



TESCO

Our food quality story.

September 2020

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01

Hello.

At Tesco, we want to offer sustainable, affordable, healthy products to everyone.

We want to provide great value to our customers and always exceed their quality expectations. But we also want to make a positive contribution to society more broadly. Only if we get all of these things right can we truly meet our core purpose of serving shoppers a little better every day.

We know that our position in the market gives us a unique ability to lead transformative change throughout the supply chain. It also gives us a responsibility to tackle some of the biggest social and environmental challenges facing us today. That's why, since 2017, our Little Helps Plan has been a core part of our business. It encompasses the following four pillars:

People

We treat them how they want to be treated.

Product

We make sure they're affordable, healthy and sustainable.

Places

We support communities where we have a stake.

Planet

We work in a way that protects it.

Delivering on our plan means our customers will grow trust in our brand and can be confident in every Tesco product that they choose. Colleagues can feel proud about the products they develop and sell. And suppliers are supported to build secure futures as part of a winning brand.

Underpinning all of this are our expert food quality teams. Collectively, they make sure we only sell products that are responsibly sourced, made to the highest quality standards, guaranteed safe, and which comply with applicable laws and regulations.

Here is the story of how we do that throughout our Tesco UK and ROI operations.



Sarah Bradbury
Group Quality Director

“ Together with WWF, we aim to halve the environmental impact of the average UK shopping basket. The positive impact of this will be far reaching: by helping our customers eat more sustainable diets, restoring nature in food production and eliminating waste from the retail industry. ”





02

Our people.

Our food quality team

Everything we do starts with people: from our hardworking expert food quality teams, to our committed supplier partners around the world. We would not be able to achieve our rigorous quality standards without them. It's as simple as that.

Our food quality division is made up of seven core teams. You can read about each of them and what they do on the pages that follow.



Our Product Development Director, Kate Ewart, and our Executive Chef, Jamie Robinson, and their teams focus on understanding the latest culinary trends, bringing them to life through dishes that delight our customers.

Product development

A team of people who are passionate about food. Their remit is to make sure we have great quality, value for money and innovative Tesco brand products in our stores.

In delivering our product development programme, they create new ranges in response to changing customer needs and market requirements. And they make sure our current Tesco brand products meet our Little Helps Plan commitments on health and sustainability.

Technical

The guardians of our stringent quality and safety policies. The technical team make sure that our products are safe, legal and responsibly sourced. This ranges from the ingredients we use, to the way in which they're produced and transported onto our shelves.

Wherever our suppliers are based in the world, the team make sure they grow and manufacture goods to our agreed quality and technical standards.

“Our ambition is to create products that are sourced with care, which our customers love, everyday.”

Product regulatory compliance

Helping to build trust in our business, the team are experts in their individual fields. These span areas such as environmental health, microbiology, nutrition, food hygiene and safety.

A central function, they support all global sourcing and the markets in which we operate, continually driving improvements and ensuring full cooperation with local regulators.

The team sets the expectations for the factories that supply us, verifying compliance through our audit and testing programmes. And they define the requirements for product safety, working within our stores and distribution centres to support and drive adherence.

When things do go wrong, they will manage the removal of products from store, liaising with the appropriate regulatory authorities to protect our customers and our brand.

The value of collaboration

The product regulatory compliance team regularly engage with food industry bodies, government, charities and academics – from food authenticity experts to microbiologists. Alongside this, externally, product regulatory compliance colleagues sit on working groups across the food production and food science industry.

This open approach to collaboration is a crucial component of our food quality story: working with those at the pinnacle of research and innovation gives us access to the latest scientific understanding and industry developments.

We use this to continually review and evolve our own ways of working, improve our standards, and update our policies and guidance to reflect best practice. Importantly, this means we remain responsive to the needs of our customers and our colleagues.



Responsible sourcing

Our responsible sourcing team's remit is to make sustainable products accessible and affordable for all. Importantly, in doing so, they help deliver our core Tesco value of treating people how they want to be treated.

Our human rights managers make sure the workers and small-scale farmers who make, produce and grow our products are treated fairly and their rights are fully respected. Always on high alert to any risks, they work collaboratively with suppliers, NGOs, unions, governments and other businesses.

Our environmental managers work to reduce the impact of our operations on the planet by making sure our products are sourced carefully and in a sustainable way. By doing so, we can help maintain the health of the natural environments from which we source our products and preserve resources for future generations.

Our packaging experts make sure the packaging we use is always the best option for both the planet and our customers. They help source materials which are easy for our customers to recycle and they work behind the scenes on new technologies to drive the industry forward.

Agriculture

Our agriculture team strives for us to be the leading retailer on sustainable agriculture and animal welfare, and British agriculture's most trusted partner. It's a bold statement. But it's absolutely achievable by working collaboratively, as they do, with producers, suppliers and industry bodies.

On a macro level, the team's work helps support a food and farming sector that delivers good food for all. And one which secures the future of British farming, food and fisheries through being ethical, good to the environment, and economically sustainable at all levels.

Quality assessment

The gatekeepers of our quality standards. The team works on the ground at our depots to check that goods arriving from our suppliers always meet the high-quality standards that we and our customers expect.

Applying their wealth of knowledge and experience, they keep a close eye on customer feedback, and work closely with the technical teams to ensure we're always maintaining our high standards.

Product health

Working collaboratively across our business, the health team is responsible for developing our health plan and bringing it to life. This means taking sometimes quite complex information from external bodies such as Public Health England, and working with our company nutritionist to translate its relevance and meaning to our business.

They also have a hands-on role in trialling and delivering health interventions in conjunction with key supplier partners. And in working with technical and development teams to reformulate our products and track progress. They do all of this whilst also supporting the product teams to launch new ranges.

03

How we work.

Collaborating with suppliers and producers

We want to build transparent and trusting relationships with our suppliers and producers: after all, we know it's their continued hard work, expertise and passion that helps us to deliver great quality products to our customers.

Keeping channels of communication open is an essential part of how we trade responsibly: sharing knowledge, expertise and innovating together helps us strengthen our partnerships and build a more sustainable supply chain.

Meanwhile, the stringent sourcing and manufacturing requirements we have in place with our partners underpin our joint business ambitions. They apply to our extensive range of Tesco brand products and our supply chains across the globe.

We work collaboratively on industry initiatives with some of the suppliers whose brands we sell, to offer choice and meet our broad range of customer needs. They are, however, responsible for the standards applied to their own products.



Creating new products for customers

It's simple really: our aim is to create products that our customers love, which are sourced with care and sold at prices they can afford. We care deeply about the food that our customers put on their plates and we know they don't want to compromise on quality and taste.

That's why we're always looking for new and better ways to meet their food needs and help simplify their lives. Our people genuinely care about food and go the extra mile to [source it](#).

We pay attention to every little detail, every step of the way. From farm to fork and behind every new product that hits our shelves, there is a team of passionate people working together to make sure all the food and drink we sell meets our customers' needs.

By understanding our customers and wider market trends, our expert team of developers work hard to bring great quality, innovative and good value Tesco brand products to the market.



Stage 1: Choosing a winning idea

To develop products that our customers love, we need to really know our stuff and understand them better than anyone else. That's why the journey of creating a new product always starts with research and insight, so we can really get under the skin of what customers are thinking, feeling and, most importantly, eating. This could be talking to customers first-hand or reviewing the latest culinary trends with our development chefs and supplier partners. We make sure no stone is left unturned on our quest to launch the 'next big thing'.

This level of detail is important because it's essential that our products meet our customers' needs and expectations. If we do not understand our customers and the world they're living in, we won't be able to make the right decisions about the products we need to develop for them.

Stage 2: Developing our chosen idea

To take a product from concept through to launch, we work with our chosen suppliers on a product brief. The aim of the brief is to give as much detail as possible about the product we would like, and the standards our suppliers must comply with to make sure it's safe, legal and of great quality. At this stage, the technical team start to review potential suppliers to confirm they can meet our [factory, sourcing and compositional requirements](#). For new suppliers, the technical team will start the approval process. This will include a visit to review their site's [HACCP](#) (Hazard Analysis Critical Control Point) system and food safety standards, before an independent second party conducts an approval [audit](#).

Throughout the development process, our team works with our suppliers to check that every aspect, including taste, texture, appearance and aroma is perfect. This is done through many rounds of product tasting in our product development kitchens. Sometimes products are tasted 10 or more times until we have a version we know our customers will be happy with. That's a lot of product sampling, but we're committed to delivering the best possible quality to our customers. As well as making sure we get the flavour and texture just right, we develop the packaging, to make it fit for purpose. The packaging must protect the product and prevent it from spoiling but it also needs to be easy for the customer to open and use.

By working with our suppliers on briefs that clearly state what we are looking for, and the standards which must be adhered to, we set the benchmark for great quality from the very start of the process. The result is something which not only tastes delicious, but that has been developed with our customers' safety and nutritional wellbeing in mind.

Taste-testing

We know it's not just our opinion that matters when it comes to new products, that's why we use our product testing centre as a vital filter in the process.

Our expert panel

We have a dedicated in-house team of 'super tasters' who have been specially selected and trained to be able to detect the tiniest changes in flavour. We can ask this team to taste our products at any stage of the development process and use their expert palates to help us perfect each product.

Customer testing

Important though our super tasters are, no-one's opinion matters more than our customers'. So, we also have built-in opportunities to gain first-hand customer feedback on products throughout the development process. Our brand and insight teams can help us identify the specific customer groups our product will be targeted at, to make sure the right people are trying it: we wouldn't want to be asking a vegetarian for feedback on our proposed new range of pork sausages. We have two dedicated testing centres specifically designed for this purpose and we can also arrange for samples to be sent to customer homes for testing.

Our in-house development kitchen

At the centre of our new product development process is our Heart building: a market-leading facility, specifically designed to allow our development chefs, product teams and suppliers to work together. Within Heart, our product development kitchens provide versatile cooking spaces where products can be prepared and tasted with our suppliers.

Our new food experience space is home to events which allow colleagues, suppliers and customers to try out new recipes or showcase new ranges or food trends. This is also where our development chefs innovate at the cutting edge of food creation, understanding new trends and bringing them to life.

Meanwhile, our product testing centre allows us to test these new ideas with our team of expert tasters to make sure they're the best they can possibly be.



Stage 3: Preparing the product for launch

The technical team take the lead here to make sure our supplier partners are ready to produce the new products. This will include factory trials, sending product for testing and agreeing the product [specification](#). During this phase, the technical team work with the development team to review factory trial samples against those produced in a kitchen: it's important that our final product can be made to the same high standard when production is scaled up.

Once the factory trial has been signed off, the technical team carry out a technical handover with the factory. This means checking that all product information meets our policies on [sourcing](#), [labelling](#) and [packaging](#), and to confirm it meets our [compositional requirements](#). Once this is done, we can be sure that all products are safe, legal and meet the quality seen throughout the development process.

A practice production run is then carried out to identify any challenges before launch. At this stage, the technical team will review the site [HACCP](#) (Hazard Analysis Critical Control Point) plan, agree the product specification and review any product testing before first production. Once agreed, the factory will go into initial production and the technical team will fully check the product: this will be their final review before reaching the customer, so it's critical at this point to make sure everything is right.





