



Welcome to your CDP Forests Questionnaire 2019

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Sainsbury’s commitment to helping customers live well for less has been at the heart of what we do since the business was founded in 1869. Today that means making our customers’ lives better and easier every day by offering great quality and service at fair prices – across food, clothing, general merchandise and financial services – whenever and wherever they want to shop.

As our customers’ lives change, so does our business. Sainsbury’s acquired Home Retail Group, the owner of Argos and Habitat, in 2016, welcoming 30,000 new colleagues and creating one of the UK’s leading food, general merchandise and clothing retailers - a multi-product, multi-channel business with fast delivery networks. J Sainsbury plc operates over 600 Sainsbury’s supermarkets and more than 800 Sainsbury’s Local convenience stores, as well as over 800 Argos stores – more than 2,200 locations in total. In addition, we have major online channels for food, clothing, general merchandise and financial services. We sell over 90,000 products and employ 195,000 colleagues across the UK and Ireland. The iconic Habitat furniture and home furnishings brand operates out of five stand-alone stores in London, Leeds and Edinburgh as well as six Mini Habitats in Sainsbury’s supermarkets. Sainsbury’s Bank offers accessible financial services products such as credit cards, insurance, travel money and personal loans that reward customers.

The Sainsbury’s brand is built upon a heritage of providing customers with healthy, safe, fresh and tasty food. Quality and fair prices go hand-in-hand with a responsible approach to business. Sainsbury’s stores have a particular emphasis on fresh food and we strive to continuously innovate and improve products in line with our customer needs. We now have 28 million customer transactions a week and have a market share of 15.9 per cent.

Our company values sit at the heart of everything we do as a business. We want to be the UK’s most trusted retailer, where people love to work and shop. By working to a set of guiding principles, we are able to run our business in an honest, ethical and sustainable way.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	March 11, 2018	March 11, 2019

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

GBP

F0.4

(F0.4) Select the stage(s) of the value chain which best represents your organization's area of operation pertaining to forest risk commodities.

	Stage of the value chain
Timber	Retailing
Palm Oil	Retailing
Cattle Products	Retailing
Soy	Retailing
Other - Rubber	Not applicable
Other	Not applicable

F0.5

(F0.5) Do you produce, use, or sell materials or products that contain any of the forest risk commodities?

	Produce/use/sell	Disclosing
Timber	Yes	Yes
Palm Oil	Yes	Yes
Cattle Products	Yes	Yes
Soy	Yes	Yes
Other - Rubber	No	
Other	No	

F0.6

(F0.6) Are there any parts of your direct operations not included in your disclosure?

Yes

F0.6a

(F0.6a) Identify the parts of your direct operations not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain

Other, please specify Leather in Non-food General Merchandise	Leather	Potential for forests-related risk but not evaluated	Leather is deemed as a by-product of the meat industry, as a commodity cattle are raised for meat & dairy products.
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F0.7

(F0.7) Are there any parts of your supply chain not included in your disclosure?

Yes

F0.7a

(F0.7a) Identify the parts of your supply chain not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Business activity	Branded products sold in our retail stores	Potential for forests-related risk but not evaluated	We are responsible for our own brand products not branded products. We only collect information from our Sainsbury's Brand suppliers, for example Princes Ltd. who supply various Sainsbury's drinks and canned goods from who we collected palm oil sustainability information for over 40 SKUs. The % of palm oil in our products, the palm ingredient and the RSPO certification that applies to the palm oil are disclosed.

F1. Current state

F1.1

(F1.1) How does your organization produce, use, or sell your disclosed commodity(ies)?

Forest risk commodity

Timber

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Hardwood logs
Softwood logs
Sawn timber, veneer, chips
Unprocessed wood fiber
Pulp
Paper

Boards, plywood, engineered wood
Primary packaging
Cellulose-based textile fiber

Source

Contracted suppliers (manufacturers)

Country/Region of origin

American Samoa
Australia
Austria
Belarus
Brazil
Canada
Chile
China
Croatia
Czechia
Denmark
Estonia
Finland
France
Germany
Hungary
India
Indonesia
Ireland
Italy
Latvia
Lithuania
Malaysia
Namibia
Netherlands
New Zealand
Norway
Papua New Guinea
Poland
Romania
Russian Federation
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Taiwan, Greater China
Thailand

Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

6-10%

Comment

Estimated value provided based on products containing paper/timber. We use paper and timber as a component of our own brand products.

Forest risk commodity

Palm Oil

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Source

Contracted suppliers (manufacturers)

Country/Region of origin

Indonesia
Malaysia
Papua New Guinea

% of procurement spend

1-5%

Comment

Estimated value provided based on products containing palm oil. Palm oil is used as an ingredient in our own brand products.

Forest risk commodity

Cattle products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Beef

By-products (e.g. glycerin, gelatin)

Source

Contracted suppliers (manufacturers)

Country/Region of origin

Brazil

Ireland

United Kingdom of Great Britain and Northern Ireland

% of procurement spend

1-5%

Comment

Estimated value provided based on sales of primary beef ingredient and products that may contain beef by-products.. We use beef as a primary ingredient and as a secondary ingredient in our own brand products. The vast majority of our beef is sourced from the UK or Ireland. Only a small proportion is sourced from Brazil.

Forest risk commodity

Soy

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Whole soy beans

Soy bean oil

Soy bean meal

Soy derivatives

Source

Contracted suppliers (manufacturers)

Country/Region of origin

Argentina

Brazil

Canada

China

France

India

Paraguay

United States of America

% of procurement spend

11-20%

Comment

Estimated value provided based on products containing soy. This includes soy used as an ingredient for own brand products and as animal feed for our own brand proteins.

F1.1a

(F1.1a) Indicate from which State/region(s) and municipality(ies) your disclosed commodity(ies) originate.

Forest risk commodity

Soy

Country/Region of origin

Brazil

State/Region

Specify state/region

Possible municipalities identified through our Soy Buyers Coalition membership includes the following - Sapezel, Paragominas, Campos Lindos, Formosa do Rio Preto, Barreias, Mineiros, Gaucha do Norte, Nova Ubirata, Campos de Julio, Claudia.

Municipality

Please explain

Municipalities identified as a priority through our Soy Buyers Coalition membership includes the following municipalities - Sapezel, Paragominas, Campos Lindos, Formosa do Rio Preto, Barreias, Mineiros, Gaucha do Norte, Nova Ubirata, Campos de Julio, Claudia.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber	6-10%	Estimated value provided
Palm Oil	1-5%	Estimated value provided
Cattle products	1-5%	Estimated value provided
Soy	11-20%	Estimated value provided

F1.3

(F1.3) Do you own or manage land used for the production of your disclosed commodity(ies)?

Forest risk commodity

Timber

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system

Description of monitoring system

Recent infraction(s)

Explanation of infraction

Forest risk commodity

Palm Oil

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system

Description of monitoring system

Recent infraction(s)

Explanation of infraction

Forest risk commodity

Cattle Products

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system

Description of monitoring system

Recent infraction(s)

Explanation of infraction

Forest risk commodity

Soy

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system

Description of monitoring system

Recent infraction(s)

Explanation of infraction

F1.4

(F1.4) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

Timber

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not collect data

Please explain

The main commodities we focus on for Brazil are Soy and Beef. We do not source directly from producers in order to track compliance against the Brazilian Forest Code. However we do work with our suppliers to ensure that they are sourcing from certified farms for soybean meal and from assured deforestation/conversion free farms for beef. This includes producer level compliance against the Brazilian Forest Code but we collect data on certification rather than compliance to the Brazilian Forest Code as the certification we require goes beyond the Brazilian Forest Code and requires 'zero' deforestation and conversion.

Palm Oil

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not produce/source in/from Brazil

Please explain

We do not source palm oil from Brazil.

Cattle products

Do you collect data regarding compliance with the Brazilian Forest Code?

Yes, from suppliers

Please explain

Sainsbury's is in constant contact with its Brazilian beef suppliers to ensure its supply base is legally compliant amongst other things. This has included discussing the levels of CAR registration in the supply chain.

The two main commodities we focus on for Brazil are Soy and Beef. We do not source directly from producers in order to track compliance against the Brazilian Forest Code. However we do work with our suppliers to ensure that they are sourcing from certified farms for soybean meal and from assured deforestation/conversion free farms for beef. This includes producer level compliance against the Brazilian Forest Code but we collect data on certification rather than compliance to the Brazilian Forest Code as the certification we require goes beyond the Brazilian Forest Code and requires 'zero' deforestation and conversion.

Soy

Do you collect data regarding compliance with the Brazilian Forest Code?

Yes, from suppliers

Please explain

The two main commodities we focus on for Brazil are Soy and Beef. We do not source directly from producers in order to track compliance against the Brazilian Forest Code. However we do work with our suppliers to ensure that they are sourcing from certified farms for soybean meal and from assured deforestation/conversion free farms for beef. This includes producer level compliance against the Brazilian Forest Code but we collect data on certification rather than compliance to the Brazilian Forest Code as the certification we require goes beyond the Brazilian Forest Code and requires 'zero' deforestation and conversion.

F1.4b

(F1.4b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber	Consumption data available, disclosing
Palm Oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Palm Oil

Data type

Consumption data

Volume

15,069.3

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

This figure includes all palm derivatives used in our own brand products (food and non-food) in the 2018 Calendar year.

