



# Asda Sustainability

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**Head of Corporate Sustainability**



# About Asda

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## We've got history

Founded in 1960's in Leeds, where we're still head quartered

## We've got scale

Over 180,000 Asda colleagues

Over 560 stores

## We've got reach

Over 18 million shoppers served per week in store

Over 98% of UK homes served through our home shopping business



# Our sustainability vision

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**We believe sustainable living is for everyone, no matter who they are and what their income. We believe in everyday low prices for sustainable products.**

Our business is committed to delivering great value at everyday low prices. For us, sustainability is part of that value.

We've worked hard for many years to reduce our environmental impacts and, as a result, our costs.

We're listening to what our customers care about and they want us to help them lead greener lives.



# Sustainability is our business

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**Our business  
promise...**

**...is affected by...**

**...so we're...**

**Every Day  
Low Prices**



Increasing energy,  
fuel and food prices



Increasing efficiencies  
across operations, saving  
over £80m to date

**Quality you  
can trust**



Customers demanding  
higher quality, more  
sustainable choices



Collaborating with  
customers & suppliers to  
develop affordable products  
from sustainable sources

**Wide range  
of choice**



More competition for  
fewer resources,  
increased uncertainty in  
supply



Working and investing to  
secure sustainable supply  
chains of the future



# Sustainability saves us money

Over £80 million since 2005



## Energy

**£40 million**

Energy efficiency

Over 33% carbon reduction in buildings



## Product

**£10+ million**

A third less packaging on Asda brand products

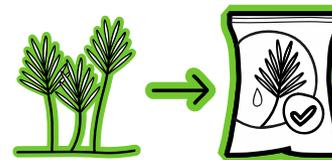


## Waste

**£27.4 million**

Over 96% diverted from landfill

All food waste diverted from landfill



## Supply Chain

**£7.7 million**

18million fewer miles driven

47% less carbon from fleet

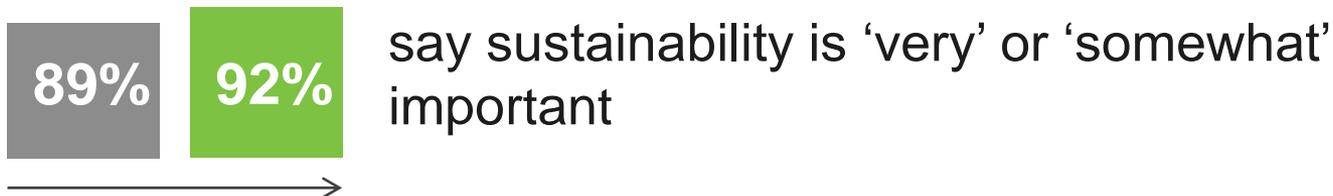
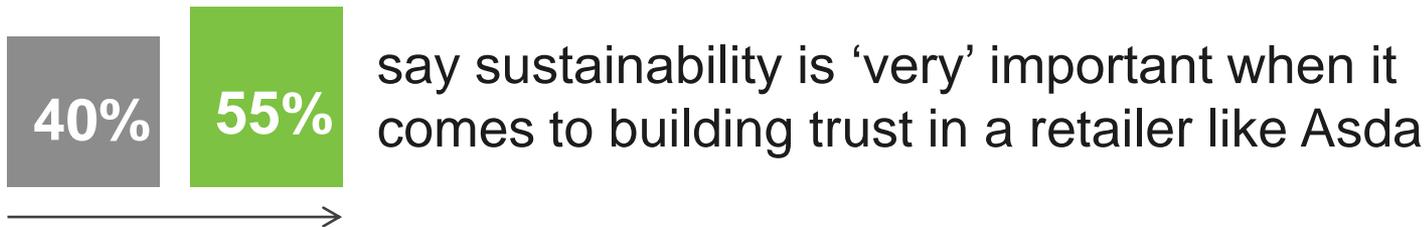


