



**Our values
make us
different**

Welcome

Customers are increasingly concerned about wide-ranging, complex issues that impact them, their world and the wider world. They trust us to be a responsible business, whether that's by supporting both the communities we serve and source from, managing our environmental impacts or creating a healthier, more inclusive society.

For Sainsbury's, our Values drive competitive differentiation, build brand trust and customer loyalty as well as making us a more efficient and resilient business.

This is an update on progress against our Sustainability Plan, with inspiring stories of collaboration and examples of how we're contributing to the UN Sustainable Development Goals.

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



Fulfilling our duty

Today, we are one of the UK's leading retailers across food, clothing, general merchandise and financial services. We employ over 185,000 colleagues and we source from over 70 countries, working with thousands of suppliers and tens of thousands of farmers to offer our customers the products they love. The scale of our business means we can make an important contribution to sustainable development in the UK and internationally.



“

Business has a duty to play its part in achieving the UN Sustainable Development Goals. This will require creativity and collaboration.”

In a very challenging retail market, the business made encouraging progress in the last year. We saw a strong performance from our Food business, driven by improved quality and innovative ranges. Our Convenience and Groceries Online channels were also strong drivers of growth and our General Merchandise and Clothing business, now combined with Argos, is performing ahead of the market. Although the overall market remains as competitive as ever, our goal remains clear: to be the most trusted retailer.

Customers are increasingly concerned about wide-ranging complex issues that impact them, their world and the world. They trust us to be a responsible business, whether that is by supporting both the communities where we work and where we source from, managing our environmental impacts or sharing our vision of a better future. Sustainability builds brand trust and customer loyalty as well as making us a more efficient and resilient business.

In 2015, the Paris Agreement called on nations to help to tackle climate change. The challenges of ending poverty, eradicating global hunger and fighting inequality framed the UN Sustainable Development Goals that we're now working towards. Business has a duty to play its part, and we'll only achieve these goals through creativity and collaboration. That's why I'm delighted to be working closely with the Consumer Goods Forum on the Sustainable Supply Chain Initiative (SSCI) to drive the harmonisation of third party audit schemes.

Our customers want to be confident that the people in our supply chain who make, grow or sell our products are treated fairly and their human rights respected. Everyone has the right to expect this. We released our Group Policy on Human Rights this year; the evolution of our other longstanding policies, processes and partnerships on ethical trade and human resources.

185,000+

colleagues

70+

countries where we source our products

28m

customer transactions every week

£35m

generated for charities, communities and good causes

We're applying a long-term, industry-wide approach to many other areas of our business, not least on the recyclability of our packaging and food waste. Packaging protects products, keeps them fresh and reduces food waste. It's in our mutual interest to have common industry standards and a coherent infrastructure policy. We've signed up to WRAP's UK Plastics Pact initiative to change the plastic packaging system in the UK, help tackle plastic waste and keep it out of the ocean. As part of this commitment, we've agreed to hit a series of ambitious targets by 2025, including making 100% of our plastic reusable, recyclable or compostable. And I'm pleased that we're already well on our way to meeting many of those targets.

What people eat is one of the most important determinants of health and with 28 million customer transactions every week, we have a responsibility to help people live healthier lives. We're increasing our range of healthier foods, cutting the amount of salt, sugar, fat and saturated fat in our own-brand products and inspiring kids to live healthy, balanced lifestyles. We've also partnered with Oxford University and The Wellcome Trust on a world-leading four-year research project looking at all aspects of diet, health and the environment and helping people to make healthier, more sustainable choices.

We recognise the risk that climate change poses to our business and manage this by reducing carbon emissions throughout our operations and supply chain. We achieved a 14 per cent reduction this year and since 2005, we have cut absolute carbon emissions by 24 per cent, working towards 30 per cent by 2020. We are the first UK Food Retailer to achieve CDP's 'A list' for more than two consecutive years and this year's result puts us in the top five per cent of companies tackling climate change in 2017.

Our 185,000 colleagues are the foundation of our business, providing award-winning service, anchoring us in our communities and connecting us to the lives of our customers every day. This year we proposed changes to retail management structures and colleague roles in our stores that will make us more efficient and improve our customer service. We have also proposed a market-leading pay award for Sainsbury's colleagues, along with revised terms and conditions. In our efforts to be the most inclusive retailer, we have continued to champion diversity and inclusion throughout the Group. I'm proud that we're the largest UK retailer to achieve Disability Confident Leader status awarded by Department for Work and Pensions for our work on disability and inclusivity.

“

The scale of our business means we can make an important contribution to sustainable development in the UK and internationally.”

“

Sustainability builds brand trust and customer loyalty as well as making us a more efficient and resilient business.”

This supportive, inclusive culture is one of our greatest strengths. And we extend this out into the way we engage and support our communities through volunteering, fundraising and food donation partnerships. We know that this is one of the main drivers of colleague pride and reinforces our commitment to promoting a more equal world. In 2017/18, our colleagues and customers have helped to generate over £35 million for charities, communities and good causes.

Looking ahead, we'll continue to innovate and collaborate to achieve our 2020 targets. And with 2020 fast-approaching, we're working on a post-2020 plan to ensure we generate a net positive impact in a more complex, interconnected world.



Mike Coupe
Group Chief Executive Officer

Our values make us different

Our core values are integral to how we do business and they enable us to drive lasting, positive change in communities across the UK and overseas. They help us to build trust with our stakeholders, reduce operating costs, mitigate risks and attract and retain talent.

With a growing population and our planet's resources being pushed to their limits, we are focusing our efforts where we can make the greatest difference. We believe that industry collaboration is the only way to address domestic and global issues at the speed and scale required.



2017/18 value highlights

Living healthier lives

Offering customers nutritious and healthy food and encouraging active lifestyles



[i Page 10](#)

18%

increase in our *FreeFrom* range of products

33,350

schools and clubs taking part in our Active Kids scheme in 2017/18

Making a positive difference to our community



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

[i Page 11](#)

£35m

generated for good causes

91%

store participation in our Local Charity of the Year programme

Respect for our environment

Reducing emissions, water use and waste across our value chain



[i Page 12](#)

73%

of our stores donating unsold food to charity

14%

emissions reduction

Sourcing with integrity

Building resilient supply chains by sourcing products ethically and sustainably



[i Page 14](#)

Best

Sustainable Seafood Supermarket in the world in 2017, as recognised by MSC

95%

timber from certified sources

A great place to work

Being an inclusive employer where colleagues love to work



[i Page 16](#)

713

colleagues enrolled or completed apprenticeships

55%

women in workforce

10 years of the Fair Development Fund

For the last 10 years we have partnered with Comic Relief through the Fair Development Fund. We have co-funded projects aimed at helping growers, farmers and workers in developing countries to build a sustainable income and a brighter future for themselves, their families and their communities.



CDP A list

We are the first UK Food Retailer to achieve CDP's 'A list' for more than two consecutive years and this year's result puts us in the top five per cent of companies tackling climate change in 2017.



Launching The Sainsbury's Foundation Advisory Board

We have an independently chaired Advisory Board to drive forward our work to improve the resilience of the farmers and producers within our value chains.

Making the difference

Our Sustainability Plan is structured around our values and is our guide for building a more sustainable future. A lot has changed since we launched the plan in 2011. Our robust sustainability governance framework allows us to adapt to the changing needs of our business and the world around us, so that our Sustainability Plan continues to generate positive impact where it is needed the most and at the speed and scale required.

Following the acquisition of Home Retail Group in 2016, we have focused on integrating Argos into our Sustainability Plan and will be looking at Habitat next. For transparent reporting against the Plan, we report the performance of Sainsbury's and Argos separately.

For more detailed performance, see our Sustainability Update online.

One of the UK's Best Employers for Race

Business in the Community has named Sainsbury's one of the UK's Best Employers for Race, for our comprehensive and strategic approach to tackling racial inequalities.

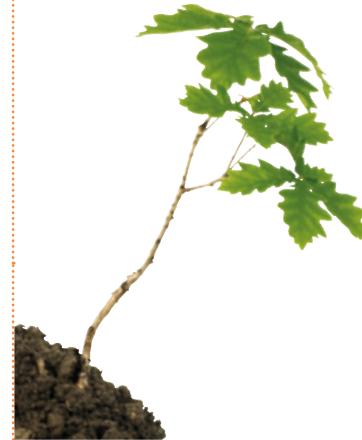


10 years of Dairy Development Group

Our partnership with over 260 dairy farmers in the Group has achieved great success including higher milk yields, improved animal welfare, and a price guarantee.

3 millionth tree planted

We have planted over three million trees since we joined forces with the Woodland Trust in 2004 – mitigating 750,000 tonnes of CO₂.



Being part of something bigger

We have mapped our sustainability activities against the UN's Sustainable Development Goals (SDGs). Not only will they help us collectively deliver change, they also offer great economic opportunity and, in a highly competitive industry like ours, make strong commercial sense.

“

We fully support the UN Sustainable Development Goals to end poverty, fight inequality and stop climate change.”

