WWF FOR YOUR WORLD

WHAT'S IN STORE FOR THE PLANET:

THE IMPACT OF THE UK SHOPPING BASKET ON CLIMATE AND NATURE - 2022

THE HEADLINE FINDINGS

NOVEMBER 2022

PROGRESS TO DATE TOWARDS 2030 TARGET

Indicates where there has been either insufficient data to report on a given objective, or where a definition needs to be in place for retailers to report.

Indicates a target score of zero.

INTRODUCTION

One year on from the announcement of the [WWF Basket] - **our ambition to halve the environmental impact of UK Baskets by 2030**, we are pleased to share our first report – an in-depth, aggregate review of how the UK grocery market is performing across our seven areas of focus. The first report of its kind in the UK, we identify the distance we have to go to halve the impact of UK shopping Baskets by 2030, based on the most recent data submitted by retailers. Critical to this has been representing the majority of the industry, with data for 2022 making up 80% of the UK market share.

After highlighting what the data in the report shows us, we have followed up by providing our suggestions on practical actions retailers, government and WWF can take to accelerate progress. We acknowledge there are other actors who can also influence progress, including brands, manufacturers, food service providers and traders.

The report shows that there is a long way to go. In some areas the situation is deteriorating, but in others there is progress.

For full analysis please refer to the *What's in Store for the Planet: The impact of the UK Shopping Basket on Climate and Nature- 2022* full report.

HEADLINE MESSAGES FROM THIS YEAR'S REPORTING

BASKET AREA	HEADLINE MESSAGES
CLIMATE	Scope 1 and 2 absolute emissions have respectively been reduced by an average of 4% and 43% since retailer baseline years.
	Scope 3 emissions account for 97% of retailers' total greenhouse gas footprints.
	More supplier-specific data is needed in order to gain a reliable picture of supply chain emissions: in some instances a lack of data means actual levels of change are currently uncertain, which makes progress against targets challenging to interpret. This is something industry groups and government need to tackle.
DEFORESTATION & CONVERSION	6% of soy and 62% of palm oil in retailer supply chains was reported as verified deforestation and conversion free.
	No soy or palm oil importers are yet fully committed to handle only deforestation and conversion-free material.
DIETS	9% of retailer protein sales are currently from plant-based sources and 91% are from animal-based sources[1].
	Making healthy, sustainable food more available, affordable, accessible and appealing for consumers will be an increasingly important focus for retailers, food service and government .
AGRICULTURE	Data collection on farm-level GHG emissions and water stewardship is at an early stage, so progress here remains hard to determine. However, there is not yet any evidence to show that agricultural GHGs are reducing in the UK.
	In the absence of an operationally ready definition of Robust Environmental Schemes, reporting is incomplete. 4% of produce is currently sourced from organic farms. WWF has committed to issue more detailed guidance on Robust Environmental Schemes to support industry progress.
	4% of meat, dairy and eggs are sourced to 'organic' standards and WWF will issue further definitions of 'Better' standards, using Eating Better's Sourcing Better framework.
	There is not yet any measurement of sourcing from lowland peat. WWF will be supporting industry to help build an understanding of what is grown on lowland peat soils
	High ambition and participation in all four UK countries' emerging farm payment schemes are essential enablers of progress towards the overall Basket target.
MARINE	86% of seafood is certified to an independent standard.
	The Seascape Approach has so far only been adopted by a minority of retailers. More visibility on environmental and social standards in fish supply chains is a key area to work on together going forwards.
FOOD WASTE	A 19% reduction in retail and manufacturing food waste has been achieved since 2007.
	On-farm food waste has not been widely measured to date. It is currently difficult for retailers to gauge pre-farm gate food losses, so WWF is publishing guidance which will support farmers in collecting and reporting data.
	A methodology is being developed to measure how far best practice guidance on food waste-reducing packaging is being followed. There is scope for stronger interventions on consumer food waste from both industry and government.
PACKAGING	The majority of packaging is widely recyclable.
	The quantity of packaging used by retailers has remained constant.
	23% of this packaging is recycled content or sustainably sourced.
	There is currently a lack of schemes to certify the sustainability of packaging material.