# Sustainability contributes to Trust

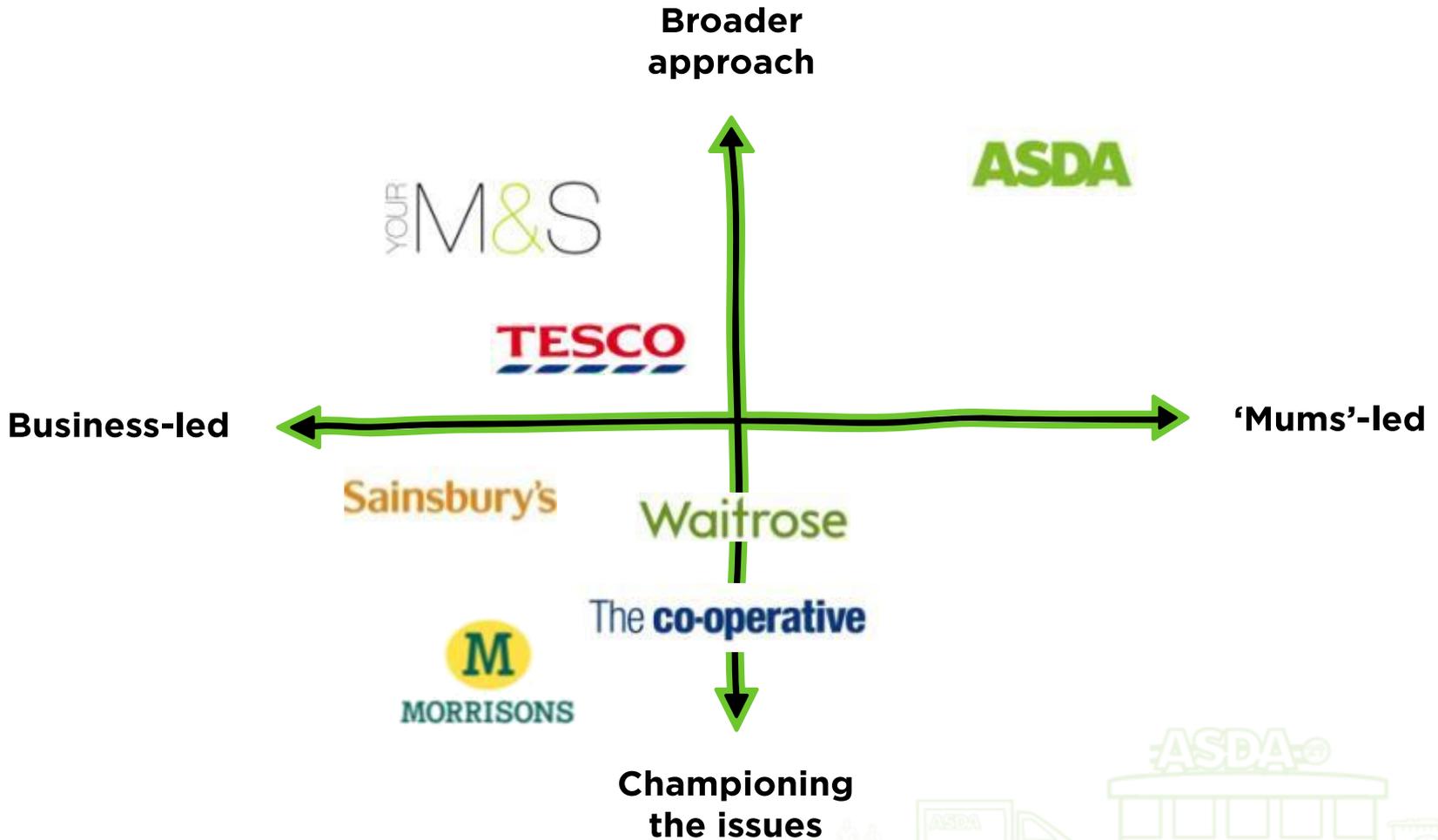
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The link between sustainability and trust has grown even stronger.