Mike Coupe

Group Chief Executive Officer

United Nations Sustainable Development Goals



We're empowering our farmers

Local

In 2007, the dairy industry was at an all-time low with the farm gate price for milk plummeting and serious risks posed to farmer livelihoods and security of supply. To provide security for farmers, Sainsbury's and our milk processors, we put together a group of dairy farmers called the Sainsbury's Dairy Development Group (SDDG). Over the last ten years we have really got to know these farmers by collecting data, unlocking insights, and working collaboratively to understand and make progress on the challenges they face.

10

years of the Sainsbury's Dairy Development Group

260+

dairy farmers in our Group

Impact

higher milk yields, improved animal welfare, and a price guarantee

“

It makes us dairy farmers sustainable. To have high standards of welfare you have to be able to afford high standards, and the Group helps us to achieve that. The SDDG has given us terrific confidence to invest in our farms.”

Ben Jack

SDDG farmer, Fife

Global

With the ever-growing challenges faced by our farmers, we launched the Fairly Traded tea pilot to trial new ways of working with the tea producers supplying into our iconic Red Label tea. We're working with our farmers to help them become stronger and more resilient, by sharing information, insights and investment and empowering communities to lead their own development.

35,000+

tea farmers in Rwanda, Kenya and Malawi

Tailored

information for improved agricultural practices

Sharing

learnings between farmers and partners

“

Through our work with Sainsbury's, we will be able to produce better quality tea and bigger quantities. I have been a tea farmer for 10 years and thanks to my business, I am able to send my children to school. Our biggest challenge is making the most of our land by having good quality seedlings to grow.”

Modesta Harrison

Trust Committee Member and tea farmer – Rwanda



We're tackling global deforestation

Local

We're big advocates of planting trees! Not only are trees great for the environment, wildlife and wellbeing, but also the economy – the total benefit provided by the UK's trees and woods is valued at £270 billion. We've been working with the Woodland Trust since 2004 and have raised £7 million from the sale of eggs, chicken and turkey among other products. The money has funded the planting of three million trees in the UK.

3m

trees planted since 2004

440,000

local volunteers (17 million hours of planting)

400

Sainsbury's farmers advised on tree planting and maintenance

750,000

tons of CO₂ mitigated

“

Sainsbury's support has been absolutely crucial in allowing us to pull off ambitious projects and plant millions of trees. I can't thank Sainsbury's enough for continuing to work with us, ensuring we protect and create woods that are a lifeline for both people and wildlife.”

Beccy Speight

Woodland Trust
Chief Executive

Global

With a rising demand worldwide for meat products, soy has become one of the world's biggest crops and is a major driver of deforestation. We have been longstanding members of Roundtable on Responsible Soy and are also members of the Consumer Goods Forum soy working group, collaborating on initiatives such as the Soya Buyers Coalition which looks to track and trace soya usage in the value chain right back to farm. In 2017, we pledged our support of the Cerrado Manifesto to halt deforestation and native vegetation loss in Brazil's Cerrado.

2018

Joined the UK Sustainable Soya Roundtable

Mapping

Working with our suppliers and partners to map our soy usage

Action

Cerrado Manifesto
Implementation Planning
Committee in action

“

We believe agriculture and agroforestry must work hand-in-hand if we are to produce sufficient food sustainably as well as protect our forests. Collective action such as this is the only way to address deforestation at the speed and scale required.”

Mike Coupe

Group Chief Executive Officer



We want to be the most inclusive retailer

Local

Providing employment opportunities for disabled people is an important part of Sainsbury's vision to be the most inclusive retailer. We have developed a number of initiatives, from our You Can programme which enables us to recruit colleagues who may face barriers to employment, to creating a guide to workplace adjustments for our managers.



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



Tim Fallowfield

Sainsbury's Company Secretary and Corporate Services Director named Chair of the Disability Confident Business Leaders Group

“

As the largest retailer to become a Disability Confident Leader, Sainsbury's is acting as a champion within the industry and leading others to make the most of the talents that disabled people can bring to the workplace.”

Penny Mordaunt

Former Minister for Disabled People, Health and Work

Global

Empowering women is key to achieving gender equality and to accelerating sustainable development. We've partnered with Comic Relief, through our Fair Development Fund, on a project aiming to develop a more sustainable grape industry in India. We've identified additional activities that generate income for the largely female migrant workforce during seasonal periods of unemployment and our local partner IRFT – International Resources for Fairer Trade – is implementing the project.

£200k+

grant from Fair Development Fund

Educate

Upskilling farmers and raising awareness of labour and human rights

“

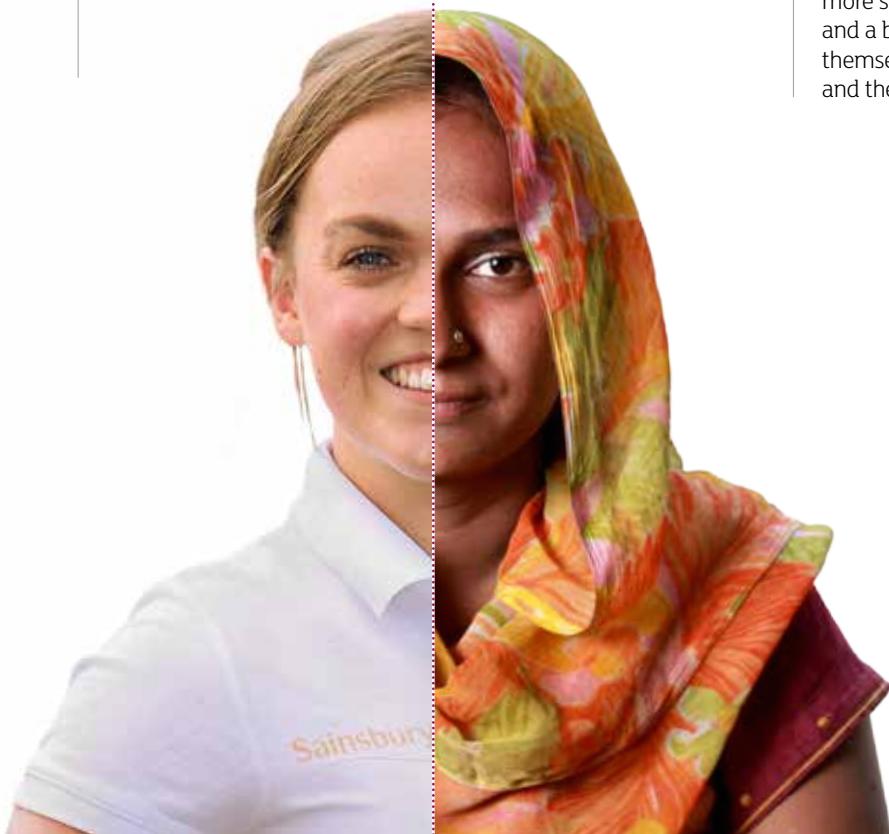
The Fair Development Fund is a great way of bringing together Sainsbury's and Comic Relief to create a partnership that benefits thousands of farmers and their communities.”

Judith Batchelar

Director of Sainsbury's Brand

Impact

more sustainable income and a brighter future for themselves, their families and their communities



Opportunity from uncertainty

In the next 12 years we will need 50% more energy, 35% more food and 40% more water.¹ Research by the World Bank and the World Economic Forum has clearly identified the risks we face from global climate change and geo-political threats. But among all this challenge and uncertainty, it's an exciting time for our industry and – working together – we can do even more to grow and develop sustainably into the future.



“

By attracting the best people, harnessing the best information to help make decisions, and by working with the best suppliers we will make sure that we all create and contribute to shared value.”

Globally, the UN's 17 Global Sustainable Development Goals (SDGs) are providing us with a common language to help focus resources and measure the impact of our work. By attracting the best people, harnessing the best information to help make the best decisions, and by working with the best suppliers we will make sure that we all create and contribute to that shared value.

As we travel towards 2020, we want to ensure that our Sustainability Plan – originally set out in 2011, continues to be relevant and delivers on our ambition of coupling sustainability with value and quality. Given the Government's new 25 year Environment Plan, the new Agriculture Bill and the interest in plastics, food waste and health, this space has become very busy and topical for us as a business and for our customers.

On the following pages, you'll get a flavour of our activity and progress across our five values over the last year. While we're definitely making progress, we know there is much more to do. As we come closer to 2020 and agreeing “what next”, we've taken the opportunity to review the total impact of our current activities and renew the governance of our Sustainability Plan. This gives us the opportunity to join up our thinking across the entire business, at a Group level and these changes will enable us to be more forward-looking as well as prioritise new and emerging issues at the speed and scale needed.

Most significantly, I believe the new governance structure will put us in a better position to build trust. As a UK retailer, with a global supply chain, our vision to be the most trusted retailer underpins everything we do. We're focused on the future where we'll continue to collaborate with our customers, colleagues, suppliers and investors, and ensure our strategy generates a net positive impact, in a more complex, interconnected world.

Judith Batchelar

Judith Batchelar, OBE
Director of Sainsbury's Brand

¹ www.unpri.org/sdgs/the-sdgs-are-an-unavoidable-consideration-for-universal-owners/306.article

Living healthier lives



Related UN Sustainable Development Goals



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

With 28 million customer transactions every week, we have a responsibility to help our customers eat healthily and improve the quality of the food in their baskets.

Healthy choices

We are making it easier for our customers to make healthy choices. That means increasing our range of healthier foods, cutting the amount of salt, sugar, fat and saturated fat in our own-brand products and inspiring kids to live healthy, balanced lifestyles.