Forest risk commodity

Timber

Data type

Consumption data

Volume

958,380

Metric

Wood raw material equivalent (WRME)

Data coverage

Full commodity production/consumption

Please explain

This figure includes all timber and paper based products across our Group.

Forest risk commodity

Soy

Data type

Consumption data

Volume

245,366

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

This is a calculation of our embedded animal feed soy use and not our direct soy use in products. This is deemed low risk as it is all sourced from non-GM countries. Our soy animal feed is the focus of our soy policy and data collection.

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

97,000

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

This is an estimated figure including fresh and frozen beef, corned beef and ingredient beef.

F1.6

(F1.6) Have you identified sufficient sources of sustainable materials to meet your current operational needs? If yes, what are you doing to ensure the security/continuity of this supply?

Timber

Sustainable source identified

Yes

Primary action to ensure supply

Supplier improvement plans to increase capacity of supply

Please explain

Through discussions with tier 1 and tier 2 suppliers and other stakeholder such as the FSC we are able to understand what sustainably certified material is available on the market and predicted future trends. This market insight feeds into our sustainability plans and discussions with suppliers for converting our products. Advice is also provided to suppliers on how to source sustainable material and meet our requirements. We have been actively working on our certification targets since 2011 in the lead up to our 2020 commitment.

Palm Oil

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

We are in regular discussions with our suppliers and other actors in the supply chain regarding the continuing supply of certified palm oil. Through discussions with refineries, ingredient suppliers and our product suppliers we have compiled a list of available sustainable palm oil derivatives. This list informs our discussions with suppliers regarding product conversion plans and provides clarity on what actions suppliers can and should take. Training and advice are also regularly provided to our suppliers on how to get certified and source sustainable material.

We have been actively working on our certification targets since 2011 in the lead up to our 2020 commitment.

Cattle products

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

We have sourcing agreements with our corned beef suppliers that the material is sourced from geographically restricted areas to minimise deforestation risk. We have engaged frequently with our suppliers to understand their supply chains and the measures in place to reduce the risk of deforestation. In addition, through our Beef Development Group we engage with beef farmers across England, Scotland, Wales and Northern Ireland and a key element of this engagement is supporting improvements in sustainability.

We have been actively working on our sourcing targets since 2011 in the lead up to our 2020 commitment.

Soy

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

We are engaged in a number of initiatives which seek to map our soy usage to specific regional locations as well as the sustainability credentials of the soy. We are also participating in collaborative initiatives such as, the UK Sustainable Soy Round Table in order to build capacity in the value chain and to engage our tier 1 & tier 2 suppliers and set improvement plans to increase the supply of sustainable soy.

We have been actively working on our certification targets since 2011 in the lead up to our 2020 commitment and we have recently updated our approach to Sustainable Soy extending our work beyond 2020. - please see the following link
<https://www.about.sainsburys.co.uk/making-a-difference/our-values/our-stories/2019/04->

2019-sustainable-soy

F1.7

(F1.7) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods
External consultants
FSC Global Forest Registry
Other, please specify
NEPCon Sourcing Hub

Please explain

NEPCon Sourcing Hub: our sourcing policy and supplier assessment process is aligned with the NEPCon sourcing hub and includes the following factors - legality, forest conversion, violations of traditional and civil rights, genetic modification and corruption.

Palm Oil

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods
External consultants

Please explain

We work extensively with a number of different consultancies (e.g. 3Keel & Track record global) to assess our commodity specific risk for deforestation and for supplier compliance against legal requirements and our policy on Palm Oil SP005.

Cattle Products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods
Other, please specify
World Check

Please explain

Working with our technical teams we gather assurance from our corn beef suppliers that our beef is not connected to deforestation

Soy

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods
External consultants
Trase

Please explain

With our external consultants we have mapped our soy use origin and certification status for or imbedded soy use. Through the Soy buyer coalition we have worked with the Trase tool to follow trade flows to identify sourcing regions, supply chain risks and assess opportunities for sustainable production.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Not relevant, explanation provided

Please explain

We do not directly trade or purchase these commodities directly as they are embedded in our products as ingredients/components.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

The quality of our food sets us apart from other supermarkets so we prioritise this to ensure we provide the best for our customers.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Understanding the impact of each commodity in our particular supply chains on specific ecosystems helps inform us of the footprint of our products and the urgency for action. It also closely correlates with external interest (eg. NGO or media) for each commodity. We use certification, to ensure where possible our key materials are sourced sustainably to an independent standard i.e. RSPO certification, this determines the amount of SKUs certified and therefore not linked to the impact on the status of ecosystems and habitats. All decisions under our Sourcing with Integrity (SWI) value are governed by our Value Management Group (VMG) made up of senior business directors i.e. Judith Batchelar (Director of Sainsbury's Brand) and James Brown (Director of Commercial for Non-Food).

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Ensuring we are legally compliant is a basic company requirement. Building compliance systems in time for new regulation (eg. EUTR) requires regular horizon scanning. Understanding regulatory changes in other countries is also fundamental to anticipating and responding to any impacts on supply. We use the a number of external sources including the BRC and CR&S Horizon Scanning, which feed into our Respect for the Environment Value Management Group.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Climate change and increasing resource scarcity are complex, global challenges which will affect every part of our business. We are committed to reducing the environmental impact of our business, and helping our customers live more sustainably too. We govern our climate change action through our Respect for the Environment Value Management Groups. Each group carries out horizon scanning to identify climate change risks for the business. Accepting that risk is an inherent part of doing business, the risk management process is designed to identify key risks and to provide assurance that these risks are fully understood and managed in line with management's risk appetite. The Operating Board maintains an overall corporate risk map, which is reviewed twice a

year by the Audit Committee and formally discussed with the Board. The risk map captures the most significant risks faced by the business and identifies the potential impact and likelihood at both a gross level (before consideration of mitigating controls) and net level (after consideration of mitigating controls). The Operating Board discusses and agrees the level of risk that the business is prepared to accept for each key corporate risk. The target risk position is captured to reflect management's risk appetite where this differs to the current net position. Specifically, as part of Environment and Sustainability, we undertake risk assessments that feed into the company-wide risk assessment. For example, the water cycle, which is vital to our business operations, is expected to undergo significant change as a result of climate change. We also work with external consultants and use the WRI Aqueduct tool to assess water risk in our direct operations and in part of our supply chain on an annual basis, as it provides a wide range of outputs tailored across the various sections of our operations (supermarkets, offices, logistics, etc.). The Tool generates projections for future (25+ years) water stress, seasonal water variability, water supply and water demand across our portfolio, which are informed by two different climate-related scenarios and two shared socioeconomic pathways. The results from the tool are used for a number of purposes, for example by our commercial teams to identify locations where supply may be disrupted in the future.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

We consider forests to be a key pillar in ecosystems in relation to water security and we carry out a water risk analysis process which reports risks to our Respect for the Environment and Sourcing with Integrity Value Management Groups. We govern our action through a series of 'Value Management Groups' including our Sourcing with Integrity and our Respect for the Environment Value Management Groups. Each group carries out horizon scanning to identify climate change risks for the business. Accepting that risk is an inherent part of doing business, the risk management process is designed to identify key risks and to provide assurance that these risks are fully understood and managed in line with management's risk appetite. The Operating Board maintains an overall corporate risk map, which is reviewed twice a year by the Audit Committee and formally discussed with the Board. The risk map captures the most significant risks faced by the business and identifies the potential impact and likelihood at both a gross level (before consideration of mitigating controls) and net level (after consideration of mitigating controls). The Operating Board discusses and agrees the level of risk that the business is prepared to accept for each key corporate risk. The target risk position is captured to reflect management's risk appetite where this differs to the current net position. Specifically, as part of Environment and Sustainability, we undertake risk assessments that feed into the company-wide risk assessment. For example, the water cycle, which is vital to our business operations, is expected to undergo significant change as a result of climate change. We also work with external consultants and use the WRI Aqueduct tool to assess water risk in our direct operations

and in part of our supply chain on an annual basis, as it provides a wide range of outputs tailored across the various sections of our operations (supermarkets, offices, logistics, etc.). The Tool generates projections for future (25+ years) water stress, seasonal water variability, water supply and water demand across our portfolio, which are informed by two different climate-related scenarios and two shared socioeconomic pathways. The results from the tool are used for a number of purposes, for example by our commercial teams to identify locations where supply may be disrupted in the future.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

This forms part of our wider tracking of prices of commodities and deeper analysis of the main drivers behind our key raw materials. It is embedded in our commercial buying process, we use internal tools using supplier's data and feedback to influence these issues.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Understanding our customers' views on sustainability and their expectations with regards to issues such as deforestation are extremely important in informing our approach. We track customer complaints and our Careline as a basis for decisions made by the Sourcing with Integrity Value Management Group.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

We regularly monitor issues, including deforestation, which have the potential to impact upon our brand. We track customer complaints and our Careline as a basis for decisions made by the Sourcing with Integrity Value Management Group.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

The risk of corruption is factored into our assessments. Our due diligence system for our timber/paper products, for example, explicitly considers the risk of corruption within a country as part of the product risk assessment process. Appropriate mitigation actions

then follow from this. Suppliers are also run through World Check and reported back to the Sourcing with Integrity Value Management Group.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Our business relies on strong, resilient communities. We're committed to support social cohesion, economic prosperity and inclusive growth to help us achieve our vision of being the most trusted retailer – where people love to work and shop. Additionally, Our Modern Slavery Risk Assessment Tool gives us unique insights into slavery risks across our complex global supply chain, not only at product and service level but also for individual ingredients and components. This tool provides a level of detail that is unprecedented in our industry, combining our own data with economic models of sectors such as agriculture and manufacturing. This enables us to identify risks in multiple tiers of our supply chain, so we can take action. Importantly, this includes the lower tiers, where the risks are greatest but also more difficult to identify. This is then reported back to our Sourcing With Integrity Value Management Group.

