

# Welcome to your CDP Climate Change Questionnaire 2019

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description 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 2,300 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 178,000 colleagues across the UK and Ireland. The iconic Habitat furniture and home furnishings brand continues to trade in 16 stores. 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, 118,000 shareholders, and we source over 12,000 Sainsbury's branded products from more than 70 countries and have a market share of 15.3 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.

We aim to be leaders in the UK for environmental innovation, investing over £1 billion to achieve a 30% absolute reduction in carbon emissions by 2020. We are proud to have achieved the target early with our 35% absolute reduction in carbon emissions against our 2005 baseline achieved this year. This year, we reduced our absolute kWh electricity consumption compared to our baseline by 17% across the Sainsbury's Group.

We are pushing the boundaries of new technology to reduce our carbon emissions. We continue to test new environmentally innovative, yet commercially viable, initiatives. We are focused on keeping food waste at a minimum across our value chain. We are increasing supply chain efficiency, growing our network of charity food donation partners and helping our customers reduce waste in their own homes.

We introduced our Sustainability Plan in 2011 to strengthen and further integrate corporate responsibility into our business, and last year we updated and refreshed our plan. Within the original 20 commitments, we have specific aims; to reduce our operational carbon emissions by 30% absolute and 65% relative and to reduce our own brand packaging by half, all by 2020. These commitments not only reflect our aspiration to make a positive contribution, but also address a number of business risks, such as meeting the needs of our customers through our sourcing requirements, reducing business costs through cutting resource usage, such as energy and commodities and meeting legislative and stakeholder expectations.

In a fast changing world, ethical, environmental and social issues are becoming increasingly complex and this is why we always work closely with colleagues, customers, suppliers, government, researchers, community groups, NGOs and industry experts to develop forward-thinking programmes that work alongside our core values. Our aim is to provide shoppers with affordable, quality products that are sustainably and ethically sourced. We remain convinced that a long-lasting business has to be a value driven one and we have continued to adhere to this with another full year of activity in the corporate responsibility sphere. In 2018 we were one of only 7 UK companies, and the only supermarket in the UK, to be included on the CDP Climate Change 'A-list'.

## C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	March 11, 2018	March 10, 2019	No

## C0.3

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

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

## C0.4

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

GBP

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Operational control

# C1. Governance

## C1.1

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

Yes

### C1.1a

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

Position of individual(s)	Please explain
Other C-Suite Officer	<p>The CEO of Sainsbury's Argos and J Sainsbury plc operating board member has direct responsibility for climate change, as they chair the Respect for our Environment (RFOE) Steering Group.</p> <p>This group sets our overall environmental and climate change strategy and meets every 8-12 weeks to discuss progress and issues that may be arising. The RFOE has representatives throughout the business including property, logistics, retail and our goods for resale sourcing and packaging teams. The role for all of our committees in 2019 is to support the delivery of our Sustainability Plan by embedding our revised commitments into the way we operate.</p>

### C1.1b

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

Frequency with which climate-	Governance mechanisms into	Please explain
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related issues are a scheduled agenda item	which climate-related issues are integrated	
<p>Scheduled – all meetings</p>	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>We have five values that underpin our business each of which has an internal steering group, chaired by an operating board director.</p> <p>Our Respect for our Environment value has an integrated Steering Group chaired by the CEO of Sainsbury’s Argos and J Sainsbury plc operating board member, who has direct responsibility for climate change. This group reviews and guides our overall environmental and climate change strategy and meets every 8-12 weeks to discuss progress and issues that may be arising. The RFOE has representatives throughout the business including property, logistics, retail and our goods for resale sourcing and packaging teams. The role for all of our committees in 2019 is to support the delivery of our Sustainability Plan by embedding our revised commitments into the way we operate.</p> <p>Our Sourcing with Integrity value has an integrated Steering Group chaired by the Director of Non-food Commercial for Sainsbury’s Argos, who has direct responsibility for sustainability in sourcing products. This group meets to ensure the building of resilient supply chains by sourcing products ethically and sustainably.</p> <p>The steering group directors also sit on our Corporate Responsibility and Sustainability (CR&amp;S) Committee and provide regular updates to board members through both these committees and board meetings. The Committee’s principal role is to review the Group’s sustainability strategy for alignment with the Group’s culture, vision and strategy and assist the work of the Operating Board. With the Board, the Committee also plays a part in monitoring Group engagement with stakeholders, including customers, suppliers, communities and colleagues. The chair of the RFOE provides updates to the Corporate Responsibility and Sustainability Committee on the progress towards our Sustainability Plan targets.</p>

## C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify CEO Sainsbury's Argos	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

### C1.2a

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

We have five values that underpin our business each of which has an internal steering group, chaired by an operating board director.

Our Respect for our Environment value has an integrated Steering Group chaired by the CEO of Sainsbury's Argos and J Sainsbury plc operating board member, who has direct responsibility for climate change. This group reviews and guides our overall environmental and climate change strategy and meets every 8-12 weeks to discuss progress and issues that may be arising. The RFOE has representatives throughout the business including property, logistics, retail and our goods for resale sourcing and packaging teams, which is why the responsibility for climate change lies within this team and with the CEO of Sainsbury's Argos. The role for all of our committees in 2019 is to support the delivery of our Sustainability Plan by embedding our revised commitments into the way we operate.

Our Sourcing with Integrity value has an integrated Steering Group chaired by the Director of Non-food Commercial for Sainsbury's Argos, who has direct responsibility for sustainability in sourcing products. This group meets to ensure the building of resilient supply chains by sourcing products ethically and sustainably.

The steering group directors also sit on our Corporate Responsibility and Sustainability (CR&S) Committee and provide regular updates to board members through both these committees and board meetings. The Committee's principal role is to review the Group's sustainability strategy for alignment with the Group's culture, vision and strategy and assist the work of the Operating Board. With the Board, the Committee also plays a part in monitoring Group engagement with stakeholders, including customers, suppliers, communities and colleagues. The chair of the RFOE provides updates to the Corporate Responsibility and Sustainability Committee on the progress towards our Sustainability Plan targets.

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, and 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.

## C1.3

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

Yes

## C1.3a

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

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**Who is entitled to benefit from these incentives?**

Chief Financial Officer (CFO)

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

Our Chief Financial Officer receives a financial bonus resulting from the performance of the Property Division. Targets for performance of the Property Division include our 2020 carbon reduction targets for Sainsbury's and Argos.

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**Who is entitled to benefit from these incentives?**

All employees

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

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.

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**Who is entitled to benefit from these incentives?**

Board/Executive board

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction project

**Comment**

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.

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**Who is entitled to benefit from these incentives?**

Business unit manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction project

**Comment**

We have a number of incentivised performance indicators, one of which is the Deferred Share Award (DSA). Targets for the DSA 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, which are all broadly considered in determining the DSA 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.

**Who is entitled to benefit from these incentives?**

Other, please specify  
Store Managers

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction project

**Comment**

In early 2014 we embedded a target into store budgets, enabling greater visibility and reward for reducing energy consumption. There is a financial incentive for store managers to deliver energy reduction and this is a bonus rewarded action for stores. This bonus award follows the Deferred Share Award process with 50% of the total bonus awarded in shares deferred for two financial years.

We support our managers with store activity packs that give practical advice and tools to colleagues on ways to reduce electricity use. We reinforce these messages every year. Internally we also benchmark and encourage progress through store league tables. Energy use reports are provided to stores on a weekly and four-weekly basis.

## C2. Risks and opportunities

### C2.1

**(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

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

### C2.2

**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes



## C2.2a

**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Please see below for our climate-related risk assessment processes.

## C2.2b

**(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.**

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 Audit Committee reviews the effectiveness of the risk management process at least annually. The Operating Board maintains an overall corporate risk map, which is reviewed six-monthly 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. The Operating Board reviews the risk map six-monthly and there is a quarterly standard agenda item for risk. This enables the Operating Board to agree and monitor appropriate actions as required. The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Operating Board members certify annually that they are responsible for managing their business objectives and internal controls to provide reasonable, but not absolute, assurance that the risks in their areas of responsibility are appropriately identified, evaluated and managed. Internal Audit provides the Audit Committee with a risk management update twice a year which provides detail of the key risk activities undertaken at Management Board, Group functions, governance forums and divisional and corporate levels.

We have chosen this procedure, which relies primarily on our internal company method, as it enables us to identify risks and provide assurance that these risks are fully understood and managed for the entire group's direct operations, and part of the supply chain. It also enables us to develop procedures, policies and actions to prevent or mitigate impacts. The scope of the process covers strategic, business operations and external risk for all our Group's direct operations. Environment and Sustainability is listed as a principal risk in our Annual Report. We are proactively mapping and managing this risk in our supply chain.

Specifically, as part of Environment and Sustainability, we undertake distinctive, but linked, risk assessments that feed into the company-wide risk assessment. These separate assessments

are undertaken at different time intervals. 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 assess flood risk for new sites; however, this happens on an ad hoc basis as and when we open new stores. We will take appropriate action depending on the risk(s) identified, such as investing in flood defence systems. 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.

We define substantive financial impact when identifying or assessing climate-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.

## C2.2c

### (C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to current regulations are always assessed. As part of this bottom-up process, we have identified the failure to meet targets to remove F-Gas as part of the F-Gas Regulations, in other words specific refrigerants, from stores as a risk related to the topic of current regulations. As part of our risk assessment procedure, we have identified a number of controls, such as our scheme to phase out harmful HFC refrigerants, to mitigate that risk, detailed in the sections below.
Emerging regulation	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to emerging regulations are always assessed. As part of this bottom-up process, we have identified the failure to meet targets to remove F-Gases identified in future F-Gas Regulations, in other words specific refrigerants, from stores as a risk related to the topic of emerging regulations, as in the future more F-Gases will be banned. As part of our risk assessment procedure, we

		have identified a number of controls to mitigate that risk; our approach is outlined above.
Technology	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to technology are always assessed. Specifically, we have identified the reduction of interruption in UK energy generating capacity, resulting in shortages and cost increases, as a key climate-related risk relating to technology affecting our business, and as such have put in place a number of controls, including back-up technology generation capabilities, to mitigate this risk.
Legal	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. As an example of this, we have identified not complying with climate-related legislation, such as the CRC and the CCL, and resulting litigation-related penalties, as a risk to the business. As such, we have put in place a number of controls, described below, to mitigate this risk.
Market	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to the market, i.e. shifts in supply and demand for certain products or services, are always assessed. We have identified as an example of this risk type, of changing consumer preferences around sustainable products, particularly packaging, and are implementing a number of controls to mitigate this risk, highlighted in the sections below.
Reputation	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to our reputation, are always included within these risk assessment processes. By way of example, we identified the reduction of interruption in UK energy generating capacity, resulting in shortages and cost increases, as a key climate-related risk relating to reputation affecting our business, potentially affecting whether we could open stores, affecting our reputation. As such have put in place a number of controls, including back-up technology generation capabilities, to mitigate this risk.
Acute physical	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to acute events, are always included

		within these risk assessment processes. By way of example, we have identified the risk of one-off major drought events to our supply chain as a key climate-related risk, and have put in place relevant control measures to mitigate this risk, described in our water climate change response.
Chronic physical	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to chronic physical events are always included within these risk assessment processes. By way of example, we have identified the risk of long-term weather changing patterns as a result of climate change as a key climate-related risk and have put in place relevant control measures to mitigate this risk, described in our water climate change response.
Upstream	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to our supply chain, upstream of our company, are always included within these risk assessment processes. By way of example, we have identified the risk of one-off major drought events to our supply chain as a key climate-related risk, and have put in place relevant control measures to mitigate this risk, described in our water climate change response.
Downstream	Relevant, always included	The risk management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums, so climate-related risks related to the downstream value chain, i.e. our customers, are always assessed. We have identified as an example of this risk type, of changing consumer preferences around sustainable products, particularly packaging, and are implementing a number of controls to mitigate this risk, highlighted in the sections below.

## C2.2d

### (C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

#### Process for managing climate-related risk

The previously mentioned risk map captures the most significant climate 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. The Operating Board reviews the risk map bi-annually and there is a quarterly standard agenda item for risk. This enables the Operating Board to agree and monitor appropriate actions as required. The climate risk

management process is embedded at the Operating Board level and supported by bottom-up risk processes and discussions within operating companies, Group functions and governance forums. Operating Board members certify annually that they are responsible for managing their business objectives and internal controls to provide reasonable assurance that the risks in their areas of responsibility are appropriately identified, evaluated and managed. Internal Audit provides the Audit Committee with a risk management update twice a year which provides detail of the key risk activities undertaken at Management Board, Group functions, governance forums and divisional and corporate levels.

