

# OUR VALUES MAKE US DIFFERENT

Corporate Responsibility  
Report 2008

**Sainsbury's**



# Contents

Introduction	4
Forum for the Future statement	7
Our awards	9
Our values	10
Our heritage	11
The issues that matter to us	12
How we engage with our stakeholders	13
How we engage with our customers	14
Progress against last year's targets	17
Our new targets	25



<b>1. Best for food and health</b>	<b>32</b>
Making our products healthier	34
Promoting healthy eating	38
Clear and transparent labelling	40



<b>2. Sourcing with integrity</b>	<b>42</b>
Supporting British products	44
Regional products	50
Offering a wide range of organic products	52
Supporting Fairtrade	54
Ethical, sustainable sourcing	58
Working with suppliers	68



<b>3. Respect for our environment</b>	<b>70</b>
Energy efficiency and carbon management	74
Waste reduction including carrier bags, packaging and food waste	82
Pesticides	90



<b>4. Making a positive difference to our community</b>	<b>92</b>
Tackling childhood obesity	94
Supporting local communities	100
Promoting safer neighbourhoods	105



<b>5. A great place to work</b>	<b>106</b>
Skills and development	108
Colleague voice	110
Colleague health and wellbeing	111
Equality and inclusion	112

# Chief Executive's INTRODUCTION



At Sainsbury's we take a deep interest in the impact of our operations and this is as relevant today as it was in 1869 when we opened our first store to bring good-quality, safe food into the reach of poorer parts of London. Being a responsible retailer is part of our heritage and our customers continue to tell us that social, environmental and ethical concerns should remain at the core of how we do things.

Today, the issues are wide-ranging and increasingly complex. The right thing to do is often not clear-cut as good intentions in one area often create unintended consequences in another. It's also a constantly developing agenda. At Sainsbury's our approach is to take the widest range of information into account so that changes we make stand the test of time. We want to create real and lasting difference rather than a series of short-term fixes.

A good example to demonstrate this challenge is in sourcing. We're committed to sourcing British products when they're in season but also know that buying produce from overseas can provide a valuable income to communities in developing countries.

Neither is something sourced from the UK automatically more environmentally responsible than products sourced from further afield. When you take the total production and distribution of a product into account, roses grown in natural sunlight, but flown in from Kenya, have a lower carbon footprint than those grown under glass in Europe for around eight months of the year.

Sainsbury's has five principles that provide a framework for the way that we do business.

The first is to be the '**best for food and health**', focusing on making sure we help colleagues and customers eat a healthy balanced diet by being open about what's in our products and how they're produced. We work hard to make products as healthy as we can, but know customers still want tasty food. We have removed artificial colours, flavour enhancers, the sweeteners aspartame, saccharin and acesulfame K, and the benzoate group of preservatives from nearly all our own-brand food and drink including a market first for our lime cordial, which now contains no added colour. The only exceptions are where it compromises product quality. In these cases our approach is simple: we believe through clear labelling on product packaging, customers are able to choose for themselves.

The second principle is '**sourcing with integrity**'. This involves being fair to farmers and suppliers both at home and abroad as well as using sustainable resources in all our products. We continue to support dairy farmers through Sainsbury's Dairy Development Group, which invests in improving their efficiency and paying them a fair price for their milk. In November 2007 we announced that palm oil used in our own-brand products would come from certified sustainable sources.

The first food on UK supermarket shelves to contain certified sustainable palm oil were our 'basics' fish fingers in May 2008, making an everyday food more ethical. Honest and transparent labelling will again help customers, as Sainsbury's is the first supermarket to label the use of palm oil in its food.

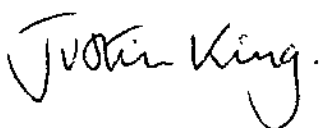
We always endeavour to show '**respect for our environment**', taking responsibility for reducing our impact and helping our customers do the same, such as in our work on carrier bags. We're increasing the level of recycled material in our bags as well as rewarding customers who reuse theirs. We are against the introduction of a levy on bags as there is no evidence to show this will help reduce either plastic usage or overall impact on the environment. It's a great example of where a seemingly obvious solution doesn't always deliver the desired effect. We also believe that change which involves customers in a positive way is most likely to have a lasting effect.

Next is all about '**making a positive difference to our community**'. We want to play an active role in our local communities and make sure we are being a good neighbour.

Our Active Kids scheme supports our local schools by providing sports and cooking equipment to them. Since the launch in 2005, £52 million of sports equipment, kit and coaching have been donated to over 36,000 UK children's groups, including schools, nurseries, Scout and Girlguiding UK groups. Nearly 40,000 registrations have been received for this year's scheme.

The fifth principle is to provide '**a great place to work**'. It's the hard work and commitment of colleagues that makes achieving our goals possible. We want all our stores, depots and offices to be places where everyone is valued and supported. We also think it's important to offer colleagues the opportunities to develop their skills and we want every colleague to be proud to work for us. That's why we gave 118,000 colleagues the chance to share in our success by paying out £56 million in colleague bonuses in 2007 and why we were the first supermarket to sign the Government's Skills Pledge in June 2007, committing to give all colleagues the opportunity to gain a nationally recognised qualification during their time with us.

So you can see how our commitment to be a responsible retailer remains as strong now as ever. In many ways, you could say that our guiding principles remain the same today as they did when we opened our first shop and we believe that is why **Our Values Make Us Different** at Sainsbury's.



**Justin King**  
Chief Executive  
Chair of CR Steering Group

Ever since Sainsbury's first traded in 1869, good values and good food have been right at the heart of the business. And this year I believe that our 5 CR Principles have become even more significant to the way we do business.

As chairman of the CR Committee, I report to the Board twice a year on our plans and progress and we regularly have presentations from executive colleagues highlighting progress on each of our principles. Philip Hampton and Justin King both sit on this committee.

Despite the current financial climate, issues of animal welfare, food quality, energy and waste continue to be important to our customers.

On food, we boast a number of UK firsts. Our 'basics' fish fingers are the first ever food to contain certified sustainable palm oil and we're already the biggest retailer of Fairtrade products in the UK, having converted 100% of our bananas to Fairtrade and announced plans to convert all of our tea and roast and ground coffee.

In these tough times, our 'Feed your family for a fiver' TV campaign is inspiring customers to cook simple, healthy recipes on a family budget and is proving to be a great success.

Reducing our waste and helping customers to reduce theirs is of utmost importance. Landfill is no longer the only option. We remain committed to minimising our waste from packaging and food, and this year we reduced our waste sent to landfill by 5,048 tonnes - a decrease of 6% in absolute terms.

We continue to play an important part in the community by helping to tackle childhood obesity and over the last three years have contributed £52 million worth of sports and activity equipment to schools through Active Kids.

We are really proud of our progress on skills and development and were the first supermarket to sign up to the Government's Skills Pledge. In addition we also run programmes that help the long term unemployed and ex-offenders return to work.

Justin and I have hosted a number of roundtable discussions over dinner this year for a wide variety of guests, representing farmers, charities, the Ethical Trading Initiative, Forest Stewardship Council, Government departments, The Scout Association and Girlguiding UK, police and prisons, the CBI, food journalists and many others. We've had free and open discussion leading to some marvellous ideas, and have been given some valuable feedback on our business.

Our customers, colleagues and stakeholders can see that at Sainsbury's, our values really do make us different.



**Anna Ford**  
Non-Executive Director  
Chair of CR Committee



# Forum for the Future statement



Sainsbury's has long understood that operating in a responsible way is good for the business, and understands the breadth of the issues, challenges and opportunities it faces. This particular slice of the history of Sainsbury's is important - and is picked up in each of the main sections of this report.



It provides the current leadership of Sainsbury's with a very solid foundation from which to take forward new initiatives, and it means that corporate responsibility/sustainable development is much more deeply embedded in both the values and the operating practices of employees than might otherwise be the case with those who have come to this agenda more recently.

We suspect that's going to be even more important over the next year or so. The economic downturn raises difficult questions about how best to sustain and even accelerate the company's many commitments in this area. The rise in the cost of food over the last few months has been dramatic, ensuring that customers will be even keener to seek out those win-win purchases: doing right by their wallet as well as the world. "Feed your family for a fiver" absolutely meets that criterion of keeping the sustainable affordable.

In good times or less good times, the retail sector has a vital role to play in delivering more sustainable systems of production and consumption. The size of retailers like Sainsbury's means that they can facilitate very positive change up and down their supply chains. Used in the right way, initiatives can both support local economic development whilst helping their supplier operations around the world to become more environmentally and socially responsible.

In this respect, Sainsbury's initiatives such as the Dairy Development Group and its regional meat-sourcing projects are signals of how important it is for UK food retailers not just to "be concerned" about UK farmers and growers, but to work actively with them to deliver what customers want.

For us, this is as much about fair trade as the formal Fairtrade initiatives that Sainsbury's is involved in. With its unambiguous pledge "to do more to support fair trade than any other supermarket", its Fair Development Fund is an example of precisely the kind of leadership that is now required. By 2010, 100% of its own brand tea and coffee will be Fairtrade, building on the considerable success of its campaign for Fairtrade bananas.

These initiatives take time and unstinting support from the Board and senior management. But some agendas are now moving so fast that no company can afford to feel satisfied with progress to date. On climate change, for instance, governments the world over are responding to scientific advice by setting more and more ambitious targets for both businesses and the private citizen. In that respect, we would urge that Sainsbury's will need to be more ambitious in some of its climate change objectives, and to give serious thought to moving beyond reduction targets measured against the amount of floor space it operates or the amount of produce it sells. It will need to set some absolute reduction targets - regardless of how fast it is growing.

## Forum for the Future statement

Why is this so important? The work that Forum for the Future has been doing on **business leadership** is based on the assumption that the world's most progressive companies will need to get even better at understanding their operating environment. You can see how important this is by contrasting the company's "sourcing with integrity" commitments today (across literally dozens of different 'issues') with the very first Corporate Responsibility Report in 1996.

It just goes on getting tougher, across the board, and to stay ahead of all those drivers of change, Sainsbury's has to be totally confident about such challenges as "operating within strict environmental limits" or "optimising benefits for our employees and the communities in which we're located" - these are now the pre-conditions of future business success.

To some, all this may sound somewhat threatening - "an endless litany of more and more unreasonable expectations", as some have come to see corporate responsibility at its most expansive! But when you combine all those different stakeholder interests with pressing obligations around healthy food and active lifestyles, as well as all the big picture environmental stuff, it's obvious why putting sustainable development / corporate responsibility at the heart of the business (in the Chief Executive's office indeed) is core to creating sustainable value for shareholders.

As one of our 11 Foundation Corporate Partners, we have celebrated with Sainsbury's their many successes (including many 'firsts' that perhaps do not get as much as external recognition as they should), and used to the full the licence they give us to be very critical, when that seems appropriate, and very challenging in terms of 'next steps' and future breakthroughs. There are a number of really 'crunchy' issues where Sainsbury's knows it has a huge amount still to do, but this is a company that takes the concept of 'sustainable value creation' very seriously, enabling it to speak with **one** voice to its shareholders, its customers, its own employees and to all its other stakeholders.



**Jonathon Porritt**  
Founder Director, Forum for the Future

**Lena Staafgard**  
Senior Advisor, Forum for the Future

The Forum for the Future's mission is to accelerate the building of a sustainable way of life, taking a positive, solutions-oriented approach. It is a Registered Charity in the UK (number 1040519). The Forum for the Future is not an auditor or a verifier. As such these comments should not be read as verification of data or information contained within the report.

Sainsbury's is one of Forum for the Future's Foundation Corporate Partners. Through this partnership Sainsbury's makes a direct financial contribution to Forum for the Future. Last year Forum's income from Sainsbury's represented less than 1% of Forum's turnover. The partnership is currently in its 7th year.



## Our awards

We have won a number of awards over the last year and, whether being named in the Times Top 50 Places Where Women Want to Work or taking home an Observer Ethical Award, it's always nice when our efforts are recognised.

