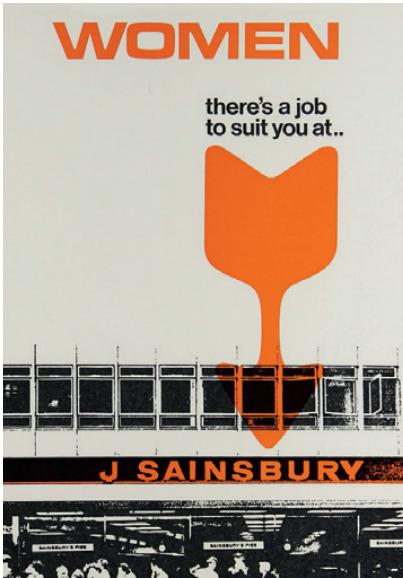
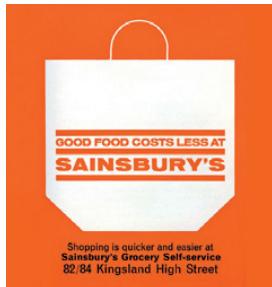


# Our values make us different

Values Update 2019



150 Sainsbury's  
Est. 1869

# Welcome

Helping customers live well for less has been at the heart of what we do for 150 years, since John James and Mary Ann Sainsbury opened the doors of our first shop in Drury Lane in 1869.

We employ 178,000 colleagues who work hard every day to make our customers' lives easier and provide them with great products, quality and service.

Our customers care about wide-ranging, complex issues that impact them and our wider world. They trust us to be a responsible business, whether that's by supporting the communities we serve and source from, managing our environmental impacts or contributing to a healthier, more inclusive society.

Our values underpin everything we do as a business and help us strengthen relationships with all our stakeholders. They enable us to build trust, reduce operating costs, mitigate risks and attract and retain talent.

This is an update on progress against our Sustainability Plan, which is structured around our values.



Find out more at  
[www.about.sainsburys.co.uk/  
making-a-difference](http://www.about.sainsburys.co.uk/making-a-difference)

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# Driving lasting, positive change

As we celebrate our 150th anniversary, Chief Executive Officer Mike Coupe reflects on our values, which underpin everything we do, differentiate us from our competitors and make strong commercial sense.

I'm proud to say that our focus on giving customers high quality food at good value remains as true today as it was 150 years ago when we opened our doors on Drury Lane. In that time, we've remained true to our values, which continue to be integral to the way we do business and allow us to drive lasting, positive change in the communities we serve and source from. One way we are marking our anniversary is by giving all our colleagues the chance to volunteer for one day with a local charity or community initiative.

Living well starts with eating well, so we make sure our customers can always choose nutritious and healthy food when shopping with us. 14 years ago we were the first retailer to introduce traffic light nutritional labelling on products to give customers a better indication of the nutritional value. Today, 78 per cent of all our own-brand products are labelled with green and amber traffic lights.

Climate change and plastic are amongst the biggest environmental issues of our time. This year we reached a 35 per cent reduction in absolute carbon emissions, achieving our 2020 reduction target early, and we redesigned packaging to save plastic across over 100 million items. We also recognise that there is more to do and a need for greater collective action on global challenges.



**178,000**

colleagues

**12,000+**

own-brand products sourced from more than 70 countries

We are currently involved in over 40 collaborations, from WRAP's UK Plastic Pact to eliminate unnecessary single-use packaging, to the international Roundtable on Sustainable Palm Oil, which is protecting forests and livelihoods. I am pleased to have taken on the role of Retailer College Co-Sponsor for The Consumer Goods Forum's sustainability pillar, promoting sustainable value chains and business practices globally.

Across our Group, we continue to make progress on our ambition to be the most inclusive retailer where people love to work and shop. We have now set corporate objectives to increase female and Black, Asian and Minority Ethnic (BAME) colleagues in senior roles and are implementing a wide-ranging programme to support this.

As we look to the next 150 years, our success will be rooted in knowing what our customers want and we will continue to strive to ensure that our colleagues reflect the great diversity of the communities we serve. We must also keep pace with our customers' changing lives. We will be launching our post-2020 Sustainability Plan in the coming year, driving further positive change.

A handwritten signature in black ink that reads "Mike Coupe".

**Mike Coupe**

Chief Executive Officer

# Our values make us different

“

Our values are integral to how we do business and they enable us to help our customers to live well, and drive lasting, positive change in communities across the UK and overseas. They help us grow trust with our stakeholders, as we work closely with our partners to build a more sustainable future.”

**Mike Coupe**  
Chief Executive Officer



“

## 2018/19 progress on our 2020 commitments includes



Page 05

### Living healthier lives

Offering customers nutritious and healthy food and encouraging active lifestyles

**78%**

of our own-brand products are labelled with green and/or amber traffic lights, just one of the ways we are helping our customers to eat and live well



Page 06

### Making a positive difference to our community

Generating positive impact in the communities we serve and source from, locally and globally

**94%**

of our stores partnered with local charities this year, raising £2.6 million to make a big local impact



Page 07

### Sourcing with integrity

Building resilient supply chains by sourcing products ethically and sustainably

**Winner**

of the Marine Stewardship Council (MSC) UK Supermarket of the Year Award for the fifth year in a row, and leading UK retailer, with the most MSC labelled products



Page 09

### Respect for our environment

Reducing emissions, water use and waste across our value chain

**100m+**

items with reduced or zero plastic packaging through design changes this year, with further reductions in the pipeline



Page 11

### Great place to work

Being an inclusive employer where colleagues love to work

**31.4%**

of senior roles are now held by women, making progress towards achieving our target of 40 per cent

**For all our 2018/19 sustainability performance indicators, see our Sustainability Update on our corporate website**

As part of our efforts to be the most inclusive retailer, Mike Coupe has set corporate objectives to increase female and Black, Asian and Minority Ethnic (BAME) colleagues in senior roles.

Page 11.



Over 4,500 children took part in our new Active Kids holiday clubs, helping keep kids active and healthy over the summer. Page 05.



Over 50,000 trees distributed to individuals, schools, community groups and MPs to plant in their communities through our support for the Queen's Commonwealth Canopy. Page 08.



35 per cent absolute reduction in carbon emissions against our 2005 baseline, meaning that we achieved our 2020 reduction target early, as a result of our efficiency savings and National Grid decarbonisation.

Page 09.

Over one million donations through our Brighten a Million Christmases campaign, focusing on food donations in Sainsbury's and toy donations in Argos. Page 06.



## Making the difference

Our Sustainability Plan is structured around our values and is our guide for building a more sustainable future. Working closely with our partners, we focus our efforts where we can make the greatest difference. Our 2020 targets have driven remarkable progress since we launched them in 2011. We will be publishing our full 2020 performance review in the coming year, along with new targets, which we are developing in discussion with our colleagues, partners and experts.

## United Nations Sustainable Development Goals

We fully support the UN's Sustainable Development Goals to end poverty, fight inequality and stop climate change. Working closely with our partners, our sustainability activities contribute towards many of the goals, helping address local and global challenges.





## Living healthier lives

### Related UN Sustainable Development Goals



### We help our customers to live well and living well starts with eating well.

We have a responsibility to make sure our customers can always choose nutritious and healthy food when shopping with us.



### Inspiring healthier choices through new products

This year we introduced over 50 new products within Love your Veg, grain pouches and Slim Choice meals, along with the first mushrooms on the market fortified with vitamins D and B12. We also extended our Little Ones brand to include 60 food products, all balanced towards savoury flavours and guided by our 'veg first' approach.

**9m+** Love your Veg and Little Ones food products sold

### Collaborating for our customers

We are partnering with Oxford University, the Wellcome Trust and others on LEAP (Livestock, Environment and People), a world-leading research project. This aims to provide evidence and tools to promote healthy and sustainable diets.

The number of people aged 85 and over is projected to double in the UK by 2041<sup>1</sup>. Through the Protein for Life research project, we are working with partners to help develop guidelines for higher-protein snack foods for older adults.

To make shopping easier for people with food allergies and intolerances, we have partnered with food search platform FoodMaestro on an app that over 52,000 of our customers have used to create personalised allergen profiles, automatically checking products online for allergens.