04

Our quality management system.

Product quality and monitoring

Once a product launches into our stores, the product quality journey doesn't end there: maintaining customer and regulatory trust is equally important to us. That's why we continuously review our products after launch, to make sure they're safe, legally compliant, [responsibly sourced](#) and exceed our customers' expectations of being high-quality time and time again.

We have a specialist team who oversee the complex legal framework covering all aspects of developing, manufacturing and selling safe and legal products. Applying their wealth of knowledge and experience, they keep a close eye on customer feedback, and work closely with the technical teams to make sure we always maintain our high standards.

Visits and inspections are an important part our technical team's role, allowing us to constantly review the quality of products and site standards. They also help us to build trusted relationships with our suppliers, which in turn helps support the production of safe, legal and quality products.

We need to do all this to protect our customers and our business: mitigating risks means customers can grow trust in our brand and be confident in every Tesco product they choose.

Specification checks and product assessments.

We assess Tesco products against the agreed **product specification**. These specification checks help us to ascertain whether the product is consistently meeting our standards on all quality parameters. And that it complies with our **compositional requirements**.

There are four points during any given year at which we can check the quality of our products. These are:



01. Depot specification checks

We have a 40-strong team of dedicated and experienced quality assessors across our 11 fresh food depots, who conduct 180,000 product checks every year across the range. The team make sure the product being delivered into store is of the standard agreed with the supplier during development.

02. Technical specification checks

The technical team review products against the agreed specification with our suppliers. They aim to review 100% of our products every year. During these checks, the product is prepared according to the packaging instructions.

03. Independent product assessor checks

We have a team of specialist tasters who are on hand to review the quality of Tesco products on a daily basis.

04. Quality market reviews

We carry out quality market reviews to benchmark every Tesco brand product to make sure they're competitive in quality and price, and compliant with our compositional requirements. We do this by assessing them blind against our competitors, giving them a score to show our position in the market.

These checks allow us to track the quality of our Tesco brand products, to make sure they're manufactured to the best quality standards. And importantly, that they continue to meet the quality expected by our customers. They also give the product teams a true picture of how the product is performing against the specification.

Visits

Our technical team spend most of their time on the road visiting sites, depots and stores. Their reasons to visit include product investigations, first productions and making sure the manufacturing sites comply with our factory standards.

Food safety.

We want our customers and stakeholders to have confidence that the products we produce are safe and meet our stringent requirements. That's why it's important for us to manage food safety throughout the supply chain, especially when we have factories producing Tesco products across the globe.

This is the role of the technical team, who work with suppliers to make sure they're technically compliant. This involves, for example, implementing a HACCP (Hazard Analysis Critical Control Point) system, making sure suppliers follow product specifications and that they meet our testing and compositional requirements. It also includes implementing the policies which the product regulatory compliance team have developed to cover Tesco requirements.

Hazard Analysis Critical Control Point (HACCP)

We need to understand all risks in the supply chain and that means having robust control measures in place.

The HACCP system helps us to do this by addressing risks to food safety via the analysis and control of hazards throughout each step of the production process. From raw materials to finished product, following the HACCP system ultimately helps us to achieve food safety and legality.

Product specification

A specification is a document which is agreed between our technical team and the supplier. It details all of the quality and legal aspects that we've agreed, to make sure we can replicate the same great quality every time.

It's then uploaded onto our [technical database](#) which outlines what is acceptable and unacceptable for a range of quality parameters. These include product appearance, taste, texture and packaging, as well as raw material sourcing, which is important for traceability.



Factory standards.

We only source our products from suppliers with high standards of food safety and hygiene who can demonstrate good manufacturing practices throughout the supply chain. It's vital that we have confidence in those we work with to supply products that are safe for our customers.

To review compliance with our standards, our [technical team](#) regularly visit and meet our suppliers, and also work with them on continuous improvement plans where necessary. By conducting audits, we can make sure our policies are being understood and upheld throughout our supply chains.

We've developed industry-leading manufacturing standards covering all the Tesco brand products we sell. These are reviewed regularly to make sure all industry and legislative updates are included, and we work with our suppliers to check that they're complied with.

Our bespoke audit programme captures the status of compliance with our standards and provides a way of monitoring continual improvement. We work with external, independent audit partners, and food industry experts in, for example, dairy and thermal processing, to complete the audit. Our approach to food safety doesn't just stop at the delivery of our products to our stores.

We continue our high standards into our store operations and we have a network of trained operational managers working across the UK. Experienced in environmental health and food safety, they support stores with food safety queries and audits.

We're proud of our rigorous food standards and how they're applied. Whilst they're aligned with recognised industry standards, having our own independent standards and audit process allows us to work more closely with our suppliers. It also means we can drive improvement, manage risk, build capability and tailor our requirements, as our standards can be applied across our global business.

Having our own bespoke standards also gives us a close understanding of how our products are being produced operationally, protecting our customers and our brand against food fraud. And it supports our manufacturers and packers in driving improvement, reducing the level of non-conforming products and helping to reduce waste and cost throughout the supply chain.

The standards have been created by a global working group of food and manufacturing experts, including technical managers, auditors and suppliers from the entire Tesco supply chain. We encourage our suppliers to work collaboratively with our technical team to continuously improve the standards we have in place.

Our Tesco Food Standard

At Tesco, we only want to sell products that customers can trust. Our Tesco Food Standard helps us to achieve that, by clearly outlining the requirements we expect our food and drink suppliers to meet for any Tesco brand products they produce: suppliers must demonstrate their ability to meet the standards before they can begin manufacturing Tesco products.

The result is the supply of safe, legal products, which meet customer expectations on quality, origin and responsible sourcing. Our technical and product regulatory compliance teams continuously review the standard and it's independently audited against.

The standard includes requirements such as the following:

- The construction and design of the manufacturing site

- Pest control
- Cleaning schedules
- Hygienic employee facilities
- Workwear

We also highlight the importance of respecting [human rights](#) and good labour standards throughout our supply chains.

To make sure that minimum human rights standards are met, we rely on a combination of in-house visits by our responsible sourcing team, independent ethical audits and certifications. We expect our suppliers to be able to demonstrate product assurance throughout all areas of production, from sourcing raw materials to transportation of finished goods and on-going product management.



Tesco Quality Connect and Tesco Supplier Network

Building relationships and communicating effectively with our suppliers, farmers and growers is vital to our work. In addition to meeting and visiting them when we can, we primarily use two tools through which to do so.

Tesco Quality Connect

An electronic interface between us and our suppliers, Tesco Quality Connect is a technical database giving product and site information. It houses our agreed product specifications, which are compiled throughout the product development process. And it provides a place to share policies and guidance as well as storing records of all supplier visits and audits. Having a system like this is important so that our suppliers, technical and development teams can access the latest information whenever they need to. Records for all of our products, and vital information such as product testing, sources of raw materials, and labelling information, is also stored here.

Tesco Supplier Network

The network is an online community for Tesco teams, suppliers and producers around the world to connect virtually. It helps us to deliver on our belief that sharing knowledge and expertise, and innovating together, can help build strong partnerships and a more sustainable supply chain. We also use the network as one of our communication tools for informing suppliers of new or changed policies.





Product testing.

Testing is an integral part of our product assurance programme. It helps us to check that the controls and risk assessments we've built into our supply chains are effective, and to identify any further improvements.

- We work with specialist, independent laboratories who buy products from our stores just as a customer would and then test them according to our requirements.

We carry out a variety of tests across our product range, to monitor the safety, legality and quality of our products. The appropriate test for each product is identified using the information we gain through our risk assessment process: different ingredients and processes can introduce different risks. Two types of testing that we do are microbiological and chemical.

In addition to this, our suppliers have their own testing programmes in place which cover both [raw materials](#) and finished products. This helps them to manage their supply chains and demonstrate to us that they're producing safe and legal products. We support them in this by outlining our minimum testing requirements, including the expertise required in the testing laboratories they use.

- **Microbiological testing** is when we look for bacteria such as campylobacter that could cause food poisoning, and other bacteria, yeasts and moulds that can cause products to spoil.
- **Chemical testing** can be helpful to verify authenticity, and check that products don't contain harmful pesticides or contaminants.

“Monitoring the authenticity of our food is very important to us. Using sophisticated laboratory tests, we can verify our products are what we say they are, for example that our beef is beef, and our cod is cod.”

Following the horse meat crisis in 2013, we were one of the founding members of the Food Industry Intelligence Network: a collaboration of retailers, foodservice companies and food manufacturers. Every three months, we share our authenticity test data with an independent organisation which also receives other members' data. It's then combined and a report is issued back to us.

This way of collaborative working gives us a greater level of insight into the issues and potential risks in different product areas on a wider scale. The data feeds back into our risk assessments along with other insights gained through our wider horizon scanning activities.



Managing product issues

At Tesco, we're committed to ensuring that the products we provide are safe, legal and of the correct quality.

Unfortunately, there are occasions when our products do not meet our requirements. Any products that do not meet our requirements are quickly removed from sale in our stores and online and that they're isolated in our distribution centres.

Our teams then work collaboratively to investigate and implement appropriate corrective measures for the future.



Horizon scanning

Our role isn't only to reduce current risks to safety and quality, but also to identify and plan for those which may impact the Tesco supply chain in future, directly and indirectly. We therefore monitor the globe for threats to food supply.

If we do identify any risks, we can use our [technical database](#) to quickly identify any potential impact to us and work with our suppliers to manage the risk. Having this horizon scanning capability in place is vital for the safety of our products and our customers.

Customer complaints

Like every business, we aim to receive as few complaints as possible, but those we do receive play a valuable role: they provide us with first-hand customer insight into the quality of our Tesco brand products and how we deliver against our customers' expectations. We review complaints daily as it's important for us to understand where we can make improvements.

The appropriate management, and follow up of complaints, acts as an important check in our system to make sure we're delivering on quality, safety and legality for customers.

Raw material and finished product integrity.

We set high standards for our growers, farmers and suppliers for ingredients such as meat, fruit and vegetables, to make sure they're safe and of great quality. Defining those standards is a collaborative process and we adopt industry recognised standards where they exist, making sure ingredients are also produced ethically and responsibly.

Meanwhile, our [technical database](#) records all important information about where products and ingredients are sourced and produced. This helps us to meet our requirement of sourcing raw materials with integrity and control. Having visibility of the supply chain is a key requirement of our suppliers.

This means they must risk assess their raw materials and processes to prevent contamination of products with unexpected foods or risks such as allergens or foreign bodies. As part of that, we require appropriate controls, such as auditing and testing, to be put in place.

Overall, our approach to product integrity gives us confidence in developing great quality foods that have been sourced responsibly, and that our customers can trust. Putting standards and measures in place makes it clear to our suppliers what we expect of them to allow us to meet our customers' expectations.





Compositional requirements.

When it comes to recipe formulation, our Tesco compositional requirements clearly state our approach in areas such as additives, artificial colours and genetically modified foods. They also set out how we describe our products to our customers.

Based on years of customer research and feedback, industry best practice and regulation, the requirements are regularly reviewed and updated to reflect current thinking. Creating products that customers expect requires us to look at every detail of the product.