Soft drinks are a key contributor to the UK's sugar intake and we have been on a journey to remove sugar from our range for a number of years. We have reduced sugar by 39 per cent¹ across those soft drinks impacted by the Sugar Levy and we have revisited 69 per cent of our 'no added sugar' drinks, testing them through independent customer panelling. We have also looked at salt and calorie intake – currently over 97 per cent of our own-brand products meet the Government's 2017 maximum targets for salt reduction. This year alone, we removed 77 tonnes of fat, 37 tonnes of saturated fat, 24 tonnes of sugar and 8 tonnes of salt from our Classic Ready Meal range – equivalent to over 1.1 billion calories.

Industry collaboration

We are members of the Consumer Goods Forum Health and Wellness pillar and the Industry Grocery Distribution (IGD), working on initiatives to improve diet and nutrition worldwide. This year, we have worked with the IGD on reformulation, communicating nutrition information on pack and healthy eating in the workplace.

In 2017, we signed up to The Food Foundation's initiative encouraging people to eat more vegetables. Our seven pledges centre on promoting the benefits of vegetables to our customers and increasing the number of products that contain the 'one of your five-a-day' message. We will also ensure all our online main meal recipes include two portions of vegetables – eating an extra portion of vegetables and a little less meat would reduce the UK's diet related greenhouse gas emissions by 17 per cent.

Reformulation

77%

of the multiple traffic lights on our own-brand products are green and amber
(2016/17: 75 per cent)



Healthy baskets sales²

39%

healthy products (as a proportion of total sales volume³)
(2016/17: 42 per cent)



Our Deliciously FreeFrom range offers even more choice for customers with allergies and intolerances. Our new wheat, gluten and milk-free hot cross buns have been very popular.

Feeding our growing population, sustainably

Billions of people are poorly nourished, millions of farmers live at subsistence level, enormous amounts of food go to waste and poor farming practices are taking a toll on the environment⁴. For example, to produce 60 per cent more food by 2050, we will need to meet the objectives of SDG 2.4 and use land, water and energy much more sustainably. We are partnering with Oxford University and The Wellcome Trust on a world leading four-year research project looking at all aspects of diet, health and the environment. We will support research on practical interventions and positive ways to help people who want to make healthier and more sustainable choices to do so. See more on the sustainability of food production in our supply chains on page 14.

Did you know?

It is estimated that one in four people in the UK will be over the age of 65 by 2040. We are taking part in a research project 'Protein for Life', working with academics and industry partners to develop guidelines for higher-protein snack foods specifically for older people.



Getting edgy with vegetables

91 per cent of the nation is adopting a flexitarian approach to eating⁵ – reducing the amount of meat and fish they consume, opting for a more plant-based diet. More than a third of evening meals now contain no meat at all⁶.

To meet this demand, we launched a range of plant-based products such as 'shroomdogs' and 'pulled jackfruit', which also help customers to achieve their '5 A Day'.

Active Kids

By the time children leave primary school, one in three is overweight and one in five is obese. Since 2005, as part of our Active Kids scheme, we have invested in over £185 million of sports and cookery equipment and experiences to help children understand the importance of diet and exercise. Looking ahead, we will focus on driving healthy behaviour all year round by helping kids stay active over the summer holidays. We are trialling Active Kids summer camps which will take place in schools and offer children of all ages affordable and diverse activities in safe surroundings.

Argos

As a leading retailer of treadmills, wearable technology and kids' bicycles, we want to help Britain achieve its fitness goals. In the coming year, we will educate our colleagues as well as our customers about products from across our Group that can contribute to us leading healthier lives.

1 Based on sales-weighted average.

2 The proportion of products in our customers' baskets that are defined as healthier based on category specific criteria.

3 Total sales volume of Sainsbury's branded and own-brand products that contribute significantly to dietary intake.

4 World Economic Forum, Innovation with a Purpose Report 2018.

5 Mintel Meat-Free Foods Report.

6 Kantar Worldpanel.

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 rising inequality, an ageing population and deteriorating public health, we are committed to tackling the challenges our neighbours face and supporting social cohesion, economic prosperity and inclusive growth. We make a positive economic contribution to the UK through the tax we pay as well as how much we pay our colleagues. In 2017/18, we paid £2.1 billion in tax.

In 2017/18, our colleagues and customers have helped to generate over £35 million for charities, communities and good causes (2016/17: £53 million). Against our 2020 target of £400 million, we have raised £300 million. This includes all our corporate donations, volunteering, fundraising, awareness-raising and investment in community programmes such as Active Kids.

Collaborating for greater impact

Our longstanding national partnerships with The Royal British Legion and Comic Relief (in addition to our Fair Development Fund partnership) have helped us engage our colleagues and customers in supporting good causes in the UK and overseas.



Our colleagues have been raising money for Comic Relief since 1999 and have donated over £115 million to support projects internationally as well as in the UK. In 2017, we donated £11.6 million and one of the projects supported was Change Please, a social enterprise which has trained hundreds of people who have experienced homelessness to become baristas as well as providing them with housing and a bank account. We also stock Change Please's award-winning coffee in 375 supermarkets nationwide with 100 per cent of the profits going towards reducing homelessness.

Community investment

£35m

generated for charities, communities and good causes

Building on our 24-year partnership with The Royal British Legion, and with the help of our customers and colleagues, we raised over £3 million last year to support the Armed Forces community – serving men and women, veterans, and their families.



Sainsbury's is a hugely important partner for us and extended its support this year by partnering with Procter and Gamble which donated 10 pence per pack on selected products and led a high-profile media campaign raising awareness of our work. We are looking forward to working even more closely with Sainsbury's in 2018 to celebrate the centenary of the end of the First World War."

Charles Byrne

Director General of The Royal British Legion

Did you know?

We are the lead partner with the Woodland Trust on the First World War Centenary Woods project, commemorating the heroes of World War One. We have created four flagship woods across the UK. Find out more about our partnership on page 14.

Local, human connections

The results of our Living Well Index highlighted how important community and human connection is to the UK population. With over 1,400 stores across the UK, we have a long history of building strong partnerships and making a big impact in our local communities. In 2017/18 our colleagues and customers donated £2.8 million to local charities. We had 91 per cent store participation in our programme, with a record 1.95 million votes received from colleagues, customers and communities (2016/17: 1.9 million) choosing the charities they wanted to support.

Argos



**WE ARE
MACMILLAN.
CANCER SUPPORT**

2017/18 was the third year of our partnership with Macmillan Cancer Support and the Irish Cancer Society. We pledged to raise £3 million over three years to help fund vital nursing hours. Argos colleagues have entered into fundraising activities with great enthusiasm and we are delighted to have exceeded that target and raised £3.23 million in total.



The entire Argos team are committed, passionate and an inspiration. Their efforts will fund 115,575 Macmillan nursing hours and make a genuine difference to the lives of people living with cancer."

Natasha Parker

Head of Corporate Partnerships, Macmillan

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 and keeping food waste at a minimum right across our value chain.

Cutting carbon, maximising efficiency

We are committed to reducing our carbon emissions and investing in low carbon technologies and achieved a 14 per cent reduction this year. Since 2005, we have cut absolute carbon emissions by 24 per cent, working towards 30 per cent by 2020. We have achieved a 50 per cent intensity reduction in carbon emissions since 2005, aiming for 65 per cent by 2020.

We recognise the risk that climate change poses to our business and manage this by reducing carbon emissions throughout our operations and supply chain. To support the transition towards a low carbon future we are developing a science-based target in collaboration with The Carbon Trust and Imperial College London.

We have been investing our £200 million corporate 'green' loan in ongoing energy security and carbon reduction initiatives such as installing solar panels on our roofs, switching to natural refrigerants and generating green gas using combined heat and power (CHP) plants. We have also partnered with General Electric to install LED lighting in our stores, reducing our lighting energy consumption by around 58 per cent for the stores included in the rollout – a three per cent annual reduction in carbon emissions once the programme is completed. Currently, 17 per cent of our electricity comes from on-site renewables generation and renewable power purchase agreements.

Did you know?

We use cutting edge technology to minimise emissions from our logistics. Working with partners, we were the first company in the world to trial refrigerated vehicles powered by liquefied natural gas rather than diesel. We are also testing KERS (kinetic energy recovery system) technology, pioneered in the Formula 1 industry, on ten vehicles to understand if it can help us further reduce vehicle emissions, especially in urban areas.

Cutting carbon emissions

14%

reduction in carbon emissions in 2017/18
(2016/17: 8 per cent)

Reducing food waste and fighting food poverty

73%

stores have a food donation partner for unsold food, aiming for 100 per cent by 2020. In 2017/18 we donated 1,866 tonnes of food from our stores to charity⁴, equivalent to over 4.1 million meals. We also donated 197² tonnes from our primary logistics network to charity.
(2016/17: 1,657 tonnes)



We are using aerofoil technology in our stores which, inspired by Formula 1, prevents cold air from fridges spilling out into aisles. We will save 15 per cent on our energy and customers will enjoy warmer aisles.