### Inspiring kids to live healthier lifestyles

Through Active Kids, we continue to help children get active and understand the importance of diet and exercise. We donated over £186 million worth of equipment and experiences through our Active Kids voucher scheme from 2005 to 2017. In 2018, to help keep kids active and healthy over the summer, we trialled holiday clubs in 25 schools and plan to run more in 2019.

**4,500+** children took part in Active Kids holiday clubs

“

**We want to help our customers to eat well. Even small changes to the food in their baskets can make a big impact on people's health, which is why we continue to make everyday products healthier and contribute to collaborations designed to help nudge people towards healthier choices when shopping with us.”**

**Nilani Sritharan**

Company Nutritionist at Sainsbury's

### Making everyday products healthier

We have been cutting sugar, saturated fat and salt in our products for several years, at the same time as continuing to offer a wide variety of choice to our customers.

To help reduce childhood obesity, Public Health England challenged the food industry to cut 20 per cent of sugar from a range of products by 2020. This year, building on earlier savings, we reduced sugar in our deep filled mince pies by 14 per cent and cut sugar across our frozen dessert range.

We continue to support initiatives encouraging customers to eat more vegetables. Vegetables comprise 18.8 per cent of our own-brand food sales by volume.

**78%** green and/or amber traffic lights on our own-brand products, up from 77 per cent in 2017/18<sup>2</sup>

(2020 target: 79 per cent)

### Living Well Index

Our ambition has always been to help our customers live well for less. To explore what living well means, we work with leading researchers to survey 8,000 people every six months.

Our third Living Well Index revealed that the UK's sense of wellbeing has fallen since 2017, identifying social interaction and community connections as key drivers for living well. To bring people together, we trialled Talking Tables in 20 stores, often hosted by our colleagues and community partners.

For our Living Well Index, visit our corporate website.

<sup>1</sup> Office for National Statistics: National population projections for the UK (2016-based).

<sup>2</sup> Based on data from January to March 2019 for food products with nutritional labels.



## Making a positive difference to our community

### Related UN Sustainable Development Goals



**Our long-term business success relies on resilient, thriving communities in the UK and internationally.**

In the context of social challenges such as inequality, health issues and an ageing population, we are working with partners to support social cohesion, economic prosperity and inclusive growth.

Alongside our community investment, we make positive economic contributions through our supply chain, our market-leading pay for colleagues and our responsible approach to tax, contributing £2.3 billion in taxes borne and collected this year.

**£30m** generated for charities and communities, bringing total investment since 2011/12 to £330 million  
(2020 target: £400 million)<sup>1</sup>

### Contributing to our local communities

Our Local Charity of the Year programme has been making a big positive impact in our local communities for ten years. This year our colleagues and customers raised £2.6 million for their favourite local charities, supporting them through fundraising, volunteering and donations.

**94%** of stores took part in our Local Charity of the Year, up from 91 per cent in 2017/18  
(2020 target: 100 per cent)

**"**  
**We can't thank Sainsbury's enough for all the help provided to residents of Betel UK who have been rescued from desperate situations. Thanks to Sainsbury's support, we can look to the future with hope."**

#### Timon Robins

Fundraising Director for rehabilitation charity Betel UK, partnered with 15 of our Birmingham stores

### Tackling food poverty in our communities

As more UK families struggle to pay basic living costs and food bank use soars<sup>2</sup>, we have expanded our food donation programme to 1,425 stores, making it the UK's largest scheme of its kind. 87 per cent of our stores have a community food partner – a record, as we work towards 100 per cent.

This year we launched food bank friendly labelling on shelves to alert customers to priority items, after a trial led to a three-fold rise in donations. The initiative was suggested by teenage National Citizen Service graduates.

**1m+** donations through our Brighten a Million Christmases campaign, focusing on food donations in Sainsbury's and toy donations in Argos

### Collaborating for greater impact

With 850,000 people living in the UK with a form of dementia<sup>3</sup>, our Argos colleagues chose the Alzheimer's Society as their charity of the year, raising enough to fund 15 dementia support workers and advisers for a whole year. All colleagues have been offered the opportunity to become Dementia Friends, increasing their awareness and understanding of those affected by dementia. This builds on the success of Argos's award-winning three-year partnership with Macmillan Cancer Support and the Irish Cancer Society, which raised £3.3 million.

As a partner of The Royal British Legion for 25 years, our activities to mark the centenary of the end of the First World War included partnering with 11 iconic brands that were staples in British homes 100 years ago and are still sold in-store today.



This year marks the 20th anniversary of our partnership with Comic Relief. Since 1999 we have raised over £130 million for the charity, helping nearly 1.5 million people across the UK and over 71 million internationally. Key activities include selling red noses and merchandise, colleague fundraising and partnerships with multiple brands.

**£11m** raised for Comic Relief this year, bringing the 20-year total to over £130 million

**£3.8m** raised for The Royal British Legion, up from £3.4 million last year

**£422,000** raised for the Alzheimer's Society, exceeding our £400,000 target



**"**  
**Sainsbury's is a brilliant long-standing partner of ours. Since 1999 they have raised an incredible amount of money for Comic Relief. Together with Sainsbury's and Argos employees, we help fund projects locally and abroad – saving and changing lives."**

**Liz Warner**  
CEO of Comic Relief

As part of our support for our communities internationally, we responded when we heard that Kerala, where we source Fairtrade cashew nuts from, had been hit by floods. Our funds joined those of other organisations to help rebuild the area and restore livelihoods. In addition, nearly 8,000 customers contributed to emergency charity appeals through Nectar this year, donating points and cash to help communities in crisis.

<sup>1</sup> This includes corporate donations, volunteering, fundraising and community investment.

<sup>2</sup> Joseph Rowntree Foundation, Destitution in the UK (2018).

<sup>3</sup> The Alzheimer's Society, Dementia UK Update (2014).



## Sourcing with integrity

### Related UN Sustainable Development Goals



**With over 12,000 own-brand products sourced from more than 70 countries, we have a vital role to play in supporting our farmers, growers and suppliers across the world.**

Our approach is to work collaboratively to tackle climate change, reduce the environmental impact of our raw materials, advance respect for human rights across our supply chain and improve the livelihoods of our farmers, growers and suppliers.

### Sustainable sourcing

To help develop more resilient supply chains, we have worked with independent experts on our sustainability standards for the key materials used in our own-brand products.

These standards are designed to help our farmers and growers identify opportunities to strengthen their economic sustainability, enhance worker wellbeing and reduce environmental impacts. We are trialling our standards for prawns, tea, sugar cane and flowers in Central America, East Africa and South East Asia. We trained 100 suppliers, farmers, growers and co-operative representatives in our sustainability standards this year.

We also continue to source products such as palm oil and timber to international standards. See page 08.

### Trading for a fairer future

We support farmers and workers in challenged value chains through our own Fairly Traded programme and the Fairtrade brand.

We source Sainsbury's Fairly Traded tea from producer groups in Rwanda, Kenya and Malawi, who we work with on environmental, economic and social challenges. Alongside our minimum price guarantee, tea farmers have received a \$260,000 social premium to invest in their businesses and communities. We have set up the Sainsbury's Foundation to oversee social, economic and environmental activities in our Fairly Traded producer communities. Members include external experts and colleagues.

Through our wider sourcing commitments, we continue to work with the Fairtrade brand, which we have supported since 1994, empowering farmers and workers in developing countries.

### Responsible fishing

We are leading the way in sourcing fish responsibly, so our fish populations remain healthy and our customers can enjoy great quality fish, now and in the years to come.

In addition to line and pole caught tuna, this year we expanded our responsibly fished tuna offer to include Fishing Aggregation Device (FAD)-free fishing. This avoids the use of FADs that attract lots of fish and can lead to other marine life being caught. Non-profit organisation OceanMind uses the latest technology to independently verify that our suppliers' fishing practices are FAD-free.

We also continue to support fishery improvement projects, working towards an environmentally sustainable future for UK fisheries.

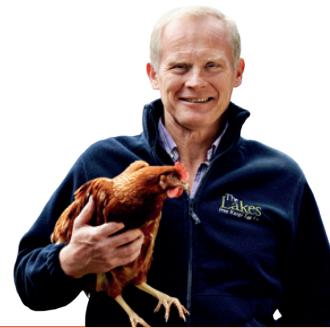
**Winner** of the Marine Stewardship Council (MSC) UK Supermarket of the Year for the fifth time, and leading UK retailer, with the most MSC labelled products

**82.5%** of wild caught seafood and 100 per cent of farmed seafood sourced sustainably to an independent standard, compared to 86 and 100 per cent respectively in 2017/18  
(2020 targets: 100 per cent)

### Backing British farming

As a UK retailer, we are proud to support British producers. In addition to boosting the national economy and contributing to rural communities, this reduces food transport miles.