1 Animal-based sources are 'Meat', 'Fish', 'Dairy', and 'Eggs', while plant-based sources are 'Legumes, beans, and pulses', 'Meat alternatives', 'Dairy alternatives', 'Nuts and seeds', and 'Seaweed'.

CLIMATE

WHAT IS THE TARGET?

2030 OUTCOME	RETAILER PROGRESS MEASURE
GHG reduction across all scopes in line with 1.5-degree SBT. Within this area there are two retailer progress measures	% reduction of GHG emissions across scope 1 & 2 activities % reduction of GHG emissions across all scope 3 activities

Climate is a current priority area within the WWF's Retailers' Commitment for Nature group with shared action on addressing Scope 3 emissions announced in November 2022, with WRAP.

DISTANCE TO GO

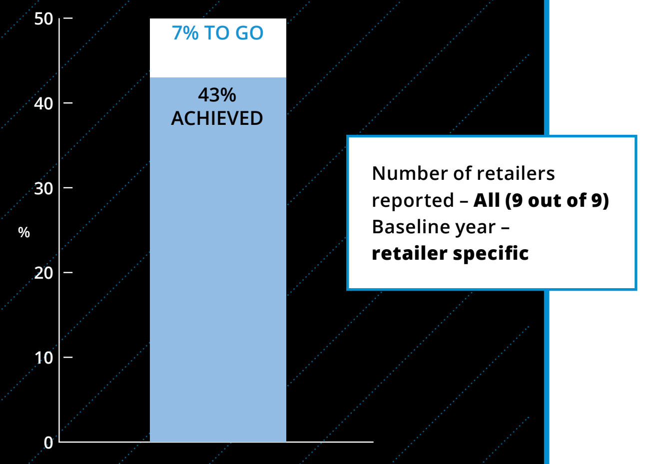
For the purposes of GHG monitoring, emissions are split up into scopes. The GHG Protocol definitions for the three scopes are specified below:

- Scope 1 emissions are direct emissions from owned or controlled sources (e.g. gas boilers, vehicles, and refrigeration).
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (e.g. purchased products and food waste).

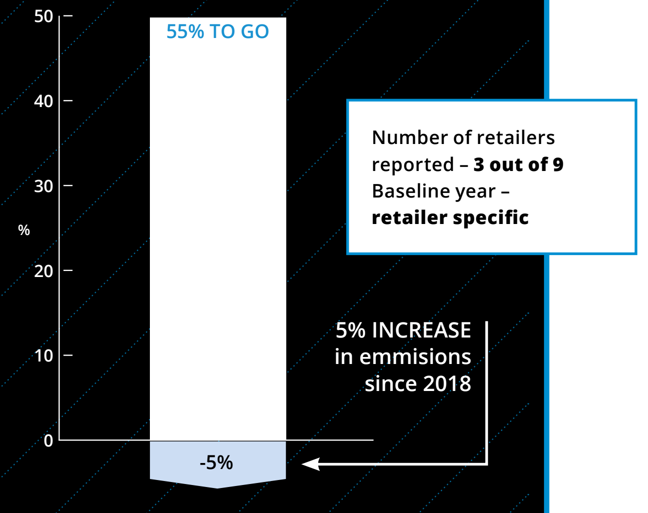
To monitor progress towards their net-zero targets, retailers have set individual baseline years that predate the WWF Basket. This first report shows that retailers have achieved an average reduction in Scope 1 and 2 emissions of 4% and 43% respectively against their respective baseline years. However, Scope 3 emissions across multiple years (on which three retailers reported this year) have seen an average increase of 5%. Since Scope 3 emissions currently account for 97% of the total GHG footprint of participating retailers, this is clearly an area in which urgent continued efforts are required. Scope 3 emissions also pose a measurement challenge, so we'll be working with industry on ways of producing consistent data across all emissions sources in future years. As retailers set their own science-based emission reduction targets, these will be used to assess progress in the future, –but in this first year of reporting, a 50% reduction target has been used across Scope 1, 2 and 3 emissions to determine 'distance to go'.

