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We've increased our retail colleague pay by 4 per cent, launched our Waste Less, Save More initiative to reduce household food waste and continue to support our milk farmers through our Dairy Development Group.

- In July we were placed in the top 7 per cent of retailers included in the FTSE4Good Index, with a score of 3.9 out of 5. The FTSE4Good Index assesses key social, environmental and governance practices of companies.
- We've continued to remove even more sugar from our own-brand juices and juice drinks, which will save over 137 million calories from our customers' baskets each year.
- The 280 farmers that supply our own-brand milk are part of our Sainsbury's Dairy Development Group (SDDG). Since 2012 we have used a Cost of Production model, which is reviewed every three months to reflect our farmers' costs and build in a profit for them.
- We announced plans to invest £10 million in helping our customers reduce household food waste through our Waste Less, Save More initiative, which started with a search for a UK town to become the test bed for some of the most innovative ideas in the field.
- Stores, depots and Store Support Centre divisions announced their Local Charity of the Year partners following colleague nominations and customer voting in June. Over 1,600 charities were shortlisted by colleagues and we received over 350,000 votes from customers.
- We recognised the difference our colleagues make everyday with a 4 per cent pay increase for 137,000 retail colleagues.



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Mike Coupe, Chief Executive, said:

"We're delighted to have awarded a 4 per cent pay increase for 137,000 colleagues who work in our stores across the country. We know what a difference they make to our customers each and every day and we're totally committed to rewarding them well for the great service they provide.

Our standard rate of pay is now £7.36 per hour for store colleagues, which compares favourably to the Government's upcoming National Living Wage of £7.20 per hour for workers over the age of 25, and to the National Minimum Wage. Furthermore, we've chosen not to differentiate between over and under 25s, so the new hourly rate of £7.36 will also apply to nearly 40,000 colleagues under the age of 25*. We are proud of being a great place to work for our colleagues and we will also continue to offer the benefits and flexibility we know are valued highly across our business. This year 133,000 colleagues shared a bonus pot of over £50 million."

*Under 18s in store begin on an introductory training rate for the first six months, before moving up to the standard rate of pay

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Other highlights from the quarter include:



In July we further reduced the sugar content of our juice drinks, building on the improvements made in 2014.



WWF commended us for our commitment to source sustainable timber and timber products.

1. Best for food and health

- **Sugar reduction:** In August we reformulated 16 *by* Sainsbury's yoghurts. Based on previous sales we anticipate this will save 37 tonnes of sugar, equivalent to over 147 million calories, from our customers' baskets each year. Furthermore, as part of a project to improve the quality and taste of our own-brand juices and juice drinks, we estimate our reformulation work will also save 34.9 tonnes of sugar from our customers' baskets each year, equivalent to over 137 million calories.
- **Serving customers with allergies:** We were one of the major sponsors of the London Allergy & Free From Show which took place in July. This allowed us to have conversations with our customers, showcase the great products we offer in store and provide expert knowledge and Free From recipes. At the show we provided Free From samples to an audience of 30,000 visitors, as well as an eight page allergy leaflet to inspire customers with gluten, wheat or dairy-free cooking.

2. Sourcing with integrity

- **WWF timber scorecard:** In July, we were commended for our commitment to source sustainable timber and timber products. We have made significant progress on sustainable timber and this placed us in WWF's top band of UK companies for sourcing timber and timber products responsibly.
- **Switch the Fish:** We ran our fourth campaign to encourage customers to broaden the range of fish they eat. On the 12 June, 'Switch the Fish Day', our 446 fish counters offered customers a portion of a lesser known British alternative for free. We gave away nearly four tonnes of fish covering coley, hake, sea bass and loch trout.
- **Sainsbury's Dairy Development Group:** Parts of the British dairy industry continue to face difficulties with volatile pricing. We have continued to support our British milk farmers since 2007 through the Sainsbury's Dairy Development Group (SDDG). These 280 farmers supply our own-brand milk, and since 2012 we have used a Cost of Production model which directly reflects our farmers' costs, building in a profit for them, as well as rewarding outstanding animal welfare and environmental standards. We review the price paid to farmers every three months to take into account changes in their key costs on the farm - feed, fuel and fertiliser.