Feb '12    May '12



# Affordable sustainability



ASDA 24



# What Customers Think



# Overview

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## Why

To be recognised as the affordable green retailer and the voice of UK consumers  
To explore our customers' motivation and to identify barriers around sustainability

## How

A panel of 6,000 Asda customers  
Over 17 online surveys with average of 3,000 responses  
Backed up by focus groups  
Designed and verified with research partners The Environment Council and Populus

## What

'Green Is Normal' report issued end of 2011  
Focus on food & food waste key focus in 2012  
2013 signals focus on enabling sustainable choices



# 5 new facts

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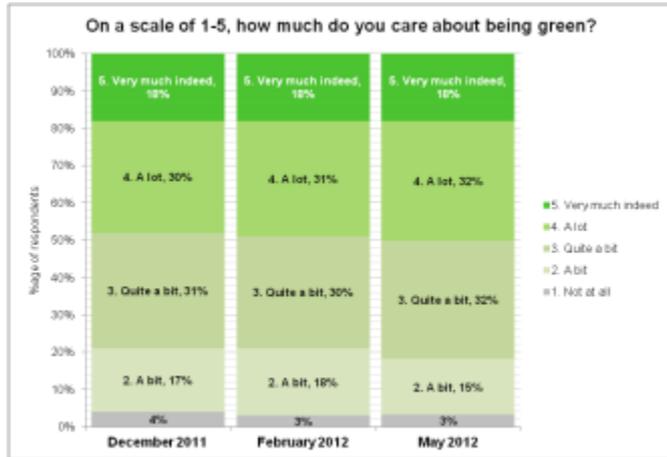
We've busted five big myths about 'who cares' when it comes to sustainability:

- 1.Green is normal
- 2.I set the sustainability agenda
- 3.Green should be easier to find
- 4.I expect to be greener in the future
- 5.The green choice shouldn't cost more



# Our customers EXPECT it

97% of customers tell us they care, no matter what their demographics or values



Source: Everyday Experts PoTN survey, March 2011; 3349 responses

What words do you associate with sustainability?



Source: Everyday Experts qualitative research, May 2012

## Customers



Say we're #1 for 'good green value'

97% care about being 'green'

Cost is their biggest barrier to buying green products

Source: Everyday Experts PoTN survey, March 2011; 3349 responses

Do you think Asda is more or less sustainable than other supermarkets?

