcoVadis we require our largest suppliers – those accountable for around 80% of our product carbon emissions – to share sustainability data with us through the EcoVadis platform.

Many of our suppliers are already taking action and use the platform, but this process will ensure two-way visibility of data.



NATURE

NATURE

In early 2024, we launched our new natural resource stewardship strategy, delivering on our 2020 commitment to establish a programme by 2025. Its aim is to ensure we have a more resilient value chain and that we are driving a positive impact on natural resources.

We have structured our strategy around three critical pillars: water, biodiversity and soil. These aims build on our existing programmes, working on the **The Courtauld Commitment 2030 | WRAP**, our sourcing standards and certification with **LEAF**, building in deforestation-free sourcing across key commodities and project work to develop soil health metrics.



We are also reporting our operational water consumption for the first time and setting a target to reduce this year on year.

ENSURE WE HAVE A MORE RESILIENT VALUE CHAIN, DRIVING A POSITIVE IMPACT ON KEY NATURAL RESOURCES

NATURAL RESOURCE	WATER		BIODIVERSITY			SOIL
Ambition	Drive sustainable water management		Protect and restore biodiversity and soil health			
Aims	Fresh food to be sourced from areas with sustainable water management. (50% by 2030)	Reduce water consumption in our operations year on year. 30% reduction in the overall water footprint of new textile products	Zero deforestation forest-risk commodities by 2025.	Fresh food sourced from farms with biodiversity improvement plans in place.	Net positive biodiversity new site development.	Soil health monitoring requirements and targets established by 2025.

HELPING SUPPLIERS UNDERSTAND NATURE-RELATED RISKS

Asda has worked with the Cambridge Institute for Sustainability Leadership (CISL) on producing guidance for businesses in the agri-food sector to aid understanding of nature-related risks. Together with four of our key suppliers we have enabled the inclusion of real-world insights into some of the challenges currently faced by industry.

The short guide defines a structured approach to understand emerging trends, frameworks and reporting requirements and how to respond by taking some decisive first steps towards positive action on nature.



NATURE


ASDA AND NORFOLK RIVERS TRUST: WATER SENSITIVE FARMING INITIATIVE

Since 2019 we have worked with The Norfolk Rivers Trust, on their **Water Sensitive Farming Initiative**, to improve water quality and quantity within the River Nar catchment in north-west Norfolk. This river is a globally rare chalk stream and provides a unique habitat for a wide array of wildlife including brown trout, water voles and otters.

The on-farm intervention was installed to temporarily store surface water run-off from fields and capture pollutants. Slowing the flow of water at the site will not only reduce downstream flood risk, but it will also encourage the water to infiltrate and recharge the underground aquifer.

Water stewardship plays a pivotal role in achieving sustainable and climate-resilient supply chains. In 2023, we also began supporting a new three-year collaborative programme on water stewardship in South Africa, building on a similar programme of work with suppliers and partners in Southern Spain. Projects such as this in key sourcing regions help support the **Courtauld 2030 Water Roadmap** target of 50% of the UK's fresh food sourced from areas of sustainable water management, and projects like these help us to get closer to the Courtauld Commitment target of 50% of the UK's fresh food.






SOIL HEALTH TOOLKIT TRIAL

We are trialling a new digital soil health application with our potato growers which measures and interprets soils health across or plots of a field.

The results conclude with field reports which offer the farmer tailored advice to improve their soil health score. This information can then be used to plan and track specific physical sustainability activities out in the field, for example, working the soil to conserve and enhance the soils for future generations.



FARMERS BOLSTERING BIODIVERSITY



Asda and ABP Food Group, a meat processor, undertook a survey looking at the ways farmers bolster biodiversity, the results of which demonstrated that each farmer is responsible for around 8km of hedgerows. Hedgerows bustle with valuable ecosystems sustaining bees, butterflies, hedgehogs, birds and many more species. They also benefit the soil, with healthier soils storing more carbon and in turn helping to combat climate change.

Grants are increasingly available for hedgerow planting and many farmers were actively working to protect and enhance their hedgerows.

Overall, the survey underscored the vital role hedgerows play in supporting wildlife, improving soil health, and sequestering carbon. It also highlighted the dedication of farmers towards conserving this valuable landscape feature for future generations.





ZERO WASTE

ZERO WASTE

As a large retailer, identifying and reducing our waste across the business is a priority. We are committed to reducing food waste, operational waste, minimising packaging and driving recyclability wherever we can.

FOOD WASTE

The rise in innovative solutions to tackle reducing food waste has led us to trial two impressive new waste-busting resources.

We have expanded our comprehensive 'back of store' food donation scheme, entering into a new three-way partnership with long-standing food redistribution charity FareShare and local food sharing app Olio.

The partnership will ensure surplus food, which is just past its best before date but still edible, can still be collected when local charity support may not be available. FareShare local food charities will still be prioritised in receiving donations, but we now also connect Olio's food waste heroes with their local Asda stores, who in turn share the food with their community free of charge.

The addition of Olio as a food redistribution partner will see over 680 donation slots added to Asda's back of store donation scheme, helping stores to redistribute food where charities aren't available to collect and ensuring any surplus food can be donated to those in need. It's hoped this new partnership will double the amount of food redistributed through the back of store scheme.

Similarly, we are working with the digital platform Too Good To Go, which offers any excess, but still edible, food to app users. We're trialling this in several supermarkets and building on the existing partnership in our new convenience estate.

olio



We marked 10 years of continued support of FareShare in 2023. In that time, we have provided **16,000** tonnes of surplus food from our stores and depots, the equivalent of over **30 million**¹ meals, as well as **£13 million** in donations to increase and improve the charities' logistics capabilities. This food has since been redistributed by FareShare to their network of over 8,500 charities and community groups in the process.

1. 30m meals of surplus food from its Asda store and depots.



We are proud to be a member of the new **Coronation Food Project**, Coordinated by King Charles III Charitable Fund. The Project seeks to bridge the gap between food waste and food need across all four nations of the United Kingdom, aiming to save more surplus food, improve distribution networks, and support the sector and innovative food rescue initiatives. We donated **£1 million** Christmas dinners during the festive season.