DISTANCE TO GO: CLIMATE

% reduction in Scope 1 GHG emissions



% reduction in Scope 2 GHG emissions



% reduction in Scope 3 GHG emissions

The range of retailers' reported scope 3 % change (between baseline and most recent years) was from a 8% decrease to a 14% increase

DEFORESTATION & CONVERSION

WHAT IS THE TARGET?

The target has been specifically designed for palm oil and soy supply chains, so monitoring for this report is focused on these commodities only.

2030 OUTCOME	RETAILER PROGRESS MEASURE
100% deforestation and conversion-free agricultural commodity supply chains by 2025, with a cut-off date of 2020 at the latest	% of conversion-risk commodity in own supply chain that is verified deforestation and conversion-free
Requirement for first importers to have deforestation and conversion-free supply chains by 2025, with a cut-off date of 2020 at the latest	% of conversion-risk commodity sourced from importers that have robust commitments and action plans to handle only deforestation and conversion-free material, across their entire operations, with a cut-off date no later than 2020

Definitions are aligned with Accountability Framework Initiative for deforestation and conversion free supply chains.

Deforestation & Conversion is a current priority area within the WWF's Retailers' Commitment for Nature group.

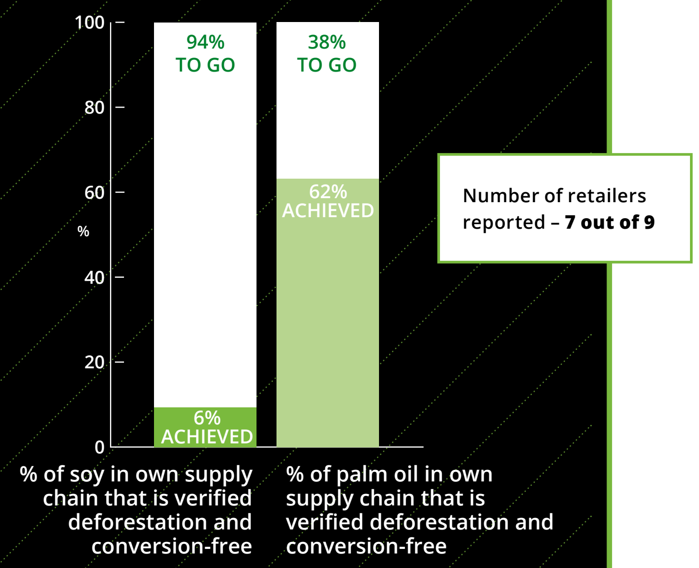
DISTANCE TO GO

The Deforestation & Conversion Basket Outcomes set targets for 2025 rather than 2030, reflecting the urgency of the action needed to halve environmental impact by 2030. Progress so far on palm oil has been good, but there is further to go with soy: 62% of palm oil in retailer supply chains was verified deforestation and conversion-free, compared to 6% of soy.

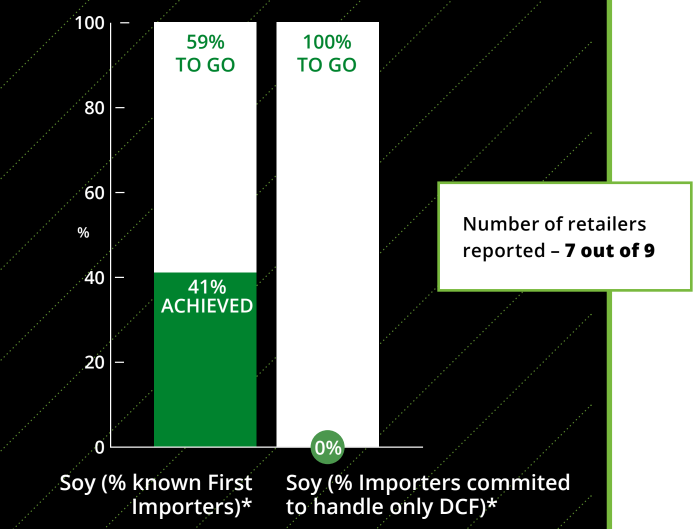
Retailers have yet to identify any soy or palm oil importers who are committed to handling only deforestation and conversion-free material across their entire supply chain. While some traders have signalled their intention to make such a move, none have so far provided a strategy that aligns with the retailers' commitment post 2025.