### 2007

- BITC CR Index – Platinum status**  
 Achieved the highest rating possible for the second year running, for our commitment to responsible retailing
- Compassion in World Farming Award – Best Volume Retailer**  
 Most impressive commitment to animal welfare of any large-scale retailer
- Compassion in World Farming Award – Most Improved Supermarket**  
 Commitment to improving the welfare of animals (improved 28% on 2005 survey)
- Seafood Retailer of the Year 2007**  
 Sustainable fish sourcing
- Grade A in Greenpeace 'Green Tissue' ratings**  
 Recycled & FSC-certified paper in all own-brand tissues, kitchen towels and toilet rolls
- Grade B in the National Consumer Council's *Green Grocers* report**  
 Rated top of the big four supermarkets for helping shoppers make greener choices
- Energy Saving Trust Fleet Innovation Award**  
 Green online delivery vans & new technology (e.g. GPS) to reduce mileage
- Industrial Agents Society (IAS) 'Green Award' for Sustainable Achievement**  
 Sustainable design and carbon emission reductions in our new Northampton distribution centre
- Highly Commended in the City of London Sustainable City Awards 2008 for Resource Conservation**  
 Conserving use of energy and diverting waste from landfill
- Best Supermarket Initiative of the Year in The Observer Ethical Awards 2007**  
 For our leadership on compostable packaging
- Diamond Award for 'Recruiting Disabled People'**  
 MENCAP WorkRight scheme
- The Times Top 50 Places Where Women Want to Work**  
 Fostering diversity and career opportunities for all
- Employers' Forum on Age Award for Innovation**  
 Bakery Apprenticeship Scheme – innovative initiatives to challenge discrimination
- Investors In People re-accreditation**  
 Being a great place to work – in policy and in practice
- National Training Award**  
 Foundation Training

### 2008

- FTSE4Good Index**  
 Included in FTSE4Good Index for seventh year running, in recognition of our management of environmental, social and ethical issues
- The Observer Fleet Hero Award 2008**  
 Electric vans – innovative green delivery fleet
- Noise Abatement Society John Connell Innovation Award**  
 Involvement and cooperation in a night-time delivery trial with Doncaster and Wandsworth councils
- Clean City Award Scheme 2008 – Platinum Award**  
 Recycling and waste management at Store Support Centre
- Opportunity Now Female FTSE 100 Award**  
 UK business with most women on the Board



FTSE4Good



INVESTORS IN PEOPLE UK



# Our goal

... At Sainsbury's we will deliver an ever improving quality shopping experience for our customers with great products at fair prices. We will exceed customer expectations for healthy, safe, fresh and tasty food making their lives easier every day.

As a leading food retailer  
we focus on being

## 1. BEST FOR FOOD AND HEALTH



...that's why we're so  
committed to...

## 2. SOURCING WITH INTEGRITY

And because we source from around the world  
and sell in the UK we have to show

## 3. RESPECT FOR OUR ENVIRONMENT



...and play an active role  
in the communities that we serve

## 4. MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

All this is possible through the commitment  
of our colleagues so we make Sainsbury's

## 5. A GREAT PLACE TO WORK



And that's  
why we believe

OUR VALUES  
MAKE US  
DIFFERENT

# Our heritage

Since we opened our first store in Drury Lane, London, in 1869, our aim has been to sell the best quality products at fair prices. This remains core to our business goal:



## Then and Now:

In **1882** we launched our first own-brand products. Today our own-brand range is at the forefront of our commitment to be the best for food and health.

In **1898** we first bought meat and poultry from Lloyd Maunder. The company still supplies us with our chicken today.

In **1903** we started buying our Red Label tea from Finlays. We still do - and now it's all Fairtrade.

In **1913** we began cardboard recycling. We still recycle today as part of our focus on reducing, reusing and recycling our waste.

In **1914** we set up our first training centre. In 2007 we were the only major supermarket to be re-accredited by Investors in People.

In **1950** we launched the UK's first self-service supermarkets. Last year we were voted the Retail Industry Supermarket of the Year for the second year running.

In **1974** we launched our bakery apprentice scheme. The scheme now offers colleagues a recognised NVQ qualification.

In **1989** we introduced the first carrier bag made from recycled material. Last year we gave away 15 million reusable 'Bags for Life' - all made from 100% recycled material.

In **1999** we established Britain's first low-energy superstore, in Greenwich. Today, the Greenwich store now consumes 73% less electricity from the grid and, as a result of this, has achieved CO<sub>2</sub> emissions 60% below that of a standard store.

After 139 years, our values and guiding principles are essentially the same as they have always been – and that's why we believe **Our Values Make Us Different.**



# The issues that matter to us

We aim to approach complex issues of responsibility and sustainability in the most responsible way possible whilst also helping to effect positive change amongst those we touch - customers, colleagues, suppliers and wider stakeholders.

Our five Corporate Responsibility principles reflect the key issues we face. They are also inextricably linked to our core business goal of exceeding customer expectations for healthy, safe, fresh, tasty food at fair prices. The priority we assign to each of these issues is set through assessment of their significance to the business and to our key stakeholder groups: customers, colleagues, investors, suppliers, NGOs and Government.

In the food retail sector we face a wide range of challenges and we recognise the importance of continually engaging with our stakeholders so that we can respond appropriately to their concerns - taking relevant actions and reporting back on our progress.

## Our Corporate Responsibility governance structure



# How we engage with our stakeholders

To understand issues more fully and make better decisions, we talk regularly with customers, colleagues, NGOs and the Government and its agencies.

Talking with the Food Standards Agency, the British Nutrition Foundation and the National Consumer Council has informed our approach to food and health issues. Similarly, our discussions with Greenpeace on the effects of beam-trawling contributed to our decision to switch to line-caught cod and haddock. Throughout this report there are many more examples of positive engagement with stakeholders.

We hold a series of Corporate Responsibility dinners throughout the year to promote dialogue on each of our Corporate Responsibility principles, inviting key stakeholders for discussions with our CEO, Justin King, as well as CR Committee Chair, Anna Ford, and relevant executives. This year, attendees included:

Bangor University  
Biffa  
British Medical Association  
British Nutrition Foundation  
Business in the Community  
Carbon Trust  
Charities Aid Foundation  
Confederation of British Industry

Cross Government Obesity Unit  
Dairy Crest  
Debbie & Andrew's Sausages  
Denhay Farms Ltd  
Department for Children, Schools & Families  
Department for Environment, Food and Rural Affairs  
Department for Work and Pensions  
Department of Communities and Local Government  
Department of Health  
Elmore Back Farm  
Energy Saving Trust  
Enviros Consulting Ltd  
Ethical Trading Initiative  
FareShare  
Forest Stewardship Council  
Forum for the Future  
Friends of the Earth  
Girlguiding UK  
Great Ormond Street Hospital for Children  
Green Alliance  
Groundwork UK  
Holloway Prison  
Home-Start  
House of Commons  
HRH Prince Charles Charities  
Institute for Public Policy Research  
Leith's School of Food and Wine  
London Government Association  
Manchester Business School  
Medway Council  
Mencap  
MEND  
Metropolitan Police  
Moy Park Ltd

National Consumer Council  
National Farmers Union  
National Federation of Women's Institutes  
Netmums  
Oxford Health Alliance  
Policy Division  
Rexam plc  
Sancroft  
School Food Trust  
Soil Association  
Sport England  
Strathisla Farms  
Sustainable Development Commission  
The Fairtrade Foundation  
The Industry Council for Packaging and the Environment (INCPEN)  
The Scout Association  
The Work Foundation  
Tomorrow's People  
Trades Union Congress  
V  
Variety Club Children's Charity  
Waltham Hall Farms  
We Are What We Do  
Women's Food & Farming Union  
Work and Pensions Select Committee  
WRAP  
Youth Sport Trust

## Our memberships

British Retail Consortium  
Business in the Community  
Confederation of British Industry  
Drinkaware  
Employers' Forum on Age  
Employers' Forum on Disability  
Ethical Trading Initiative

Food and Drink Federation  
Forum for the Future - Foundation Corporate Partner  
FTSE4Good Index  
Gangmasters Licensing Working Group  
Green Alliance  
Institute of Grocery Distribution

London Benchmarking Group  
Opportunity Now  
Race for Opportunity  
Roundtable on Sustainable Palm Oil  
Supplier Ethical Data Exchange (SEDEX)  
World Wildlife Fund - Forest and Trade Network



ethical  
trading  
initiative





# How we engage with our customers



## **'Make the difference' days**

Our 'Make the difference' days are a call to action. Held once every month, they offer customers and colleagues simple steps and inspiration for tackling complex issues. These special days demonstrate how, through positive action and working together, we can really 'make the difference'.

We held our first 'Make the difference' day in April 2007. Each day highlights a sustainability issue or opportunity, with a goal of inspiring customers and colleagues with practical ways to effect real change.

'Make the difference' days follow our five Corporate Responsibility principles, taking our values out of the boardroom and putting us in partnership with our customers and colleagues to deliver change.

**WITH OVER 16 MILLION CUSTOMERS VISITING OUR STORES EVERY WEEK, WORKING TOGETHER MEANS WE CAN REALLY MAKE THE DIFFERENCE**



To date, our 'Make the difference' days have included:

- **Bags for Life:** over three separate 'Make the difference' days, we gave away 15 million reusable 'Bags for Life' and 8 million fridge magnets and car stickers to remind customers to reuse their old bags. Our Bags for Life are made from 100% recycled material and we replace them for free when they eventually wear out.
- **FSC-certified toilet paper:** to highlight our move to 100% recycled or FSC-certified tissue, we gave out 5 million toilet rolls to customers.
- **Fairtrade:** in celebration of our conversion to 100% Fairtrade bananas, we rewarded customers with double Nectar points for purchasing Fairtrade products.
- **Energy-saving lightbulbs:** we asked customers and colleagues to make an energy-saving pledge and gave away 1 million energy saving lightbulbs in return.
- **Change the World for a Fiver:** we gave our 150,000 colleagues a special edition publication of *Change the World for a Fiver*, in partnership with the social change movement, *We Are What We Do*.

# OUR TARGETS

Each year we set ourselves targets that allow us to measure our progress year on year, identifying areas where progress is being made or areas where we need to do better.



# Progress against our 07/08 targets

## 1. BEST FOR FOOD AND HEALTH



### Making our products healthier

We will fry our snack range in sunflower oil, resulting in a 70% reduction in fat



#### Target met

All snacks are now fried in sunflower oil (the majority in high oleic), resulting in a saturated fat reduction of up to 70% in some products.

From June 2007, our standard drinks will contain full sugar and no aspartame or other sweeteners



#### Target met

Achieved in conjunction with No Artificial Flavours, No Artificial Colours and removal of benzoate preservatives.

All our own-brand alcohol products will display information on recommended maximum daily intake by the end of 2009



#### On track

20% of our alcohol products currently display maximum daily intake.

We will develop an investment plan to remove phosphates from all TTD cooked meats



#### Target met

We have removed phosphates from approximately 50% of TTD cooked meats and are actively engaged in preparing for further conversions to phosphate free across the range. We recognise that there are a number of products where it is not currently feasible to do so without compromising the physical and eating quality of the meat and we are exploring how to overcome these challenges going forward.

### Promoting healthy eating

We aim to rollout 'Best for food and health' training to all colleagues in the next year



#### Target partially met

Three major trials undertaken. We are now evaluating the results of these trials.

### Clear and transparent labelling

Multiple Traffic Light (MTL) labelling on all own-brand products by December 2007



#### Target met

We have introduced MTLs on all relevant priority own-brand products (almost 5,000 in total). We remain committed to ensuring all *relevant*\* products carry the MTL.

\* A significant proportion of Sainsbury's food products, such as fresh produce or products containing a single ingredient (e.g. a bag of sugar), are not appropriate to display the MTL.



## Progress against our 07/08 targets

Key



Target exceeded or met ahead of schedule



Target met or on track



Target almost or partially met



Target not met

## 2. SOURCING WITH INTEGRITY

### British and regional

IT equipment will be distributed to beef farmers as part of 'Farm Connections' by June 2007



#### Target met ahead of schedule

As part of our 'Farm Connections' initiative, 700 beef producers have been provided with computers (January 2007), basic Microsoft training and farm business management software training (April 2007).