Nearly 500 of our farmers, growers and suppliers attended our ninth annual Farming Conference. Speakers included Mike Coupe, Food Commercial Director Paul Mills-Hicks and, for the first time, National Farmers Union President, Minette Batters.



We returned as a principal sponsor of Open Farm Sunday for the third year, with around 360 British farms opening their gates to over 290,000 visitors and sharing educational resources we developed with Linking Environment and Farming (LEAF). We are also supporting LEAF's FaceTime a Farmer initiative, which connects schools and farmers on curriculum areas linked to farming. This is inspiring young people and raising awareness of careers in farming.

Five farmers and growers in our supply chain completed our 18-month Farm Tech Scholarship, delivered in partnership with Imperial College. Supported by mentors from our teams, they worked on projects to develop technological solutions and use data to drive efficiency in their businesses.

**100%** of our fresh chicken, eggs and milk are British

### Sustainable crops

Building on over ten years of collaboration with our growers and suppliers through our Crop Action Groups, this year we launched Grower Interaction Groups, which bring diverse growers together to find solutions to shared challenges. We also introduced a Wheat Development Network linking our colleagues and suppliers to combine expertise.

**120+** attendances at our Crop Action and Grower Interaction Groups

## Sustainable dairy farming

We have been working closely with our dairy farmers through the Sainsbury's Dairy Development Group since 2007, protecting their livelihoods and ensuring a sustainable milk supply for our customers.

Together, we continue to improve herd health and efficiency, ensure a fair price for milk for dairy farmers and reduce costs in our milk supply chain.



This year we trialled our first small group tackling a specific issue, feed efficiency. Over 40 farmers were invited to attend workshops, receive consultancy support and test technology innovations, including ear tags that give real-time health alerts and a smart device for feed wagons.

**235** farmers attended our Dairy Development Group regional meetings

## Caring for animal health and welfare

Healthy, well-managed animals are more likely to deliver better tasting, higher quality products for our customers. Our current collaborations for animal welfare include a three-year research project with industry partners to test the use of 3D cameras to help stop pig tail biting.

**No. 1** UK retailer for RSPCA Assured products, selling 30 per cent of all RSPCA Assured products sold in the UK in 2018



CERTIFICATION MARK

## Protecting human rights

Our vision is to be the most trusted retailer where people love to work and shop. This includes treating people fairly wherever they are in our business and supply chain.

This year we expanded our Modern Slavery Risk Assessment Tool, became founding sponsors of the Responsible Recruitment Toolkit and piloted initiatives as members of the Responsible Car Wash Scheme. Mike Coupe spoke about our efforts to tackle modern slavery at The Consumer Goods Forum's Sustainable Retail Summit and took on the role of Retailer College Co-Sponsor for the Forum's sustainability pillar. The Business and Human Rights Resource Centre identified Sainsbury's as a leader for transparency on Modern Slavery Act requirements.

For our Human Rights Policy and Modern Slavery Statement, visit our corporate website.

## Protecting forests

With many of the world's tropical forests at risk, we have a long history of collaborating to progress sustainable sourcing of palm oil, cocoa, soy and timber globally.

A common ingredient in many products – from shampoo to biscuits – we continue to source palm oil certified sustainable by the Roundtable on Sustainable Palm Oil. We believe this is the best way to drive global change, conserving natural resources and biodiversity, respecting human rights and protecting livelihoods.

This year we joined the World Cocoa Foundation, working towards a sustainable cocoa sector. We also continued our collaborative efforts on sustainable soy, as signatories to the Cerrado Manifesto and the UK Roundtable on Sustainable Soya, as well as working with our suppliers and updating our policy.

Together with other retailers, we are engaging with CDP on its revised methodology for forest disclosures, which affected scores across our sector this year.

**98.7%** of palm oil and 97 per cent of timber in our products certified to international sustainability standards<sup>1</sup>, improving on 98 and 95 per cent respectively in 2017/18  
(2020 targets: 100 per cent)



We have raised £8.6 million for the Woodland Trust since 2004, planting 3.3 million native trees and involving over 1 million volunteers. This year we funded over 50,000 trees for individuals, schools, community groups and MPs as part of the Queen's Commonwealth Canopy and we were lead sponsor for the First World War Centenary Woodland Project, which created four new woods.



## Sustainable general merchandise and clothing

As one of the largest general merchandise and clothing retailers in the UK, we can make a real difference. At our annual supplier conference, we highlighted our sustainability targets, ethical sourcing policies and modern slavery risks. In the coming year, we will publish our first tier manufacturing sites for clothing and footwear on our Tu website.

**68%** of our cotton certified to international sustainability standards<sup>1</sup>, up from 61 per cent in 2017/18, working with the Better Cotton Initiative  
(2020 target: 100 per cent)

## Collaborating on global goals

We have a strong track record of partnering to help address global challenges and drive change in our value chains. We are currently involved in over 40 collaborations, including:

- Cerrado Manifesto to protect Brazil's Cerrado savannah
- The Consumer Goods Forum's Sustainable Supply Chain Initiative
- Ethical Trading Initiative
- Roundtable on Sustainable Palm Oil
- UK Roundtable for Sustainable Soya
- UN Task Force on Digital Financing of Sustainable Development Goals
- World Cocoa Foundation

<sup>1</sup> Palm oil data provided by calendar year. Timber and cotton data provided by financial year in arrears.



## Respect for our environment

### Related UN Sustainable Development Goals



**Climate change and resource scarcity are complex, global challenges, which affect every part of our business.**

To grow our business sustainably, we are cutting carbon, maximising energy and water efficiency, keeping food waste at a minimum and upgrading our fleet.

### Cutting carbon emissions

To help tackle climate change, we have a bold ambition to be the Greenest Grocer by cutting carbon emissions from our heating, cooling, lighting and logistics.

Sainsbury's Argos has also implemented a colleague engagement programme that encourages simple changes in behaviour to save energy, building on our successful Greenest Grocer programme.

Across the Group we have reduced energy use by four per cent year-on-year, through our colleague behavioural change programme, cutting carbon emissions and costs.

We achieve further emissions reductions by sourcing 18 per cent of our electricity from on-site renewables generation and renewable power purchase agreements.



Following a successful trial that reduced energy use in store by 15 per cent, this year we rolled out aerofoil technology across 1,400 Sainsbury's stores. Inspired by Formula 1 innovations, aerofoil prevents cold air from fridges spilling out into aisles, so we reduce our environmental impacts and energy costs and our customers enjoy warmer aisles.

In the coming year we will continue to test opportunities for the Internet of Things technology linked to metering to identify ways to further enhance energy efficiency in stores.

**35%** absolute reduction in carbon emissions against our 2005 baseline, achieving our target early

(2020 target: 30 per cent reduction)

**55%** relative reduction in carbon emissions against our 2005 baseline, as a result of our efficiency savings and National Grid decarbonisation

(2020 target: 65 per cent reduction)

For more on our greenhouse gas emissions see pages 87 and 88 of our 2019 Annual Report

**CDP A** rating for our climate change disclosure for the fifth year running – the only UK food retailer to achieve this score for so many years



### Setting science-based targets

Science-based targets seek to deliver on the commitment made by international leaders to limit global warming to a maximum increase of 2°C. When we set our 2020 carbon reduction targets in 2011, the Science Based Targets initiative had not yet been established. Analysis shows that our Scope 1 and 2 reductions are in line with the science-based target trajectory. We are particularly proud that we have reduced absolute carbon emissions by 35 per cent since 2005, while growing our business. We are now working with the Carbon Trust to develop science-based reduction targets, which we will publish in the coming year as part of our post-2020 plan.

“

**Sainsbury's has made great progress in reducing its carbon footprint through energy efficiency measures. Best practice now requires companies to set long-term targets to limit global warming to below 2°C and we are pleased to see Sainsbury's taking a leadership position, working in partnership to develop science-based targets.”**

**Mark Reynolds**

Account Director at the Carbon Trust

### Improving air quality

We recognise the impact of vehicle emissions on air quality and human health and continue to trial and roll out new technologies to minimise emissions across our fleet.