*"Asda does some stuff but M&S are miles ahead so Asda could do a lot more"*

Source: Everyday Experts qualitative research, May 2012

# Our Strategy



# Sustainability framework

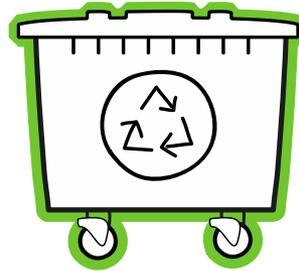


## Energy

### Switching off and cutting back

Cutting our energy and carbon

Helping Asda mums cut energy and car



## Waste

### Cutting waste every day

Cutting our waste

Helping Asda mums cut waste



## Products

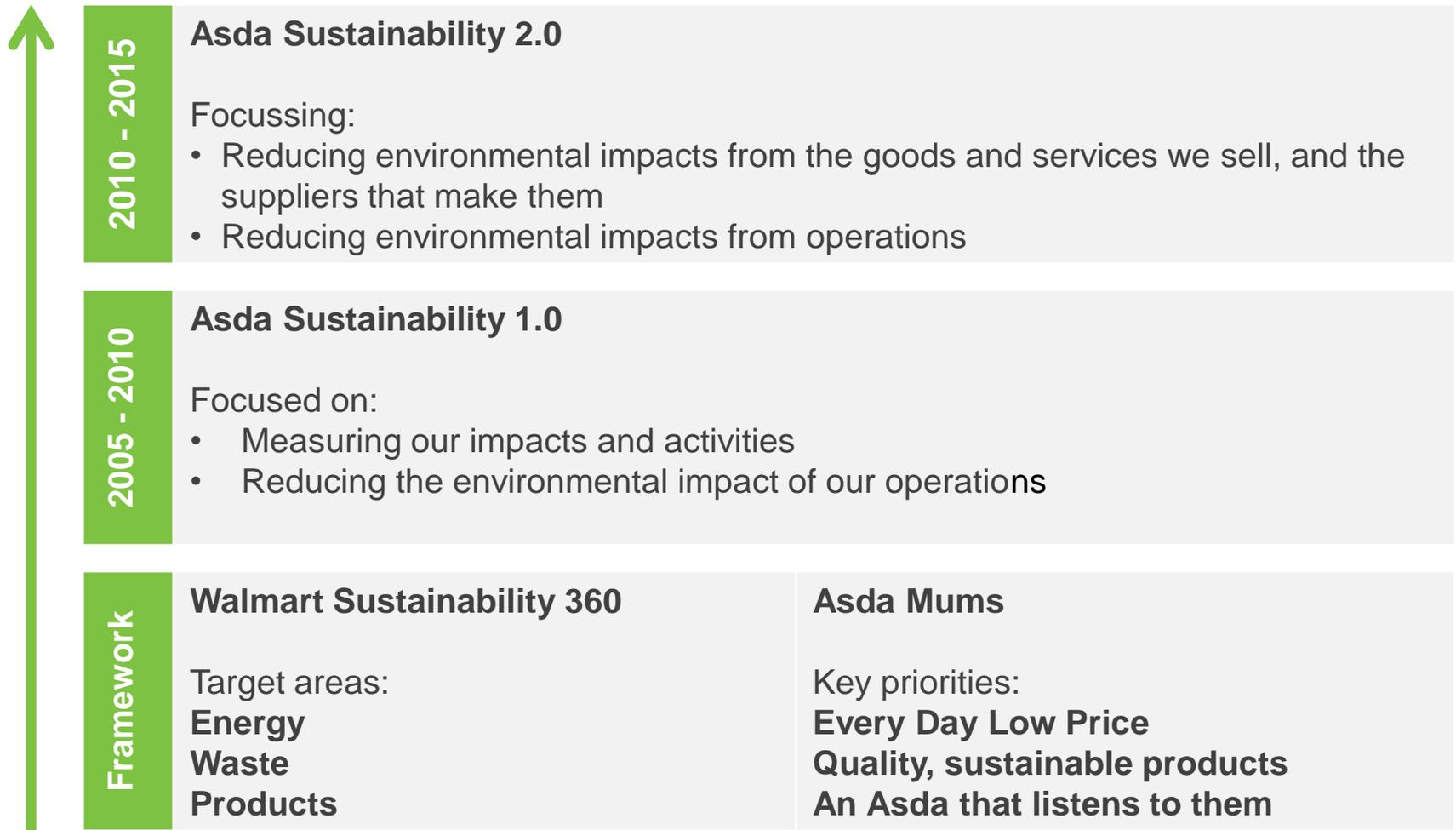
### Improving products for people and the planet

Reducing our products' environmental impact

Bringing Asda mums better products



# Our strategic journey



# Taking an holistic approach

## Working with Colleagues



### Why?

To get all 180,000 Colleagues on board with sustainability

### How?

Internal engagement

### What?

Green champions in every store – colleague to colleague

The 'Green Room'

All About Asda Sustainability Challenge

## Working with Customers



### Why?

To meet Asda mum's needs

### How?

Listening and talking

### What?

Everyday Experts research

Asda customer communications

## Operations



### Why?

To reduce Asda's own footprint

### How?

Working across the business and finding new technologies and ways to do this

### What?

Results: - take this from other slides.



## Working with Stakeholders



### Why?

To develop successful strategy

### How?

Stakeholder engagement

### What?

Dialogue with:

- Key environmental NGO's
- BCTV
- The Sustainability Consortium

## Working with Communities



### Why?

Store lead programme focused around the square mile, of the community

Every colleague is a community colleague

### How?

Community Life programme trialled in 26 stores and 3 depots in 2011 and rolled out in 2012

### What?

4 pillars

**Healthier Life:** Kids are healthier

**Working Life:** Improving young people's prospects

**Local life:** Families are more involved in their communities

**Greener Life:** Families are living in cleaner, safer environments

# Sustainability 2.0: The 5-year plan

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## Our vision

We believe sustainable living is for everyone, no matter who they are and what they earn. We believe in everyday low prices for sustainable products.