DISTANCE TO GO: DEFORESTATION & CONVERSION

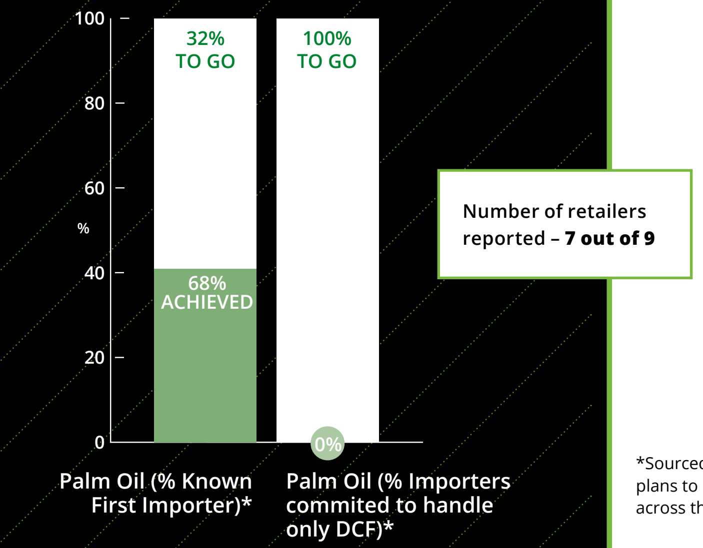
DCF soy and palm oil within supply chains



Known soy importers and level of DCF commitment



Known palm oil importers and level of DCF commitment



*Sourced from importers that have robust commitments and action plans to handle only deforestation and conversion-free material, across their entire operations, with a cut-off date no later than 2020

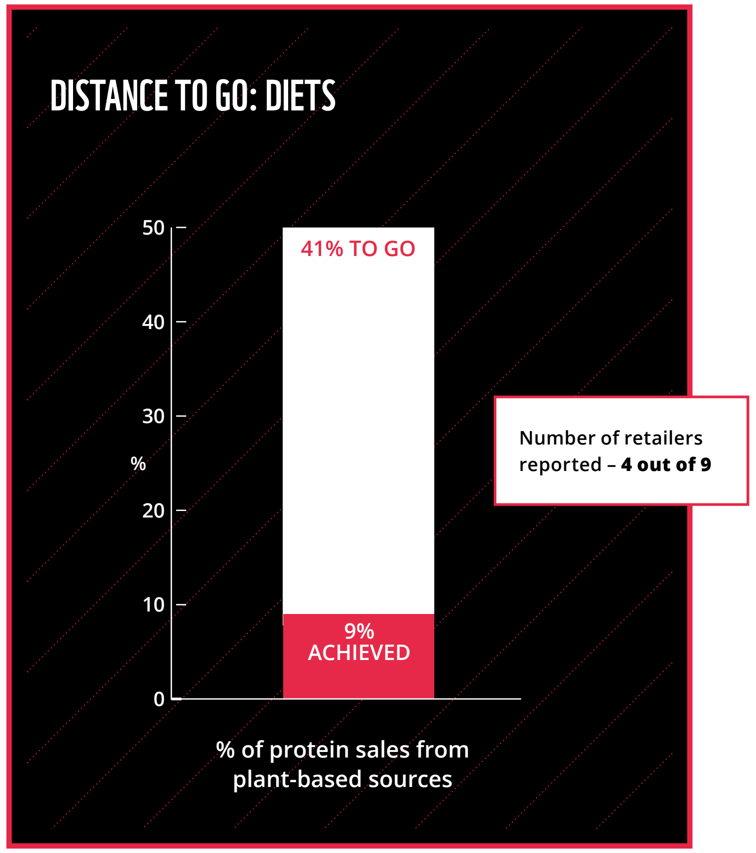
DIETS

WHAT IS THE TARGET?

2030 OUTCOME	RETAILER PROGRESS MEASURE
50/50 plant/animal protein sales split (volume)	% of protein sales from animal-based and plant-based sources

DISTANCE TO GO

Plant-based sources currently make up 9% of retailer protein sales, with animal-based sources accounting for the remaining 91% – but this is an area receiving ever-increasing levels of attention, driven by increasing consumer acceptance and adoption of flexitarian and plant-based diets, and changes to the retail product offer including the development of plant-based meat and dairy alternatives.