All our rotisserie chickens on deli counters will be 100% British by August 2007



#### Target met

All rotisserie chickens were converted to British chicken in October 2007.

We will double the amount of UK-sourced meat in all pre-packed cooked meats by December 2007



#### Target met

We have significantly increased the proportion of British meat across our pre-packed cooked meat range. Our 'Taste the difference' range uses 100% British meat. All labels clearly state the origin of meat.

Our meat counter will offer 100% British beef, lamb, pork and poultry by September 2007



#### Target met

All beef, lamb, pork and poultry sold on our meat counters is now British.

It remains an ongoing target to ensure all strawberries are sourced from the UK where possible



#### Target met

We have worked with our suppliers to extend the British strawberry season. Over 68% of our strawberries are now British sourced as a result (measured by tonnage).

We will continue to increase the proportion of white fish we source from Britain



#### Target met

We now buy more British pollack than any other UK retailer.

All farmed, fresh salmon to be of Scottish origin by August 2007



#### Target met behind schedule

All our own-brand fresh salmon is now 100% Scottish and 'Responsibly Sourced', reared to RSPCA Freedom Food standards. This was achieved in June 2008.

Our intention is to extend our Farm Connections initiative to lamb producers in 2007/08



#### Target partially met

Extension of Farm Connections to lamb producers will be rolled out over a 12 month period, commencing in May 2008 with the rollout of laptops and software.

All our pre-packed ham to be 100% British by December 2007



#### Target partially met

Approximately 60% of our pre-packed ham is now produced from British pork. We do not believe that, with the current instability in British pork production, further conversion is economically achievable.

All regional pickles and chutneys will be on our counters by August 2008



#### Target not met

This initiative is not being progressed.

### Organics

In 2007 we intend to extend 'Farm Promise' to other top-selling British fruit and eggs as well as whole and skimmed milk



#### Target partially met

Whilst we have continued to support our in conversion British fruit suppliers (suppliers moving to organic status), we did not market their product as 'Farm Promise' this year. We are reviewing the scope and future direction of Farm Promise to strengthen its benefits for our customers and growers. However, we have extended our successful 'Concept Orchard' with the launch of our 'Organic Concept Orchard'.

MILK: We have not launched skimmed or whole 'Farm Promise' milk. Instead, we have increased distribution of semi-skimmed milk to all stores, increasing distribution and therefore volume from 260 up to 480 stores.

## Fairtrade

Our entire banana range will be 100% Fairtrade by July 2007



### Target met

All our bananas are now Fairtrade.

We aim to have 100% of our roses from Kenya as Fairtrade by April 2008



### Target met

Target met by Valentine's Day 2008.\*

\* Excludes 'Sweetheart' roses and Kenyan roses in mixed bouquets.

## Ethical, sustainable sourcing

75% of all our wood-based products to have Forest Stewardship Council certification by the end of 2008



### Target exceeded

This was achieved by December 2007, a full year ahead of schedule.

In March 2007 we launched the first of our supplier 'Talkback' surveys, which encourage dialogue and engagement between our suppliers and our business. These will be repeated every three months



### Target met

We continue to maintain supplier Talkback and respond to our feedback. In February 2008 we responded to more than 600 questions submitted by our suppliers at our Technical Supplier Conference.

We will cease the sale of any eggs from caged birds by 2012



### Target met

We are on track to meet this commitment ahead of our 2012 target. All such eggs will be produced to Freedom Food standard.

We will convert our top five fish species, representing 80% of our sales, to green status by 2010



### Target on track

We will integrate our fish sourcing and sustainability policy in all canned, ready meals and processed fish by the end of 2008



### Target on track

We aim to double our sales of MSC-certified products by the end of 2008



### Target on track

We aim to double our sales of green-rated fish by the end of 2008



### Target on track

We aim to procure 100% of primary produce from EurepGap or equivalent accredited sources



### Target met

100% Assured Produce Scheme for UK supply, 98% GlobalGAP (the new term for EurepGap) for the rest of the world and the remaining 2% are new suppliers, whom we are working with to achieve certification.

As soon as sustainable palm oil becomes commercially available, which is anticipated for 2008/09, it will be chosen by our suppliers



### Target met

The first food on UK supermarket shelves to contain certified sustainable palm oil were our Sainsbury's 'basics' fish fingers in May 2008. By August 2008 Sainsbury's will also be the first supermarket to sell soap that contains certified sustainable palm oil.

By December 2007 we commit to selling 100% Freedom Food (or equivalent accreditation) duck



### Target partially met

We source 100% Freedom Food duck, except during promotional periods, and we are working to secure sufficient volumes of supply during these times.

We are committed to working within the UK Government's target of 90% peat-free growing by 2010



### Target partially met

We have been running a range of projects to test the viability of peat as a growing mechanism. We will be able to give a clearer indication of our progress in our 2009 report.



## Progress against our 07/08 targets

### Key



Target exceeded or met ahead of schedule



Target met or on track



Target almost or partially met



Target not met

## 3. RESPECT FOR OUR ENVIRONMENT

### Energy efficiency

We will reduce our CO<sub>2</sub> emissions per square metre by 25% by 2012 against a 2004/05 baseline



#### On track

In 2007/08 we reduced our CO<sub>2</sub> emissions per square metre to 421 kgCO<sub>2</sub>/m<sup>2</sup> and we are on track to meet our 2012 target.

NB: This target will now be realigned with corporate targets to a 2012 target date, against a 2005/06 baseline.

We will reduce CO<sub>2</sub> emissions per case transported by 5% by March 2009 against a 2005/06 baseline



#### On track

We are on track to achieve this.

We are aiming to reduce the like-for-like distance our fleet and our suppliers travel by 5 million km by 2010



#### On track

We have reduced the like-for-like distance travelled by our fleet and suppliers by 1.2 million km this year, not including the mileage reduced for UK plc through backhauling.

100% of online shopping deliveries in urban areas to be delivered by electric vans by 2010



#### On track

We have met our annual milestones on this target. Further investigation however has revealed that this target is no longer appropriate, for both environmental and commercial reasons. We will not therefore be carrying this target forward.

We are targeting eight projects to use our offsite construction methods by March 2008 (cutting down the build time on site)



#### Target met

All eight projects successfully utilised offsite construction methods.

We have targeted depots to achieve a 5% reduction in electricity usage by 2008 and 12% by 2010 (against a baseline of 2005/06)



#### Target partially met

We have not met our 2008 target of a 5% reduction but remain on track to achieve a 12% reduction in our electricity usage by 2010.

By September 2008, 20% of our online deliveries will be made using electric vans



#### Target almost met

We are on track to meet this by April 2009.

Our target for 2007/08 is to ensure 30% of our construction projects are delivered using our recycling and consolidation centre, delivering a 50% reduction in vehicle movements by March 2008



#### Target partially met

By March 2008 30% of our southern construction projects were using our recycling and consolidation centre, delivering an 88% reduction in vehicle movements in these projects.

100% of our construction suppliers will be accredited to a recognised Environment Management System (EMS) by March 2008



#### Target partially met

91% of our 1st tier construction suppliers are now accredited to a recognised EMS. By June, 100% will have achieved this status.

### Water use

We plan to commence live trials of the urinal flushing, utilising a non-hazardous microbiological system, in stores and depots, by the end of August 2007 and full rollout during the second half of 2007/08, giving a saving of 210 million litres from our 2006/07 baseline



#### Target exceeded

Urinal flushing system trials were completed and rolled out to all stores by end December 2007. This is anticipated to give an annualised saving of 210 million litres.

We will reduce our mains water usage by 50% by March 2009 against a 2005/06 baseline. In 2007/08 we will reduce our water usage to 2,600m<sup>3</sup> against a 2005/06 baseline (equivalent to a 35% reduction)



#### Target partially met

We have rolled out initiatives that have reduced our water consumption by 20% but are still on track to meet our long-term target of a 50% reduction.

NB: This target will now be realigned with corporate targets to a 2012 target date, against a 2005/06 baseline.

We have set a 2007/08 target to fit water-saving taps to colleague and customer toilets in 400 stores, saving circa 250 million litres from our 2006/07 baseline



#### Target partially met

During 2007/08 we visited 510 stores and fitted a total of 2,200 water-saving taps, giving an annualised saving of 80 million litres. We will continue to rollout this programme to the remainder of our estate, where appropriate, by end March 2009.

## Waste reduction

90% of our SO Organic produce packaging will be recyclable, reusable or compostable by September 2007



### Target met

90% of our SO Organic produce packaging is now recyclable or compostable.

By 2008, 100% of our Easter egg packaging will be recyclable, reusable or compostable



### Target met

100% of boxed Easter egg packaging in 2007/08 was recyclable, reusable or compostable.

We are working towards meeting our target to reduce packaging by 5% relative to turnover by 2010 against a 2004/05 baseline



### On track

We had already achieved a 2.6% reduction by March 2008.

We will reduce waste to landfill by 50% relative to sales by 2010, against a 2005/06 baseline



### On track

In 2007/08 we reduced the amount of waste sent to landfill by 5,048 tonnes - a decrease of 6% in absolute terms during a year of strong sales growth. Over the same period we increased the amount of waste diverted from landfill by 1,595 tonnes.

NB: This target will now be realigned with corporate targets to a 2012 target date, against a 2005/06 baseline

Our target is to recycle 100% of construction waste on 60% of our projects by March 2008



### Target partially met

80% of our construction waste is now recycled on 90% of our projects.

We have committed to replace 150 million trays and bags with compostable packaging on Sainsbury's ready meals and organic food by September 2008



### Target partially met

We have made significant progress towards meeting this target and in 2007/08 launched the first home compostable tray on a fresh meat product (Sainsbury's 'SO Organic' whole chicken, launched in Scotland). We will enter the next phase of the transition to compostable packaging in September 2008 and hope to complete the project by September 2009.

We will reduce the environmental impact of plastic carrier bags by 50%, double the original commitment of 25%, by 2008



### Target partially met

We reported a significant 43% reduction in the environmental impact of carrier bags, as part of the WRAP Courtauld Commitment.

We will reduce the amount of packaging we use on fruit and vegetables by 25% by May 2008



### Target not met

Achievement of this target was not possible by May 2008 but we are now working to deliver our commitment by May 2010.

50% of the packaging we use on fruit and vegetables will be recyclable, reusable or compostable by May 2008



### Target not met

Achievement of this target was not possible by May 2008 but we are now working to deliver our commitment by May 2010.



# Progress against our 07/08 targets



## Pesticides

Deliver an industry-leading banned and restricted pesticide list, in conjunction with independent experts by July 2007



### Target met

We have developed an industry-leading banned and restricted pesticide list which we have now communicated to our entire produce supply base.

We have established a database of over 1 million pesticide residue tests on over 5,000 products.

Using the results from this database and information from our Crop Action Groups we are able to report our progress in reducing insecticide, herbicide and fungicide residues\*.

\* By pesticide residue free, we mean no residue detections above the Pesticide Residue Committee reporting limits (April 2008). The Pesticide Residue Committee is part of the Pesticide Safety Directorate, which is a government body.

Aim to be fungicide residue free on primary fruit and vegetables (with the exception of strawberries and citrus fruit\*) by 2012



### On track

We are making good progress towards our target of fungicide residue free by 2012 across British vegetables and salads. Major challenges exist in a number of fruit categories where fungicide reduction is very complex.

\* Longer-term plans, including alternative sourcing, are in place for these products.

Communicate our progress towards these targets more clearly by providing a quarterly update on [www.sainsburys.co.uk](http://www.sainsburys.co.uk)



### Target partially met

Quarterly update information has been collated and we are now exploring how to make this information easily accessible to our key stakeholders.

Aim to be insecticide and herbicide residue free on primary fruit and vegetables by 2008



### Target partially met

60% of all crops are estimated to be insecticide residue free and 40% have achieved significant improvements towards the residue free status during 2007. Major challenges exist for certain fruits and we are working hard with our suppliers and growers to improve the level of insecticide residue-free products for 2008/09.