Other, please specify

Relevance & inclusion

Relevant, always included

Please explain

Internal information provided by our suppliers. It is important to consider the specific information on our supply chain provided by our suppliers to understand our actual risk and determining the accuracy and granularity of this supplier information is a key consideration.

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Understanding our customers' views on sustainability and their expectations with regards to issues such as deforestation are extremely important in informing our approach. We track customer complaints and our Careline as a basis for decisions made by the Sourcing with Integrity and Respect for the Environment Value Management Group.

Employees

Relevance & inclusion

Relevant, always included

Please explain

It is important that we know how our 186,900 colleague view sustainability and their expectations with regards to issues such as deforestation to inform our approach. As such, we have an annual "We're Listening" survey that is sent out to all colleagues and forms part of the information that the Great Place to Work Value Management Group reviews when making decisions.

Investors

Relevance & inclusion

Relevant, always included

Please explain

It is important that we know how our investors view sustainability and their expectations with regards to issues such as deforestation to inform our approach. As such, we have an Annual General Meeting, where every shareholder is invited to attend and question our CEO, Mike Coupe. These then feedback to the Sourcing with Integrity Value Management Group.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

Our Modern Slavery Risk Assessment Tool gives us unique insights into slavery risks across our complex global supply chain, not only at product and service level but also for individual ingredients and components. This tool provides a level of detail that is unprecedented in our industry, combining our own data with economic models of sectors such as agriculture and manufacturing. This enables us to identify risks in multiple tiers of our supply chain, so we can take action. Importantly, this includes the lower tiers at the local communities we source from, where the risks are greatest but also more difficult to identify. This is then reported back to our Sourcing With Integrity Value Management Group.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

Through the Palm Oil Transparency Coalition (POTC) we interact with the Forest People's programme in partnership with other retailers, which in turn is reported back to our Sourcing with Integrity Value Management Group.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Not relevant, explanation provided

Please explain

We do not trade or purchase these commodities directly as they are embedded in our products as ingredients/components.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

We work with the British Retail Consortium on a deforestation programme which is then reported to our Sourcing with Integrity Value Management Group.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

As part of our BAU, this is embedded within our technical teams as we have annual, quarterly and regular reviews with all of our suppliers, we also use 3rd party to map our suppliers. This is reported to the Sourcing with Integrity Value Management Group.

Other stakeholders, please specify

Relevance & inclusion

Not considered

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber	Yes
Palm Oil	Yes
Cattle Products	Yes
Soy	Yes

F3.1a

(F3.1a) How does your organization define substantive impact on your business?

We define substantive financial impact when identifying or assessing forest-related risks at a site level as a risk that could result in a loss of business continuity, or resulting in a site needing to be closed.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Rising mean temperatures

Primary potential impact

Increased operating costs

Company-specific description

Climate change is likely to lead to greater temperature extremes and changes in precipitation patterns which will likely impact upon forests/plantations -either through changes in yield or greater risks of pests and diseases. As we rely on timber and paper based materials for our products (wooden skewers in our Sainsbury's British Lamb & Mint Kebabs) and packaging the ensured resilience of those supply chains is important for those product ranges.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on the prevalence of paper and timber across our business.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Global sourcing of paper/timber and consideration of substitute species will help to an extent to manage regional production disruption, for example, increased use of FSC/PEFC materials. Our policy requires certified material (eg. FSC or recycled) to be used in our products. 93% of the wood used in our own brand paper and timber products is either recycled, or FSC or PEFC certified and this further helps to reduce risk.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Timber

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Changes to national legislation

Primary potential impact

Other, please specify

Legal sanctions for non-compliance

Company-specific description

EU Timber Regulations require imported timber and paper products to be assessed for legality. Failure to conduct due diligence will lead to legal sanctions and possible fines. Assessing our supply against this risk requires a specialised approach in collaboration with our suppliers.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on the prevalence of paper and timber across our business.

Primary response to risk

Greater due diligence

Description of response

Sainsbury's has a due diligence system in place to comply with the requirements of the EUTR and this minimises risk. Our policy also requires certified material (eg. FSC or recycled) to be used in our products. 93% of the wood used in our own brand paper and timber products is either recycled, or FSC or PEFC certified and this further helps to reduce risk.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Timber

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Negative media coverage

Primary potential impact

Reduced demand for products and services

Company-specific description

The unsustainable harvesting of timber and production of paper in certain countries has previously attracted media attention and is likely to do so in the future. NGOs also produce scorecards comparing company performance on sourcing sustainable timber.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on the prevalence of paper and timber across our business.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Sainsbury's has committed to sourcing the paper and timber in its own brand products sustainably and the advanced implementation of this helps minimise reputational risk.

93% of the wood used in our own brand products is either recycled or FSC or PEFC certified with full chain of custody.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Palm Oil

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Changes in precipitation patterns

Primary potential impact

Increased operating costs

Company-specific description

Climate change is likely to affect precipitation patterns and the frequency of droughts. This may well impact upon palm oil production if for example El Nino events become more frequent and reduce palm oil yields in Indonesia/Malaysia etc. This would impact the cost price of our SKUs that contain PalmOil.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs that contain Palm Oil.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Global sourcing of palm oil will help to an extent to manage particular regional production disruption. Alternative oils can be used in many of our own brand products if necessary.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Palm Oil

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Moratoria and voluntary agreements

Primary potential impact

Other, please specify
Additional Reporting

Company-specific description

Potential for UK national palm oil statement to develop beyond a voluntary industry target resulting in tariffs to decrease the use of Palm Oil.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs that contain Palm Oil.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Through our policy to source the palm oil in our own brand products sustainably we are in line with the UK national palm oil statement. By the end of 2016 98% of the palm oil used in our own brand products was RSPO certified (either mass balance or segregated) and the remainder was covered by 'Book & Claim' certificates. We already report our data annually to the RSPO.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Palm Oil

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Shifts in consumer preference

Primary potential impact

Reduced demand for products and services

Company-specific description

There are two types of campaign - one to drive consumer awareness of companies who are/who are not committed to sustainable palm oil and to eliminating deforestation from their supply chains (eg. through scorecards). Second type of campaign is anti-palm oil completely regardless of whether the palm oil is sustainable.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs containing Palm Oil

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Sainsbury's has committed to sourcing the palm oil in its own brand products sustainably and ensuring its own brand products do not contribute towards deforestation. Implementing this helps address reputational risk. By the end of 2017 98% of the palm oil used in our own brand products was RSPO certified (either mass balance or segregated) and the remainder was covered by 'Book & Claim' certificates. We are also working with key refiners in our supply chain to understand and support progress towards eliminating deforestation from our supply chains.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Palm Oil

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Negative media coverage

Primary potential impact

Reduced demand for products and services

Company-specific description

The impact of using unsustainable palm oil has had widespread media coverage in the UK. Company targets and positions are very much part of this media coverage.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs containing Palm Oil.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Sainsbury's has committed to sourcing the palm oil in its own brand products sustainably and implementing this helps address reputational risk. By the end of 2016 98% of the palm oil used in our own brand products was RSPO certified (either mass balance or segregated) and the remainder was covered by 'Book & Claim' certificates.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Soy

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Changes in precipitation patterns

Primary potential impact

Increased operating costs

Company-specific description

Climate change is likely to affect precipitation patterns and the frequency of droughts. This will likely impact upon soy production if droughts occur on a regional scale. This could potentially impact upon feed prices (if other sources are not available) which could impact on the cost of rearing animals and producing meat and dairy products.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs containing/sourcing (i.e. Soy-fed livestock) Soy.

Primary response to risk

New product/technology development

Description of response

Global sourcing of soy helps to an extent to manage the risks of regional droughts in particular regions. We have worked to better understand the supply chains of the soy used as animal feed for our own brand proteins. This has improved our understanding of the key sourcing areas, the infrastructure in place and the dynamics and ability of the supply chain to respond to supply disruption. We have also researched alternatives to soy for animal feed to understand the potential for using other sources of feed.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Negative media coverage

Primary potential impact

Reduced demand for products and services

Company-specific description

The production of soy and its impact on natural habitats in South America has attracted media attention and is likely to do so again. NGOs also produce scorecards comparing company performance on sourcing sustainable soy.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs containing/sourcing (i.e. Soy-fed livestock) Soy.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Sainsbury's has committed to sourcing the soy in its own brand products sustainably.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

Forest risk commodity

Cattle Products

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Negative media coverage

Primary potential impact

Reduced demand for products and services

Company-specific description

Sourcing beef from Brazil regularly receives media attention and is likely to do so in the future.