AGRICULTURE

WHAT IS THE TARGET?

2030 OUTCOME	RETAILER PROGRESS MEASURE
At least 50% of whole produce and grains certified or covered by a robust environmental scheme.	% of produce & grains sourcing in a robust environmental scheme
100% meat, dairy and eggs, including as ingredients sourced to 'Better'[2] standard	% meat, dairy and eggs sourced to 'Better' standards
At least 50% of fresh food from areas with sustainable water management	% of sourcing from regions with sustainable water management
Agricultural emissions lowered in line with 1.5-degree SBT	% of protein, produce & grain farms monitoring GHG footprint % reduction in sourcing from lowland peat % reduction in agricultural GHGs

Agriculture is a current priority area within the WWF's Retailers' Commitment for Nature group.

DISTANCE TO GO

So far, there is limited data for the Agriculture Basket Area. This is unsurprising, since this was the first time retailers had been asked for this information, plus it is challenging to measure. More data is needed before we can reliably report on the percentage of farms monitoring their GHG footprint, or the percentage of food sourced from regions with sustainable water management. We're optimistic that there will be progress on the former now retailers are aware of this requirement, while WWF is working on a tool to facilitate understanding of the latter.

WWF has recently commissioned work to define and provide metrics for the Robust Environmental Schemes, supported through the WWF and Tesco partnership. In the meantime only data on organic production has been used. However, the wider context is that in 2020, the total area of land in higher-level or targeted agri-environment agreements in the UK had risen to a new high of 3.6 million hectares; while LEAF Marque state that in 2022, 48% of UK fruit and vegetables have been grown by businesses they certify. These schemes are likely to contribute to the 'robust environmental schemes' metric in future.

When assessing retailer sourcing of meat, dairy and eggs against Eating Better's Sourcing Better framework, the only certification used by retailers that meets either the 'better' or 'best' standards is for organically certified products. This only covers 4% of meat, dairy and eggs procured and sold by retailers according to the data provided, while most products sit within the framework's 'basic' category. Nevertheless, retailers do often have business-specific sourcing specifications that enhance 'basic' industry certification standards and schemes for certain products. Understanding how business-specific specifications integrate and compare with the Sourcing Better framework could be an area of future work which would reveal the true extent of progress towards the 'better' metric.

2 WWF uses the 'Better' standard of the Sourcing Better Framework as the definition for Better meat, dairy and eggs. https://www.eating-better.org/uploads/Documents/Sourcing_Better_Framework.pdf

There was a lack of first-year data on reductions in farming on lowland peat, with this being a new metric for most businesses. Retailers reported a lack of understanding of what products are sourced from lowland peat soils, which contribute to 3% of UK reported GHG emissions. WWF are helping retailers understand what is grown on lowland peat with upcoming research (funded by the WWF and Tesco partnership). This research, which will be made publicly available, will acknowledge the productive value of lowland peat soils, consider how they can be managed sustainably, and recognise the risks of offshoring environmental harm if reductions in lowland peat sourcing in the UK are not managed responsibly.

It's clear that progress with Agriculture needs to accelerate significantly to reach the 2030 Basket outcomes. Over the coming year, retailers are encouraged to make it a priority to gain a clearer understanding of their supply chains, particularly where they are complex and unintegrated – this will help overcome data challenges and allow for an increased focus on action and impact.