The [product development process](#) allows us to do that, as we have the opportunity to create, review and innovate. Whether we're developing a new product or reformulating an existing one, the integrity of the ingredients, sourcing and the health and expectations of our customer are all considered. When it comes to the health of products and customers, we apply the latest science, blending it with customer feedback to make sure we don't compromise on quality and taste.

Our composition requirements are based on principles which are grouped under **four key themes**:

01. Ingredient safety and integrity

The ingredients we select to use in our products have integrity and do not compromise food safety. By this we mean that recipes should be formulated as closely as possible to how a recipe would be made at home, with ingredients typically found at home. Wherever possible, we seek to use natural ingredients, additives and flavourings.

We do not permit the use of artificial colours, benzoates or flavour enhancers.

This makes it easy for us to implement very clear rules about specific ingredients.

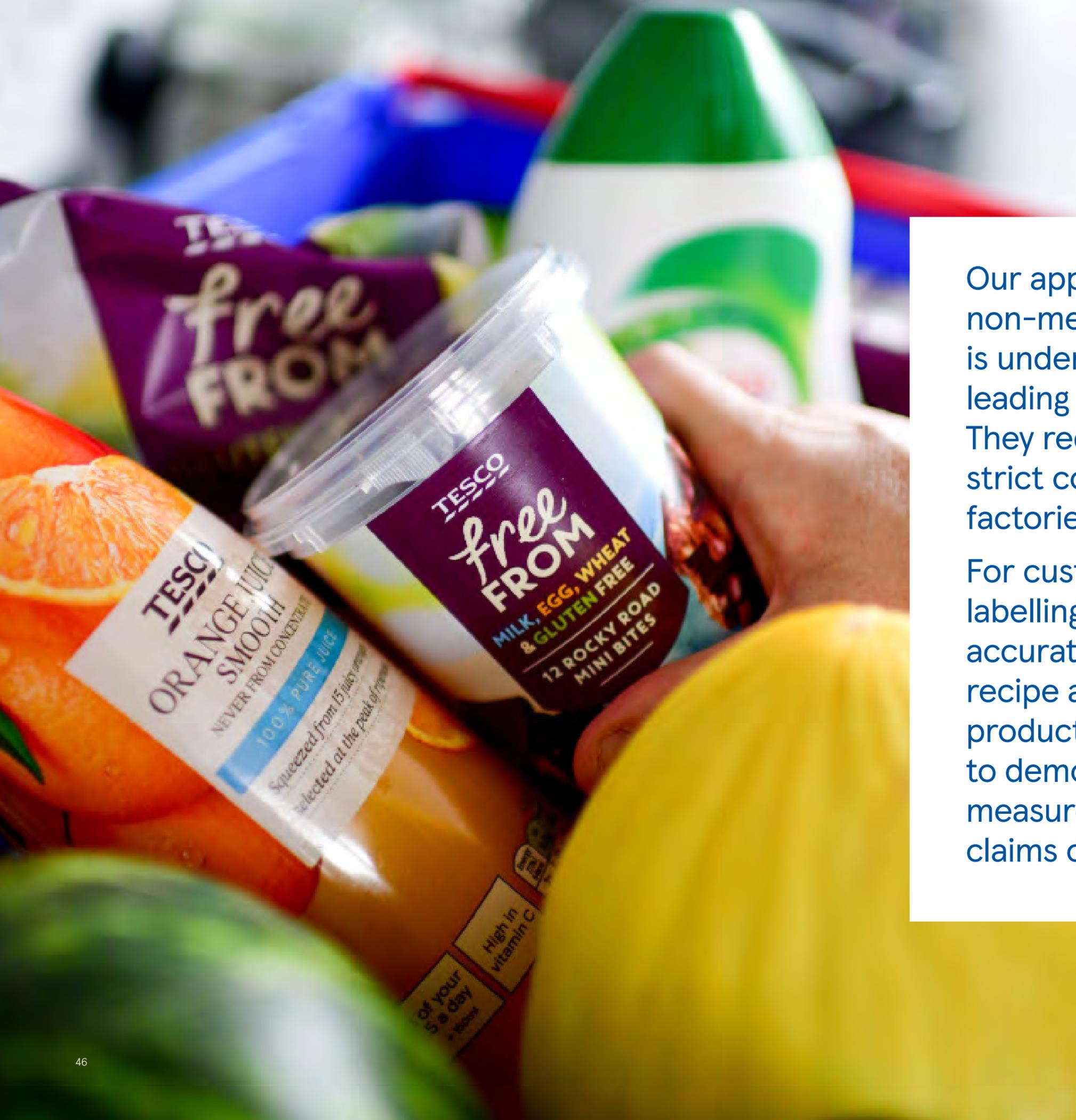
Specific ingredients and processes that we do not allow in our Tesco brand products are:

- Genetically modified organisms
- Mechanically separated meat
- Irradiation
- Monosodium glutamate

At times, there is a need to use additives, but they will only be used if they're safe for our customers and necessary to achieve a specific technological requirement. For example, sulphur dioxide is used in producing dried apricots to help maintain the natural orange colour of fresh apricots: without it, they would go brown. It also provides safer storage conditions.

Whilst trying to remain close to traditional recipes, we actively try to reduce or remove the number of allergenic ingredients too. This means more of our products can be made suitable for more customers.

Similarly, we're increasing our availability of foods that are suitable for vegan and vegetarian diets, through our [Plant Chef](#) and [Wicked Kitchen](#) ranges, for example. Meanwhile, our Free From range offers choice to those who are avoiding specific allergens.



Our approach to allergenic and non-meat derived ingredients is underpinned by our industry-leading production standards. They require suppliers to have strict controls in place in their factories and the supply chain.

For customer clarity, our labelling of these products accurately describes both the recipe and production of the product. We require suppliers to demonstrate control measures so we know those claims can be substantiated.

02.

Product nutrition

The health of our customers and colleagues is of the utmost importance to us and we're doing a lot of work in this area to help them to **live healthier lives**.

Providing food and product ranges which meet everyone's varied dietary requirements lays the foundations. Making nutrition and health information clear on products can help customers make healthier choices.

For example, our use of front of pack nutrition labelling ('traffic lights') helps customers clearly see how much energy, fat, saturated fat, salt and sugar is in our products.

We also create standalone brands which implement strict ingredient and nutrition criteria to meet specific dietary needs.

All our Tesco brand products are formulated with our customers' health, satisfaction and enjoyment in mind.

We review the portion size of the product in comparison to the intended market and the target customer that we have in mind.

Through our reformulation programme, we're actively seeking to reduce the saturated fat, salt and sugar in our foods. At the same time, we're increasing the fibre, fruit and vegetable content in products that matter most to our customers.

Following public health concern regarding the role of trans fatty acids in the diet, **we do not permit the use of hydrogenated fats and oils in our Tesco brand products.**

We check the health impact of any change we make by understanding the nutrient profile of the product. To do this, we adopt externally published nutrient profiling tools, such as the UK Department of Health's

front of pack nutrient profiling guidance for labelling, and the Food Standards Agency's (FSA) nutrient profiling model. These models review a product's fat, salt and sugar content as well as the fibre, fruit and vegetable content.

We care deeply about the impact that we have on food choices, so we work with a variety of external stakeholders to constantly improve our ways of working and to ultimately improve our product portfolio. To make sure that we're actively working to **commitments** that we make externally, we build guidance and external targets into our policies.

03.

Responsible sourcing

We apply high ethical and environmental standards throughout our supply chains, asking that our suppliers only use ingredients that have been sourced sustainably and ethically.

Where there are commonly used ingredients or commodities which are linked to particular sustainability risks, we specify particular standards which they must be sourced to. These include ingredients such as palm oil, cocoa, coffee, tea, beef, seafood, tuna, prawns, bananas, fruit, vegetables and soy.

See our [top 20 products and ingredients list](#) on page 103.



04.

Honest product, honest labelling

All Tesco brand food and drink products are labelled with information that must be open, honest and fair, and we never want to mislead our customers as to the nature, substance or quality of the food.

There are several things we do to make sure we get this right:

- We make sure that the overall presentation of the product isn't misleading. This includes marketing messages, design, colour scheme, packaging and shape of the product.
- We make sure that food labelling information is clear, accurate, easy to understand and allows customers to make informed choices about the food they purchase. This includes clearly identifying allergens, showing nutrition information (including front of pack nutrition labelling) and product composition, should customers wish to avoid certain foods for religious or ethical reasons.
- Our product labelling reflects the composition of our food as well as its preparation. Our technical and labelling teams work closely together to make sure all information on our packs accurately reflects the sourcing and production facilities our products are created in.
- All the claims we provide on our products must be substantiated. This is done by the adoption of industry standards, application of regulation and capture of information within the product specification.

05

How we source our products responsibly.

Health

At Tesco, we have a key role to play in ensuring affordable, healthy sustainable food is available for all.

We know that 93% of customers* want to eat healthily, but there is a gap between this intention and customers' behaviour, due to the barriers they face: seven out of 10 families* say supermarkets should do more to help people make healthier choices, for example by making healthier alternatives more affordable and enjoyable.

We understand that eating healthily can be difficult. After all, customers tell us they face barriers. For example, that healthy food is less tasty and more expensive, and that they don't have the time or information to find healthier choices.

Health is a key part of our [Little Helps Plan](#), where we set out our actions to help our customers and colleagues make healthier food choices, by drawing on insight and data to address barriers.

Reformulating our products to make them healthier

“ Every time we touch a product, we make it healthier, without compromising on taste or quality. ”

This action, taken from our Little Helps Plan, sets the tone for our product reformulation work.

Our holistic approach to reformulation means we have in fact been gradually reducing calories, fat, sugar and salt, and adding vegetables, fruit and fibre over many years.





Sugar reduction

We've aligned with the UK Government on this. This means we've been working towards delivering a 20% sugar reduction in the products which contribute the most sugar to children's diets as outlined in the government's [childhood obesity plan](#). These include breakfast cereal, cakes, yogurts and biscuits.

We began reformulating our soft drinks range in 2011 to reduce the sugar content. Because of our efforts ahead of time, this meant all Tesco brand soft drinks were below the Soft Drinks Industry Levy threshold of 5g/100ml, 18 months before the legislation came in. We were the first retailer to achieve this target.

Our position on ingredient levels with respect to public health reformulation commitments is set out in our product [compositional requirements](#). They form an essential part of our [product development process](#) and include other key health-related formulation requirements, such as our ban on artificial trans fats.

Calorie reduction

We've taken Public Health England's approach to develop our own calorie reduction programme. This involves using Clubcard data to develop a targeted three-year calorie reduction plan across eight product categories which are most important to families. These include ready meals, cooking and table sauces, and morning goods.

Increasing fruit and veg consumption

Many people struggle to achieve their five portions of fruit and veg a day, so we're taking a number of actions to make it easier for customers.

For example, we're adding more fruit and vegetables into the products we sell and we're encouraging the consumption of fruit and veg as part of our [Little Helps Plan](#). We've also pledged to help customers eat more veg via our [Peas Please commitment](#) with the Food Foundation.

Increasing fibre

Most people don't have enough fibre in their diets, so we add fibre and wholegrains to our products to boost their fibre content.