Timeframe

>6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact figure

Based on SKUs containing Beef.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Sainsbury's is actively working with its corned beef suppliers to ensure the risk of deforestation in our supply chain is addressed. We have agreements in place that our corned beef is sourced from farms outside of the Amazon biome in order to minimise the risk of beef associated with deforestation of the Amazon from entering our supply chain.

Cost of response

1

Explanation of cost of response

Unclear to us as we have such a large range of suppliers involved, with different costing models and requirements.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber	Yes
Palm Oil	Yes
Cattle products	Yes
Soy	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased brand value

Financial incentives

Company-specific description & strategy to realize opportunity

Action protects value of brand and meets customers' expectations. Increased market share is not expected as a direct result. Sourcing sustainably provides opportunities for good PR with the general public and for stories to engage customers. We label on pack where a product is FSC certified. We also have a partnership with the Woodland Trust whereby a proportion of the proceeds from specific egg and chicken lines we sell funds the planting of trees in the UK. We communicate this partnership on pack and in wider public communications.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000

Potential financial impact figure – maximum (currency)

10,000,000

Explanation of financial impact figure

We have a variety of products that are timber or paper based and the potential opportunity is commercially sensitive.

Forest risk commodity

Palm Oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased brand value

Financial incentives

Company-specific description & strategy to realize opportunity

Action protects value of brand and meets customers' expectations. Increased market share is not expected as a direct result. Sourcing sustainably provides opportunities for good PR with the general public and for stories to engage customers. We note on pack where sustainable palm oil is used.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000

Potential financial impact figure – maximum (currency)

1,000,000

Explanation of financial impact figure

We have a variety of products that contain palm oil and the potential opportunity is commercially sensitive so a range has been provided.

Forest risk commodity

Cattle Products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased brand value

Financial incentives

Company-specific description & strategy to realize opportunity

Action protects value of brand and meets customers' expectations. Increased market share is not expected as a direct result. Sourcing sustainably provides opportunities for good PR with the general public and for stories to engage customers. We note on pack where a product is British sourced.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000

Potential financial impact figure – maximum (currency)

100,000

Explanation of financial impact figure

We have a small number of products that are beef and sourced from deforestation risk areas and the potential opportunity is commercially sensitive so a range has been provided.

Forest risk commodity

Soy

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased brand value

Financial incentives

Company-specific description & strategy to realize opportunity

Action protects value of brand and meets customers' expectations. Increased market share is not expected as a direct result.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000

Potential financial impact figure – maximum (currency)

1,000,000

Explanation of financial impact figure

We have a variety of products where soy is used as an animal feed and the potential opportunity is commercially sensitive so a range has been provided.

F4. Governance

F4.1

(F4.1) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.1a

(F4.1a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation and/or conversion Commitment to eliminate forests degradation Commitment to protect rights and livelihoods of local communities Recognition of the overall importance of forests and other natural habitats List of timebound commitments and targets	<p>At Sainsbury's our core values are integral to how we do business and they enable us to drive lasting, positive change in communities across the UK and overseas. Our value, Sourcing with Integrity, means we seek to build resilient supply chains by sourcing products ethically and sustainably. Our approach is to work collaboratively to tackle climate change, reduce the environmental impact of our raw materials, advance respect for human rights across our supply chain and improve the livelihoods of our farmers, growers and suppliers.</p> <p>Sainsbury's Sustainability Plan was updated in 2015 and commits to ensuring that our own brand products do not contribute to global deforestation by 2020. It specifically states that: 'Our own-brand products will not contribute to global deforestation and we'll source all commodities which can cause deforestation (timber, palm, soy, beef) from sustainable sources.' Furthermore, Sainsbury's will source its key raw materials (which includes timber, palm, soy, beef) sustainably to an independent standard.</p> <p>To ensure we are constantly working towards our targets we have developed a number of commodity specific policy documents which suppliers must comply with in order to supply us products. This includes policy documents on soy, palm oil, timber and beef. In each case we collect information on supplier performance annually through a supplier disclosure process. This allows us to track performance of individual products and suppliers against our sustainability targets. For example our most recent performance was 98.7% RSPO certified palm oil.</p>

			Our policy also ensures that suppliers at that level are implementing our Ethical Trade Policy which builds on the core areas of the ETI base code to include additional areas for the protection of workers such as entitlement to work, labour agencies and environment.
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F4.1b

(F4.1b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber	Yes	Company-wide	Commitment to eliminate deforestation and/or conversion Commitment to eliminate forests degradation Commitment to protect rights and livelihoods of local communities Recognition of the overall importance of forests and other natural habitats List of timebound commitments and targets	Our paper/timber policy sourcing hierarchy requires post-consumer recycled or FSC certified material. If this is not available then PEFC certified material is accepted. Our policy also requires that products that fall inside of the scope of the EU Timber Regulation are risk assessed before being placed on the market. We track all products (in scope of EUTR) against legal compliance and compliance to our certification requirements.
Palm Oil	Yes	Company-wide	Commitment to eliminate deforestation and/or conversion	Here at Sainsbury's we use palm oil in a wide variety of our Sainsbury's own brand products and we have been working for many years to ensure we source our palm oil from sustainable sources. We are proud to now sustainably source 98.7 per cent

			<p>Commitment to eliminate forests degradation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>List of timebound commitments and targets</p>	<p>of our palm oil and continue to seek new and alternative ways to ensure that more of our palm oil is certified sustainable each year</p> <p>Our policy requires our palm oil to be sourced sustainably to an independent standard. Sourcing RSPO certified palm oil (with a full chain of custody) is a key requirement for our suppliers. The 2005 cut-off date relates to the RSPO requirements on avoiding primary forest and areas of HCV. We are also committed to no deforestation by 2020 and we are working with our palm oil supply chain to achieve this.</p>
Cattle Products	Yes	Selected facilities, businesses or geographies only	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitment to eliminate forests degradation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>List of timebound commitments and targets</p>	<p>Our suppliers of corned beef from Brazil have public commitments in place not to source from farmers engaged in deforestation of the Amazon biome after 2009. All direct farms are also assessed by our suppliers to ensure they are not associated with illegal deforestation. We have an agreement in place to geographically restrict the direct farms in our corned beef supply chain to outside of the Amazon biome to minimise the risk of deforestation associated with our supply chain.</p>
Soy	Yes	Company-wide	<p>Commitment to eliminate deforestation and/or conversion</p>	<p>Increasingly forests are under threat due to expansion of agricultural land into forested areas, especially for producing soy in areas such as Brazil, Argentina and Paraguay. In response to this challenge we have</p>

			<p>Commitment to eliminate forests degradation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>List of timebound commitments and targets</p>	<p>committed to achieving zero-net deforestation by 2020 and ensuring that our Sainsbury's Own Brand products do not contribute to global deforestation. Soy is a key part of this and we are working hard to ensure soy in our supply chains is not linked to global deforestation and we have recently launched our Sainsbury's Transformational Plan for Sustainable Soy.</p> <p>We are committed to sourcing our soy sustainably to an independent standard. We are long standing supporters of the Amazon soy moratorium via the European Soy Customer Group. We are also involved in the CGF Soy Working group and linked to this the Soy Buyers Coalition. Additionally, we are signatories to the Cerrado Manifesto and members of the UK Sustainable Soy Roundtable.</p>
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F4.2

(F4.2) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.2a

(F4.2a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board Chair	<p>Paul Mills-Hicks, our Food Commercial Director, who has overall responsibility for the</p> <p>Sourcing with Integrity commitments and the Forum regularly discusses supply chain sustainability issues, including deforestation, throughout the year. The operating board oversees the Sourcing with Integrity Value Management Group which meets every 8-12 weeks and manages the operational implementation of our sourcing commitments including deforestation commitments. This group also carries our horizon scanning in relation to sourcing.</p> <p>All of their group activity is reported to the Ops Board.</p>

Director on board	Paul Mills-Hicks is also a member of our Operating Board's Corporate Responsibility and Sustainability Steering Group which is chaired by Mike Coupe – our CEO. Paul Mills-Hicks provides updates on the sourcing with integrity commitments, which includes addressing deforestation, to this Group which meets twice a year.
Chief Executive Officer (CEO)	Finally, Mike Coupe is a member our Corporate Responsibility and Sustainability (CR&S) Committee which is chaired by Non-Executive Director Jo Harlow. The Committee provides oversight for the work of the Operating Board's Corporate Responsibility and Sustainability Steering Group and supports the delivery of our Sustainability Plan.
Other, please specify Company director	Our Director for Sainsbury's Brand also plays a large part in co-ordinating our climate change mitigation efforts. They are a Non-Executive Director of the Environment Agency and sit on the Board of Trustees for Farm Africa, the Matt Hampson Foundation, the Executive Board of The Princes Trust Accounting for Sustainability Project. They are also an ambassador for the Woodland Trust. They are a fellow of both the Institute of Food Science and Technology (IFST), and the Royal Society of Arts and Manufactures (RSA), for the last 5 years has Co-Chaired the Government's AgriFoodTech Council and sits on the Food and Drink Sector Council.