To reduce agricultural emissions in line with 1.5-degree SBT, we have assumed that the following is required by 2030:

- 100% OF PROTEIN, PRODUCE & GRAIN FARMS MONITORING THEIR GHG FOOTPRINT
- 25% REDUCTION IN SOURCING FROM LOWLAND PEAT
- 35% REDUCTION IN UK DIRECT AGRICULTURAL GHGS (AGAINST A 2018 BASELINE)

There was insufficient data to report on the following measures:

% reduction in agricultural GHGs

% of protein, produce & grain farms monitoring GHG footprint

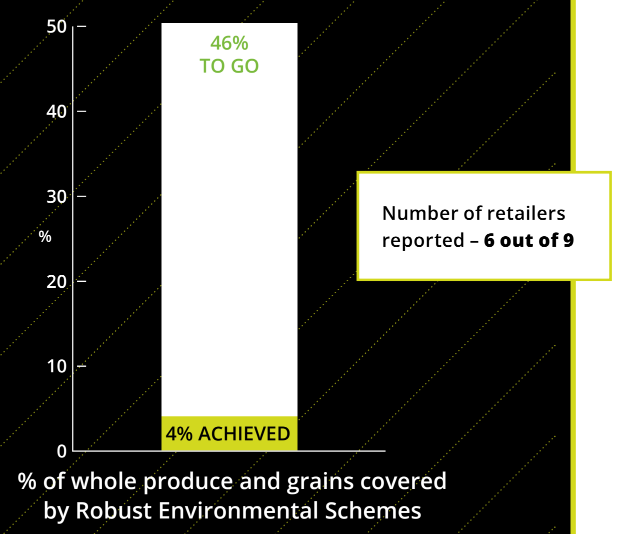
% of sourcing from regions with sustainable water management

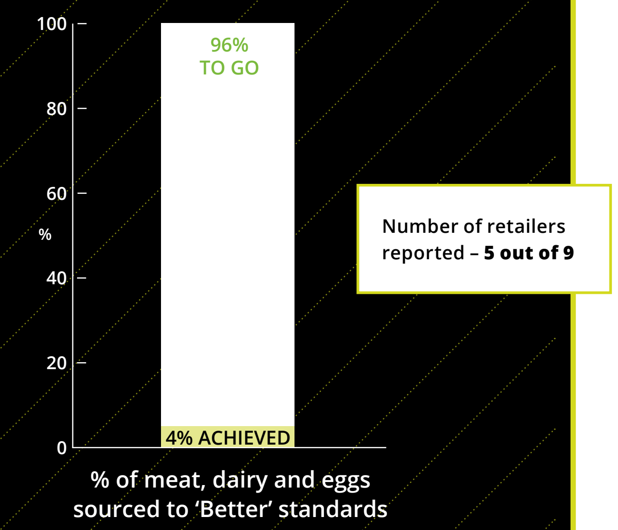
Data from other sources shows that UK agricultural emissions are not currently reducing overall and are also increasing as a proportion of overall UK GHG emissions.[3]

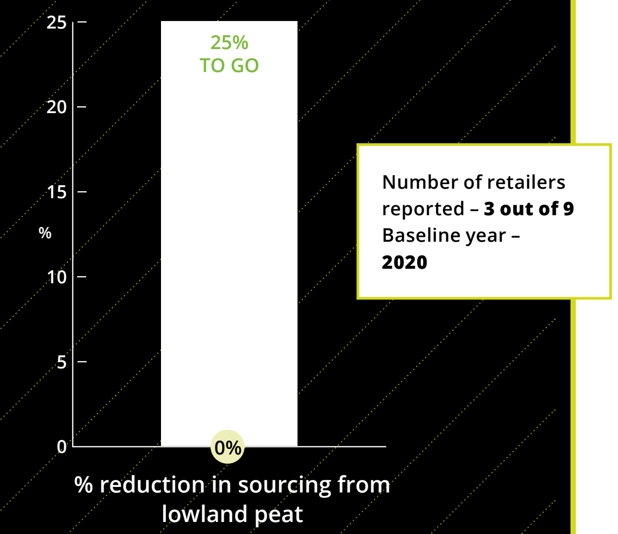
On water management- Many retailers highlighted that they didn't have the ability to report on this measure this year, but confirmed that they were working on this for the future.