We have chosen this procedure, which relies primarily on our internal company method, as it enables us to identify climate risks and provide assurance that these risks are fully understood and managed for the entire group's direct operations, and part of the supply chain. It also enables us to develop procedures, policies and actions to prevent or mitigate climate-related impacts. The scope of the process covers strategic, business operations and external risk for all our Group's direct operations. Environment and Sustainability is listed as a principal risk in our Annual Report. We are proactively mapping and managing this risk in our supply chain.

#### **Process for managing climate-related opportunities**

We have a variety of methods to manage climate-related opportunities, adopting a similar bottom-up approach to our risk management process. For example, we identified an in-store climate opportunity, and developed The Greenest Grocer programme. It is our premier in-store colleague engagement scheme that encourages simple changes in behaviour to save energy to reduce environmental impact. Following a successful pilot, in 2016, we rolled out the campaign across all our stores. Sainsbury's Argos has also implemented a colleague engagement programme, building on our successful Greenest Grocer programme.

#### **Transitional Risk/Opportunity management**

As the market transitions to a more sustainable economy, we have been working on a programme with our trusted partners to develop a credible set of standards that highlight key hotspots on sustainability issues in order to aid them on this transitional opportunity. We have plans to engage with 100% of our Own-Brand suppliers, where they supply any of our key raw materials. We are continuing our pilot of our Sustainability Performance Assessment (SPA) tool with our suppliers. Suppliers are included in the engagement based on whether they supply our key raw materials that are of most importance to our business at product and ingredient level. Suppliers, farmers and growers are incentivised to report because the SPA tool enables them to measure their business sustainability across environmental, economic and ethical criteria and to create action plans against this measurement. When completing the tool they submit anonymised data in return for detailed management reports.

#### **Physical Risk/Opportunity management**

Sites that are in locations with high flood occurrence are at increased risk of being impacted by site closure, as was the case in Scunthorpe this year. In such instances, the stores may have to be closed for several days to be cleaned, repaired and restocked. In addition to the costs of repair, we will also experience loss in revenue.

Climate change is expected to affect precipitation extremes in the UK over the 21st century, increasing the frequency and intensity of flood events. In the short term, a significant increase in flood risk is expected to occur within the next ten years. We have flood emergency plans at all locations at risk. The main objectives of our plans are to reduce the risk to life, lessen the likelihood of damage, and ensure the safe evacuation of those present at our sites during a flood. Flooding can be disastrous to any business, and we are no exception. Flood risks results in increased capital expenditure, mainly due to the installation of flood defences. By installing such systems, we can ensure a swift recovery to business as usual once the flooding has subsided.

## C2.3

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

Yes

## C2.3a

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

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**Identifier**

Risk 1

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

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Increased pricing of GHG emissions

**Type of financial impact**

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

Energy legislation in the UK has seen several changes recently, with the final year of the CRC (Carbon Reduction Commitment) from this year onwards. In its place, the government increased the Climate Change Levy (CCL) and introduced Streamlined Energy and Carbon Reporting (SECR). Both the CRC and CCL are and will be risks for Sainsbury's, as they impose a carbon price on energy consumption. In addition, due to a variety of factors, including climate change mitigation, energy prices have increased. This affects Sainsbury's operating costs both now and in coming years.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

20,000,000

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

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

**Explanation of financial impact figure**

The CRC and CCL and other carbon taxes will cost Sainsbury's more than £20 million in 2019. The cost per tonne of carbon has risen each year, from £17.70 in 2018 to £18.30 in 2019. If our energy use and grid carbon intensities had remained stable, CRC allowance costs would have increased by approximately £414,000 in one year. This financial impact is expected to continue with the removal of the CRC & introduction of an increased CCL price post 2019.

**Management method**

This risk has been embedded into our plans, with mitigation through energy efficiency and renewable energy programmes forming a key part of Sainsbury's ongoing energy strategy. Energy is a controllable cost within Sainsbury's and significant effort has been made to ensure that our entire group property estate operate efficiently. Our Graphite and Jade Energy Efficiency Programmes look at stores at a local level, identifying the most sustainable energy savings suitable for each one. We have now completed the eleventh year of this program and upgraded more locations to LED lighting in the last year. We have also engaged staff to reduce energy use in our Greenest Grocer programme. Small actions, such as for example closing fridge doors, have saved energy and simultaneously made stores more pleasant for customers. During 2018/19, compared to the previous year we saved over 150,000 tCO<sub>2</sub>e, equivalent to almost £2.7m in CRC allowances.

The budget for the Graphite and Jade programmes is approximately £30 million/year, across energy efficiency and infrastructure projects. The Greenest Grocer programme is another key part of this effort and has a budget of approximately £350,000 per year.

**Cost of management**

30,000,000



**Comment**

n/a

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**Identifier**

Risk 2

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

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

Acute: Increased severity of extreme weather events such as cyclones and floods

**Type of financial impact**

Increased capital costs (e.g., damage to facilities)

**Company- specific description**

Climate change is expected to affect precipitation extremes in the UK over the 21st century, increasing the frequency and intensity of flood events. A recent report commissioned by the Committee on Climate Change (Climate Change Risk Assessment 2017) reported a potential increase of 60% in Expected Annual Damages from floods by 2080, under a 2°C warming scenario with no population growth. In the short term, a significant increase in flood risk is expected to occur within the next 10 years. Our stores are located across the UK and in several cases are located in areas that are at risk of flooding. Flooding affects our stores directly but also indirectly by hindering access for our customers and suppliers.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**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)**

1,000,000

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



3,000,000

### **Explanation of financial impact figure**

The cost of a flood event will depend on the store and the magnitude of the flooding experienced. Cleaning, restocking refurbishing and loss of business costs will be dependent on severity of the incident, ranging from approximately £1 million, up to £3 million per supermarket store for a serious event.

### **Management method**

To actively manage this risk the Board carries out an annual review of the significant risks facing the business and the Operating Board maintains an overall corporate risk register to identify the potential impact and likelihood of risks.

We continually review and improve our procedures for managing flood events during and after flood events and have used GIS mapping software to identify stores that are in areas at most risk of flooding. For these stores, we have formalised management response procedures in place that are activated during flood events in order to maintain a fast response time for a smooth recovery process. Our primary focus is customer safety and to support the community with the aftermath with items such as mops and buckets and other essentials. We have also installed flood barriers at several stores. One of these is our Superstore in Sherbourne, which we identified as being at risk of flooding from a nearby stream. During refurbishment, removable flood barriers were installed to mitigate the risk from further flood events. At another store in Carlisle, we have lifted the building services plant on stilts to prevent flooding.

It is difficult to determine the cost of management of this risk because it is mostly incorporated within our general planning & location assessment costs. The cost of flood barriers is between £500,000 and £1,000,000 depending on the size of the site. We have included a cost of management figure from the far end of this range.

### **Cost of management**

1,000,000

### **Comment**

n/a

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### **Identifier**

Risk 3

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

Supply chain

### **Risk type**

Physical risk

### **Primary climate-related risk driver**

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

**Type of financial impact**

Reduced revenue from decreased production capacity (e.g., delayed planning approvals, supply chain interruptions)

**Company- specific description**

Sainsbury's primarily sells groceries, consumables and other foods, with our own branded products sourced from the UK and more than 70 countries around the world.

A significant physical climate change risk to the business relates to the market volatility and supply of commodities as a result of induced changes in natural resources.

The IPCC estimates that all aspects of food security are potentially affected by climate change, including food access, utilisation, and price stability. Climate change could have an impact on the availability, quality and long-term security of supply of many of our key products.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

650,000,000

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

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

**Explanation of financial impact figure**

Based on current conditions, USDA's Economic Research Service's Consumer Price Index for all food is projected to increase from 2018 to 2019 by 1.5% to 2.5%. The USDA notes that this may increase if large disruptive weather events occur in key food producing regions. A ~2% increase would have a substantial impact on our supply chain costs. Applying this factor to our retail revenues could cause a financial impact as high as £650m.

**Management method**

Sainsbury's is actively managing this risk through our Sustainability Plan, which incorporates targets such as sourcing our key raw materials and commodities sustainably to an independent standard and ensuring sustainable management of our

supply chain. For example, building on over ten years of collaboration with our growers and suppliers through our Crop Action Groups, we have launched Grower Interaction Groups, which bring diverse growers together to find solutions to shared challenges. We also introduced a Wheat Development Network linking our colleagues and suppliers to combine expertise. We were proud to have 120+ attendances at our Crop Action and Grower Interaction Groups this year. Through projects such as this we are working with our suppliers to stabilise our supply base and manage the risk of price fluctuations resulting from climate change.

This year we have joined up with some new brands that our customers wouldn't have traditionally expected to buy from us, or are exclusive, which have strong sustainability messages. These include ALKIMI, a new eco-friendly range of cleaning products, Tony's Chocolonely, on a mission to make chocolate production 100% slave free, and Ti Ora, a new tea from New Zealand with biodegradable tea bags.

We have calculated the cost of managing this risk as £1bn as our Sustainability Plan is a £1 billion plan made up of a number of programmes that will ensure we remain at the forefront of sustainability.

**Cost of management**

1,000,000,000

**Comment**

n/a

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**Identifier**

Risk 4

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

Customer

**Risk type**

Transition risk

**Primary climate-related risk driver**

Reputation: Shifts in consumer preferences

**Type of financial impact**

Reduced revenue from decreased demand for goods/services

**Company- specific description**

Consumers are becoming increasingly aware of environmental and climate change issues. A survey by the Carbon Trust recently found 56% of UK consumers saying they would be more positive about a brand if they were shown to be reducing the carbon footprint of their products. If Sainsbury's is not seen to be responding positively to climate change, our reputation would undoubtedly be damaged. Brand and trust are key components to customer loyalty; damage to Sainsbury's brand may cause

customers to choose alternative supermarkets and shops, which would impact on our financial performance.

**Time horizon**

Current

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

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

30,000,000

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

40,000,000

**Explanation of financial impact figure**

The exact impact of reputational brand damage is difficult to quantify. A fall in sales volumes as a result of reputational brand value could be significant.

Sainsbury's underlying Group sales stood at £32,412m for the most recent financial year. If Sainsbury's do not continue to act on climate change, a drop in revenue of just 0.1% could result in a £30-40 million loss in sales.

**Management method**

Sainsbury's manages this risk through the implementation and communication of our Sustainability Plan. To support our Sustainability Plan we have appointed dedicated teams to manage its implementation. Apart from direct action on our own footprint, Sainsbury's is also active in sponsorship of NGOs and academics to engage with stakeholders and understand consumer behaviours.

For example, we are developing future reduction scenarios through our partnership with Imperial College London to develop our ambitious 'future stores' plans. Together we are researching and creating practical ways to reduce our carbon footprint by developing low carbon technology solutions.

To make sure our customers are aware of our activities, we engage with suppliers, customers and colleagues, and publicise as much of these interactions as possible. We publish all sustainability results in quarterly and annual filings, as well as in the CDP Climate Change, where we have consistently been among the best performers.

Sainsbury's Energy, Carbon and Engineering teams, who are responsible for managing this risk and ensuring Sainsbury's uphold its reputation, equate to internal costs of between £750,000 and £1.2 million a year. Costs of sponsorship, ventures with Business in the Community, Grantham Institute, University of Cambridge and Imperial College are estimated to be in the region of £300,000 a year. Our calculation for the cost of management if we take the mid-range of the figures is £1,275,000.

**Cost of management**

1,275,000

**Comment**

n/a

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**Identifier**

Risk 5

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

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Technology: Costs to transition to lower emissions technology

**Type of financial impact**

Capital investments in technology development

**Company- specific description**

With more renewable energy coming live on the grid, and with coal-fuelled power plants slowly being phased out, the supply of energy in the UK becomes more intermittent. This could imbalance the grid and cause equipment failure or even blackouts, which we would also be at risk of. While, Ofgem have stated recently that this risk has decreased in magnitude, reduced generation capacity may increase our energy costs. In the UK, renewable energy generation across the year was 33% percent of the gross electricity consumption in 2018.

We could be at risk of damaged equipment and loss of power, which would result in capital costs and loss of business. Cost increases would lead to higher business costs.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

High

**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)**

50,000,000

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

125,000,000

**Explanation of financial impact figure**

Blackouts are costly as we could not operate our stores and our products could be lost. Additionally, equipment could be damaged.