Cutting food waste

Transitioning to a circular economy and using materials more effectively means we can reduce waste and costs. We are focused on keeping food waste at a minimum across our value chain. We are increasing supply chain efficiency, growing our network of charity food donation partners and helping our customers reduce food waste in their own homes – UK households throw away 7.3 million tonnes of food each year, accounting for 70 per cent of the UK's post-farm-gate total food waste.



We have invested £1 million in 30 communities across the UK to help our customers reduce food waste and save money. In Norfolk, our grant has supported the roll-out of seven new community fridges and helped get our pioneering educational school programme 'Fab Foods' into eight new schools – helping over 50,000 households tackle food waste. With one in five of people³ thinking that food past its best before date is not good to eat, we launched a campaign with Mumsnet to help householders distinguish between 'Use by' and 'Best before'.

Improving our food waste reporting

We have been refining our measurement process to further improve the accuracy of our reporting. We are part of industry food waste groups and actively support the Consumer Goods Forum in this area. We are taking a farm-to-fork approach to help achieve SDG target 12.3.

We have achieved significant progress this year and are now able to review data for unsold food in real time. We have aligned our terminology to the Food Loss and Waste Accounting and Reporting Standard to promote consistency across the industry. In 2017/18, our food not consumed⁴ was 38,304 tonnes, a reduction of eight per cent year-on-year.

The destinations of our food not consumed were 10,419 tonnes redirected into animal feed and 27,884 to energy (anaerobic digestion). We also donated 1,866 tonnes to charity⁵ from our stores and 197 tonnes from our primary logistics network. The amount sent to anaerobic digestion has declined nine per cent year-on-year, driven by continued operational efficiencies.

Industry collaboration on packaging

We have been committed to reducing our packaging for many years – back in 2007 we launched a bag designed by Anya Hindmarch that said ‘I am not a plastic bag’. This quickly became a hot fashion accessory with a strong environmental message. Our approach is to reduce the amount of packaging used, ensure it is recyclable and increase the amount of recycled material in it. Our 2020 target is to reduce our packaging by 50 per cent compared to 2005 and we have achieved 35 per cent so far. This includes an eight per cent reduction over the last five years.

To scale up our impact and meet the UN SDG target 12.3, we are collaborating with the industry. As a signatory to the Courtauld 2025 commitment to cut food waste by 20 per cent by 2025, we work with the charity WRAP and the industry to reduce packaging and tackle food waste both around our products and in the supply chain. For example, we are part of a project aiming to create a packaging pigment, allowing black plastics to be more easily detected and recycled. We are also signing up to WRAP’s UK Plastics Pact, an ambitious industry-wide framework to improve the consistency of recycling infrastructure, simplify plastic packaging and incentivise the use of recycled material.

“

Overall, 83 per cent of the packaging on our own-brand products is classed as widely recycled and 38 per cent is made of recycled content. This is a fantastic achievement but we know there is still more we can do. We will continue to work with our peers, Government and customers to help increase the sustainability of packaging in the UK.”

Jane Skelton

Head of Packaging



Sustainable packaging

35%

reduction in packaging since 2005, aiming for 50 per cent by 2020⁶
(2016/17: 33 per cent)

Water use

30%

absolute reduction in water use in our operations, achieving our target of 30 per cent reduction by 2020
(2016/17: 31 per cent)

Water

Having achieved our 2020 target to reduce absolute water consumption by 30 per cent compared to 2005/6 – one billion litres – we are now focused on maintaining this, while continuing to grow our business. In 2017/18, our water use was 2.3 billion litres.

Increasing global water scarcity is a risk for our business. We are proactively mapping and managing this risk in our supply chain (see page 15).

Did you know?

To tackle the uncertainty that growers face in knowing how much water a crop needs, our ‘More Crop Per Drop’ research project is trialling growing herbs with water deficient irrigation, where the water supply is slightly below that considered optimal.

Colleague engagement

We continue our work to be the Greenest Grocer by educating colleagues on how to grow our business while reducing our operational carbon emissions. This year we have been engaging colleagues on our processes to minimise waste, encouraging stores to develop food donation partnerships and supporting them on what food they can donate.



Argos

We have integrated Argos into our Respect for Our Environment value and we are extremely pleased that Argos has achieved zero waste to landfill this year. Carbon emissions have reduced by 15 per cent, a reduction of 27 per cent since 2005. Looking forward, we will roll out an LED lighting programme across Argos stores and implement a new colleague energy engagement programme, based on Sainsbury’s successful Greenest Grocer initiative.

1 A new methodology has been put in place to improve the accuracy of charity donations data. This is effective from 2016/17 so numbers in this report are comparable.

2 Not included in our food not consumed total.

3 Food Standards Agency.

4 Including store and depot food not consumed.

5 A new methodology has been put in place during 2017/18 to improve the accuracy of charity donations data. This is effective from 2016/17 so numbers in this report are comparable. The charity donations are not included in our food not consumed.

6 This is 2016/17 data. 2017/18 figures will be available in Q2 in line with subsequent external reporting commitments. The 33 per cent included as the previous year’s data is for 2015/16.

Sourcing with integrity



Related UN Sustainable Development Goals



With over 12,000 Sainsbury's branded products sourced from over 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.

Sourcing for the future

Under the umbrella of The Sainsbury's Foundation programme, we will strengthen our supply chains through investments designed to improve the sustainability, resilience, efficiency and competitiveness of suppliers and producers by addressing their social, economic and environmental development.

We have committed to source all of our key raw materials sustainably to an independent sustainability standard by 2020. To help build stronger and more resilient supply chains, we have worked with independent experts to develop a world-leading approach to Sustainability Standards. This builds on our own experience of directly supporting farmers and growers both in the UK and internationally. In addition, we have benchmarked our Standards against over 100 existing assurance and certification standards such as those of the Rainforest Alliance and UTZ, ensuring they cover the full breadth of environmental, economic and social challenges that impact our farmers and growers.

We are currently piloting the prawn, tea, sugar cane and floral Standards with our farmers all over the world from Thailand to Kenya, and Belize to South Africa. This year alone we have worked with 100 suppliers, farmers, growers and co-operative representatives, providing on-the-ground training.

“

We are empowering our farmers to build a better quality of life for themselves and their communities by providing them with bespoke advice, skills, resources and funding.”

Judith Batchelar

Director of Sainsbury's Brand

Sourcing sustainably

95%

timber¹ and 98 per cent palm oil² used in our products is sourced sustainably to an independent standard (2016/17: 93 per cent and 98 per cent respectively)

Sustainable fish

86%

wild caught seafood and 100 per cent farmed seafood sourced sustainably to an independent standard (2016/17: 79 per cent, 100 per cent respectively)

Animal health and welfare

No.1

UK retailer for RSPCA assured products



Scaling up impact

We joined the Consumer Goods Forum Sustainable Supply Chain Initiative (SSCI) to improve transparency, comparability and harmonisation of third party audit schemes across the industry. We are sharing our work and experience with the SSCI to ensure confidence in sourcing, reduce audit duplication, complexity and cost for all stakeholders and ultimately drive positive social and environmental impact on the ground.

Industry collaboration

Deforestation is a complex, global challenge and we believe collective industry action is the only way to tackle the root causes and drive change at the speed and scale required. In addition to our 2020 target that our own-brand products will not contribute to deforestation, we are working with the Consumer Goods Forum on its zero net deforestation commitment.

With soy production being a major driver in deforestation, we pledged our support for the Cerrado Manifesto in 2017 – a multi-stakeholder call to action to halt deforestation and native vegetation loss in Brazil's Cerrado. We are also members of the UK Roundtable for Sustainable Soya and are currently working with our suppliers and external partners to measure and map our soy usage.

Working with the Woodland Trust

Not only are we focused on reducing deforestation, we are also a big advocate of planting trees. We have been working with the Woodland Trust since 2004 and have raised over £7 million from the sale of eggs, chicken and turkey among other products. The money has funded the planting of three million trees as well as educating children and advising our farmers on the benefits of planting trees. This also contributes to the Government's Clean Growth Strategy and its commitment to planting 11 million trees.



WOODLAND TRUST

Did you know?

A major component of the biofuel in the diesel we sell is used cooking oil which has been recovered and processed from what would otherwise be waste. Biofuels help us to reduce customer emissions by replacing fossil fuels with sustainably sourced feedstocks. Our supplier, Greenergy, ensures traceable, deforestation-free supply chains.

Timber, cotton and leather

95 per cent of our timber and 61 per cent of our cotton³ comes from sustainable sources and we are on track to reach 100 per cent by 2020. We are working with the Sustainable Clothing Action Plan (SCAP) and the Better Cotton Initiative (BCI) to improve sustainability in our cotton supply chain. So far we have been able to reduce our clothing carbon footprint by over 8,600 tCO₂e and save over 11 million m³ of water since 2012. By 2020 we will ensure that all leather used in our own-brand products is certified to a recognised environmental standard. We promote the industry-leading Leather Working Group standard throughout our leather supply chains and work with our suppliers to improve performance through enhanced monitoring, traceability and certification.



Sustainable fish

With the world's oceans facing ongoing threats from overfishing and pollution, we are leading the way in sourcing fish responsibly and supporting SDG 14, Life Below Water. In 2017, the Marine Stewardship Council named us the best supermarket in the world for sustainable fish. No matter how our fish is sourced, either caught wild or farmed, we want to make sure it comes from the most sustainable and well-managed fisheries and farms.