3 WWF Land of Plenty, https://www.wwf.org.uk/updates/land-of-plenty

DISTANCE TO GO: AGRICULTURE







MARINE

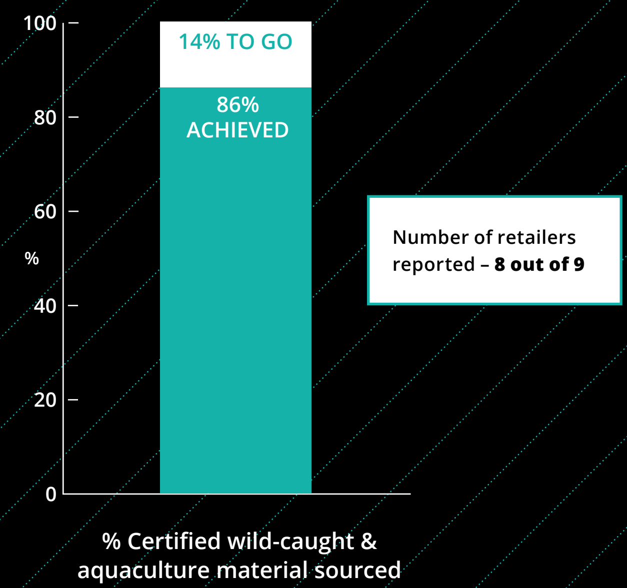
WHAT IS THE TARGET?

2030 OUTCOME	RETAILER PROGRESS MEASURE
100% of seafood from sustainable sources	% certified wild-caught & aquaculture material sourced % of wild-caught resources adhering to all aspects of the Seascape Approach, as outlined in the Blueprint for Action
Reduce fishmeal and oil usage to forage fish dependency ratio (FFDR)<1 by using sustainable fishmeal and fish oil replacements and increasing the use of trimmings	% farmed seafood products with FFDR (FFDR meal and FFDR oil)<1 and with all feed ingredients certified by Aquaculture Stewardship Council (ASC) Feed standards or equivalent

DISTANCE TO GO

Retailers are making good progress when it comes to marine certification, with 86% of wild-caught and aquaculture material already certified to at least one independent standard. However, beyond these certifications, retailers currently have little visibility over environmental and social standards in their fish supply chains. There was insufficient data to report on fish meal, fish oil, and other types of feed, and only two retailers have so far reported on the Seascape Approach, estimating that nearly half of their wild-caught tuna adheres to all the approach's aspects. It should also be noted that retailers were only able to report on their own-label products, although the request for data included branded products.

DISTANCE TO GO: MARINE



Insufficient data to report on the following measures:

% of wild-caught resources adhering to all aspects of the Seascape Approach, as outlined in the Blueprint for Action

% farmed seafood products with FFDR (FFDRm and FFDRo)<1 and with all feed ingredients certified by ASC Feed standards or equivalent

FOOD WASTE

WHAT IS THE TARGET?

2030 OUTCOME	RETAILER PROGRESS MEASURE
Reducing food loss and waste in all aspects of the supply chain by 50%	% reduction in retail & manufacturing food waste % of products adhering to WRAP's best practice labelling guidance % reduction in pre-farm gate losses

DISTANCE TO GO

Retailers have made progress in reducing food waste in their own operations, particularly through redistributing edible surplus, achieving a 19% reduction in retail & manufacturing waste against the 2007 baseline. However, in order to achieve a 50% reduction by 2030 an escalation of work in this area is needed. The area with the furthest distance to go is farm stage food waste where a baseline has still not been established. Supporting farmers to measure and reduce on-farm food waste is a new area of work for many retailers, and as such there is insufficient data on which to report progress. In order to begin engaging in this area, setting a baseline and measuring progress towards the targeted 50% reduction, food system actors should start working towards the actions set out in WWF's *Hidden Waste Roadmap*. Similarly, due to difficulties measuring progress in consumer food waste reduction in relation to retail actions, a progress report is not available this year, however we expect a scoring system to be in place for next years report.