## Our plan

### A competitive business

- Resilient supply chains
- Supplier collaboration
- Climate change mitigation and adaptation
- Advocacy

### Selling quality products

- Sustainable agriculture
- Meeting customer demands
- Healthy sustainable diets
- Industry-leading products



**Creating  
sustainable  
value**





# Progress we've made



# Sustainability 1.0 progress (2005 – 2010)



## Property, energy & transport

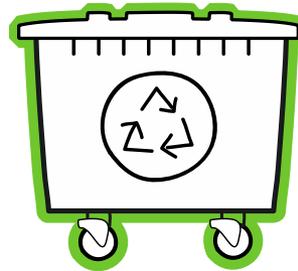
**20% carbon emissions reduction** from new depots

**40% carbon emissions reduction** from new stores

**5% reduction** in water usage

**7% absolute carbon reduction** achieved

**40% emission reduction achieved** (intensity target vs. cases delivered)



## Waste

**75% of operational waste** diverted from landfill

**92% of construction waste** diverted from landfill



## Product

**100% fish sold** sustainably sourced

**First UK retailer** to cut artificial colours, flavours, enhancers and artificial sweeteners from all products

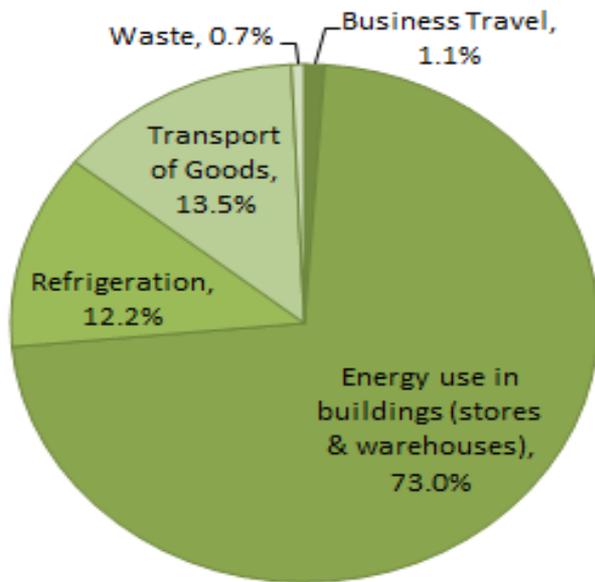
**Local supplier regional hubs** since 2002, a UK first



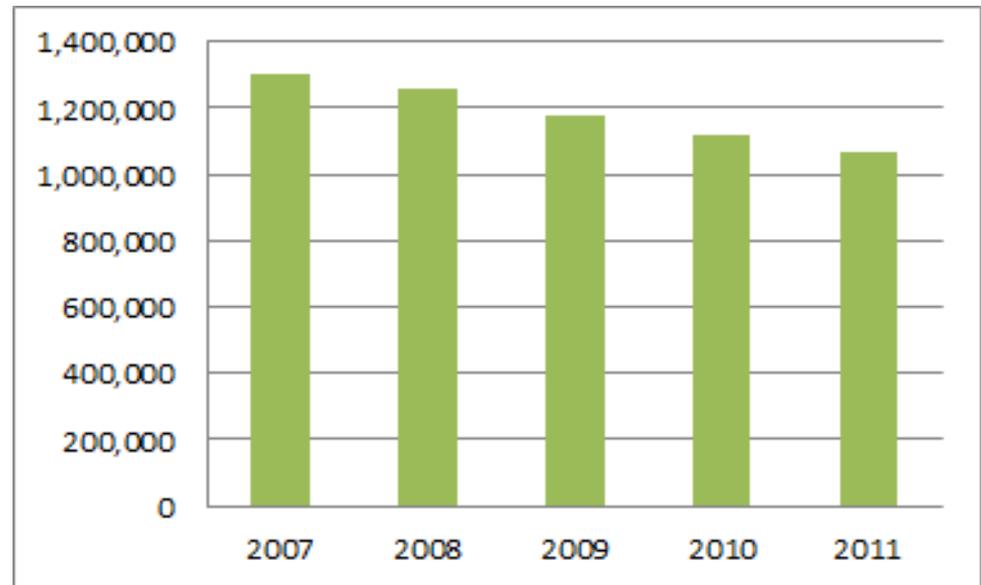
# Carbon Footprint Reduction YOY

Nearly 18% absolute reduction in face of significant increase in turnover  
83 tons per £1m in '07; down to 55 tons per £1m in '11