Following successful trials of refrigerated vehicles powered by alternative technologies and fuels, rather than diesel, we are now purchasing gas vehicles as part of our fleet replacement programme. This will dramatically reduce nitrogen oxide outputs across our operations and cut carbon emissions. All our vehicles in London's Ultra Low Emission Zones are Euro 6 compliant for 1 April 2019, when fees come into effect, supporting the Mayor's efforts to improve air quality.

**30+** gas vehicles joined our fleet, having been the first retailer in the world to trial refrigerated vehicles cooled by CO<sub>2</sub>

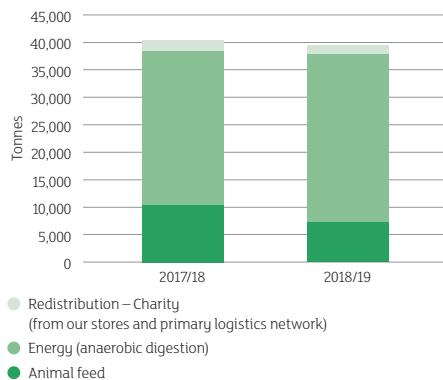
## Reducing, reusing and recycling

With UK households generating 27 million tonnes of waste each year<sup>1</sup>, we provide facilities to help our customers recycle unwanted clothing, metal cans, glass, paper, batteries and other materials, as well as supporting global efforts to reduce food waste and working to minimise our own packaging.

We support the UN Sustainable Development Goal 12.3 to halve food waste by 2030 and are a signatory to the Courtauld Commitment to cut food waste by 20 per cent by 2025.

**87%** of our stores have food donation partners for unsold food, up from 73 per cent in 2017/18  
(2020 target: 100 per cent)

## Surplus food



To help our customers divert unwanted clothing from landfill, this year we expanded our partnership with Oxfam, providing a network of 356 clothing recycling banks in our store car parks. This also generates valuable funds for the charity's work to create a world without poverty.

**78%** of available sites have Sainsbury's-managed recycling facilities, maintaining our 2017/18 performance  
(2020 target: 100 per cent)

Collectively, they recycled 29,500+ tonnes of waste – an estimated 1 million items per site

## Pledging to cut plastic

Plastic has become one of the biggest environmental issues of our time, polluting our oceans and harming wildlife. We all need to work harder and act together to reduce our reliance on plastic and improve reuse and recycling rates.



This year we redesigned packaging to reduce plastic across over 100 million items, including water bottles, bananas, cauliflowers, tomatoes, chicken, olive oil, bedding, clothing and greeting cards. We also reduced black plastic use on fresh produce, meat, fish and poultry. We continue to explore additional opportunities to cut plastic across the Group.

We made substantial progress towards eliminating single-use plastic in our Group office restaurants and Argos store cafés and plan to expand this approach to all our cafés, as well as continuing our packaging redesign programme.

As members of WRAP's UK Plastics Pact, we are collaborating to eliminate unnecessary single-use packaging by 2025 and working towards all plastic packaging being 100 per cent reusable, recyclable or compostable, as well as containing at least 30 per cent recycled content.

**100m+** items with reduced or zero plastic packaging through design changes this year, with further reductions in the pipeline

**1m+** disposable plastic items set to be saved annually from our Group offices and support centres, with further savings planned in our Group cafés

## Saving water

Having achieved our 2020 water reduction targets early, we continue to drive efficiency across the Group. In the coming year, we will be rolling out low-flow water taps.

**30%** absolute reduction in water use and 57 per cent relative reduction against 2005 baseline, achieving our 2020 reduction targets early  
(2020 targets: 30 and 55 per cent reductions respectively)

**CDP A-** rating for our water disclosure for the second year running

## Collaborating on global challenges

We are now in the ninth year of our partnership with Imperial College London, which provides us with academic independence and quality research. MSc students from around the world have completed innovation projects as part of our carbon reduction programme, supporting the transition to a low carbon future.

“

**The partnership between Imperial College and Sainsbury's is a great example of the power of collaboration between academia and business. We welcome the progress made by Sainsbury's and look forward to continued engagement to further reduce emissions.”**

**Dr Neil Jennings**

Partnership Development Manager at the Grantham Institute, Imperial College London

<sup>1</sup> Department for Environment, Food and Rural Affairs: UK Statistics on Waste (2019).



## Great place to work

### Related UN Sustainable Development Goals



**We want to be the most inclusive retailer, where every single one of our colleagues can fulfil their potential and where all our customers feel welcome when they shop anywhere in our Group.**

Our customers value excellent service, which our colleagues strive to provide across our Sainsbury's, Argos and Habitat stores, Sainsbury's Bank, Travel Money outlets and customer management centres.

### A place where colleagues love to work

We invest in our colleagues to make sure they feel rewarded and motivated to do the best possible job for our customers every day. This sets us up to run the best shops and banks in the industry, delivering the best possible service for our customers.

This year we launched our new online colleague recognition portal with discounts and benefits, 'Love it'. Sainsbury's Argos embedded our Group values and 'Love It'. Values Ambassadors in Argos stores engage colleagues in our values, supported by regular features in our communication channels.



We completed the largest reorganisation in our Sainsbury's stores for more than a decade, designed to meet the challenges of today's retail environment and help us to deliver the best possible service for our customers. This included introducing one fair and consistent contract, giving us greater flexibility to ensure store colleagues are always in the right place at the right time for our customers. In recognition of this, as part of our Winning Teams strategy, we invested over £100 million in store colleagues, taking the base rate of pay to £9.20 per hour.

**69%** of our colleagues across our Group stores, banks, support centres and depots feel that we're a great place to work

**£9.20** per hour base rate of pay in Sainsbury's stores, an industry-leading investment in pay, up from £8.00

“

**"We want to be a place where people love to work and shop. That means harnessing the talent, creativity and diversity of our colleagues to ensure that customers receive great service every time they shop with us."**

**Angie Risley**  
Group HR Director

### A place where colleagues learn and grow

Apprenticeships give colleagues on-the-job skills and training and help us secure our talent pipeline. We have offered apprenticeships since 1974 and continue to expand our offer.

We introduced 19 new apprenticeship programmes this year, bringing the total available across the Group to 33, from fundamental skills all the way up to degree level. These reflect the diverse range of skills we rely on, from traditional food crafts such as bakery, butchery and fish, to retail skills such as hospitality and merchandising, and business skills such as analytics, cyber security, finance, risk, software and supply chain management. Our Group-wide programme saw 120 Sainsbury's Argos apprentices develop skills in areas from team leadership to data analysis, and 15 Sainsbury's Bank colleagues complete a modern apprenticeship with Microcom. We also trialled our first supplier apprenticeship collaboration, helping The Lakes Free Range Egg Company support one of their colleagues through the Supply Chain Practitioner Apprenticeship.

**887** colleagues enrolled on apprenticeships across our Group, with **156** completing their programme



### Ethical policies

We are committed to complying with laws and regulations and set high ethical standards for our colleagues and suppliers. We expect all colleagues to abide by our Ethical Conduct Policy, which covers areas including anti-bribery and corruption, conflicts of interest, suppliers, fraud and whistleblowing. Training in support of our ethical policies is provided to colleagues, especially in the commercial divisions, both as part of their induction and through annual refreshers.

### Inclusive leadership

Mike Coupe has set corporate objectives to increase female and Black, Asian and Minority Ethnic (BAME) colleagues in senior management and department director roles. In addition, our department directors have inclusion objectives linked to their annual bonus.

To support the delivery of these goals, we have invested in engaging and upskilling our leadership teams through deep dive sessions on inclusive leadership and an inclusion training module for new line managers.

Our aspirational targets for senior management and department directors:

**40%** of senior roles held by women, currently 31.4 per cent

**10%** of senior roles held by BAME colleagues, currently 7.5 per cent

Our well-established Group Diversity and Inclusion Steering Group, which consists of six Operating Board sponsors and other key stakeholders, meets regularly to influence our strategy and govern progress.