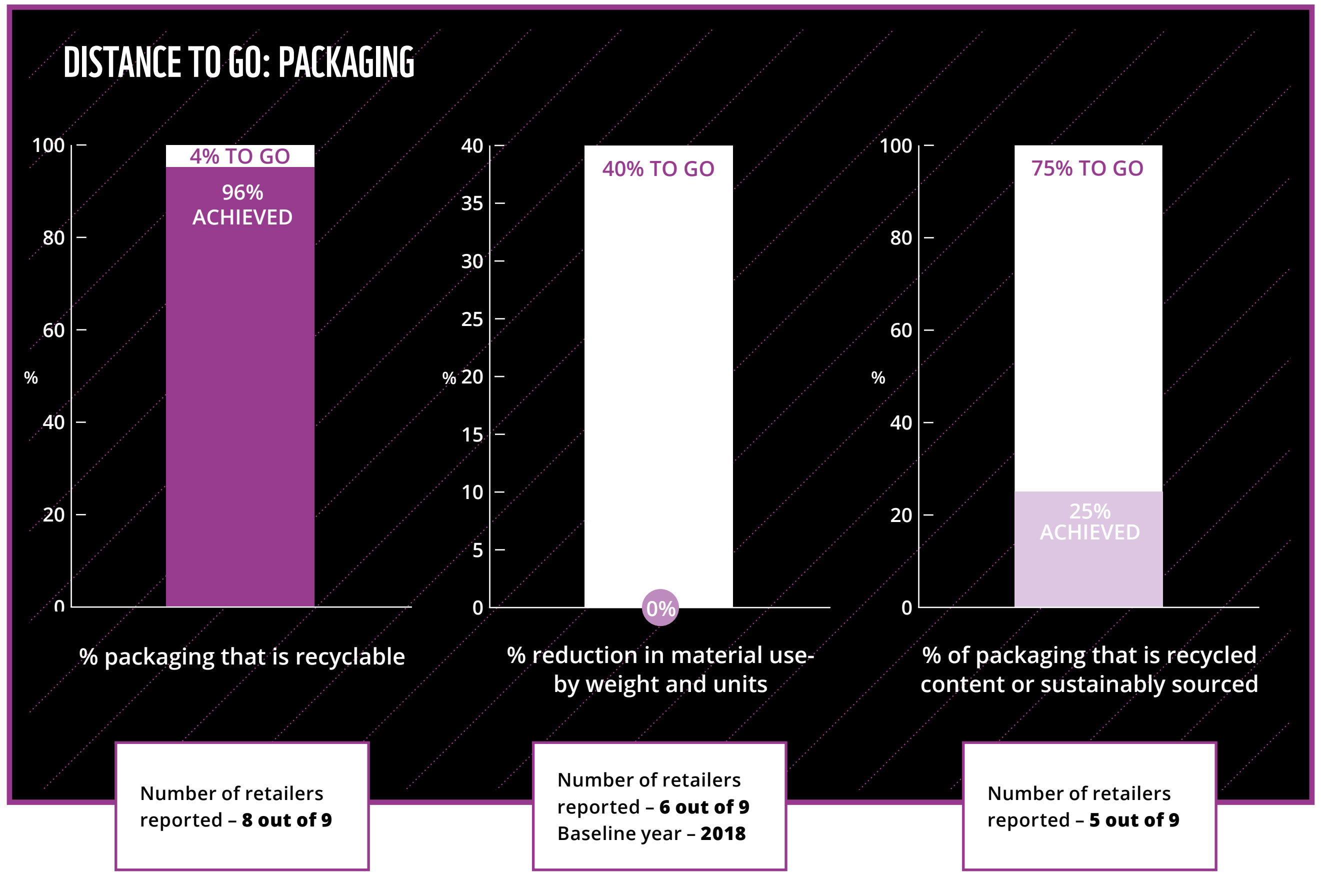
PACKAGING

WHAT IS THE TARGET?

2030 OUTCOME	RETAILER PROGRESS MEASURE
100% recyclable packaging	% packaging that is recyclable
40% reduction in material use	% reduction in packaging by weight and units
All materials sustainable sourced and use of recycled content maximised	% packaging that is recycled content or sustainably sourced

DISTANCE TO GO

Retailers have made significant progress in recent years on packaging, particularly on the recyclability and recycled content for plastics. In fact, retailers reported that 96% of the packaging they use is recyclable (see 'Understanding the data' for more information) and 23% is either recycled content or sustainably sourced. Packaging by weight, however, hasn't seen an overall reduction since 2018, so this is an area for future focus. Retailers' ability to report on their own-brand packaging was very good, while it is currently more challenging to report on third-party products.



For a future where people and nature thrive | wwf.org.uk