Did you know?

We are working with OceanMind, the not-for-profit division of the Satellite Applications Catapult, to monitor vessels through satellite technology. This can give assurance of responsible and legal fishing practice at the point of capture.

The power of partnerships

We are committed to trading partnerships based on open dialogue, transparency and respect. Since 1994 we have supported farmers and workers in some of the most challenged value chains by paying a fair price for their crop and a premium on top of this through the Fairtrade programme. The premium is used to invest in social, environmental and economic development projects that improve the businesses supplying us as well as the wider farming communities. In 2017/18, we generated a £4.3 million premium through the sale of our 100 per cent Fairtrade bananas alone, directly supporting our banana farmers.

¹ Timber data is provided a year in arrears. 95 per cent in 2016/17 and 93 per cent in 2015/16.

² 98 per cent palm oil during the 2017 calendar year.

³ Cotton data is provided a year in arrears. 61 per cent in 2016/17.

Fairtrade

£300m+

worth of Fairtrade products sold in 2017/18, making us the world's largest retailer of Fairtrade products



British

100%

of our fresh chicken, eggs and milk is British



Empowering women in India

Through the Fair Development Fund, in partnership with Comic Relief, we have been breaking down barriers for women working in our grape supply chain in India. Read more in our Sustainability Update.

Backing British

In 2017 we celebrated ten years of our Sainsbury's Dairy Development Group (SDDG), which includes over 260 British farmers and provides at least 97 per cent of our fresh milk. Together we have been able to improve herd health and efficiency, ensure a fair price for milk for dairy farmers and reduce costs in our milk supply chain. On average, our farmers' cows each produce an extra 1,000 litres of milk each year, compared to when the farms joined the SDDG.

We are proud of our long-term, open relationships with our British partners. This year over 500 farmers, growers, suppliers and stakeholders attended our eighth annual farming conference. We are also involved in 11 research projects, with a value of over £3 million, to improve agricultural productivity and reduce the environmental impacts of British farming.

Treating animals well and keeping them healthy

Healthy, well-managed animals are more likely to deliver better-tasting, higher-quality products for our customers. We sell more RSPCA Assured labelled products than any other supermarket and we sell more than 50 per cent of all RSPCA Assured products sold in the UK. Read more about our practices in our annual animal health and welfare report on our corporate website.

Water stewardship

We are proud to support Courtauld 2025's new Water Ambition – a collective action approach which aims to improve the quality and availability of water in key sourcing areas in the UK. We have already started to assess water risk with our produce growers, and in the UK have identified top catchment areas to focus on in partnership with WWF and The Rivers Trust. On a global scale, we are also using our Sustainability Standards to collect data on water issues and identify hotspots, which will support the SDGs which tackle water-related issues.

Cutting edge technologies for supply chain transparency and assurance

We are part of the Fintech Taskforce alongside five international companies and banks and four Fintech startups assessing how technology-driven innovation in finance can support sustainable development. The first project is testing a blockchain system (virtual ledger) which aims to reward Malawian tea farmers for using sustainable methods by offering them easier access to finance.

Argos

We have prioritised aligning ethical sourcing practices with Sainsbury's, training over 150 colleagues and briefing over 1,000 of our own-brand suppliers in the UK and Asia on our approach to ethical sourcing. Raw materials have also been a focus; we now source all of our feather and down from certified sources and are working on our approach to cotton and timber. As we progress with integration, we will review sustainability and ethical sourcing practices in our jewellery and packaging supply chains.

Great place to work



Related UN Sustainable Development Goals



Our colleagues are the foundation of our business, providing award-winning customer service and connecting us to our communities.

Creating an inclusive environment where over 185,000 colleagues can be the best they can be helps us to attract and retain the best talent and increase productivity.

A place where colleagues love to work

Nearly 96,000 colleagues took part in our 'We're Listening' survey and 72 per cent of our colleagues feel that Sainsbury's is a great place to work. This year we also introduced a new 'sustainable engagement' measure to assess the strength of colleagues' connection to Sainsbury's over the long term. We were pleased to see positive colleague engagement scores of 80 per cent, against a backdrop of major change within our business and the sector in general. 'We're Listening' equips our leadership teams with the tools and insights to build robust action plans which will support us in being a great place to work.

We want to reward our colleagues for doing a great job for our customers every day. We have proposed a market leading rate of pay for Sainsbury's colleagues of £9.20 from September, along with revised terms and conditions which will ensure contractual consistency and fairness.



Investing in the training and development of our colleagues

Apprenticeships give colleagues on-the-job skills and training and help us to secure a talent pipeline. We have offered apprenticeships since 1974 and currently have 713 colleagues enrolled on a range of programmes. Since the Apprenticeship Levy in May 2017, we have grown our offer from five retail programmes to seven and introduced six programmes for store support centre colleagues. In the coming year we plan to introduce a new Bakery and Fish programme, along with programmes to support our colleagues in HR and Argos Retail.

A great place to work

Gold accreditation
from Investors in People maintained for the third consecutive time



Investing in training and development

713
colleagues enrolled or completed apprenticeships in 2017

A diverse and inclusive retailer

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 with us. We believe diverse teams that reflect the communities we serve perform better. Our Inclusion Steering Group, which consists of four Operating Board Sponsors, meets regularly to influence our strategy and govern progress. Our 160 Inclusion Champions across the Group help to drive inclusion at a local level. This year, in recognition of the important role they play, we brought these colleagues together to inspire, engage and upskill them to deliver activity in their part of our business.

We continue to hold a range of inclusion events across the year and supported 29 Pride events in partnership with our LGBT (Lesbian, Gay, Bisexual, Trans and Allies) networks. Our Inclusion Week in 2017 covered the challenging topic of banter through our 'Beyond a Joke' campaign, something that has been highlighted as a societal issue through the BITC Race at Work survey. We continue to provide great mentoring opportunities to diverse colleagues through our Women's Mentoring Programme 'Mentoring Matters' and through Empower's Black, Asian and Minority Ethnic (BAME) mentoring programme.

Through our involvement in the Disability Confident Business Leaders Group and scheme, we hope to encourage as many other employers as possible to feel confident in employing people with a disability. We have worked hard to provide line managers with support materials and guidance that equips them to have effective workplace adjustment conversations with colleagues who have a disability or long-term health condition.

This year, women made up 55 per cent of our workforce. You can read more about our Board diversity on page 55 of our [2018 Annual Report](#). This year we reported our gender pay gap, in line with the Government guidelines. To find out more and to understand what we are doing to support gender equality, please read our report on our corporate website.

Caring for our carers

As one of the first FTSE 100 companies with a Carers' policy, we are committed to helping our colleagues balance their responsibilities at home and at work.

Lorna has a 21 year old son James who has cerebral palsy, and has worked at Sainsbury's for the past five years.

“

I joined Sainsbury's when James was 16, knowing the hours would fit in with my responsibilities to James. When James was very poorly in Great Ormond Street Hospital, it was reassuring to know that the team supported me; swapping shifts, making it possible for me to spend as much time as needed with him. I continue to feel I work in a place where I can be both a carer and a colleague, and feel genuinely supported in both roles.”

Lorna Newbury

Brighton New England store

Human rights and modern slavery

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

This year we released our first Group Policy on Human Rights, which outlines our commitment to respect human rights and specifies how we do this in relation to our colleagues, our customers and our suppliers. Although this is our first specific human rights policy, our commitment is reflected in other longstanding policies, processes and partnerships on ethical trade and human resources.



We have identified slavery and human trafficking as a salient human rights issue for our business and supply chains. We have developed a new Modern Slavery Risk Assessment Tool to identify risks in our value chains across the Group. This, together with the support of Verité and other stakeholders, will enable us to set a strategy with tailored prevention and remediation activities.

This year we increased our capacity building portfolio by developing a specific e-learning module which includes practical guidance on identifying the signs of modern slavery and human trafficking. We also contributed to industry guidance to address substandard living and working conditions sometimes experienced by seasonal workers and have participated in a working group to advance this issue.

Industry collaboration

Stakeholder collaboration is key to ensuring that the people who make, grow or sell our products are not being exploited or exposed to infringements of their human rights. We are founding members of the Ethical Trading Initiative and work closely with suppliers, government agencies, non-profit organisations, unions and others to maintain our high standards.

We have also committed to the Consumer Goods Forum's *Forced Labour Priority Industry Principles*. We recognise that forced labour, caused by excessive levels of worker indebtedness from high recruitment fees, is one of the most common forms of modern slavery within our sphere of influence. We are actively working with our partners to implement our policy commitment. Read our policy and second Modern Slavery Statement on our corporate website.

Being an inclusive retailer

26,000

colleagues employed through YouCan since 2008 – our scheme that provides jobs for people who might otherwise struggle to find employment.

Disability Confident Leader status

awarded by Department for Work and Pensions for our work on disability and inclusivity. We are the largest retailer in the UK to achieve this status.



Named as one of the UK's

Best Employers for Race

by Business in the Community

Ethical policies

The Company takes bribery extremely seriously and is committed to ensuring compliance with laws and regulations. Colleagues are expected to abide by a set of clearly communicated formal policies, such as the Ethical Supplier Policy and the Conflicts of Interest/Relationships at Work Policy.

