

C0. Introduction

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C0.1

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**(C0.1) Give a general description and introduction to your organization.**

John James and Mary Ann Sainsbury set Sainsbury's up in 1869, with a desire to bring good food at affordable prices – to everyone, and this is as important today as it was all those years ago. So driven by our passion for food, we will serve and help every customer, giving them delicious, great quality food at great prices all year round.

Today, the way our customers shop and eat has benefits for their health and the environment. We want to support our customers to reduce carbon emissions and food waste, helping them recycle more, use less plastic, and guide them to make healthier, more sustainable choices.

Sainsbury's makes eating well affordable, easy, and tasty. We could all eat a little better, no matter how much time or money we have. We can improve customers' health and the planet's with nutritious, homecooked and sustainable food.

Our focus on great value food and convenient shopping, whether in-store or online is supported by our brands – Argos, Habitat, Tu, Nectar and Sainsbury's Bank. Sainsbury's has over 600 supermarkets and over 800 convenience stores. Argos is a leading digital retailer and is the third most visited retail website in the UK, with over 90 per cent of its sales starting online. Argos is conveniently available for customers to collect from hundreds of Sainsbury's stores. Digital and technology enables us to adapt as customers shop differently and our profitable, fast-growing online channels offer customers quick and convenient delivery and collection capability.

Our 189,000 colleagues are integral to our success, now and in the future.

We are implementing a programme of change, focusing on reducing carbon emissions, food waste, plastic packaging and water usage and increasing recycling, biodiversity and healthy and sustainable eating.

Last year we announced our commitment to invest £1 billion over 20 years to become Net Zero across our own operations by no later than 2040. This target includes Scopes 1 and 2, covering our direct and indirect emissions within our operations.

This year we have taken our ambitious Net Zero by 2040 plan further with the addition of a Scope 3 target, which covers indirect emissions that occur throughout our value chain. We want to reduce the environmental impact of our business and work with farmers, growers and suppliers throughout our supply chain to help them reduce theirs.

To support our commitment and to drive long-lasting and meaningful change, we will be supporting the UN Climate Change Conference, COP26, as Principal Supermarket Sponsor in the upcoming year. We have also set remuneration targets for the Board against our key Net Zero by 2040 pillars to help drive business performance.

C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	March 7 2020	March 6 2021	No	<Not Applicable>

C0.3

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**(C0.3) Select the countries/areas for which you will be supplying data.**

- Bangladesh
- China
- China, Hong Kong Special Administrative Region
- India
- Ireland
- United Kingdom of Great Britain and Northern Ireland

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	Last year we launched our Net Zero Strategy and, along with it, a new governance process. The PLC Board is the principal decision-making body that oversees our climate-related issues, including our Net Zero by 2040 plan. The Board Chair has ultimate accountability for ensuring the success of the strategy. In terms of examples of specific climate-related decisions, the Chair was responsible for signing off on the Net Zero strategy in 2020 and remains in charge of regularly reviewing our progress during Board meetings and guiding the strategy as appropriate.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	Sustainability is embedded at all levels across the Sainsbury's business. We have set up Commitment Working Groups for each of our Net Zero strategy focus areas (including for carbon), with clear objectives and leadership. These Working Groups report into a dedicated Net Zero Steering Group. The Steering Group reports quarterly into our CR&S Committee, which is chaired by our Non-Executive Director. The CR&S Committee provides updates to the PLC Board in the form of a quarterly report on our Net Zero by 2040 plan. Scheduled climate change issues include progress against our Net Zero by 2040 Plan, capital expenditures, and updates on how we aim to mitigate against emerging climate-related risks that we have identified, amongst others. The PLC Board reviews and guides strategy and major plans of action related to our Net Zero by 2040 plan (e.g., reviewing any significant challenges and recommending solutions, making ultimate decision about priority areas for Sainsbury's to focus on as part of the strategy and approve any major changes to the strategy as applicable). They also oversee major capital expenditures, acquisitions and divestitures (e.g., signing off on our £1 billion commitment to our Net Zero plan), and monitor our progress against our goals and targets (e.g., periodic review of progress against our Scope 1 & 2 science-based targets).

C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other, please specify (Corporate Responsibility & Sustainability (CR&S) Committee)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Operating Board)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Net Zero Steering Committee)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other, please specify (Net Zero Working Groups)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Last year we launched our Net Zero Strategy and, along with it, a new governance process. As detailed in C1.1a, the PLC Board presides over Sainsbury's climate-related governance framework and is the principal decision-making body accountable for our Net Zero by 2040 plan.

Our governance framework also includes other management-level positions and committees with climate-related responsibilities, including our CEO, the Corporate Responsibility and Sustainability (CR&S) Committee, the Operating Board, and our Net Zero Steering Committee, which includes six Net Zero Working Groups. This section describes the positions and committees, where they sit in the organisational structure, their responsibilities, and how climate-related issues are monitored at these levels. It also provides a rationale of why responsibilities for climate-related issues have been assigned to these positions and committees.

Our CEO is a member of the plc Board and the CR&S Committee and chairs our Operating Board and Net Zero Steering Committee. The CEO is responsible for overseeing our Net Zero by 2040 commitments and providing regular updates to the PLC Board via our CR&S Committee (monitoring process described below). Climate-related responsibilities have been assigned to the CEO because their roles in the CR&S Committee, Operating Board and Net Zero Steering Committee places them in a strong position to support with implementing decisions taken at the Board level into day-to-day operations. Having climate-related responsibilities assigned to this position also ensures ongoing representation of related matters at the highest levels of the company, and that our strategy in this area remains a key focus for our business.

The principal role of the CR&S Committee (which is a Board committee) is to review the sustainability strategy, ensuring it is aligned with the Company's purpose, strategy, culture, vision and values. The Committee also plays a part in monitoring the business's engagement with stakeholders including customers, suppliers, the community, colleagues, shareholders and government on sustainability and corporate responsibility matters. Climate-related issues have been assigned to this Committee because the group is responsible for overseeing the delivery of our Corporate Social Responsibility agenda, a key part of which is our climate change strategy. The Committee meets four times a year to discuss progress against our climate change strategy and Net Zero targets. The CR&S Committee provides updates to the Board (in the form of a report along with meeting minutes) on the outcomes following each meeting, ensuring that the new approach to sustainability under the expanded Net Zero by 2040 commitment remains in focus, aligned with the updated strategy and met expectations in the market. Monitoring of climate-related issues takes place primarily through engagement with the Net Zero Steering Group, described below.

Matters not specifically reserved for the plc Board have been delegated to the Operating Board, which is chaired by the CEO. The Operating Board defines business-wide strategy including our sustainability strategy, adapting to new regulatory requirements and trends, reviews cross-value progress and signs off major climate-related investments. Our Net Zero Steering Committee, which is an Operating Board Committee, provides updates to the Operating Board on relevant matters during regular meetings in the form of reports and meeting minutes. It was established in February 2020 to support delivery of our Net Zero by 2040 plan and leads the operational execution of our Net Zero by 2040 plan by overseeing working group activity, ensuring delivery of performance. The Net Zero Steering Committee presides over six Net Zero Commitment Working Groups (described below) and monitors KPIs specific to each Net Zero commitment area by receiving frequent updates from Working Group leads. Climate-related issues have been assigned to the Operating Board due to the unique position of this group in the corporate structure (direct relationship with the Net Zero Steering Committee and Working Groups) to drive the day-to-day management of the business and the execution of the strategy as set out by the Board.

Our Net Zero Commitment Working Groups (covering Carbon & Water, Scope 3, Plastic & Recycling, Healthy & Sustainable Diets, Food Waste and Biodiversity) are led by Working Group leads representing different parts of the business, and are overseen by a Net Zero Working Group Programme Manager. The Working Groups preside over all activity related to the Net Zero by 2040 plan, ensuring cross-functional working is unlocked and plans are on track to deliver. Related KPIs are reviewed quarterly during Working Group meetings. The rationale for assigning climate-related issues to the Working Groups is that they have direct oversight of individual commitment areas; therefore, they are in a strong position to implement our strategy on the ground.

**C1.3**

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	N/A

### C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	As of 2020, our corporate executive team have remuneration targets linked to reducing GHG emissions across Scopes 1, 2 and 3 and plastics in line with our Net Zero strategy.

## C2. Risks and opportunities

### C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

### C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	N/A
Medium-term	5	15	N/A
Long-term	15	50	N/A

### C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

At the Group level, we have identified 'Environment and Sustainability' as a principal risk and source of uncertainty. Sainsbury's considers both reputational and financial impacts in the context of the Group's strategic objectives. We have a robust process of assessing and measuring environmental and sustainability risks based on a combination of likelihood and impact, considering both financial and reputational elements. We also assess the "gross risk" which is the impact of the risk before existing controls, and the "net risk" which is the risk after the current controls are put in place.

The severity of all current, short and medium-term risks is assessed based on a combination of likelihood and impact. Likelihood is quantified based on time-based (anticipated timeframe of occurrence) and probability-based (expressed as 1 [remote] to 5 [almost certain]) thresholds. Impact is also assessed on a five-point scale, with each level being assigned a corresponding financial and reputation indicator. Any longer-term risks are considered emerging risks and are reviewed annually by the Ops Board. The potential impact of these risks is measured using similar time and probability-based indicators.

In line with this framework, we define substantive financial impact as one that impacts Sainsbury's revenue by at least £25 million, and substantive strategic impact as one that generates high local/regional media interest (impacting our reputation), and/or an event or series of events that puts the safety and well-being of our colleagues or customers at risk.

Our substantive financial and strategic impact classifications can be triggered either by a single, high-magnitude event and/or a series of lower-magnitude events that combine to create a larger impact, and can be influenced by aspects such as the number of affected locations; the magnitude of impacts at these locations; our dependence on a particular facility; or the potential for shareholder or customer concern, amongst others.

### C2.2

## (C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

### Value chain stage(s) covered

Direct operations  
Upstream  
Downstream

### Risk management process

Integrated into multi-disciplinary company-wide risk management process

### Frequency of assessment

More than once a year

### Time horizon(s) covered

Short-term  
Medium-term  
Long-term

### Description of process

Our risk management process is based on the balance between risk and reward, determined through an assessment of the potential outcomes and impact as well as risk appetite. Consideration is given to both reputational and financial impact, recognising the significant commercial value of our brand. The risk management process is aligned to our strategy and each principal risk and uncertainty is considered in the context of how it relates to the achievement of our strategic objectives. Our risk management process is designed to identify key short, medium and long-term climate-related risks that could have a substantive financial or strategic impact on our company, and to provide reasonable but not absolute assurance that these risks are understood and managed in line with management's risk appetite, for direct operations as well as upstream and downstream from our direct operations. It also enables us to develop procedures, policies, and actions to prevent or mitigate impacts. The plc Board has overall responsibility for risk management and internal controls, and for reviewing their effectiveness at least annually. Certain responsibilities have been delegated to the Audit Committee. The risk management process is embedded at the Operating Board level and is supported by the bottom-up risk process (see water scarcity risk and regulatory risk assessment case studies below). within divisions and governance forums. The Operating Board maintains an overall corporate risk map, which captures the key substantive climate risks (including across the short-, medium- and long-term time horizons in our direct operations as well as upstream and downstream) to achieving our strategic objectives and identifies the potential impact and likelihood at both a gross and net level. As well as divisional and business level risk maps, we also have a specific climate-related risk map for the business, which includes risks such as 'increased chronic and acute weather events in the UK' and 'unstable utilities supplies'. The Operating Board reviews the risk map twice a year and discusses and agrees the level of risk that the business is prepared to accept for each key risk. The target risk position is also captured to reflect management's risk appetite where this differs to the current net position. This enables the Operating Board to agree and monitor appropriate actions as required. The Risk and Internal Audit team provide the Audit Committee with a risk management update at each meeting, which includes changes to the corporate risk map agreed by the Operating Board as well as the key risk activities undertaken within functions, governance forums and at divisional and corporate levels. The corporate risk map is formally discussed with the Board. Opportunities are continually monitored by our Net Zero Working Group that oversees carbon; if an opportunity is deemed to be lucrative, it is presented to the Net Zero Steering Group, then the Operating Board, and finally the CR&S Committee, who will make the ultimate decision about whether to pursue the opportunity E.g. we identified an in-store climate opportunity and developed the Greenest Grocer programme, which is our premier in-store colleague engagement scheme that encourages simple changes in behaviour to save energy. Following a successful pilot, we rolled out the campaign across all our stores, saving over 25,000 tCO<sub>2</sub>e to date. Sainsbury's has also implemented a colleague engagement programme, building on our successful Greenest Grocer programme. In terms of a case study, our water scarcity risk assessments exemplify how we apply our risk management process to physical risks related to climate change. The context for our water risk assessments is that the water cycle, which is vital to our operations, is expected to undergo significant change because of climate change. As one of the largest retailers in the UK, it is important for us to have access to enough good quality freshwater now and in the future. To anticipate and better respond to climate change-induced water risks, each year we work with our consultants and use the WRI Aqueduct tool to assess water risk in our operations. The tool provides a wide range of outputs tailored to various aspects of our operations (supermarkets, logistics, etc.), including projections for water stress, seasonal water variability, water supply and water demand across short-, medium- and long-term time horizons. These projections are informed by two different climate scenarios and two shared socioeconomic pathways and provide us with an understanding of the key water-related risks, their likelihood and magnitude as they relate to our operations. We worked with our external consultants to analyse the results from our annual WRI Aqueduct risk assessments, which revealed that 34% of our water is sourced from areas of high water stress. The results from the risk assessment were reviewed by the Operating Board and incorporated into our corporate risk map, which, together with other climate-related risks, is assessed bi-annually. The results from the water risk assessment continue to be used to conduct screening assessments when investigating the location of potential new stores, and for determining which of our existing locations should be prioritised as part of our efforts to become water neutral within our direct operations (locations with high water scarcity are prioritised). As another case study, our risk assessment process and resulting risk map (described above) also capture transitional risks, such as developments with carbon and energy-related regulations, and increased climate impact reporting requirements. The context for our risk assessment in this area is that as a large company, we continue to remain affected by legislative developments in this area, and it is vital that we anticipate and remain compliant with all applicable legislation in order to avoid financial repercussions and reputational damage from non-compliance. This was an important area for Sainsbury's to continue to monitor in 2020 given the uncertainty of changes associated with the UK leaving the EU. To anticipate and better respond to legislative risks, we maintain a corporate regulatory risk register, which captures all applicable energy- and climate-related emerging regulations that could impact our company. The register is reviewed by the Operating Board and all relevant items (e.g. emerging climate-related regulations) are incorporated into our corporate risk map, which, together with other climate-related risks, is assessed bi-annually. As part of this assessment we have identified mandatory TCFD reporting as an emerging risk. Although Sainsbury's is currently on track to comply with emerging regulation, as a response to this risk we have worked with our external consultants and created a three-year roadmap for achieving our ambition of developing market-leading climate resilience and TCFD action and disclosures.

