



Commitment to sourcing with integrity reinforced through Sainsbury's Dairy Development Group Cost of Production model

- Announced on Red Nose Day that our customers, colleagues and suppliers helped to raise £11.5 million for Comic Relief, with further funds still due to be collected.
- Almost 400 own-brand products made with segregated certified sustainable palm oil. 95% of the palm oil used to make our own-brand products is now certified sustainable.
- Donating £12,276 to the Forest Stewardship Council UK through the recycling of 88 tonnes of Christmas cards collected from our customers this year.
- Recognised by Prime Minister David Cameron with a Big Society Award for our Active Kids scheme which encourages children to live healthier and more active lifestyles.
- 23,900 colleagues have now been helped into work through our You Can programme, working with partners such as Mencap and Remploy.

Mike Coupe, Chief Executive, said:

“This January, British dairy farmers were once again in the spot light, as the media highlighted the challenges they face due to declining milk prices.

I am proud to say that our Sainsbury's Dairy Development Group farmers are paid through a Cost of Production model, which the majority of the Group voted for nearly three years ago. The price they are paid is reviewed every three months based on the main input costs from their farms, which are feed, fuel and fertiliser. The farmers are not only protected against some of the most volatile market prices, they are rewarded for outstanding animal welfare and environmental standards. Data is collected by independent consultants on each farm and these results are presented back to the farmer through a scorecard which identifies areas for improvement and how to implement these. Some have achieved higher yields per cow through more efficient use of feed, or by managing their fertiliser and manure applications differently.

We and the farmers in the Sainsbury's Dairy Development Group benefit from a longer term relationship which enables both of us to have the confidence to invest in the future of British farming.

The Dairy Group was the first of our Farmer and Grower groups to be established back in 2007, since then we have worked with farmers that stretch the whole of the British Isles to set up a further nine groups spanning from eggs and cheese through to chicken and veal.”

At Sainsbury's we support our British fresh milk farmers. Does your supermarket?

Supermarket	What the farms get (for four pints)
M&S	78p
Waitrose	79p
Tesco	79p
Sainsbury's	72p

Cost of production approx. 68p/4 pints	
Morrisons	56p
Aldi	56p
Lidl	56p to 59p
Aldi	56p to 59p
Iceland	56p to 59p

It costs a dairy farmer approximately 68p to produce four pints of fresh milk. As you can see, some farmers are being paid less than that. We believe the farmers who produce our milk should also make a living. If you buy that maybe you should buy our milk.



Our advert to highlight what it means to pay a fair price for milk appeared in several national newspapers.

Other highlights from the quarter include:

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We partnered with The Beano for the launch of our 2015 Active Kids Voucher Collection programme.



Following a majority vote in 2012, our Sainsbury's Dairy Development Group farmers benefit from a cost of production model.

1. Best for food and health

- **Active Kids:** To mark the launch of the 2015 Voucher Collection programme, ambassadors Daniel Sturridge and Ellie Simmonds visited an Active Kids school to cook up a healthy meal for a PE class. We also partnered with The Beano for a storyline featuring Dennis The Menace and the Bash Street Kids, to highlight the importance of leading a healthy, active lifestyle in a fun way.
- **Healthier baskets:** In January we broadened our range of *My Goodness!* products in our lunchtime offer to include sandwiches. We also launched a three week 'healthier swap' campaign on our groceries online site to encourage customers to swap to a healthier product, which removed more than 1.5 million calories from our customers' baskets. Our spring 'Love Your Freezer' campaign encouraged people to use frozen ingredients to create quick, tasty and nutritious family meals, with a focus on using fish, fruit and vegetables.
- **Product reformulation:** As part of our commitment to reduce salt in our own-brand products, we reformulated our instant noodle range, removing 1.2 tonnes of salt annually, whilst expanding the range to include healthier, vegetable-rich lunch options, including pasta pots, grain pots and rice noodle pots.