For example, we've added fibre and wholegrains to 'family favourite' products, such as garlic bread and the pastry of our pies, to help customers get closer to hitting the recommended intake of 30g/day.

Tesco Health Score

We track the healthiness of our products and ranges using our Tesco Health Score, which is a measure based on the UK Government's nutrient profiling model. This helps us to measure the impact of the work we do on reformulation, and it informs our approach to promotions and ranging.

“ We believe cost should never be a barrier to health, so we help all of our customers have access to affordable, healthy food through ranging, price and promotional activity. ”

Here's how we're helping our customers access healthier food.



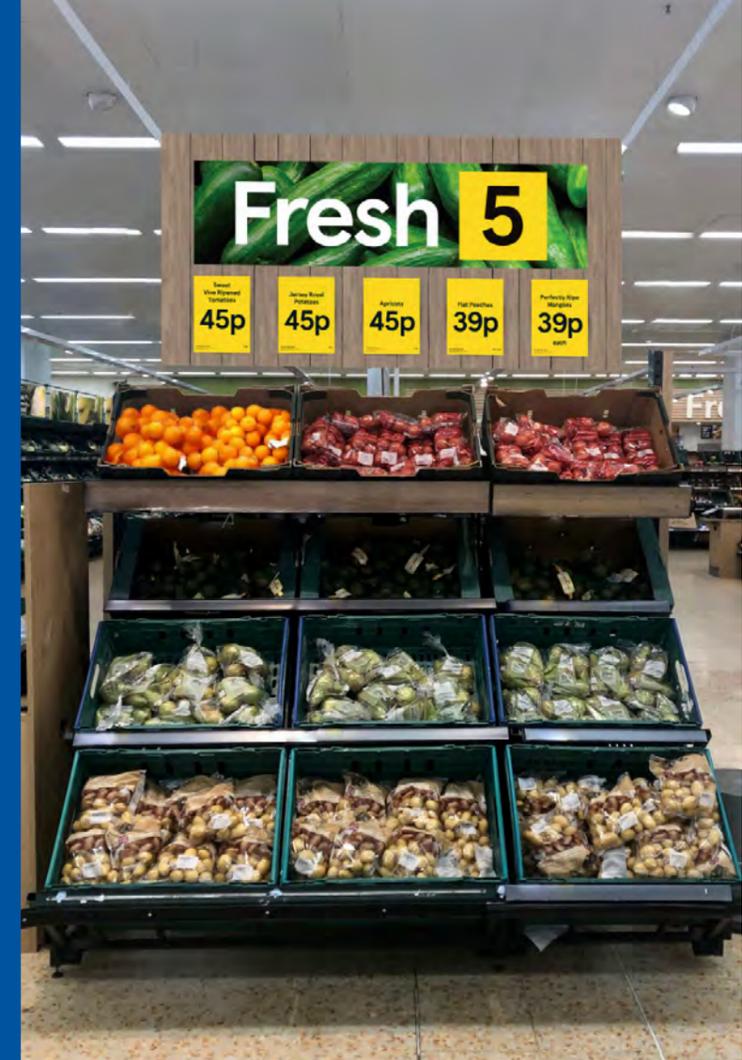


Launched in 2019, Fresh 5 gives customers fantastic offers on five lines of fresh produce which change every two weeks.

This makes it cheaper for them to get their 5-a-day and to try a variety of fruits and vegetables. Through our **Free Fruit for Kids** in-store initiative, children can snack on selected fruit during the shopping trip. This helps them to get one of their 5-a-day as well as helping to make the shopping journey a little easier for parents and carers.

We were the first retailer to implement **sweet-free checkouts across all store formats**, committing to remove sweets, chocolates and sugary fizzy drinks from the checkouts of all stores in 2015. Instead, we offer healthier products at the checkout, such as water, fruit and nuts, to encourage healthier choices and reduce ‘pester power’ for sweet treats.

Each year, we hold a **Health Event** for customers and colleagues. A feature of the event is **Helpful Little Swaps**: promotional swaps to nudge customers towards healthier variants of their favourite products which are the same price, or less than the standard version. We work with our branded supplier partners, through data provider **Dunnhumby**, to highlight healthier choices in-store and online. This helps to make healthier offers more prominent all year round, signposted by our green ‘health’ look and feel.



Inspiring customers to make healthier choices.

We want to help customers understand, find and choose healthier options, and labelling is crucial in helping them do this. That’s why we’re committed to providing front of pack traffic light labelling on products wherever possible.

To give customers access to more information and to highlight healthier options, we’ve partnered with **Spoon Guru**, an app which provides online diet and lifestyle filters. It allows online shoppers with special dietary needs to quickly filter products by requirements, such as **vegan, gluten-free, high-fibre or low-salt**.

In 2019 we launched our **Healthy Choice** logo to help make it easier for customers to find healthier products and make a healthier choice when shopping with us. This logo can be found on inherently healthy **Tesco Brand** products which meet a strict set of nutrition criteria. For customers with specific needs, we want to make sure there are no barriers when it comes to making food and drink choices.





Environment.

At Tesco, we understand that the global food industry must change and be made sustainable for future generations: as the global population grows, so does our demand for food, and the pressure that we put on the finite resources of our planet.

We also know that for customers, sourcing all of our products sustainably is an absolute priority, and they would like to have more confidence in the work we're doing in this area.

Given our scale and position in the market, we're committed to leading the industry to address sustainability issues within our supply chains. Whilst we as an industry are improving the way we source, we do not have all the answers yet.

That's why we must work together and learn with other organisations at a national and global level and act quickly on what we find out. This is vital for the future viability of all operators. After all, it's absolutely key for us to build resilience within supply chains, to future changes in climate and demographics.

Only by doing all of this can we hope to address environmental issues, change the way we consume resources and ultimately, make sure there is sufficient food to feed a growing global population, without depleting our natural resources.



We've committed to sourcing all of our products sustainably and to lead the industry in addressing complex environmental challenges through our supply chains.

To achieve this, we're prioritising our efforts where we can have the biggest impact. We've looked generally at our business, the products that are most important to our customers, where they're sourced from, and the nature of the ecosystems that they interact with.

As a result, we've identified priority ecosystems to manage and protect, products to improve, and ways to measure progress.

We know that satisfying growing global demand for food through global supply chains is one of the biggest threats facing our species and the planet.

And as the UK's biggest food retailer, we have an inherent responsibility to make sure that our operation and supply chains are not causing harm to our natural environments.

We're committed to this for three reasons:

- It's the right thing to do for our planet and for future generations
- We must protect the finite resources on which our business depends
- It's what our customers expect, and rightly so.

We will meet our commitment to lead on environmental sustainability by focusing on the following three things:



Top 20 products and ingredients

The 20 products and ingredients where we can make the biggest difference when it comes to both environmental sustainability and human rights in our supply chains.

The 20 products and ingredients are those products that we sell in the largest volumes which impact upon our five priority ecosystems, described later on in this section. Where data and science show an agreed route to improvement, we've set commitments and outlined requirements for our own operations and across our supply chains. We measure compliance with these as well as improvement through certification and third-party standards. To underpin our leadership role, we're members of important industry groups and NGOs.

In several cases, we sit on the boards of these organisations, as we drive change to make sure the resources of our planet are sustained for future generations.

Sustainable Basket Metric

With food production at the centre of many environmental issues, we've partnered with WWF to make it easier for everyone to access an affordable, healthy and sustainable diet.

We have the shared goal of halving the environmental impact of the average UK shopping basket.

To achieve this, action will be needed across the entire food chain. Together, we have identified three objectives to work towards:

- Help customers eat more sustainable diets
- Restore nature in food production
- Eliminate waste (food and packaging)

The Sustainable Basket Metric allows us to track the progress that is being made to reduce the impact of the average shopping basket.

The basket consists of seven flagship issues. Whilst all are important, they are not all equal, and direct comparison can be difficult.

With the support of external experts, we have therefore assigned a weighting to each area:

- Climate change (25%)
- Deforestation (20%)
- Consumer diets (15%)
- Sustainable agriculture (12%)
- Marine sustainability (10%)
- Food waste (10%)
- Packaging (8%)

Each area contains sub-metrics on specific environmental issues. Some of these relate to our top 20 products (such as beef, milk, potatoes and oranges) whilst others relate to a larger category of products.

Further information available [here](#).

Five ecosystems

There are 5 ecosystems where we can have the greatest positive impact.

The level of understanding of how we can measure these ecosystems, and target and act upon areas of improvement, varies across the food industry. The effective management of some ecosystems is well understood, whilst for others, it's less so.

For each of the ecosystems, we're committed to working across the industry to learn, develop and ultimately transform the sustainability of food production within them.

The five priority ecosystems where we believe we can help make a positive difference are:

1. Climate change
2. Marine sustainability
3. Deforestation
4. Sustainable agriculture
5. Fresh water management

01.

Our five priority ecosystems:

Climate change.

We're taking steps to reduce greenhouse gas (GHG) emissions produced both by our own operations and throughout our supply chain.

Tesco operations

To become zero-carbon by 2050, we've committed to reducing the GHG emissions within our operations by

- 35% by 2020
- 60% by 2025
- 85% by 2030
- 100% by 2050 (vs. a 2015 baseline).

In our UK operations, we expect to reach net zero by 2035. These are in line with the recommendations, from climate scientists, that we must limit global warming to +1.5C, as agreed by global leaders in the Paris Climate Agreement of 2015.

To bring about change on a real scale as soon as we can, we're focusing on our biggest sources of emissions: electricity, transport and refrigeration.

Electricity

We're reducing the amount of electricity that we use as well as switching supply to renewable sources. Our UK and ROI operations have already achieved our goal of using 100% renewable electricity.

Transport

We're converting our fleet of home delivery vans to 100% electric-powered which will be complete by 2028 as well as trialling greener fuel alternatives in our trucks. And to help our customers, we're building the UK's largest retail network of electric vehicle chargers in our car parks.

Refrigeration

We're switching our refrigerant gases to carbon dioxide, which will reduce our refrigeration emissions to minimal amounts.

“ We know that climate change is the greatest environmental threat to our planet.

That's why we were the first business, globally, to set our ambition to become zero-carbon by 2050. ”





Tesco supply chains

To become zero-carbon by 2050, we've set science-based targets to reduce the greenhouse gas emissions produced within our supply chains.

We will reduce manufacturing emissions by -35%, and agricultural emissions by -15%, by 2030.

We've set these targets because we want to encourage progress and make sure that we're only working with sustainable suppliers.

We ask our largest suppliers to do the following:

- Share data with us each year about the emissions that are produced while growing or manufacturing our products.
- Develop their own climate change targets including plans to increase their use of renewable electricity. We're focusing on renewable electricity as this is the most effective first step that our suppliers can take in reducing their greenhouse gas emissions.

- Share best practice and learnings with others.

These steps help us to guide, support and encourage our suppliers and allow us to track progress. Through this work we can identify areas of our supply chain that require more focus to improve.

02.

Our 5 priority ecosystems:

Marine sustainability.

We have an important role to play in promoting healthy oceans and fish stocks. As we sell seafood sourced from wild stocks and aquaculture farms, we have policies in place to make sure both are managed responsibly.