## C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Climate-related risks related to current regulations are always assessed as part of this process, because Sainsbury's is obliged to comply with various climate-related regulations. This risk type is relevant because failure to comply with current regulation may pose both financial (e.g. costs incurred due to penalties) and reputational risks to our company (e.g. customers choosing to do business with another supermarket). As an example of specific risks considered in our assessment, we have identified failure to comply with, or take action to reduce our exposure to, regulation such as Climate Change Levy (CCL). For example, the less action we take to reduce our energy consumption, the more we will continue to pay for CCL. In addition, we have also identified the failure to comply with the Streamlined Energy and Carbon Regulations (SECR) and F-Gas Regulations as risks related to the topic of current regulation.
Emerging regulation	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Climate-related risks related to emerging regulations are always assessed as part of this process, because Sainsbury's will remain impacted by new climate-related regulation into the future. These risks are relevant because failure to anticipate and prepare for upcoming climate policy developments may pose both financial and reputational risks to our company (e.g. increased costs, tax burden and/or competitor disadvantage). As an example of a specific risk considered in our assessment, we have identified emerging regulation related to compulsory reporting on Taskforce on Climate-Related Financial Disclosures (TCFD) as a risk related to the topic of emerging regulation in the UK.
Technology	Relevant, always included	Climate-related risks related to technology are always assessed because Sainsbury's recognises the important role that technology will play in supporting the transition to a lower-carbon, energy-efficient ecosystem. Associated risks are relevant because a delay in pursuing technologies that could enable this transition could impact our ability to mitigate our impact on the climate; it could lead to increased operational costs; and may impact our reputation if we are not perceived as leaders in this area. As an example of a specific risk that we considered as part of our assessment related to the topic of technology, we have identified the failure to convert our in-store lighting to LED and have responded by setting a target to have 100% of our facilities' systems upgraded by the end of 2021. With increased customer demand for EV charging stations, we have also identified a failure to roll out a sufficient amount of charging facilities across our estate as an example of a risk in this area. We have also identified the risk of not using innovative staff engagement technologies to achieve energy efficiency. Through our Chatter app, we alert staff if their store will be charged for more electricity and encourage them to use appliances in an efficient manner. We provide them with energy saving tips such as switching off ovens, keeping doors closed, switching off lights and air conditioning as well as keeping doors to frozen or chilled areas closed.
Legal	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Legal risks are always assessed because of the potential financial and reputational impacts (e.g. legal and administrative costs, legal fees and fines, awards of damages, and resulting brand damage) associated with this risk type. We have identified litigation claims related to compliance with Ultra Low Emissions Zones across the UK as an example of a specific risk in this area. Ultra Low Emissions Zones impose charges on drivers of certain vehicles, including delivery vans that do not meet the Euro 6 emissions standard. Our continued efforts to green our delivery fleet are being taken partly in anticipation that Ultra Low Emissions Zones will continue to be proposed and rolled out across the UK.
Market	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Market risks are always assessed because of the financial implications associated with not recognising shifts in supply and demand for certain products or services. As an example of this risk type, we have identified increasing consumer preferences for products with strong sustainability credentials (particularly packaging and vegan diets), and our ability to respond effectively to meet this demand.
Reputation	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Reputational risks are always assessed because of the financial and reputational implications associated with changing customer or community perceptions of our contribution to or detractor from the transition to a lower-carbon economy. In terms of an example, a risk we have identified in this area relates to our failure to recognise and respond to increased consumer preference for brands with strong climate change and sustainability credentials. For example, if we fail to improve the sustainability of our business and related credentials of our products, our reputation may be damaged, and we may lose a portion of our customers. We also identified the failure to accurately report on our milestones / achievements (including progress on achieving zero carbon emissions), and lack of internal data to measure / understand the current and future impact of climate change on our business model as specific examples of reputational risk. These risks may result in poor decision making, inadequate investment / remediation, reputational damage, and customer mistrust.
Acute physical	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Climate-related risks related to acute events are always included within these risk assessment processes because acute physical events may cause significant disruption to our operations and supply chain. By way of example, we have identified the risk of increased flooding events impacting our direct operations, and one-off major drought events impacting our supply chain as key climate-related risks in this area.
Chronic physical	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Climate-related risks related to chronic physical events are always included within these risk assessment processes because longer-term shifts in climate patterns may cause significant disruption to our operations and supply chain. By way of example, we have identified changes in precipitation patterns and extreme variability in weather patterns as a key risk in this area.

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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**Primary potential financial impact**

Decreased revenues due to reduced production capacity

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Climate change is expected to affect precipitation extremes in the UK over the 21st century, increasing the frequency and intensity of flood events. A recent report commissioned by the Committee on Climate Change (Climate Change Risk Assessment 2017) reported a potential increase of 60% in Expected Annual Damages from floods by 2080. In the short term, a significant increase in flood risk is expected to occur. Our stores are located across the UK and many of them are located in areas that are at risk of flooding. In the past several years we have experienced a number of flooding events, including at our stores in Stirling, Sheffield, Weymouth, Brighouse, Carlisle and Scunthorpe, amongst others. Most recently, in 2020, our sites in Chadwell Heath (Barking and Dagenham), Mytholmroyd and Beeston (Nottingham), as well as our car park in Nantwich (Cheshire) were all flooded, which shows that our properties continue to be impacted by such adverse weather events. Flooding impacts our

operations in a number of ways, including through financial losses resulting from business discontinuity. We also suffer damage to our stock and infrastructure, and in some cases we need to replace damaged equipment. E.g. floods regularly force the temporary closure of our sites and in some cases prevent access to our stores. During store closures our aisles and floors are cleaned, repaired and restocked. Consequently, in addition to the costs of repair, we can also experience reduced revenue due to loss of sales and additional spend on new stock to replace damaged inventory. Crucially, flooding can also jeopardise the safety of our employees and customers. Although there are a number of potential financial impacts, decreased revenues due to reduced production capacity is our primary potential financial impact. Increased severity and frequency of extreme weather events such as flooding meets our definition of substantive impact not just because the cumulative financial impact of flooding at several stores can exceed our financial threshold as defined in C2.1b, but also because these events have the potential to put the safety of our employees and customers at risk. As such, we consider flooding to be a risk with the potential to have a substantive strategic impact on our business.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

100000

**Potential financial impact figure – maximum (currency)**

3000000

**Explanation of financial impact figure**

The cost of a flood event will depend on the number and type (e.g. supermarket, store, distribution centre, etc.) of locations impacted, the existence of flood defences at individual sites, as well as the number and magnitude of the flooding events experienced in any given year. We estimate the potential financial impact to be between £100,000 to £3,000,000 in a typical year, based on flooding events and resulting financial impacts from previous years. We will not provide a quantitative breakdown of these figures because this information is business sensitive. However, in line with the CDP Guidance, we will provide a qualitative breakdown: these figures are primarily associated with loss of business continuity (reduced revenues) but also include costs associated with cleaning, restocking, refurbishing, replacing damaged equipment, and the installation of temporary or permanent flood defences. Our minimum financial impact figure assumes a limited number of locations being impacted by minor flooding events, and is associated with site closure and cleaning costs. The figure also assumes that the locations would only have to close for a short duration (e.g. less than a day), and that no equipment and only a limited amount of stock would need to be replaced. Our maximum financial impact figure assumes that four or five of our larger revenue-generating locations would be impacted by significant flooding events, requiring the extended closure (e.g. several days) of our locations in addition to replacing equipment, cleaning, restocking damaged inventory and installing permanent flood defences.

**Cost of response to risk**

1610000

**Description of response and explanation of cost calculation**

Management of flood risk demands a detailed understanding of the risk to individual locations. Rapid identification and continual assessment of dynamic flood situations as they evolve is key. We have developed a flood modelling application for our stores, which utilises geospatial mapping of our locations to accurately predict flood location and threat level and includes a real-time flood warning system. Although we continued to experience floods, the tool has been effective at preventing and minimising flood-related impacts across our estate by enabling us to make informed and timely decisions to minimise the impacts of flooding. We expect that the tool will continue to improve Sainsbury's resilience and help prevent future financial and operational impacts. The application has already prompted us to put several action plans in place, from long-term flood mitigation investment to enabling sites' response to evolving flood risks. Some examples include site-specific vulnerability ranking reports, which help us to determine the most appropriate emergency, temporary or long-term mitigation plans. We have also developed flood emergency plans for at-risk locations, which outline processes for Facilities Managers to follow during a flooding event (e.g. use of sandbags and/or installation of flood barriers). We have made a capital investment in the sites that are at continuous high risk of flooding. For example, we have installed flood barriers at several stores, including at our Superstore in Sherbourne, which we identified as being at risk of flooding from a nearby stream. During refurbishment, removable flood barriers were installed to mitigate the risk from further flood events. At another store in Carlisle, we have lifted the building services plant on stilts to prevent flooding. We will not provide a quantitative breakdown of our cost of response to risk because this information is business sensitive. However, in line with the CDP Guidance, we will provide a qualitative breakdown: the cost of response to risk figure represents the contract cost associated with maintaining our flood warning system and the most significant investments in flood defences. These include the installation of flood defences at our Carlisle and Tadcaster locations, the installation of door opening barrier protection at our store in Clitheroe and temporary flood defences to be utilised by facilities managers across our estate. These combined costs come to approximately £1.61 million.

**Comment**

N/A

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
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**Primary potential financial impact**

Decreased revenues due to reduced production capacity

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Sainsbury's sources its own-brand products from the UK and 60 other countries. A significant physical climate risk to the business relates to market volatility and disruptions to the supply of commodities due to climate-induced weather events. The IPCC estimates that all aspects of food security are potentially affected by climate change, including food access, utilisation, and price stability. Chronic physical impacts, such as changes in precipitation patterns and extreme variability in weather patterns, could

impact the availability, quality, and long-term security of supply of many of our key products, which could lead to decreased revenues due to reduced production capacity. For example, we source all our Spanish soft fruit from the Huelva region in southern Spain. This region also supplies 70% of the world's exported strawberries. The demand for soft fruit is putting significant pressure on the water supply required to irrigate the crop, and this use is reducing the amount of water available to wildlife in the national park. Sainsbury's sources a range of fresh produce and commodities from the CamEO & Broadlands catchments which sits across Cambridgeshire and Norfolk. The products include potatoes, vegetables, cereals and poultry, and we rely on this region to supply these products all year round. The demand for water for irrigation, decreasing water quality status and increasing pressure from residential properties means the catchment faces significant water stress on three fronts: water quality, water access and water availability. Shifts in precipitation patterns and extreme variability in weather patterns could impact our ability to maintain continuity of supply from these regions. As another example, cotton is the most widely used fibre in our Tu clothing range, accounting for 44% of our total fibre usage. Cotton is a thirsty crop, accounting for more than 3% of the world's water consumption in agriculture. Higher temperatures and changing rainfall patterns caused by climate change are likely to cause severe water shortages in some areas and increase the prevalence of pests and diseases, in turn negatively affecting yields. We consider our inability to recover / adapt existing supply chains, and identify and develop new supply chains to manage extreme weather events driven by climate change (e.g. crop failures) as a substantive risk in line with our definition in C2.1b that may result in competitor disadvantage and material loss of sales.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

580960000

**Potential financial impact figure – maximum (currency)**

871440000

**Explanation of financial impact figure**

Based on current conditions, USDA's Economic Research Service's Consumer Price Index for all food is projected to increase in 2021 by 2-3%. This is considered the principal indicator of changes in retail food prices and is closely followed by industry analysts, food market participants, and policymakers. Forecasting changes in the CPI for food has become increasingly important due to the changing structure of food and agricultural economies. The USDA notes that the increases may partly materialise as a result of large disruptive weather events that occur in key food producing regions. We rely on the CPI each year to calculate the estimated financial impact range for this risk. We assumed that, if the risk was to materialise, the price increases described above would be added directly to our supply chain costs and in turn impact our bottom line. In other words, our financial impact figure is associated with decreased revenues due to reduced production capacity. By applying this approach, we multiplied our 2020 revenue by 2% to derive the minimum financial impact figure as follows: 29,048,000,000 \* 0.02 = 580,960,000. We used the same approach for calculating our maximum potential financial impact: 29,048,000,000 \* 0.03 = 871,440,000. As such, should we experience a 2% to a 3% increase in food prices due to reduced production capacity, our bottom line could be impacted by £580,960,000 (low-end of the estimate) to £871,440,000 (high-end of the estimate).