### Recognised in the Best Employers for Race list by Business in the Community

**Three** of our colleagues recognised in the Financial Times EMpower Ethnic Minority Leaders and Advocates lists for their outstanding achievements, and two of our colleagues nominated for the prestigious British LGBT awards



Disability Confident Leader status – the highest tier of accreditation in the Government's Disability Confident Programme

### Celebrating and empowering diverse colleagues

Through our Embrace the Difference inclusion campaign we continue to explore challenging topics with our colleagues, such as banter. This year during our Inclusion Week we equipped colleagues to call out exclusive behaviour. Our colleague networks hosted popular events, connecting diverse groups and providing insights into the lived experience of our colleagues. We also launched our everyday role model campaign, #thisisme, through which diverse colleagues share their stories.



Colleagues invited to wear an 'Embrace the Difference' badge to demonstrate their support for diversity and inclusion

### Inclusive recruitment and development

We have trialled several initiatives in recent years to reduce recruitment bias, such as anonymised CVs and strengths-based assessment. We continue to integrate best practices obtained through these experiments to improve our recruitment processes. This year we also created an in-house executive recruitment team, who are taking proactive steps to increase the diversity of senior teams.



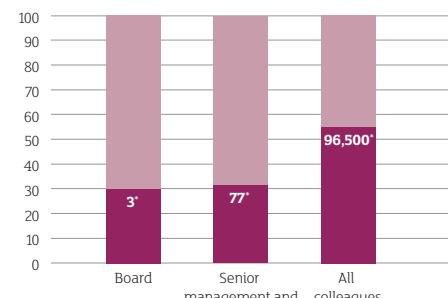
Inclusion is at the heart of our approach to talent development. This year, following a successful trial of our women's development programme, we have rolled it out across the Group. In the coming year we will trial a BAME colleague development programme.



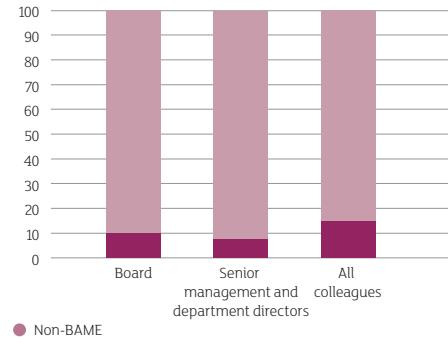
**Purple Day** events at stores across the Group, celebrating our disabled customers and exploring opportunities to make our store experience even more inclusive

**Pride** events across the UK attended by colleagues, in partnership with our Lesbian, Gay, Bisexual, Trans and Allies (LGBT) networks

### Gender diversity 2018/19 (%)



### BAME diversity 2018/19 (%)



### Gender pay balance

We continue to work hard to improve gender balance across the Group and welcome the opportunity to report on our gender pay gap. This year we reduced our median gender pay gap by 0.6 per cent to 3.8 per cent and our mean gap by 2.5 per cent to 12.1 per cent. We recognise that we have more to do. To find out more about our gender pay gap and initiatives to improve gender balance, please read our Gender Pay Gap Report on our corporate website.

“

**I am proud to be the Group Board sponsor for Disability, Age and Carers. Creating a great place to work, where every colleague feels included, is not only the right thing to do, it helps us to drive colleague engagement, productivity and to boost our overall business performance.”**

**Tim Fallowfield**

Company Secretary and Corporate Services Director

# Local to global impact

Judith Batchelar reflects on challenges facing our customers, business and the wider world and how, working together, we can do even more to grow and develop sustainably into the future.

Our customers are concerned and motivated about a number of wide-ranging, complex and interconnected issues. Over half of adults are overweight or obese and nearly a third of children<sup>1</sup>, whilst many people in the world go to bed hungry every night. Plastic is polluting our planet's oceans and harming wildlife, air quality in our cities is affecting health. Climate change and resource scarcity are global challenges that affect every part of our business.

These challenges may seem overwhelming, but they are all areas where we can make an important contribution, as one of the UK's largest retailers, working with our suppliers and partners. This includes joining with local partners to distribute unsold food to families and organisations in our communities, inspiring healthier choices through our products and services, eliminating single-use plastic wherever possible and reducing our carbon emissions while growing our business.

We fully support the UN Sustainable Development Goals, which are a call for all countries and organisations to take action to grow prosperity while protecting our planet, and they provide an international language and currency with which to manage our progress. This includes promoting health and wellbeing, reducing inequalities, cutting resource consumption and tackling climate change. Throughout this report, we indicate where our activities and partnerships contribute towards these global goals.

**2,389**

community food partners across the UK

**9m+**

Love your Veg and Little Ones food products sold

**100m+**

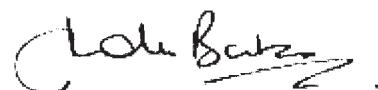
items with reduced or zero plastic packaging through design changes

**35%**

reduction in absolute carbon emissions against our 2005 baseline

In Sainsbury's, Argos and Sainsbury's Bank, we have three of the most trusted brands in UK retail. Our values and sustainability activities protect our brands so that customers, suppliers and stakeholders continue to trust us. They also help us strengthen relationships with all our stakeholders and enable us to be more productive, mitigate risks and attract and retain the best talent.

As we develop our post-2020 Sustainability Plan, we are reviewing a wide range of social, environmental and economic issues in discussion with our colleagues, partners and experts. We will be publishing our new targets in the coming year, focusing where we can achieve the greatest positive impact. This will set our business up for the long term and contribute to a more sustainable future for all.



**Judith Batchelar, OBE**

Director of Sainsbury's Brand

<sup>1</sup> National Statistics: Statistics on Obesity, Physical Activity and Diet England (2018).

# Transforming our world

Here are a few examples of how we're contributing to the UN Sustainable Development Goals. More can be found throughout this report.



## Good health and wellbeing

We're committed to helping our customers and communities to live healthier lives.

Page 05



**18.8%**

of our own-brand food sales by volume comprise vegetables

**4,500+**

children took part in our new Active Kids holiday clubs



## Reduced inequalities

We want to be the most inclusive retailer where people love to work and shop. We also work with partners to support inclusive growth.

Pages 06 and 12

**31.4%**

of senior roles are now held by women and 7.5 per cent by Black, Asian and Minority Ethnic (BAME) colleagues



## Sustainable cities and communities

Our long-term business success relies on resilient, thriving communities in the UK and internationally.

Page 06

**£330m**

generated for charity since 2011



## Responsible consumption and production

We provide facilities to help our customers recycle, as well as supporting global efforts to reduce food waste and working to minimise our own packaging.

Page 10

**29,600+**

tonnes of waste recycled – an estimated 1 million items per site

**87%**

of our stores have food donation partners



## Climate action

To help tackle climate change, we have a bold ambition to be the Greenest Grocer.

Pages 09 and 10

**55%**

reduction in relative carbon emissions since 2005

**CDP A**

rating for our climate change disclosure for the fifth year running



## Life below water

We're leading the way in sourcing fish responsibly.

Page 07



**Winner**

of the Marine Stewardship Council (MSC) UK Supermarket of the Year for the fifth time, and leading UK retailer, with the most MSC labelled products



## Life on land

We have a long history of collaborating to protect the world's forests.

Pages 08 and 16

**97%**

of timber and 98.7 per cent of palm oil in our products certified to international sustainability standards

**3.3m**

trees planted through our partnership with the Woodland Trust since 2004



## Partnerships for the goals

We have a strong track record of partnering to help address global and local challenges.

Pages 05, 06, 08 and 10

**40+**

current collaborations

**25-year**

partnership with The Royal British Legion



# A brighter food future

World hunger is on the rise and food bank use in our communities is soaring; yet an estimated one third of food globally is lost or goes to waste<sup>1</sup>.

We believe collective action is the only way to tackle local and global challenges like these at the speed and scale required.

## Local

This year we expanded our food donation programmes and now work with 2,389 community food partners across the UK, who benefit from our surplus food and donations from customers.

New food bank friendly labelling on shelves resulted in an uplift in customer donations this year. The eye-catching labels were suggested by a group of teenage National Citizen Service graduates, who noticed that customers often spotted food bank baskets after finishing their shop. When a trial in Exeter led to a three-fold increase in donations, we rolled the labels out in Sainsbury's stores across the UK, ready for our Brighten a Million Christmases campaign.