Wild fish

The wild seafood we source is either certified to a credible sustainability standard such as Marine Stewardship Council (MSC) or is responsibly sourced and on a pathway to sustainability.

When assessing whether we will use a new fish source in our products, we consider:

1. Stock health. Is the fish population at abundant levels according to scientific reports?
2. Environmental impact of fishing. Can fishing take place while maintaining the health of other nearby species and habitats?
3. Management practices. Are there robust management measures in place to safeguard healthy stocks and minimum environmental impact?

We work with WWF, the Sustainable Fisheries Partnership (SFP) and other partners to risk assess all sources before and during purchase. We have zero tolerance to Illegal, Unreported and Unregulated (IUU) fishing and we prohibit the sale of species on the International Union for Conservation of Nature's Red List of Threatened Species.



Tuna

Tuna is one of the fish species that we sell in the largest volumes. Sourced from wild fish stocks, tuna fishing comes with certain sustainability challenges such as the capture of unwanted species (bycatch). Tuna are also highly migratory and travel across the waters of many countries, making the management of tuna fishing activities complex.

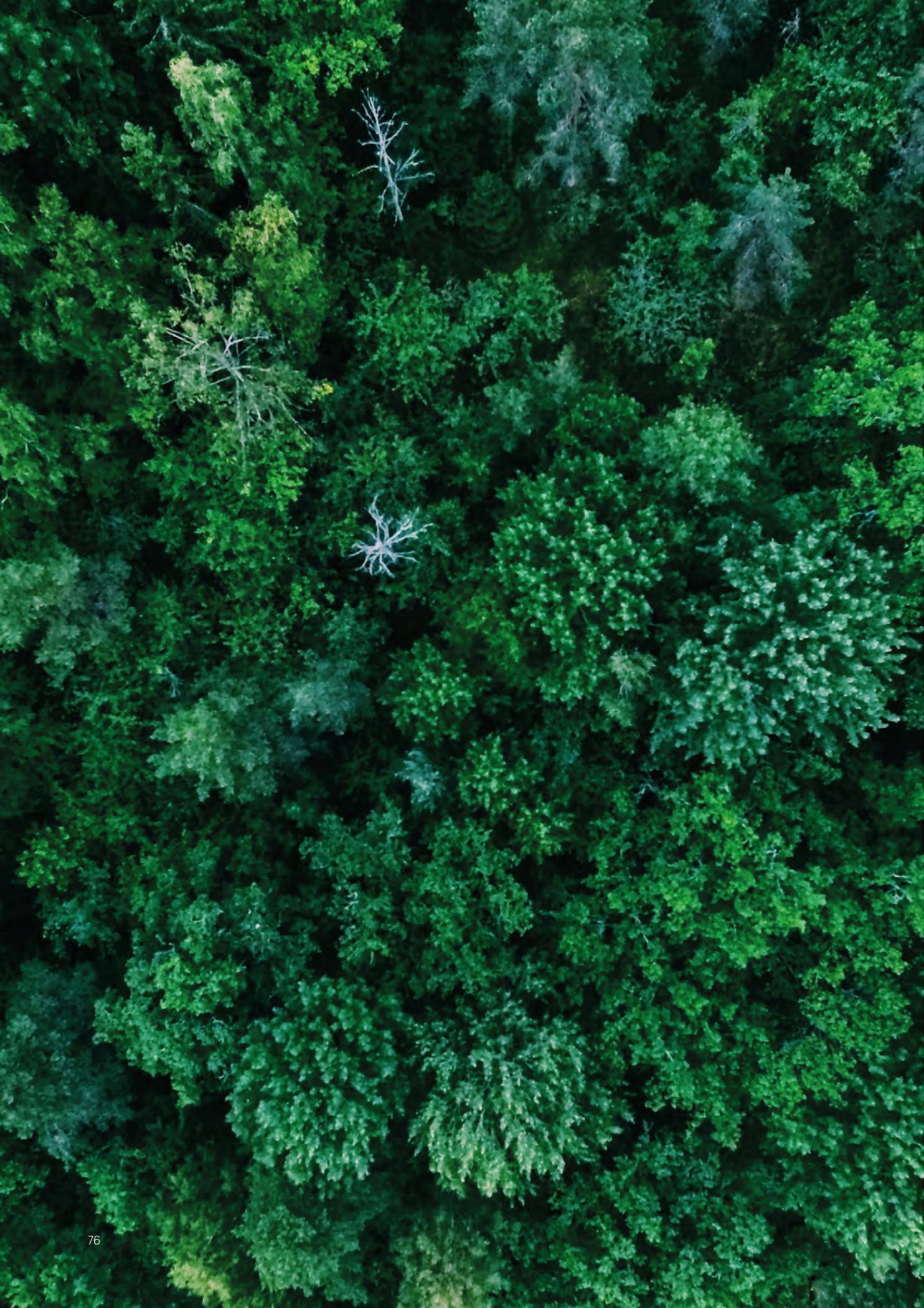
We have specific tuna standards for Tesco brand products. We currently only allow sources that are Fish Aggregation Device (FAD)-free purse seine, 'pole and line' or Marine Stewardship Council (MSC)-certified. Furthermore, we are developing a longer term strategy to achieve 100% sustainable tuna.

The GTA is an independent group of retailers and supply chain companies who are working to make sure that tuna sourcing meets the highest standards of environmental performance and social responsibility.

Farmed fish

Farmed Fish plays a critical role in supporting the increases in global demand for fish. At Tesco, farmed fish is of great importance and we sell a variety of farmed species.

One current challenge in fish farming is the sourcing of proteins, carbohydrates and oils for fish feed, without increasing demand for resources which are already under pressure. For this reason, we and our suppliers, are investing in emerging alternative sources of fish feed such as algal oil.



03.

Our 5 priority ecosystems:

Deforestation.

Forests play a critical role in the global ecosystem. The world has already lost approximately half of its forests and what remains is increasingly under threat.

Preventing further deforestation and degradation is critical if we, as a population, are to mitigate the effects of climate change. Doing so will help protect both biodiversity and the communities who make their homes or livelihoods in forests.

At Tesco, we've committed to zero net deforestation in our sourcing of raw materials.

At Tesco, we will focus on the products we sell, and the commodities we use, that are most linked to deforestation risk.

As a result, we're applying strict standards to how we source soy, palm oil, paper, pulp, timber and beef, all of which can be linked to a deforestation risk.



Soy

Soy is used as an important source of nutrition, particularly protein, within animal feed. However, the cultivation of soy, particularly in South America, is linked to deforestation.

From 2020, only soy that's covered by zero deforestation soy credit schemes can be used as animal feed for our Tesco brand meat and animal products. And by 2025, we've committed that all of the soy in our supply chain will come from verified zero deforestation areas.

Palm oil

Palm oil is a versatile vegetable oil that's commonly used in packaged foods sold in the UK. However, growing global demand for food is causing palm oil production to be linked to significant deforestation in countries including Indonesia and Malaysia.

All palm oil used within Tesco brand products in the UK must be certified by the Roundtable on Sustainable Palm Oil (RSPO).

It's a global standard which certifies that the palm oil carrying the marque has been produced sustainably, without causing harm to the environment or society. It requires producers to operate according to certain standards: that workers employed in the industry can have a sustainable livelihood, that ecosystems are protected and that the business is economically sustainable. In order to gain certification, producers are audited to make sure these standards are met.

Paper and timber products

Timber can be sustainable when harvested responsibly in a way that maintains the natural balance of a forest and respects the rights of local communities. But where it's harvested unsustainably, it can be linked to a deforestation risk.

At Tesco, all our wood and paper products will be either Forest Stewardship Council (FSC)-certified, Programme for the Endorsement of Forest Certification (PEFC)-certified or from a recycled source.

These schemes provide third party assurance that the timber products we're using have been sourced responsibly, from forests that are under long-term sustainable forest management schemes. To gain these certifications, producers and forest managers are audited to make sure certain standards are met, including respect for local land use, and maintenance of biodiversity and ecology.

Beef

Cattle ranching can be a significant cause of deforestation in South America. The Brazilian Cattle Agreement and Forest Code were established in 2009 and 2012 respectively, and are key initiatives to help protect forests in these regions. While progress has been made against these, the conversion of forests and native vegetation for cattle ranching continues.

For this reason, at Tesco we've decided not to source any beef products from Brazil until we're confident that we can manage the deforestation risk. We also endorse the New York Declaration on Forests and support its goals.

04.

Our 5 priority ecosystems:

Sustainable agriculture.

We know the environmental impacts from agriculture can be considerable, but efficient farming and long-term sustainability can be achieved through considered management of agricultural practices. The fresh meat, dairy, fruit and vegetables we sell in our products originate from farms around the world.

To minimise the impact of their production on the environment, all of our milk, meat, fruit and vegetable products must meet the Red Tractor or Global Gap standards.

We've chosen these standards because they require that our farmers farm with care, setting high quality and safety standards in our farms and providing us with traceability from farm to fork. Going beyond our minimum standards, we're testing new, more sustainable agricultural techniques in collaboration with our suppliers and industry experts. We're focusing on four key areas. Outside of these, we know there is much more to learn about target areas, measuring impact and improving sustainability.





Reducing greenhouse gas emissions from agriculture

As part of our Little Helps Plan, we've committed to reducing greenhouse gas (GHG) emissions from agriculture by 12% by 2025 and by 15% by 2030. Agriculture accounts for over 60% of Tesco's GHG emissions, so it's important that we tackle this.

To achieve our commitments, we ask our suppliers to:

- share data on the GHG emissions from a representative sample of their farms
- provide us with the volumes of fertilisers and pesticides used each year on a representative sample of their farms
- for our cattle farmers, to create carbon reduction plans and share progress against them with us.

We focus on these areas because fertilisers and cattle are the biggest sources of GHG emissions within our supply chains. These steps help us to guide, support and encourage our suppliers while allowing us to track progress.

Through this work, we can identify emissions hotspots, driving forward those changes which will most effectively reduce a farm's emissions. These changes include how nitrogen fertilisers are applied, improving energy efficiency, and capturing carbon in soil.

One of the things we're looking at is how we can increase the amount of carbon that's captured and stored on farms in order to offset GHG emissions.

Improving biodiversity impacts in key agricultural regions

Biodiversity within agriculture is important because it allows for more nutrients to be preserved within soils, in turn reducing the reliance on fertilisers. Increasing biodiversity also helps increase pollinator health, for example by supporting larger bee populations, which are crucial for the health of our agricultural industries.

That's why we ask our key suppliers to write, and work to, biodiversity plans. These help to record initiatives which encourage on-farm biodiversity, such as hedgerow conservation and wild flower planting.

We know that pesticides can be a significant cause of loss of biodiversity.

That's why we ask our suppliers to request permission from us when they would like to use pesticides and we follow strict guidelines about the types and quantities of pesticides that can be used.

Improving soil health in key agricultural regions

We know that healthy soil is essential for farming and food production and loss of top soil (through soil erosion) reduces the fertility of agricultural land. But soil health also influences many other things which at first might not seem obvious, such as water quality, and the offsetting of carbon emissions. That's why it plays a key part in our sustainable agriculture strategy.