F4.2b

(F4.2b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding annual budgets Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies	Each year we produce an annual report (integrated into our financial report) on our progress towards meeting our Sustainability Plan. Progress on sourcing our raw materials sustainably and addressing deforestation is incorporated into this report. The report will in turn be reviewed by our value management groups in this case, the Sourcing With Integrity and Respect for the Environment groups, by the operating group members and the CR&S committee

		Reviewing and guiding strategy Reviewing innovation / R&D priorities	
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F4.3

(F4.3) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Other, please specify SWI/Respect for environment	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>Across our business our value management groups oversee operational execution of sustainability activities by value, ensuring delivery of performance in the line as business as usual. These groups meet quarterly and report to our operations board and our CR&S committee. The memberships is made up of directors cross-functionally from across our group. For example our Sourcing with integrity chair is Director of Commercial for Non-food. And the Chair for the respect for the environment group is the CEO for Argos.</p> <p>Judith Batchelar is responsible for all aspects of Sainsbury’s product offer, from Policy formation on aspects such as Ethical and Sustainable Sourcing, through to Product Technology, Development, Safety, and Packaging along with Corporate Responsibility and Public Affairs. Also driving the Quality and Innovation agendas whilst protecting and enhancing the reputation of Sainsbury’s Brand.</p>

F4.4

(F4.4) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

Yes

F4.4a

(F4.4a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?


	Who is entitled to benefit from these incentives?	Indicator for incentivized performance	Please explain
Monetary reward	Board/Executive board Other, please specify All employees	Other, please specify Monetary reward	<p>Our incentivised performance indicators consider delivery against our corporate values, one of which is environmental performance. The Deferred Share Award (DSA) targets are set at the beginning of each financial year, covering financial performance, return to shareholders, relative performance against peers and delivery of our business strategy. 'Our values make us different', along with the 4 other elements of our strategy, are all broadly considered in determining the Deferred Share Award provided to department directors and more senior positions in the Company at the end of the financial year. Ultimately, the DSA recognizes and rewards for delivery of short-term strategic and financial objectives which contribute towards the long-term sustainable growth of the Company. Performance is measured over one year, after which award is made as conditional shares deferred for two financial years.</p> <p>Once they have completed a 3 month period of employment, the majority of our 178,000 colleagues benefit from a Staff Discount of 10% in our stores. At certain periods of the year and at important milestones this discount increases to 15% or 20% in order that benefits can be spread as widely as possible. We anticipate that upon achieving our corporate 2020 Sustainability Plan targets such an increase will be applied so that all of our colleagues can share in the achievement.</p>
Recognition (non-monetary)	No one is entitled to these incentives		

Other non-monetary reward	No one is entitled to these incentives		
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F4.5

(F4.5) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

 sainsburys-ar2019.pdf

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	<p>Deforestation is a complex, global challenge and we believe collective industry action is the only way to tackle the root causes and drive change at the speed and scale required. In addition to our 2020 target that our own-brand products will not contribute to deforestation, we are working with the Consumer Goods Forum on its zero net deforestation commitment.</p> <p>With soy production being a major driver in deforestation, we pledged our support for the Cerrado Manifesto in 2017 – a multi-stakeholder call to action to halt deforestation and native vegetation loss in Brazil's Cerrado. We have been longstanding members of Roundtable on Responsible Soy and are also members of the Consumer Goods Forum soy working group, collaborating on initiatives such as the Soya Buyers Coalition which looks to track and trace soya usage in the value chain right back to farm. In 2017, we pledged our support of the Cerrado Manifesto to halt deforestation and native vegetation loss in Brazil's Cerrado.</p> <p>Additionally we are also members of the Retail Soy Group and the Palm Oil Transparency Coalition which aim to drive the industry forward to sustainable palm oil using the collective efforts of the industry.</p>

			<p>We recognise that climate change has significant implications on our key commodities, and therefore our revenue. For example, the lack of availability or access to water threatens the yield of commodities, which pushes prices up and as such, it has the potential to cause uncertainty in the market and may impact our projected revenues. In response to the identification of such risks in our supply chain we have relied on internal company methods and established innovative supplier engagement projects such as the Sustainable Potato Production initiative. The project focuses on crop modelling, tillage best practice and irrigation efficiency. Potatoes are hugely reliant on receiving enough water, which impacts both yield and overall quality. Since the end of the project in 2017, we now have over 50 farmers implementing the learnings from the project and we are measuring yield and quality from planting all the way through to the customer. In relation to deforestation we have been working with the Palm Oil Transparency Coalition to ensure that the top importers of palm oil into Europe are supplying RSPO certified palm oil.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	<p>Deforestation is a complex, global challenge and we believe collective industry action is the only way to tackle the root causes and drive change at the speed and scale required. In addition to our 2020 target that our own-brand products will not contribute to deforestation, we are working with the Consumer Goods Forum on its zero net deforestation commitment.</p> <p>With soy production being a major driver in deforestation, we pledged our support for the Cerrado Manifesto in 2017 – a multi-stakeholder call to action to halt deforestation and native vegetation loss in Brazil’s Cerrado. We have been longstanding members of Roundtable on Responsible Soy and are also members of the Consumer Goods Forum soy working group, collaborating on initiatives such as the Soya Buyers Coalition which looks to track and trace soya usage in the value chain right back to farm. In 2017, we pledged our support of the Cerrado Manifesto to halt deforestation and native vegetation loss in Brazil’s Cerrado.</p>

Financial planning	Yes, forests-related issues are integrated	5-10	<p>As a response to the above risks and opportunities, Sainsbury's has agreed a £200 million corporate 'green' loan to invest in on-going 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. This has had a low magnitude of impact on our capital allocation planning process.</p> <p>With respect to human capital, we invest in our Greenest Grocer programme, our premier in-store engagement scheme to reduce environmental impact. Greenest Grocer encourages colleagues to take responsibility for energy saving with simple changes in behaviour. This has reduced the need for financial planning around capital expenditure on energy efficiency, with a low magnitude of impact on this process.</p>
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F6. Implementation

F6.1

(F6.1) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F6.1a

(F6.1a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Cerrado Manifesto

Other, please specify

Cerrado Manifesto & Cocoa & Forests Initiative

F6.1b

(F6.1b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Commodity coverage

Palm Oil

Criteria

Zero gross deforestation
No conversion of High Carbon Stock forests

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

91-99%

Cutoff date

2005

Commitment timeframe

2020

Please explain

In 2017/18 98.7% of the palm oil that we used in Sainsbury's our own brand products was certified sustainable. We are working hard to ensure the remaining volume is converted this year. Over 1500 of our own brand products including biscuits and pies now use certified (CSPO). *This includes Sainsbury's Own Brand products only*.

Commodity coverage

Timber

Criteria

No trade of CITES listed species
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

91-99%

Cutoff date

Commitment timeframe

2020

Please explain

In 2017/18 97% of our timber in our Sainsbury's own brand products were sourced sustainably (FSC/PEFC). *This includes Sainsbury's Own Brand products only*.

Commodity coverage

Soy

Criteria

Zero gross deforestation
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

11-20%

Cutoff date

2009

Commitment timeframe

2021-25

Please explain

Sainsbury's Transformational Plan for Sustainable Soy

We have committed to tackling deforestation caused by soy production and to do so we have launched our step by step approach to work with our suppliers to ensure that soy bean meal used in our value chains is sustainably sourced. Our aim is to transform our supply chain by working with our suppliers to move the industry towards deforestation and conversion free soy bean meal.

Transformational Plan:

Overall objective – 100% certified sustainable soy bean meal (animal feed) by 2025, through a phased approach of credits, area mass balance, mass balance or fully segregated soy.

F6.2

(F6.2) Did you have any quantified targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.2a

(F6.2a) Provide details of your target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber

Form of commodity covered

All forms of timber

Type of target

Third-party certification scheme

Coverage

Supply chain

Traceability point

Third-party certification scheme

FSC Forest Management certification
FSC Chain of Custody
FSC Controlled Wood
FSC Recycled
PEFC Sustainable Forest Management certification
PEFC Chain of Custody
Other, please specify
Recycled

Start year

1995

Start figure

1-10%

Target year

2020

Target

100%

% achieved

91-99%

Please explain

Our target is for all of our own brand paper and timber products to be sourced sustainably to an independent standard by 2020. Our sourcing hierarchy supports post-consumer recycled material and FSC certified material. Where this is not available PEFC certified material is accepted

Target reference number

Target 2

Forest risk commodity

Palm Oil

Form of commodity covered

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Type of target

Third-party certification scheme

Coverage

Supply chain

Traceability point

Third-party certification scheme

RSPO Segregated
RSPO Mass Balance

Start year

2007

Start figure

1-10%

Target year

2016

Target

100%

% achieved

91-99%

Please explain

Our target was for all of our palm oil in our own brand products to be RSPO physically certified (segregated or mass balance) by the end of 2014. By the end of 2014 95% of

our palm oil was RSPO certified as segregated or mass balance. By the end of 2018 98.7% of our palm oil was RSPO certified as segregated (56%) and mass balance (42%). The remainder was covered by 'Book and Claim' certificates

Target reference number

Target 3

Forest risk commodity

Cattle Products

Form of commodity covered

Beef

By-products (e.g. glycerin, gelatin)

Type of target

Sustainable procurement standard

Coverage

Supply chain

Traceability point

Third-party certification scheme

Start year

2011

Start figure

Don't know

Target year

2020

Target

100%

% achieved

Please explain

Sainsbury's will source its beef sustainably to an independent standard. We will create our own standard where other schemes do not exist. Sainsbury's has a public commitment to source all our beef in our own brand products sustainably and to an independent standard.