**Cost of response to risk**

1700000

**Description of response and explanation of cost calculation**

We respond to climate risk impacts in our supply chain mainly through supplier engagement and participating in partnerships and industry collaborations with the aim of increasing the resilience of our supply chain through supporting adaptation and mitigation activities. In terms of a case study, we support smallholder tea farmers of the Sukambizi Association Trust in Malawi through the development of a nursery that grows heat resistant tea seedlings. With the support of the Sainsbury's pilot, 1.2 million tea nursery seedlings were sold to over 1,100 farmers that will rejuvenate up to 100ha of tea crops. These new clones are more heat resistant, the importance of which is clear as large areas of tea trees in neighbouring farms began browning in late 2019 due to the extreme heat. The tea seedlings are sold at cost to ensure the long-term financial viability of the operation. Last year temperatures in southern Malawi reached 40oC. This, combined with winter extremes of heavy rainfall, means tea planted in the 1960s do not survive the stresses of altered growing conditions caused by climate change. The Trust now has the largest area of modern clones in Malawi, a country whose ageing tea trees is a significant threat to the continuation of the industry in the country. We have a long history of collaboration to progress sustainable sourcing of palm oil, cocoa, soy and timber, and we are committed to sourcing 100% of our key materials to an independent sustainability standard. We are members of several organisations including the Retailer Collaboration, Retailers' Palm Oil Group, Retail Soy Group, Roundtable for Sustainable Palm Oil and the World Cocoa Foundation (amongst others). Participating in these organisations enable us to collaborate with global players to advance progress across sustainability issues including those related to supporting our suppliers with climate change mitigation and adaptation. We will not provide a quantitative breakdown of our cost of response to risk because this information is business sensitive. However, in line with the CDP Guidance, we will provide a qualitative breakdown: our cost comprises recent investments and earmarked funds for direct supplier engagement activities related to increasing the resilience of our supply chain (e.g. Sukambizi case study) and our membership costs in industry collaborations and partnerships such as those listed above. Our total cost of responding to this risk is approximately £1,700,000.

**Comment**

N/A

**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Current regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**



Energy legislation in the UK has seen several changes recently, with the Carbon Reduction Commitment (CRC) being replaced by an increased Climate Change Levy (CCL). The CCL is a tax on energy delivered to non-domestic users in the UK and aims to provide an incentive to increase energy efficiency and to reduce carbon emissions. The CCL, which is considered a carbon pricing mechanism, has increased since its inception and impacts our entire organisation in the UK. The CCL will remain a risk for Sainsbury's because we are significant consumers of energy, and as such, it will continue to represent a significant cost on top of our indirect (operating) costs. The CCL is also forecasted to increase in the next couple of years. Since the replacement of the CRC, Sainsbury's has paid at minimum £11 million per annum in CCL fees. We consider this to be a substantive risk in line with our definition in C2.1b because the associated financial implications can exceed our quantitative threshold for this indicator over the course of the next five years, which is the period over which we monitor costs associated with this risk.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

55000000

**Potential financial impact figure – maximum (currency)**

71500000

**Explanation of financial impact figure**

The CCL has cost Sainsbury's approximately £11 million in the 2020/2021 reporting period. This figure has been calculated by and provided to us directly by our facilities manager, Mitie, who is responsible for overseeing our utility bills. The 2021 figure is based on multiplying our applicable energy consumption (e.g. electricity, natural gas, etc.) by the 2021 CCL rate. We monitor the financial implications of complying with the CCL five years into the future, and as such, we have calculated an estimated financial impact range over this time period. These figures relate to an increase in our indirect (operating costs). Based on UK government forecasts, our assumption was that Sainsbury's will not pay less than £11 million per year in the next five years, so we used £11 million multiplied by 5 to derive the minimum potential financial impact figure of £55 million (in line with the timeframe of 5 years for monitoring this risk). For our maximum financial impact figure over the next five years we have inflated the minimum financial impact by 30% - this assumption is conservative in that it relies on the increase in CCL rates from 2016 to 2020, but applies the 30% for each year over the next five years as opposed to a phased increase over time. In line with this approach, we multiplied £55 million by 1.3 (30% increase) to derive £71,500,000. We anticipate that the likelihood of us having to pay more than the figure at the higher end of this range is low.

**Cost of response to risk**

34789649

**Description of response and explanation of cost calculation**

Our primary response to this risk has been in the form of our 'Green' loan and Project Graphite initiatives. Sainsbury's announced that it had entered a £200m 'Green' loan with proceeds to be invested in ongoing carbon reduction and sustainability projects including, for example, our award-winning project Graphite programme. Project Graphite is focused on improving energy efficiency in our existing stores and investing in onsite renewable energy. This includes measures such as replacing existing lighting with energy efficient LED lamps, producing renewable heat from Ground Source Heat Pumps and installing Photovoltaic Solar Panels on our roofs. Proceeds from the Green Loan will be used to further fund clean energy generation, energy efficiency, and carbon reduction through refrigeration gas replacement and water saving projects. By saving energy we continue to reduce our exposure to, and our costs associated with the Climate Change Levy. The key activities undertaken by the Company during the financial year 2020/21 were as follows: • Energy Efficiency and LED lighting in 446 existing stores, one new supermarket and 15 new convenience stores; and • Refrigeration system gas replacement to natural refrigerant (Carbon Dioxide) in 41 stores. • Other energy efficiency projects in new stores, refits and extensions The full year effect of this work saves over 22.4 million kWh, which is equivalent to the annual electricity use of 12 mid-size supermarkets. Our cost of response to this risk comprises £14,965,649 associated with LED roll-outs; £19,328,000 associated with refrigeration system gas replacement; and £496,000 associated with other efficiency projects in new stores, refits and extensions.  $14,965,649 + 19,328,000 + 496,000 = 34,789,649$ . Although this is an annual figure, the investments made will have energy and GHG emissions savings implications years into the future; therefore, it is an appropriate figure to use for explaining how we are responding to a risk that we manage five years into the future.

**Comment**

N/A

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C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

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C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Move to more efficient buildings

**Primary potential financial impact**

Returns on investment in low-emission technology

**Company-specific description**

Sainsbury's is committed to improving the efficiency of our buildings and reducing the carbon emissions of our stores through innovation of new technologies to ensure that we utilise the very best in energy saving and emissions reduction initiatives throughout our estate in the UK and Ireland. We see this as an opportunity both because it will enable us to reduce our carbon emissions and because we will receive returns on our investments through these innovative technologies. Improving the efficiency of our buildings will also drive and contribute to achieving our ambitious science-based and net zero targets, which have been set as part of our Net Zero by 2040 Plan. Specifically, as a supermarket, we see an opportunity for energy efficiency gains and carbon reductions throughout our estate across three key themes: reducing demand, switching to natural refrigerants and the electrification of heat. We consider this a substantive financial opportunity because the cost savings associated with the above initiatives are likely to exceed our threshold of £25 million in the short-term as described in C2.1b.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

2807896

**Potential financial impact figure – maximum (currency)**

3103464

**Explanation of financial impact figure**

Our approach for calculating the potential financial impact range was to estimate energy savings and resulting cost savings associated with investments in energy efficiency and carbon reduction initiatives during the reporting year. Our financial impact values represent an annual range, and they are based on the assumption that we will realise similar savings (plus or minus 5%) in future reporting years as we did during 2020/2021. To arrive at our estimated range, we calculated the potential opportunity in cost savings (returns on investment in low-emissions technology) from reduced energy consumption associated with our Project Graphite programme (see 'Strategy to realize opportunity' column) as follows: Our programme has saved 22.4 million kWh in 2020/2021 (e.g. our LED lighting roll-out at 446 stores, one supermarket and 15 convenience stores). Our average electricity rate is 13.195 pence per kWh. In line with this approach, we multiplied 22,400,000 by 0.13195 to derive an annual savings figure of £2,955,680. We multiplied 2,955,680 by 5% ( $2,955,680 \times 0.05 = 147,784$ ) and subtracted the result from our 2020/2021 estimated savings to derive the minimum expected annual financial impact figure as follows:  $2,955,680 - 147,784 = £2,807,896$ . We added the same 147,784 figure on top of the 2020/2021 savings figure to derive our maximum potential financial impact figure as follows:  $2,955,680 + 147,784 = £3,103,434$ . Note that this is an annual potential financial impact estimate and we anticipate similar annual cost savings in the near future.

**Cost to realize opportunity**

34789649

**Strategy to realize opportunity and explanation of cost calculation**

Sainsbury's has agreed a £200 million corporate 'green' loan to invest in on-going carbon reduction and sustainability projects, with proceeds to be invested in ongoing carbon reduction and sustainability projects including, for example, our award-winning Project Graphite programme. As part of this programme, we are focusing on a holistic 'store-centric' approach to minimise the carbon impact of our stores as much as possible. We are working to reduce the overall store energy consumption by tackling all identified inefficiencies in one touch, removing refrigerant gas and installing innovative efficient refrigeration technology - RIHC (Refrigeration Integrated Heating and Cooling), which uses the store's refrigeration system to provide all of its refrigeration, heating and cooling requirements. It also utilises waste heat from refrigeration, making it particularly energy efficient. This tackles a number of our key decarbonisation themes: reducing demand, switching to natural refrigerants and the electrification of heat. It is also important because whilst we are entirely removing gas from our stores, we are also reducing the electricity demand by over 10% versus the level prior to the investment. We have developed a detailed scorecard to support in prioritising stores for investment in carbon reduction initiatives, focusing in on the full Carbon performance of stores, completing detailed benchmarking and fully understanding the contributing emissions in order to make the greatest Carbon reduction and impact on our emissions. We are also taking a very similar approach to efficiency and Carbon reduction within our depots. We will have installed LED across all supermarkets by the end of 2021 and will be completing the remainder of the estate the year after. Our cost to realise this opportunity is the total amount of investment in facility-level carbon- and energy-reduction initiatives associated with Project Graphite in 2020/2021 - £34,789,649. £14,965,649 is associated with our energy efficiency programme; £19,328,000 is associated with our CO2 refrigeration replacement programme, and £496,000 is associated with energy efficiency in new stores, refits and extensions.  $£14,965,649 + £496,000 + £19,328,000 = £34,789,649$ . This is a one-time investment, whereas the potential financial impact figure will be realised on an annual basis with a payback of approximately six and a half years.

**Comment**

N/A

**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Reduced water usage and consumption

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

The IPCC expects that under a changing climate, periods of drought could become longer and more frequent in the UK. This could lead to increased strain on water supplies and may drive up water prices in the future. As one of the largest retailers in the UK, we depend heavily on the availability of sufficient quantities of good quality freshwater to ensure business continuity. Reducing our water usage across our direct operations represents a significant opportunity for Sainsbury's from both a financial

and reputational perspective. By anticipating climate change-induced shifts in weather patterns ahead of competitors and implementing water efficiency and harvesting measures, Sainsbury's has an opportunity to make savings in operational costs and simultaneously reinforce our position as a leader in tackling water-related issues. We are driving towards water neutrality across the business by 2040. We use about a billion litres of water a year less than we did in 2005, even as we grow our estate, but continue to review every aspect of water across the business, measuring and lowering the amount of water used across our estate by as much as possible. Specifically, Sainsbury's sees an opportunity to reduce our water usage primarily through improving the way we measure our water consumption (thereby enabling us to prioritise certain locations and/or processes); installing water saving technologies; rolling out rainwater harvesting installations; and transitioning to self supply across England. We consider this a substantive strategic opportunity because of the reputational benefits associated with pursuing this opportunity (see C2.1b for our definition). Over the medium- to long-term the cost savings associated with the above initiatives will also exceed our threshold of £25 million.