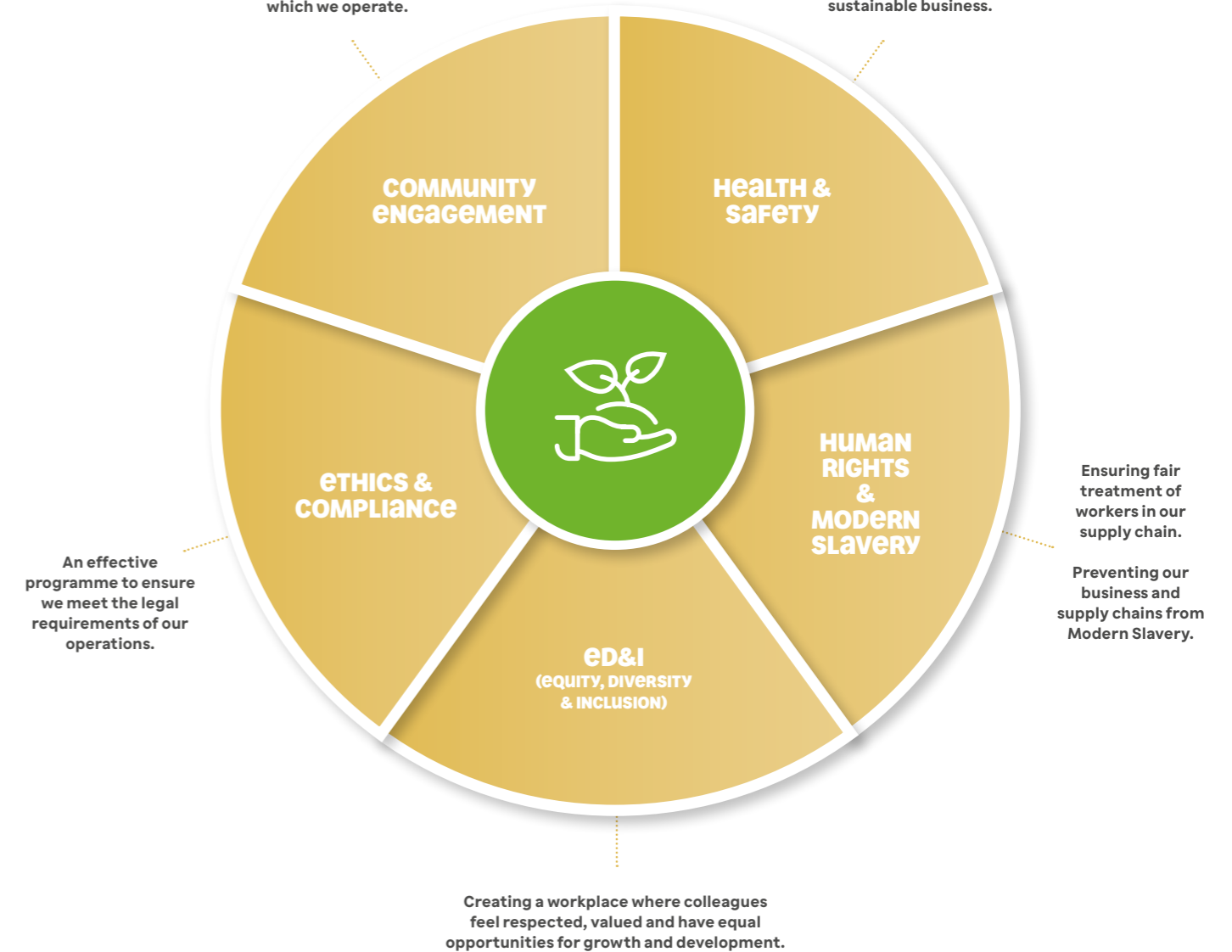


RESPONSIBLE BUSINESS FUNDAMENTALS



Through our charitable fundraising, see page 32-33, corporate giving and local community outreach where we give back and support the communities in which we operate.

A critical component of running a successful and sustainable business.



RESPONSIBLE BUSINESS FUNDAMENTALS

Our Responsible Business Fundamentals encompass a range of practices and principles to create a positive impact for our stakeholders ensuring long-term sustainability and ethical behaviour. Here, we highlight a range of meaningful activities that demonstrate our commitment to social responsibility and to the wellbeing of the communities in which we operate.

RESPONSIBLE BUSINESS FUNDAMENTALS

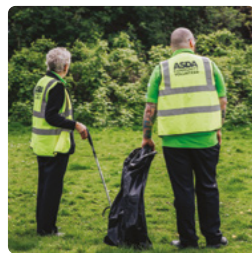
CHARITABLE FUNDRAISING, CORPORATE GIVING AND COMMUNITY OUTREACH

At Asda we are proud to support our communities and contribute to their wellbeing through community initiatives led by our Asda Community Champions, Charity Partnerships with Tickled Pink and BBC Children in Need, and through our charity, the Asda Foundation.



A Right Royal Knees up

The Coronation of HRH King Charles in May 2023 presented the perfect opportunity for community celebrations. Asda Foundation's Grassroots Grants supported 101 Community Coronation Celebrations up and down the country with funding of £36,733. These events brought people together, reducing isolation and fostering a sense of social cohesion.



The Big Help Out

When we heard about the volunteering campaign, The Big Help Out, created in tribute to HM The King's own public service we couldn't wait to get started. Our Community Champions organised litter picks for 750 colleagues and 1,500 customers in places such as parks, community centres, beaches and canals. Our 'Great Coronation Clean Up', amassed 2,300 bags of rubbish in total which is the equivalent of rubbish covering a two mile stretch of land.



Asda Tickled Pink

2023 was our best performing year ever with tremendous support from our suppliers to present our largest range of 'pink' products for Breast Cancer Awareness Month in October.

Thank you to all our customers and colleagues.



£90m Raised Over the last 28 years



BBC Children in Need and Asda launched

Fuelling Potential – a campaign to ensure no child is held back by food insecurity. Over the next three years our partnership aims to change the lives of 100,000 children by helping to make sure they have access to nutritious meals while having fun at BBC Children in Need funded holiday sessions that help to boost their mental health and physical wellbeing.



Spaces & Places

We opened new community rooms in Bristol Whitchurch, Beckton, Maryhill, Antrim, Livingstone, Runcorn, Barnsley and Llanelli in 2023 giving us a total of 18 community rooms offering free space to grassroots groups and charities to come together. The provision of rooms, alongside additional store space, helped us deliver 9,174 donations of space in Asda stores across 14,111 days to groups such as the Loneliness Network & Breast Cancer Now support groups.



In 2023 The Asda Foundation donated over £3m to grassroots groups across the UK helping to support the diverse needs and challenges facing communities. With grants available from £400 to £25,000, Asda Foundation funded over 4,000 projects ranging from games and sports equipment for youth clubs through to replacing a roof on a community centre.