## Main emission sources



## Emissions over time



# 2.0 – Corporate targets



## ROI

Return on investment decisions include shadow cost of carbon

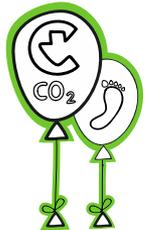
- In effect from January 2011



## Carbon footprint

Continued, absolute 10% carbon footprint reduction to 2015

- 17.7% reduction since 2007



## Climate change

Mitigation plans in place for five product categories by end 2012 and every building by 2015

- 2012: Mapped produce supply chain
- 2013: Mapping entire business into a framework



## Customer voice

Increase input of customers and key stakeholders into our work

- 2011: Launched Green is Normal report
- 2012: Focus on food & reducing food waste
- 2013: Enabling sustainable choices focus



# 2.0 – Energy & Transport targets

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## New property

New stores: 60% carbon reduction by 2015

- 45% reduction achieved

New depots: 30% carbon reduction by 2015

- 11.7% reduction achieved



## Current property

Existing stores, offices and depots: 35% carbon reduction by 2015

- 33% reduction achieved

Refrigeration emissions leakage reduced to 8% by 2015

- 7.1% leakage rate achieved and now maintaining



## Transport

Transport operations: 60% carbon reduction by 2015 (intensity vs. cases delivered)

- 47% reduction achieved



# 2.0 – Product targets

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## Natural resources stewardship

Support farmers to reduce water usage & maintain soils

- LEAF toolkit on soils launched in 2011 & water toolkit in 2013

Sustainably source key agricultural commodities

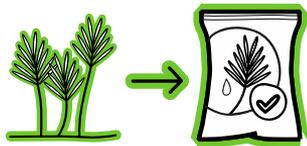
- 100% sustainable palm oil through GreenPalm & move to physical



## Packaging

10% reduction in carbon impact of packaging by end 2013

- Maintain reductions & look to innovate further



## Supply chain

Align suppliers with our sustainability commitments

- Asda Sustain & Save Exchange (SSE) launched in 2012
- Resource Saver tool in SSE helped nearly 50 companies in 2013





# Supplier Collaboration

The Asda Sustain & Save Exchange (SSE)



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# Vision & Delivery

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## Vision

Through collaboration the Asda Sustain & Save Exchange is a key driver of our aspiration to have the most sustainable and resilient supply chain in the UK. In particular it uses the lens of sustainability to identify opportunities to create shared value with our supplier partners through a focus on resource efficiency.

## How?

For an activity to run through the Sustain & Save Exchange it must have both environmental and cost saving benefits. Activities must be 'Simple' to engage with, 'Driven' through collaboration and 'Connected' through common purpose utilising a web interface supported by relevant face to face activity.