Increasing energy costs would impact our entire estate and increase the cost of doing business.

Incorporating the above risks, we have calculated the total financial implications to be between £50m to £125m.

**Management method**

We are a proud member of the Living Grid, working together to actively shape the UK energy system by driving up productivity and renewable energy use.

As part of the Living Grid, we are working with Open Energi to install Dynamic Demand technology on our HVAC equipment. This turns our HVAC into smart devices that can respond to fluctuations in electricity supply and demand to keep power supplies stable.

We also have a programme called Connected Buildings, where we are able to remotely control stores energy use to reduce demand at peak times. This project will give us control over our stores energy use, for example we will be able to control lighting levels across all stores.

Together, Sainsbury's and other Living Grid members can provide up to 39 megawatts of flexible power to the UK grid, saving almost 90,000 tonnes of carbon annually by 2020.

Additionally, our energy efficiency programme projects Graphite and Jade enables us to lower our grid electricity consumption and reduce our exposure to higher energy costs. We are also improving our current building management software to create a hierarchy of essential equipment, so that in case of emergency we can switch off of non-essential equipment first and minimise financial losses.

We have calculated the cost of managing this risk by the cost of engaging with Living Grid, which is around £200,000 per annum.

**Cost of management**

200,000

**Comment**

n/a

## C2.4

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

Yes

## C2.4a

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

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**Identifier**

Opp1

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

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Move to more efficient buildings

**Type of financial impact**

Other, please specify

Returns on investment in low-emission technology

**Company-specific description**

Sainsbury's is committed to lowering the carbon emissions of our stores through innovation of new technologies to ensure Sainsbury's are utilising the very best in energy saving initiatives throughout the estate. We see this as an opportunity, not only to reduce our carbon emissions, but through receiving returns on our investments in these innovative technologies.

One pillar of our innovation programme is centred around aerofoil technology, a retrofit on our fridges which aids in reducing our environmental impacts and energy costs whilst at the same time ensuring our customers enjoy warmer aisles.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

15,000,000

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

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

**Explanation of financial impact figure**

We have calculated the potential opportunity in energy savings via reduced refrigeration energy costs of installing aerofoils to be around £15m, as it saves up to 15% of the refrigeration cost of the store. We have applied this across the 1,400 stores we have installed these during this financial year, which would have a substantial impact on reducing our energy costs.

**Strategy to realize opportunity**

To actively manage this opportunity, Sainsbury's has a dedicated project to install aerofoils across stores. Following a successful trial that reduced energy use in store by 15 per cent, this year we rolled out aerofoil technology across 1,400 Sainsbury's stores. Inspired by Formula 1 innovations, aerofoil prevents cold air from fridges spilling out into aisles, so we reduce our environmental impacts and energy costs and our customers enjoy warmer aisles. We are investing ca. £6.4m for the installation of these aerofoils. This includes the cost of equipment and installation. We attach these to the front of our refrigeration units to create an air curtain, to stop cold air spilling out into the stores. Fitting the aerofoils is reducing our refrigeration costs by up to 15%, realising a potential saving of nearly £15m.

**Cost to realize opportunity**

6,400,000

**Comment**

n/a

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**Identifier**

Opp2

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

Direct operations



**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Move to more efficient buildings

**Type of financial impact**

Reduced operating costs (e.g., through efficiency gains and cost reductions)

**Company-specific description**

Sainsbury's is committed to lowering the carbon emissions of our stores through increasing our investment in low-carbon and energy efficiency programmes, such as our move LED lighting throughout our stores. We see this as an opportunity, not only to reduce our carbon emissions but through through the move to more efficient buildings, we can also save on both operational and maintenance costs.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

3,500,000

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

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

**Explanation of financial impact figure**

We have calculated the potential opportunity in energy savings via reduced energy and maintenance costs of moving to LED lighting to be around £3.5m, as it saves circa 50% of the electrical lighting load of the store. We have applied this across the number of stores we have installed these during this financial year, which will have a substantial impact on reducing our energy costs.

**Strategy to realize opportunity**

To actively manage this opportunity, Sainsbury's has dedicated programmes to move to LED lighting across stores. We are investing ca. £21m for the installation, which includes a variety of costs, from equipment to project management, dependent on the programme. Fitting LED lighting is reducing our electrical lighting load of the store by up

to 50%, realising a potential annual saving of around £3.5m, offering an attractive return in investment over the lifetime of the project.

**Cost to realize opportunity**

21,000,000

**Comment**

n/a

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**Identifier**

Opp3

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

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Reduced water usage and consumption

**Type of financial impact**

Reduced operating costs (e.g., through efficiency gains and cost reductions)

**Company-specific description**

The IPCC (AR5 WGI, 2013) expects that under a changing climate, periods of drought could become longer and more frequent in the UK. This could lead to increased strain on water supplies and may drive up water prices in the future. However, by anticipating these changes ahead of competitors and implementing water efficiency and harvesting measures, Sainsbury's has an opportunity to make savings in operational costs and simultaneously gain a competitive advantage.

**Time horizon**

Current

**Likelihood**

Likely

**Magnitude of impact**

Medium-low

**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)**

130,000

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

170,000

**Explanation of financial impact figure**

Ofwat estimates that England and Wales will see annual water price increases of 3.5% up to 2020. By investing in water efficiency measures across our estate we calculated that we can save an estimated £150,000-£170,000 per annum. We arrived at this estimate by calculating the projected reduction and taking that % off projected water bills. We estimate that we are saving approximately £130,000 in costs per annum across our estate. This figure is estimated based on the price associated with avoided water at a typical facility, measured for each water saving technology.

**Strategy to realize opportunity**

Having achieved our 2020 target to reduce absolute water consumption by 30 per cent compared to 2005/6 – one billion litres – we are now focused on maintaining this, while continuing to grow our business.

With the water market opening in 2017, we saw the opportunity to make our water accounting more efficient. With more accurate up to date readings this has allowed us to identify leaks faster.

Some of the measures currently being installed across our estate include rainwater harvesting, low flow taps and waterless urinals. Rainwater harvesting installations are a standard specification for new stores. Our stores in Leicester and, Weymouth are completely water neutral through these measures in combination with offsetting our small mains water consumption with local schools. Per annum, these stores save around 25 million litres of water.

The cost to realise this opportunity is calculated by the amount we have spent on water savings measures this year. Installing our latest water saving measures across the state cost around £1.2m.

**Cost to realize opportunity**

1,200,000

**Comment**

n/a

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**Identifier**

Opp4

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

Customer

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Ability to diversify business activities

**Type of financial impact**

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

**Company-specific description**

Sainsbury's sees a huge opportunity in helping customers make better, more sustainable choices.

Consumers are becoming increasingly aware of climate change and reducing their own carbon emissions, leading to an increased demand for low-carbon and sustainably-sourced products, specifically around single-use plastics.

Sainsbury's has a role to play in offering consumers the ability to change their behaviour and offer a range of energy efficient and lower carbon products, as well as sustainably sourced products that improve resilience in the supply chain. The range of sustainable products Sainsbury's stocks is increasing year on year and so presents a great opportunity to continue to react to the increased demand and generate sales.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-high

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

32,400,000

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

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

**Explanation of financial impact figure**

The exact impact of reputational brand enhancement is difficult to quantify. An increase in sales volumes as a result of reputational brand value could be significant.

Sainsbury's underlying Group sales stood at £32,412m for the most recent financial year. If Sainsbury's do continue to act on climate change, an increase in revenue of just

0.1% could result in a £32.4 million increase in sales. We have calculated this figure by multiplying our group revenue by the associated percentage increase.

### **Strategy to realize opportunity**

We actively manage this opportunity by communicating regularly to our customers and listening to the type of products they like to see on our shelves. 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.

We are also committed to removing unnecessary plastics from our business and reducing our packaging waste. Engaging and communicating our efforts with our customers is very important to us.

We are also planning to introduce a plastic free filter on our online groceries website so that customers can choose from products that are plastic free, which will engage with every customer who shops with us online.

We are looking at all aspects of plastics in our operations, aiming to replace single use plastics like straws, cups and cutlery with alternatives such as bamboo or avocado fibres that have a smaller carbon footprint.

In our efforts to reduce our packaging waste, we have now increased our range of loose fruit and vegetables. Alongside this, we also reduced the price of most loose items, now making them cheaper than most packaged comparable products.

It is difficult to estimate the financial costs of managing this opportunity as this is included within our normal operational spend. We estimate the cost of stocking one product versus another to be minimal at less than £10,000 a year.

### **Cost to realize opportunity**

10,000

### **Comment**

n/a

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### **Identifier**

Opp5

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

Customer

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Ability to diversify business activities

### **Type of financial impact**

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

### **Company-specific description**

Sainsbury's sees a huge opportunity in helping customers make better, more sustainable choices.

Consumers are becoming increasingly aware of climate change and reducing their own carbon emissions, leading to an increased demand for low-carbon and sustainably-sourced products, specifically for plant-based and meat-free alternatives.

Sainsbury's has a role to play in offering consumers the ability to change their behaviour and offer a range of energy efficient and lower carbon products, as well as sustainably sourced products that improve resilience in the supply chain. The range of sustainable products Sainsbury's stocks is increasing year on year and so presents a great opportunity to continue to react to the increased demand and generate sales.

### **Time horizon**

Current

### **Likelihood**

Virtually certain

### **Magnitude of impact**

Medium-high

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

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

32,400,000

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

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

### **Explanation of financial impact figure**

The exact impact of reputational brand enhancement is difficult to quantify. An increase in sales volumes as a result of reputational brand value could be significant.

Sainsbury's underlying Group sales stood at £32,412m for the most recent financial year. If Sainsbury's do continue to act on climate change, an increase in revenue of just 0.1% could result in a £32.4 million increase in sales. We have calculated this figure by multiplying our group revenue by the associated percentage increase.

### **Strategy to realize opportunity**

We actively manage this opportunity as we have invested in innovative new ranges of meat-free alternatives to meet the demands of our customers following flexitarian, vegetarian and vegan diets and are proud to be encouraging our customers to live healthier lives with increasing the amount of these products available to them.

We have significantly boosted the presence of products on our shelves over the past year. With more than 100 plant-based meal options in our ranges such as ‘Love Your Veg’, we continue to expand our vegan and vegetarian ranges for customers who want more alternatives to meat.

Recently we launched a meat-free butchers pop up in time for World Meat Free Week. The three-day popup featured solely vegan products, with a butcher specially trained for plant-based cooking.

We measure success for our engagement here based on sales of these products. Our free-from ranges contribute over £100 million in sales and we outperform the growing allergen-free market.

We also increased volumes in our dairy alternatives category by 8.4 per cent and outperformed the market by offering a wide choice of branded products.

It is difficult to estimate the financial costs of managing this opportunity as this is included within our normal operational spend. We estimate the cost of stocking one product versus another to be minimal at less than £10,000 a year.

