

An aerial photograph of a dense, lush green forest. The trees are packed closely together, creating a vibrant, textured canopy of various shades of green. The lighting is bright, suggesting a sunny day, which highlights the individual tree crowns and the overall density of the forest.

Carbon: Our story so far

Iceland
Doing it Right

**Our planet is facing an unprecedented,
global environmental crisis.**

At Iceland, we believe that every business has a responsibility to take action against climate change and reduce its carbon footprint.

Our targets

As well as our commitments to reducing food waste, tackling plastic pollution and raising awareness of critical environmental issues such as global deforestation, we are working hard to cut down the carbon emissions in our own operations, reduce our energy demand, and maximise the use of environmentally friendly gases. This document explains our journey so far, and how we intend to work in the future.

Our efforts to reduce Iceland's environmental impact are co-ordinated by a cross-functional team of Retail and Head Office colleagues, focused on reducing our greenhouse gas emissions from electricity, refrigeration and transport – and working closely with external partners including the British Retail Consortium Environmental Policy Action Group.

As a signatory to the Paris Climate Agreement, the UK Government has set a target of net zero greenhouse gas emissions by 2050.

The Paris Climate Agreement, signed by all 197 nations in the world, is an international agreement to combat the climate crisis by working to limit the global temperature rise to well below 2 degrees Celsius from pre-industrial era levels, and to strive for a limit of 1.5 degrees Celsius.

In 2011, we set our targets to reduce absolute carbon emissions in Iceland's own operations by:

30%
by 2020

60%
by 2030

100%
by 2050

Thanks to a £35 million investment, we have surpassed the targets we set ourselves for 2020 and 2030. By the end of 2019/20, we had reduced our carbon footprint by 74% since 2011, despite the business seeing 36% sales growth, with 181 additional sites in that period.



Our progress

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In 2010 we achieved the Carbon Trust Standard after reducing our emissions by 15% relative to turnover, and an absolute reduction of 2% during the previous two years. In 2011, we set out to achieve a 30% reduction in our operational carbon footprint by 2020. We have surpassed that target. By the end of 2017/18 we had already saved 27%, but by switching to renewable electricity in the following year, we had reduced our carbon footprint by 71% at the end of 2018/19, and by 74% at the end of 2019/20.*

In 2011, the business generated 249,291 tonnes of carbon through its direct operations (Scope 1 and 2 emissions).** The current figure is 46,257 tonnes. Our carbon emissions relative to sales floor area have fallen by 22% in the same period, dropping from 1212kWh per m² to 982kWh per m².

Iceland's current carbon commitment centres on the company's Scope 1 and 2 emissions. We accept there is far more that the business community can do to tackle climate change and are now reviewing how we can use Science Based Targets, as well as work more closely with our supply chain and customers to drive further action.

We now aim to achieve a new target of net zero carbon emissions in our own operations by 2042, in line with the 1.5 degrees Celsius trajectory for the Paris Climate Agreement, and eight years ahead of the UK Government's target.

*This differs from Iceland's reported SECR data, as a different conversion factor has been used due to the legislative requirements within SECR. We buy 100% of our electricity from renewable sources, using Green certificates to purchase electricity generated by wind and hydro assets matched to Renewable Energy Guarantees of Origin. This is itself an interim measure while we explore longer term direct supply options.

**The GHG Global Protocol defines Scope 1 as direct emissions from our own or controlled sources. Using the market-based method, Scope 2 relates to indirect emissions from the generation of purchased electricity.



IceLand

**How we're taking action to
reduce carbon emissions**



Shop now



Renewable energy

100% of the electricity purchased for Iceland sites in the UK comes from renewable sources, supported by green energy certificates. In 2019, we also stopped using our on-site generators to support the National Grid's 'Short Term Operating Reserve' scheme. The generators are now only being used as standby generation in case of any emergency issues with the main electricity supply.

New, more efficient equipment

We have an ongoing asset replacement programme, replacing our older freezers with new, more efficient versions. Not only do the new freezers use natural refrigerants wherever possible, they also provide energy saving benefits. On average, stores refitted with new freezers consume 30% less energy than stores using older equipment.

LED lighting

We replaced all our signage lighting with LEDs by 2012 and invested £8 million to replace our sales floor lighting systems throughout our estate with LEDs by the end of 2015, delivering a 50% reduction in our emissions from lighting. A further £3.2 million investment in 2017 completed the conversion of all ancillary lighting in stores to LEDs, and the installation of automatic lighting controllers throughout our estate.

Automatic lighting

The automatic lighting controllers in Iceland stores save energy by ensuring that lights are only in use when required.

The lighting is synchronised with the stores' trading times and the security alarms, meaning only 50% of salesfloor lighting is used when the stores are closed to the public, and all lighting is turned off when the security alarms are activated. The environmental benefit of this system expands beyond reducing energy consumption; turning off the stores' fascia and shop floor lighting also means we do not inadvertently attract or endanger nocturnal insects.

Natural
goodness

Freezing food in
variable quantities
and can be just
as good as fresh

#PowerOfGreen

Luxury Fish

Luxury Fish

Vegetable Sides

Vegetable Sides

No. 100

Butcher's C



Electric and hybrid vehicles

We continue to explore advances in technology to support the use of electric and hybrid refrigerated vehicles for our Home Delivery vans and HGVs. Our Home Delivery service plays an important role in the communities we serve, enabling customers using public transport to shop in store and have it delivered to their homes at their convenience. Our award-winning online shopping service also effectively helps to reduce the total number of vehicles on roads across the country.