Soil health on farms can be improved by using cover crops, which can protect or improve soil, and by managing chemical applications in the form of pesticides and fertilisers. Our pesticides policy details the requirements of our suppliers and farmers to make sure pesticides are properly managed. We also ask our key suppliers to write, and work to, soil health plans, where we agree initiatives to address soil health.

To strengthen our policies in the future, we're working with key supplier partners to explore the benefits of different cover crops. Our findings will allow us to make recommendations across our broader supply chains.



05.

Our 5 priority ecosystems:

Fresh water management.

Freshwater systems are increasingly coming under treat from climate change, population growth and changing consumption habits.

Without sustainable management of fresh water supplies, these habitats, and the life that they support is under threat.

Lack of management will also threaten our ability to produce food for a growing global population into the future.

There is still a long way to go in pinpointing the best way to manage our water systems and we're working across the industry to do this.

We're focusing first on the way water is used within agriculture: within our own operations, this is where the biggest risk to sustainable water management lies.



Some of our global agriculture operations are based in regions that are increasingly under pressure when it comes to water supply.

To support these, and all of our agricultural operations, we're working with some of our supplier partners to deliver two projects:

- We ask our suppliers who are under the greatest water pressures to track water use, fertiliser and pesticide use, and crop levels each season.

This allows us to benchmark our growers and make recommendations for best practice. These learnings can then be used across a broader section of our suppliers, who face similar challenges.

- Working with Waste and Resources Action Programme (WRAP) on The Courtauld Commitment, we're supporting on-farm advice for our growers in environmentally sensitive water catchments across the UK.

It means that growers in these areas are asked to work with advisors to implement environmental best practice. This includes actions such as waste storage improvements and reducing field water run-off. We're doing this because we know that on-farm interventions can reduce pollution in water catchments.



Agriculture.

The global food system is expected to provide safe and nutritious food to a population that will likely grow from 7.5 billion people today, to nearly 10 billion by 2050.

Not only will there be more mouths to feed, but as incomes grow in emerging and developing economies, so too will the demand for meat, fish, dairy and eggs.

Everyone within the food system has a responsibility to make sure the food we eat is sourced sustainably.

This includes guaranteeing food safety and quality, protecting our environment, natural resources and wildlife and making sure that animals are properly treated.

Agriculture occupies nearly 40% of the earth's surface, far more than any other human activity: in the UK alone, agriculture covers 71% of total land area.

We know our customers are concerned about how their food is produced and whilst we're proud of the standards we work to, we always strive to do better.

That's why our aim is to be British agriculture's most trusted partner, helping to secure the future of farming, food and fisheries.

To help us deliver on this, we have a dedicated agriculture team working collaboratively with producers, suppliers and industry bodies to make sure we're the leading retailer on affordable, sustainable agriculture and animal welfare.

This will help us to secure a food and farming sector that delivers good food for all, whilst being ethical, good to the environment, and economically sustainable at all levels.

Animal welfare

We're committed to making sure that animals are treated humanely, and we strive for continuous improvement in welfare standards.

That's why we have our own independently audited Tesco Welfare Approved livestock requirements. These specify that all of our supplying farms must comply with a recognised farm assurance scheme, such as Red Tractor, and require that farms must satisfy further improvements in animal welfare.

Bringing transparency across our supply chains, they're both designed, and regularly reviewed, to drive improvement.

To help us identify animal welfare issues concerning physical, mental and behavioural wellbeing in our

supply chain, our suppliers also report on welfare outcome measures. These are simple metrics that describe how an animal has experienced the environment in which it has lived. Outcome measures are collected both on-farm, during transport and up to the point of slaughter by directly observing the animal.

They include health and disease as well as behavioural metrics that focus on whether the animal has had a good quality of life. We gather data monthly, which is then anonymized and shared with our farmers and suppliers for use as benchmarking.

This helps them and us to identify areas where further animal welfare improvements could be made, as well as share best practice.



Antibiotics

We know of the importance of using antibiotics responsibly in both human and animal medicine, and the threat from improper use in livestock supply chains. We therefore encourage our producers to optimise welfare, health, hygiene, husbandry and biosecurity of animals. Doing so can avoid the need to use antibiotic treatment, unless of course, the welfare of an animal is compromised.

We're part of the Food Industry Initiative on Antimicrobials. It's stated vision is that of 'Retailers, manufacturers, processors and foodservice companies coming together to promote and support responsible antimicrobial use and action on antimicrobial resistance'.

By working with our supplier partners and industry experts, we've defined eight ongoing commitments to help reduce antibiotic use in UK agriculture.

These include restricting the use of the highest priority, critically important antibiotics for human health, and ensuring there is no unauthorised or routine use of antibiotics.

We measure antibiotic use and commit to the UK species-specific targets for reduction. These are defined by the Responsible Use of Medicines in Agriculture Alliance (RUMA) and the Veterinary Medicines Directorate.

We also help build farmers' capability on antibiotic use and support research and development opportunities that will help drive its reduction. We publish progress against these commitments to bring transparency to this area.

Environment

The agriculture team works closely with the responsible sourcing team and our supply base to reduce the environmental impact of our agricultural supply chains. We focus on improving on-farm efficiencies, mitigating greenhouse gas emissions, and protecting and restoring nature. Collaboration and sharing of best practice are key to driving positive change in this area.

Tesco Sustainable Farming Groups

Across the UK, we've created a series of Tesco Sustainable Farming Groups (TSFGs) to help us to build trusted long-term relationships with our British farmers.

Through meetings, webinars and farm walks, the groups provide a forum to discuss sustainable production, customer needs, our standards, and how we can work more closely together.

They also play an important role in terms of securing supply, increasing efficiency and improving animal welfare. In collaboration with our TSFGs, we've designed 'sustainability scorecards' which our farmers use to measure progress and benchmark across a range of key metrics, including production, animal welfare, antibiotic use and the environment.

Our first TSFG was the Tesco Sustainable Dairy Group (TSDG), established in 2007.

Through the TSDG, we work directly with 600 dairy farmers – the largest group of farmers working directly with a retailer – who supply us with fresh milk in return for long-term contracts and a guaranteed fair price under our Fair for Farmers Guarantee.

This gives them confidence to invest in equipment and modern animal welfare technologies as well as innovate, enabling them to take a truly sustainable approach.

In 2016, we set up a TSFG for lamb farmers. Through this industry first initiative, Tesco pays the group an agreed price which takes their cost of production into account. This supports our 350 farmers to manage the risk of an increasingly volatile market and gives them the ability to plan as well as bringing certainty to invest in future-proofing their businesses.

We have an Aberdeen Angus cattle contract directly with 1,200 beef farmers in Great Britain, paying them up to 30p/kg as a bonus for meeting a number of criteria. Aberdeen Angus beef is renowned for its superb flavour, taste and succulence, due to its internal marbling, and is sold through our Tesco Finest brand. The contract stipulates that animals must be sired by a registered Aberdeen Angus bull authenticated by the Aberdeen Angus Society.

A first for the beef industry, the contract incentivises these farmers to produce beef based on quality parameters and specifications which deliver consistent quality for our customers.

**Every year,
we invest
around £43m
to support
over 2,300
UK farmers.**



“ We believe that innovation, research and development are integral to efficient, safe, responsible and sustainable supply chains. ”

Innovation

We aim to encourage innovation by creating the right environment through many different channels. These include:

- Our Tesco Sustainable Farming Groups (TSFGs)
- Supporting government innovation centres
- Championing young farmers through the Tesco Future Farmer Foundation
- Information sharing on the Tesco Supplier Network
- Working closely with our innovative suppliers through the Tesco research and development committee
- Our flagship event, the Agri T-Jam. We held our first Agri T-Jam in 2018, attracting over 100 entries from agri-tech companies across the world, many of which have gone on to set up trials in our supply base.

Future Farmer Foundation

Supporting the next farming generation is so important to us. Our Future Farmer Foundation was established in 2014 and, so far, has helped 350 young farmers develop key business skills through a range of workshops, supply chain visits and access to experienced industry mentors.

Human rights.

Our trade is a force for good, creating jobs and opportunities for people and communities across the world. But we need to make sure those jobs are good jobs. This aligns with one of our business values, that we treat people how they want to be treated.

That's why we're committed to fully protecting and respecting human rights across supply chains.

It's vital for our business that we try to proactively address underlying social and human rights challenges. If workers and small-scale farmers making our products cannot live a healthy, secure and decent life, then our supply chains are vulnerable and unsustainable.

Our business is reliant on the people in our supply chains being productive, innovative and resilient. This means earning a decent income and being able to afford basic needs, having access to good education and healthcare, and being free from discrimination.



We support the [United Nations Universal Declaration of Human Rights](#) in full, the [International Labour Organization fundamental conventions](#) and the [Ethical Trading Initiative Base Code](#), which set out minimum standards such as on working hours, health and safety, and no child labour or forced labour.

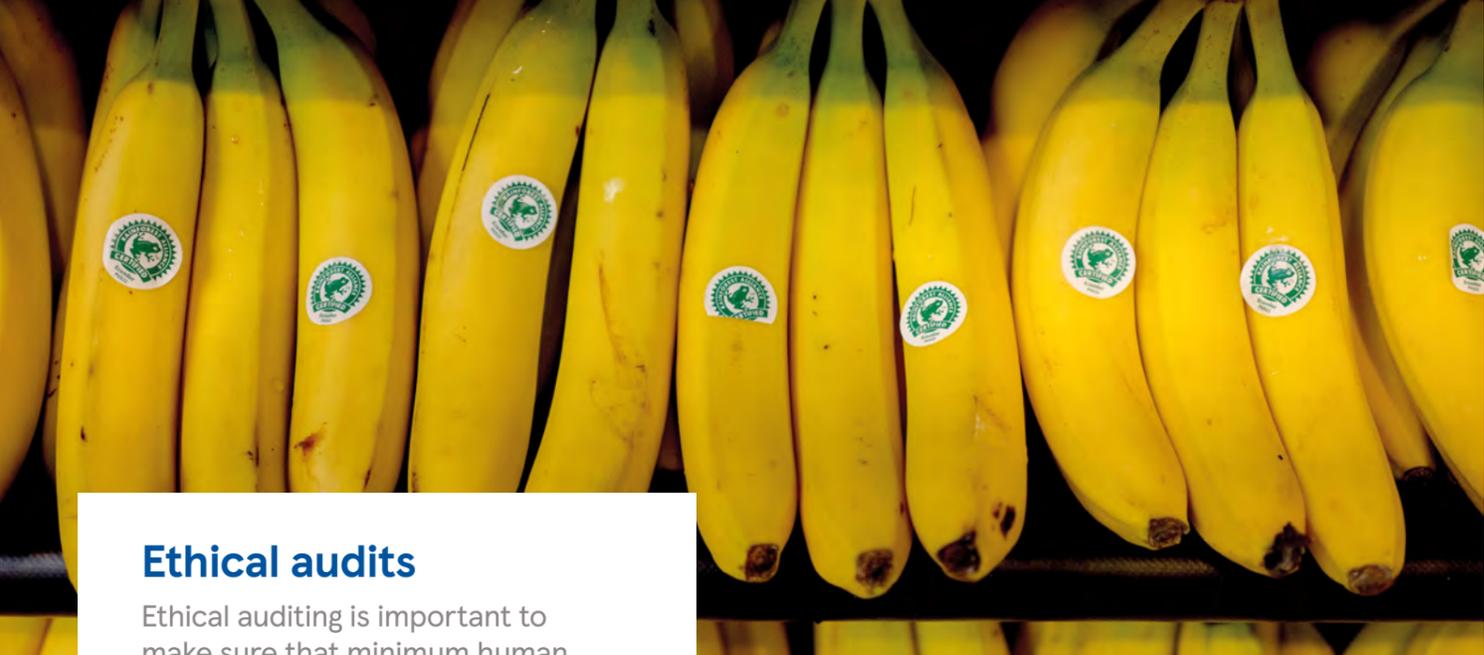
We work with our suppliers to make sure they meet these standards and the rights of workers and producers are protected throughout our supply chains.

