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A great place to work at Christmas as we celebrate our second Gold Standard accreditation from Investors in People

- Only food retailer to achieve Gold Standard accreditation by Investors in People
- 19th year of partnership with The Royal British Legion and successful Poppy Appeal
- £1 million awarded to 13 new agricultural projects to shape the future of British farming
- Opened two 'Triple Zero' supermarkets; our most environmentally-friendly to date
- Colleague discount increased from 10% to 15% for Christmas to reward hard work and commitment

Justin King, Chief Executive, said:

“ It has been another quarter of strong progress towards our 20x20 sustainability goals with significant achievements across all five values.

“ I've been particularly proud of our reaccreditation by Investors in People as the first and only supermarket to achieve their Gold Standard. And I know our commitment to creating a great place to work is also recognised and appreciated by our customers - they consistently tell us that it is the most important part of being a responsible retailer.

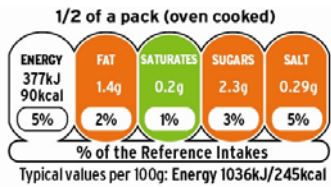
“ This is especially the case at Christmas when being a great place to work includes special courses on key Christmas food lines at our six Food Colleges, thousands of seasonal jobs, and 2,300 colleagues from our support centres pledging over 4,000 days working in stores. This year we saw our best ever connection to local communities - from carol singing as part of our #SingingAtSainsburys initiative to charity bag packing raising money for our Local Charity partners. We also increased colleague discount from 10% to 15% over the festive season as a thank you for everyone's hard work and commitment in ensuring we delivered for customers over Christmas.”



During the festive period, our support centre colleagues pledged over 4,000 days working in stores

Other highlights from the quarter include:

20x
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In October we signed the Department of Health's latest Responsibility Deal pledge to help customers reduce their saturated fat consumption



We awarded grant funding to 13 new agriculture projects at our annual farming conference

1. Best for food and health

- **Saturated fat:** In line with our pre-existing commitment to reduce saturated fat in our own brand products, in October we signed the Department of Health's latest Responsibility Deal pledge to help customers reduce their saturated fat consumption, and published our consumer insight about this issue.
- **Allergies:** In October, we were the main sponsor of the Allergy & Freefrom Show North raising awareness of the needs of customers with allergies and intolerances to over 7,500 people. In 2002, we were the first supermarket to launch an own brand Freefrom range; in the last year sales have grown by over 15%, and we now sell over 80 lines.
- **Lighter Alcohol:** Since 2010 we have achieved almost 26% growth in the volume of lighter alcohol wines sold in our stores (10.5% ABV or below). In October, we highlighted our work to reduce average alcohol content (ABV) in own label wines, hosting a parliamentary discussion, attended by Public Health Minister Jane Ellison MP, covering the issues around the classification for 'lighter alcohol' wines.

2. Sourcing with integrity

- **£1 million in agricultural grants:** 13 new grants were awarded to innovative projects to help shape the future of British farming. Ranging from improvements in UK pear yields to reducing the water footprint of UK herbs; this is in addition to the £1.2 million awarded last year. Our annual farming conference in December brought together over 600 farmers from our development and grower groups to celebrate a year of achievement, share knowledge and inspire innovation. We also announced our investment in the future of British farming through our agricultural graduate scheme and a new apprenticeship programme.
- **Sainsbury's Sustainability Standard:** In November, we announced our plans to create an independent sustainable sourcing standard addressing the economic, social and environmental aspects of key raw materials in our supply chain, both in the UK and globally. We are working on developing the standard with SAI Global, who specialise in supporting organisations in achieving compliance and driving business improvement. The new standard will build on existing independent frameworks and is part of our 20x20 commitment to source key raw materials and commodities sustainability to an independent standard.
- **Fair Development Fund:** We committed £250,000 to help 7,800 cotton farmers in Malawi work towards producing sustainable Better Cotton Initiative (BCI) cotton for our use over the next three years. The aim is that producer income will also increase by 35% over the three years through good agricultural, environmental, and social practices.
- **Animal welfare:** We were named *Responsible Business of the Year* at RSPCA Animal Hero Awards 2013 and shortlisted for the Innovation Award in recognition of our ethical achievements. At Compassion in World Farming's Global Farm Animal Welfare Awards our work in communicating the importance of animal welfare to our customers was awarded the *Best Retailer Marketing Award*.