**Time horizon**

Medium-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

786750

**Potential financial impact figure – maximum (currency)**

949000

**Explanation of financial impact figure**

Our potential financial impact figures relate to reduced indirect (operating) costs comprise three values: 1) estimated cost savings that are not currently being realised due to faulty meters and rainwater harvesting systems; 2) cost savings from the continued installation of water saving technologies; and 3) costs associated with continuing to purchase water from wholesalers as opposed to transitioning to self supply (which would lead to reduced costs). Our potential financial impact figures were calculated by our external consultants, who determined the value by analysing existing meter readings and estimating cost savings based on the repair of faulty meters and proper maintenance of existing rainwater harvesting facilities. Specifically, it was determined that if all rainwater harvesting meters were functioning correctly, Sainsbury's could demonstrate mains water savings of approximately 2.5 to 3 billion litres. The 2.5 and 3 billion figures were calculated from the 1 billion litres above which was doubled to account for the whole of the estate functioning correctly (our external consultants estimate that we could double our savings by repairing faulty meters), plus 25% and 50% added, respectively, as assumptions of further savings once remedial works have been carried out. In line with these calculations, we have estimated that we could save approximately between £695,750 and £835,000 a year from harvesting rainwater (based on the same assumptions above with all systems working on rainwater). When it comes to cost savings from the installation of technologies such as water saving taps, we have calculated future annual savings of between approximately £50,000 to £73,000 (subject to approvals and feasibility of roll-out at specific locations) - this is the amount of money we can save on water through installing taps with features such as reduced flow rates and sensors in the coming years. In terms of the cost savings that we stand to realise from moving to self supply, we have calculated an annual figure of £41,000 - this is the difference between paying current prices versus what we anticipate to pay for our annual water use under a self supply arrangement. As such, our potential minimum financial impact figure has been calculated as follows: £695,750 + £50,000 + £41,000 = £786,750, and our potential maximum financial impact figure has been calculated as follows: £835,000 + £73,000 + £41,000 = £949,000

**Cost to realize opportunity**

251309

**Strategy to realize opportunity and explanation of cost calculation**

In terms of our strategy to realise this opportunity, an important first step in our water-saving strategy is to find out how much we already use, so we can establish a benchmark to work from. We do this by checking our bills to ensure we eliminate and query anomalies. To help us get even more accurate data, we install automatic meter-reading (AMR) devices – and carry out water audits. Armed with this data, we look for areas where we can find savings. These range from identifying sites where we use a lot of water, so it could be reduced, to simply finding water leaks to fix. We then install water-saving devices in the right places – such as waterless urinals, low-flow toilets, percussion taps, and reclaimed-water carwashes. We also continue to rollout rainwater harvesting systems across our estate in order to recycle water. We currently have 120 rainwater harvesting (RWH) systems across our estate, and this year we have carried out a number of maintenance projects to improve the functionality of our existing RWH facilities. In addition, we have made the decision to transition to self supply so that we can have greater control over our water management, including meter readings, accuracy of data and future water reduction activities. Self-supply is where a customer buys water supply and wastewater services from the water company and provides their own retail services. In March 2021, we will complete the transition of our English estate to 100 per cent self supply. In terms of an explanation of our cost calculation to realise this opportunity, we have added costs associated with performing planned updates and rolling out RWH systems across our estate; the installation of water saving taps in 2020/21 and the cost of transitioning to self supply (licence costs) as follows: £150,000 (RWH upgrades and roll-out) + £98,309 (one-off installation and equipment costs associated with water saving technologies) + cost of transitioning to self supply: £3,000 (licence fee). As such, our total cost to drive towards realising this opportunity is £150,000 + £98,309 + £3,000 = £251,309.

**Comment**

N/A

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient modes of transport

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

We have committed to investing £1 billion over twenty years towards becoming a Net Zero business across our own operations by 2040, aligned to the highest ambitions of the Paris Climate Change Agreement. As part of this commitment we also set science-based targets to underpin the delivery of our long-term Net Zero plan. We will strive to cut our Scope 1 and 2 emissions as much as possible. Our key emissions hotspots across these scopes include electricity, heat and refrigerants used at stores and

depots, as well as fuel used for Sainsbury's fleet. The business operates trucks for store deliveries, smaller vans for home deliveries and company cars. Progress has already been made to reduce emissions in many of these areas, but we see significant opportunities related to the use of more efficient modes of transport, particularly as the number of our online deliveries has increased substantially throughout the COVID-19 pandemic and that this emissions source is a large contributor to our Scope 1 footprint. We recognise the impact of the vehicle emissions on climate change and continue to trial and roll out new technologies to minimise emissions across our fleet. We anticipate that these may not only reduce our operating costs but also contribute to our ambitious science-based and Net Zero targets. We consider pursuing opportunities related to the use of more efficient modes of transport to be a substantive strategic opportunity in line with our definition as describes in C2.1b because of the reputational benefits associated with rolling out innovative, lower emissions technologies across our delivery fleet. We envision that over time this opportunity will also become substantive from a financial standpoint.

**Time horizon**

Medium-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

90000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Our approach for calculating the potential financial impact figure (which relates to reduced indirect (operating costs) was to estimate the cost savings associated with the introduction of five fully electric refrigerated trailers over the course of their lives, versus our standard trailers that use Diesel fuel for refrigeration purposes. We have carried out internal calculations and expect that the financial impact associated with our pilot electric refrigerated trailer roll-out will equal the extra cost associated with rolling out the new technology. Our internal calculations assume that the price of Diesel (including increased taxes on the fuel) will result in savings of approximately £9,000 a year. Over a ten-year timeframe over which we will monitor this pilot opportunity, we will therefore save approximately £90,000. Due to the fact that this technology is brand new, we will work to improve our calculations to derive a more accurate potential financial impact figure during the next reporting year.

**Cost to realize opportunity**

90000

**Strategy to realize opportunity and explanation of cost calculation**

In order to realise this opportunity, during 2021 we will become the first UK retailer to introduce fully electric refrigerated trailers to our delivery fleet (initially this strategy will be limited to rolling out five trailers as part of a pilot). The brand new technology in the UK optimises energy efficiency, converting the kinetic energy into electricity to extend battery life. Reducing noise pollution, the trailers will as offer a more sustainable solution for the transport of groceries. The trailer aspect of the lorry is 100 per cent electric, to keep customers' food cold. This means the fridges don't emit carbon emissions or particulate matter such as dust, dirt, soot or smoke into the air and have low noise emissions. This reduces the overall environmental impact of the vehicle, helping to protect local communities and be better for the planet. The innovative new technology adds charge back into the battery by converting kinetic energy into electricity, keeping the onboard fridges cool and reducing energy consumption. In terms of the 5 new electric trailers that we will launch in 2021, we have estimated that the trailers will cost an extra £1800 per year based on 10 years of life. This extra cost is on top of what we would expect to pay for our traditional Diesel-powered trailers (i.e. it is a net cost). Our expectation is that as the technology further develops and with economies of scale prices will come down making these trailers more financially viable for further investment. In line with the estimations above, we expect that the cost to realise the initial phase of this opportunity will be the number of trailers multiplied by anticipated annual costs over their life. Therefore, our calculation is as follows: 5 \* £1,800 \* 10 = £90,000. We will continue to introduce fully electric refrigerated trailers to the delivery fleet over the next 20 years based on Sainsbury's and Argos's energy infrastructure, helping us to plan for a better future.

**Comment**

N/A

**C3. Business Strategy**

**C3.1**

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

**C3.1a**

**(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	Yes	

**C3.2**

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

**C3.2a**

**(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenarios and models applied	Details
<p>Other, please specify (1) Future Energy Scenarios (National Grid) and 2) UK Clean Growth Strategy (BEIS)</p>	<p>We collaborated with Imperial College and produced a Strategic Carbon Roadmap for Sainsbury’s addressing heating, electricity, and f-gas. Although Sainsbury’s provided the data and guidance, Imperial College was responsible for carrying out independent academic research and review of results. We identified the Future Energy Scenarios produced by the National Grid, and the UK Clean Growth Strategy from BEIS as the most appropriate by collaborating with Imperial. The scenarios comprised sensitivity analysis in terms of techno-economic projections for energy and technology costs. National Grid Future Energy Scenarios provided insights on how the market and carbon footprint of energy vectors may evolve. Key inputs considered were electricity, natural gas, biomethane prices along with PV, CHP and low GWP f-gas systems costs. The carbon factor of the gas and power grid were also considered. The method comprised a sequence of optimisation problems identifying the least cost solutions that decarbonise operations for each site and then ranking them in order of priority, creating an investment programme. The analysis covered our entire store estate and our direct operations (including our carbon emissions derived from the use of electricity, heat and f-gas). The Roadmap provides modelled scenarios up to 2050, indicating when and where investments with adequate returns should take place to meet our environmental targets. The long-term time horizon (up to 2050) is appropriate for us because we take a long-term view to ensuring that we prepare our business for several potential long-term climate-related outcomes, which is reflected in our Net Zero by 2040 plan. In terms of a summary of the results, our F-gas analysis considered all sites with non-natural refrigerants. Findings indicated that a standard investment level of £6m/year drives a retrofitting strategy enabling significant reduction in annual carbon emissions of 71% by the end of 2030 (against the 2018 baseline), along with meeting regulatory compliance. Under a more aggressive investment level of £50m/year, carbon reductions would be at 93% by the end of 2030, whilst also ensuring compliance with the legislative cut-off four years early in 2026 and substantially enhancing the reliability of the refrigeration systems in the portfolio. For the technology investment analysis 60 stores were assessed. Results suggest a CAPEX ranging from £57-£80 million is required to deliver an ambitious decarbonisation plan, while OPEX and carbon savings benefits range between £197 and £683 million and 461–715 ktCO<sub>2</sub>e, respectively. Although carbon targets can be achieved by 2030, the 2050 targets are more challenging to meet, suggesting additional technologies and policies should be considered and implemented. The results have influenced our business objectives and strategy, contributing to our understanding of the level of investment required according to technology and energy market projections, and ensuring the business makes targeted investments that are aligned to carbon mitigation efforts. In terms of a case study, the results of the analysis have directly influenced the types of initiatives we roll out across our stores as part of our Project Graphite programme, which focuses on improving energy efficiency and investing in onsite renewable energy. Proceeds from the Green Loan are used to further fund clean energy generation, energy efficiency, and carbon reduction through refrigeration gas replacement and water saving projects. For example, during 20/21 we rolled out 400,000 aerofoils across 296 stores; installed LEDs in 175 locations; installed a CHP plant in one supermarket; replaced refrigerants with carbon dioxide in 29 stores; and increased our total renewable technology in stores to 237 PVs, 31 ground source heat pumps and 97 biomass boilers. The full year effect of this work saves over 18.6 million kWh, which is equivalent to the annual electricity use of 10 mid-size supermarkets.</p>