SUPPORTING COMMUNITIES IN CRISIS

Asda Foundation is also there to help communities in times of crisis. In November 2023, the Downpatrick community suffered extensive damage and disruption as a result of Storm Ciaran.

A large part of the community was flooded, including the Asda Downpatrick superstore. In the wake of the flooding, Asda Foundation provided emergency grant funding to multiple community groups so they could provide immediate relief to local people. Over £9,000 was donated across nine local not for profit groups, with funds being used to restock food and essential items at local food banks and assist with supplies for the clean up operation.





RESPONSIBLE BUSINESS FUNDAMENTALS

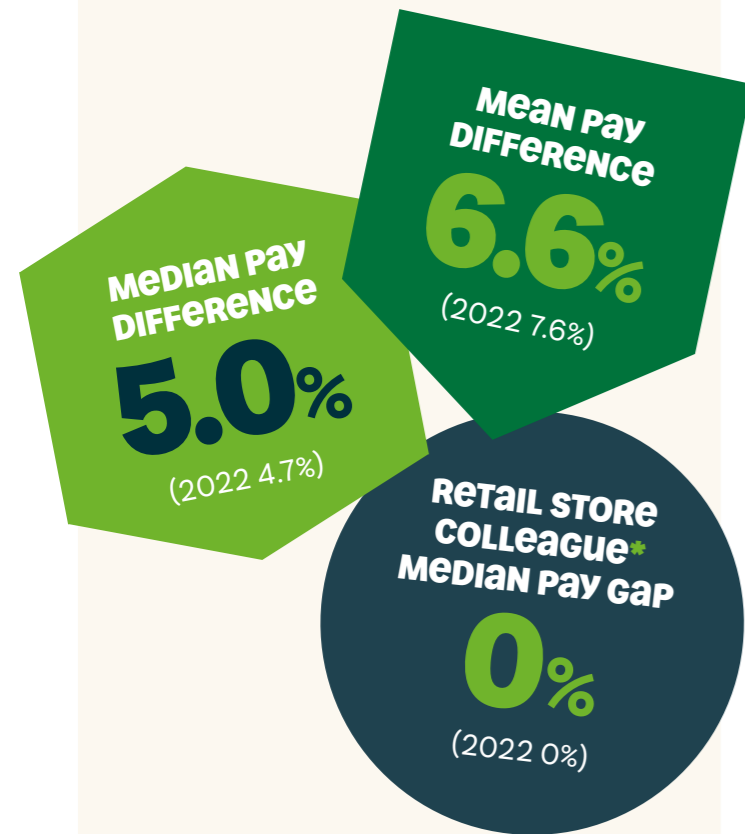
OUR COLLEAGUES

At Asda, we are passionate about creating a truly inclusive culture that enables all colleagues to bring their best and true selves to work every day. We want to create an environment where all of our colleagues feel supported and able to reach their full potential. A big part of this is our important work to increase the representation and opportunities for colleagues from underrepresented groups at all levels across our business.

ASDA'S GENDER PAY REPORT 2023

Gender pay figures remain significantly lower than the UK average.

MALE AND FEMALE COLLEAGUES



*84% of Asda's total workforce

WOMEN IN LEADERSHIP



Whilst progress is being made we recognise that there is still more work we need to do to close the gap further and are committed to doing more to support our female colleagues in progressing to higher paying roles.

In 2023, we were proud to once again run our Intentional Allyship programme, created to inspire and equip the next generation of senior leaders. The programme is specifically aimed at female colleagues and colleagues from ethnically diverse backgrounds with a focus on skills development, career advancement, and building an inclusive culture. We had 290 managers come together and participate in the programme with the support of 48 senior leader mentors. During the six-month programme, colleagues took part in bespoke live learning workshops, mentoring circles with senior leaders, sponsorship, and reverse mentoring.

We're a proud partner of LEAD (Leading Executives Advancing Diversity) network working to attract, retain and advance women in the retail industry through education, leadership, and business development. We are also a signatory to the LEAD Network CEO Gender Parity Pledge, extending further our commitment to building an inclusive and diverse workplace.

We recognise the significant impact menopause can have on lives and so in 2023 we made changes to our Menopause Policy to make sure it raises awareness and provides support for our colleagues and their families, for example by setting out common symptoms and key facts, outlining support and adjustments, and outlining considerations that can be made for colleagues who are experiencing or impacted by menopause. As part of our Menopause Policy changes, retail colleagues can now request an alternative uniform that is comprised of more breathable fabric, helping them feel more comfortable while at work. In addition, all Line Managers have access to training on menopause at work, ran in collaboration with our partners Unum.

COLLEAGUE NETWORKS

We know listening to our colleagues to understand how we can drive real and meaningful change is at the heart of creating a culture of belonging.

In January 2024, we re-launched our Asda Allies Inclusion Networks which are sponsored by 16 senior leader ambassadors who work closely with co-chairs from each network to drive inclusive behaviour and create positive change across every area of the business. There are five networks in total which are Women in Asda, Accessibility, Ethnicity, LGBTQ+, and Wellbeing.

Alongside our networks, we run regular campaigns events to educate, raise awareness, and dispel negative stereotypes and misconceptions. In 2023 we were proud to support International Women's Day, Pride, Black History Month and Mental Health Week and we will continue with this important work in 2024.



COLLEAGUE ADVISORY PANEL

In early 2024 we announced plans to establish a Colleague Advisory Panel, voluntarily applying UK Corporate Governance Code recommendations for listed companies.

This Panel brings together existing colleague chairs from our elected groups, including our trade unions, and co-chairs from our inclusion networks to meet the Executive team each quarter to hear their views and providing an opportunity to test ideas with colleagues.



RESPONSIBLE BUSINESS FUNDAMENTALS

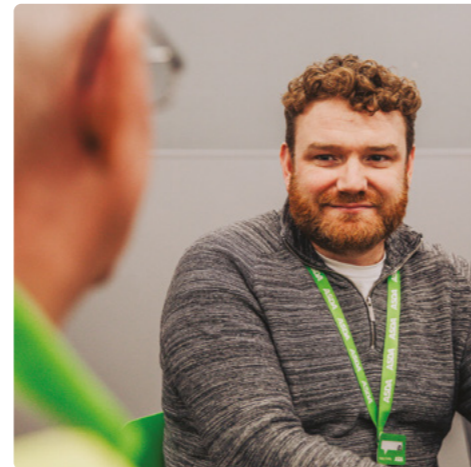
COLLEAGUE HEALTH & WELLBEING

Wellbeing is one of the central pillars of our strategy and we have a comprehensive learning curriculum to raise awareness and support colleague wellbeing. In 2023 we launched a new module for line managers.

