

## Sainsbury's response to the Zero Waste Scotland Deposit Return System: Call for Evidence June 2015

### About Sainsbury's

Sainsbury's employs over 8,400 colleagues and operates 88 stores (53 of which are smaller format convenience stores) and one depot across Scotland. Across the UK we operate over 1,300 stores, 22 depots and five store support centres. Our larger stores stock over 30,000 products, half of which are own brand, and we serve over 24 million customers a week.

While predominantly a food business, we have a strong general merchandise offer, we own and operate Sainsbury's Bank, with its main office function based in Edinburgh, and we are active in the energy and telephony markets.

### Respect for our Environment Value

Across all our business functions, respecting our environment is one of our key corporate values. We do not send any of our waste to landfill, instead making sure all waste goes to positive use, and we have made great strides in reducing operational carbon emissions, helping our suppliers do likewise, and cutting own brand packaging. Reducing waste is one of the most important ethical and environmental issues for our customers, and as such we also work hard to help them minimise their waste. Recent campaigns such as '*...to the rescue*' provide customers with hints and tips on how to make the most out of the food they buy, and our comprehensive on-pack recycling labelling, and store recycling points (we have 21 across Scotland) are of particular value to our shoppers.

### General Comments

Sainsbury's welcomes the opportunity to respond to Zero Waste Scotland's Call for Evidence regarding the feasibility of a deposit return system (DRS) for Scotland. We are members of the Scottish Retail Consortium (SRC) and we endorse and support their response. This supplementary response should be read in conjunction with theirs.

While the feasibility study undertaken by Eunomia has considered a number of the issues relating to the introduction of a DRS in Scotland, it has not looked at all of the factors that need to be thoroughly investigated before an objective view on its effectiveness can be reached. We believe Zero Waste Scotland and the Scottish Government should therefore undertake a further independent study that considers all the issues that are involved, including the impact on consumers, a full cost-benefit analysis, and wider impacts on the current recycling infrastructure. We are particularly disappointed that the feasibility study that has been undertaken has not taken into account customer behaviour or engaged the main retailers and manufacturers, nor has it considered potential alternatives to a DRS in Scotland. We would be happy to participate fully in the further work required.

The Scottish Government has long supported better regulation across its regulatory agenda, recognising the role it has in enhancing Scotland's competitiveness. As part of this, the careful assessment of any new regulations is essential. We strongly believe this assessment has not yet taken place and we would urge Zero Waste Scotland and the Scottish Government to work with all that would be involved in the creation of a DRS to ensure confidence that the better regulation approach has been adhered to.

### Impact on our Scottish consumers

We are particularly disappointed that the feasibility study has not looked into the behaviour change that would be required to implement a DRS successfully. As a major retailer, we know our customers better than anyone else, serving millions of customers across Scotland each week and we therefore have considerable insight into their motivations and shopping habits. With the changing shape of the grocery market, including small top-up shopping increasing in popularity alongside a growth in online shopping, customers are increasingly looking for convenience. The study has not looked into the impacts of this system on these changing habits (which work well with the current recycling infrastructure), the ways in which it could result in unintended consequences, or how changing customer shopping habits might impact on the success of DRS.

For example, customers, particularly those on lower incomes who manage their budgets very carefully, may not be able to afford the initial deposit outlays, especially on multiple packs, which ordinarily provide considerable value for money through economies of scale. A move towards single item purchases would, in the long term, have a negative impact on their budgets, and would seem disproportionately unfair. Further study into this would be required before true conclusions can be reached, but this is particularly important for Zero Waste Scotland and the Scottish Government to undertake, particularly given the Scottish Government's commitment to Scotland's economic and social prosperity.

The feasibility study has assumed that customer behaviour change would result in particularly high return rates, without providing full analysis on how this conclusion has been reached. A further study that would include proper engagement with the retail industry is required before this assumption could be proven beyond doubt.

### Impact on the Environment

Kerbside collection is a long established recycling mechanism across Scotland, complemented with facilities across local authority sites, supermarket car-parks and on the go bins. A DRS system would undermine the effectiveness of this system, with considerable implications for the recycling industry that is set up around this infrastructure.

The fundamental change in the way recycling material would be collected under a DRS is not thoroughly considered in the feasibility study, and therefore the overall impact on the environment, for example the carbon impact, has not been properly assessed. We believe a further study would need to look into the impact of the additional journeys customers may make to return containers, as well as the impact of the changes that would be required in freight and logistics to operate the system. As a business with a zero waste to landfill policy already established, we have considerable insight into the most efficient way to backhaul packaging and waste, and minimise carbon emissions. Any thorough feasibility study would need to more carefully consider the wider impact the new infrastructure could have on the environment more generally, not just looking at the way in which this system could impact recycling rates.

The feasibility study published has also provided little supporting evidence regarding the impact the system would have on litter. We know the Government is particularly interested in improving the amount of litter across Scotland, and we believe further work would need to be done to make a clear assessment on how this scheme could impact on that. Each year we collect over 488 tonnes of litter

from the areas around our stores and car-parks in Scotland, so we again have considerable expertise in this area that we would be happy to share.

Additionally, the feasibility study demonstrates that the DRS machines that were trailed did not achieve recycling rates comparable to those achieved through kerbside collections, so we are unclear as to why the study remains so optimistic about the high returns that would be seen via mass rollout, or why the alternatives (including work to improve the current infrastructure) has not been duly considered.

### **Impact on the our Business**

The introduction of a DRS would require fundamental changes to our business in Scotland, which would require significant resources to implement. We are, by our nature, a fast moving business able to respond to customer demand and introduce new processes and systems, where the customer and operational benefit is clear and properly costed. We do not believe, at this stage, that the case has been made for the changes that a DRS would require.

The changes required would touch every part of our business including logistics, labelling, pricing mechanisms, colleague training, maintenance, product range, waste policies and return on investment calculations. It is crucial that Zero Waste Scotland and the Scottish Government properly understands and considers these changes as part of a thorough cost/benefit analysis, and is confident that the introduction of a DRS is the best way in which to achieve its aim of increasing recycling rates and reducing litter.

For more information, please contact:

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