Training in support of these policies is provided to colleagues especially in the commercial divisions, firstly during their induction into the Company and thereafter through annual refreshers.



Argos

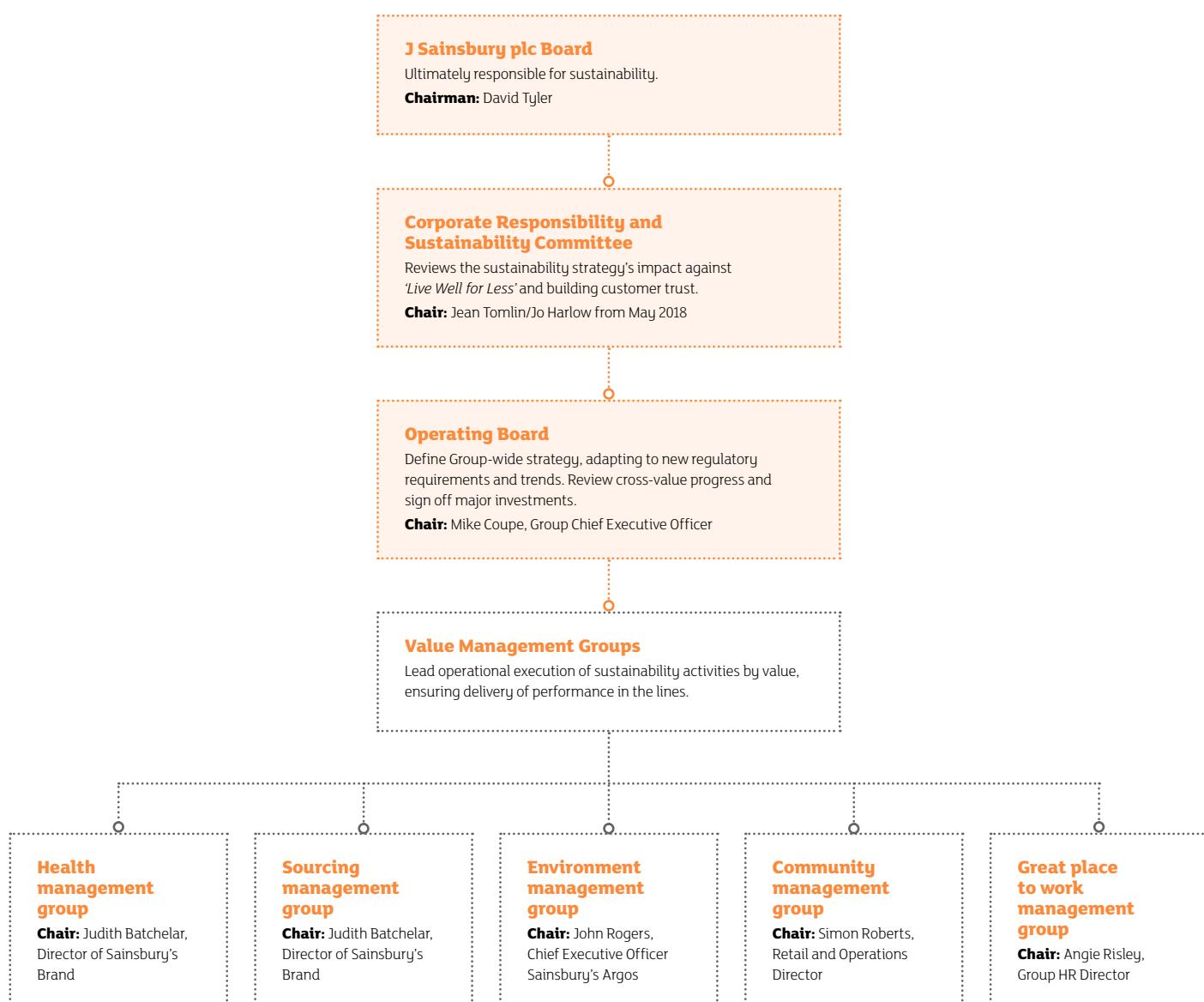
This year we have continued to review our ways of working across Sainsbury's Argos to deliver a great customer experience and realise financial synergies as part of integration. We engaged all 28,000 colleagues on the Group strategy and values and have launched LOVE – a Group-wide colleague recognition scheme, which is aligned to our shared values. Our Retail Academy programmes have been a huge success, providing structured learning and development to our talented store colleagues. 452 colleagues have participated in these programmes this year, with 38 per cent of them achieving promotion.

Governance and internal audit

This year we reviewed and refreshed the governance of our Sustainability Plan, to join up our thinking across the entire business. These changes enable us to focus our efforts where we can have the greatest impact and to be more agile amid changing dynamics and emerging issues. The new governance structure will support us in building trust and being a sustainable retailer, fit for the future.

The Sustainability Committee is supported by an internal governance structure whereby senior Directors in the business have responsibility for each of our five values. The Committee's principal role is to review our sustainability strategy for alignment with Sainsbury's brand and oversee the work of the Operating Board.

The Committee discussed strategy and progress across each of our five values as well as the overall Sustainability Plan. For example, it reviewed plans for the integration of Home Retail Group sustainability activities into the Sainsbury's Plan. In these meetings, the Committee also receives regular updates on colleague and customer insights as well as other stakeholder views on issues relating to our Sustainability Plan to ensure that we are responding appropriately.



UN Sustainable Development Goals

United Nations Sustainable Development Goals



In 2015 the United Nations published the UN Sustainable Development Goals (SDGs) – 17 ambitious goals which aim to end poverty, protect our planet and increase prosperity and peace for all.

Here are a few examples of how we're contributing to the SDGs through our Sustainability Plan.

End poverty in all its forms everywhere

The global poverty rate has halved since 2000 but there is still much to do to alleviate suffering and build the resilience of individuals living in poverty.

We are promoting inclusive economic growth, jobs and equality to create better lives for people and communities throughout our value chain and across the world.

185,000+

Jobs

£300m

generated for charity since 2011

10

years of the [Fair Development Fund](#)



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

A world with zero hunger will positively impact our economies, health, education, equality and social development.

We believe more sustainable agricultural practices can provide nutritious food for our growing population and support rural development while protecting the environment. We're working to cut food waste throughout our value chain and provide our customers with healthier products.

73%

of our stores have a food donation partner, we're aiming for 100% by 2020

Zero

We've committed to The Consumer Goods Forum's resolution in 2010 to achieve [zero net deforestation by 2020](#), through responsibly sourcing key commodities such as soy, palm oil, paper and pulp, and cattle



Ensure healthy lives and promote well being for all at all ages

Good health and wellbeing are key to sustainable development.

We're committed to helping our customers, colleagues and communities live healthier lives. See page 10.

We're supporting the [Food Foundation's Peas Please initiative](#) to get the nation eating more fruit and vegetables.

£185m+

invested in our Active Kids programme

£3m+

raised by Argos for Macmillan Cancer Research over a three-year partnership, funding over 115,000 nursing hours for cancer patients

1,800+

own-brand products have been reformulated to reduce the level of salt

18%

reduction in sugar tonnage from those product categories which contribute most to children's diets



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Quality education is the foundation to improving people's lives.

1974

We started offering apprenticeships giving colleagues on-the-job skills and training

2,500

colleagues to have enrolled or completed their apprenticeship programme by 2020



Achieve gender equality and empower all women and girls

Women's and girls' empowerment will unlock economic growth and promote social development.

See our corporate website for how we're taking action to address the barriers to decent work that women face in our cashew nut supply chain in [Madagascar](#).



Ensure availability and sustainable management of water and sanitation for all

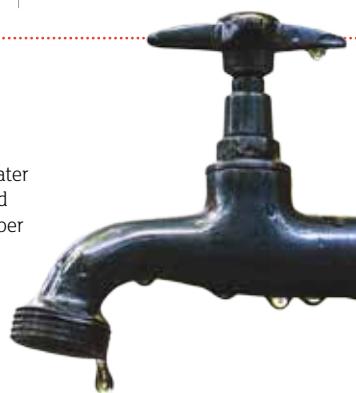
Protecting water resources and maintaining water quality and availability enables us to better manage our production of food in our supply chains.

We're working with partners such as Cranfield University to [understand water vulnerability in our global supply chains](#), including the risk of water scarcity for fresh produce.

Through our 'More Crop Per Drop' research project we're using the latest remote sensing technologies to improve the sustainability of water use in herb production while improving taste and shelf-life. See page 13.

2,100+

colleagues reached through our female mentoring programme launched in 2015



30%

We've achieved our 2020 water reduction target, reducing our absolute water usage by 30 per cent, and our relative usage by 55 per cent since 2005/06

2020

water reduction target achieved



Ensure access to affordable, reliable, sustainable and modern energy for all

We all depend on reliable and affordable energy.

We're improving energy efficiency in our own operations. See page 12.



17%

of our electricity comes from on-site renewables generation and renewable power purchase agreements



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Stable, well-paid jobs promote productivity and economic growth.

Since 2008, we have employed over 26,000 people through YouCan, our scheme to provide jobs for people who might otherwise struggle to find employment.

26,000

people employed through You Can



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

We're committed to being an inclusive retailer.

We support our farmers, growers and communities in our supply chain so that they can have thriving businesses for years to come.