'Supporting Colleague Mental Health' alongside our existing modules: 'Looking after my Wellbeing', 'Developing Team Wellness and Resilience' and 'Why Inclusion Matters'.

Since November 2022, through our partnership with Unum, our Employee Assistance Programme, all colleagues have been able to access wellbeing resources including webinars on mental health, 24/7 GP appointments and counselling sessions, which in April 2023 became unlimited.

We are also signatories of the Mental Health at Work commitment, meaning we work to the six standards which include prioritising mental health in the workplace, proactively ensuring organisational culture drives positive mental health outcomes and providing mental health tools and support.



ENSURING OUR COLLEAGUES' FINANCIAL WELLBEING

We were pleased to announce a record £150m in our retail pay award for 2024, to make us the highest paying of the big four grocers and totalling £415m invested in pay since our change of ownership.



WE OFFER
A comprehensive learning curriculum to raise awareness and support colleague wellbeing.

EARLY CAREERS PROGRAMME

When it comes to career possibilities, we've got everything covered and support our colleagues in learning, upskilling and reskilling, and developing capabilities to meet the future needs of the business and support social mobility.

Over the years, we've introduced 75 Apprenticeship programmes, from Level 2 to Level 7, including degrees in data science, supply chain leadership and business management. In 2023 we were a finalist in the Macro Employer of the Year category in the National Apprenticeship Awards.



WE ARE ALSO PASSIONATE ABOUT LOOKING AT HOW WE CAN HELP OUR ASDA COMMUNITIES...

GIRLS IN DATA

Girls in Data (GiD) is a network to inspire young women to explore career opportunities in the world of Data and Technology.

At Asda we believe that a diverse workforce is key to understanding our customer's needs and fulfilling them, and produces stronger outcomes and increased productivity. Our Asda Data Team has partnered with GiD to deliver their curriculum in a classroom setting within schools in Yorkshire. The partnership will continue throughout 2024 to reach as many students as possible.



2024 UPDATE
Permanent positions offered to all five students

LOOKING AT HOW WE CAN HELP OUR ASDA COMMUNITIES

Asda Queensferry store welcomed a group of five interns in October 2023 as part of a new partnership with DFN Project SEARCH.

We are excited to be the first UK supermarket to work with DFN Project SEARCH, a one-year transition to work programme for young adults with a learning disability or autism spectrum conditions, or both.

Our interns are working on the shop floor, in the warehouse, in customer service and other retail roles, getting to know which departments suit them best and experience what it's like to be an Asda colleague. This unique programme provides young people with opportunities to earn money in regular employment, become more independent and develop skills valued by employers. We are looking forward to extending our participation into further retail sites in 2024.



We are party to the **UK Retail commitment** to a living wage for banana workers by 2027.



Asda House lit up to mark **National Anti-Slavery Day** 18 October 2023.



Our Modern Slavery Statement 2024 is available [HERE](#).

RESPONSIBLE SOURCING AND HUMAN RIGHTS

We are committed to operating and sourcing products in a way that respects all internationally recognised human rights.

To achieve greater impact for workers and to have improved understanding of the key risks across our global supply chains we have embedded the **Open Supply Hub**, a collaborative supply chain mapping platform, on our website. With over 2,900 accessible data points currently available, users can have a comprehensive view of our in-scope supply chain network, including information on suppliers, manufacturing sites, site demographics, workers' contracts, whether a trade union is present, alongside key compliance information such as when the site was last audited.

“Asda became one of the first multi-category retailers to share multi-sector data on the platform, and has been the first to pilot many additional data points on their embedded map on their website.”

Hannah Lenett, Director Open Supply Hub

ES3G – ASK THE WORKERS

To get a true picture of what's happening on the ground in what are complex supply chains, we are piloting a new tool called **ES3G** which focuses on improving workers' engagement and understanding of their working conditions through an accessible platform. By asking workers straightforward questions in their own language, the App aims to gather valuable insights and empower workers to understand their rights. It also provides a channel for workers to raise grievances or make suggestions to management.



GOOD GOVERNANCE

Asda have a range of committees with board-delegated authority which meet, typically each month, to manage day-to-day operations and decision-making on behalf of the Board. Committees are chaired and attended by members of the Board and Executive Committee as appropriate, and other relevant members of senior management. These committees operate under clearly documented terms of reference and the remit of each is regularly reviewed and updated as and when required. For more information on our corporate governance, please see our FY23 Annual Report and Accounts.

Asda's ESG programme is managed by the ESG Steering Committee, on behalf of the Executive Committee and with oversight by the Board.

The ESG Steering Committee is responsible for:

- Oversight of the definition, direction and progress against Asda's ESG strategic priorities and targets.
- Review and approval of disclosures including the annual ESG Report.
- Oversight of the management of the Climate Change enterprise risk.

In 2023, ESG Steering Committee agenda items included:

- Climate risk management and approach to Climate-related Financial Disclosures.
- ESG rating assessment and benchmarking.
- Governance and Programme Management.
- Development of programme strategies in Healthy and Sustainable Choices, Net Zero Carbon and Nature.
- Supplier Sustainability Standards.





ESG PERFORMANCE SCORECARDS

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Healthy and Sustainable Choices					
1,200 Live Better products to be on offer	2024	0 (2019)	870 (+124)	876 (+6)	Whilst our previous health targets will still be monitored internally, as they all contribute to the new improved Health Score target, as we move into a new era we will set our new baseline and milestones plan in the coming months to be shared more broadly. Our new health strategy helps drive progress and sustainability in healthy choices and provides us with the opportunity to celebrate our achievements over the last three years. As a large retailer we are working with the charity, Nesta , whose aim is to help people live longer healthier lives by halving the amount of people with obesity in the UK. Using the Government's Nutrient Profile Model (NPM), we are setting a target to improve the average sales-weighted health score of the food we sell, both branded and own-brand, each year. NPM is a holistic measure that allocates integer points based on their nutritional content (energy; sugar; saturated fat; sodium; protein; fruit; vegetables and nuts; and fibre). Our approach is premised on improving the healthiness of products that our customers actually buy and with Nesta's support, we will measure this change according to a sales-weighted Nutrient Profiling Model (NPM) score (see page 15 of this report for more details).
Increase the proportion of healthy (non-high fat, salt or sugar content) of Asda's own brand products to 60%	2024	55% (2020)	54%	52% (-2%)	
Reduce red traffic lights on Asda products year on year	2024	22% (2020)	21%	24% (+3%)	
Grow Asda Plant Based sales by 100%	2023	2020	42%	31%	
NEW Improve the average sales weighted health score of our products year on year	N/A	1.83	N/A	1.83	

Net Zero Carbon					
COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Reduce GHG emissions (Scope 1 & 2) by 50%	2025	957,918 tCO2e -2015	40% reduction on baseline 574,899 tCO2e	41% reduction on baseline 562,309 tCO2e	Our commitment is to reduce the carbon impact of our operational emissions (scopes 1 and 2 as defined within the GHG protocol) by 50% from a 2015 baseline by 2025. Doing so will contribute towards a reduction in the impact and atmospheric pollution of our operational activity. We aim to achieve our target through improved efficiency (energy use and consumption in sites and stores and through logistics) and reducing fugitive emissions production through electrification and fridge doors.