More  
Sustainable

+

Less  
Resources

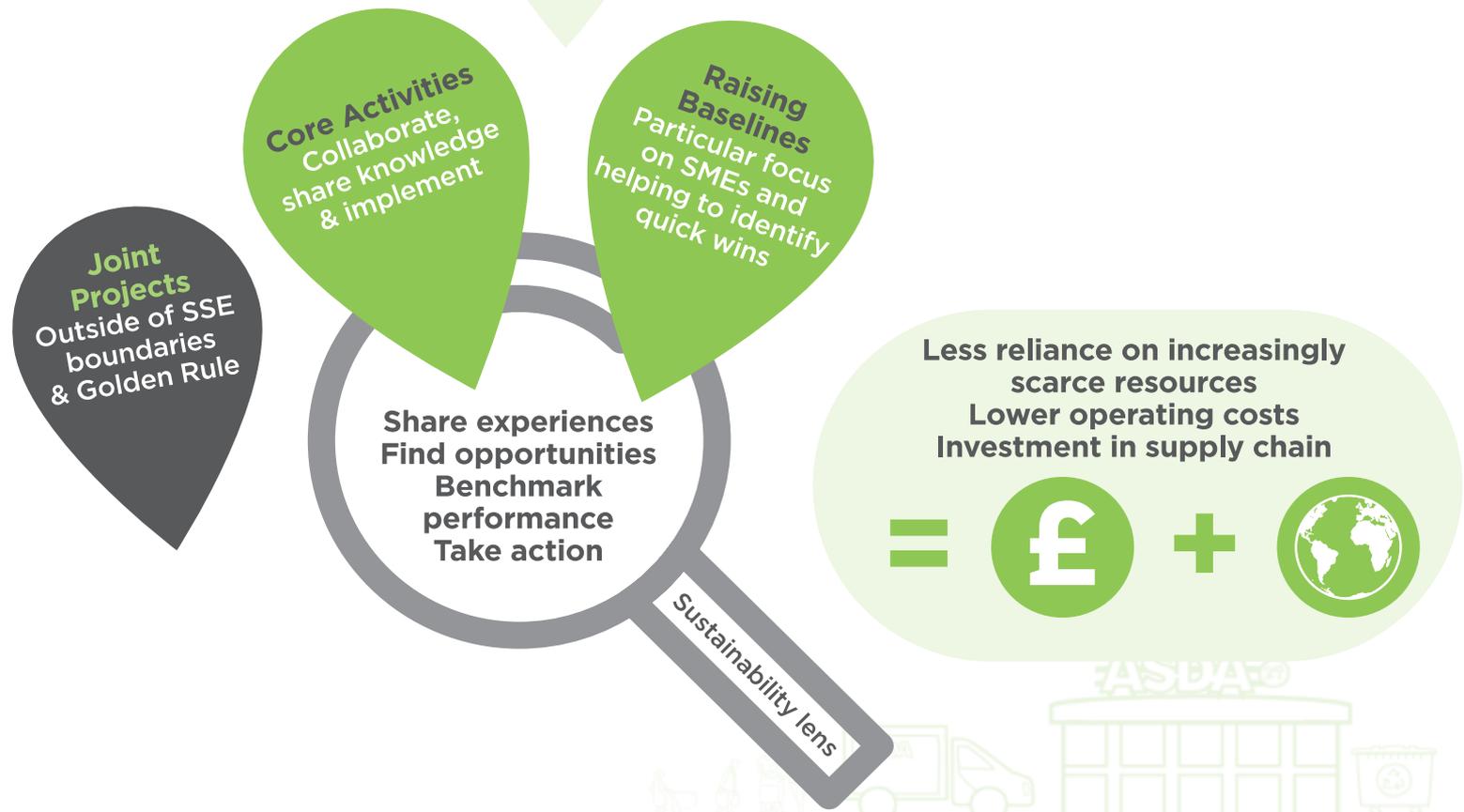
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# How the tool works

## The Resource Saver

NEW starting point for suppliers to assess their baseline & find best opportunities



# Don't just take my word for it...

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<http://youtu.be/9owrrT3IGM0>



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# Biggest wins

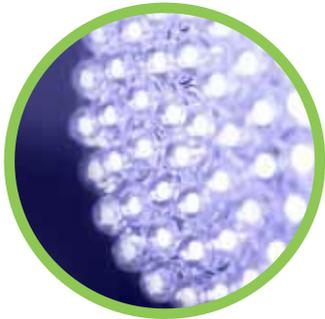
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**Watts Farms** has predicted a **20% saving on total site energy costs** after investing in a new, more efficient cold store... thanks to information on the SSE.



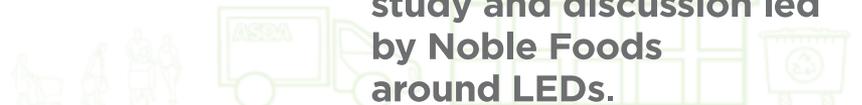
**Moulton Bulb** is installing an efficient mobile high-pressure water cleaning system with the help of a grant... thanks to the advice given by SSE members in identifying potential risk of legionella as well as suggesting a more efficient system.



**DE Brand & Sons** is going to save up to **90% on lighting bills** after a switch to LEDs and lighting controls... thanks to reading about Arla's experiences on the SSE.



**Buckingham Foods** validated a new project to extensively upgrade their old lighting to efficient T5 fluorescent tubes fitted with PIR sensors, following a case study and discussion led by Noble Foods around LEDs.



# Things You Can't Plan For



# Brand damage through campaigns

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<http://www.youtube.com/watch?v=2ExNmhDLslk>



**Thank you**