20x
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Our new 'Triple Zero' supermarket in Weymouth is our most environmentally friendly store to date



For the first time this year we also invited customers to round up their bill to the nearest pound, donating the funds raised to The Royal British Legion in addition to our wider support

3. Respect for our environment

- **'Triple Zero' supermarkets:** We opened two new 'Triple Zero' supermarkets in Weymouth and Leicester in October and November. These are our most environmentally friendly stores to date, with zero carbon emissions from all operational energy used, zero waste to landfill, and zero impact on the water usage of the local catchment area. Water neutrality is achieved by meeting 70% of demand in the store through rainwater harvesting and other water efficiency measures, with the remaining 30% necessary for potable water offset by sponsoring water saving initiatives in the local community.
- **Water stewardship:** In October, we jointly hosted a lecture with Imperial College to debate the subject of water stewardship. With representatives from all aspects of the food supply chain, as well as key political, academic and business stakeholders, it looked at climate variability and change. It examined some of the key aspects of water stewardship, and its impacts on operational water usage, as well as the global implications of water usage and embedded water. We won the award for *Energy Efficiency Through Water Management* at the 2013 Energy Awards for successfully achieving a 50% relative reduction in water usage at all of our stores against a 2005/06 baseline, through a number of actions including recycling, leak detection and utilising rainwater throughout our operations.
- **Operational carbon:** We received a score of 95 and a 'B' rating in the Carbon Disclosure Project, moving up from a score of 82 last year and from 43 in 2011. We were also included in the Carbon Disclosure Leadership Index with the highest score of all UK-only based retailers and the fifth highest in this year's index. We won the *Buildings Energy Efficiency Achievement* award at the ENDS Green Economy Awards and the top award for *Carbon Management* at the Sustainability Leaders Awards 2013. These awards recognise our industry-leading energy efficiency programmes and investments in low and zero carbon technologies.

4. Making a positive difference to our community

- **Poppy Appeal:** 2013 marked our 19th year as a corporate partner of The Royal British Legion and the campaign was a huge success. We increased our activities, including selling a poppy-inspired range of products with a 10% donation, inviting customers to round up their bill to the nearest pound, and also encouraging them to recycle their poppies.
- **Christmas in the Community:** We brought festive cheer and raised valuable funds for hundreds of local charities through two major initiatives – Christmas Bag Packing and Christmas Festive Singing. Local Charity volunteers helped our busy shoppers by packing their bags in all our supermarket stores over two weekends in December and we also introduced #SingingAtSainsburys nationwide with festive singing in stores in conjunction with local community groups.
- **Active Kids:** Our Active Kids programme finished 2013 on a high, with over 150 children from all over the UK attending our new Active Kids Live! event, featuring a special training session with our ambassadors Ellie Simmonds and David Beckham. The event formed part of our 'Thank You' initiative, rewarding and recognising the efforts and support of customers, colleagues and communities in helping young people, regardless of ability, to lead healthier, more active lifestyles.

20x
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We were the first - and remain the only - supermarket to be awarded the Gold accreditation from Investors in People

5. A great place to work

- **Investors in People:** We received a Gold accreditation by the industry body Investors in People for developing, supporting and motivating our colleagues. We were the first - and remain the only - supermarket to be recognised with this prestigious national standard. The achievement reflects the continued year-on-year improvement in colleague engagement levels as measured in our own surveys, in both our supermarkets and convenience stores.
- **Employment:** 23,000 people joined us in the run up to and including the Christmas and New Year period, giving people vital experience or a stepping stone into the world of work. This includes those recruited into temporary roles over Christmas, with both the number of overall jobs created and colleagues joining us permanently, exceeding our expectations.
- **Colleague training:** 1,400 of our colleagues attended special courses on key Christmas food lines at one of our six Food Colleges, learning more about our Christmas products - including wine, salmon, meat and deli foods. These courses equip our colleagues with expertise about our sourcing credentials, as well as carvery, recipe and serving tips for our customers.
- **Long service:** 14,700 colleagues now have over 20 years service working for Sainsbury's - good progress against our goal of 20,000 by 2020.
- **Sharesave:** Over 21,000 colleagues took up our Sharesave offer this year, making it a record number of participants to date.

For more information on Sainsbury's 20x20 Sustainability Plan please go to www.j-sainsbury.co.uk/responsibility

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