**C3.3**

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Sainsbury's supplies goods and services to a significant portion of the UK's grocery market. Consumers are continually looking for more sustainable products as they seek to minimise their personal footprints. We see this shift in consumer preferences both as a risk and an opportunity (if we fail to respond to the shift we may lose market share and revenue; and by capitalising on the opportunity we may gain market share and revenue), and it is a trend that has influenced our product-related strategy. Our strategy in this area has been influenced by climate-related risks and opportunities primarily by prompting us to continually review and improve our product ranges to ensure that we respond to the increasingly environmentally conscious expectations of our customers. As described in the case study below, our work in this area includes climate change mitigation activities. These climate-related risks and opportunities have had a major influence on the products we offer and will continue to do so over the long-term time horizon (between 15-50 years). In terms of a case study of the most substantial strategic decision we have made in this area to date, we have enshrined a number of product-level sustainability metrics and targets in our Net Zero by 2040 plan, which will drive our efforts to reduce the environmental impact of our products. The background for this decision was a recognition of the potentially significant financial and environmental (including GHG) impact reduction opportunities presented by meeting demand for more sustainable products. Our task was to develop a set of metrics and targets to drive the development and roll-out of more environmentally conscious offerings. We gathered a team of experts from various business functions (e.g., Sourcing, Sustainability and Product Development) to investigate product-level sustainability opportunities, which resulted in a set of metrics and targets to be considered for inclusion in our Net Zero by 2040 plan. The outcome was the adoption of a number of different targets, including increasing the share of our healthy and greener products, reducing plastic packaging in our products; and rolling out sustainable sourcing KPIs (e.g., for timber, seafood, palm oil and soy). We will monitor progress against these targets in the future as part of our Net Zero by 2040 plan.
Supply chain and/or value chain	Yes	Sainsbury's has indirect environmental impacts both upstream and downstream from its operations. Understanding and reducing these impacts is a priority for us, partly because we feel it is our responsibility to do so as an environmentally-conscious retailer, but also because the risk of supply interruptions and failure to capitalise on climate change mitigation opportunities can have a significant financial and reputational impact on our business. Our strategy in this area has been influenced in several ways, including by shaping how we engage with our suppliers on climate-related issues both directly and indirectly via industry collaborations. As described in the case study below, our work in this area includes climate change mitigation activities. We are also actively working to improve the sustainability credentials of the products we source (see Products and Services section above). These climate-related risks and opportunities have had a major influence on our value chain strategy and continue to do so over the long-term time horizon (between 15-50 years). In terms of a case study, the most substantial strategic decision we have made in this area to date is working collaboratively to tackle climate change, reducing our impact and improving the livelihoods of farmers, growers and suppliers. We have engaged our tea farmers, workers and their communities in Malawi, Rwanda and Kenya as part of our Sainsbury's Fairly Traded tea pilot. Specifically, we have worked with the Sukambizi Association Trust (SAT) nursery in Malawi to strengthen farmers' incomes by enabling access to newer, more productive tea variants that rejuvenate their tea trees at a price they can afford. With the support of the pilot, 1.2 million tea nursery seedlings were sold to over 1,100 SAT farmers, that will rejuvenate up to 100ha of crops. These new clones are more heat resistant, the importance of which is clear as large areas of tea trees in neighbouring farms began browning recently due to extreme heat. The tea seedlings are sold at cost to ensure the long-term financial viability of the operation. As a result of the pilot, SAT now have the largest area of modern clones in Malawi, a country whose ageing tea trees is a significant threat to the continuation of the industry in the country. Our supply network has also been made more resilient as a result of this initiative.
Investment in R&D	Yes	Due to the size of our estate and the fact that we are a significant energy user, climate-related risks and opportunities continue to influence our decisions around investment in R&D, because these investments could lead to reduced GHG emissions in line with our Science-based targets and Net Zero by 2040 Plan, and also result in cost savings. Climate-related risks and opportunities in this area have driven our continued efforts to realise GHG reduction and energy efficiency opportunities by investing in R&D across our property estate and logistics vehicles. As described in the case study below, this includes both climate change adaptation and mitigation efforts. Collaboration and investment in R&D is critical in helping us reach our net zero ambition. We have made a conscious effort to target engineering innovation in areas where we could add greatest value. We investigate solutions which are objective focussed rather than solutions focussed (e.g. those that drive a business benefit and maximise carbon savings – rather than innovate for the sake of it). We currently plan our strategy in this area for the medium-term time horizon (i.e. between 5 and 15 years). In terms of a case study, the most substantial strategic decision we have made in this area to date includes investing in R&D in the areas of alternative fuels, charging infrastructure and zero carbon vehicles. To achieve our Net Zero by 2040 Plan, we will need to reduce 40,000 tCO2e per year, which is the equivalent of 14 supermarkets. In line with this ambition we have developed a long-term emissions reduction roadmap with clear milestones defined in a 3-year emissions reduction plan, which includes provisions for investing in R&D in the key categories outlined above. During 2020 we continued with our plan to roll out electric vehicle charging for customers and we now have 106 charging points at 44 locations. We also tested and trialled several electric van solutions to determine the best option for our business, and continued to research, test and trial suitable zero/low carbon solutions for the delivery of goods. Following a successful trial, will roll out 5 electric fridge trailers in 2021. These are the first 5 to be used by in the UK and run on 100 per cent electric power, with battery charging at depot and an axle generating electricity to top up the battery when on the road.
Operations	Yes	Due to the size of our estate and the fact that we are significant consumers of energy, climate-related risks and opportunities continue to influence our operations, because energy reduction and efficiency gains will reduce our impact and could lead to cost savings for our company. Our strategy as it relates to our operations has been heavily influenced by climate-related risks and opportunities; specifically, we have set ambitious climate targets for our direct operations, including a commitment to achieve Net Zero emissions by 2040 across our Scope 1 and 2 emissions. We have also prioritised investments in energy efficiency and carbon emissions reductions across our estate and invested in innovating with alternative fuels and zero emissions delivery vehicles. We currently plan our strategy in this area for the long-term time horizon (i.e. between 5 and 15 years). In terms of a case study of the most substantial strategic decision we have taken, Sainsbury's entered into a £200m 'Green' bank loan with proceeds to be invested in ongoing carbon reduction and sustainability projects including our project Graphite programme, which is focused on improving energy efficiency in our existing stores and investing in onsite renewable energy. This includes measures such as replacing existing lighting with energy efficient LED lamps, producing renewable heat from Ground Source Heat Pumps and installing Photovoltaic Solar Panels on our roofs. Proceeds from the Green Loan are used to further fund clean energy generation, energy efficiency, carbon reduction through refrigeration gas replacement and water saving projects. Our key activities during the reporting period include LED rollouts in 446 stores, 1 new supermarket and 15 new convenience stores, and refrigeration system gas replacement to a natural (CO2) refrigerant in 41 stores. The full year effect of this work saves over 22.4 million kWh, which is equivalent to the annual electricity use of 12 mid-size supermarkets. We are also working to remove HFCs and improving the efficiency of our fridges with the rollout of our full Refrigeration Integrated Heating and Cooling system. The innovative technology uses the refrigeration system as an energy centre to provide all the refrigeration, heating and cooling requirements of the store. It also utilises waste heat from refrigeration, making it particularly energy efficient.

**C3.4**

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Capital expenditures Capital allocation	<p>Climate-related risks and opportunities have influenced several elements of our financial planning, including capital expenditures and capital allocation. In 2020 Sainsbury's announced our commitment to become a Net Zero business across our own operations by 2040, aligned to the highest ambitions of the Paris Climate Change Agreement. We are implementing a programme of change, focusing on reducing carbon emissions, food waste, plastic packaging and water usage and increasing recycling, biodiversity and healthy and sustainable eating. We recognise that meeting our objectives across these key areas will require a significant amount of investment, which is why we have committed to investing £1 billion over twenty years towards achieving our targets. As part of this, we have created a number of programmes and financial plans that outline the specific actions and capital resources necessary to achieve these objectives. Capital expenditures: Our financial planning related to capital expenditures has been influenced by climate change risks and opportunities primarily through the earmarking of funds for investing in the purchase of fixed assets such as technology and equipment that will support Sainsbury's with climate change adaptation and mitigation efforts. In line with our Net Zero by 2040 Plan, the time horizon covered by this aspect of our financial planning is long-term (15-50 years). In terms of a case study, Sainsbury's announced that it had entered a £200m 'Green' bank loan with proceeds to be invested in on-going carbon reduction and sustainability projects including, for example, our award-winning project Graphite programme. Project Graphite is focused on improving energy efficiency in our existing stores and investing in onsite renewable energy. This includes measures such as replacing existing lighting with energy efficient LED lamps, producing renewable heat from Ground Source Heat Pumps and installing Photovoltaic Solar Panels on our roofs. Proceeds from the Green Loan will be used to further fund clean energy generation, energy efficiency, Carbon reduction through refrigeration gas replacement and water saving projects. In terms of key activities undertaken by the Sainsbury's during the 2020/21 financial year, we have installed LED lighting in 446 existing stores, one new supermarket and 15 new convenience stores. and we have carried out refrigeration system gas replacement to natural refrigerant (carbon dioxide) in 41 stores. The full year effect of this work saves over 22.4 million kWh, which is equivalent to the annual electricity use of 12 mid-size supermarkets. The annual capital expenditure for these initiatives amounted to £34,780,000 in 2020/21 alone. In addition to this, we have also budgeted for capital expenditures related to water. Capital allocation: financial planning related to capital allocation has been influenced by climate change risks and opportunities primarily through increasing our budget for collaboration and research and development (R&amp;D) in initiatives that will help us reach our net zero ambition. We have made a conscious effort to target engineering innovation in areas where we could add the greatest value. We investigate solutions which are objective-focused rather than solutions-focused (e.g. drive a business benefit and maximise carbon savings, rather than innovating for the sake of it). In line with our Net Zero by 2040 Plan, the time horizon covered by this aspect of our financial planning is long-term (15-50 years). In terms of a case study, we have allocated a significant amount of capital towards collaborations and partnerships related to R&amp;D initiatives that will help us meet our net zero target. We are we are working with Imperial college students to further explore future sustainable solutions for our buildings and to understand the role that living buildings could play in our estate. We are also working in partnership with Imperial to understand how we can further optimise and manage our energy demand at Depots to support our Electric refrigerated fleet. We have been working with Williams Advanced Engineering (WAE) to understand how air moves in and around our stores. Using computation fluid dynamic (CFD) modelling, WAE are investigating how air transfers heat to different systems within the store, with the aim of generating energy efficient solutions to keep us warm in the winter and our fridges cool in the summer. We have successfully trialled electric refrigerated trailers and 5 new refrigerated trailers will be added to the fleet in June 2021. We were the first company to trial these and will be first company to have them within the fleet. Refrigerated trailers are powered by electricity as opposed to Diesel, they are charged at the depot and the charge is maintained on the road. This means we see a reduction in carbon (by not using diesel). It also means that from an air quality perspective the vehicle will be using less diesel and will emit less PM (particulate matter) into the air. This technology is on our large HGV trailers (not vans) and will save 22 tonnes of carbon per vehicle/yr. We also tested and trialed a number of electric van solutions to determine the best for our business, and continued to research, test and trial suitable zero/low carbon solutions for the delivery of goods.</p>

**C3.4a**

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

**C4. Targets and performance**

**C4.1**

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target

**C4.1a**

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**

Abs 1

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2019

**Covered emissions in base year (metric tons CO2e)**

949744

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2030

**Targeted reduction from base year (%)**

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

474872

**Covered emissions in reporting year (metric tons CO2e)**

818161

**% of target achieved [auto-calculated]**

27.7091510975589

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain (including target coverage)**

In 2020 Sainsbury's committed to reduce absolute scope 1 and 2 GHG emissions 50% by FY2030 and 100% by 2040 from a FY2019 base year. These targets are consistent with the reductions required to keep warming to 1.5°C.

**Target reference number**

Abs 2

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2019

**Covered emissions in base year (metric tons CO2e)**

949744

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2040

**Targeted reduction from base year (%)**

100

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

0

**Covered emissions in reporting year (metric tons CO2e)**

818161

**% of target achieved [auto-calculated]**

13.8545755487795

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain (including target coverage)**

In 2020 Sainsbury's committed to reduce absolute scope 1 and 2 GHG emissions 50% by FY2030 and 100% by 2040 from a FY2019 base year. These targets are consistent with the reductions required to keep warming to 1.5°C.

**Target reference number**

Abs 3

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 3 (upstream &amp; downstream)

**Base year**

2019

**Covered emissions in base year (metric tons CO2e)**

26663081



Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

30

Covered emissions in target year (metric tons CO2e) [auto-calculated]

18664156.7

Covered emissions in reporting year (metric tons CO2e)

26663081

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

In 2020 Sainsbury's committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transport and distribution and the direct use of sold products 30% by FY2030 from a FY2019 base year.

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## C4.2

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(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)

## C4.2c

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(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Abs2

Abs3

Target year for achieving net zero

2040

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

In 2020 Sainsbury's committed to investing £1 billion over twenty years towards becoming a Net Zero business across its own operations by 2040, aligned to the highest ambitions of the Paris Climate Change Agreement and a decade ahead of the UK Government's own target.

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## C4.3

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(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

## C4.3a

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(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	506	41347
Not to be implemented	0	0

### C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

#### Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

#### Estimated annual CO2e savings (metric tonnes CO2e)

4839

#### Scope(s)

Scope 2 (market-based)

#### Voluntary/Mandatory

Voluntary

#### Annual monetary savings (unit currency – as specified in C0.4)

2070219

#### Investment required (unit currency – as specified in C0.4)

14965649

#### Payback period

4-10 years

#### Estimated lifetime of the initiative

6-10 years

#### Comment

Our Graphite programmes are our main investment vehicles for energy efficiency programmes, including upgrading our lighting. We now have LED lighting in 446 existing stores. To date, 79% of our supermarkets have been upgraded to LED. 100% of supermarkets will be lit by LED by the end of 2021, with the whole estate 100% by the end of 2022. Estimated lifetime of LEDs is ~50,000 hours. Contributes to achieving targets Abs1 and 2.

#### Initiative category & Initiative type

Other, please specify	Other, please specify (Cooling technology CO2 refrigeration replacement )
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#### Estimated annual CO2e savings (metric tonnes CO2e)

22813

#### Scope(s)

Scope 1

#### Voluntary/Mandatory

Voluntary

#### Annual monetary savings (unit currency – as specified in C0.4)

0

#### Investment required (unit currency – as specified in C0.4)

19328000

#### Payback period

No payback

#### Estimated lifetime of the initiative

Ongoing

#### Comment

We are working to remove Hydrofluorocarbon (HFCs) associated with refrigeration, replacing these with natural alternatives - CO2. This year we have replaced fridges in 41 stores and assumed a 15-year period of service. As we do not obtain energy or other cost savings, there is no payback period.

#### Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Efficiency programmes in new stores, refits and extensions)
--------------------------------	--

#### Estimated annual CO2e savings (metric tonnes CO2e)

355

**Scope(s)**

Scope 1  
Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

228967

**Investment required (unit currency – as specified in C0.4)**

496000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

>30 years

**Comment**

Our Graphite programmes are our main investment vehicles for energy efficiency programmes. This includes measures such as replacing existing lighting with energy efficient LED lamps, producing renewable heat from Ground Source Heat Pumps and installing Photovoltaic Solar Panels on our roofs. We have also focussed on Energy Efficiency in new stores, refits and extensions. There has been a total of 1 refit, 1 new supermarket fitted with Refrigeration Integrated Heating and Cooling (RIHC) system and 15 new convenience stores which have been set up as energy efficient and with LED lighting. Contributes to achieving targets Abs1 and 2.

**Initiative category & Initiative type**

Low-carbon energy consumption	Low-carbon electricity mix
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**Estimated annual CO2e savings (metric tonnes CO2e)**

6980

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

>30 years

**Comment**

Sainsbury's has purchased renewable energy through PPAs, using green tariffs in ROI and NI, as well as by investing in onsite renewables. We have calculated the tCO2e savings by summing the emissions derived from the increased green purchases and generation which equates to 20% of the scope 2. Grid emission factors from Defra for the UK have been used. As we are changing the source of energy, there is no capital investment and we do not obtain energy or other cost savings, so there is no payback period. There are no incremental revenue costs either.