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Net Zero Carbon					
Develop measurement of non-direct scope 3 emissions, then set targets to 2025	2025	N/A	Scope 3 measured: 27,720,786 tCO2e Committed to setting an SBTi target.	Scope 3 measured: 25,639,199 tCO2e Original targets validated, but plan to resubmit following business change	We have a commitment to set a target for ongoing reduction in the carbon footprint of our total value chain emissions in line with GHG protocol for scope 3 carbon accounting. By setting this commitment we aim to achieve a reduction in the associated carbon impact of our value chain. Whilst we previously committed to establish a target in 2023 and undertook external validation to deliver this target, following acquisition and structural changes we are pushing the target to 2025 to allow time for integration of new data and to ensure it better reflects our business. While these targets were validated in early 2024, we recognise that since they were developed and submitted to the SBTi , our rapid growth into the convenience market, from three stores at the start of last year to nearly 500 today, has significantly changed the shape of our business. This means the targets we submitted no longer accurately reflect the size and shape of our carbon footprint and, as such, we're not progressing these targets with the SBTi. We are now working to establish SBTi validated targets for the total group. We intend to resubmit new targets for validation once we have completed the integration of data from the acquisition of new sites that now form part of our Asda Express convenience format. We also intend to continue our supply chain engagement and through our delivery of sustainable choices activity (product, marketing, ranging). Find out more on page 22 of this report.

Nature					
COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
NEW 50% of fresh food to be sourced from areas with sustainable water management	2030	-	N/A	N/A	This is a new commitment for 2024, to source 50%, by volume, of our fresh food across produce, beef, dairy and lamb, to come from farms with sustainable water management (defined using the WRAP/WWF water assessment tool) by 2030. The purpose of this target is to quantify, establish and increase the holistic management of water within our fresh food supply chains, especially those that are large land users, to improve resilience. We aim to achieve our target through quantification of data, collaboration with industry partners and through the WRAP programmes of work we are already involved in, in Spain & South Africa , and build on our progress on our LEAF certification across produce.



ESG PERFORMANCE SCORECARDS

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Nature					
NEW Reduce water consumption in our operations year on year	2030	2,372,196 m3* See commentary	N/A	N/A	<p>This is a new commitment for 2024. Due to climate change, water is becoming an increasingly limited resource and is essential for all forms of life. We all need to save water to ensure there is enough supply for ourselves and future generations. We aim to reduce our overall water consumption by using water more efficiently across our operations.</p> <p>*Our baseline figure is our 2023 figure and based on the best data available to us. It does not include IPL data and, owing to not all sites having automated meter readers, we are aware that there are gaps in this baseline figure. We expect to be in a position to confirm or amend the baseline figure once we complete our water metering project across the Asda estate, after which we will provide a full and comprehensive update. It is therefore likely that this baseline figure will change.</p>
NEW Fresh food sourced from farms with Biodiversity Improvement Plans in place: (100% produce, 50% beef, dairy, lamb)	2030	0* Zero	N/A	75%	<p>Our commitment is to source, by volume, 100% of our fresh produce and 50% of our fresh beef, dairy and lamb, from farms with long term biodiversity improvement/nature management plans in place by 2030. Long term defined as >5 years. The target is to quantify, establish and increase the holistic management of biodiversity within our fresh food supply chains that are large land users to improve resilience. We will use a range of measures, e.g. recognising equivalency of standards like LEAF marque that include such provisions, which we are already rolling out to produce. We will also engage directly with key grower groups to establish processes which may include farm certification or documented independent work plans.</p> <p>In 2023, we committed to obtaining the global LEAF Marque Environmental Assurance System across all our fresh produce by the end of 2025. By the end of 2023 74.9% of UK suppliers had achieved Leaf Marque and our data included all growers that were declared on supply lists (Tier 2). In 2024, phase 2 of our commitment is to aim to rollout the programme across Europe, North America, Kenya and South Africa achieving Leaf Marque by the end of 2025.</p> <p>*We have currently set our baseline figure at zero pending a full review of all the necessary data which will take place throughout 2024. A full and comprehensive update will be provided in due course.</p>
Zero deforestation* forest risk commodities	2025	-	-	-	<p>Removing deforestation from commodity supply chains where existing systems of assurance are not currently strong enough or applied. We intend to achieve our overall deforestation targets by establishment and evolution of robust sourcing standards, engagement and collaboration in industry groups with key suppliers and establishment of due diligence controls.</p>

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Nature					
Certify cocoa in all Asda Own Brand products to Asda standards by 2025*	2025	46% (2020)	100%	90.21%*	<p>In 2023, 90.21% of our entire Asda branded cocoa footprint was Rainforest Alliance Certified, Barry Callebaut's Cocoa Horizons, Fairtrade certified or Cargill's Cocoa Promise, as per our Cocoa Policy.</p> <p>*In 2022 we reported 100% certification across Asda's own brand cocoa footprint in products with over 12% cocoa, a threshold for certification requirements set out in our Cocoa Policy. Across our entire own branded cocoa footprint in 2022, including products with both more and less than 12% cocoa content, we achieved 92% certification. We will now report against this higher standard. Achieving zero deforestation in our supply chains means working towards no legal or illegal deforestation. Achieving this plays a critical role in reducing Asda's value chain carbon footprint in line with developing science-based targets and allows us to have a positive impact on global biodiversity, ensuring integrity and resilience within our supply chain both economically and environmentally. Certification is a route to achieving zero deforestation. To reach 100% certification across our entire Asda branded cocoa footprint, we are strengthening our Cocoa Sourcing Standards and engaging key stakeholders.</p>
All own brand wild caught fish species from MSC certified fisheries or those progressing to MSC certification via a Fisheries Improvement Project by 2025	2025	98% (2020)	99%	99%	<p>Asda aims to source wild caught fish species from Marine Stewardship Council certified (or those progressing to achieve MSC certification via a Fisheries Progress website registered Fisheries Improvement Project). MSC certification is a multistakeholder approach to sustainably managing fisheries. The certification is independent against the MSC Fisheries Standard.</p> <p>In 2023 wild caught fish sourced for sale in Asda stores is 99.8% MSC certified and we are working towards a full 100% by 2025. ASDA also uses an independent organisation, Sustainable Fisheries Partnership, to assess fisheries' sustainability.</p>
Certify (through mass balance, segregated or identity preserved supply chains) all palm oil used in Asda own brand products to RSPO standards by 2025	2025	99.6% (2020)	99.8%	99.8%	<p>In 2023, 99.98% of our Asda branded palm oil footprint was RSPO physically certified through mass balance, segregated, or identity preserved supply chains. 0.2% was covered by credits. Achieving zero deforestation in our supply chains means working towards no legal or illegal deforestation. Achieving this plays a critical role in reducing Asda's value chain carbon footprint in line with developing science-based targets and allows us to have a positive impact on global biodiversity, ensuring integrity and resilience within our supply chain both economically and environmentally. Certification is a route to achieving zero deforestation. To reach 100% certification across our Asda branded palm footprint, we are strengthening our Palm Oil Sourcing Standards and engaging stakeholders.</p>