We have been working with our suppliers of Brazilian beef to ensure that all beef supplied to Sainsbury's is not sourced from areas where deforestation is occurring.

Target reference number

Target 4

Forest risk commodity

Soy

Form of commodity covered

Soy bean meal

Type of target

Third-party certification scheme

Coverage

Supply chain

Traceability point

Third-party certification scheme

RTRS Chain of Custody
RTRS Standard for Responsible Soy Production
RTRS certificate trading
ProTerra certification
International Sustainability and Carbon Certification (ISCC)
Other, please specify
Cargill SSS, Cefetra CRS, ADM RSBS v2

Start year

2018

Start figure

1-10%

Target year

2025

Target

100%

% achieved

11-20%

Please explain

Sainsbury's will source its soy sustainably to an independent standard. We are also involved in the CGF Soy Working group and linked to this the Soy Buyers Coalition. We are also signatories to the Cerrado Manifesto and members of the UK Sustainable Soy Roundtable.

We have developed our Transformational Soy Plan where we plan to work with our suppliers towards 100% physical sustainable soy for our animal feed supply chain by 2025.

F6.3

(F6.3) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?
Timber	Yes
Palm Oil	Yes
Cattle products	Yes
Soy	Yes

F6.3a

(F6.3a) Provide details on the level of traceability your organization has for your disclosed commodity(ies).

Timber

% of total production/consumption volume traceable

100%

Point to which commodity is traceable

Mill

Description of traceability system

We have two main systems. Our product specification system holds information on our timber/paper products and packaging and provides information on our immediate supply chain. We are then able to ascertain our board mill suppliers for packaging from this information. Our second system is our due diligence system (to comply with EU timber regulations) which provides traceability for all our own brand products back to mill for paper products and forest for timber products. Finally, for much of our volume we source certified material through supply chains that have chain of custody which supports, to an extent, traceability.

Palm Oil

% of total production/consumption volume traceable

100%

Point to which commodity is traceable

Country

Description of traceability system

Our product specification system provides the country of origin of the palm derivatives used in our own brand products. We also collect information on the palm oil refiners in

our supply chain through this system. In addition, for the vast majority of our volume we source certified material through supply chains that have chain of custody which supports, to an extent, traceability. Key players in our supply chain are vertically integrated and we are therefore able to trace a significant portion of our palm usage back to below the country level. We are in regular discussions with other key supply chain suppliers who have traceability programmes in place back to mill and plantation.

Cattle Products

% of total production/consumption volume traceable

91-99%

Point to which commodity is traceable

Farm

Description of traceability system

Our product specification system provides country of origin information. We also source from approved abattoirs and this coupled with production batch codes enables us to trace our beef back to a range of farms.

Exclusions

Specific product line(s)

Description of exclusion

We are working to continuously improve our traceability information for our leather products.

Soy

% of total production/consumption volume traceable

51-60%

Point to which commodity is traceable

Country

Description of traceability system

We have two systems in place. Our product specification system provides information on country of origin for the soy ingredients used in our own brand products. In addition, for animal feed we send questionnaires to our suppliers to ascertain this information. During the reporting period we worked with 3Keel to map our total usage of soy (including animal feed for own brand proteins - both primary and further processed) as well as its country of origin and region of origin where possible.

Collecting soymeal information from our direct and indirect supply chain is challenging given the nature of the food system. The suppliers we directly contract with are often not those that are responsible for sourcing or handling animal feed, and therefore soymeal. This challenge is shared by all retailers and in 2018 we worked together with several others to appoint an expert sustainability consultancy - 3Keel LLP - to standardise the assessment approach we have used to understand our soy footprint. We selected 3Keel to do this work through a competitive tendering process and chose their approach given

their experience in working with suppliers, traders, and policy makers on understanding the nuances and challenges of collecting soy information and making it meaningful for our business.

3Keel's approach considered the activities and functions of our suppliers to determine whether it was more appropriate for primary soymeal data to be used from supplier systems, or to use a credible conversion factor where feed information is unavailable. This distinction is important as some of our direct suppliers only handle meat and dairy products as ingredients (e.g. a ready meal manufacturer) and they have no direct contact with the farms that rear the livestock. Additionally, we worked with them to make sure that the full feed system was covered by our supplier disclosures and not just the last stage of an animal's life. Over 230 producers were engaged through this process and 3Keel guided and completed the analysis using our actual 2018 protein volumes

Exclusions

Specific product line(s)

Description of exclusion

Sainsbury's total soy usage has been referenced including soy used as an ingredient in our own brand products and soy used as animal feed for our own brand proteins (both primary and further processed). Obtaining information for soy used as animal feed for further processed proteins is particularly challenging given the complicated nature of the supply chain.

F6.4

(F6.4) Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered.

Forest risk commodity

Timber

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

- FSC Forest Management certification
- FSC Chain of Custody
- FSC Controlled Wood
- FSC Recycled
- PEFC Sustainable Forest Management certification
- PEFC Chain of Custody

% of total production/consumption volume certified

72

Form of commodity

Hardwood logs
Softwood logs
Sawn timber, veneer, chips
Unprocessed wood fiber
Pulp
Paper
Boards, plywood, engineered wood
Primary packaging
Cellulose-based textile fiber

Volume of production/ consumption certified

958,384.45

Metric

Wood raw material equivalent (WRME)

Please explain

This figure relates only to our own brand products. Our sourcing hierarchy supports post-consumer recycled material and FSC certified material. Where this is not available PEFC certified material is accepted.

This is a Sainsbury's Group figure which includes Argos and Habitat as well as Sainsbury's Supermarkets. The Sainsbury's Supermarkets certified volume is 97% while the Argos and habitat business is lower as they have taken on the targets at a later date. This reflects our overall figure.

Forest risk commodity

Palm Oil

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

RSPO Segregated
RSPO Mass Balance
RSPO Book and Claim

% of total production/consumption volume certified

98.7

Form of commodity

Refined palm oil
Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

14,868.7

Metric

Metric tons

Please explain

By the end of 2018 98.7% of the palm oil used in our own brand products was physically RSPO certified with a full chain of custody. 57% of our palm oil was segregated RSPO certified and 42% was mass balance RSPO certified. The remaining volume was covered by 'Book and Claim' certificates meaning that 100% of our palm oil volume was covered.

Forest risk commodity

Cattle products

Do you specify any certification scheme?

No

Certification coverage

Third-party certification scheme

% of total production/consumption volume certified

Form of commodity

Volume of production/ consumption certified

Metric

Please explain

The absolute vast majority of our beef volume is sourced from within the UK or Ireland. All our fresh beef is sourced from UK or Ireland and all our TTD and Counters fresh beef is British. All of Sainsbury's fresh and frozen beef meets the Farm Assured Standard or equivalent.

Forest risk commodity

Soy

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

RTRS Chain of Custody
RTRS Standard for Responsible Soy Production
RTRS certificate trading
ProTerra certification
International Sustainability and Carbon Certification (ISCC)
Other, please specify
Cargill SSS, Cefetra CRS, ADM RSS v2

% of total production/consumption volume certified

10

Form of commodity

Soy bean meal

Volume of production/ consumption certified

25,200

Metric

Metric tons

Please explain

We have conducted an analysis with 3Keel during the reporting period where suppliers have disclosed information around soy bean meal use, country of origin and certification status. Following this analysis we have released our soy policy publically with an aim to certify our volumes with our suppliers by 2025.

F6.5

(F6.5) Do you specify any sustainable production/procurement standards for your disclosed commodity(ies), other than third-party certification? Indicate the percentage of production/consumption covered and if you monitor supplier compliance with these standards.

Forest risk commodity

Palm Oil

Do you specify any sustainability standards?

Yes

Type of standard

Procurement



Description of standard

In addition to our 2014 target for our palm oil to be sourced sustainably to an independent standard we are also committed to ensuring the palm oil in the supply chain in our own brand products does not contribute to deforestation. We have engaged with key stakeholders in our supply chain, particularly palm oil refiners, to understand and support their efforts to improve the traceability of palm oil and ensure their commitments to no deforestation palm oil are achieved.

We are also part of the Palm Oil Transparency Coalition which aims to assess the main importers of palm oil into Europe and their progress towards industry targets related to sustainable palm oil.

% of total commodity volume covered by standard

Don't know

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Other, please specify

A third party contractor assesses the performance of palm oil traders on behalf of the Palm Oil Transparency Group. As a group we then produce a report detailing the performance of these traders publically.

% of suppliers in compliance with standards

Don't know

Please explain

A third party contractor assesses the performance of palm oil traders on behalf of the Palm Oil Transparency Group . As a group we then produce a report detailing the performance of these traders publically.

F6.7

(F6.7) Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
Timber	Yes, working with direct suppliers	Collecting data in central database Encouraging certification Encouraging work with multi-stakeholder groups	Through discussions with tier 1 and tier 2 suppliers and other stakeholder such as the FSC we are able to understand what sustainably certified material is available on the market and predicted future trends. This market insight feeds into our sustainability plans and discussions with suppliers for converting our products. Advice is also provided to suppliers on how to source sustainable material and meet our requirements.