We will be approximately 98% herbicide residue free on primary fruit and vegetables and we estimate we will be 75% herbicide residue free in salad by 2008/09.



## 4. MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

### Tackling childhood obesity

We aim to get 5,000 Scout and Girlguiding UK groups registered with Active Kids by July 2007



**Target exceeded**

Over 6,500 Scout and Girlguiding UK groups were registered to Active Kids by July 2007, exceeding our target by 30%.

We will donate £3 million to MEND to rollout the UK's largest prevention and treatment programme for overweight and obese children and their families over the next three years



**Target on track**

We are on track to deliver this commitment.

### Supporting local communities

100% of main stores to be linked to local charities for Food Donation in 2007/08



**Target met**

100% of main stores now linked for Food Donation.

Increase colleague participation in Local Heroes by 20% by March 2008



**Target met**

In 2007/08, we increased participation by over 20%, supporting 4,000 colleagues involved in local good causes via our Local Heroes scheme (compared with 3,197 last year).





## Progress against our 07/08 targets

★	Target exceeded or met ahead of schedule
●	Target met or on track
●	Target almost or partially met
●	Target not met

### 5. A GREAT PLACE TO WORK

#### Skills and development

We will have 90 colleagues on our apprenticeship schemes by March 2008



**Target exceeded**

110 colleagues on placements.

We will achieve Investors in People reaccreditation in 2007



**Target met**

We are the only UK supermarket to have achieved this.

#### Colleague voice

We will strengthen our colleague sampling programme by linking it with key product launches over the year



**Target met**

In 2007/08 our colleagues sampled the following products:

- Easter – 'Taste the difference' range
- Summer – strawberries
- September – five different products, as part of our 'Try' festival, allowing our colleagues to participate in sampling just as our customers were during this event
- January 08 – 'Supernaturals' range.

#### Colleague health and wellbeing

##### 2007 Wellbeing Charter commitments:

Prevent adverse impacts to our colleagues' health and wellbeing by ensuring that we have in place adequate health surveillance processes, a smoke-free environment, monitoring for potential causes of stress and risk assessment for their impacts



**Target met**

We provide a smoke-free environment and have participated in local activities in conjunction with Primary Care Trusts (PCTs) where PCT funds available. Since the smoking ban, we have converted all smoking rooms in stores for use as welfare, TV or training facilities. We conducted a Bakery Health Surveillance Programme in 2008 and also conduct Flour Dust Monitoring.

Promote awareness of the impacts on health and wellbeing amongst our colleagues through the provision of information and training and providing access to appropriate professional experts

Improve the overall health of our colleagues by encouraging colleagues to be active whilst at work as well as outside of the working environment



**Target met**

We hold ongoing Health Fairs within Supply Chain and last year extended our rehabilitation trial. We re-launched our colleague benefits, with the 'You Choose' benefits booklet in January 2008, and launched our health insurance offer with PruHealth.

Our 'Talkback' colleague engagement survey continues to measure colleague wellbeing linked to the Health & Safety Executive (HSE) Stress Management Standards and highlights areas for intervention in low score areas for further review by our human resources teams.

Support colleagues who wish to stop smoking



**Target met**

We distributed targeted materials to educate and support colleagues trying to give up smoking. We distributed 30,000 'Time for a Last Cigarette' leaflets and we linked our stop smoking campaign to health promotions in a number of stores as a trial.

Ensure that we offer reasonably sized/priced healthy eating options in our workplace restaurants



**Target partially met**

We have conducted a trial of healthy eating options in ten of our stores and we are now exploring the next steps for this initiative.

#### Equality and inclusion

We will have 30 colleagues in the ex-offenders programme by March 2008



**Target exceeded**

34 ex-offenders now placed in the programme.

We will have 50 colleagues in the MENCAP WorkRight programme by March 2008



**Target exceeded**

53 colleagues now placed through the scheme.

Our target is for 20% of our Duty Managers and 15% of our Store Managers to be female by March 2009



**Target exceeded**

24% of Duty Managers and 16% of Store Managers were female by March 2008.





# Our new targets

## 1. BEST FOR FOOD AND HEALTH



WE AIM TO...	WE COMMIT TO...	NEW TARGET
Help people to eat a healthy, balanced diet	<p>Being the number one choice for customers with allergies or intolerances</p> <p>Challenging the presence of unnecessary additives and undesirable ingredients in all our products</p> <p>* With the exception of summer fruits and raspberries, where we are unable to maintain flavours which customers find acceptable</p>	<ul style="list-style-type: none"> <li>○ We will maintain our competitive range on 'freefrom'</li> <li>○ We will provide a comprehensive list of 'suitable for' products for customers with special dietary needs, by June 2008</li> <li>○ We will continue to remove all artificial colours, flavours and sweeteners from our own-brand vitamins and minerals, commencing September 2008</li> <li>○ We will offer customers the choice of all own-brand canned fruit in fruit juice rather than syrup by the end of 2008*</li> </ul>
	<p>Focusing on providing customers with healthier choices for the everyday family essentials.</p> <p>We will do this by:</p> <ul style="list-style-type: none"> <li>○ reducing fat &amp; saturated fat</li> <li>○ reducing salt</li> <li>○ reducing sugar</li> <li>○ increasing fibre</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Fat and saturated fat</b> We will continue our drive to reduce fat and saturated fat where possible. For example, we plan to offer a range of affordable healthier oils in autumn 2009</li> <li>○ <b>Salt</b> We are fully committed to the FSA's targets for salt reduction for 2010 and will continue to reduce salt whilst maintaining great tasting products</li> <li>○ <b>Sugar</b> We will continue to reduce sugar in products where technically possible</li> <li>○ <b>Fibre</b> We will continue to increase the fibre content of products where possible to help increase our customers' fibre intake</li> </ul>
	<p>Providing customers with smaller portion sizes of healthier products</p>	<ul style="list-style-type: none"> <li>○ We will develop appropriate portion sizes for healthier products for our convenience stores</li> </ul>
Be honest and open about what's in our products, and how they are produced	<p>Delivering the clearest, most informative labels</p>	<ul style="list-style-type: none"> <li>○ We will continue to apply our Multiple Traffic Light labelling across all relevant products</li> <li>○ We will continue our drive to provide customers with as much information as possible to help them make an informed choice, going beyond what is legally required of us. This includes clear nutrition information on front and back of pack, portion size information, full ingredient declarations and weight declarations</li> <li>○ We will rollout a new 5-a-day logo to be used on products and within marketing communications, to highlight the benefits of fruit and vegetables. We will produce a 5-a-day policy which will include strict guidelines for the use of the 5-a-day logo on further processed foods (i.e. it can only be applied to products that have green and amber traffic lights on the front of pack)</li> <li>○ We will display the Department of Health's guidelines on alcohol labelling on all own-brand beers, wines and spirits well ahead of the Government deadline of the end of 2009</li> </ul>

## 2. SOURCING WITH INTEGRITY

WE AIM TO...	WE COMMIT TO...	NEW TARGET
Be fair to farmers and suppliers at home and abroad	Increasing the proportion of British produce (fruit, vegetables, meat, fish and poultry) in our ranges	<ul style="list-style-type: none"> <li>50% of our fresh produce and 35% of floral will be British sourced, when in season, by 2010</li> <li>Our fresh ready meals will contain 100% British meat* and poultry by April 2009</li> <li>We will use 100% British meat in frozen burgers (chilled are already) by August 2008</li> <li>Our fresh and smoked farmed salmon will be 100% Scottish by July 2008</li> </ul>
		<p>*Other than meat that needs to be sourced from outside the British Isles for taste or authenticity reasons, such as pancetta</p>
	Supporting UK farmers and growers	<ul style="list-style-type: none"> <li>We will extend 'Farm Connections' to lamb suppliers over a 12-month period, commencing May 2008</li> <li>We will continue to work with 325 dedicated dairy farmers, through the 'Sainsbury's Dairy Development Group', to produce milk to the highest standards of sustainability</li> <li>We will extend our Concept Orchard scheme into UK conference pears; first planting to commence November 2008</li> <li>We will supply regional strawberries sourced within 20 miles of the store to 19 stores by June 2008</li> <li>Regional meat sourcing initiatives: we aim to sell regional beef and lamb in Scotland, Northern Ireland, Wales and the South West – commencing 2009</li> <li>By autumn 2008, we aim to sell only 100% Scottish reared chicken in Scotland</li> </ul>
	Doing more to support Fairtrade than any other supermarket	<ul style="list-style-type: none"> <li>100% of our own-brand tea and roast and ground coffee will be Fairtrade by 2010. 95% of our own-brand tea will be converted by August 2008</li> <li>We will launch the first Fairtrade-certified nuts developed with support from our Fair Development Fund in August 2008</li> <li>We will continue our commitment to Sainsbury's Fair Development Fund – an investment of £1 million over four years</li> <li>By autumn/winter 2008, 100% of our men's t-shirts and 50% of our ladies t-shirts will be Fairtrade, which equates to over 2 million Fairtrade garments</li> </ul>

## Our new targets



WE AIM TO...	WE COMMIT TO...	NEW TARGET
Support suppliers who are ethical and responsible	Allowing animals to express their natural behaviour, through the highest animal welfare standards	<ul style="list-style-type: none"> <li>Move out of shell eggs from caged hens entirely by 2012. All shell eggs to be produced to RSPCA Freedom Food standard</li> <li>Free-range eggs will be rolled out across our further processed products. We already use free-range eggs in our 'Taste the difference', 'Supernaturals' and 'Kids' ranges</li> <li>From August 2008 we will launch an additional range of fresh chicken produced to higher welfare standards, to meet the RSPCA Freedom Food standard as a minimum. We will achieve this by using slower growing breeds with lower stocking densities</li> <li>We then aim to extend our higher welfare standards for chicken to frozen and processed lines, commencing 2011</li> <li>We will improve our free-range chicken standards by working with The Woodland Trust to improve animal habitats during 2008</li> </ul>
	Sourcing our fish in a sustainable manner	<ul style="list-style-type: none"> <li>Our aim is for the big five fish species (cod, haddock, tuna, salmon, prawns), representing 80% of our sales, to be MSC-certified or green-rated against Sainsbury's sustainability standard by end of 2010</li> <li>We will integrate our fish sourcing and sustainability policy into all canned fish, ready meals and processed fish by the end of 2008</li> <li>We aim to double our sales of MSC-certified fish by the end of 2008 (based on sales values)</li> <li>We will launch our 'Responsibly sourced' salmon, specially reared to the highest sustainability standards, by July 2008</li> </ul>
	Using sustainable resources in our products	<ul style="list-style-type: none"> <li>We will launch our first products containing certified sustainable palm oil in summer 2008, our 'basics' frozen fish fingers, and from August 2008 we will introduce bars of soap made using sustainable palm oil</li> <li>We will be the first supermarket to label the use of palm oil in all its food. Labelling will be completed on all fresh and chilled food by July 2008. And on all ambient and frozen food by June 2009</li> <li>Our aim is that Sainsbury's will only use certified sustainable palm oil by the end of 2014**</li> <li>Our long-term target is for all our wood products to come from certified well-managed forests, with the FSC being our preferred certifier, although a firm deadline has yet to be established</li> <li>We are committed to working within the UK Government's target to reduce peat in all growing media by 2010</li> <li>In summer 2008 we will introduce 100% organic cotton ladieswear and kidswear ranges</li> <li>We will introduce clothing made from recycled, post-consumer waste for winter 2008/09</li> </ul>

\*\* To deliver this we are dependent upon widespread take up of certification at plantation level, and adoption of certified sustainable palm oil sourcing by the companies that provide our raw materials and ingredients.