ESG PERFORMANCE SCORECARDS

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Nature					
Source all soy used in Asda own brand supply chains from low risk origin or standards meeting defined FEFAC requirements on deforestation by 2025	2025	74% (2021)	70%	81%	In 2023, 81.43% of our Asda branded soy footprint was certified to mass balance and segregation schemes benchmarked against the FEFAC sourcing guidelines (2021) , sourced from low-risk origins, or covered by regional or standard credits. Achieving zero deforestation in our supply chains means working towards no legal or illegal deforestation. Achieving this plays a critical role in reducing Asda's value chain carbon footprint in line with developing science-based targets and allows us to have a positive impact on global biodiversity, ensuring integrity and resilience within our supply chain both economically and environmentally. Certification is a route to achieving zero deforestation. To reach 100% certification across our Asda branded soy footprint, we are strengthening our Soy and Animal Feed Sourcing Standards and engaging stakeholders.
Certify all timber, paper and pulp used in our non-edible own brand products to FSC or PEFC standards by 2025	2025	98.6% (2020)	100% (Non-ed)	98.79%	In 2022 we achieved 100% Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) in own brand non-edible timber, paper and pulp. Certification is a route to achieving the zero deforestation to reach 100% in our Asda branded non-edible timber footprint, we are strengthening our Timber, Paper, and Pulp Sourcing Standards and engaging stakeholders. In line with developing UK/EU deforestation regulation, deforestation free means in the case of supply chains using wood, that the wood has been harvested from the forest without inducing forest degradation after 31 December 2020.
Develop a natural resources stewardship programme	2025	N/A	N/A	N/A	This commitment has now been completed with the introduction of the new nature strategy in 2024, through which we seek to ensure we have a more resilient value chain, driving a positive impact on key natural resources such as water, biodiversity and soil.
Zero Waste					
90% operational waste reused, recycled, redistributed with no waste to landfill	2025	88% (2020)	86.2%	86.7%	At Asda, we hate waste of any kind, so reducing operational waste is one of our strategic priorities. We focus on three areas: reduction, redistribution and repurpose. Reducing our operational waste is a key part of our Zero Waste strategy to reduce our impact on our environment and to increase operational efficiency. We use a range of methods to keep waste from landfills, including: reuse/repurpose/recycling; anaerobic digestion; incineration with energy recovery; donations to charities; re-sell/liquidation; animal food production, composting and thermal incineration. Diverting waste from landfills means less greenhouse gas emissions and less soil and water pollution. Recycling or repurposing existing materials also creates less need to extract and produce new materials. We aim to increase all our methods of reducing waste throughout our operations by 2025.

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Zero Waste					
Reduce food waste by 20%	2025	2015	28,308 tonnes* (+5.5%)	29,413 tonnes (+9.6%)	At Asda we hate waste of any kind, so reducing food waste is one of our strategic priorities. Food loss and waste can happen at every stage of the supply chain and as a large retailer we recognise the vital role we play in addressing this issue. Reducing food waste can lower greenhouse gas emissions from food production, transportation and decomposition, and it can also save water, land and energy that are otherwise used to produce food that is never consumed. The reasons for food waste occurring are complex, based on things like forecasting, weather, sales, types of products left unsold and redistribution routes. Our strategy focuses on three areas: reduction, redistribution and repurposing. While our food waste targets have proven difficult to make progress towards, we are pleased that donation and commercial redistribution continues to grow, and hope to have a greater impact with expanded redistribution routes in 2024. *In 2023 we became aware of industry-wide issues relating to the processing of food waste for animal feed and the possibility that a proportion of this was being sent to anaerobic digestion. As a result, we have adjusted our animal feed redistribution figures and reflect this only showing as animal feed where we have clear evidence. This means we have restated our 2022 figure from 27,836 tonnes to 28,308 tonnes – an increase of 472 tonnes – making our 2022 food waste figure 5.5% above our baseline rather than the 3.8% previously stated. This has also impacted our progress in 2023, with animal feed a growing part of our redistribution strategy. We aim to restart animal feed redistribution later in 2024.
100% recyclability of own brand packaging	2025	N/A	88.3% Recyclable at Kerbside 4.7% Recyclable in large stores Total: 93%	88% Recyclable at Kerbside 7.8% Recyclable in large stores Total: 95.8%	Asda became a founding member of the UK Plastics Pact in 2018, with the ambition to ensure aiming to make 100% of our own-brand packaging recyclable by 2025. Our goal is to ensure that all packaging our customers bring home when purchasing ASDA own brand products can be recycled, whether at home or in-store, according to the On Pack Recycling Label (OPRL) industry definition of recyclability. Over the past few years, we have made significant progress towards this target and are now focusing on the remaining packaging. We are actively looking for solutions with key suppliers, and we are proactively engaging with external stakeholders to contribute to industry-wide collaboration. Year on year increase in recyclability from 2022 to 2023 is mainly due to a change in OPRL industry labelling guidance for PP film moving from 'do not recycle' to 'in-store recycling'.