## 1,425

of our stores have community food partners – a record 87 per cent – making it the UK's largest scheme of its kind

## 1m+

donations through our Brighten a Million Christmases campaign, focusing on food donations in Sainsbury's and toy donations in Argos

**"The result of this initiative just goes to show that sometimes you just need a new mind on an old problem; sometimes the most simple ideas have the greatest impact. This campaign has already had fantastic results locally, and I'm excited to see how it can benefit food banks and their clients across the UK."**

**Mark Richardson**

Manager of Exeter foodbank



## Global

We take a farm-to-fork approach to cutting food waste, supporting the SDG target to halve global food waste by 2030. This includes working closely with our farmers and growers to match what they grow to how much our customers will buy, carefully designing packaging, so food lasts and finding new ways to use 'wonky' fruit and veg.

We donate unsold food to local charities and turn food that's unsuitable for human consumption into animal feed or send it for anaerobic digestion. We help our customers waste less too, including being the first major UK retailer to remove multi-buys from all our food products in 2016.

## 1994

co-founded community food donation programme FareShare and supported its launch as an independent charity in 2004

## 2018/19

donated over 1,500 tonnes of unsold food from our stores and logistics network to charity, equivalent to around 3.4 million meals

**"**

**"We have been pleased to work with Sainsbury's on Courtauld 2025 and the UK Food Waste Reduction Roadmap in 2018/19. Sainsbury's intend to actively engage with their suppliers to reduce food waste using the 'Target Measure Act' approach which will deliver dividends for Sainsbury's, its customers and the environment."**

**Marcus Gover**

Chief Executive Officer,  
WRAP UK



**2 ZERO HUNGER**



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



<sup>1</sup> Food and Agriculture Organisation of the United Nations, Joseph Rowntree Foundation, Destitution in the UK (2018).

# Protecting forests for the future

Trees play a vital role in our communities and for our planet. Cleaning our air, purifying our soil, providing homes for wildlife, supporting livelihoods and offering wonderful recreational opportunities that bring people together, they are vital to our wellbeing. But our trees, woods and forests are under threat in the UK and across the world.

## Local

Through our partnership with the Woodland Trust we are helping conserve the UK's ancient woodland and planting more trees in our communities.

Since we sold our first woodland eggs in 2004, with 1p donated to the Woodland Trust per dozen, we have raised an incredible £8.6 million for the charity. This has led to enough trees being planted to provide space for up to 1,000 red squirrel territories and absorb over 800,000 tonnes of carbon, at the same time as creating new opportunities for people to enjoy the natural world.

**4.8bn+**

organic and free range eggs bought by our customers since 2004

**3.3m**

native trees planted in woods and communities across the UK through our funding

**1m+**

volunteers engaged in tree planting activities, including schoolchildren

**“**  
**Planting the trees was a lovely activity that benefits the pupils' health and wellbeing, encourages them to connect with nature and gives them the opportunity to leave their legacy at the school for future pupils to enjoy.”**

**Head teacher**

## Global

With global demand for soy, palm oil, cocoa and timber contributing to deforestation, we have a long history of collaborating to progress sustainable sourcing of all these materials. We believe this is the best way to drive positive global change.

This year we joined the World Cocoa Foundation, working towards a sustainable cocoa sector. We also continued our collaborative efforts on sustainable soy, as signatories to the Cerrado Manifesto and the UK Roundtable on Sustainable Soya, as well as working with our suppliers.

**98.7%**

of palm oil in our products certified to the Roundtable on Sustainable Palm Oil (RSPO) standard<sup>1</sup>

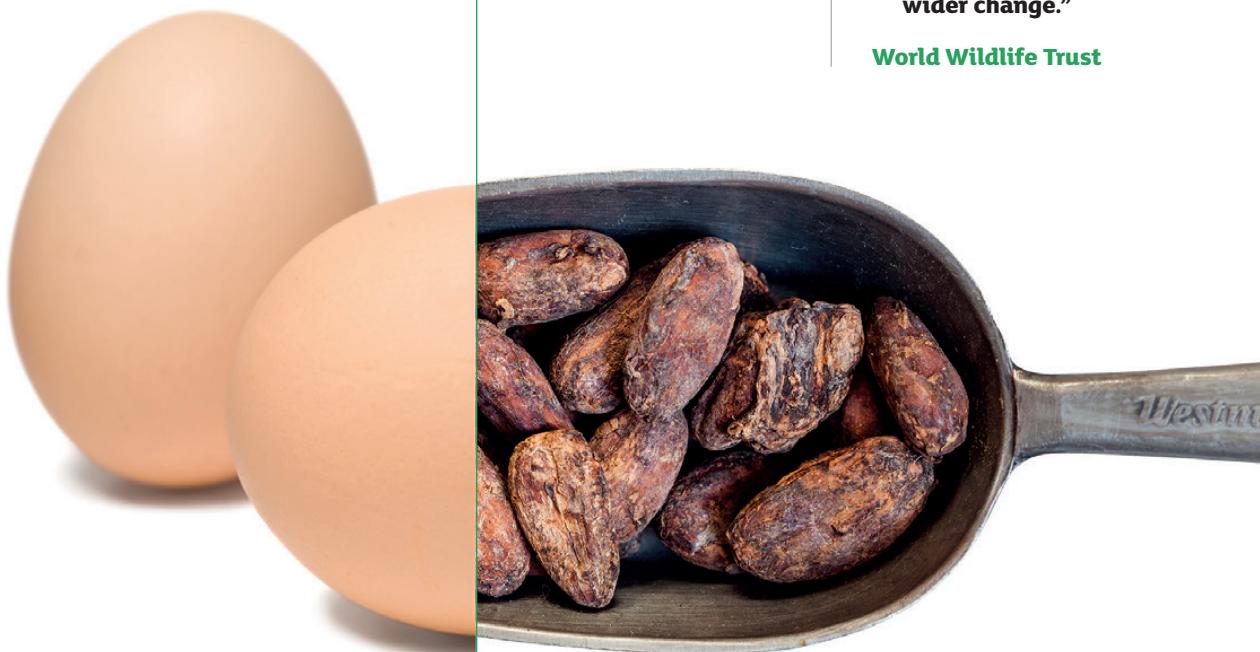
**97%**

of timber in our products certified to international sustainability standards, such as the Forest Stewardship Council (FSC)<sup>1</sup>

**“**

**As a founding member of WWF-UK's Global Forest & Trade Network (GFTN-UK), Sainsbury's is a key player in tackling global deforestation. Since GFTN-UK's closure in 2018, Sainsbury's continues to eliminate unsustainable practices from its supply chain, support legitimate forest resource rights holders while using its buying power to advocate for wider change.”**

**World Wildlife Trust**



<sup>1</sup> Palm oil data provided by calendar year and timber by financial year in arrears.

# Corporate Responsibility and Sustainability Committee Report

## Dear Shareholder

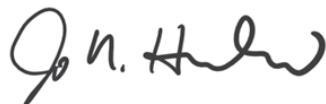
Our vision is to be the most trusted retailer, where people love to work and shop. As one of the UK's largest retailers, with a global supply chain, we can make an important contribution to sustainable development in the UK and internationally.

This year I was delighted to become Chair of the Corporate Responsibility and Sustainability Committee, which oversees our sustainability strategy, taking into account our Group vision and strategy. Our approach addresses both traditionally understood sustainability issues, such as sustainable supply chains, global climate change and environmental impacts, and broader topics critical to the sustainability of our business, benefiting our customers, colleagues and communities.

Our Sustainability Plan is structured around our values – empowering people to live healthier lives, sourcing with integrity, respecting our environment, making a positive difference to our community and providing our colleagues with a great place to work. The Committee fulfils its responsibilities by reviewing and reporting on the progress against our Sustainability Plan.

I am proud of the progress we have made this year on our Sustainability Plan. This includes a 35 per cent reduction in absolute carbon emissions against our 2005 baseline, achieving our 2020 goal early, and a record 87 per cent of stores having a community food partner, helping tackle food poverty in our communities and reducing food waste.

I would like to thank Jean Tomlin for her inspirational leadership and work chairing the Committee for the last six years. Looking forward, we are currently developing our post-2020 plan, in discussion with our colleagues, partners and experts. We will be launching our new Sustainability Plan in the coming year, driving further positive change and helping address global and local challenges.



**Jo Harlow**

Chair, Corporate Responsibility and Sustainability Committee

Attendance at scheduled Committee meetings. Meetings were also attended by David Tyler.

Jo Harlow	2(2)	Jean Tomlin	2(2)
Mike Coupe	2(2)		

The maximum number of meetings held during the year is shown in brackets.