		<p>Supplier questionnaires on environmental and social indicators</p> <p>Supplier audits</p> <p>Contractual agreements</p> <p>Technical support</p>	<p>Sainsbury's issues clear policy guidance on its sustainable timber and paper requirements for its suppliers to enable them to source sustainable material. Each year we collect data on sustainable timber/paper usage from our suppliers to understand our progress. Sainsbury's regularly meets with its suppliers to discuss compliance with our policy requirements, the availability of sustainable material and plans for product conversions. We collect information on the availability of sustainable materials from our suppliers, from tier 2 suppliers, the FSC and the WWF's FTN to help inform our conversion plans and discussions. Finally, we also provide technical advice to our suppliers. This includes what information is required for our legal due diligence system and also on how to obtain the necessary chain of custody for certified material.</p>
Palm Oil	Yes, working with direct suppliers	<p>Collecting data in central database</p> <p>Encouraging certification</p> <p>Encouraging work with multi-stakeholder groups</p> <p>Supplier questionnaires on environmental and social indicators</p> <p>Workshops and training</p> <p>Supplier audits</p> <p>Contractual agreements</p> <p>Technical support</p>	<p>We are in regular discussions with our suppliers and other actors in the supply chain regarding the continuing supply of certified palm oil. Through discussions with refineries, ingredient suppliers and our product suppliers we have compiled a list of available sustainable palm oil derivatives. This list informs our discussions with suppliers regarding product conversion plans and provides clarity on what actions suppliers can and should take. Training and advice are also regularly provided to our suppliers on how to get certified and source sustainable material.</p> <p>We have a clear policy (in place since 2007) that our palm oil should be RSPO certified and this provides clarity to suppliers. Sainsbury's runs supplier training sessions to build supplier capacity to understand our palm oil policy, to understand the RSPO standard and to be able to convert to sustainable palm oil and meet all of our technical requirements. We have also provided technical guidance on how to achieve chain of custody certification for our suppliers. Each year we collect data on our sustainable palm oil usage from our suppliers to understand our progress. Furthermore, Sainsbury's agrees and sets product conversion plans with its tier one suppliers. Finally, through discussions with key stakeholders and data</p>

			<p>collection from suppliers we provide a central list to our suppliers of palm oil ingredients that we are aware are available as sustainable on the market. This helps suppliers then source these derivatives sustainably.</p>
Cattle products	Yes, working with direct suppliers	<p>Collecting data in central database Supplier audits Supplier charters Contractual agreements</p>	<p>We have sourcing agreements with our corned beef suppliers that the material is sourced from geographically restricted areas to minimise deforestation risk. We have engaged frequently with our suppliers to understand their supply chains and the measures in place to reduce the risk of deforestation. Processes and checks have been put in place to verify the implementation of these agreements. In addition, through our Beef Development Group we engage with beef farmers across England, Scotland, Wales and Northern Ireland and a key element of this engagement is supporting improvements in sustainability.</p>
Soy	Yes, working with direct suppliers	<p>Developing or distributing supply chain mapping tool Collecting data in central database Encouraging certification Encouraging work with multi-stakeholder groups Supplier questionnaires on environmental and social indicators Supplier charters</p>	<p>We have participated in a multi-stakeholder project to better understand our total soy footprint. The project involved four UK retailers (Sainsbury's, Asda, Tesco and M&S) and their respective suppliers and was led by 3Keel Building on the soy ladder framework developed by the Consumer Goods Forum the project sought to calculate the soy footprint for a variety of products (including ingredients and animal feed for primary and further processed proteins) to determine the total soy footprint for each retailer. The project also mapped the soy supply chains for these products working with suppliers to obtain this information. The data from this work will now enable further activities and discussions with the supply chain on sourcing sustainable soy.</p> <p>We are also members of the UK Sustainable Soy Roundtable where we have committed to a timebound action plan. We are members of the Soy Buyers Coalition and signatories to the Cerrado Manifesto.</p>

F6.8

(F6.8) Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?

	Are you working beyond first tier?	Please explain
Timber	Yes, working beyond first tier	<p>Sainsbury's regularly meets with its suppliers and tier 2 suppliers to discuss the availability of sustainable material. These meetings are an opportunity to communicate our sourcing requirements beyond our immediate suppliers. We also discuss risks and risk mitigation as part of the WWF FTN.</p> <p>We have partnered with the Woodland Trust to raise over £7 million from the sale of eggs, chicken and turkey among other products and plant 3 million trees since 2004 mitigating 750,000 tonnes of CO2.</p> <p>We have also built a modern slavery risk assessment tool for all of our supply chains which enables us to assess modern slavery risks in our timber supply chains.</p>
Palm Oil	Yes, working beyond first tier	<p>We have regular conversations with suppliers beyond tier 1 in our supply chain in order to mitigate risk. We are, for example, engaging with key EU palm oil refiners on how to go beyond certification and ensure zero deforestation in our palm oil supply chains. This has involved collecting data from refiners on their commitments towards zero deforestation palm oil and on their processes and plans to deliver this. We are also a member of the Retailers Palm Oil Group which discusses sustainability issues with key stakeholders within the palm oil supply chain including NGOs. The Retailers Palm Oil Group is also represented on the Board of Governors of the RSPO which allows engagement with growers and other actors in the supply chain.</p> <p>We are also members of the Palm Oil Transparency Coalition which looks to assess the main importers of palm oil into Europe and their progress towards industry sustainability objectives. Each year we produce a report on performance to encourage best practice in the supply chain.</p> <p>We have partnered with the Woodland Trust to raise over £7 million from the sale of eggs, chicken and turkey among other products and plant 3 million trees since 2004 mitigating 750,000 tonnes of CO2.</p> <p>We have also built a modern slavery risk assessment tool for all of our supply chains which enables us to assess modern slavery risks in our palm oil supply chains.</p>
Cattle products	Yes, working beyond first tier	<p>Through our Beef Development Group we engage with beef farmers across England, Scotland, Wales and Northern Ireland and a key element of this engagement is supporting improvements in sustainability.' o SBDG Steering Group met once every quarter to provide the opportunity for all stakeholders in the supply chain to discuss challenges and opportunities</p>

		<p>within the UK beef sector.</p> <p>In September 2017 we completed a soil health trial with SBDG member Graeme Mather from Brechin, Scotland. Through adopting a holistic approach to soil health management, he was able to increase the volume of beef produced from grass through increasing grass volume and quality. We are now working with Graeme and students from Aberdeen University to see how we can further improve soil health to improve grassland performance and sustainability of beef production.</p> <p>Partnered with AHDB Beef & Lamb on a 2 year programme to establish discussion groups to aid successful knowledge transfer around efficient beef production through the use of on-farm technologies. The work is part of AHDB Beef & Lamb’s inspiring success strategy that looks at continually improve the beef & lamb sectors and creating sustainable industries.</p> <p>We have partnered with the Woodland Trust to raise over £7 million from the sale of eggs, chicken and turkey among other products and plant 3 million trees since 2004 mitigating 750,000 tonnes of CO2.</p> <p>We have also built a modern slavery risk assessment tool for all of our supply chains which enables us to assess modern slavery risks in our cattle supply chains.</p>
Soy	Yes, working beyond first tier	<p>Through our membership of the European Soy Customer Group we are engaged in discussions with key soy producers and traders. This includes discussing what capacity improvements are required in the soy supply chain to ensure farmers are legally compliant (ie registered on CAR and against the Forest Code). We have over many years through this Group and through these discussions supported the Amazon moratorium and its extension. We also discuss sustainable soy one-to-one with key soy importers. Through our membership of the Retailers Soy Group (RSG) we have also engaged with representatives of the feed industry to understand how sustainable soy can be encouraged in the supply chain. The RSG is represented on the board of the RTRS and feeds into reviews/consultations where appropriate.</p> <p>We are also members of the UK Round table on Sustainable Soy where we have committed to a timebound plan for Sustainable Soy. We are members of the Soy Buyers Coalition where we are working with TRACE to map our soy volumes back to specific regions in Brazil in order to partner with producer organisations in Brazil.</p> <p>We are also signatories to the Cerrado Manifesto where we pledge to support ending deforestation and conversion of natural habitats in the Cerrado.</p>

		<p>We have partnered with the Woodland Trust to raise over £7 million from the sale of eggs, chicken and turkey among other products and plant 3 million trees since 2004 mitigating 750,000 tonnes of CO2.</p> <p>We have also built a modern slavery risk assessment tool for all of our supply chains which enables us to assess modern slavery risks in our soy supply chains.</p>
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F6.9

(F6.9) Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?

Forest risk commodity

Timber

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

The Consumer Good Forum (CGF)

FSC

PEFC

Other, please specify

WWF Global Forest & Trade Network (GFTN)

Please explain

We have been a member of WWF's FTN since 1995. We provide an annual sustainability report to the FTN as part of our membership and we participate in FTN events to discuss sustainability trends and key issues associated with paper and timber.

Forest risk commodity

Palm Oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

The Consumer Good Forum (CGF)

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify

Retail Palm Oil Group

Please explain

We have been a member of the RSPO since 2006 and we have previously fed into the RSPO's principle and criteria review to support the strengthening of the standard (eg. with regard to no deforestation and peatland conversion). We are also a member of the Retail Palm Oil Group (RPOG) which is represented on the Board of Governors of the RSPO. Through the RPOG we have consistently called for the RSPO to fully address deforestation and other concerns. Through the RPOG we have also discussed traceability and no deforestation efforts with key stakeholders including palm refiners in order to support progress in this area.