### 3. RESPECT FOR OUR ENVIRONMENT

WE AIM TO...	WE COMMIT TO...	NEW TARGET
Be environmentally responsible	Reducing our carbon footprint	<ul style="list-style-type: none"> <li>○ We will reduce our CO<sub>2</sub> emissions per square metre by 25% by 2012 against a 2005/06 baseline</li> </ul> <p>NB: This replaces our previous target for depots to achieve a 12% reduction by 2010. Both our depots and retail outlets will now feed into our overarching 25% for 2012 target</p> <ul style="list-style-type: none"> <li>○ We will reduce CO<sub>2</sub> per case of product by 15% by 2012 against a 2005/06 baseline</li> <li>○ We are aiming to reduce the like-for-like distance our fleet and our suppliers travel by 5 million km by 2010</li> <li>○ By September 2008, 20% of our supermarkets' online deliveries will be made using electric vans</li> </ul>
	Reducing the amount of water we use	<ul style="list-style-type: none"> <li>○ We will achieve a 50% reduction in water usage measured as cubic metres per square metre of sales space by 2012 from an 2005/06 baseline</li> </ul>
	Reducing waste to landfill	<ul style="list-style-type: none"> <li>○ We will reduce waste to landfill by 50% relative to sales by 2012, against a 2005/06 baseline</li> <li>○ Our 2012 target is to recycle 90% of construction waste on 100% of our development projects</li> </ul>
	Reducing our use of chemicals	<ul style="list-style-type: none"> <li>○ We will update, revise and improve our banned and restricted list of pesticides by July 2008, to reduce the use of older, less specific, higher impact pesticides</li> <li>○ We aim to improve the amount of insecticide residue free* primary fruit and vegetables by end of 2008/09. We will assess the wider sustainability impacts of other fruit and vegetable categories using the Accounting for Sustainability tool and will report our findings in 2009</li> <li>○ We aim to improve the amount of herbicide residue free* primary fruit and vegetables (except salads) by end of 2008/09. We aim to improve herbicide residue-free status on salads year on year</li> <li>○ We aim to reduce our use of fungicides in key primary areas by 2012. As part of this we are assessing all options in line with the Accounting for Sustainability tool. We will report on the findings of these assessments in 2009</li> <li>○ We will remove Triclosan from anti-bacterial handwashes by August 2008 and from dental care products by January 2009</li> <li>○ Removal of Parabens from all own-brand baby toiletries commencing January 2009</li> </ul>

\* By pesticide residue free, we mean no residue detections above the Pesticide Residue Committee reporting limits (April 2008). The Pesticide Residue Committee is part of the Pesticide Safety Directorate, which is a government body.



WE AIM TO...	WE COMMIT TO...	NEW TARGET
<p>Make it easier for customers to be environmentally responsible</p>	<p>Reducing the impact of our packaging - 'Reduce, Reuse and Recycle'</p>	<ul style="list-style-type: none"> <li>• We will increase the recycled content of our standard carrier bags to 50% from June 2008</li> <li>• We aim to drive down carrier bag usage by 50% by April 2009, against an April 2008 baseline</li> <li>• We will reduce packaging by 5% relative to turnover by 2010, against a 2004/05 baseline</li> <li>• We will replace 150 million trays and bags with compostable packaging on Sainsbury's ready meals and organic food by September 2009</li> <li>• We will reduce the amount of packaging we use on fruit and vegetables by 25% by May 2010</li> <li>• 50% of the packaging we use on fruit and vegetables will be recyclable, reusable or compostable by May 2010</li> <li>• We are committed to implementing the new back of pack guidelines on recycling labelling, drawn up by our involvement in the WRAP and BRC initiative</li> </ul>
	<p>Offering environmentally responsible products</p>	<ul style="list-style-type: none"> <li>• We will further develop our range of more energy-efficient own-brand household electrical goods between now and 2010, taking the lead on targets set by Government</li> <li>• We will offer a comprehensive range of home composting solutions by spring 2009</li> <li>• We will launch nappies with reduced environmental impact in September 2008</li> </ul>

### 4. MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

WE AIM TO...	WE COMMIT TO...	NEW TARGET
Have a positive impact on local communities	Tackling childhood obesity	<ul style="list-style-type: none"> <li>Through our Active Kids programme, we aim to further increase the amount of sports and cookery equipment donated to Schools, Scout &amp; Guide groups from the £18m donated last year</li> <li>We aim to increase participation in Active Kids Get Cooking to 12,500 schools, with over 150,000 children participating in the scheme</li> </ul>
	Supporting local communities we touch	<ul style="list-style-type: none"> <li>In 2008/09 we will make available £240,000 to support our 'Local Heroes' (colleagues who volunteer for good causes) by either matching their fundraising or donating to the organisations for whom they volunteer</li> <li>In early 2008, we trialled the election and support of local charities of the year for 15 of our stores in the North West. Given the strong customer and colleague feedback, we intend to rollout this approach across all our main stores across the country in 2008/09, commencing July 2008</li> <li>We will offer our store facilities (including coffee shops, car parks and concessions) to charitable and community groups whenever possible and feasible to do so</li> <li>We will install charity donation boxes in all our main stores by end of 2008</li> <li>We will install community notice boards in all new stores built from April 2008. We will retro-fit community notice boards into all our main stores in the long term</li> <li>We are committed to supporting Comic Relief and Sport Relief as retail sponsor until at least 2011</li> <li>We aim to raise £9 million for Comic Relief Red Nose Day by end March 2009, helping change the lives of vulnerable people both in the UK and developing world</li> <li>100% of our stores are currently making food donations. In 2008/09 we will be evaluating the programme and how best to develop the scheme going forward</li> </ul>
	Promoting safer neighbourhood	<ul style="list-style-type: none"> <li>By end of 2009 we aim to install a further four fully operational Police Bases in our stores outside the London Metropolitan area (in Warwickshire Police, Merseyside Police, Thames Valley Police and Norfolk Constabulary), plus an additional six operational bases within the Metropolitan Police area</li> <li>By end of 2009 we aim to have offered our Safer Neighbourhood initiative to a further ten Chief Constables around the United Kingdom</li> <li>By end of 2009 we aim to have one or more elements of the Safer Neighbourhoods Initiative fully operational in 15 Police Services</li> </ul>

## 5. A GREAT PLACE TO WORK



WE AIM TO...	WE COMMIT TO...	NEW TARGET
Develop the skills of our colleagues	Launching and embedding the 'Make a FreshStart' Programme enabling a number of individual programmes to be managed under one umbrella	<ul style="list-style-type: none"> <li>To have 300 colleagues on the 'Make a FreshStart' programme by end March 2009</li> <li>In the next three years, to have a 'Make a FreshStart' placement in every supermarket store across the estate</li> <li>Skills Pledge: By end March 2009, for all colleagues to have the opportunity to have a nationally recognised qualification which confirms their skills and capabilities</li> <li>In the next five years, for 25% of all colleagues to have a Nationally Recognised Qualification</li> <li>We will launch the online basic skills solution across all areas of Sainsbury's by March 2009</li> </ul>
Listen and respond to colleague feedback	Increasing colleague engagement across the business	<ul style="list-style-type: none"> <li>Our Colleague Engagement Index target for 2008/09 has been set at 75%. This year we have made significant changes to our Colleague Survey with the aim of raising the bar on our own performance. This provides a considerable level of stretch on last year and supports in making Sainsbury's a great place to work</li> </ul>
Care about colleagues' health and wellbeing	Improving the health and wellbeing of all our colleagues whilst at work and at home	<ul style="list-style-type: none"> <li>We will incorporate the findings of 'Working for a healthier tomorrow' into our health and wellbeing strategy</li> <li>We will provide access to a wellbeing toolkit for colleagues in all locations by January 2009</li> <li>We will continue to give our colleagues sampling opportunities so that they can try to learn about our products and can then share their experience with our customers</li> </ul>
Offer equality and inclusion	Having a stronger representation of female Store Managers	<ul style="list-style-type: none"> <li>In the next three years, we will increase the percentage of females at Store Manager level to 20%</li> </ul>



# 1. BEST FOR FOOD AND HEALTH





“I want to know what’s in Sainsbury’s products and how they’re produced, to help me feed my family a healthy, balanced diet.”

Our customers are increasingly concerned about the quality of the food they buy, where it comes from and how healthy it is for them. Being the best for food and health means offering products that are healthy, safe, fresh and tasty, with origin and nutritional guidance spelt out on the pack.

We are committed to promoting healthy eating. We work hard to make our labelling as clear and transparent as it can be, so our customers can make healthy decisions at a glance. And we are constantly making our products healthier, taking care that taste doesn’t suffer in the process – because the most sustainable dietary changes are the ones we can enjoy.

In 2007 we created a Nutrition Science Advisory Group, bringing together Sainsbury’s experts with independent specialists from the British Nutrition Foundation and other organisations. This group now plays an active advisory role on our nutrition and health decisions.

## Being best for food and health means focusing on:

- o Making our products healthier
- o Promoting healthy eating
- o Clear and transparent labelling

page  
34

page  
38

page  
40



“We help people to eat a healthy, balanced diet, inspiring our customers to eat healthy foods that taste good too.”

## Making our products healthier

Our customers tell us that concern for their health is a large and growing trend that means different things to different people. For many, it is no longer just about dieting but has moved towards a broader approach to healthy eating of natural, wholesome and nutrient-rich foods.

For many years, we have striven to make our products healthier. Our **Multiple Traffic Light labelling** has made this an even stronger focus by encouraging us to develop products with fewer ‘red’ traffic lights. To this end, we have been reducing fat, saturated fat, sugar and salt, whilst also increasing some nutrients and food groups typically lacking in the UK diet, such as fibre, **Omega 3** fats and fresh fruits and vegetables.

We want our food to taste great as well as being good for you and we work closely with our suppliers to make sure that as we reduce the salt, fat or sugar in our products, we don't compromise the taste and quality our customers want.

### Reducing fat and saturated fat

Reducing fat and saturated fat in our products has been one of our key priorities for a long time. We support the ideas put forward in the Food Standards Agency's Energy and Saturated Fat Reduction Programme.

### ALL OUR OWN-BRAND PRODUCTS ARE FREE FROM HYDROGENATED FATS

Since January 2007 all our own-brand products have been entirely free from hydrogenated fats. We have put particular focus on reducing saturated fat in foods that contribute the most fat to the average diet. For example, all our fried snacks are now fried in sunflower oil (the majority in a high oleic oil). As a result, some of these products now contain up to 70% less saturated fat than they did previously.

We believe that premium products should not be less healthy products. In September 2007 we re-launched our **'Taste the difference'** range of ready meals, significantly reducing the amounts of saturated fat they contain. 20% of these products are now rated 'green' or 'amber' under our Multiple Traffic Light labelling system.

In October 2007, we also re-launched our **'Classic'** range of traditional ready meals, with a 5% decrease in saturated fat across the range: 20% of these meals are also now rated 'green' or 'amber'.



Furthermore, since January 2008 all our ready meals in the **'be good to yourself'** range have contained less than 3% fat.

Meat is also a significant source of fat and saturated fat. In January 2008 we reduced the total fat content of our core and **'basics'** coarse-cut mince by 25%, with a 20% reduction in saturated fat content. This makes our products the leanest in the UK marketplace.

We have also reduced the fat and saturated fat in our sandwich range, removing over 110 tonnes of fat and over 9 tonnes of saturated fat in the past year alone.

### NEW TARGET

We will continue our drive to reduce fat and saturated fat where possible. For example, we plan to offer a range of affordable healthier oils in autumn 2009



## Reducing salt

For over ten years we have been reducing the salt content of our own-brand food products. Salt reduction requires a step-by-step approach. The key is finding ways to lower salt levels without compromising the taste or quality of the food.

In over 80% of our own-brand products, we have already met the Food Standards Agency's (FSA) 2010 salt targets, two years ahead of schedule. This includes categories the FSA has prioritised, including breakfast cereals, ready meals, bread, soups, sauces and pizzas, as well as sandwiches, sausages, bacon and baked beans.

## NEW TARGET

We are fully committed to the FSA's targets for salt reduction for 2010 and will continue to reduce salt whilst maintaining great tasting products

### FAST FACT

We have removed 26.5 tonnes of salt from our sandwiches in the past year alone.