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Reusable carrier bags will be replacing all single-use bags from October. These will be made from recycled material and will be fully recyclable.



Colleagues at our Mere Green store welcome in their new Local Charity partner, Footsteps.

3. Respect for our environment

- **Food waste:** We announced plans to invest £10 million in helping our customers reduce household food waste, which started with a search for a UK town to become the test bed for a number of innovative ideas. The selected town will receive a £1 million investment in the first year, and will be used as a blueprint so that communities across the country can benefit from the results. Years two and three will be about sharing our findings and rolling out changes on a national level.
- **Carrier bags:** We have announced to colleagues and customers that from October 2015 we will no longer be offering single-use carrier bags in any of our stores, in line with government legislation. Instead we'll offer stronger recycled and recyclable 5p carrier bags that will be replaced for free once they have worn out. All profits from these bags will be donated to good causes local to our stores. The move comes in response to the government's levy on single-use bags which will be introduced in England and reflects our ambition to help reduce the number of single-use bags in circulation.
- **'The UK's Greenest Grocer':** Our internal colleague behavioural change programme, 'The UK's Greenest Grocer', won the Internal Engagement category at the 2degrees Champions Awards in July. Members of the public voted for the winners and our entry was viewed by almost five million people. Over the last year our colleagues have saved enough energy to power over 4,700 homes for a year, through simple habits such as closing cold store doors and pulling down night blinds on fridge cabinets.

4. Making a positive difference to our community

- **Local Charity of the Year:** Stores, depots and Store Support Centre divisions announced their Local Charity of the Year partners following colleague nominations and customer voting in June. Over 1,600 charities were shortlisted by colleagues and we received over 350,000 votes from customers.
- **Sainsbury's Anniversary Games:** Mo Farah made a surprise visit to children at an Active Kids registered school, where he joined an athletics training session to offer expert advice including practical demonstrations ahead of the Sainsbury's Anniversary Games. World class athletes, including Jessica Ennis-Hill and Usain Bolt, put on spectacular performances at the competition which returned to the Olympic Stadium between 24 and 26 July.
- **The Royal British Legion:** We were proud to support The Royal British Legion's National Day of Remembrance for VJ Day in London on Saturday 15 August 2015. The day, which was highlighted by an RAF Flypast and Drumhead service on Horse Guards Parade, was attended by over 1,250 veterans as well as Prime Minister David Cameron, HRH The Prince of Wales and HRH The Duchess of Cornwall.

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In August, over 180 colleagues supported the Leeds Pride event.

5. A great place to work

- **Reward:** This year we announced a 4 per cent pay increase for retail colleagues, our highest increase in over a decade. This means 137,000 of our colleagues are now paid an hourly rate of £7.36, which is above the National Living Wage, due to come into force in April 2016, and also well above the current National Minimum Wage.
- **Learning and development:** We've launched two new Fish and Bakery apprenticeship programmes, developing specific craft skills. These programmes will support our colleagues to achieve an apprenticeship diploma, awarded by the City & Guilds, which reflects their ability to provide excellent customer service within their chosen area. We have 227 colleagues enrolled to date.
- **Diversity and inclusion:** A number of our stores have supported Lesbian, Gay, Bisexual and Transgender community events. In total, we're attending 27 Pride events across the UK to support our ambition to be the most inclusive retailer where people love to work and shop.
- **Diversity and inclusion:** We're proud to be co-sponsors of the largest ever survey of race at work in the UK. Run by Business in the Community, the aim of the survey is to hear from 10,000 working people to better understand the experience of ethnic minorities at work in the UK. We pride ourselves on being an inclusive employer, but we also recognise that there can be challenges to succeeding as a black, Asian and minority ethnic (BAME) person employed in the UK. We want to help all of our colleagues fulfil their potential, so we'll be using the results of this survey to build on our own action plans and understand how we can help colleagues from all backgrounds progress in their careers with us.