We are also members of the Palm Oil Transparency Coalition which looks to assess the main importers of palm oil into Europe and their progress towards industry sustainability objectives. Each year we produce a report on performance to encourage best practice in the supply chain.

Forest risk commodity

Cattle Products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

The Consumer Good Forum (CGF)

Other, please specify

BLC Leather Technology Centre

Please explain

Through our Beef Development Group we engage with beef farmers across England, Scotland, Wales and Northern Ireland and a key element of this engagement is supporting improvements in sustainability. The SBDG Steering Group met once every quarter to provide the opportunity for all stakeholders in the supply chain to discuss challenges and opportunities within the UK beef sector.

In September 2017 we completed a soil health trial with SBDG member Graeme Mather from Brechin, Scotland. Through adopting a holistic approach to soil health management, he was able to increase the volume of beef produced from grass through increasing grass volume and quality. We are now working with Graeme and students from Aberdeen University to see how we can further improve soil health to improve grassland performance and sustainability of beef production.

Partnered with AHDB Beef & Lamb on a 2 year programme to establish discussion groups to aid successful knowledge transfer around efficient beef production through the use of on-farm technologies. The work is part of AHDB Beef & Lamb's inspiring success strategy that looks at continually improve the beef & lamb sectors and creating sustainable industries.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

The Consumer Good Forum (CGF)
Roundtable on Sustainable Soy (RTRS)
Other, please specify
Retail Soy Group

Please explain

We have been members of the RTRS since 2011. We are also a member of the Retail Soy Group which is represented on the Board of Governors of the RTRS. Through the RSG we have supported the improvement of the RTRS standard.

Together with other retailers we work collaboratively with the Retail Soy Group to determine the minimum requirements we believe industry standards should include. This ensures we can help develop and foster a strong, multi-stakeholder set of zero deforestation standards that can bring benefits to growers and for sustainable development.

We also continue to collaborate with the UK industry and government via the UK Roundtable on Sustainable Soy to address the link between soy and tropical deforestation. The Roundtable brings together significant players in the UK soya market, providing a space for companies and industry associations to work together to achieve a shared goal of a secure, resilient, sustainable supply of soya to the UK, with joint progress monitoring and reporting.

Sainsbury's also sits on the Consumer Goods Forum soy working group, collaborating on initiatives such as the Soya Buyers Coalition which looks to track and trace soya usage in the value chain right back to source.

The Cerrado Manifesto

With soy production being a major driver in deforestation, we pledged our support to the Cerrado Manifesto in 2017 by signing the Statement of Support (SoS) – a multi-

stakeholder call to action to halt deforestation and native vegetation loss in Brazil's Cerrado.

The Cerrado is a global biodiversity hotspot that is also critical for carbon storage and rainfall, and thus Brazil's agricultural productivity, but is suffering high rates of deforestation and native vegetation loss. The group of signatories, all who use Brazilian soy, have signed the SoS with an immediate priority to develop a roadmap and implementation plan to deliver on their aims and objectives. Since then, support for the Cerrado Manifesto has nearly tripled, with all signatories committing to work collaboratively with local and international stakeholders to promote resilient agricultural practices.

F7. Linkages and trade-offs

F7.1

(F7.1) Has your organization identified any linkages or trade-offs between forests and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

F7.1a

(F7.1a) Describe the linkages or trade-offs and the related management policy or action.

Linkage/tradeoff

Tradeoff

Type of linkage/tradeoff

Other tradeoff, please specify

General deforestation commodity trade offs

Description of linkage/tradeoff

In each deforestation commodity that we focus on (soy, palm oil, cattle products and timber) there are trade offs present in our supply chain which we influence through our supplier policy and requirements. For example there is a producer level trade off between protection of natural ecosystems and forest or conversion for agricultural production. We attempt to influence this decision making process in favour of protection of natural habitats and ecosystems while also enabling the producer to produce agricultural commodities sustainably by working with one of our approved third party certification programmes.

Policy or action

We have policies in place for our deforestation commodities where we attempt to influence the decision made in a trade off situation in favour of protection of natural habitats and ecosystems.

F8. Verification

F8.1

(F8.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F8.1a

(F8.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F1. Current State

Data points verified

Timber Volumes
Palm Oil Volumes
Soy Volumes
Cattle Volumes

Verification standard

All Verified internally by Sainsbury's group finance team in addition to
Timber - SURE reporting & WWF GFTN submission
Palm oil - RSPO ACOP Submission
Soy - 3Keel supply chain mapping report

Please explain

Verification of volumes carried out by the Sainsbury's group finance team.
Sustainability of Timber, Palm Oil and Soy also verified via 3rd party initiatives

F9. Barriers and challenges

F9.1

(F9.1) Describe the key barriers or challenges to avoiding forests-related risks in your direct operations or in other parts of your value chain.

Forest risk commodity

Timber

Coverage

Supply chain

Primary barrier/challenge type

Limited supply chain engagement

Comment

In each of the deforestation commodities that we focus on (timber, palm oil, soy and cattle products) there is limited consistent data available for our supply chains in relation to sourcing, tractability, transparency, impact or mitigation. The industry requires a consolidated and consistent data source for companies to assess their supply chain and sourcing risks. The industry lacks a consistent reporting protocol that all supply chain actors are signed up to and report against which is then shared with supply chain partners to encourage transparency of positive actors in the supply chain. This could potentially then link with forests monitoring tools which enable actionable intelligence.

The finance industry have yet to become fully engaged in the supply chain engagement process to encourage zero deforestation /conversion at farm level. They are a key stakeholder that are required to influence decision making at farm level in the direction of zero deforestation production.

Forest risk commodity

Palm Oil

Coverage

Supply chain

Primary barrier/challenge type

Limited supply chain engagement

Comment

In each of the deforestation commodities that we focus on (timber, palm oil, soy and cattle products) there is limited consistent data available for our supply chains in relation to sourcing, tractability, transparency, impact or mitigation. The industry requires a consolidated and consistent data source for companies to assess their supply chain and sourcing risks. The industry lacks a consistent reporting protocol that all supply chain actors are signed up to and report against which is then shared with supply chain partners to encourage transparency of positive actors in the supply chain. This could potentially then link with forests monitoring tools which enable actionable intelligence.

For example there are data capture and monitoring efforts happening in palm oil currently but this is in small sections of the value chain.

The finance industry have yet to become fully engaged in the supply chain engagement process to encourage zero deforestation /conversion at farm level. They are a key

stakeholder that are required to influence decision making at farm level in the direction of zero deforestation production.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Limited supply chain engagement

Comment

In each of the deforestation commodities that we focus on (timber, palm oil, soy and cattle products) there is limited consistent data available for our supply chains in relation to sourcing, tractability, transparency, impact or mitigation. The industry requires a consolidated and consistent data source for companies to assess their supply chain and sourcing risks. The industry lacks a consistent reporting protocol that all supply chain actors are signed up to and report against which is then shared with supply chain partners to encourage transparency of positive actors in the supply chain. This could potentially then link with forests monitoring tools which enable actionable intelligence.

The finance industry have yet to become fully engaged in the supply chain engagement process to encourage zero deforestation /conversion at farm level. They are a key stakeholder that are required to influence decision making at farm level in the direction of zero deforestation production.

Forest risk commodity

Cattle Products

Coverage

Supply chain

Primary barrier/challenge type

Limited supply chain engagement

Comment

In each of the deforestation commodities that we focus on (timber, palm oil, soy and cattle products) there is limited consistent data available for our supply chains in relation to sourcing, tractability, transparency, impact or mitigation. The industry requires a consolidated and consistent data source for companies to assess their supply chain and sourcing risks. The industry lacks a consistent reporting protocol that all supply chain actors are signed up to and report against which is then shared with supply chain partners to encourage transparency of positive actors in the supply chain. This could potentially then link with forests monitoring tools which enable actionable intelligence.

The finance industry have yet to become fully engaged in the supply chain engagement process to encourage zero deforestation /conversion at farm level. They are a key stakeholder that are required to influence decision making at farm level in the direction of zero deforestation production.

F9.2

(F9.2) Describe the main measures that would improve your organization's ability to manage forests-related risks.

Forest risk commodity

Timber

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

An industry platform for sharing data that is captured alongside monitoring data would encourage transparency in the industry which in turn incentivises those who are producing commodities sustainably.

Forest risk commodity

Palm Oil

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

An industry platform for sharing data that is captured alongside monitoring data would encourage transparency in the industry which in turn incentivises those who are producing commodities sustainably.

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Greater stakeholder engagement and collaboration

Comment

The finance industry have yet to become engaged at a tangible level in forest commodities and the industry zero deforestation targets. As a key driver of producer behaviour the finance industry would be influential in the discussions with producers and producing countries on achieving zero deforestation targets.

Forest risk commodity

Cattle Products

Coverage

Supply chain

Main measure

Greater enforcement of regulations

Comment

The supply base for beef in South America is consolidated to a small number of suppliers and there is limited availability of regulation or certification programmes that provide for zero deforestation.

F18. Signoff

F-FI

(F-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.

F18.1

(F18.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Kevin O'Byrne	Chief Financial Officer (CFO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP



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

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