For over five years, we've been working with the Ethical Trading Initiative, Oxfam and our suppliers to empower women strawberry workers in Morocco; improving their labour rights and working conditions.

In 2017, we launched our Fairly Traded pilot scheme to help improve the livelihoods of large and small-scale tea farmers in Eastern and Southern Africa.



Reduce inequality within and among countries

We're committed to being an inclusive retailer.



Make cities and human settlements inclusive, safe, resilient and sustainable

Building sustainable communities will improve quality of life and social stability.

£35m

generated for charities, communities and good causes





Ensure sustainable consumption and production patterns

The increasing demand on constrained natural resources could cause irreversible damage to our environment.

We support the Champions 12.3 coalition and are committed to help halve global food waste per capita by 2030. We've been reducing food waste in our operations through a number of initiatives, including smarter and more tailored forecasting and supply chain efficiency while growing our network of charity partners to redistribute unsold edible food. And for food that's no longer edible, we use it to generate energy via bio-digesters – our Cannock store is already 'off grid', powered by biogas alone.

Through Intelligent Agriculture, we're using data to analyse our agricultural supply chain, from forecasting milk supply from our Dairy Development Group to benchmarking and maximising yields in our horticulture supply chains. The vast data available to us is helping us to make recommendations to ensure sustainable consumption and production.



Take urgent action to combat climate change and its impacts

Climate change is threatening the way we live and the future of our planet.

To reduce our indirect emissions, we're promoting sustainable agriculture and tackling deforestation. See page 14.

1,866

tonnes of food from our stores donated to charity, equivalent to over 4 million meals

Fintech

We're also piloting cutting-edge technologies for supply chain transparency and assurance. See page 15 for our work on the Fintech taskforce and blockchain



24%

reduction in carbon emissions since 2005

A-list

We are the first UK Food Retailer to achieve CDP's 'A list' for more than two consecutive years



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Nearly every aspect of the global economy is connected, either directly or indirectly, to the world's oceans.

We're committed to sourcing our fish sustainability and protecting marine biodiversity. We're proud to have been recognised by the Marine Stewardship Council as the Best Sustainable Seafood Supermarket in the world in 2017.

As well as investing in sustainable fishing projects in the UK, we support projects such as the Global Ghost Gear Initiative, which helps to clean up oceans around the world by tackling the issue of lost or abandoned fishing gear.

We're also committed to reducing our packaging and educating our customers on recycling to promote the circular economy and protect ocean health. See page 13.

86%

wild caught seafood and 100 per cent farmed seafood sourced sustainably to an independent standard



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Globally our ecosystems are being degraded at an alarming rate.

We aim to source our key raw materials, like cotton, wood and palm oil from sustainable sources.

95%

timber and 98 per cent palm oil used in our products is sourced sustainably to an independent standard. For more on our work on deforestation, see page 14



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

To advance the SDGs, the private sector must act in a responsible, sustainable and peaceful way.



Strengthen the means of implementation and revitalise the global partnership for sustainable development

Collaboration will accelerate progress towards achieving the SDGs.

Not only have we had long standing partnerships with several organisations, such as Comic Relief since 1999 and the Woodland Trust since 2004, we're also continually looking at new opportunities for collaboration.

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 us¹

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
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	25%	25%	23%	21%
We'll build the nutrient profile of our own-brand food	Percentage of products that have an appropriate nutrition claim on pack ²	15%	16%	14%	
We'll improve the healthy balance of our customers' food baskets	Healthy products sold as a proportion of total sales volume ³	41%	42%	39%	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)	66%	64%	73%	100%

Commitment

We will encourage kids to live a healthy, balanced lifestyle

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
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	£161m	£173m	£185m	£200m

¹ We have a commitment to improving access and choice for customers with allergies and intolerances. Our measure for this commitment was previously: 'Number of products within the *FreeFrom* sub brand and Sainsbury's products with a logo free from gluten, milk, nut, soya and egg and branded *FreeFrom* products'. While we were making good progress on this commitment, in 2017/18, we changed the measure to increase scope and better capture all products that are suitable for customers with the above allergies and intolerances. The new measure includes products that are suitable for people avoiding gluten, milk, nut, soya and egg and includes products that do not include the allergen as an ingredient and where the risk of contamination has been effectively managed.

² 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 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 which are classed as less healthy. When we look exclusively at our own brand offer, in 2017/18, we had 45% healthy products sold as a proportion of total sales volume.

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)
		2015/16	2016/17	2017/18	
We'll give back to communities through volunteering, awareness-raising and charitable investment	Total annual charitable investment generated across all programmes ¹	£46m	£53m	£35m	
	Cumulative charitable investment generated across all programmes	£212m	£265m	£300m	£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	90%	92%	91%	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 ²	£9m	£15m	£9m	

1 Includes corporate donations to national charities, funds raised by customers and colleagues in our stores for local charity partners, and investment in community programmes such as Active Kids.

2 This is calculated as the total annual contribution to our national charity partners Royal British Legion and Comic Relief. The year-on-year variance is due to the fact that Comic Relief's Red Nose Day campaigns generate higher contributions than its Sport Relief campaigns.

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)
		2015/16	2016/17	2017/18	
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 ¹	45%	68%	73%	100%

Commitment

We'll work with our customers to help them reduce their waste and put it to positive use²

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
Through our facilities we will help our customers reduce their waste and put it to positive use ²	Percentage of Sainsbury's-managed recycling facilities in all available sites	71%	78%	78%	100%
	Volume of clothing donations (tonnes)	3,800	4,740	5,594	

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)
		2015/16	2016/17	2017/18	
We'll continue to introduce proven and next generation technologies in our new and existing stores to reduce our operational carbon emissions	Absolute GHG emissions reduction	3%	11%	24%	30%
	Relative GHG emissions reduction	7%	42%	50%	65%
	Percentage of our core fleet to use an alternative fuel rather than a pure diesel ³	8%	3%	2%	
We'll reduce the impact of our refrigeration	Number of stores using natural refrigeration	208	246	256	
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 ⁴	2%	3%	3%	

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)
		2015/16	2016/17	2017/18	
We'll improve the efficiency of water use in our operations	Absolute water reduction (against a 2005 baseline)	29%	31%	31%	30%
	Relative water reduction (against a 2005 baseline)	54%	55%	55%	55%

1 We're committed to reducing food waste by ensuring we donate surplus food to those who need it most. While historically only registered charities were part of our Food Donation Programme, in early 2018 we expanded this to include community groups and Community Interest Companies which could make positive use of surplus food.

2 We have sent zero waste to landfill since 2013.

Since we launched our Waste Less Save More campaign in 2015, we've invested even more time and research into understanding what living well really means for our customers. We found our customers' priorities have changed and broadened, which is why reducing food waste now forms one part of what is an even bigger investment to help our customers 'live well' in every aspect of their lives. Our campaign was hugely successful and will live on in a number of ways. For example, we'll continue to bring communities together through shared surplus food projects and look at new and innovative ways to prolong the lives of our products through smart packaging, like the 'smart fresh' labels we launched for our ham to reduce the amount that is thrown away 'just in case'. Operational waste will also remain a focus. We will keep donating surplus food to charity through the hundreds of partnerships we have across the UK, and any food which is unsuitable for people to eat will either be turned into animal feed or sent for anaerobic digestion.

3 We're committed to reducing emissions from our fleet. The Euro 6 legislation which came into force in 2014 to reduce harmful pollutants from exhaust fumes has led to a reduction in the percentage of our fleet using alternative fuels. This was due to dual fuel technology not being compatible with Euro 6 and as a result we have replaced aged Euro 5 dual fuel vehicles, however have not been able to replace on a like-for-like basis. We believe 100% liquefied natural gas vehicles are a more sustainable option and have started a trial of these vehicles in 2017/18, with the plan to purchase more of these.

4 Our 'Greenest Grocer' colleague engagement programme encourages colleagues to take responsibility for energy saving, with simple changes in behaviour. We're pleased with the annual reductions in our electricity bill and that we're maintaining colleagues behaviour change.

Sourcing with integrity

Commitment

We will source our key raw materials sustainably to an independent standard¹

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
Each of our key raw materials is sourced sustainably to an independent standard	Number of Sainsbury's Sustainability Standards developed	20	35	35	Independent sustainability standards for all key raw materials
	Number of Sainsbury's Sustainability Standards in pilot	1	1	4	
	Number of suppliers, farmers and growers engaged via Sainsbury's Sustainability Standards	1 supplier 8 farmers/ growers	1 supplier 14 farmers/ grower	5 suppliers Over 100 farmers and growers ²	
Our own-brand products will not contribute to global deforestation and we will source all commodities which can cause deforestation from sustainable sources ³	Percentage of commodities which can cause deforestation sourced to an independent sustainability standard	Timber – 93% Palm oil – 98%	Timber – 93% Palm oil – 98%	Timber – 95% Palm oil – 98%	Timber – 100% Palm oil – 100%
	Woodland Trust trees planted	273,671	273,671	323,471	

Commitment

Our own-brand fish will be independently certified as sustainable

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
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	70%	79%	86%	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	18%	20%	21%	

1 We have a commitment to work with our key own-brand suppliers, farmers and growers to address the impact of our products. This includes improving environmental performance, improving carbon and water efficiency while reducing waste. These issues are covered by Sainsbury's Sustainability Standards and we will be able to report aggregated data in the coming years based on supply chain data provided to us in sustainability performance assessments.