**Initiative category & Initiative type**

Company policy or behavioral change	Other, please specify (Energy and waste reduction through behaviour change)
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**Estimated annual CO2e savings (metric tonnes CO2e)**

290

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

569960

**Investment required (unit currency – as specified in C0.4)**

172715

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

The Greenest Grocer programme in 2020-21 continued to build on the success of the previous seven years and reach into new environmental impact areas as well as new business areas. We have particularly focused on streamlining processes this year. Over 25,000 tonnes of CO2e were saved through colleague behavioural change project 'Greenest Grocer' since its inception, and 290 tCO2e during the reporting year. We have estimated carbon savings from direct actions only; the indirect savings we estimate to be much higher.

### Initiative category & Initiative type

Energy efficiency in production processes	Cooling technology
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### Estimated annual CO2e savings (metric tonnes CO2e)

6070

### Scope(s)

Scope 2 (market-based)

### Voluntary/Mandatory

Voluntary

### Annual monetary savings (unit currency – as specified in C0.4)

3772186

### Investment required (unit currency – as specified in C0.4)

9152861

### Payback period

1-3 years

### Estimated lifetime of the initiative

Ongoing

### Comment

Pioneers of the innovative technology, Sainsbury's was the first supermarket to install Aerofoils in 2017. After undertaking extensive research into the positive impact Aerofoil fitted fridges would have on energy reduction, Sainsbury's made the decision to roll them out across convenience stores and supermarkets, and as a result has seen a 15% energy reduction from its fridges across the estate. The technology has been created by Aerofoil Energy and Williams Advanced Engineering, a technology and engineering services business and part of the Williams F1 Group. Initially created to divert air over and around race cars to allow them to maximise performance, in store it helps prevent cold air from leaving the cabinet, directing it back into the fridge. This saves energy, keeps aisles warmer and reduces food waste, by maintaining products at their optimal temperature. This year, Aerofoil equipped fridges in Sainsbury's will deliver carbon savings of 6,070 tonnes of CO2e

## C4.3c

### (C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Our investment in energy efficiency is driven by multiple programmes, including our flagship £200 million corporate 'green' loan to invest in ongoing carbon reduction and sustainability projects. Whilst Green Bonds are now increasingly issued by institutions to support environmental and sustainable initiatives, this is the first time that a commercial loan has been structured to do the same.
Dedicated budget for other emissions reduction activities	Our investment in energy efficiency is driven by multiple programmes, including our flagship £200 million corporate 'green' loan to invest in ongoing carbon reduction and sustainability projects. Whilst Green Bonds are now increasingly issued by institutions to support environmental and sustainable initiatives, this is the first time that a commercial loan has been structured to do the same. In addition to our energy efficiency programmes, we have a programme installing natural refrigerant systems that saw stores equipped with systems that operate using CO2 as a low GWP refrigerant.
Employee engagement	Our intranet site provides the focal point of engaging store colleagues to manage and action energy and carbon reduction in their buildings. This is particularly targeted at those in management positions such as Store Managers. Colleagues can download checklists that enable stores to identify potential areas for energy improvement within their individual store. This is also the place where they can obtain their energy consumption and waste profiling graphs. We have undergone a programme where we have educated facilities management on energy management in stores. This includes engaging facilities management from capital investment programmes, informing them of the tools store colleagues have to manage energy and providing tailor made checklists on things they need to look out for in their role.
Compliance with regulatory requirements/standards	With the continuing income from incentives such as Feed in Tariffs, ROCs, and Renewable Heat Incentive we review our investments to ensure we are maximising the potential income derived from regulations. We have invested significantly in low-carbon initiatives also as a result of UK legislation such as the Climate Change Levy (CCL), which is a tax on energy delivered to non-domestic users in the UK with the aim of providing an incentive to increase energy efficiency and reduce carbon emissions.
Other (Partnership with Imperial College)	We are developing future reduction scenarios by building a partnership with Imperial College to develop our ambitious 'future stores' plans. Together we are researching and creating practical ways to reduce our carbon footprint by developing low carbon technology solutions to the issues. The partnership is achieving tangible results and aims to provide both partners with a commercial legacy. We will own the intellectual property rights of any products or research we have developed jointly.

## C4.5

### (C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

## C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

**Level of aggregation**

Product

**Description of product/Group of products**

We offer customers with electric vehicles the opportunity to charge their cars free of charge at 106 charging points at our 44 stores. Our electrical vehicle strategy is currently under review. It is anticipated that we will be rolling out significant increases in the number of vehicle charging points in our estate in the near future.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (Avoided emissions)

**% revenue from low carbon product(s) in the reporting year**

0

**% of total portfolio value**

<Not Applicable>

**Asset classes/ product types**

<Not Applicable>

**Comment**

-

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C5. Emissions methodology

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C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

**Scope 1**

**Base year start**

March 11 2018

**Base year end**

March 10 2019

**Base year emissions (metric tons CO2e)**

554936

**Comment**

N/A

**Scope 2 (location-based)**

**Base year start**

March 11 2018

**Base year end**

March 10 2019

**Base year emissions (metric tons CO2e)**

451397

**Comment**

N/A

**Scope 2 (market-based)**

**Base year start**

March 11 2018

**Base year end**

March 10 2019

**Base year emissions (metric tons CO2e)**

394808

**Comment**

N/A

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C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

## C6. Emissions data

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### C6.1

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

527173

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

The Scope 1 emissions have been calculated using UK Government's GHG Conversion Factors for Company Reporting 2020 for all sources.

### C6.2

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**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

N/A

### C6.3

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**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**

329425

**Scope 2, market-based (if applicable)**

290988

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

-

### C6.4

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**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

### C6.5

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**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

## Purchased goods and services

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

14972197

### Emissions calculation methodology

Activity data from Sainsbury's was used as the basis for this calculation – in the form of volume of purchased product (kg, litres, units). Volume was provided per SKU, allowing categorisation by supplier and product category. The defined product categories were then assigned product level emission factors based on existing databases and new research. Carbon Trust has developed an extensive database of product-based emissions factors, drawing on expertise in product footprinting, a range of projects conducted in the food and drink sector and literature reviews of the most up to date LCAs for a range of products. Allocation of emissions factors was conducted using the categorisation of products that Sainsbury's use. For food products, this was completed at the category rather than sub category level (e.g. beef vs beef mince). The emission factors where available were broken down by life-cycle stage (cradle-to-gate, use-phase and end-of-life), where research did not provide a breakdown an average emissions factor was assigned based on the proportion accounted for in each life-cycle stage where data was available. These emissions factors are generic to the product, tending towards the supply of these products in a UK market (e.g. assumptions about air freighting of vegetable products to the UK, beef sourced from the UK etc.). Where an emissions factor was not available, a number of averages for product groups were calculated (e.g. average meat)

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Sainsbury's as of yet have not formalised the process by which to capture supplier specific emissions. The product emission factors used are averages based on LCAs and Carbon Trust project experience. They assume the supply of these products in a UK market (e.g. assumptions about air freighting of vegetable products to the UK, beef sourced from the UK etc.).

## Capital goods

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

121611

### Emissions calculation methodology

Activity data from Sainsbury's was used, in the form of total spend on capital goods. Total GBP spend on capital goods is converted to US dollars and split by category 3 description. Each category 3 description classification is allocated an appropriate EEIO factor and the total emissions are calculated from this. Where a category 3 description has already been accounted for elsewhere within the Scope 3 inventory (e.g. logistics spend), these groups are manually excluded and assigned no EEIO factor to avoid doubling counting. The emissions for non-product-related purchases are calculated using environmental extended input-output (EEIO) analysis, which uses the OPEN IO database originally developed by the University of Arkansas and further developed by the Carbon Trust. This analysis is based on financial spend, coupled with GHG emission factors which convert this spend into GHG emissions. These EEIO emissions factors calculate the average GHG emissions per US dollar of economic value, for various sectors in the economy.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

167213

### Emissions calculation methodology

2018 BEIS (DEFRA) conversion factors are used to calculate the upstream emissions (WTT) of purchased fuels and electricity by country, including transport and distribution (T&D) losses. Emissions are calculated by multiplying fuel and electricity consumption quantities by relevant WTT and T&D emission factors, ensuring quantities match scope 1&2. Note the WTT of fuels sold by Sainsbury's is calculated as part of Category 1a PG&S.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

1053108

### Emissions calculation methodology

Activity data was provided by Sainsbury's for sub-contracted logistics spend in the reporting period. The data detailed the total kilometres driven by lorries. The activity data provided by Sainsbury's was multiplied by emissions factors for the freighting of goods, assuming average laden lorries were used as the means of transportation. A differentiation was made between goods that are refrigerated in transit and those that were not due to the differing associated emissions factors. For upstream transport related to freighting of goods from supplier to Sainsbury's, this was calculated based on activity data and allocation of emissions factors as detailed for Category 1.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

1

### Please explain

N/A

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

4718

### Emissions calculation methodology

The total tonnage of waste has been provided, along with details on waste type and the end of life treatment. The volume of waste is multiplied by the appropriate emission factor, based on disposal method and waste type. Representative emission factors from BEIS (DEFRA) from 2018 are applied to the different waste streams. This takes in to account the end of life treatment of the waste, as well as the waste category. Note that these factors are UK specific.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

821.98

### Emissions calculation methodology

Business travel data was calculated by Sainsbury's and checked by the Carbon Trust. These were calculated in line with GHG protocol guidance on business travel, using activity data where possible. Some of the data was based on spend on business travel.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

119027

### Emissions calculation methodology

This category refers to all emissions arising from the transportation of employees between their homes and their worksites. The methodology uses employee number data multiplied by the average commuting emissions per person.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

All assets leased by company are considered to be within Scope 1 & 2, as Sainsbury's is using the Operational Control definition to determine scope of coverage.

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

As a retailer, there is very limited scope for Sainsbury's to influence how customers travel to and from stores. As they do not contribute to the Group's risk exposure, we have therefore deemed them as 'Not relevant'. All home deliveries with vans for Sainsbury's Argos are included in scope 1 and 2 emissions.



## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

As Sainsbury's only sells final products to customers, this category is not relevant.

## Use of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

13727859

### Emissions calculation methodology

The emission factors for use-phase have been collated from literature, current databases and estimations (Appendix 3). Where literature did not produce a breakdown of the footprint of a specific product, an average emission factor was estimated. This was based on the average percentage split of emissions between cradle-to-gate, use-phase and end-of-life for those where the breakdown was provided. For the most material area of Sainsbury's use phase footprint – the emissions associated with the combustion of fuel sold by Sainsbury's at their petrol station, BEIS emissions factors were used for the combustion of petrol, diesel and LPG. Methodology The calculated emission factor, which is dependent upon product type, is multiplied by the total number of units sold of each product. Use phase is relevant to specific products, for example any clothing products, hair dye or electronics, and derived from LCAs.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

157464

### Emissions calculation methodology

End of Life emission factors are sourced from the End of Life factors for specific product types (e.g. Clothing), as found in BEIS conversion factors 2018 and literature. Where literature did not produce a breakdown of the footprint of a specific product, an average emission factor for end of life was estimated. This was based on the average percentage split of emissions between cradle-to-gate, use-phase and end-of-life for those where the breakdown was provided.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Downstream leased assets

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

39160

### Emissions calculation methodology

The approach used square footage of the leased assets. Square meterage was provided for a representative proportion of the sites, allowing averages to be calculated for sites of the same type of facility 2018 IEA data was used for the average CO<sub>2</sub> emissions per m<sup>2</sup> of a building.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

N/A

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Sainsbury's has no franchises, so this category is not relevant.

**Investments**

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

3131097

**Emissions calculation methodology**

This section captures the emissions related to assets held by Sainsbury's bank. The data used for this calculation is high level data which is made publicly available by Sainsbury's bank, therefore there is a degree of uncertainty associated with the modelling. This category captures the emissions related to the following services provided by Sainsbury's bank: Loans and Treasury. Both of these may be considered 'investments' for the purposes of GHG calculations. Loans: Data on the total carbon footprint associated with UK consumption is sourced from Gov.uk national statistics. The total UK consumption spend is sourced from the office of national statistics. Mortgages: An EPC data set has been used to calculate the mean floor area of a UK property, as well as the typical CO2e household emissions per m2. The average house price in the UK is sourced from the office of national statistics. Treasury: Emission factors per \$ invested have been sourced from internal carbon trust analysis of GICS Sector investment. Emissions factors were sourced from S&P Dow Jones Indices Carbon Emitter Scorecard, Trucost 2016, with amendments by the Carbon Trust to improve data quality.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

N/A

**Other (upstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

There are no other upstream Scope 3 emissions applicable to Sainsbury's.

**Other (downstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

There are no other downstream Scope 3 emissions applicable to Sainsbury's.