We also collaborate with NGOs, unions, governments, and other retailers and businesses, to address more underlying and entrenched issues such as modern slavery, gender inequality, low wages and freedom of association.

We do this because our customers want to buy products knowing that they have been sourced in a responsible way. This means protecting and promoting human rights for everyone who works in our supply chains.

Our sourcing impacts many countries across the world and we therefore have the responsibility and opportunity to help tackle some of the biggest human rights challenges globally.

We also know that our business is only as resilient as those making and producing our products. To protect our business, we must help protect workers and farmers in our supply chains.



Ethical audits

Ethical auditing is important to make sure that minimum human rights standards are met in our supply chains, to help us identify any ethical concerns and to support suppliers to make continuous improvements. However, it's also an important source of information, helping us to identify trends and common concerns across whole regions. Using this information, we can look to proactively address these challenges with suppliers and find longer term solutions.

Our audit programme uses a combination of in-house visits by our expert responsible sourcing team, independent ethical audits and certifications. Importantly, each of these tools includes direct engagement with workers themselves to help identify any issues.

To have the greatest impact, we focus our auditing on the areas of highest risk. All primary sites in high risk countries must have an audit before they supply Tesco and annually after that. We focus our audit requirements on sites where we have the greatest leverage to instigate change, primary sites where the final product comes from before reaching Tesco and where we have a direct relationship with our suppliers.

To identify sites in our supply chain defined as high risk, we use the country risk ratings from the [Food Network for Ethical Trade](#).

We know that the greatest risk is often in the lowest tiers of our supply chains, which is why we audit beyond primary sites in some areas. For example, for our fresh fruit and vegetables, we audit all the way through our supply chains to the individual growers and farms, in collaboration with our primary suppliers.

During audits, key documents and processes are examined, such as worker training records, working hour checks, first aid records and employee contracts. Site tours are also conducted to review the overall working environment, including safety measures and working culture, and to verify that procedures in writing are followed in practice. Worker interviews are an essential part of any audit to understand how workers feel about their employer's practices and to reveal any concerns. Any issues found are raised at the time of audit with the supplier and recorded as non-compliance on the formal audit report.

Following an audit, we work with our suppliers to resolve any issues identified within an agreed timescale and make sure practices are put in place to avoid recurrence.

We believe it's important to work with suppliers to improve on problems that have been identified, rather than moving away. This encourages suppliers to be transparent about the challenges they face, enabling us to work together to make sure workers are better off. It also protects workers from any potential negative impacts if orders were cancelled or if we ceased working with a supplier altogether. On the rare occasions that we do not believe the supplier is committed to resolving any identified issues adequately, we will seek to exit in a responsible manner.

For more information about our approach and our audit requirements, view our policy [here](#).

Certification

Certification helps us to make sure that minimum human rights standards are met for workers and smallholders in our supply chains.

This is particularly the case in complex supply chains where we may not have direct relationships with producers and where we source small amounts compared to overall global trade. Certification logos on our products are also important indicators to customers and demonstrate our commitment to sourcing products responsibly.

There are four Tesco brand products that we sell in the UK where we have public commitments on certification:

Bananas

100% of our bananas are certified by either Rainforest Alliance or Fairtrade.

Coffee

100% of our coffee, including instant coffee, is certified by either Rainforest Alliance or Fairtrade.

Cocoa

100% of the cocoa required for our chocolate confectionary is sourced from Rainforest Alliance Certified farms. Additionally, all the cocoa used in our other Tesco brand products (such as biscuits, cakes, desserts and cereals) is responsibly sourced through a combination of responsible cocoa programs including Rainforest Alliance, UTZ, Cocoa Horizons, and Fairtrade.

Tea

100% of our black, green and rooibos tea is Rainforest Alliance Certified.

Our primary certification partner is the [Rainforest Alliance](#). As an international non-profit organisation, their objective is to protect forests and to improve the livelihoods of farmers and forest communities. They also promote their human rights and help them to mitigate and adapt to the climate crisis.

We continue to collaborate with all certification and standard-setting organisations to help with the continued improvement of their standards and their implementation. As part of this, we encourage collaboration between them and other multi-stakeholder industry initiatives.

Four priority themes

We know that in many cases, we cannot address labour rights abuses without first tackling the root causes. Addressing these complex and underlying social challenges is critical to the resilience of the people and communities from which we source, and on which our business relies.

In 2018, in consultation with industry experts, we identified the four themes of our new human rights strategy:

Forced labour

Eradicating all forms of forced labour and modern slavery.

Gender equality

Removing barriers that often prevent women from realising their full potential.

Sustainable livelihoods

Supporting the resilience of sourcing communities by safeguarding decent wages and incomes for workers and small-scale farmers.

Worker representation

Promoting dialogue between workers, trade unions and suppliers to address worker grievances and feedback.

Beyond audit

In each of these areas, we're working beyond audit and certification to drive industry-wide efforts in key supply chains.

We're prioritising work within the our **top 20 products and ingredients**: the top 20 are those products and ingredients most regularly bought by customers which have the biggest sustainability impact and where we have the ability to drive change. 12 of these have significant and systemic human rights risks associated with them and will therefore be our immediate priorities.

To drive transformative change within these different product supply chains, we collaborate with many different organisations to identify opportunities, pilot solutions and share learnings. Often, we cannot drive change on our own because of long complex supply chains or because we do not source enough from one particular region to have an impact. By working with others, we can challenge the status quo, develop appropriate solutions and achieve long term change at scale.

Find out more about our progress in each area, here:

- [Modern slavery statement](#)
- [Sustainable livelihoods](#)
- [Gender equality](#)
- [Worker representation](#)





Top 20 products and ingredients.

We know it's important to our customers that our products are good for the planet and good for the people who produce them.

We've therefore committed to lead the industry in addressing environmental and social challenges within our supply chains, starting with our most important products and ingredients.

We sell products from hundreds of different products categories, but to have the greatest impact, we need to focus our efforts. That's why we've identified 20 products and ingredients where we will prioritise our work. These products and ingredients are those most regularly bought by customers which have the biggest sustainability impact and where we have the ability to drive change.



Bananas

Bananas are one of our best-selling products and it's important for our customers that they're sustainably sourced. We source all our bananas for the UK and Ireland from Rainforest Alliance or Fairtrade-certified farms, to promote continuous improvement of labour conditions and protect the environment. We also require suppliers to meet the Global G.A.P. standard.



Berries

The majority of our Spanish berries come from the Huelva region, which is next to the Doñana National Park. We're working to make sure berry production in the region is sustainable. We're doing so with other European food companies and WWF as part of a Sustainable Agriculture Initiative Platform project.



Citrus fruits

Citrus products need a lot of water to grow and are often grown in water-scarce regions such as Spain and South Africa. We're working with growers in these locations to monitor and record on-farm water use and help them to make improvements.

We're also working with our suppliers to safeguard good working conditions and address worker welfare issues that arise.



Chicken and eggs (Using soy feed)

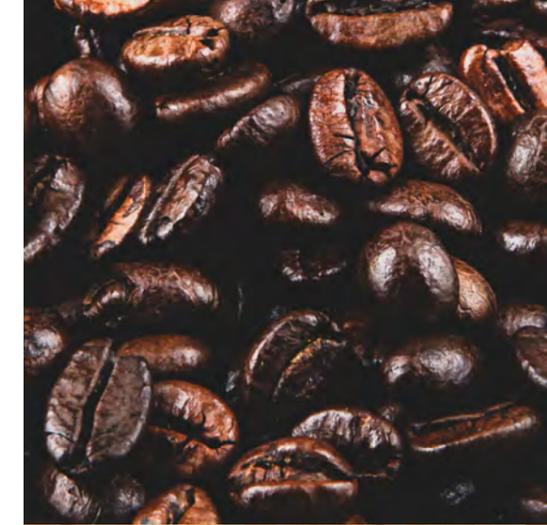
Fresh chicken and eggs are important staples for many of our customers, but the feed used to rear chickens uses soy as an important source of nutrition including protein.

Soy cultivation is strongly associated with forest loss, particularly in parts of South America. At Tesco, we've committed to zero net deforestation in our sourcing of **raw materials**, including soy.

Coffee

More than 25 million people in the world depend upon the production of coffee for their livelihoods. All the coffee we sell in the UK is Rainforest Alliance or Fairtrade certified.

We were the first UK retailer to join the Global Coffee Platform. Through our membership, we want to exchange good business practice, drive innovation and join forces to create a resilient, sustainable coffee industry.



Sugar

Water use, and water wastage is high in both cane and beet sugar. Meanwhile, cane sugar is linked to a number of challenges including low wages and poor working conditions.

We're currently working with our supply base, NGOs and certification bodies to explore how we can best improve human rights issues and environmental sustainability in our sugar sourcing.



Cocoa

All the cocoa required for our chocolate products sold in the UK is sourced from Rainforest Alliance Certified farms. Additionally, all the cocoa used in other Tesco brand products sold in Tesco UK, such as biscuits, cakes, desserts and cereals, is responsibly sourced from one of four schemes: Cocoa Horizons, Fairtrade, Rainforest Alliance or UTZ.



Milk

All of our milk is sourced within the UK and all of our dairy farmers are part of the Tesco Sustainable Dairy Group (TSDG). It means that all of our dairy farmers get a fair price for their milk but it has also helped improve animal welfare standards and reduced greenhouse gas emissions.





Fresh beef

Fresh beef is a significant source of greenhouse gas (GHG) emissions.

We ask our key suppliers to record and share the GHG emissions from a representative sample of farms. This data can be used to identify emissions hotspots, drive efficiencies and lower overall emissions. We also ask all of our cattle farmers to create carbon reduction plans and to make progress against them.



Corned beef (Amazon origin)

Cattle ranching in Brazil is a significant driver of deforestation, so we don't sell any products containing beef sourced from Brazil.



Potatoes

Potatoes are an important product for our customers, but increasing demand is putting pressure on the natural environments where they're produced.

To help find solutions to these challenges, we work with our dedicated potato supplier to identify greenhouse gas emissions hotspots using the Cool Farm Tool.



Rice

More than one billion people depend upon rice production for their livelihoods. The environmental footprint of rice is substantial though.