**OUR CEREALS NOW CONTAIN 40% LESS SALT**

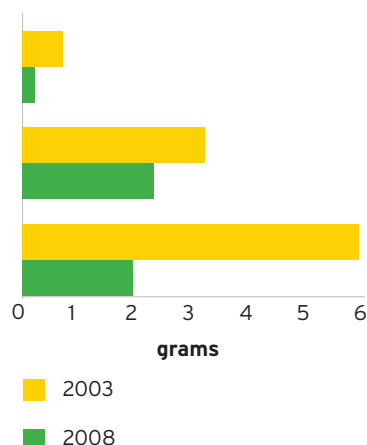
## Salt levels over time

**Breakfast**  
Cornflakes (30g)

**Lunch**  
Bacon and egg sandwich

**Dinner**  
Lamb in a pot (450g)

**Total reduction: 5.35g**



## CASE STUDY

### 1% milk



Milk and milk products make the greatest contribution to saturated fat intake in the UK of any food group. In April 2008, we were the first UK retailer to introduce an own-brand 1% fat milk, which has nearly half the fat and saturated fat of semi-skimmed milk but the same great taste.

**OPTING FOR 1% FAT MILK INSTEAD OF SEMI-SKIMMED (1.7% FAT) COULD REDUCE A PERSON'S SATURATED FAT CONSUMPTION BY 45% IN A YEAR – EQUIVALENT TO 200 CHOCOLATE DIGESTIVE BISCUITS**

Although it contains nearly half the fat of semi-skimmed, 1% milk retains the same amount of calcium and vitamin B as semi-skimmed and skimmed milk. As well as these nutritional benefits plus the reduction in fat, we have worked hard with our suppliers to ensure that 1% milk retains the same creamy flavour of semi-skimmed milk.

On our 'Make the difference' day in May 2008, we highlighted the health benefits of 1% milk to our customers, offering them a free pint of 1% milk to try.

“We welcome the additional consumer choice that Sainsbury's 1% fat milk will offer. 1% fat milk provides the same range of vitamins and minerals as semi-skimmed milk, but with a lower fat content. For those who want less fat but don't like the taste of skimmed milk then 1% is a great option.”

Dr Judith Bryans  
Director of The Dairy Council

## CASE STUDY

### Healthier breakfast

Most people in the UK do not get enough fibre in their diet. This was one of our top considerations as we set out to make all 90 of our own-brand breakfast cereals healthier. We also wanted to lower fat, sugar and salt content and remove unnecessary additives.

Now 75% of our cereal range is high in fibre, including some cereals which are not traditionally thought of as high-fibre foods.

**WE WERE THE FIRST RETAILER TO LAUNCH HIGH-FIBRE CORNFLAKES – BRINGING ADDED HEALTH BENEFITS TO A PRODUCT THAT IS AN EVERYDAY ESSENTIAL TO MANY UK FAMILIES**

We have reduced salt by 40% across our cereals range, hitting or exceeding the FSA's 2010 salt targets whilst preserving the products' great taste. We have also removed over two tonnes of sugar, replaced all nature-identical flavours with natural flavours and removed all artificial colours. We communicate these healthy benefits on the front of the pack, and every product has a 'Try Something New' tip to inspire healthier eating of foods that may be lacking from the person's or the family's usual diet.

We have also taken steps to ensure that more of our packaging is environmentally responsible. Our cereal boxes are made from at least 85% recycled cardboard and all our boxed cereal packaging is now 100% recyclable. To encourage our customers to recycle both the box and inner bag we include a 'did you know' fact explaining simple contributions we can all make to create a better environment.



### Nutritious meals for kids

In February 2008 we re-launched our 'Kids' range, which now has the strictest nutrition and ingredient standards of any of our competitors. These improvements allow us to better meet the distinct needs of children and their parents, for example:

- Just for Kids Multiple Traffic Light labelling is now on the front of all our 'Kids' products, helping parents make quick, at-a-glance decisions based on the amount of fat, saturated fat, total sugars, salt and calories contained in the product.
- The target age of our 'Kids' range has been moved from 5-10 to 4-8 years, which means we exercise tighter control of fat, saturated fat, total sugars, salt content, resulting in the highest nutritional standards.
- No salt is added to the recipe in any 'Kids' ready meals (although certain ingredients, such as cheese, may contain some salt for safety reasons).





## Reducing sugar

We are also reducing sugar in our products where we can find a way to do it without negatively affecting the taste. For example, we have reduced the sugar content of our **'Fabulously Fruity'** and **'Thick and Creamy'** yogurts. To date, we have removed the equivalent of 14.8 million teaspoons, or 59 tonnes, of sugar from these products alone.

Some of our customers prefer sweeteners to sugar, which is why we try to provide a choice of products with either sweeteners or sugar. The only sweetener we use in our own-brand products is sucralose. We never mix natural sugars and artificial sweeteners in our soft drinks. Our standard drinks now contain only one or the other - not both - so that the choice our customers face in the drinks aisle is quick and clear.

## Food additives

In June 2007 we successfully re-launched our complete range of over 120 own-brand soft drinks. This marked the completion of our work to remove unnecessary artificial additives from all of our food and drink. The re-launched range has no artificial colours or flavourings and no benzoate preservatives or artificial sweeteners (except sucralose). We were the first in the industry to remove sulphite ammonia caramel (E150d) from cola drinks, and in December 2007 we achieved another market first when we launched a lime cordial with no added colour.

## ALL OUR OWN-BRAND SOFT DRINKS ARE FREE FROM ARTIFICIAL COLOURS AND FLAVOURS

“We welcome this move from Sainsbury's. It is good news particularly for our members who are adversely affected by the artificial colours which are used in so many soft drinks.”

Sally Bunday MBE  
Founder of the Hyperactive Children's Support Group

## NEW TARGET

We will continue to remove all artificial colours, flavours and sweeteners from our own-brand vitamins and minerals, commencing September 2008

## Omega 3

We have spent the past four years working with our suppliers to adapt the diet of our salmon to naturally increase the Omega 3 content. In July 2008 we will be launching fresh salmon that contains the weekly recommended amount of Omega 3 in one portion (130g salmon fillet).

## Allergen advice

We work hard to ensure that our labelling is clear and concise. We are legally required to declare the presence of certain allergens in the ingredients list. To make shopping easier for customers with allergen needs, we also summarise the allergens contained in an allergy box on the pack.

Where we believe there is a real risk that a product may have come into contact with allergens, potentially placing a customer with an allergy at risk, we use one of the following phrases in the allergy advice box:

- o Not suitable for [named allergen] allergy sufferers due to the methods used in the production of this product
- o Not suitable for [named allergen] allergy sufferers

At Christmas and Easter, we provide our customers with lists of seasonal products that are suitable for anyone who needs to avoid nuts, milk, egg, wheat or gluten. In 2008 we will be re-issuing our product guidance lists for customers who need to avoid these allergens, extending them to cover all our food and drink.

Our **'freefrom'** range is designed to offer a clear choice for customers with specific dietary requirements, making it easy for them to identify which ingredients have been included and which ingredients have been left out. In 2007, we improved the range to offer more options for those who are excluding wheat, gluten or dairy from their diet, and we clearly identify on the pack what each product is free from. Our **'freefrom'** range currently includes over 70 products, and we plan to continue to evolve the range in 2008/09.

## OUR LIME CORDIAL NOW CONTAINS ONLY NATURAL LIME COLOURING - A MARKET FIRST IN THE INDUSTRY

## NEW TARGET

We will provide a comprehensive list of 'suitable for' products for customers with special dietary needs, by June 2008



## Promoting healthy eating



### Many ways to 5-a-day

We support the Government's recommendation that everyone should have at least five portions of fruit or vegetables every day to help reduce the risk of some diseases. In our stores, the **5-a-day** message continues to take a prominent place on packaging, in our products and in special promotions.

In January 2007, for example, our '**Big 5 drive**' encouraged customers to eat more fruit and vegetables. Customers who spent £10 or more in a single visit received a 'Big 5 drive' game card with a one-in-three chance of winning products containing at least one portion of fruit or vegetables. Every card, whether a winner or not, included a helpful tip to get shoppers thinking about healthy eating. Altogether, we gave away more than 10 million items of fruit and vegetables – fresh, frozen and canned.

Wherever possible, we include a portion of vegetables in our ready meals. For example, all our '**Kids**' ready meals either contain at least one of a child's 5-a-day requirement or contribute towards it.

Many of our in-store recipe '**Tip**' cards have been written with 5-a-day guidance in mind and 50% of all our recipe Tip cards contain at least one portion of fruit or vegetables in the recipe ingredients.

### 50% OF ALL OUR RECIPE TIP CARDS CONTAIN AT LEAST ONE PORTION OF FRUIT OR VEGETABLES

In January 2008 we introduced a new 5-a-day logo, which was designed to be clearly visible on our packaging and on our recipe Tip cards, enabling customers to identify products that fulfil their 5-a-day needs.

Our 'basics' range offers approximately 50 ways to achieve the 5-a-day intake, including fresh, canned, frozen, juiced and dried fruits and vegetables. We have introduced 19 new 'basics' fresh produce lines in the last 14 months.



**WE GAVE AWAY MORE THAN 10 MILLION ITEMS OF FRUIT AND VEGETABLES – FRESH, FROZEN AND CANNED – IN OUR 'BIG 5 DRIVE'**

### Understanding teen eating habits

Our research shows that teenagers struggle to understand what constitutes a balanced diet. 76% of respondents to our 2007 Youth Diet Survey rated their diet as 'healthy'. In reality, 85% of young teenagers are not eating the recommended 5-a-day.

That's why we put teenagers' health at the forefront of our 2007 Wellbeing debate. The event brought together teenagers, parents and representatives from specialist health organisations to discuss diet, exercise and food with Anne Jackson, from the Department for Children, Schools and Families, and our CEO, Justin King.

### NEW TARGET

- We will roll out a new 5-a-day logo to be used on products and within marketing communications, to highlight the benefits of fruit and vegetables
- We will produce a 5-a-day policy which will include strict guidelines for the use of the 5-a-day logo on further processed foods (i.e. it can only be applied to products that have green and amber traffic lights on the front of pack)

## Engaging our colleagues

Our store colleagues provide the crucial contact point with our customers. To effectively explain our health initiatives to customers we therefore need our colleagues to understand them too.

We have taken a number of steps to ensure that all colleagues have a firm understanding of our health initiatives. Monthly briefings keep colleagues up to date, whilst our internal *Journal* magazine for colleagues highlights our latest steps in encouraging healthy eating. We use these channels to explain initiatives such as our Multiple Traffic Light labelling and to ensure colleagues have the opportunity to ask any questions.



## Creating an appetite for healthy food

Inspiring our customers with new ideas is one of the ways we are working to encourage healthier eating. Our **'Try something new today'** recipe Tip cards are free in store and are designed to inspire customers to cook new and healthier meals at home.

- o **25% of these are healthier recipes**
- o **50% contain at least one portion of 5-a-day**

We produce over 38 million recipe Tip cards each year, featuring over 90 different recipe ideas, all of which display our Multiple Traffic Light labelling.

Offering our customers useful information about health-related issues is another way in which we are encouraging healthier eating habits.

**In 2007/08 we published five leaflets for our customers on key health issues:**



## A history of healthier eating

**1996**

Guideline Daily Amounts on back of pack

**1999**

'be good to yourself' products launched

**2001**

'Taste of Success' (now 'Active Kids Get Cooking') set up

**2002**

'freefrom' range launched, with labels showing which products are dairy and gluten-free

**2003**

5-a-day logo launched

**2005**

- o Multiple Traffic Light labelling introduced on front of pack
- o Recipe 'Tip' cards launched

**2006**

- o 'be good to yourself' and 'Kids' sub-brands re-launched
- o 'Apple' stamp logo on healthier products introduced
- o Children's Guideline Daily amounts included on back of pack

**2007**

- o First retailer to launch Department of Health-aligned alcohol labelling
- o All hydrogenated fats removed from our own-brand products
- o All artificial colours, flavour enhancers, sweeteners (except sucralose) and benzoate preservatives removed from our own-brand food and drink, and also flavourings from our soft drinks\*.
- o Met the FSA's 2010 salt targets in over 80% of our products - two years ahead of schedule

**2008**

- o Multiple Traffic Light labelling on almost 5,000 products
- o 'Kids' range re-launched with specially-designed Multiple Traffic Light labelling

\* A few products still contain artificial colours, although only in cases where we have not yet found a way to remove them without affecting the quality our customers demand - in tinned peas, tinned strawberries and glacé cherries, for example. We ensure this is clearly stated on the pack.