In the last year, almost a quarter of our company cars have been switched to hybrid vehicles, which has reduced the average carbon output for the overall fleet by 10%. We continue to offer hybrid vehicles to colleagues eligible for company cars, and are investigating options for fully electric vehicles, as well as installing charging points at our Head Office site.



Safe, energy-efficient driving

All Iceland Home Delivery Drivers are part of an innovative telematics programme. They undertake specific training to enhance their driving skills, focusing on techniques to improve safe driving and increase fuel efficiency. In addition, our route planning system is designed to calculate the most fuel-efficient routes, meaning our drivers do not waste time or fuel on unnecessary journey points.

“The telematics system has two main benefits: It helps us to reduce our carbon footprint, which is personally very important to me. And it also helps us to become better, safer drivers who the public, and our customers, can trust. Our telematics scores are recorded daily, so we can keep track of our performance. When I train Iceland Home Delivery Drivers, I always drill in why telematics makes a difference, not only to our driving skills but to the environment too. It’s nice to work for a company that actually cares about its environmental impact, rather than solely focusing on making profits.”

David Savage

Home Delivery Driver and Trainer
Canvey Island Iceland store

Maximising the efficiency of our fleet

Our heavy goods vehicle fleet is regularly renewed with the aim of maximising fuel economy and minimising emissions. We are working closely with our suppliers and third-party logistics companies to make sure our deliveries to and from our depots are as efficient as possible.

As much as we can, we route our HGVs to collect stock directly from the supplier, third party distribution centre, or pick up recyclable waste from our stores, on their return journeys to our depots. This helps to reduce the overall number of vehicles on the roads and avoids unnecessary journeys.

Environmentally-friendly depots

All Iceland depots in the UK use natural, environmentally-friendly ammonia refrigerant to power the temperature controlled chilled and frozen warehouses. Automatic lighting and temperature controls ensure that our depot operations run as efficiently as possible, while not compromising on the safety of our colleagues. We are exploring the opportunities to trial solar and hydroelectric energy in some of our depots, and continue to consider new technologies for refrigerants.

Iceland has signed a Climate Change Agreement (CCA) administered by DEFRA for temperature controlled storage buildings. We have surpassed our energy reduction targets for our depots every year since 2015. Our current target for 2019/20 is a reduction of 11.7%* and we are on track to achieving a 12.3% reduction by the end of 2020.**

Our logistics partner

We are working with XPO Logistics, a leading global provider of transportation and logistics solutions, to find innovative ways to make our fleet of HGVs more environmentally-friendly. We plan to trial electric vehicles for inner-city deliveries in 2021 and have been investigating innovations in technology to enhance the thermal properties of our refrigerated trailers, direct driven electric fridge options and solar power.

“Like Iceland, XPO has a purpose-driven approach to sustainability. We believe that climate change is best addressed by the coordinated actions of businesses, governments and civil society, and we are delighted to be working closely with Iceland to explore innovative approaches to reduce the greenhouse gas emissions of our fleet.”

Gavin Williams

Managing Director Supply Chain – UK and Ireland
XPO Logistics



Iceland

The image shows the exterior of an Iceland supermarket. The large white 'Iceland' logo is mounted on a red background above the glass entrance doors. A man in a dark jacket and cap with a backpack is walking past the entrance on the left. A woman in a tan jacket with a black bag is walking past on the right. The entrance has a sign that says 'ENTRANCE'. Inside the store, various promotional signs are visible, including 'Free delivery when you spend £30 online', 'Chilled', '7 Day Deal', and 'MONEY BACK GUARANTEE'.

*Based on our baseline year of 2012 for the CCA

** At the time of print (June 2020) we recorded a reduction of 12.27%

Campaigning for change

As well as reducing carbon in our operations, we are also calling on Government and other businesses to be a force for good in taking urgent action to address the climate and environmental crisis the world faces.

Our Managing Director Richard Walker is a World Economic Forum Young Global Leader, a Trustee of several environmental charities, and a member of DEFRA's Council for Sustainable Business. He is calling for policy decisions that will ensure that the 'new normal' we create after the COVID-19 crisis is built on the foundations of a fully green recovery. We believe this means all businesses should make their own operations net zero by 2050, and benefit from new corporate taxation that incentivises good environmental outcomes and penalises bad behaviour.

Our next steps on carbon reduction will be to review the use of Science Based Targets and to work more closely with our suppliers. Our first project to investigate carbon in our value chain will be to measure and report on the carbon attributable to Iceland's own-label packaging.

Visit our Doing it Right website to find out how else we are reducing our carbon footprint by tackling food waste and plastic pollution.

In the last two years, we have reduced food waste by 23.2% in our own operations, and reduced our own label plastic packaging by 29%.

Find out more at: sustainability.iceland.co.uk



“

The Government should prioritise the delivery of 100% renewable energy generation while simultaneously incentivising businesses to reduce carbon. It should launch a new green economy skills strategy to support retraining employees from these industries. This also means reimagining infrastructure projects, pushing ahead with greener construction, halving food waste by 2030 and focusing on supply chains.”

A handwritten signature in black ink, appearing to read 'Richard Walker'.

Managing Director Richard Walker

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sustainability.iceland.co.uk