ESG PERFORMANCE SCORECARDS

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Zero Waste					
Use an average of 30% recycled content across all our own brand plastic packaging	2025	2019 (24.8%)	29.4%	28%	Asda became a founding member of the UK Plastics Pact in 2018, aiming to use an average of 30% recycled content across our own-brand plastic packaging. Our goal is to reduce the use of virgin materials in our packaging and to support the creation of a robust market for recycled plastics. To achieve this target, we are collaborating with key suppliers and leveraging our data to identify opportunities for safely incorporating recycled plastics.
NEW 20% reduction in total (branded and own brand) primary packaging tonnage on food per 1% of market share	2030	27,902 tonnes per 1% market share (2023)	N/A	27,902 tonnes per 1% market share (2023)	We have reviewed and set new packaging targets for 2030, building on our 2025 commitments. To align with the principles of the waste hierarchy we recognise the opportunity to set an ambition for a reduction target. In the context of Asda's growth strategy, we have committed to reduce primary packaging by 20% relative to the packaging tonnage sold across both our own-brand and branded ranges per 1% of our market share, from a 2023 baseline. This target is calculated by dividing the total packaging weight of all products sold by our grocery market share for the year. Depending on sales performance, this may not result in an absolute reduction in packaging, but instead shows progress in reducing average packaging weight. We've engaged both our own label and branded suppliers to join us in driving this reduction. This initiative aims to minimise our environmental impact by ensuring we use only the essential packaging for our products. We plan to achieve this goal through material switching, packaging reduction, and by testing more scalable models for reusable and refillable packaging.
George: Fibre Sourcing					
By 2025, a minimum of 30% of the polyester used within George products is recycled polyester. This is certified by either Global Recycle Standard (GRS) or Recycle Claim Standard (RCS)	2025	12% recycled content (2020)	50%	62%	Polyester is a synthetic fibre made from crude oil. Using virgin polyester creates demand for fossil fuel extraction which is why we have set a target for recycled polyester which in turn reduces the demand for fossil fuel extraction and the creation of virgin polyester fibre. We work alongside our buying teams and supplier partners to ensure when we design product that contains polyester, we include where possible a % that contains recycled fibres. Currently 62% of our polyester products are meeting this target. We continually monitor our clothing teams to ensure we are on track to achieve this target and offer support on this where required through conversation and education in order to achieve our target.

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
George: Fibre Sourcing					
By 2025, 100% of our Viscose is certified by either Forest Stewardship Council (FSC), or Programme for the Endorsement of Forest Certification (PEFC) and is supplied from a Green Shirt viscose supplier (based on Canopy's Hot Button report)	2025	22% (2020)	81%	78%	Viscose is derived from wood pulp cellulose. The cellulose is extracted from wood, and turned into fibres using a chemical process. Its production has been linked to the depletion of the world's forests, which are cleared to make way for pulpwood plantations, contributing to climate change. By aiming for all of the viscose used in George products to be sourced through an FSC source and the fibre produced by a Green Shirt supplier on the Canopy's Hot Button Report , this target aims to ensure that the forests we use are being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while eliminating the use of ancient or endangered forests. We review the volumes of viscose purchased through our own due diligence systems and compare this to the volumes of viscose products our teams buy. We then work with our buying teams and our supplier partners to educate them about these targets, to discuss how to accelerate progress and to support where needed.
By 2025, all of the cotton contained in George branded clothing, accessories and footwear, as well as our soft home textiles products, will be sourced via Better Cotton, certified organic or certified recycled cotton	2025	60% (2020)	98%	96%	Traditional cotton production has many negative environmental impacts including excessive water consumption and soil degradation and erosion. By sourcing our cotton products through Better Cotton , we aim to reduce our contribution to these negative impacts, supported by their educational programmes. Through its implementing partners, Better Cotton trains farmers to use water as efficiently as possible, care for soil health and natural habitats and reduce use of the most harmful chemicals and respect workers' rights and wellbeing. Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source.' To advance progress against this target, we review the volumes of cotton purchased through the Better Cotton platform and compare this to the volumes of George cotton products our teams buy. We then work with our buying teams and our supplier partners to educate them about these targets, to discuss how to accelerate progress, and to support where needed. Currently, the majority of our cotton is sourced via Better Cotton with a small proportion of Organic and Recycled cotton. We anticipate that we will achieve 100% by the end of 2024.



ESG PERFORMANCE SCORECARDS

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
George: Waste					
Facilities reporting through The Higg Index	(Previously 2022 for all facilities)	-	96.2%	96%	The Higg Index is a suite of tools that enables Asda to accurately measure and score every stage of our textile supply chain's sustainability performance. As more suppliers report through Higg, we are provided with additional information about suppliers and supply chain sustainability so that we can make informed decisions about how to develop our supply chain to be more sustainable. By 2022, our policies state that all facilities should be engaged with The Higg Index, which we had previously communicated as a target. We did not reach this target by 2022 and a review as at 14th March 2024 shows that engagement with the Higg Index is between 98 and 100% of the facilities within our supply chain at any point. We continue to work with suppliers to engage any outstanding facilities, but this review has shown us that changes to the facilities our supplier partners use and the time taken to engage new suppliers with the Higg process makes our original 100% target for reporting difficult to meet and sustain without some fluctuation. We continue to be committed to build on the existing number of suppliers' facilities, and to encourage and support suppliers in engaging with the platform. However, we will be removing the percentage compliance target in line with our strategy to ensure all targets are backed by verifiable, achievable strategies. We have therefore updated this target to remove the 100% threshold, though we will continue to work to maximise engagement with Higgs by facilities and to report on progress.
Eliminate all hazardous waste being released into the soil, water and air, as part of the wet processes used within our supply chain	2025	-	59.6%	83%	By 2025, we aim for all the facilities we work with to use the Zero Discharge of Hazardous Chemicals platform [ZDHC], a multi-stakeholder initiative to stop hazardous chemicals from being used in textile production and polluting soils, waterways and/or the air. Additionally, all facilities we work with have to be registered with one of our preferred third-party platforms which capture data related to the use of chemicals throughout any wet processes used to produce our products. To advance this target, we review the data generated from the ZHDC and other third party platforms to engage with any facility that requires support or education on this.