“We aim to be open and transparent about what’s in our products and how they’re produced – with simple labelling to help our customers make healthy choices at a glance.”

## Clear and transparent labelling

As our customers become more aware of the relationship between food and health, we recognise that they increasingly want to know the nutritional content of the food they buy from our stores – and they want this information to be easy to understand at a glance.

We were the first UK retailer to introduce front-of-pack **Multiple Traffic Light (MTL)** nutritional labelling, in 2005. MTL labelling currently appears on almost 5,000 of our own-brand products and we remain committed to rolling it out across all relevant products. Exceptions include some products, such as fresh produce or products containing a single ingredient (such as a bag of sugar), where it is inappropriate to display an MTL label.

### Guideline Daily Amounts and Multiple Traffic Lights

Debate has concentrated on whether Guideline Daily Amounts (GDAs) or Multiple Traffic Lights (MTLs) are the most useful and easy to read for customers. We prefer not to view this as a question of ‘either/or’ and we continue to display colour-coded GDA information on the back of packs. Yet our research shows that customers find MTL labelling the easiest ‘at a glance’ indicator to use, which is why we are committed to displaying MTLs on the front of packs.

We continually listen to our customers’ views on this issue. In February 2008,

our most recent research carried out by Ipsos Mori found that customers continue to find MTLs the easiest nutritional labelling to read:

- 92% of customers thought our MTL labelling was easy to understand.
- 54% of people polled felt that MTL labelling, rather than the corresponding GDA approach, gave the “best at-a-glance indication of the healthiness of the food”, with only 37% preferring GDAs.
- Amongst Sainsbury’s shoppers, an overwhelming 73% of respondents felt MTLs gave the “best at-a-glance indication of the healthiness of the food”.





Independent experts agree. At the National Obesity Forum in October 2007 over 70% of attendees (including many health experts) said they preferred MTL labelling over GDAs, saying it was the simplest and most effective way of indicating the healthiness of the product.

## NEW TARGETS

- We will continue our drive to provide customers with as much information as possible to help them make an informed choice, going beyond what is legally required of us. This includes clear nutrition information on front and back of pack, portion size information, full ingredient declarations and weight declarations
- We will continue to apply our Multiple Traffic Light labelling across all relevant products

## Kids nutrition

Children have their own distinct dietary needs and parents have real concerns over the nutritional content of their children's food. We do too.

In 2006 we were the first retailer to put children's GDAs on the back of packs, to help parents understand the recommended nutritional intake for their children. In February 2008 we took this a step further, adding specially designed Multiple Traffic Light labelling on the front of all appropriate products in our 'Kids' range.

Our 'Kids' packaging also highlights products that are especially good for children - those containing calcium, for example - as parents have told us that this information is important to them.

## NEW TARGET

We will display the Department of Health's guidelines on alcohol labelling on all own-brand beers, wines and spirits well ahead of the Government deadline of the end of 2009

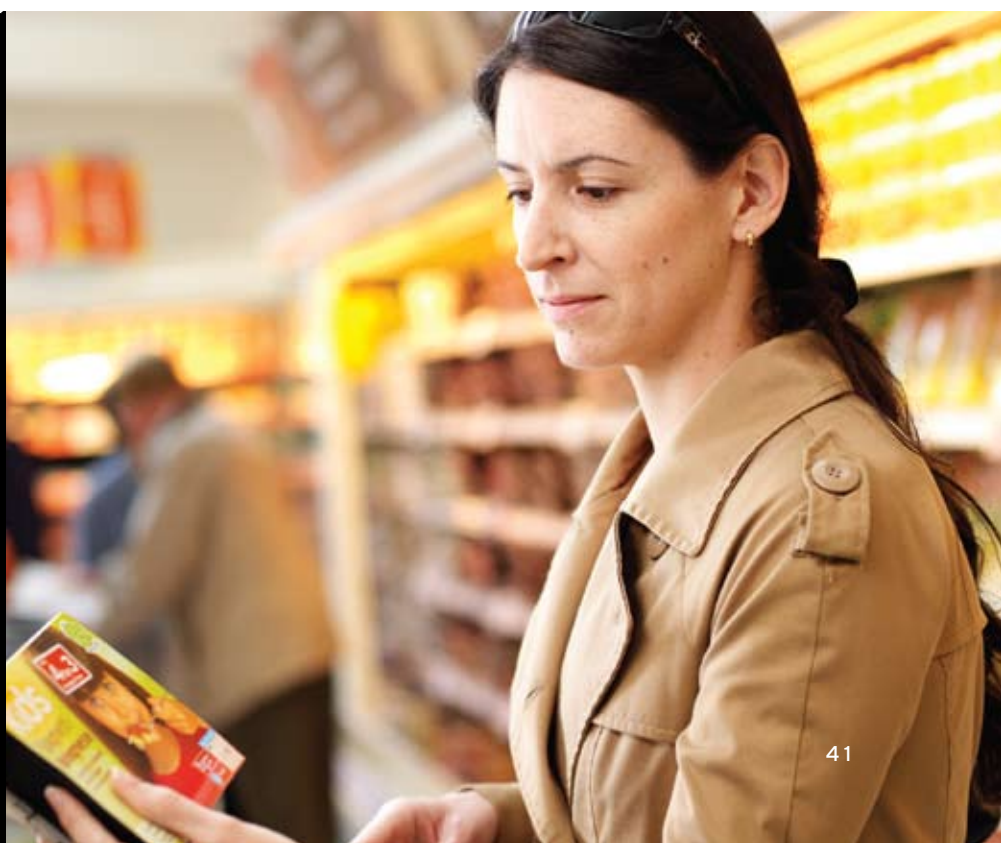


## Alcohol labelling

In May 2007, we became the first retailer to adopt the Department of Health's Guidelines on Alcohol Labelling, introduced in January 2007 on our own-brand beers, wines and spirits. Currently, 20% of our alcohol products display recommended maximum daily intake information. By the end of 2009, all our own-brand alcohol products will display this information.

**WE WERE THE FIRST RETAILER TO DISPLAY RECOMMENDED MAXIMUM DAILY INTAKE ON OUR OWN-BRAND ALCOHOL**

**73% OF OUR CUSTOMERS FEEL MULTIPLE TRAFFIC LIGHTS GIVE THE 'BEST AT-A-GLANCE INDICATION OF THE HEALTHINESS OF THE FOOD'**





## 2. SOURCING WITH INTEGRITY



“I want Sainsbury’s to be fair to farmers and suppliers at home and abroad, and to support suppliers who are ethical and responsible.”

We are working hard to offer customers products that are better all round - good for them, good for the environment, good for animal welfare and good for farmers and suppliers.

Sourcing with integrity means taking many different considerations into account. We are committed to open, honest relationships with our suppliers and to offering sustainable British, regional, organic and Fairtrade products in our stores. We also recognise that our suppliers at home and abroad often need a helping hand.

Last year we launched a programme to support organic apple farmers to increase their yields, and we helped British beef farmers enter the information technology age through our Farm Connections scheme. We also became the biggest retailer of Fairtrade products in the UK\* and we were the first UK supermarket to launch a food range containing certified sustainable palm oil.

\* Measured by market share: source Nielsen Homescan Defined Grocery Multiples, 52 weeks 29/12/07.

## For us, sourcing with integrity is about:

- o Supporting British and regional products

page 44

- o Offering a wide range of organic products

page 52

- o Supporting Fairtrade

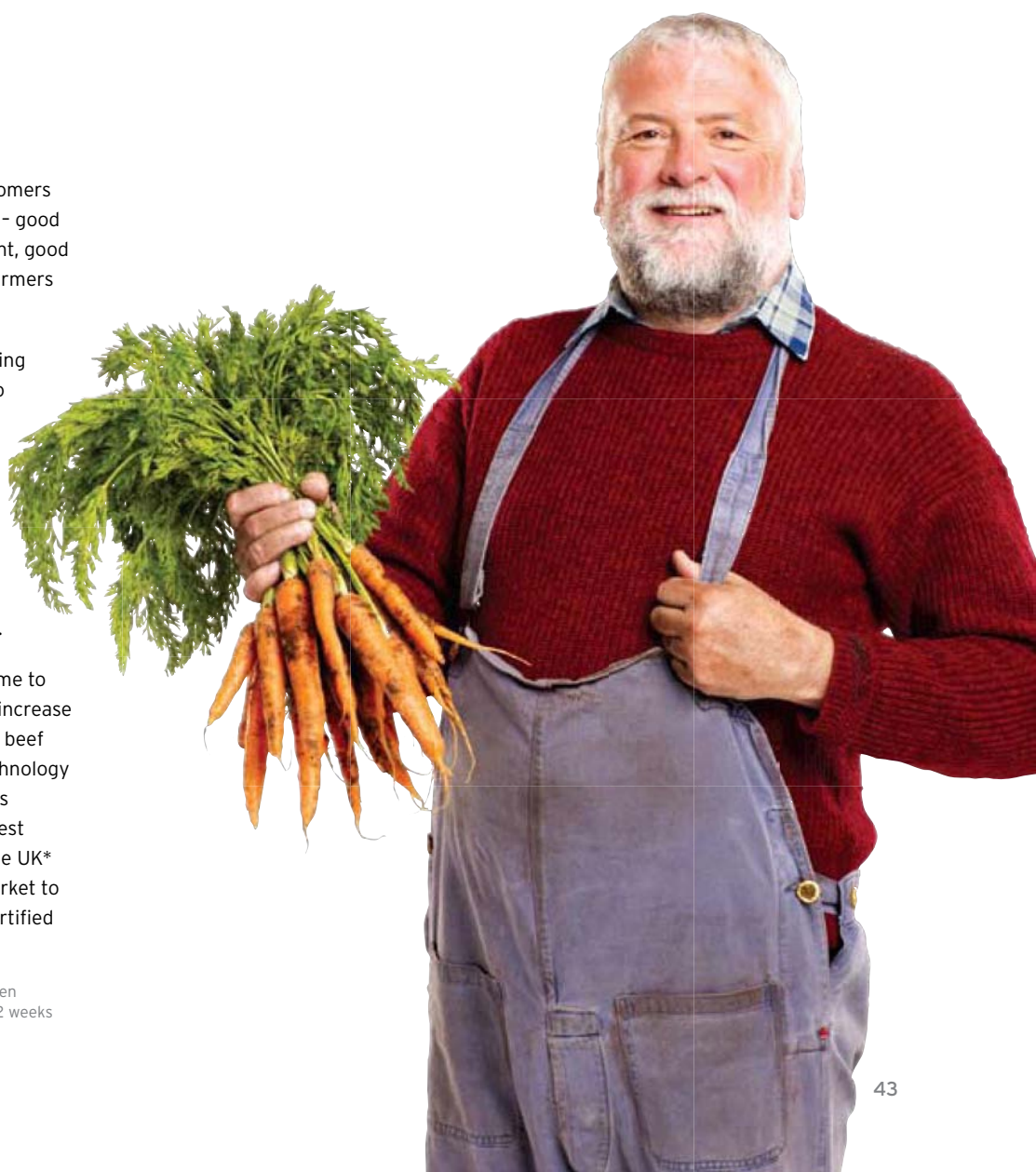
page 56

- o Ethical, sustainable sourcing

page 58

- o Working with suppliers

page 68





“We believe in being fair to farmers and suppliers at home and abroad.”

## Supporting British products



### Supporting British farmers

**We have a long history of supporting British farmers, and we are more committed than ever to sourcing British wherever possible. Supporting British farmers is about more than simply stocking their products - it's about working with farmers to raise their capability and skills, empowering them to carry on supplying our business for years to come.**

We think it's important to make the public, especially young people, more aware of British agriculture. As co-sponsors for the Year of Food and Farming, running from September 2007 to July 2008, we are helping bring farmers and school children together. This campaign is linked to our 'Active Kids' scheme, to help kids learn about how our food is produced.