**Cost to realize opportunity**

10,000

**Comment**

n/a

## C2.5

**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	Impact	Description
Products and services	Impacted	<p>Sainsbury’s supplies goods and services to a significant portion of the UK’s grocery market. Consumers are continually looking for more sustainable products as they seek to minimise their personal environmental footprints. We have company-wide KPIs on Sourcing With Integrity both in the UK and internationally, to ensure customers can shop with more knowledge and more confidence in our products.</p> <p>Impact: This has had a major impact on the products we offer, as described in the opportunities section above, and will do so over the</p>

		<p>medium term.</p> <p>This year we have joined up with some new brands that our customers wouldn't have traditionally expected to buy from us, or which are exclusive, which have strong sustainability messages. These include ALKIMI, a new eco-friendly range of cleaning products, Tony's Chocolonely are on a mission to make chocolate production 100% slave free and Ti Ora, a new tea from New Zealand with biodegradable tea bags.</p> <p>Sales of ethical and sustainably sourced products have increased year on year in the UK since 2000. The Sainsbury's Foundation Advisory Board was set up in 2017 to oversee The Sainsbury's Foundation which aims to build closer relationships with our suppliers as well as offering them bespoke support. The Foundation focuses our resources on activities that will drive progress in the social, economic and environmental sustainability of farmers and workers and communities within our global supply chains. The Advisory Board's first mandate was to oversee the Sainsbury's Fairly Traded tea pilot scheme. Regular updates on progress were provided to the CR&amp;S Committee. More details can be found in our 'Sourcing for sustainable development' report on our website.</p>
Supply chain and/or value chain	Impacted	<p>We have a global value chain, and as the climate changes we will be confronted with both physical and transitional risks. We have integrated and minimised this risk with our Ethical Sourcing policy and our own Sustainability Standards, which we aim to roll out across all key commodities. Impact: The magnitude of impact is potentially large, as we are very dependent on our supply chain costs remaining stable over the short and medium term.</p> <p>With the acquisition of Argos, we have streamlined our non-food footprint – we aim to buy once for both companies, which saves carbon via shipping. This has also reduced the impact of our downstream value chain, as our customers can visit both Argos and Sainsbury's within one store.</p> <p>To help develop more resilient supply chains, we have worked with independent experts on our sustainability standards for the key materials used in our own-brand products and will continue to increase our work in this area.</p>
Adaptation and mitigation activities	Impacted	<p>Our Respect for our Environment KPIs drive the overarching integration of climate change adaptation and mitigation into our strategy. The identified risk of flooding events, which we estimate to have a medium impact, has impacted our adaptation activities by the continual review and improvement of our procedures for managing flood events during and after flood events and have used GIS mapping software to identify stores</p>



		<p>that are in areas at most risk of flooding. For these stores, we have formalised management response procedures in place that are activated during flood events in order to maintain a fast response time for a smooth recovery process. Our primary focus is our customer's safety and to support the community with the aftermath with items such as mops and buckets and other essentials. We have also installed flood barriers at several stores. One of these is our Superstore in Sherbourne, which we identified as being at risk of flooding from a nearby stream. During refurbishment, removable flood barriers were installed so that negative impacts from flood events can be minimised. At another store in Carlisle, we have lifted the building services plant on stilts to prevent flooding.</p>
Investment in R&D	Impacted	<p>Our identified opportunity for resource efficiency has driven investment in R&amp;D across our property estate and logistics vehicles.</p> <p>As an example, we invested £2.3m in increasing our use of alternative fuel with the purchase of 32 LNG Gas tractor units and 2 electric vans, realising a potential annual CO2e saving of 10.8 tonnes of carbon per vehicle per year.</p> <p>Evie, our zero emission electric van, is now on the roads delivering online grocery orders to customers across central and east London. Evie will be joined by Stevie the electric van in May and if successful, the duo could be joined by additional electric vans in other areas.</p> <p>100% electric Evie is the first of her kind making home deliveries for a UK supermarket, dropping off up to 30 orders a day to customers who have shopped through our groceries online website.</p> <p>We're delighted to welcome Evie to the team and lead the charge in putting the latest electric van technology to the test for grocery deliveries. We're always looking at how we can use the latest innovations to best serve our customers and this trial will help us explore how we can deliver Sainsbury's groceries with a much lower environmental impact.</p> <p>We are also investing ca. £6.4m for the installation of aerofoils. We attach these to the front of our refrigeration units to create an air curtain, to stop cold air spilling out into the stores. Fitting the aerofoils is reducing our refrigeration costs by up to 15%, realising a potential saving of nearly £15m, which translates to a medium-magnitude impact.</p>
Operations	Impacted	<p>Our identified risk around rising carbon costs has increased our efforts around our flagship Greenest Grocer programme, which engages colleagues in-store to minimise waste and change behaviours, resulting in significant carbon savings. Since its inception in 2012 the programme has saved over 20,000 tCO2e so this is an on-going opportunity where</p>

		we have identified to have a large magnitude of impact on our internal environmental impact of our operations.
Other, please specify		

## C2.6

**(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.**

	Relevance	Description
Revenues	Impacted	<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. This allows us to understand how the yield and quality of potatoes varies throughout growing, storage and production.</p> <p>We also rely on the Mintec Market and Commodities Report to understand the drivers behind commodity availability and pricing on a monthly basis to aid in our revenue projections. These have a low magnitude of impact on our financial planning process.</p> <p>Sainsbury's sees a huge opportunity in helping customers make better, more sustainable choices. Consumers are becoming increasingly aware of climate change and reducing their own carbon emissions, leading to an increased demand for low-carbon and sustainably-sourced products.</p> <p>Sainsbury's has a role to play in offering consumers the ability to change their behaviour and offer a range of energy efficient and lower carbon products, as well as sustainably sourced products that improve resilience in the supply chain. The range</p>

		of sustainable products Sainsbury's stocks is increasing year on year and so presents a great opportunity to continue to react to the increased demand and generate sales, which feed into our projected revenues. These have a low magnitude of impact on our financial planning process.
Operating costs	Impacted for some suppliers, facilities, or product lines	Our main R&D programmes for minimising our carbon footprint within our store portfolio are through LED lighting upgrades and aerofoil installations in our refrigeration units. As a large energy user, R&D presents a large opportunity for us to minimise on-going costs while also reducing our net environmental impact. We complete post investment reviews to monitor if the projected cost benefits are being delivered and feed these results back into the annual planning process. This projected reduction in energy costs is fed into our financial planning (low magnitude of impact to our financial planning process) to set store budgets.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	<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>
Acquisitions and divestments	Not impacted	As we have not identified any climate-related risks or opportunities around acquisitions and divestments, we have not had any effects on financial planning for this area.
Access to capital	Not impacted	As we have not identified any climate-related risks or opportunities around access to capital, we have not had any effects on financial planning for this area.
Assets	Impacted for some suppliers, facilities, or product lines	The risk of OFGEM warning of significant risk of energy generation shortages in the next 5 years and price increases of up to 50% over this period has led us to increase our number of backup generator assets and technology. We are working with OpenEnergi to install Dynamic Demand technology on our HVAC equipment. This turns our HVAC assets into smart devices that can respond to fluctuations in electricity supply and

		demand to keep power supplies stable. In addition, we invest in low-carbon technologies with payback periods of less than five years (unless they are proof-of-concept trials). Both of these programmes have had a minor magnitude of impact on our financial planning process around assets, as these now sit on our balance sheet.
Liabilities	Impacted for some suppliers, facilities, or product lines	Our energy efficiency and low-carbon investment programmes enable us to lower our grid electricity consumption and reduce our exposure to higher energy costs. Several of these are liability driven arrangements via leasing arrangements, such as one arm of our LED lighting upgrade programme, and as such has affected our financial planning process around not just the liabilities (and the management of these) incurred as a result of the projects, but capital expenditure planning as well, which translates to a medium magnitude of impact.
Other		

## C3. Business Strategy

### C3.1

**(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

#### C3.1a

**(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

Yes, qualitative and quantitative

#### C3.1c

**(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

Sainsbury's recognizes the importance of all aspects of climate change and the impacts on its business, e.g. food, customer, operations, and supply chain. The most substantial climate-related business decision we have taken to date is the creation of our Sustainability Plan in 2011. The plan sets out our five corporate values (including Respect for our environment) and within these several commitments that we intend to achieve.

Our environmental commitments are woven into our business strategy and decision-making processes, providing a practical basis for major business decisions as well as day-to-day activities. The commitments we have made have driven the ambitious corporate greenhouse gas reduction targets we have set ourselves for both the short and long-term. We have targets

to reduce absolute emissions by 30% and relative emissions by 65% by 2020, and have a long-term target of 80% in absolute emissions reduction by 2050.

One of the most substantial decisions we have made this year is to take significant progress in developing a science-based target for our total group absolute emissions, to ensure our post-2020 targets are in line with the science of climate change.

The Paris Agreement and the subsequent push for corporations to develop targets in line with climate scenarios has been an important driver for us to investigate science-based targets.

The increased regulation of carbon emissions has led us to set an internal carbon price to drive further investment in low-carbon opportunities. We have invested substantially to various projects that result in the rollout of low-carbon projects across our Sainsbury's stores – a crucial part of our long-term ambition to reduce emissions from stores and depots as formalised in our carbon reduction targets. Climate change regulation and the increasing cost of carbon have been crucial drivers for this investment decision.

Both physical and non-physical aspects of climate change have influenced our strategy, including security of our supply chains, flood risks for our UK operations, increased regulation of greenhouse gas emissions, energy supply risks, opportunities for renewable energy and changing customer preferences.

We have short-term (<5 years) projects in place to capitalise on opportunities and reduce risks. These include managing our logistics fleet more effectively and replacing legacy equipment. On the operational side, Project Graphite and Jade are rolling upgrade programmes for store legacy equipment, improvement of building services and rollout of renewable generating technology, with an increased £31 million spent on energy efficiency this year. We have a long-standing partnership with Imperial College London to research and deliver innovative and practical solutions to mitigate the future impacts of climate change and help us reduce our carbon footprint. By fostering collaboration with a leading academic institution our know-how is at the forefront on energy efficiency and carbon mitigation methods. The partnership also allows us to openly engage with our supply chains in a collaborative manner with the overall goal of developing integrated solutions that are fit for purpose in a retail environment. Additionally, we collaborate with overseas farmers to develop our own fairly traded products and support them in dealing with agricultural challenges, including climate change.

As part of our long-term strategy (>5 years), we have developed our Sustainability Plan in which we have set several long-term commitments that we aim to achieve, and that influence our business decisions. We are currently developing science-based targets that will drive our carbon reduction activities to 2050. For our operations, we have a long-term target of an absolute carbon reduction of 80% by 2050. We are achieving this by replacing HFC refrigerants with carbon neutral refrigerants, continuing to roll out low-carbon programmes consisting of energy efficiency initiatives both in-store and within our transport fleet. As an example, this year we increased the use of alternative fuels within our fleet, by purchasing 32 LNG Gas tractor units for long journeys to maximise fuel returns and reduce vehicle emissions in the urban environment. We estimate that this will lower our carbon emissions by 10.8 tonnes per vehicle

per year. The results of the trial will help us understand if the new technology can help us reduce our emissions further.

We manage all areas of water vulnerability in our business through robust water stewardship, installing rainwater harvesting systems at several stores to reduce our dependency on local water supplies.

We work with our value chain to address the impact of our products and are working to set independent sustainability standards for all our key raw materials. We have committed to reducing our packaging. This year we redesigned packaging to reduce plastic across over 100 million items, including water bottles, bananas, cauliflowers, tomatoes, chicken, olive oil, bedding, clothing and greeting cards. This commitment includes processes to ensure zero-waste to landfill from our day to day operations through staff engagement and charity donations. As a signatory to the Courtauld 2025 commitment to cut food waste by 20% by 2025, we have been working with WRAP and the industry to reduce packaging and tackle food waste both around our products and in the supply chain. We are part of a project aiming to create a packaging pigment, allowing black plastics to be more easily detected and recycled. As members of WRAP's UK Plastics Pact, we are collaborating to eliminate unnecessary single-use packaging by 2025 and working towards all plastic packaging being 100 per cent reusable, recyclable or compostable, as well as containing at least 30 per cent recycled content. This year we redesigned packaging to reduce plastic across over 100 million items, including water bottles, bananas, cauliflowers, tomatoes, chicken, olive oil, bedding, clothing and greeting cards. We also reduced black plastic use on fresh produce, meat, fish and poultry. We continue to explore additional opportunities to cut plastic across the Group.