2. Sourcing with integrity

- **Certified sustainable palm oil:** We have almost 400 own-brand products that are made with segregated certified sustainable palm oil, ranging from steak and kidney pie through to hand soap. We are also the first major UK retailer to launch a washing up liquid made using palm oil from a mass balance certified sustainable source. 95% of the palm oil used to make our own-brand products is now certified sustainable.
- **Fairtrade Fortnight:** As the world's largest retailer of Fairtrade products, we supported the Fairtrade Foundation in celebrating their 20 year anniversary. This included featuring in a press advert, as well as tweeting throughout the campaign to highlight how Fairtrade supports farmers and workers to build a better future. In the build up to Fairtrade Fortnight we sold over 84,000 bunches of Fairtrade roses during the week of Valentine's Day.
- **British milk:** Following a majority vote in 2012, our Sainsbury's Dairy Development Group (SDDG) farmers benefit from a cost of production model. This sets a price that directly reflects their costs on the farm, builds in a profit, as well as rewarding outstanding animal welfare and environmental standards. The current price is 31.60p per litre, this is reviewed every three months to accommodate for the most volatile elements of costs: feed, fuel and fertiliser and ensure a fair deal for the farmers involved.

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The fridges in our Portishead store are powered by waste produced by our sugar beet suppliers.



We held an event with Mo Farah at the Queen Elizabeth Olympic Park to promote this summer's Sainsbury's Anniversary Games.

3. Respect for our environment

- **Positive waste:** Our Christmas card recycling scheme continues to form a key part of our seasonal recycling offer. This year we collected 88 tonnes of cards from our customers, which is over 30% more than last year. An output of this activity sees us donate £12,276 to the Forest Stewardship Council UK to support their work promoting responsible management of the world's forests.
- **Sugar power:** Our Portishead store became the first to showcase fridges powered by waste from our sugar beet suppliers. The gas, developed in conjunction with our supplier A-Gas, marked an important step for the industry towards innovative, cleaner refrigeration.
- **Energy efficiency:** Our work installing Light Emitting Diodes (LEDs) received the Lighting for Building Performance Award from the Chartered Institute of Building Services Engineers. So far we have installed over 70,000 LEDs, saving 40 million kilowatt hours, just one way we are improving the energy efficiency of our stores and depots.

4. Making a positive difference to our community

- **Comic Relief:** Customers, colleagues and suppliers really got behind the Red Nose Day 2015 appeal, which was themed: 'Make your face funny for money'. On Red Nose Day itself we announced we had raised £11.5 million, with further funds still due to be collected.
- **Partnership with British Athletics:** Sainsbury's Birmingham Indoor Grand Prix saw Mo Farah break the two mile world record, and former Sainsbury's School Games athlete Katarina Johnson-Thompson break the British long jump record. We also held an event with Mo Farah at the Queen Elizabeth Olympic Park to mark ticket registration for this summer's Sainsbury's Anniversary Games.
- **The Royal British Legion:** The total funds raised from our biggest ever Poppy Appeal and our Christmas campaign in partnership with the charity amounted to approximately £7 million, an increase of around £2.5 million since last year.
- **Active Kids:** Our voucher collection scheme has been recognised by Prime Minister David Cameron with a prestigious Big Society Award. It was granted for our work encouraging thousands of children across the UK to live healthier and more active lifestyles.

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We trained 4,389 colleagues in workshops accredited by the Royal Society for Public Health, during our 2014-15 financial year.

5. A great place to work

- **Helping people into work:** We have now helped 23,900 colleagues into work through our You Can programme, working with partners such as Mencap and Remploy to help those who may have faced barriers to employment into the workplace. Since January, we have recruited 189 colleagues through the programme.
- **Training and skills:** We trained 4,389 colleagues in food safety workshops accredited by the Royal Society for Public Health during our 2014-15 financial year. In January, we held special workshops for 670 store trainers to equip them to train others in essential retail and teamwork skills.
- **Diversity and inclusion:** We celebrated our continued support for the Government's Disability Confident campaign, with our Head of Talent and Performance Deborah Dorman giving a speech about our work at a Department for Work and Pensions event at the House of Commons.
- **Gender equality:** Over 450 women at Sainsbury's have participated in the 'Inspiring the Future' campaign, to help young women with mentoring and career advice. Organised through the charity, Education and Employers, Sainsbury's colleagues have dedicated hundreds of hours to talk to young women in schools about the amazing opportunities there are in retail as well as the entry routes into these jobs.