**C6.7**

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**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

Yes

**C6.7a**

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**(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.**

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	2302	Emissions from biomass fuel (wood pellets)

**C6.10**

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(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

**Intensity figure**

0.00002817

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

818161

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

2904800000

**Scope 2 figure used**

Market-based

**% change from previous year**

7.19

**Direction of change**

Increased

**Reason for change**

Despite achieving a reduction in our absolute Scope 1 & 2 emissions and implementing emissions reduction activities as reported in C4.3b (including LED roll-outs, refrigerant gas replacements, etc.), our emissions intensity measured against turnover has increased this year compared to 19/20. Although we have implemented energy and emissions reductions initiatives, our revenue saw a greater reduction compared to our emissions, primarily due to the COVID-19 pandemic.

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**Intensity figure**

7.30500592

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

818161

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

112000

**Scope 2 figure used**

Market-based

**% change from previous year**

3.96

**Direction of change**

Decreased

**Reason for change**

We have achieved a reduction in our absolute Scope 1 & 2 emissions this year compared to 19/20, while at the same time our FTE figures have remained similar over the same period, resulting in a reduction in our emissions intensity measured against FTEs. The decrease in this intensity is due to a combination of our continued roll-out of energy and emissions savings initiatives as reported in C4.3b (e.g. LED roll-outs, refrigerant gas replacements, etc.), and the impact of the COVID-19 pandemic.

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**Intensity figure**

33.54034332

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

818161

**Metric denominator**

Other, please specify ('000ft2 sales area)

**Metric denominator: Unit total**

24393

**Scope 2 figure used**

Market-based

**% change from previous year**

0.69

**Direction of change**

Decreased

**Reason for change**

We have achieved a reduction in our absolute Scope 1 & 2 emissions this year compared to 19/20, while at the same time our sales area figures have remained similar over the same period, resulting in a reduction in our emissions intensity measured against sales area. The decrease in this intensity is due to a combination of our continued roll-out of energy and emissions savings initiatives as reported in C4.3b (e.g. LED roll-outs, refrigerant gas replacements, etc.), and the impact of the COVID-19 pandemic.

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## C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	384953	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	195	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	3635	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	119480	IPCC Fourth Assessment Report (AR4 - 100 year)
Other, please specify (Non-HFC refrigerants (R1270, R290, R290A, R448A, R449, R744, R452A, Ammonia, R290, R22))	18909	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United Kingdom of Great Britain and Northern Ireland	526874
Ireland	299
Bangladesh	0
China, Hong Kong Special Administrative Region	0
China	0
India	0

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Central locations	689
Logistics	199066
Stores and supermarkets	260774
Online deliveries	66345
International offices	299

C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United Kingdom of Great Britain and Northern Ireland	328495	290725	1405820	278590
Ireland	668	0	5536	5536
Bangladesh	34	34	68	0
China	49	49	78	0
China, Hong Kong Special Administrative Region	144	144	197	0
India	36	36	49	0

**C7.6**

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

**C7.6a**

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Central locations	4784.62	5253.77
Logistics	29842.12	32768.22
Stores and Supermarkets	293868.32	252035.72
Online deliveries	0	0
International offices	930.16	930.16

**C7.9**

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

**C7.9a**

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	7095	Decreased	0.83	Sainsbury's consumption of self-generated and purchased renewable energy resulted in a 0.83% reduction in our combined market-based Scope 1 & 2 emissions from 2019/20 to 2020/21. This was calculated by dividing our total emissions reductions associated with renewable energy across our direct operations in 2020/21 by our total market-based Scope 1 & 2 emissions in 2019/20 as follows: 1) Emissions reductions associated with renewables in 2020/21: -7,095 tCO2e 2) Total market-based Scope 1 & 2 emissions in 2019/20: 851,176 tCO2e 3) $-7,095 / 851,176 = -0.83\%$
Other emissions reduction activities	34367	Decreased	4.04	Our total Scope 1 & 2 emissions decreased in 2020/2021 compared to 2019/2020 by 4.04% due to other emissions activities as disclosed in sections C4.3a and C4.3b (the calculations include all activities except reductions associated with our renewable energy – these reductions were reported in row 1 of this table). This was calculated by dividing the total emissions reductions from other emissions reduction activities in 2020/21 by our total market-based Scope 1 and 2 emissions in 2019/20 as follows: 1) Estimated emissions savings from other emissions reduction activities in 2020/21: -34,367 tCO2e 2) Total Scope 1 and 2 2019/20: 851,176 tCO2e 3) $-34,367 / 851,176 = -4.04\%$
Divestment	0	No change	0	Sainsbury's did not have any divestments during the reporting year; as such, there has been no change in our emissions due to divestments.
Acquisitions	0	No change	0	Sainsbury's did not have any acquisitions during the reporting year; as such, there has been no change in our emissions due to acquisitions.
Mergers	0	No change	0	Sainsbury's did not have any mergers during the reporting year; as such, there has been no change in our emissions due to mergers.
Change in output	438	Increased	0.05	We opened 16 new sites in during the reporting period which resulted in a 0.05% increase in our Scope 1 & 2 emissions in 2020/2021 compared to 2019/2020. This was calculated by dividing the total Scope 1 & 2 emissions associated with the new locations in 2020/2021 (438 tCO2e) by our total market-based Scope 1 & 2 emissions from last year (851,176 tCO2e) as follows: $438 / 851,176 = 0.05\%$ . The CDP guidance states that any changes that are attributed to a decline or an increase in your business output (products or services) due to COVID-19 should be listed here. Note that although Sainsbury's saw an increase in natural gas and Diesel consumption due to COVID-19, these were not related to changes to output (products or services); therefore, associated changes in emissions have been disclosed in the 'Other' row below.
Change in methodology	10443	Decreased	1.23	The emission factors we use for reporting are updated annually. In 2020/21, the impact of these updates resulted in a 10,443 tCO2e, or a 1.23% 'reduction' in emissions. To derive these figures, we applied 2019/20 emission factors to the 2020/21 data and calculated the difference between these two figures as follows: 1) 2019/20 market-based Scope 1 & 2 emissions factors applied to 2020/21 activity data = 828,604 tCO2e 2) 2020/21 market-based Scope 1 & 2 emissions factors applied to 2020/21 activity data = 818,161 tCO2e 3) The difference was then calculated as $818,161 - 828,604 = -10,443$ 4) The change in emissions was then calculated by dividing -10,443 by our 2019/20 market-based Scope 1 & 2 emissions as follows: $-10,443 / 851,176 = -1.23\%$
Change in boundary	0	No change	0	Sainsbury's reporting boundary did not undergo any changes from the previous reporting year to the current reporting year. As such, there are no changes to our emissions due to boundary changes.
Change in physical operating conditions	0	No change	0	Sainsbury's did not experience any changes in physical operating conditions from the previous year to the current reporting year. As such, there are no changes to our emissions from changes in physical operating conditions.
Unidentified	0	No change	0	Sainsbury's had no unidentified changes in its emissions from the previous year to the current reporting year.
Other	28949	Increased	3.4	Although Sainsbury's combined market-based Scope 1 & 2 emissions saw a net reduction from 2019/20 to 2020/21, we did experience a total increase of 3.4% due to several reasons. Specifically, our natural gas consumption increased due to a need for increased ventilation in our stores due to COVID-19; our Diesel consumption went up due to a significant increase in online deliveries due to COVID-19, and our emissions from CHP increased slightly due to natural fluctuations. To calculate the changes in our emissions, we calculated the absolute emissions increases associated with natural gas, deliveries and CHP, and divided these by our market-based Scope 1 & 2 emissions in 2019/20 as follows: 1) Absolute emissions increases associated with natural gas, deliveries, and CHP in 2020/21: 28,949 tCO2e 2) 2019/20 market-based Scope 1 & 2 emissions: 851,176 tCO2e 3) $28,949 / 851,176 = 3.4\%$

**C7.9b**

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

**C8. Energy**

**C8.1**

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

**C8.2**

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

**C8.2a**

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	149604	3863285	4012889
Consumption of purchased or acquired electricity	<Not Applicable>	261495	1127623	1389118
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	22631	<Not Applicable>	22631
Total energy consumption	<Not Applicable>	433730	4990908	5424638

**C8.2b**

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

**C8.2c**

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

666923

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

597983

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

68940.27

**Emission factor**

0.18387

**Unit**

kg CO2e per kWh

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

**Fuels (excluding feedstocks)**

Biodiesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

971369

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

971369

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

2.54603

**Unit**

kg CO2e per liter

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

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**Fuels (excluding feedstocks)**

Liquefied Natural Gas (LNG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

2212435

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

2212435

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

2.54241

**Unit**

kg CO2e per liter

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

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**Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

8523

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

8523

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

1.55537

**Unit**

kg CO2e per liter

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

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**Fuels (excluding feedstocks)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

4446

**MWh fuel consumed for self-generation of electricity**

450.73

**MWh fuel consumed for self-generation of heat**

3995

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

2.68787

**Unit**

kg CO2e per liter

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

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**Fuels (excluding feedstocks)**

Wood Pellets

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

148996

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

148996

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

72.29731

**Unit**

kg CO2e per metric ton

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

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**Fuels (excluding feedstocks)**

Gas Oil

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

197

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

197

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

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**MWh fuel consumed for self-generation of cooling**

&lt;Not Applicable&gt;

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Emission factor**

2.75776

**Unit**

kg CO2e per liter

**Emissions factor source**

UK Government GHG Conversion Factors for Company Reporting 2020 - DEFRA

**Comment**

-

**C8.2d****(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	47149	45310	22887	22631
Heat	28988	28988	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

**C8.2e****(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.****Sourcing method**

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

**Low-carbon technology type**

Wind

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

United Kingdom of Great Britain and Northern Ireland

**MWh consumed accounted for at a zero emission factor**

231534

**Comment**

Sainsbury's maintains a number of Power Purchase Agreements with large scale renewables electricity generators across the UK, backed by energy attribute certificates.

**Sourcing method**

Other, please specify (Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company )

**Low-carbon technology type**

Other, please specify (Solar PV , Wind )

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

United Kingdom of Great Britain and Northern Ireland

**MWh consumed accounted for at a zero emission factor**

22631

**Comment**

-

**Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

**Low-carbon technology type**

Low-carbon energy mix

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

United Kingdom of Great Britain and Northern Ireland

**MWh consumed accounted for at a zero emission factor**

29961

**Comment**

NI and ROI supplies are from a green tariff associated with zero electricity.

## C9. Additional metrics

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### C9.1

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**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**Description**

Other, please specify (Net Zero by 2040 pillars)

**Metric value**

0

**Metric numerator**

N/A

**Metric denominator (intensity metric only)**

N/A

**% change from previous year**

0

**Direction of change**

No change

**Please explain**

Sainsbury's has committed to investing £1 billion over twenty years towards becoming a Net Zero business across its own operations by 2040, aligned to the highest ambitions of the Paris Climate Change Agreement and a decade ahead of the UK Government's own target. Sainsbury's will use the £1 billion investment to implement a programme of changes. In addition to focusing on GHG reductions, our focus will be to: Minimise the use of water in our own operations, driving towards water neutral by 2040 Develop and deliver healthy sustainable diets for all by aiming for 40% of healthy products sold as a proportion of total sales Reduce our use of plastic packaging by 50% by 2025 and then go further Increase Recycling and make it easier for our customers to recycle Reduce operational food waste by 50% by 2030 Ensure that the impact of our operations is net positive for biodiversity

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## C10. Verification

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### C10.1

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**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

### C10.1a

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**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

^

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**Page/ section reference**

Page 3

**Relevant standard**

Verification as part of Carbon Trust standard certification

**Proportion of reported emissions verified (%)**

100

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### C10.1b

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(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

^

CTS Carbon Certification Letter - Sainsbury's - 07.2021 v2.pdf

**Page/ section reference**

Page 3

**Relevant standard**

Verification as part of Carbon Trust standard certification

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

^

CTS Carbon Certification Letter - Sainsbury's - 07.2021 v2.pdf

**Page/ section reference**

Page 3

**Relevant standard**

Verification as part of Carbon Trust standard certification

**Proportion of reported emissions verified (%)**

100

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## C10.1c

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(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

^

CTS Carbon Certification Letter - Sainsbury's - 07.2021 v2.pdf

**Page/section reference**

Page 3

**Relevant standard**

Verification as part of Carbon Trust standard certification

**Proportion of reported emissions verified (%)**

100

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## C10.2

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(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

## C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Year on year change in emissions (Scope 1 and 2)	Verification as part of Carbon Trust Standard certification	As part of the Carbon Trust Standard, our year on year change in emissions are verified as part of the verification process.
C4. Targets and performance	Year on year emissions intensity figure	Verification as part of Carbon Trust Standard certification	As part of the Carbon Trust Standard, our year on year change for all of our emissions intensity metrics are verified as part of the verification process.
C4. Targets and performance	Emissions reduction activities	Verification as part of Carbon Trust Standard certification	Carbon Trust verified our annual emissions savings associated with our Green Loan projects.

CTS Carbon Certification Letter -  
Sainsbury's - 07.2021 v2.pdf

## C11. Carbon pricing

### C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

### C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Other carbon tax, please specify (UK CCL tax)

### C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Other carbon tax, please specify

Period start date

March 7 2020

Period end date

March 6 2021

% of total Scope 1 emissions covered by tax

24

Total cost of tax paid

11000000

Comment

We pay the Climate Change Levy on our electricity and gas consumption. For the reporting year, we paid ca. £11m in CCL, which effectively acts as a carbon tax.