### Principal role and responsibilities

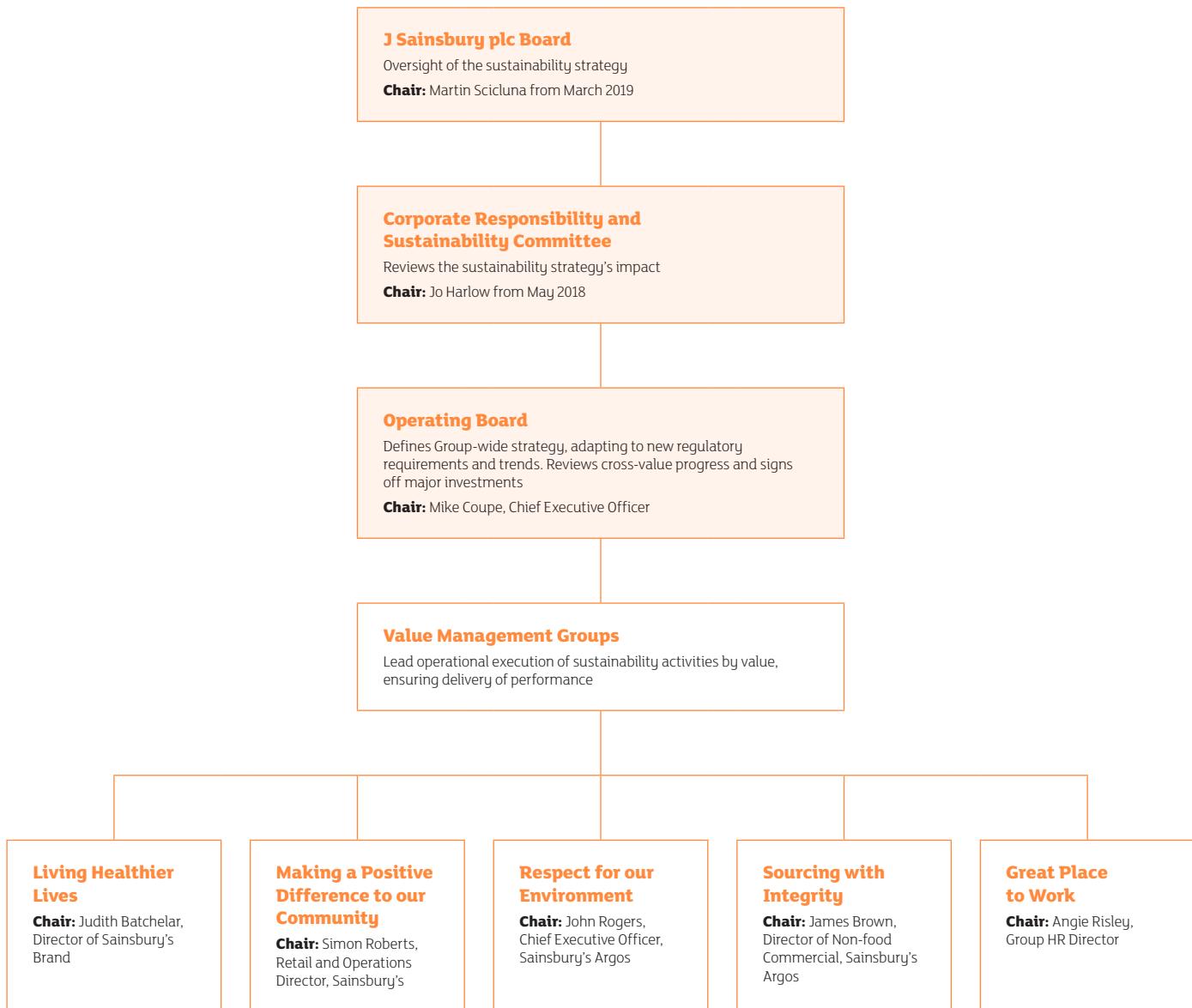
The Committee's principal role is to review the Group's sustainability strategy for alignment with the Group's culture, vision and strategy and assist the work of the Operating Board. With the Board, the Committee also plays a part in monitoring Group engagement with stakeholders, including customers, suppliers, communities and colleagues.



## Principal activities in the year

This year we reviewed and refreshed the governance of our Sustainability Plan to align our approach across the Group and enable us to be more agile in a changing world. Updates included relaunching our Value Management Groups and giving colleagues a greater role. A new Sainsbury's Foundation Advisory Board was also established to oversee social, economic and environmental activities in our Fairly Traded producer communities.

Before each Committee meeting, members received insights on stakeholder views, including customers and colleagues, along with progress updates on each of our values and the overall Sustainability Plan. During meetings, we discussed our sustainability strategy and stakeholder engagement, reviewing our approach and receiving updates on key initiatives. Topics included our human rights approach, sustainability insight sessions for our colleagues across the Group, Sainsbury's Fairly Traded tea pilot, Active Kids scheme and community programme.



# Performance scorecard

Below are our key commitments, KPIs and performance across our five values.

## Living Healthier Lives

### Commitment

**Our customers can trust that they can always choose nutritious and healthy food when they shop with us**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll continue to reformulate our own-brand products to reduce salt, sugar, fat and saturated fat	Percentage of red traffic light labels on our own-brand products <sup>1</sup>	25%	23%	22%	21%
We'll build the nutrient profile of our own-brand food	Percentage of products that have an appropriate nutrition claim on pack <sup>2</sup>	16%	14%	17%	
We'll improve the healthy balance of our customers' food baskets	Healthy products sold as a proportion of total sales volume <sup>3</sup>	42%	39%	38%	45%
We'll continue to grow our lighter alcohol wine category (under 10.5% ABV)	Percentage increase in sales of volume of low alcohol wine (against a 2010/11 baseline)	64%	73%	75%	100%

### Commitment

**We will encourage kids to live a healthy, balanced lifestyle**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll continue to develop our Active Kids scheme, investing £200 million in activities for kids of all abilities	Total investment in our Active Kids scheme <sup>4</sup>	£173m	£185m	>£186m	£200m

1 2018/19 score is based on data from January to March 2019 for food products with nutritional labels.

2 2018/19 score is based on data from January to March 2019 for food products with nutritional labels. Examples of nutrition claims include 'one of your five-a-day', 'low in fat' or 'high in protein'. These are also products which do not have a red traffic light label for sugar, salt, fat or saturated fat.

3 2018/19 score is based on data from January to March 2019 for food products with nutritional labels. The proportion of products in our customers' baskets that are defined as healthy, based on category specific criteria. While we have made improvements in our own-brand offer, this number has declined due to a higher volume of branded products being sold that are classed as less healthy. When we look exclusively at our own-brand offer, in 2018/19, we had 45 per cent healthy products sold as a proportion of total sales volume.

4 In 2018, to help keep kids active and healthy over the summer, we updated the scheme and trialled holiday clubs in 25 schools and plan to run more in 2019.

## Making a positive difference to our community

### Commitment

**We'll support our local communities in relevant and impactful ways and generate over £400 million to charitable causes by 2020**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll give back to communities through volunteering, awareness-raising and charitable investment	Total annual charitable investment generated across all programmes <sup>1</sup>	£53m	£35m	£30m	
	Cumulative charitable investment generated across all programmes	£265m	£300m	£330m	£400m
We'll continue to develop our Local Charity of the Year programme	Percentage of stores supporting their Local Charity of the Year partner through awareness-raising, fundraising and volunteering	92%	91%	94%	100%
We'll develop our national partnerships with Comic Relief and The Royal British Legion	Increase in scale and innovation of our support for national charity partners <sup>2</sup>	£15m	£9m	£14.8m	

1 This includes corporate donations, volunteering, fundraising and community investment. In recent years, to make a greater positive difference to our communities, our community investment strategy has increased focus on impacts rather than financial donations.

2 This is calculated as the total annual contribution to our national charity partners, The Royal British Legion and Comic Relief.