We believe that integrating sustainability into our core business strategy gives us a strategic advantage over our competitors in the following ways:

- It meets our stakeholder expectations, and demonstrates our commitment to tackling climate change
- It helps identify business opportunities that help our customers reduce their own carbon emissions, from installing low carbon products to buying energy efficient goods
- By consistently performing highly in reporting our sustainability efforts we signal our commitment to our stakeholders and are able to differentiate ourselves from our competitors
- It reduces operational costs by cutting resource usage, and makes us more resilient to fluctuating energy prices
- It gives us visibility of risks in our supply chain to provide resilience in the long-term

### C3.1d

**(C3.1d) Provide details of your organization's use of climate-related scenario analysis.**

Climate-related scenarios	Details
RCP 4.5 RCP 8.5	Through our collaboration with Imperial College we have produced a Strategic Carbon Roadmap for Sainsbury's, using the Future Energy Scenarios produced by the National Grid and the UK Clean Growth strategy from BEIS. The roadmap

<p>Other, please specify</p> <p>Future Energy Scenarios (National Grid)</p>	<p>allows to determine the level of investment required according to technology and energy market projections making sure the business makes sensible investments that our aligned to carbon mitigation efforts. The roadmap models scenarios up to 2050 indicating when and where investments with adequate returns should take place to meet the Sustainability Plan's targets. It covers the entire store estate and our direct operations. The results of this analysis have suggested the optimal renewable technology type and quantity for each store, and has influenced our commercial decisions on renewable technologies by individual site, both in quantity and price terms.</p> <p>We have also used Scenario Analysis via the WRI Aqueduct tool to model our projected water stress, seasonal water variability, water supply and water demand which are informed by two different climate-related scenarios, RCP 4.5 and RCP 8.5, and two shared socioeconomic pathways, SSP2 and SSP3. We input our stores' locations and water usage using the above assumptions in the model to analyse the above indicators against three pathways (Optimistic, BAU and Pessimistic) and three time scales (to 2020, to 2030, and to 2040). The outcomes vary depending on the level of optimism assigned to them as well as the time scale.</p> <p>Using the tool helps us to understand, for example, changes in water supply under an optimistic scenario to 2040, or an increase in water stress under a pessimistic scenario to 2030.</p> <p>Our company response to possible water-related outcomes continues with a review of the WRI Aqueduct results to determine the key facilities that are most likely to be significantly affected in the future (e.g. high financial value, high risk, etc.). This exercise is followed by facility-level engagement of personnel to discuss the results and confirm the inclusion of individual sites in our focus group (e.g. it may be the case that a site located in a flood zone is an outlier and does not need to take mitigation steps because it is located on high ground).</p> <p>In addition to undertaking the above reviews, our company response will also include the engagement of personnel in other facilities that may not have been identified by the WRI Aqueduct tool. This is to ensure that the outputs from the tool are supplemented by facility-level information that our responsible personnel have regarding water risks.</p> <p>Once the above steps have been completed, we will re-engage all relevant facilities and initiate the drafting of mitigation and/or adaptation steps to combat water-related risks (e.g. water conservation plans), progress against which will be reviewed on an annual basis.</p>
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## C4. Targets and performance

### C4.1

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

Both absolute and intensity targets

### C4.1a

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

---

**Target reference number**

Abs 1

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

30

**Base year**

2006

**Start year**

2011

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

1,554,492

**Target year**

2020

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

No, but we anticipate setting one in the next 2 years

**% of target achieved**

100

**Target status**

Achieved

**Please explain**



We are proud that we have achieved our target to 2020 a year early, reducing our Scope 1 and 2 emissions by 35% to date, compared to a 2005-06 baseline, despite an increase in sales area of 46%.

We are targeting the full operational emissions for the organisation, including electricity, natural gas, diesel and refrigerant gases used in operational buildings and fleets.

This target is set for the whole J Sainsbury plc group. We are currently developing science-based targets, which we will publish in the coming year as part of our post-2020 plan.

When we set our 2020 carbon reduction targets in 2011, the Science Based Targets initiative had not yet been established. Analysis shows that our Scope 1 and 2 reductions are in line with the science-based target trajectory.

This science-based target will supersede our current absolute target.

---

**Target reference number**

Abs 2

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

80

**Base year**

2006

**Start year**

2011

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

1,554,492

**Target year**

2050

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

No, but we anticipate setting one in the next 2 years

**% of target achieved**

43

**Target status**

Underway

**Please explain**

We are targeting the full operational emissions for the organisation, including electricity, natural gas, diesel and refrigerant gases used in operational buildings and fleets.

This target is set for the whole J Sainsbury plc group. We are currently developing science-based targets, which we will publish in the coming year as part of our post-2020 plan.

When we set our 2020 carbon reduction targets in 2011, the Science Based Targets initiative had not yet been established. Analysis shows that our Scope 1 and 2 reductions are in line with the science-based target trajectory.

This science-based target will supersede our current absolute target.

---

**Target reference number**

Abs 3

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

50

**Base year**

2006

**Start year**

2011

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

1,554,492

**Target year**

2030

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

No, but we anticipate setting one in the next 2 years

**% of target achieved**

69

**Target status**

Underway

**Please explain**

We are targeting the full operational emissions for the organisation, including electricity, natural gas, diesel and refrigerant gases used in operational buildings and fleets.

This target is set for the whole J Sainsbury plc group. We are currently developing science-based targets, which we will publish in the coming year as part of our post-2020 plan.

When we set our 2020 carbon reduction targets in 2011, the Science Based Targets initiative had not yet been established. Analysis shows that our Scope 1 and 2 reductions are in line with the science-based target trajectory.

This science-based target will supersede our current absolute target.

---

**Target reference number**

Abs 4

**Scope**

Scope 1

**% emissions in Scope**

27

**Targeted % reduction from base year**

50

**Base year**

2006

**Start year**

2011

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

174,039

**Target year**

2030

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

No, and we do not anticipate setting one in the next 2 years

**% of target achieved**

23

**Target status**

Underway

**Please explain**

Sainsbury's will work to reduce Logistics fleet emissions by 50% by 2030. The target includes diesel, LPG and LNG used by the Sainsbury's logistics fleet. We do not anticipate setting a science-based target for this part of our operations specifically.

## C4.1b

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

---

**Target reference number**

Int 1

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

65

**Metric**

Other, please specify  
metric tonnes CO2e per sq ft sales area

**Base year**

2006

**Start year**

2011

**Normalized base year emissions covered by target (metric tons CO2e)**

89.77

**Target year**

2020

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

No, but we anticipate setting one in the next 2 years

**% of target achieved**

85

**Target status**

Underway

**Please explain**

We have an intensity target in place as part of our Sustainability Plan. We have committed to reducing our carbon emissions by 65 per cent relative to our sales floor

area by 2020, from a 2005/06 baseline.

We are targeting the full operational emissions for the organisation, including electricity, natural gas, diesel and refrigerant gases used in operational buildings and fleets.

This target is set for the whole J Sainsbury plc group. We are currently developing science-based targets, which we will publish in the coming year as part of our post-2020 plan.

When we set our 2020 carbon reduction targets in 2011, the Science Based Targets initiative had not yet been established. Analysis shows that our Scope 1 and 2 reductions are in line with the science-based target trajectory.

This science-based target will supersede our current absolute target.

**% change anticipated in absolute Scope 1+2 emissions**

-48

**% change anticipated in absolute Scope 3 emissions**

0

---

**Target reference number**

Int 2

**Scope**

Scope 1

**% emissions in Scope**

100

**Targeted % reduction from base year**

35

**Metric**

Other, please specify

Logistics CO2e/1000 cases assembled

**Base year**

2006

**Start year**

2011

**Normalized base year emissions covered by target (metric tons CO2e)**

0.2

**Target year**

2020

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

No, and we do not anticipate setting one in the next 2 years

**% of target achieved**

70

**Target status**

Underway

**Please explain**

For our Sainsbury's logistics division, we have set a target to reduce carbon emissions from fuel by 35% by 2020 relative to the number of cases assembled, from a 2005/06 baseline year. Within logistics we use a relative measure of kgCO<sub>2</sub> per 1000 cases assembled for delivery to stores. In this instance the case is the delivery unit for each SKU going to store. E.g. 24 cans of baked beans in a case, 5kg of brie in a box for sale on the deli counter. We do not anticipate setting a science-based target for this part of our operations specifically.

**% change anticipated in absolute Scope 1+2 emissions**

-1

**% change anticipated in absolute Scope 3 emissions**

0

## C4.2

**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

---

**Target**

Renewable electricity consumption

**KPI – Metric numerator**

% of energy consumption to be renewable

**KPI – Metric denominator (intensity targets only)**

n/a

**Base year**

2006

**Start year**

2011

**Target year**

2020

**KPI in baseline year**

0

**KPI in target year**

20

**% achieved in reporting year**

80

**Target Status**

Underway

**Please explain**

As an organisation our target setting has prioritised carbon reduction primarily through increased energy efficiency.

We have a target to provide 20% of our power from renewable power purchase agreements (PPAs) by 2020 and on-site renewables generation and we are currently on course to achieve this.

**Part of emissions target**

Abs1

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**C4.3**

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

Yes

**C4.3a**

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	991	84,888
Not to be implemented	7	0

## C4.3b

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

---

**Initiative type**

Fugitive emissions reductions

**Description of initiative**

Refrigerant leakage reduction

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

43,765

**Scope**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

0

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

14,056,685

**Payback period**

No payback

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Since 2009, we have been implementing a programme to replace HFC refrigerants in stores with more environmentally friendly natural types such as CO<sub>2</sub>. We also made a pledge to switch all our fridges to new (and more energy efficient) carbon dioxide (CO<sub>2</sub>) technology by 2030, which is well underway; with further 70 stores converted in the past two years to give a total of 278 to date. When complete, this will help to reduce our carbon footprint by more than a third, as the gases we are replacing have a much greater impact on climate change than CO<sub>2</sub>.

Contributes to achieving targets Abs1, 2, 3 & Int1. As we do not obtain energy or other cost savings, there is no payback period.

Due to the high global warming potential of R404-a, we have been particularly focussing this year on swapping out R404a to a lower GWP HFC gas, as well as increasing our efforts around leak detection. The leak detection programme has been so successful



that we have lessened our leaks of R404a to atmosphere compared to last year by a further 33,862 tonnes of CO<sub>2</sub>e. We have included the carbon saved from increased leak detection systems within this figure.

---

**Initiative type**

Other, please specify

Behaviour Change: Energy and waste reduction through behaviour change

**Description of initiative**

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

290

**Scope**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

569,960

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

172,715

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

The Greenest Grocer programme in 2018-19 continued to build on the success of the previous six years, and reach into new environmental impact areas as well as new business areas. We have particularly focused on streamlining processes this year. Contributes to achieving targets Abs1, 2, 3 & Int1. We have estimated carbon savings from direct actions only; the indirect savings we estimate to be much higher.

---

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

Other, please specify

Energy efficiency programmes (mainly lighting and aerofoils)

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

30,324

**Scope**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

7,600,000

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

31,000,000

**Payback period**

4 - 10 years

**Estimated lifetime of the initiative**

>30 years

**Comment**

Our Jade and Graphite programmes are our main investment vehicles for energy efficiency programmes. This year we achieved over 100 LED sales floor conversions, lighting controls, and almost 600 aerofoil energy efficiency installations. We also upgraded around 300 renewable and low-carbon energy technologies at stores and depots including solar PV, ground source heat pumps, combined heat and power. Contributes to achieving targets Abs1, 2, 3 & Int1. The full year effect of this work saves nearly 60 million kWh. This figure also includes our hire purchase LED agreements, so the associated CO2 savings and monetary savings are thus higher.

---

**Initiative type**

Low-carbon energy purchase

**Description of initiative**

Other, please specify

Increase in proportion of renewable energy consumption

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

10,509

**Scope**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Sainsbury's has purchased renewable energy through PPAs. We have calculated the tCO2e savings by calculating the emissions if the electricity and gas had come from fossil fuels for the increased purchases and generation when comparing to last year. We have used grid emission factors from Defra for the UK. As we are changing the source of energy, there is no capital investment and we do not obtain energy or other cost savings, so there is no payback period. There are no incremental revenue costs either. Contributes to achieving targets Abs1, 2, 3, Int1 and RE1.

**C4.3c**

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

Method	Comment
Dedicated budget for energy efficiency	Our investment in energy efficiency is driven by multiple programmes, including our flagship £200 million corporate 'green' loan to invest in 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.
Dedicated budget for other emissions reduction activities	Our investment in energy efficiency is driven by multiple programmes, including our flagship £200 million corporate 'green' loan to invest in 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. In addition to our energy efficiency programmes, we have a programme installing natural refrigerant systems that saw stores equipped with systems that operate using CO2 as a low GWP refrigerant.
Employee engagement	Our intranet site provides the focal point of engaging store colleagues to manage and action energy and carbon reduction in their buildings. This is particularly targeted at those in management positions such as Store Managers. Colleagues can download checklists that enable stores to identify potential areas for energy improvement within their individual store. This is also the place where they can obtain their energy consumption and waste profiling graphs. We have undergone a programme where we have educated facilities management on

	energy management in stores. This includes engaging facilities management from capital investment programmes, informing them of the tools store colleagues have to manage energy and providing tailor made checklists on things they need to look out for in their role.
Compliance with regulatory requirements/standards	With the continuing income from incentives such as Feed in Tariffs, ROCs, and Renewable Heat Incentive we review our investments to ensure we are maximising the potential income derived from regulations. We have invested significantly in low-carbon initiatives also as a result of UK legislation such as the CRC Energy Efficiency Scheme and CCL, which places a cost on each tonne of carbon from direct electricity and gas consumption in the UK.
Other	We are developing future reduction scenarios by building a partnership with Imperial College to develop our ambitious 'future stores' plans. Together we are researching and creating practical ways to reduce our carbon footprint by developing low carbon technology solutions to the issues. The partnership is achieving tangible results and aims to provide both partners with a commercial legacy. We will own the intellectual property rights of any products or research we have developed jointly.
Internal price on carbon	We use the price set on allowances under the CRC Energy Efficiency Scheme in the UK and the CCL price as an internal carbon price that is taken into account when making investment decisions. It helps us to make business cases for low carbon energy and energy efficiency measures such as our on-going energy efficiency LED lighting upgrade programmes.