### C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

Complying with the Climate Change Levy (CCL) is a straightforward process because the tax is applied to the main rates listed on our energy bills. We pay a reduced CCL because we are an energy intensive business and have entered into a climate change agreement (CCA) with the Environment Agency. We are also part of the Combined Heat and Power Quality Assurance Programme (CHPQA), which further reduces the CCL rate we pay. The scope of our CCA covers some 500 stores and ten depots (bakery and cold stores).

The increased regulation of carbon emissions, including the CCL, has led us to develop a strategy for driving further investment in low-carbon opportunities. We have invested extensively in energy efficiency reduction programmes, particularly in our rollout of low-carbon projects across our Sainsbury's stores – a crucial part of our long-term ambition to reduce emissions from stores and depots as formalised in our carbon reduction targets. Climate change regulation and the increasing cost of carbon have been crucial drivers for this investment decision, which we anticipate being regulated for at least the next several years. We review our compliance strategy on an annual basis to ensure that we remain compliant with all applicable schemes and regulations. For more information on our extensive programmes, please refer to the earlier sections of our response, which list these in detail.

One case study of how we have applied our strategy is our dedicated project to install aerofoils across stores. We attach these to the front of our refrigeration units to create an air curtain, to stop cold air spilling out into the stores. Fitting the aerofoils is reducing our refrigeration costs and consumption by up to 15% per store, delivering savings of around 6,000 tCO<sub>2</sub>e each year. Following a successful trial that reduced energy use in store by 15 per cent, we recently rolled out aerofoil technology across the Sainsbury's estate. Inspired by Formula 1 innovations, which we co-developed with Williams F1, aerofoil prevents cold air from fridges spilling out into aisles, so we reduce our environmental impacts and energy costs and our customers enjoy warmer aisles. We will have invested close to £9m for the installation of these aerofoils over the coming year. This includes the cost of equipment and installation. The rollout of aerofoils has led to a notable reduction in our energy consumption and has reduced the amount we have to pay in CCL fees.

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**C11.2**

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

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**C11.3**

**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

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**C12. Engagement**

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**C12.1**

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers  
Yes, our customers

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**C12.1a**

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**

10

**% total procurement spend (direct and indirect)**

25

**% of supplier-related Scope 3 emissions as reported in C6.5**

90

**Rationale for the coverage of your engagement**

We have embarked on the CDP Supplier Engagement and the HIGG (Sustainable Apparel Coalition) programme this year to capture our suppliers' GHG emissions data. When it comes to CDP, this is the second year we have requested GHG-related information from our suppliers; however, in the previous reporting period we only requested this data from suppliers that were already engaged with CDP. This year, we worked with the Carbon Trust to calculate emissions attributed to all suppliers for our emissions target base year (18/19), which allowed us to identify our highest emitting suppliers. With this data, and with overlaying our top suppliers by sales volume and value, we selected 211 food suppliers (both branded and own-brand) and requested them to disclose their carbon emission to us through CDP. In addition, we selected 24 non-food branded suppliers and 19 Goods Not for Resale suppliers to disclose their emissions to CDP. When it comes to HIGG, last year we ran a small pilot for our key suppliers that were not covered under our engagement as part of CDP. This year we are requesting all of our key and strategic clothing and home textiles suppliers (own-brand) to disclose on HIGG. The tool captures data across various areas, including energy and GHG emissions, air emissions, waste management, and water management. Our rationale for engaging with these suppliers as part of CDP Supply Chain and HIGG is that they were revealed to represent emissions hotspots in our supply chain or were otherwise identified as key suppliers. The data the suppliers will provide to us will not only strengthen our understanding of our suppliers' GHG emissions but will help us to prioritise engagement activities with our most impactful suppliers, and thereby support the Scope 3 element of our Net Zero by 2040 Plan.

**Impact of engagement, including measures of success**

Our measure of success in this area is the number of suppliers who respond to our data request via CDP and HIGG. This data will feed into our Scope 3 emissions reduction commitment as part of our Net Zero by 2040 plan, reporting and future activities with suppliers. In terms of the impact of this climate-related engagement, we have made good progress since last year, increasing the number of requested suppliers to CDP by 158 from last year's figure of 96. When it comes to HIGG, we have requested a total of 363 suppliers to disclose their information and verify it through the HIGG tool. This is broken down to 119 clothing suppliers and 244 general merchandise suppliers. In terms of the impact of our engagement, it has translated to a more accurate understanding of where our supply chain emissions hotspots are and has provided the starting point for delivering against our Scope 3 activities. For example, we have identified specific suppliers that we will carry out in-depth engagement activities with. It has also enabled us to shift some of our focus towards aiming to further increase the number of suppliers that report to us via CDP next year by inviting smaller suppliers to disclose that would otherwise not appear in our highest emissions, sales value or volume analysis but are doing important work on reducing their emissions. We are aware that HIGG may not be suitable for some of our general merchandise suppliers; we will therefore make a decision based on feedback as to whether we should capture data for these suppliers on a different platform in the future, such as CDP.

**Comment**

-

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**C12.1b**

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement**

Education/information sharing

**Details of engagement**

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

**% of customers by number**

100

**% of customer - related Scope 3 emissions as reported in C6.5**

32

**Portfolio coverage (total or outstanding)**

<Not Applicable>

**Please explain the rationale for selecting this group of customers and scope of engagement**

UK households are generating 27 million tonnes of waste each year. Our rationale for engaging proactively with all our customers is that doing so can make a significant contribution to our Net Zero by 2040 Plan, under which we committed to help our customers reduce their waste and put it to positive use, encouraging them to recycle unwanted clothing, metal cans, glass, plastic, paper and other materials at our managed recycling facilities across the UK. We also committed to support global efforts to reduce food waste and working to minimise our own packaging, and to removing unnecessary plastics from our business and reducing our packaging waste. Engaging and communicating our efforts with our customers is very important to us. Our new Plan For Better is being communicated to customers through our adverts, with the most recent advert on TV featuring Stephen Fry.

**Impact of engagement, including measures of success**

The impact of this climate-related engagement with our customers is a reduction in the amount of waste that ends up in our UK landfills. The success of our engagement across various campaigns is measured by the amount of waste that our programmes helped to avoid or divert from landfills. For example, 100% of our hangers used for our Tu clothing are made from recycled materials. Last year we recycled eight million hangers, and in the year ahead we are looking at implementing processes to further increase the number of hangers that we recycle. 5,000 tonnes of clothing are donated every year to Oxfam through our donation banks in over 340 stores, which equates to 15 million garments being diverted from landfill by our customers as a result of our engagement. Across all our cafes, customers can now bring their own reusable bottles to our fresh water stands, or their own reusable coffee cup for a 25p discount on their hot drink. We've also encouraged customers to bring their own re-usable containers to our counters for meat, fish, cheese and deli products. These steps have removed over 6,000 tonnes or plastic from our supermarkets and convenience stores. We also collected just under 540 tonnes of household batteries for recycling, which equates to approximately 34.7million batteries. We are working with Prevented Ocean Plastic to turn plastic collected from the coast into packaging for our strawberry and fresh fish range, removing 297 tonnes of plastic from entering the ocean each year, and supporting customers to make more sustainable choices.

### C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers  
Trade associations  
Funding research organizations

### C12.3a

**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Support with major exceptions	Direct - Sainsbury's engaged with issues of carbon reporting and tax directly with the Minister and through government consultations via trade associations.	We support a stable and transparent carbon tax policy that gives business the certainty and confidence to invest in carbon reduction technologies. However, we do also support simplification of the carbon tax & reporting landscape. We continue to support simplified carbon reporting procedures for mandatory GHG reporting and ESOS in the UK, allowing companies to account more accurately for their low-carbon and renewable investments whilst also reducing their administrative burdens.
Clean energy generation	Support	Direct – store visits and presentations on our investment in renewables to government officials reviewing the Renewable Heat Incentive (RHI). We also raise awareness of our solar panels and offer store visits for Ministers and backbench MPs.	Sainsbury's support the Feed In Tariffs (including the Government's Solar Strategy) and the RHI. We have continued to engage extensively to ensure our investments in solar PV and geothermal technology are sustainable.

### C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

### C12.3c



**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

**Trade association**

Consumer Goods Forum

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The Consumer Goods Forum has key objectives on Environmental and Social Sustainability.

**How have you influenced, or are you attempting to influence their position?**

Our Chief Executive of Sainsbury's is on the board of the Consumer Goods Forum. During the COVID-19 pandemic, Sainsbury's announced through the forum that it would help its smaller suppliers during the coronavirus emergency by paying them immediately and making finance available. The country's supermarket sector was facing unprecedented demand during the outbreak as consumers stock-up fearing a prolonged period of isolation.

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**Trade association**

Confederation of British Industry (CBI)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

CBI has long been campaigning for greater consistency and certainty in energy legislation to ensure support for growth of green industry.

**How have you influenced, or are you attempting to influence their position?**

Sainsbury's have attended CBI meetings through the Climate Change and Energy Working Group. We also have regular meetings with the policy leads to understand the CBI's position and show our continued support.

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**Trade association**

British Retail Consortium (BRC)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

BRC has been campaigning for greater consistency and certainty in energy legislation to ensure that retailers are able to invest in green technology and report carbon in a simple manner.

**How have you influenced, or are you attempting to influence their position?**

Sainsbury's sits on the BRC Nutrition Working Group, CSR Member Ethical labour Working Group, Responsible Sourcing member Group, Retailer Auditing Alignment Working Group, Climate Action Roadmap Steering Group – all of which feed into the overall BRC position on climate change issues. We also regularly feed in to BRC consultation responses, as well as flagging issues for them to raise on behalf of members.

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**Trade association**

Business in the Community - Environment Committee

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Business in the Community (BITC) is a British business-community outreach charity promoting responsible business, CSR, corporate responsibility, and is one of the Prince's Charities of Charles, Prince of Wales.

**How have you influenced, or are you attempting to influence their position?**

Sainsbury's has in the past judged energy saving initiatives as part of BITC events. Sainsbury's sits on the committee for the BITC's Environment Leadership team

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**Trade association**

WRAP

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

WRAP promotes and encourages sustainable resource use through product design, waste minimisation, re-use, recycling and reprocessing of waste materials. They work across six continents with governments, businesses and citizens to create a world where resources are sourced and used sustainably.

**How have you influenced, or are you attempting to influence their position?**

Sainsbury's works with WRAP on a number of fronts including Courtauld 2025, Food Waste Action Week sponsorship and are part of the C2025 Consumer Engagement working group.

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**Trade association**

MSC

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The Marine Stewardship Council is an international non-profit organisation. They recognise and reward efforts to protect oceans and safeguard seafood supplies for the future.

**How have you influenced, or are you attempting to influence their position?**

Sainsbury's is on the Project UK Fisheries Improvement steering group.

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## C12.3d

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**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

No

## C12.3f

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**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

It is important for Sainsbury's to ensure that all our direct and indirect activities that influence policy are consistent with our overall climate change strategy.

The Corporate Responsibility and Sustainability (CR&S) Committee reviews our sustainability strategy, monitors the business's engagement with colleagues, customers, suppliers, the community, shareholders and government on sustainability and corporate responsibility matters. The group includes a member of our Public Affairs and Corporate Affairs team (who lead on our external engagement) to ensure our engagement is consistent with our Net Zero by 2040 plan.

The CR&S Committee is also attended by our Chief Executive, Company Chairman, heads of Public Affairs, Corporate Affairs and Corporate Responsibility and Society, to ensure all our engagement activities are aligned. This robust governance structure ensures that our external engagement and communications are aligned with our corporate position on climate change, including across all geographies. For example, we have a global reach working on the board of the British Retail Consortium, on the working group of the ETI South Africa and on the committee of the UN Food Systems Summit.

We have created a centralised list of collaborations, memberships and commitments to boards and bodies and have created a prioritisation hierarchy based on strategic value against power and influence. We also capture information including organisation, type of collaboration, cost, team assigned to across our business and strategic banding as well as having the legal team review these from a competition training perspective. We take a strategic approach to partnerships, regularly challenge and review memberships and ensure they are in line with our goals and objectives and to easily understand what partnerships we have to follow a consistent approach to our involvement and the support that we provide.

## C12.4

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**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

sainsburys-ar2021.pdf

**Page/Section reference**

Governance pg 46-88 Strategy pg 14 Risks and opportunities pg 32 Emissions figures pg 89 Emissions targets pg 14 Other metrics pg 14 (Net Zero)

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

**Comment**

Attached is the 2020/21 Annual report

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

Sustainability Update 2020-21.pdf

**Page/Section reference**

Governance pg 28 Strategy pg 5 Risks and opportunities pg 33 and pg 26 Emissions figures pg 35 Emissions targets pg 35 Other metrics pg 5 and pg 35-39

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

**Comment**

Attached is the 2020/21 sustainability update

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## C15. Signoff

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### C-FI

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**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

N/A

### C15.1

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**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Financial Officer (CFO)	Chief Financial Officer (CFO)

## Submit your response

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**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

**Please confirm below**

I have read and accept the applicable Terms