Our focus is on working with others to establish industry-wide collaborations to ensure sustainable rice production. Together with our suppliers, we're engaging with initiatives such as the [Sustainable Agriculture Initiative](#) in Italy and the Sustainable Rice Platform.

Salad (Fresh tomatoes and cucumbers)

The production of salad has a range of social and environmental impacts; from the GHG emissions of artificial lighting to human rights abuses of migrant workers.

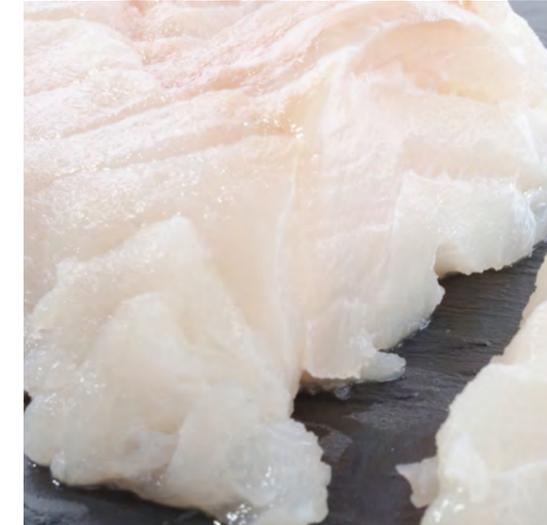
We're working with our suppliers to reduce environmental impacts and promote the Responsible Recruitment Toolkit, of which we're a founding sponsor.



Wild fish

We have an important role to play in promoting healthy oceans and seafood stocks.

All of the wild fish that we sell is either certified to a credible standard, such as Marine Stewardship Council (MSC) or responsibly sourced and in a pathway to sustainability.



Tuna

Tuna is one of the fish species that we sell in the highest volumes, and is sourced from the wild. We have specific [tuna standards](#) for Tesco brand products. We currently only allow sources that are Fish Aggregation Device (FAD)-free purse seine, pole and line' or Marine Stewardship Council (MSC)-certified. Furthermore, we are developing a longer term strategy to achieve 100% sustainable tuna.



Prawns

The prawn supply chain is complex and faces human rights issues including forced labour and human trafficking. We work with the Issara Institute to tackle these issues in Southeast Asia. As part of this work, migrant workers in our Thai prawn supply chain have access to the Issara Institute's multilingual helpline. The Issara team provides help and information to migrant workers through these calls.





Tea

All of our UK own brand black, green and Rooibos tea is 100% Rainforest Alliance Certified.

In collaboration with our suppliers and NGOs, we are working with our strategic tea estates to drive improvements for workers and communities.



Palm oil

Palm oil is a versatile vegetable oil that's commonly used in packaged foods sold in the UK. However, growing global demand for food is causing palm oil production to be linked to significant deforestation in countries including Indonesia and Malaysia.

All palm oil used within Tesco brand products in the UK must be certified by the [Roundtable on Sustainable Palm Oil \(RSPO\)](#).



Cotton

We're a member of the Better Cotton Initiative and we're committed to sourcing 100% of our cotton from BCI sources by 2025.

The Better Cotton Standard System has 6 principles including water stewardship, soil health and decent standards for workers. The focus is on providing training and learning opportunities for farmers to adopt more environmentally, socially and economically sustainable production practices.



Wood and paper

Wood and paper production can be a cause of deforestation if not properly managed.

By 2020, we've committed that all our Tesco brand products containing timber will be Forest Stewardship Council (FSC)-certified or Programme for the Endorsement of Forest Certification (PEFC)- certified, or will be made using recycled material.





Packaging.

Packaging and sustainability

Packaging is an essential aspect of a product and plays a crucial role in protecting its quality and reducing food waste.

Some of the key functions of packaging are:

- Protecting the product from damage and risk of tampering
- Preserving the shelf life of a product
- Making sure customers can easily access the products once purchased and re-seal where relevant
- Making sure the product is easy for customers to see in-store

- Communicating important information, such as how to prepare the product for consumption, the ingredients list, allergens and nutritional information
- Communicating marketing messages and branding, which helps describe the product to customers

For too long, packaging on consumer goods has been excessive and packaging waste can be a significant problem if it's not recycled and instead ends up in our environment. At Tesco, we're being proactive in doing something about this and we have a dedicated team of experts who help us to make sure we're using the best possible option for every product we sell.

Our aim is to make packaging work for both people and the planet: we want to make sure we never use more packaging than is needed and that what we do use is sourced from sustainable sources.

We're also committed to creating a system where packaging is treated as a valuable resource that can be used, reused, collected and recycled in a closed loop. More information on our packaging ambition can be found within our [Little Helps Plan](#).

For all our Tesco brand products, we've committed that, by 2025, we will halve packaging weight, use 100% recyclable packaging and make sure all the paper and board we use is sustainable. Our first step towards this has been to review the materials used to make our packaging and assess how easy they are to recycle.

When it comes to communicating to customers, we follow the On-Pack Recycling Label (OPRL) scheme to deliver a simple and consistent message to our customers about the material used in our packaging and how it can be recycled.

Remove, Reduce, Reuse, Recycle: creating a closed loop to stop packaging waste.

Our approach to packaging is based on 4 Rs: Remove, Reduce, Reuse and Recycle.

Remove

We are removing unnecessary packaging and all non-recyclable and hard-to-recycle material, which we refer to as 'red' materials.

Reduce

Where we can't remove, reduce it to an absolute minimum, including excess packaging.

Reuse

Explore new opportunities to reuse it, and if we can't...

Recycle

Make sure it's all recycled as part of a closed loop.





In May 2018, we launched an industry-leading preferred materials list for our packaging in the UK, which categorises materials according to their recyclability. This includes 'red' and 'green' materials. Red materials are those which customers cannot easily recycle, such as black plastic and polystyrene. Green materials are those, such as cardboard and glass, which are easily recycled in the UK either at the kerbside or in-store. We no longer use red materials to pack products in our UK business and our ambition is for as many of our products as possible to have packaging made from green materials.

Where possible, we avoid the use of compostable packaging, although we recognise that it's key for a few products, such as tea bags. Compostable packaging requires specific conditions to be able to break down (including heat and moisture) and there is currently no wide-scale infrastructure available in the UK. In addition, compostable and conventional plastics look very similar which could lead to contamination in

recycling streams. We regularly review our preferred materials and formats list and if infrastructure evolves or changes then we can review our position.

In September 2019, we removed plastic bags from our home deliveries as part of our work to use less plastic. This move will mean that 250 million fewer carrier bags will be delivered to customers' homes each year and nearly 2,000 tonnes of plastic will come out of production annually.

We're proud of the progress we're making to remove plastic and in 2019/20 we announced that we will remove 1 billion pieces of plastic from products for sale in UK stores by the end of 2020. Everything from secondary lids on products like cream and yogurt, to sporks from snack pots are in the process of being removed.

Beyond our Tesco brand products, we're working with leading branded suppliers to deliver our packaging ambitions. In January 2020, we became the first UK retailer to remove shrink-wrapped multipacks across our Tesco brand and branded canned food, working in conjunction with canned food firms including Heinz and Green Giant.

Packaging plays many important roles, such as reducing the risk of food waste by preserving shelf life, so often we can't remove it completely.

In these instances, we're committed to reducing it to an absolute minimum. We've reviewed every piece of packaging we use for Tesco brand and branded products, and by working closely with our suppliers we're now changing the packaging of thousands of products.

We've introduced assessments on the size and suitability of packaging as part of category reviews, making clear that we will no longer stock products that use excessive or hard-to-recycle materials.



R

REUSE

R

RECYCLE

Reuse is about exploring alternative models of consumption, moving away from single-use packaging and towards refills and reusable packaging.

We have an ambition to provide reuse alternatives to disposable packaging. We will be working with customer and category experts to define which products are best suited to reuse and test new ways of providing products for customers.

In support of creating a closed loop for packaging, we're using more recycled content and making sure the materials we use are easy to recycle.

We've trialled the collection of previously unrecyclable plastics, like films and pouches, for recycling in 10 of our stores. And we continue to trial in-store reverse vending machines, to incentivise customers to recycle their plastic bottles.

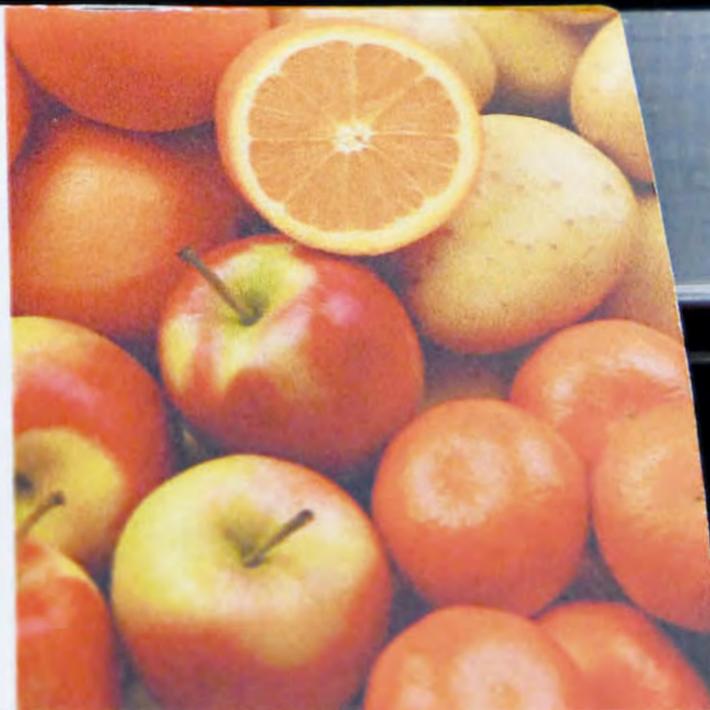
These changes which are being made in line with our 4 Rs programme are being communicated to customers using an on-pack logo. These logos will remain on pack for a year and describe the change which has been made, such as '23% reduction'.

We're constantly looking for new ways to remove, reduce and reuse packaging and will continue to identify new 'green' materials that are recyclable to make sure we meet our commitment.

Less plastic.

We are removing our plastic packaging, so expect to see more loose fruit and veg.

The same quality products you love, at the same price, just with less plastic.



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Our food quality story doesn't end here.

We'll continue to use our position in the market to lead transformative change throughout the supply chain. That means working towards our goal of offering affordable, healthy and sustainable products to everyone. And we'll do this whilst making a positive contribution to society more broadly.

As the world becomes increasingly complex and competitive, our teams will respond: from environmental, social and economic challenges that impact our supply chains, to meeting our customers' needs and always staying relevant.

To deliver on all of these things, we know it's essential to foster an open environment where pioneering innovation thrives, where we listen carefully to our customers and where we understand the bigger issue needs.

It's something we've continuously done since our founder Jack Cohen opened his market stall in London, in 1919, but the need to do so now is greater than ever before.

Finally, we know we can't achieve all of this alone. That's where the strong partnerships our teams have built with key suppliers, industry bodies and research and technology partners will come to the fore. Together, we will drive long-term positive change, taking us closer to a more resilient, sustainable and equitable system.

Sarah Bradbury
Group Quality Director

Quality food,
delivered
fresh to
your door.

Quality food
delivered
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your door.



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