## C4.5

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

Yes

## C4.5a

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

### Level of aggregation

Product

### Description of product/Group of products

We offer customers with electric vehicles the opportunity to charge their cars free of charge at hundreds of charging points at our 48 stores. Our electrical vehicle strategy is

currently under review. It is anticipated that we will be rolling out significant increases in the number of vehicle charging points in our estate in the near future.

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

Avoided emissions

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

Other, please specify

Avoided emissions

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

0

**Comment**

We offer customers with electric vehicles the opportunity to charge their cars free of charge, with the number of charging points increasing in 2017/18 at 48 stores. We have used the emission factor 0.30482 kgCO<sub>2</sub>e/mile (source: Environment Agency CRC) and multiplied it by the kWh consumption to obtain 125 tCO<sub>2</sub>e per year of avoided emissions.

## C5. Emissions methodology

### C5.1

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

#### Scope 1

---

**Base year start**

March 27, 2005

**Base year end**

March 26, 2006

**Base year emissions (metric tons CO<sub>2</sub>e)**

638,257

**Comment**

n/a

#### Scope 2 (location-based)

---

**Base year start**

March 27, 2005

**Base year end**

March 26, 2006

**Base year emissions (metric tons CO<sub>2</sub>e)**

916,235

**Comment**

n/a

**Scope 2 (market-based)**

---

**Base year start**

March 27, 2005

**Base year end**

March 26, 2006

**Base year emissions (metric tons CO<sub>2</sub>e)**

916,235

**Comment**

n/a

## C5.2

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

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

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

556,229

**Start date**

March 11, 2018

**End date**

March 10, 2019

**Comment**

6 per cent of UK natural gas usage is covered by Green Gas Certification (100 per cent Renewable Gas Guarantee of Origin Contract); therefore 6 per cent of natural gas emissions have been reported at zero emissions. All other Scope 1 market-based

emissions have been calculated using UK Government's GHG Conversion Factors for Company Reporting 2018 for all sources

## C6.2

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

### Row 1

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**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

n/a

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

### Reporting year

---

**Scope 2, location-based**

451,684

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

393,887

**Start date**

March 11, 2018

**End date**

March 10, 2019

**Comment**

16 per cent of electricity usage is covered by a PPA, which meets all of the required quality criteria; therefore 16 per cent of electricity emissions have been reported at zero emissions. The remaining UK electricity has been reported at supplier-specific emissions rate (for market-based) or DEFRA factors (for location-based), and non-UK electricity has been reported at local grid average.

## C6.4

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

No

## C6.5

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

### Purchased goods and services

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

12,546,000

**Emissions calculation methodology**

We have used the combined cradle-to-retail emissions of an assortment of 217 products, as calculated by the WRAP (Waste & Resources Action Programme), which is 82 Mt CO2e per year for the whole UK grocery sector. Primary data from Sainsbury's was used to calculate the figure. We have applied Sainsbury's market share (15.3%) to the figure to calculate total cradle-to-retail emissions for Sainsbury's.

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

0

**Explanation**

### Capital goods

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

52,080

**Emissions calculation methodology**

Calculations are based on applying a conversion factor from Defra 2012 Annex 13 Supply chain factors - Real Estate Activities to core capital expenditure during the reporting year.

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

0

**Explanation**

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

---



**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

189,421

**Emissions calculation methodology**

Transmission and Distribution losses are calculated for Sainsbury's electricity consumption in the UK and overseas, using Defra conversion factors from 2018.

Well-To-Tank (WTT) losses are calculated for a range of fuels (natural gas, biomethane, diesel, red diesel, LPG, LNG, biomass) consumed by Sainsbury's, using Defra conversion factors from 2018.

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

100

**Explanation**

**Upstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

110,085

**Emissions calculation methodology**

The emission factor for diesel was taken from Defra's 2018 emission factor dataset and applied to the amount of litres consumed by the tanker fleet distributing the fuel we sell to our customers at our petrol stations, which is operated by fuel-supply company Greenergy.

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

100

**Explanation**

**Waste generated in operations**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

10,499

### **Emissions calculation methodology**

Emissions from waste were calculated by taking total waste by type and treatment route amounts from the Waste Management Team in Sainsbury's. These were multiplied with emission factors from the Defra 2018 dataset.

All volume data drawn from waste collection notes from Sainsbury's waste contractors.

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

100

### **Explanation**

---

## **Business travel**

### **Evaluation status**

Relevant, calculated

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

12,782

### **Emissions calculation methodology**

Business travel emissions are calculated by using cost data from the expenses system, except for employee company cars.

Air, Bus/Coach, Sea and Rail travel emissions are calculated by applying Defra 2018 factors to the expenditure information.

Emissions from car travel are calculated by applying maximum Sainsbury's company car carbon emission limits to data from mileage claims. Any travel from company cars falls under Scope 1 emissions.

All data provided as extractions from expenses system and calculations are based on pounds spent and/or fuel use or distance calculations.

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

100

### **Explanation**

---

## **Employee commuting**

### **Evaluation status**

Relevant, calculated

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

124,330

### **Emissions calculation methodology**

Emissions from employee commuting have been estimated using FTE figures and an employee travel survey.

We have used statistical information from the DfT from the most recent year (2015) to estimate average distance travelled for various modes of transport. We used the travel survey to estimate the percentage of employees using each mode of transport and calculate the total distance travelled per year by that mode.

We applied DEFRA conversion factors (tCO<sub>2</sub>e/mile, tCO<sub>2</sub>e/passenger.km) for the total distance travelled by mode to calculate total tCO<sub>2</sub>e emissions.

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

0

### **Explanation**

## **Upstream leased assets**

---

### **Evaluation status**

Not relevant, explanation provided

### **Explanation**

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

## **Downstream transportation and distribution**

---

### **Evaluation status**

Not relevant, explanation provided

### **Explanation**

As a retailer, there is very limited scope for Sainsbury's to influence how customers travel to and from stores. As they do not contribute to the Group's risk exposure, we have therefore deemed them as 'Not relevant'.

All home deliveries with vans for Sainsbury's Argos are included in scope 1 and 2 emissions.

## **Processing of sold products**

---

### **Evaluation status**

Not relevant, explanation provided

### **Explanation**

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

## Use of sold products

---

### Evaluation status

Relevant, calculated

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

9,333,000

### Emissions calculation methodology

We have made the assumption that our products are used for lighting, cooking, cleaning and washing. A study completed by WRAP (Waste & Resources Action Programme) calculated that there is 61 MtCO<sub>2</sub>e associated with the use phase of grocery products per year in the UK. We have taken this figure and applied Sainsbury's' market share of 15.3% to it to obtain emissions for use of sold products.

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

0

### Explanation

## End of life treatment of sold products

---

### Evaluation status

Relevant, calculated

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

450,856

### Emissions calculation methodology

Sainsbury's sells different types of products, which makes it difficult to estimate what their total end-of-life impact would be. As the majority of goods sold is food, we have focused on food waste in our reporting here. We have obtained the total amount of food waste collected by local authorities in the UK in 2012 from a study conducted by WRAP. Total food waste in that year was 4.7 million tonnes, and we have assumed this to be of a similar magnitude in 2018/19. We have applied the market share for Sainsbury's (15.3% in 2018) to this figure and used a Defra emission factor (2018) for organic waste to landfill to calculate emissions.

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

0

### Explanation

## Downstream leased assets

---

### Evaluation status

Relevant, calculated

**Metric tonnes CO2e**

1,723

**Emissions calculation methodology**

Across its property portfolio, Sainsbury's sub-lets various units, which are often part of larger sites owned or leased by Sainsbury's. As energy supplies are the responsibility of the sub-let tenant, associated emissions are not reported under Scopes 1 & 2.

We have collated all kWh consumed by the tenants in these concessions, and applied UK grid factors to calculate total emissions.

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

100

**Explanation**

**Franchises**

---

**Evaluation status**

Not relevant, explanation provided

**Explanation**

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

**Investments**

---

**Evaluation status**

Not relevant, explanation provided

**Explanation**

The majority of Sainsbury's investment activities are captured in scope 1 and 2 emissions. Sainsbury's Bank (which is fully owned by Sainsbury's) invests in a limited range of assets at third parties for the purpose of liquidity management. Sainsbury's Bank does not exert operational control over these investments.

As such, we consider any emissions resulting from these investments beyond our scope of reporting.

**Other (upstream)**

---

**Evaluation status**

**Explanation**

## Other (downstream)

---

### Evaluation status

### Explanation

## C6.7

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

Yes

## C6.7a

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

### Row 1

---

#### Emissions from biologically sequestered carbon (metric tons CO2)

14

#### Comment

n/a

## C6.10

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

---

#### Intensity figure

0.00002931

#### Metric numerator (Gross global combined Scope 1 and 2 emissions)

950,116

#### Metric denominator

unit total revenue

#### Metric denominator: Unit total

32,412,000,000

#### Scope 2 figure used

Market-based

**% change from previous year**

11.7

**Direction of change**

Decreased

**Reason for change**

Due to our emissions reductions activities, such as reducing energy consumption, employee engagement programmes and the expansion of renewable generating capacity, despite increasing our revenue, our relative emissions of tCO<sub>2</sub>e per £ revenue have decreased.

---

**Intensity figure**

8.16250727

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

950,116

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

116,400

**Scope 2 figure used**

Market-based

**% change from previous year**

6.1

**Direction of change**

Decreased

**Reason for change**

Due to our emissions reductions activities, such as reducing energy consumption, employee engagement programmes, refrigerant replacement and the expansion of renewable generating capacity, our relative emissions of tCO<sub>2</sub>e per FTE have decreased.

---

**Intensity figure**

37.49308087

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

950,116

**Metric denominator**

Other, please specify

'000ft<sup>2</sup> sales area

**Metric denominator: Unit total**

25,341

**Scope 2 figure used**

Market-based

**% change from previous year**

9.3

**Direction of change**

Decreased

**Reason for change**

Due to our emissions reductions activities, such as reducing energy consumption, employee engagement programmes, refrigerant replacement and the expansion of renewable generating capacity, our relative emissions of tCO<sub>2</sub>e per '000 square feet sales floor area have decreased.

---

**Intensity figure**

0.79598524

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

950,116

**Metric denominator**

Other, please specify  
1000s Cases Assembled

**Metric denominator: Unit total**

1,193,635

**Scope 2 figure used**

Market-based

**% change from previous year**

10.9

**Direction of change**

Decreased

**Reason for change**

Our emissions intensity over cases assembled has reduced year on year due to our work on reducing emissions by increasing energy efficiency and renewable generating capacity.



## C7. Emissions breakdowns

### C7.1

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

Yes

### C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	362,441	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	180	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	3,675	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	189,933	IPCC Fourth Assessment Report (AR4 - 100 year)

### C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
United Kingdom of Great Britain and Northern Ireland	556,066
Ireland	162
Bangladesh	0
China, Hong Kong Special Administrative Region	0
China	0
India	0

### C7.3

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

By business division

## C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Central locations	10,957
Logistics	207,528
Stores and supermarkets	292,510
Online deliveries	45,071
International offices	162

## C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United Kingdom of Great Britain and Northern Ireland	448,767	390,970	1,612,705	300,763
Ireland	2,613	2,613	6,233	6,233
Bangladesh	61	61	108	0
China	65	65	98	0
China, Hong Kong Special Administrative Region	117	117	159	0
India	61	61	79	0

## C7.6

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

By business division

### C7.6a

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

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Central locations	7,645	8,102
Logistics	36,344	38,518
Stores and Supermarkets	404,778	344,350
Online deliveries	0	0
International offices	2,917	2,917

## C7.9

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

Decreased

### C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	10,509	Decreased	1	We have included emissions reduced through our expansion of purchased and generated renewable energy of both electricity and gas, an additional increase of 35,030,037 kWh compared to last year. Multiplying these by the relevant gas and electricity emissions factor, we calculate the total reduction from these increased renewable energy as 10,509 tonnes of CO2e. Divided by the total market-based emissions from last year, 1,055,062 tonnes of CO2e, this gives a value of 1.00% decrease in emissions.
Other emissions reduction activities	74,379	Decreased	7.05	We have included emissions reduced through our vast expansion of energy efficiency projects completed across our estate, a very successful employee engagement programme and the

				replacement of refrigerants for CO <sub>2</sub> , and increased monitoring to reduce leaks from R404a. The total reduction in emission from these activities in 2018/19 is 74,379 tonnes of CO <sub>2</sub> e. Divided by the total market-based emissions from last year, 1,055,062 tonnes of CO <sub>2</sub> e, this gives a value of 7.05% decrease in emissions.
Divestment	0	No change	0	
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	1,875	Increased	0.18	We opened several new sites in 2018/19. The emissions total from these new sites is 1,875 tCO <sub>2</sub> e. Divided by the total market-based emissions from last year, 1,055,062 tonnes of CO <sub>2</sub> e, this gives a value of 0.18% increase.
Change in methodology	45,590	Decreased	4.32	The emission factors we use are updated on an annual basis. In 2018/19, the impact of these changes resulted in a reduction in emissions of 45,590 tonnes of CO <sub>2</sub> e. Divided by the total market-based emissions from last year, 1,055,062 tonnes of CO <sub>2</sub> e, this gives a value of 4.32% decrease.
Change in boundary	0	No change	0	
Change in physical operating conditions	0	No change	0	
Unidentified	23,657	Increased	2.24	We are not able to attribute all changes in emissions. These are likely to be the result of weather fluctuations and small variations in output. We have calculated this by subtracting the emissions changes that we can account for, 128,603 tonnes of CO <sub>2</sub> e, from the total change in emissions, 104,946 tonnes of CO <sub>2</sub> e. This gives an unidentified increase of 23,657 tonnes of CO <sub>2</sub> e.