## Sourcing with integrity

### Commitment

#### We will source our key raw materials sustainably to an independent standard<sup>1</sup>

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
Each of our key raw materials is sourced sustainably to an independent standard	Number of Sainsbury's Sustainability Standards developed	35	35	35	Independent sustainability standards for all key raw materials
	Number of Sainsbury's Sustainability Standards in pilot	1	4	4	
	Number of suppliers, farmers and growers engaged via Sainsbury's Sustainability Standards <sup>2</sup>	1 supplier 14 farmers/ growers	5 suppliers Over 100 farmers and growers	Over 100 farmers and growers <sup>2</sup>	
Our own-brand products will not contribute to global deforestation and we will source all commodities which can cause deforestation from sustainable sources	Percentage of commodities which can cause deforestation sourced to an independent sustainability standard <sup>3</sup>				
	Timber	93%	95%	97%	100%
	Palm oil	98%	98%	98.7%	100%
	Woodland Trust trees planted	273,671	323,471	273,471	

### Commitment

#### Our own-brand fish will be independently certified as sustainable

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
All the wild caught fish we sell will be independently certified as sustainable	Proportion of wild caught seafood sales which is independently certified as sustainable <sup>4</sup>	79%	86%	82.5%	100%
All farmed fish will be independently certified as sustainable	Proportion of farmed seafood sales which is independently certified as sustainable	100%	100%	100%	100%
We'll diversify our offer beyond the big five (cod, haddock, salmon, tuna and prawns)	Percentage sales volume of other species <sup>5</sup>	20%	17%	18%	

<sup>1</sup> To help develop more resilient supply chains, we have worked with independent experts on our sustainability standards for the key materials used in our own-brand products. We also continue to source products such as palm oil and timber to international standards. For more, see pages 07 and 08.

<sup>2</sup> Our suppliers and farmers often represent hundreds of smallholders and cooperatives, so Sainsbury's Sustainability Standards reach thousands of people across our supply chains.

<sup>3</sup> Palm oil data provided by calendar year. Timber data provided by financial year in arrears.

<sup>4</sup> This year some tuna was from a new fishery source, which is currently going through the certification process.

<sup>5</sup> 2017/18 data restated for accuracy.

## Sourcing with integrity continued

### Commitment

**We are committed to selling products that are fairly traded, investing in the sustainability of our suppliers, farmers, growers and workers within our supply chains internationally**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll continue to grow the sales of fairly traded products in line with the business <sup>1</sup>	Value of fairly traded sales	>£280m	>£300m	>£300m	

### Commitment

**We will invest in the future of British farming and be the leading retailer for British produce**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll continue to focus on research, development and innovation to improve agricultural productivity, resilience and quality <sup>2</sup>	Number of R&D projects (participation either as a project lead or partner)	28	11	12	
	Value of investment for projects involving Sainsbury's in British farming	>£9m	>£3m	£2.8m	

### Commitment

**Our meat, poultry, eggs and dairy products will be sourced from suppliers who adhere to independently verified higher animal health and welfare outcomes**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
Our meat, poultry, eggs and dairy products will be sourced from suppliers who adhere to independently verified higher animal health and welfare outcomes	Proportion of sales from an independently verified higher animal health and welfare outcome source <sup>3</sup>				
	Poultry	12%	14%	14%	100%
	Egg	100%	100%	100%	100%
	Veal	100%	100%	100%	100%

1 This includes Fairtrade branded and Sainsbury's own-brand Fairly Traded products.

2 The number of research and development projects has declined because we are now taking a more targeted approach, focusing on fewer, more impactful projects.

3 We are committed to achieving higher welfare in our poultry supply chain. We know, through collecting data over a long period of time, that outcome measures are a better reflection of what is happening on the ground in terms of flock health and welfare.

## Respect for our environment

### Commitment

#### We will work to reduce our operational food waste and put it to positive use

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll support the delivery of the Courtauld 2025 target by working to reduce operational food waste and put it to positive use	Percentage of stores with food donation partners for surplus food	68%	73%	87%	100%

### Commitment

#### We'll work with our customers to help them reduce their waste and put it to positive use<sup>1</sup>

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
Through our facilities we will help our customers reduce their waste and put it to positive use	Percentage of Sainsbury's-managed recycling facilities in all available sites	78%	78%	78%	100%
	Volume of clothing donations (tonnes)	4,740	5,594	5,289	

### Commitment

#### We will reduce our operational carbon emissions by 30% absolute and 65% relative (to 2005)

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll continue to introduce proven and next generation technologies in our new and existing stores to reduce our operational carbon emissions	Absolute greenhouse gas emissions reduction	11%	24%	35%	30%
	Relative greenhouse gas emissions reduction	42%	50%	55%	65%
	Percentage of our core fleet to use an alternative fuel rather than pure diesel <sup>2</sup>	3%	2%	3%	
We'll help colleagues to do the right thing for the environment at home, and at work, by sharing information and ideas	Percentage reduction in electricity as a result of colleague engagement programme <sup>3</sup>	3%	3%	3%	

1 We have sent zero operational waste to landfill since 2013.

2 We are committed to reducing emissions and harmful particulate matter from our fleet by using alternative fuels. We have now replaced all our Euro 5 fleet with Euro 6 vehicles, supporting efforts to improve air quality. After a successful trial, we have also purchased 32 Liquefied Natural Gas (LNG) vehicles, which will be used on our longest journeys to maximise fuel efficiency and reduce emissions.

3 Our colleague engagement programmes encourage simple changes in behaviour to save energy and reduce waste.

## Respect for our environment

### Commitment

**Through robust water stewardship we will ensure that our business addresses and manages all areas of water vulnerability**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll improve the efficiency of water use in our operations	Absolute water reduction (against a 2005 baseline) <sup>1</sup>	31%	31%	30%	30%
	Relative water reduction (against a 2005 baseline)		55%	55%	57%
					55%

### Commitment

**We will reduce and optimise our own-brand packaging**

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
Reduce own-brand packaging by 50 per cent compared to 2005	Reduction in own-brand packaging since 2005/06	33%	35%	36%	50%
We'll seek to use recycled materials and make sure that the material is recyclable wherever possible	Percentage recycled content by weight	37%	38%	38%	
	Percentage of recyclable packaging by weight (OPR)				
	Widely recycled	71%	83%	85%	
	Check local recycling	13%	2%	1%	
	Not currently recycled	16%	15%	14%	

<sup>1</sup> Whilst there has been a slight increase in total water use year-on-year due to a slight change in the portfolio mix, water use intensity has reduced year-on-year.

## Great place to work

### Commitment

#### We'll be an employer where colleagues love to work

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll understand our colleagues better than anyone else and engage colleagues in the long-term success of our business	The percentage of our colleagues who are engaged based on results from our colleague engagement survey <sup>1</sup>	77%	72%	69%	
We're committed to exceed the National Living Wage (NLW)	Colleague Reward (percentage above NLW) <sup>2</sup>	£7.66/hour 2.1%	£8.00/hour 2.2%	£9.20/hour 12.1%	
We'll continue to be recognised as being a great place to work by maintaining our Gold Investors in People accreditation	Continue to be awarded a Gold accreditation in Investors in People	Maintained	Maintained	Maintained	

### Commitment

#### We'll continue to invest in the training and development of our colleagues

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll offer colleagues externally accredited training to support our business strategy	Number of apprentices trained	493	713	887	2,500

### Commitment

#### We'll have an inclusive workforce that offers employment opportunities to all members of the community

What we'll do	KPI	Performance			2020 target (where relevant)
		2016/17	2017/18	2018/19	
We'll provide work opportunities and access to jobs for those who face barriers to the workplace	Number of colleagues employed through our You Can scheme since 2008 <sup>3</sup>	25,000	25,709	–	30,000
We'll be an inclusive workforce that reflects the communities we serve	Increase diversity of our workforce across race and gender:				
	Percentage of women on our Operating Board	11%	11%	22%	
	Percentage of women in our workforce	55%	55%	56%	

1. 2018/19 score is for the Group and prior scores are for Sainsbury's. For more on how we are investing in our colleagues to make sure they feel rewarded and motivated to do the best possible job for our customers every day, see page 11.

2. Per hour base rate of pay in Sainsbury's stores. National Living Wage rate (25+) effective dates: April 2017, April 2018 and April 2019. 2017/18 percentage above NLW restated for accuracy.

3. Our You Can scheme continues to run locally at our stores around the UK, recruiting colleagues who may face barriers to employment. We no longer gather this data at a national level.

For more on our wider diversity and inclusion programmes, see pages 11 and 12 of this report and our corporate website. We will be updating our commitments and KPIs as part of our post-2020 Sustainability Plan.