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
George: Packaging					
50% of hangers reused or recycled	2030*	-	18.7%	14.9%	*We have delayed our target date from 2025 to 2030. This has been prompted by lower-than-predicted engagement with our hanger recycling scheme by customers since the COVID-19 pandemic and knock-on impacts of in-store changes, such as an increase in self-checkouts, which have led to unpredicted reductions in hanger recycling in-store. In response to these trends, we have delayed our target date from 2025 and aim to engage with store colleagues to ensure self-drop boxes are present in-store and easily identifiable to support greater recycling. This target contributes to our overall George strategy to reduce single-use plastic and increase recycled or recyclable packaging. We are exploring ways to increase hanger recycling in-stores through increased customer awareness of in-store recycling schemes, for example, by ensuring we have a larger number of drop-off boxes to capture unwanted hangers. Currently, these are available in our clothing departments, at tills and desks in-store.
30% recycled content in all garment poly bags	2025	-	100%	N/A	This target contributes to our overall George strategy to reduce single-use plastic and increase our use of recycled or recyclable packaging. It also helps stimulate the market for recycled content, enabling investment in new recycling infrastructure and technologies. We met this target in and 2021 and compliance remains at 100% in 2022.
All George packaging to be recyclable at kerbside or in store by 2027	2027*	-	83%	85%	*We have moved this target date from 2025 to 2027. The delay has been caused by a slower than previously expected removal of stickers, owing to their use in helping customers understand and navigate our products and the need to develop an alternative. The outstanding non-recyclable packaging is predominantly made up of glue backed stickers, including RFID backed stickers required for stock management, for which there is not currently a recycling solution. While we continue to look to reduce our use of these stickers and explore moving to more recyclable paper-based stickers, we do not expect this to be deliverable by 2025. This target aims to reduce the amount of packaging going to landfill and the demand for virgin packaging materials. We engage with our buying teams on a regular basis on this subject and our packaging team continues to work through all packaging used across our products. As our packaging includes less-commonly recycled materials that are not currently recycled at kerbside, such as over bags and garment bags used to protect products, we also plan to increase the number of soft plastic recycling bins at stores and will look to improve the information we provide to consumers on how to recycle these items, as part of our longer-term strategy on sustainability communications.



ESG PERFORMANCE SCORECARDS

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Responsible Business Fundamentals: Supporting local communities					
Support children and young people in every Asda community through Asda Better Starts*	2026	0	1.01m	Target re-evaluated, see commentary	*In 2021 and 2022 we worded this target to "Reach 5 million children in Asda communities through Asda Better Starts". In 2023, we re-evaluated our approach and concluded that we can make more of a lasting difference to children by driving partnerships which have the deepest and most tangible impact on beneficiaries. To do this we need to shift our approach from 'high reach' to a 'higher impact' focussed approach and will work to define these outputs and measures throughout 2024.
Boost community wellbeing by providing a safe, inclusive place to meet in Asda communities	2026	N/A	10 Community Rooms 11,663 donations of space in Asda stores	18 Community Rooms 9,174 donations of space in Asda stores	We opened eight new community rooms in Bristol Whitchurch, Beckton, Maryhill, Antrim, Livingstone, Runcorn, Barnsley and Llanelli in 2023 giving us a total of 18 community rooms. We have further community rooms planned in 2024. The provision of rooms, alongside additional store space, helped us deliver 9,174 donations of space in Asda stores across 14,111 days to groups such as the Loneliness Network & Breast Cancer Now support groups.
Raise £30m for Asda Tickled Pink over the next five years, bringing our total fundraising to £100m over 30 years	2026	£76.8m (2021)	£5.9m £82.8m total	£7m Total £90m	The £7m fundraised in 2023 means we have now raised £18.8m (67%) of our overall target of £30m over five years (2021-2026). Over the last 28 years our customers, colleagues and suppliers have helped us raise £90m (end of 2023) for Tickled Pink. From turning iconic products pink to hiking the highest hills, we do it to raise important funds and awareness for our charity partners. You can now donate at Asda Express locations.
1 million more women from the Asda community regularly checking their breasts by 2026 [Encourage at least 100,000 women from the Asda community, who have never previously checked, to start this important habit.]	2026	0	Target 1m women, 100,000 women from Asda community	684,638*	In November 2023, the annual Great British Check In survey estimated that 684,638 people checked their chest as a result (+13% YoY). *Source:vcGreat British Check In Report by Research bods – November 2023 – nationally representative survey of 2175 respondents, extrapolated with Asda penetration. Through our Asda Tickled Pink partnership, we work with our partners, Breast Cancer Now and CoppaFeel! We aim to drive behavioural change and want everybody to get in the habit of regularly checking their boobs, pecs or chest. In 2023, we launched our biggest ever Tickled Pink campaign with over 200 exclusive pink products available to purchase. Sales of the products help raise vital funds supporting new breast cancer treatments, education and life-changing support, as well as on pack breast cancer awareness on a range of products. We also encourage everyone, regardless of age, gender, or ethnicity, to become Real Self-Checkers and establish a regular breast-checking routine.

COMMITMENT	TARGET DATE	BASELINE	2022	2023	COMMENTS
Responsible Business Fundamentals: Supporting local communities					
Empower 8,000 community groups per year to tackle issues in their local community through Asda Foundation	2026	N/A	4,860	5,000	This target was set during an exceptional period, preceded by the Pandemic and then during the Cost-of-Living Crisis. In 2021 our focus was to support as many groups as possible to re-engage with their communities. We had many low value, high volume funding options including Green Token Giving and monthly £50 supermarket donations, we also had residual funding from 2020 to allocate, due to prior difficulties delivering planned activity during the pandemic. From 2022 to present, our strategy has evolved to reflect the changing needs in communities and the increased cost of all basic items. We have closed our Green Token Giving Program which was a low-value, slow, funding route, and supermarket donations have now returned to be the responsibility of Asda. Our strategy now focuses on delivering a bigger impact in communities, which is achieved through higher value grants. Our Grassroots Grants program (launched in 2022) offers a medium value grant to groups, our high value Investing in Spaces and Places program (also launched in 2022) offers a transformational amount of funding to improve community spaces across the UK. As we move into 2025 and start a new funding cycle, we will be creating a strategy that best supports all local communities along with aims and targets that help us to achieve this. We believe that solely aiming for a total number of groups to support does not reflect the impact we strive to make in communities.
Responsible Business Fundamentals: Colleagues					
Create a new colleague Wellbeing Index and set a baseline	2022	N/A	72%	75%	Launched in May 2022, two Wellbeing Index surveys were completed. The Index continues to inform our wellbeing strategy going forward. In 2023, 75% of colleagues recorded a positive wellbeing score, with a positive response to each of the four wellbeing questions all showing improvement from 2022, up to 5% in just one year.
Increase percentage of female General Store Managers to 30%	2025	24% -2021	24%	23%	Efforts continue to ensure a steady supply of potential leaders into successor positions. We are reviewing our policies and initiatives to drive a more inclusive workplace that ensures our female colleagues can flourish. These include our Intentional Allyship and Activate development programmes, Women in Asda Inclusion Network, flexible working trials, and commitment to being a Menopause Friendly employer.



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