				Divided by the total market-based emissions from last year, 1,055,062 tonnes of CO2, this gives a value of 2.24% increase.
Other				

## C7.9b

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

Market-based

## C8. Energy

### C8.1

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

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

### C8.2

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

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

### C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	37,011	1,754,106	1,791,117
Consumption of purchased or acquired electricity		247,698	1,344,335	1,592,034
Consumption of self-generated non-fuel renewable energy		27,348		27,348
Total energy consumption		312,057	3,098,441	3,410,499

## C8.2b

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

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

## C8.2c

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

### Fuels (excluding feedstocks)

Natural Gas

### Heating value

HHV (higher heating value)

### Total fuel MWh consumed by the organization

605,164

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

0

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

568,274

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

36,890

**Comment**

n/a

---

**Fuels (excluding feedstocks)**

Biodiesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

888,719

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

0

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

888,719

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

0

**Comment**

n/a

---

**Fuels (excluding feedstocks)**

Liquefied Natural Gas (LNG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

2,277

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

0

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

2,277

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

0

**Comment**

n/a

---

**Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

8,927

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

0

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

8,927

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

0

**Comment**

n/a

---

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

104,014

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

354

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

103,660

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

0

**Comment**

n/a



---

**Fuels (excluding feedstocks)**

Wood Pellets

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

137,914

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

0

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

137,914

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

0

**Comment**

n/a

---

**Fuels (excluding feedstocks)**

Petrol

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

44,066

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

0

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

44,066

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

0

**Comment**

n/a

---

**Fuels (excluding feedstocks)**

Gas Oil

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

36

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

0

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

36

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

0

**Comment**

n/a

## C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

### Biodiesel

---

**Emission factor**

2.62694

**Unit**

kg CO2e per liter

**Emission factor source**

UK Government GHG Conversion Factors for Company Reporting 2018

**Comment**

### Diesel

---

**Emission factor**

2.68779

**Unit**

kg CO2e per liter

**Emission factor source**

UK Government GHG Conversion Factors for Company Reporting 2018

**Comment**

### Gas Oil

---

**Emission factor**

2.97049

**Unit**

kg CO2e per liter

**Emission factor source**

UK Government GHG Conversion Factors for Company Reporting 2018

**Comment**

**Liquefied Natural Gas (LNG)**

---

**Emission factor**

2.74663

**Unit**

kg CO2e per liter

**Emission factor source**

UK Government GHG Conversion Factors for Company Reporting 2018

**Comment**

**Liquefied Petroleum Gas (LPG)**

---

**Emission factor**

1.51906

**Unit**

kg CO2e per liter

**Emission factor source**

UK Government GHG Conversion Factors for Company Reporting 2018

**Comment**

**Natural Gas**

---

**Emission factor**

0.18396

**Unit**

metric tons CO2e per MWh

**Emission factor source**

UK Government GHG Conversion Factors for Company Reporting 2018

**Comment**

## Petrol

### Emission factor

0.14

### Unit

kg CO2e per liter

### Emission factor source

Company specific emission factor

### Comment

We have a limit on the kg CO2e emitted per company car, dependent on grade. We have supplied an average factor based on this policy of 0.14 kg CO2e per km, an option not available in the drop-down.

## Wood Pellets

### Emission factor

0.07047

### Unit

metric tons CO2e per metric ton

### Emission factor source

UK Government GHG Conversion Factors for Company Reporting 2018

### Comment

## C8.2e

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	40,453	39,331	27,485	27,348
Heat	14,679	14,679	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C8.2f

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

---

**Basis for applying a low-carbon emission factor**

Power Purchase Agreement (PPA) with energy attribute certificates

**Low-carbon technology type**

Wind

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Europe

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

279,648

**Emission factor (in units of metric tons CO<sub>2</sub>e per MWh)**

0

**Comment**

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

---

**Basis for applying a low-carbon emission factor**

Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

**Low-carbon technology type**

Solar PV  
Wind

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Europe

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

27,348

**Emission factor (in units of metric tons CO<sub>2</sub>e per MWh)**

0

**Comment**

## C9. Additional metrics

### C9.1

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

**Description**

Waste

**Metric value**

0

**Metric numerator**

n/a

**Metric denominator (intensity metric only)**

n/a

**% change from previous year**

0

**Direction of change**

No change

**Please explain**

As members of WRAP's UK Plastics Pact, we are collaborating to eliminate unnecessary single-use packaging by 2025 and working towards all plastic packaging being 100 per cent reusable, recyclable or compostable, as well as containing at least 30 per cent recycled content.

## C10. Verification

### C10.1

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

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

## C10.1a

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

---

### Scope

Scope 1

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Type of verification or assurance

Limited assurance

### Attach the statement

1

 Carbon Certification Letter Template v1.1 - Sainsbury's.pdf

### Page/ section reference

Whole document

### Relevant standard

Verification as part of Carbon Trust standard certification

### Proportion of reported emissions verified (%)

100

---

### Scope

Scope 2 location-based

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Type of verification or assurance

Limited assurance

### Attach the statement

1

 Carbon Certification Letter Template v1.1 - Sainsbury's.pdf

**Page/ section reference**

Whole document

**Relevant standard**

Verification as part of Carbon Trust standard certification

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

100

---

**Scope**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

1

 Carbon Certification Letter Template v1.1 - Sainsbury's.pdf

**Page/ section reference**

Whole document

**Relevant standard**

Verification as part of Carbon Trust standard certification

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

100

## C10.1b

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

---

**Scope**

Scope 3- at least one applicable category

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**



Complete

**Attach the statement**

1

 Carbon Certification Letter Template v1.1 - Sainsbury's.pdf

**Page/section reference**

Section that says “business travel”

**Relevant standard**

Verification as part of Carbon Trust standard certification

**Scope**

Scope 3- at least one applicable category

**Verification or assurance cycle in place**

Biennial process

**Status in the current reporting year**

Complete

**Attach the statement**

1

 Carbon Trust Water Standard Certification Letter - Sainsburys.pdf

**Page/section reference**

Whole document (water)

**Relevant standard**

Verification as part of Carbon Trust standard certification

**C10.2**

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

Yes

**C10.2a**

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain

C4. Targets and performance	Year on year change in emissions (Scope 1 and 2)	Carbon Trust Standard	As part of the Carbon Trust Standard, our year on year change in emissions are verified as part of the verification process.
C4. Targets and performance	Year on year emissions intensity figure	Carbon Trust Standard	As part of the Carbon Trust Standard, our year on year change for all of our emissions intensity metrics are verified as part of the verification process.

## C11. Carbon pricing

### C11.1

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

Yes

#### C11.1a

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

Other carbon tax, please specify

UK CRC and CCL tax

#### C11.1c

**(C11.1c) Complete the following table for each of the tax systems in which you participate.**

**Other carbon tax, please specify**

**Period start date**

April 1, 2018

**Period end date**

March 31, 2019

**% of emissions covered by tax**

60

**Total cost of tax paid**

20,000,000

**Comment**

The UK CRC Energy Efficiency Scheme is a mandatory carbon reduction scheme. For the reporting year, we paid ca. £12m in carbon taxes.

We also pay the Climate Change Levy on our electricity and gas consumption. For the reporting year, we paid ca. £8m in CCL, which acts effectively as a carbon tax.

## C11.1d

**(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

We ensure compliance with the Carbon Reduction Commitment working with both internal and external parties to ensure an accurate accounting of our carbon. The increased regulation of carbon emissions has led us to set an internal carbon price to drive further investment in low-carbon opportunities. We have invested extensively in energy efficiency reduction programmes, particularly in our rollout of low-carbon projects across our Sainsbury's stores – a crucial part of our long-term ambition to reduce emissions from stores and depots as formalised in our carbon reduction targets. Climate change regulation and the increasing cost of carbon have been crucial drivers for this investment decision, which we anticipate being regulated for at least the next three years. For more information on our extensive programmes, please refer to the earlier sections of our response, which list these in detail. However, just one example of how we have applied our strategy is our dedicated project to install aerofoils across stores. Following a successful trial that reduced energy use in store by 15 per cent, this year we rolled out aerofoil technology across 1,400 Sainsbury's stores. Inspired by Formula 1 innovations, aerofoil prevents cold air from fridges spilling out into aisles, so we reduce our environmental impacts and energy costs and our customers enjoy warmer aisles. We are investing ca. £6.4m for the installation of these aerofoils. This includes the cost of equipment and installation. We attach these to the front of our refrigeration units to create an air curtain, to stop cold air spilling out into the stores. Fitting the aerofoils is reducing our refrigeration costs by up to 15%, realising a potential saving of nearly £10m.

## C11.2

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

No

## C11.3

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

Yes

## C11.3a

**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

---

**Objective for implementing an internal carbon price**

Navigate GHG regulations  
Stakeholder expectations  
Drive energy efficiency  
Drive low-carbon investment  
Identify and seize low-carbon opportunities

### **GHG Scope**

Scope 1  
Scope 2

### **Application**

UK business

### **Actual price(s) used (Currency /metric ton)**

18.3

### **Variance of price(s) used**

Evolutionary pricing

### **Type of internal carbon price**

Shadow price  
Internal fee

### **Impact & implication**

We take into account the cost of carbon when planning budgets and building business cases for gas and electricity reduction initiatives across the business. The price we use is based on the cost of allowances that must be purchased under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme in the UK (£18.30/tCO<sub>2</sub> in 2018/19) and applies to both scope 1 and 2 emissions. We also take into account the cost of the CCL. The price currently applies to our UK business only, as this form the great majority of our operations, and is updated annually. In addition, each UK corporate division is re-charged this price, further incentivizing low-carbon investment across the business.

## **C12. Engagement**

### **C12.1**

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

Yes, our suppliers  
Yes, our customers

### **C12.1a**

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

---

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

### **Details of engagement**

Run an engagement campaign to educate suppliers about climate change

### **% of suppliers by number**

100

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

100

### **% Scope 3 emissions as reported in C6.5**

55

### **Rationale for the coverage of your engagement**

Sainsbury's engages with all suppliers in some degree on sustainability, but particular attention has been paid to the farmers in our UK Farmer Development Groups, as Sainsbury's recognises the need to protect a vulnerable agricultural supply base that was only covered by small-scale studies not reflective of the industry. We also believe that working with these suppliers will help us reduce carbon emissions from overseas distribution and ensure resilience on the long-term.

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

We have identified several areas of improvement across the Farmer Development Groups by combining cost of production and carbon assessments. This combined approach enables our farmers to identify links between farm costs such as fertilizer, feed and fuel and carbon emissions, reducing both costs and emissions.

For example, our continued work with the Dairy Development Group has focused on soil health, to reduce fertilizer use and thus climate emissions. This year we trialled our first small group tackling a specific issue, feed efficiency. Over 40 farmers were invited to attend workshops, receive consultancy support and test technology innovations, including ear tags that give real-time health alerts and a smart device for feed wagons.

