

Annual Lender Report No.7

Corporate 'Green' Loan

In July 2014 Sainsbury's announced that it had entered a £200m 'Green' bank loan with proceeds to be invested in on-going carbon reduction and sustainability projects including, for example, our award-winning project Graphite programme.

Project Graphite is focused on improving energy efficiency in our existing stores and investing in onsite renewable energy. This includes measures such as replacing existing lighting with energy efficient LED lamps, producing renewable heat from Ground Source Heat Pumps and installing Photovoltaic Solar Panels on our roofs.

Proceeds from the Green Loan will be used to further fund clean energy generation, energy efficiency, Carbon reduction through refrigeration gas replacement and water saving projects.

The key activities undertaken by the Company during the financial year 2020/21 were as follows:

- Energy Efficiency and LED lighting in 446 existing stores, one new supermarket and 15 new convenience stores
- Refrigeration system gas replacement to natural refrigerant (Carbon Dioxide) in 41 stores;

The full year effect of this work saves over 22.4 million kWh, which is equivalent to the annual electricity use of 12 mid-size supermarkets.

Summary of Expenditure and Carbon Reduction 2020/21 (Year 7)

The data collection and methodology used to calculate the Greenhouse Gas savings shown in the table below has been independently verified by the **Carbon Trust** ⁽¹⁾

	2020/2021						Investment (£)
	YTD			Full Year Effect			
	Savings (kWh)	CO2 (ton)		Savings (kWh)	CO2 (ton)		
	Scope 1	Scope 2		Scope 1	Scope 2		
Energy Efficiency Programme	9,939,411	-	2,317	20,755,531	-	4,839	14,965,649
CO ₂ Refrigeration Replacement	-	21,826	-	-	22,813	-	19,328,000
Energy Efficiency in new stores, refits and extensions	575,104	23	105	1,679,874	137	218	496,000
Total	10,514,515	21,849	2,422	22,435,404	22,950	5,057	34,789,649

- (1) The Carbon Trust has verified that the data collection and methodology J Sainsbury plc used to evaluate the savings from the investments included in this report are in accordance with the principles of the international standard ISO 14064-2. The Carbon Trust is an independent, expert partner of leading organizations around the world, helping them contribute to and benefit from a more sustainable future through carbon reduction, resource efficiency strategies and commercializing low carbon technologies.

Summary of Expenditure and Carbon Reduction

2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20 & 2020/21

(Year 1 + Year 2 + Year 3 + Year 4 + Year 5 + Year 6 + Year 7)

	Y1+Y2+Y3+Y4+Y5+Y6+Y7						Investment (£)
	YTD			Full Year Effect			
	Savings (kWh)	CO ₂ e (tonnes)		Savings (kWh)	CO ₂ e (tonnes)		
	Scope 1	Scope 2		Scope 1	Scope 2		
Energy Efficiency Programme	83,894,684	101	33,196	186,740,829	740	72,318	116,058,184
CO ₂ e Refrigeration Replacement	-	159,751	-	-	222,106	-	99,207,509
Energy Efficiency in new stores, refits and extensions	28,898,656	1,147	9,393	66,638,743	2,785	20,696	14,103,490
Graphite PV	391,079	-	193	8,389,898	-	4,147	8,716,961
Graphite GSHP	4,521,729	715	323	15,851,209	2,508	1,133	5,132,756
BMS lighting adjustment, defrost/suction optimisation and Greenest Grocer	27,074,511	-	10,820	42,601,602	-	17,547	1,626,000
Total	144,780,660	161,714	53,924	320,222,281	228,139	115,841	244,844,900