We are working closely with The Consumer Goods Forum on the Sustainable Supply Chain Initiative (SSCI) to support the development of socially and environmentally responsible supply chains around the world. The SSCI will reduce audit duplication and complexity for all stakeholders. Today, companies assessing the sustainability of their value chains face an array of different technical standards and auditing approaches. The SSCI is designed to help navigate through this complexity and make sustainable sourcing more efficient. The harmonisation of global sustainability standards is extremely important to Sainsbury's as a Group. Our ambition is that this will provide our buyers and suppliers with clear guidance on third party audits and certification and avoid duplication and complexity of sustainability standards in our value chains.

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

3 We are working with our supply chain and our industry to accurately map our supply of soy, beef, leather and biofuels. We will then report the percentage of these commodities sourced to an independent sustainability standard. We're harnessing the power of technology to improve visibility of all parts of the supply chain and enhance the livelihoods of the smallholder farmers we work with. For example, we've brought together independent technology experts, the Satellite Applications Catapult, FOCAFET and others to leverage the capabilities in satellite and artificial intelligence to enable supply chain mapping against deforestation. As an active member of the Consumer Goods Forum, we're proposing a high-level collaboration on cocoa traceability in West Africa. The vision is that ForestMind (a not-for-profit division of the Satellite Applications Catapult) will enable the industry to make buying decisions based on real-time data. It will give retailers standardised source information to verify their deforestation impact claims and demonstrate to their customers and stakeholders that commitments have been met.

We believe that this can potentially be applied to other raw material supply chains once trialled with cocoa.

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)
		2015/16	2016/17	2017/18	
We'll continue to grow the sales of fairly traded products in line with the business ¹	Value of fairly traded sales	>£290m	>£280m	>£300m	

Commitment

We will invest in the future of British farming and be the leading retailer for British produce²

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
We'll continue to focus on research, development and innovation to improve agricultural productivity, resilience and quality ³	Number of R&D projects (participation either as a project lead or partner)	48	28	11	
	Value of investment for projects involving Sainsbury's in British farming	>£10m	>£9m	>£3m	

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)
		2015/16	2016/17	2017/18	
Our meat, poultry, eggs and dairy products will be sourced from suppliers who adhere to independently verified higher animal health and welfare outcomes ⁴	Proportion of sales from an independently verified higher animal health and welfare outcome source ⁵	Poultry – 13% Egg – 100% Veal – 100%	Poultry – 12% Egg – 100% Veal – 100%	Poultry – 14% Egg – 100% Veal – 100%	Poultry – 100% Egg – 100% Veal – 100%

Commitment

We will reduce and optimise our own-brand packaging

What we'll do	KPI	Performance			2020 target (where relevant)
		2015/16	2016/17	2017/18	
Reduce own-brand packaging by 50 per cent compared to 2005	Reduction in own-brand packaging since 2005 ⁶	31.5%	33%	35%	50%
We'll seek to use recycled materials and make sure that the material is recyclable wherever possible	Percentage recycled content by weight Percentage of recyclable packaging by weight (OPRL)	38%	37%	38%	
		Widely recycled: Check local recycling: Not currently recycled:	Widely recycled: Check local recycling: Not currently recycled:	Widely recycled: Check local recycling: Not currently recycled:	
		69%	71%	83%	
		16%	13%	2%	
		15%	16%	15%	

¹ This includes Fairtrade branded and Sainsbury's own-brand Fairtrade products. We will report on investment associated with The Sainsbury's Foundation approach once the first payments have been dispersed.

² At Sainsbury's, we want to support British farmers and growers – and we know our customers do, too. So we invest millions of pounds in UK research and development (R&D) projects, so we can help make British farming better, more sustainable and more efficient. This also helps our business in the long run.

We're committed to driving the sales of fresh and seasonal British produce, meat, fish and poultry. We continue to work with our farmer and grower development groups to help them increase productivity, while reducing their environmental impact. We invest in British farming through 2,200 members of our farmer and grower Development Groups. This number fluctuates depending on projects and priorities each year.

³ The number of R&D projects has declined because some projects have concluded. We are now taking a more targeted approach and focus on fewer, more impactful projects.

⁴ For examples of how we're working with our Development Group farmers on best practice addressing animal health and welfare outcomes, see our Animal Health and Welfare report: <https://www.about.sainsburys.co.uk/-/media/files/s/sainsburys/pdf-downloads/animal-health-and-welfare.pdf>

⁵ 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.

⁶ Data is reported for the previous year based on reporting timeframes. As a signatory to the Courtauld 2025 commitment to cut food waste by 20 per cent by 2025, we work with the charity WRAP and the industry to reduce packaging and tackle food waste both around our products and in the supply chain. We are also signing up to WRAP's UK Plastics Pact, an ambitious industry-wide framework to improve the consistency of recycling infrastructure, simplify plastic packaging and incentivise the use of recycled material.

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)
		2015/16	2016/17	2017/18	
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	78%	77%	72%	
We're committed to exceed the National Living Wage (NLW)	Colleague Reward (percentage above NLW)	£7.36/hour 2.2%	£7.66/hour 2.1%	£8.00/hour 6.7%	
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)
		2015/16	2016/17	2017/18	
We'll offer colleagues externally accredited training to support our business strategy	Number of apprentices trained ¹	413	493	713	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)
		2015/16	2016/17	2017/18	
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 ²	25,000	25,700	25,709	30,000
We'll be an inclusive workforce that reflects the communities we serve ³	Increase diversity of our workforce across race and gender: Percentage of women on our Operating Board Percentage of women in our workforce	22%	11%	11%	

¹ We're pleased to see more apprentices completing programmes each year. We appreciate there is way to go to meet our 2020 target and are committed to focusing our efforts on promoting the value of apprenticeships in the coming years.

² This year has seen major changes within our business and the sector in general but we are committed to promoting the scheme in the coming year.

³ We have several initiatives to promote a more inclusive workforce and you can read more about some of these on page 16 and on our corporate website. We're also pleased that our efforts have been recognised externally. For example, Business in the Community has named Sainsbury's one of the UK's Best Employers for Race, for our comprehensive and strategic approach to tackling racial inequalities. Additionally, the Department for Work and Pensions awarded us Disability Confident Leader status for our work on disability and inclusivity.

Appendix: measuring and reporting food waste

We've been refining our measurement process to further improve the accuracy of our reporting. We've calculated our unsold food using product level disposal and weight data for 2016/17 and 2017/18 and aligned our terminology to the Food Loss and Waste Accounting and Reporting Standard to promote consistency across the industry.

The Standard is the first set of global definitions and reporting requirements for companies, countries and others to consistently and credibly measure, report on and manage food loss and waste.

For our performance, see page 13.

The table below sets out definitions and we then detail all the assumptions used in calculating our food not consumed numbers and the donations to charity.

Food – Aligned with the Food Loss and Waste Accounting and Reporting Standard we have defined food as any substance – whether processed, semi-processed or raw – that is intended for human consumption. Food includes drink but does not include packaging, cosmetics, tobacco or substances used only as drugs.

Inedible parts – These are the components associated with a food that are not intended to be consumed by humans. Examples of inedible parts associated with food include bones, rind and pits/stones.

Material type – The material type we are referring to in our calculations as food not sold is food and related inedible parts.

Scope of calculation – All food products are in scope and we have captured the food not sold in stores and depots. A detailed review down to product level, where appropriate, has been performed to ensure we capture all products meeting the definition of 'food' within the calculation. This includes the products sold in our cafés up to the point the product is sold to the customer.

Food not sold – Food not sold in our stores and depots.

Food not consumed – Food not sold in our stores or depots and not donated to charity for human consumption.

Destination of food not consumed – animal feed – Food not sold in our stores that we are unable to donate to charity and does not contain animal-by-products. This is mainly bread not consumed.

Destination of food not consumed – energy (anaerobic digestion) – Food not sold, donated or sent to animal feed is sent to anaerobic digestion facilities to create energy.

Charity donations from store – Food not sold but donated to charity for human consumption. We work hard to ensure we are continually increasing the number of local food charities we work with. Typically, food donated to charities is a range of fresh produce including bananas, carrots and apples plus dry packaged goods such as sugar and pasta as well as bakery items that have been baked in the store.

Food Donation Partnerships – The range of charities we support varies from small food banks, soup kitchens, homeless centres and community cafés to larger charities. The one thing they have in common is that they are all local and relevant to the community the store is situated in. This is really important to us as we want to focus on making a positive difference in our local communities. Some of our larger Food Donation Partnerships include Trussell Trust who have over 400 food banks and FareShare who redistribute food to charity and community groups who then turn it into meals.

Primary logistics charity donations – These are donations from our primary logistics network to FairShare, Betal and Community Shop.

Product level disposal data – Includes all stores, depots, online fulfilment centre and our café food not sold. This disposal data captures all products defined as food per the definition above that have not been sold in our stores because they are past the best before or use by date, have been damaged or withdrawn.

Product level weight data – We have used our product net weight data and the unit of measure to convert the number of disposals into a tonnage of food not sold and not consumed. Where a product weight may vary, for example, loose fruit and vegetables, an average weight is used.