We have also worked on promoting good environmental agricultural practices by sponsoring Open Farm Sunday, which is managed by Linking Environment and Farming (LEAF), an organisation that promotes sustainable agriculture, food and farming. We worked with nine key farms to invite members of the public to learn about our good agricultural practices and sourcing criteria.

We returned as a principal sponsor of Open Farm Sunday for the third year, with around 360 British farms opening their gates to over 290,000 visitors and sharing educational resources we developed with Linking Environment and Farming (LEAF). We are also supporting LEAF's FaceTime a Farmer initiative, which connects schools and farmers on curriculum areas linked to farming. This is inspiring young people and raising awareness of careers in farming.

Nearly 500 of our farmers, growers and suppliers attended our ninth annual Farming

Conference. Speakers included our Group CEO, Food Commercial Director and National Farmers Union President.

The impact of this climate-related engagement with our farmers is that, while ensuring all of our suppliers meet our environmental performance expectations, we also ensure that both our own and the supplier's carbon and environmental footprint decreases.

We measure our success qualitatively through feedback from farmers around our engagement efforts.

## Comment

---

### Type of engagement

Engagement & incentivization (changing supplier behavior)

### Details of engagement

Other, please specify  
Sustainability performance assessment

### % of suppliers by number

100

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

100

### % Scope 3 emissions as reported in C6.5

55

### Rationale for the coverage of your engagement

At Sainsbury's we expect strong social and environmental standards from all of our suppliers, but we recognise that many need practical help and support in implementing more sustainable practices. Our challenge is to build supply chains that are resilient to the social and environmental challenges facing the industry, working closely with farmers, producers and processors to champion and embed excellence in sustainability.

Several of the commitments laid out in our Sustainability Plan relate to our value 'Sourcing with Integrity'. Engaging our suppliers is therefore a key area for Sainsbury's in order to achieve our commitments and develop long-term resilience.

We also plan to engage with all of our own brand suppliers where they supply any of our key raw materials. We are piloting our Sustainability Performance Assessment tool (measuring water amongst other metrics) with these suppliers. Suppliers, farmers and growers are incentivised to report because the SPA tool enables them to measure their business sustainability and create action plans against the results.

### Impact of engagement, including measures of success

We request that growers/farmers supply to us records of water use and crop-specific water risk assessments covering all water used in crop production annually. This allows Sainsbury's to assess where suppliers or growers have a concern around water availability, access or quality. We can also benchmark water use by country/product/grower and identify best practice. We use the reported information to measure success by analysing data to understand where improvements have been made in management techniques.

In addition, the SPA evaluates farm-level risks across four key water-related areas (amongst others), including 1) efficient and cost-effective consumption; 2) control of water quality impacts; 3) sustainable use within catchment constraints; and 4) restoration/conservation of aquatic ecosystems. We use the outputs from the SPA to measure and monitor progress and benchmark sites, and measure success through improvements across metrics related to the four water-related areas.

The impact of this climate-related engagement with our suppliers is that, while ensuring all of our suppliers meet our water stewardship expectations, we also ensure that both our own and the supplier's water and environmental footprint decreases.

These standards are designed to help our farmers and growers identify opportunities to strengthen their economic sustainability, enhance worker well-being and reduce environmental impacts. The results of this process allow progress to be objectively measured and monitored over time and allow benchmarking between sites and suppliers, which is how we measure success.

## Comment

### C12.1b

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

---

#### Type of engagement

Education/information sharing

#### Details of engagement

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

#### % of customers by number

100

#### % Scope 3 emissions as reported in C6.5

55

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

UK households are generating 27 million tonnes of waste each year, so engaging pro-actively with all our customers and providing facilities to help our customers recycle their products is key to our Sustainability Plan.

We want to help our customers recycle unwanted clothing, metal cans, glass, paper, batteries and other materials, as well as supporting global efforts to reduce food waste and working to minimise our own packaging.

We are also committed to removing unnecessary plastics from our business and reducing our packaging waste. Engaging and communicating our efforts with our customers is very important to us.

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

With UK households generating 27 million tonnes of waste each year, we want to help our customers recycle. To help our customers divert unwanted clothing from landfill we expanded our partnership with Oxfam, providing a network of 356 clothing recycling banks in our store car parks. This also generates valuable funds for the charity's work to create a world without poverty. At present, 78% of available sites have Sainsbury's managed recycling facilities, that collectively recycled 29,500+ tonnes of waste this year – an estimated 1 million items per site.

Recently, our Director of Sainsbury's Brand, hosted a YamJam (live Q&A session), with over 8,000 colleagues joining to ask questions on our waste management efforts and to share ideas of how we can make greater change in the business.

Current initiatives include the trialling of "Reverse Vending" machines. The Reverse Vending machine at our Lincoln store allows customers to return plastic bottles and drinks cans in exchange for 5p coupons.

We've planned to install Reverse Vending machines for four more stores, before we roll out across all of our stores in line with the launch of the upcoming Deposit Return Scheme (DRS).

Across all our cafes, customers can now bring their own reusable bottles to our fresh water stands, or their own reusable coffee cup for a 25p discount on their hot drink. We've also encouraged customers to bring their own re-usable containers to our counters for meat, fish, cheese and deli products. These steps have removed over 2,560 tonnes of plastic from our supermarkets and convenience stores.

We are also planning on soon introducing a plastic free filter on our online groceries website so that customers can choose from products that are plastic free, which will engage with every customer who shops with us online.

We are looking at all aspects of plastics in our operations, aiming to replace single use



plastics with alternatives such as bamboo or avocado fibres that have a smaller carbon footprint.

The impact of this climate-related engagement with our customers helps ensure that both our own and the customer's carbon footprint decreases.

We measure our success in these campaigns by the amount of waste that we have diverted. As each of these campaigns are distinct, we evaluate our measures of success according to the unique characteristics of the campaign.

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### **Type of engagement**

Collaboration & innovation

### **Details of engagement**

Run a campaign to encourage innovation to reduce climate change impacts

### **% of customers by number**

100

### **% Scope 3 emissions as reported in C6.5**

55

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

The flexitarian market is fast expanding and is predicted to reach £658 million by 2021.

Due to the rise in demand for plant-based dietary requirements, we must ensure that all our customers have access to a multitude of vegan and vegetarian options.

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

We have invested in innovative new ranges of meat-free alternatives to meet the demands of our customers following flexitarian, vegetarian and vegan diets and are proud to be encouraging our customers to live healthier lives with increasing the amount of these products available to them.

We have significantly boosted the presence of products, or SKUs, on our shelves over the past year. Just in January alone we added 25 SKUs to our vegan range. With more than 100 plant-based meal options in our ranges such as 'Love Your Veg', we continue to expand our vegan and vegetarian ranges for customers who want more alternatives to meat.

To engage our customers even further, we launched a meat-free butchers pop up in time for World Meat Free Week. The three-day popup featured solely vegan products, with a butcher specially trained for plant-based cooking. Through sharing recipe advice and tips and providing customers to taste the delicious products for free, we helped customers get involved in World Meat Free Week and encourage them to try more

plant-based foods and tackle the climate impact that animal agriculture has on the planet.

The impact of this climate-related engagement with our customers is to help our customers live healthier and more sustainable lives with increasing the amount of these products available to them.

We measure success for our engagement here based on sales of these products. Our free-from ranges contribute over £100 million in sales and we outperform the growing allergen-free market.

We also increased volumes in our dairy alternatives category by 8.4 per cent and outperformed the market by offering a wide choice of branded products.

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### **Type of engagement**

Education/information sharing

### **Details of engagement**

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

### **% of customers by number**

100

### **% Scope 3 emissions as reported in C6.5**

55

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

We think it's important to engage all our customers about the causes of climate change, including vehicle emissions. We are proud to be leading the charge in putting the latest electric van technology to the test for grocery deliveries. We're always looking at how we can use the latest innovations to best serve our customers and this trial will help us explore how we can deliver Sainsbury's groceries in a more environmentally-friendly way.

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

This year, our newest recruit sparked into action – Evie. This zero emission electric van is now on the roads delivering online grocery orders to customers across central and east London – the first for a UK supermarket. Evie was joined by Stevie, a second electric van in May and if the trial is successful, the duo could be joined by additional electric vans in other areas across the UK. Both vans have the ability to drop off up to 30 orders a day to customers who have shopped through our groceries online website.

To measure success for our engagement, Evie and Stevie will be put to the test to see whether electric vehicle technology could be an efficient way of delivering groceries to our customers in busy cities. With an expected range of around 80 miles on a single

charge and capacity to carry the same weight as a diesel vehicle, the vans will be making deliveries across London from our Online Fulfilment Centre (OFC) in Bromley-by-Bow.

The impact of this climate-related engagement with our customers is that, while reducing the carbon footprint of a delivery, we also ensure that our own environmental footprint decreases as well. We're delighted to welcome Evie to the team and lead the charge in putting the latest electric van technology to the test for grocery deliveries. We're always looking at how we can use the latest innovations to best serve our customers and this trial will help us explore how we can deliver Sainsbury's groceries in a more environmentally-friendly way.

## C12.3

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

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

## C12.3a

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

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

		(RHI). We also raise awareness of our solar panels and offer store visits for Ministers and backbench MPs.	ensure our investments in solar PV and geothermal technology are sustainable.
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## C12.3b

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

Yes

## C12.3c

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

---

### Trade association

Confederation of British Industry (CBI)

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

Consistent

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

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

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

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

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### Trade association

British Retail Consortium (BRC)- energy working group

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

Consistent

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

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

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

Sainsbury's sits on the BRC Energy group and the Environment group – both of which feed into the overall BRC position on climate change issues. We also regularly feed in

to BRC consultation responses, as well as flagging issues for them to raise on behalf of members.

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**Trade association**

Retail Energy Forum

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

Consistent

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

The Retail Energy Forum is an informal group of energy specialists from major retailers with an independent chair. The aim of the group is to understand and advocate future legislation and share best practice.

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

Sainsbury's sits on this group and meet quarterly. The forum is becoming closer to the BRC to ensure that a consistent message is communicated to Government.

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**Trade association**

British Refrigeration Association (BRA)

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

Consistent

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

The BRA is part of the Federation of Environmental Trade Associations (FETA) and they have been advocating to DEFRA on the F-Gas Legislation. The aim of the End User Group is to ensure representation of companies who will be impacted by this legislation.

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

Sainsbury's have a representative that is Chairman of the BRA End User Group and has attended a number of meetings with DEFRA on behalf of the BRA and Sainsbury's, to influence accordingly.

---

**Trade association**

Business in the Community

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

Consistent

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

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

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

Sainsbury's has in the past judged energy saving initiatives as part of BITC events.

---

**Trade association**

Consumer Goods Forum

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

Consistent

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

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

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

Our Chief Executive of Sainsbury's is on the board of the Consumers Goods Forum.

## C12.3d

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

No

## C12.3f

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

The "Respect for our Environment" value is monitored by an internal steering group chaired by the CEO of Sainsbury's Argos and Board member of J Sainsbury's plc. This group sets our overall climate change strategy and meets every 8-12 weeks to discuss progress and any issues that may be arising. The group includes a member of our Public Affairs and Corporate Affairs team (who lead on our external engagement) to ensure our engagement is consistent with the climate change strategy.

The Chair of the *Respect for our Environment* steering group also sits on our Corporate Responsibility and Sustainability (CR&S) Committee, chaired by an Independent Non-Executive Director. The CR&S Steering Group is also attended by our Chief Executive, Company Chairman, heads of Public Affairs, Corporate Affairs and Corporate Responsibility and Society, to ensure all of our engagement activities are aligned. This robust governance structure ensures that our external engagement and communications are aligned with our corporate position on climate change.

## C12.4

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

---

### Publication

In mainstream reports

### Status

Complete

### Attach the document

1

 Annual Report 2019.pdf

### Page/Section reference

pp.18-27

### Content elements

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

### Comment

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### Publication

In voluntary communications

### Status

Complete

### Attach the document

1

 [7] CRS Q1 Meeting 2018-19.pdf

### Page/Section reference

pp.1-6

### Content elements

Governance

Strategy  
Risks & opportunities

**Comment**

**Publication**


In voluntary communications

**Status**

Complete

**Attach the document**

1

 Sainsburys Values Update 2019.pdf

**Page/Section reference**

pp.3-11

**Content elements**

Governance  
Strategy  
Risks & opportunities

**Comment**

## C14. Signoff

### C-FI

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

### C14.1

**(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Financial Officer	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

**Please confirm below**

I have read and accept the applicable Terms