In 2008 we will also be working with our suppliers to offer farm and store tours to local children in each of our key agricultural regions.

**ALL OUR OWN-BRAND POTATO CRISPS ARE MADE USING ONLY BRITISH POTATOES**

#### **We are 100% British in these categories**

- fresh milk
- organic meat
- 'Taste the difference' meat\*
- whole eggs
- fresh salmon

In May 2007 we became the first UK retailer to use only British potatoes in our entire range of own-brand potato crisps. This means we now buy an extra 2,000 tonnes of potatoes from British farmers every year and that all of our 19 crisp varieties, including our value 'basics' range, are made using only British potatoes. In 2007 we sold over 82 million bags of crisps, which equates to 158 bags a minute.

For some crops we purchase a particularly large share of the UK market. For example, during 2007/08 we purchased over 24% of the British strawberry crop\*\* and over 27% of the British asparagus crop\*\*\*.

In 2007 we committed that by August 2007 all the fresh salmon we sell would be of Scottish origin. We made a conscious decision to postpone this target, allowing us to combine our move to 100% Scottish salmon with significant feed improvements. These are designed to improve the nutritional profile of the salmon (restricting saturated fat levels whilst increasing Omega-3 levels) and increase sustainability by removing 'red-rated' fish species from the salmon's diet. Our exclusive 'Responsibly sourced' Scottish salmon launched in June 2008.

## NEW TARGETS

- o 50% of our fresh produce and 35% of floral will be British sourced, when in season, by 2010
- o Our fresh ready meals will contain 100% British meat\*\*\*\* and poultry by April 2009
- o We will use 100% British meat in frozen burgers (chilled are already) by August 2008
- o Our fresh and smoked farmed salmon will be 100% Scottish by July 2008

\* Except for speciality hams.

\*\* Source: British Summer Fruit data for 2007.

\*\*\* Source: TNS data for 2007.

\*\*\*\* Other than meat that needs to be sourced from outside the British Isles for taste or authenticity reasons, such as pancetta.

## Assisting British farmers in a time of crisis

During the complete export ban necessitated by the 2007 foot-and-mouth crisis, the traditional export market for British lamb was closed. Recognising the hardships this could cause for farmers, we moved to create a new domestic market for light lambs - small native mountain breeds traditionally used as export meat. We sourced 10,000 British light lambs per week, offering an immediate lifeline for farmers whilst also creating a new route to market.

During the foot-and-mouth crisis we launched promotions to encourage our customers to buy more British lamb. We sent out over 100,000 recipe 'Tip' cards for British lamb shoulders, and we offered free rosemary with lamb purchases.

The move supported calls from the NSA (*National Sheep Association*), the NFU (*National Farmers' Union*) and Jamie Oliver for supermarkets to assist the UK sheep industry and encourage customers to switch to buying British lamb.

We also announced an increase in the price we pay our suppliers for British pork, ham, bacon and sausages - injecting an estimated £5 million into the British pork industry.

“ This is an important step as far as pig producers are concerned. The doubling of feed prices and foot-and-mouth restrictions have put pig producers under unprecedented pressure. Sainsbury's has listened to what we have been saying and has acted to help and to secure its supply chain of high-welfare British pork in these difficult times. ”

Stewart Houston  
Chairman of NPA (National Pig Association)

## Our commitment to British farmers

In the past two years alone, we've introduced many initiatives to support British farmers:

### May 2006

- o First supermarket to sign contracts with British organic beef farmers
- o Launched 'Supply Something New', our scheme to make it easier for small and medium sized local suppliers to approach us with their products

### Sept 2006

Launched 'Concept Orchard' to help British apple farmers increase their crop yields

### Oct 2006

Launched 'Sainsbury's Dairy Development Group' to support UK dairy farmers

### Nov 2006

Launched 'heritage' potatoes, re-introducing older British potato varieties - some originally bred over 150 years ago

### Dec 2006

Moved to 100% British turkeys

### Feb 2007

First supermarket to extend its British tomato supply to 52 weeks, ensuring availability of British tomatoes all year round

### Apr 2007

Launched 'Traditional West Country' lamb range in 200 stores

### May 2007

Began using 100% British potatoes for crisps

### Jul 2007

- o Began stocking traditional Cotswold lamb in 100 stores across the Midlands
- o Paid a premium to 'Sainsbury's Dairy Development Group' members as part of an annualised investment of £20 million into the liquid milk business

### Sept 2007

- o All our organic lamb became 100% British, making all our organic primary meat 100% British, all year round
- o All our 'Taste the difference' lamb became 100% British, making all our 'Taste the difference' primary meat 100% British

### Oct 2007

Announced an increase in prices to be paid to British pork suppliers



### 'Farm Connections'

Industry figures suggest that British farmers and livestock producers lag a long way behind those in other countries when it comes to being IT-enabled. Only 20% of UK beef farmers use information technology to manage their businesses - putting them at a competitive disadvantage.

To support British beef farmers and to improve rural access to technology, we launched our '**Farm Connections**' scheme in January 2007. Under the scheme, we have given participating beef producers computers, software and training so they can better operate and compete in the market and are better informed about industry developments and changes affecting production costs.

Training focuses initially on IT basics, such as computer installation and getting to know the hardware and software as well as the fundamentals of the internet and email. More advanced training covers the ways in which technology can facilitate business improvements, such as more efficient farm accounting, record keeping and benchmarking with the aid of specialist software.

Our partners in 'Farm Connections' are *The Red Meat Industry Forum (RMIF)*, meat processor *Anglo Beef Processors (ABP)*, the Welsh Assembly and the Regional Development Agencies for the West Midlands, the South West and Wales. The scheme is delivering more open communications throughout the supply chain - a real step change for the British beef industry.

### OUR FARM CONNECTIONS SCHEME BRINGS IT TRAINING AND RESOURCES TO UK BEEF FARMERS

### NEW TARGET

We will extend 'Farm Connections' to lamb suppliers over a 12-month period, commencing May 2008



“ For the first time some beef producers will now be able to use technology to help them see beyond the farm gate and take a whole chain approach to their businesses. ”

Martin Grantley Smith  
General Manager, Red Meat Industry Forum

“ Farm Connections will address every stage of IT literacy from how to switch on the PC and sending an email to exchanging market information with their buyers and filling in Defra forms. ”

Richard Cracknell  
Managing Director, ABP

“ I signed up to Farm Connections because you have to move with the times and not get left behind. The computer will make the whole workload simpler and allow me to get on with farm management more efficiently. ”

David Merrin  
Beef Farmer

## 'Sainsbury's Dairy Development Group'

We rely on an efficient, sustainable British farming community to help us meet our business objectives. In October 2006, we launched the 'Sainsbury's Dairy Development Group' (SDDG) with the vision of helping farmers to create a more sustainable supply of British milk. The scheme is designed to help drive profitability for dairy farmers by implementing efficiencies and improving communications throughout the supply chain to better understand the issues they face.

“By delivering immediate financial support to farmers, they have demonstrated they are serious about supporting farmers and paying fair prices. This is a direct result of really listening to farmers through the Sainsbury's Dairy Development Group.”

Gwyn Jones  
NFU Dairy Board Chairman

We are working with 320 dairy farmers who currently supply our conventional milk, plus representatives from *Dairy Crest* and *Robert Wiseman*.

### The SDDG scheme has four key goals:

- improving herd health and husbandry
- addressing environmental impacts
- increasing collaboration within the supply chain
- facilitating business improvements for farmers.

During 2007 we raised the price we pay to dairy farmers and we also paid a premium to SDDG members for being part of the scheme. This is in addition to investments we've made to help farmers meet the SDDG's goals. Both the *National Farmers' Union* and the *Milk Development Council* have welcomed the scheme.

During 2008 we will continue to work with the SDDG to deliver tangible benefits to farmers.

“Farmers for Action welcomes Sainsbury's move. It clearly shows we have a retailer who is prepared to listen to the current worries of dairy farmers and that this should be a message to all other retailers and they should take a lead from it.”

David Hanley  
Farmers for Action



“Sainsbury's commitment to its dairy farmers through the SDDG has begun to deliver real benefits to both farmer and customer. The roll-out of the four initiatives will strengthen further this new relationship ensuring that all parties can look forward to a more sustainable future.”

William Goodwin  
Member of Sainsbury's Dairy Development Steering Group

“I want to show my support for Sainsbury's in the same way they are supporting me. The SDDG has made all the difference to my business.”

SDDG farmer member  
Exeter (anonymous)



## CASE STUDY

### Knowing where our food comes from

In November 2007 we became the first supermarket to use flour from guaranteed traceable UK farms in our in-store bakeries. This made us the first supermarket to know exactly where our bread comes from. The flour is sourced from a farmer-owned cooperative, Camgrain, that uses only top quality British wheat grown on farms in East Anglia.

Camgrain has signed a two-year contract to supply the wheat milled for our in-store bakery flour. It's the first time British arable farmers have had a direct relationship with a specific retailer for in-store bakery bread, with the result that our customers can know the origins of the bread they purchase.

This agreement presents a new opportunity for us to work in partnership with British farmers. To support this goal we launched the **Sainsbury's British Flour Development Group (SBFDG)** in January 2008, bringing together representatives from Sainsbury's, the miller and the 300 wheat farms belonging to Camgrain. This will encourage more open and transparent communication throughout the supply chain. The group will help to drive new efficiencies in terms of costs and processes.

**WE'RE THE FIRST SUPERMARKET TO KNOW EXACTLY WHERE OUR BAKERY BREAD COMES FROM – AND IT'S 100% BRITISH**



“ Camgrain and Grainfarmers are delighted with this ground-breaking partnership. This agreement has provided our members with an opportunity to work in partnership with Sainsbury's, helping to deliver our strategy of providing high quality, innovative and differentiated combinable crops and services.”

**John Latham**  
Wheat farmer and Camgrain Chairman

“ This commitment by Sainsbury's is good news not just for those immediately involved, but for the wider farming industry as well. We are often told that arable farmers are too far removed from the market to be able to add value and develop relationships with customers like Sainsbury's, but Grainfarmers, Camgrain and Whitworths have proved these detractors wrong.”

**Slon Roberts**  
English Food & Farming Partnerships





## Woodland Eggs

Our **Woodland Eggs** combine high welfare standards for chickens with the planting of over 320,000 trees, giving our chickens freedom to roam in an environment that most closely matches their natural habitat.

Following the success of the SDDG, we established the '**Sainsbury's Woodland Egg Development Group**' (SWEDG) in December 2007.

The group aims to improve communications within the supply chain, to better understand the issues producers face. By identifying these issues, we are better able to support producers in addressing any specific areas of concern.

Membership of the SWEDG is made up of representatives from Sainsbury's, **Noble Foods, The Woodland Trust** and producers of Woodland Eggs. The group acts as a forum for all parties to exchange views through open dialogue. This leads to a better understanding of both the challenges and opportunities that exist.

The group has already acted on feedback from producers that the Woodland Egg packaging did not convey the British origins of the product. A new design will prominently feature the Union Jack flag in future.

We will continue to engage with SWEDG members in 2008 through a series of regional meetings, helping to bring about improvements for all parties in the supply chain.



## Regional products



OVER THE PAST 12 MONTHS,  
WE HAVE DEVELOPED 107 NEW  
REGIONAL PRODUCTS

### Best of British

We are constantly looking for new ways to support British farmers and preserve British culinary traditions. In April 2007, we launched a nationwide 'Best of British' campaign to save scores of traditional foods from extinction after our research predicted that many famous dishes could be extinct within a generation.

According to the report, a growing proportion of teenagers admit to being ambivalent towards British dishes. When questioned, almost a third (30.1%) of all 16-19-year-olds said they didn't care about buying local British food. More than one in 10 (11%) had never bothered trying a home-grown regional speciality and nearly 40% (37.7%) of British teenagers said they didn't ever cook traditional dishes.

The research prompted us to appoint 12 teams of Regional Champions tasked with identifying local foods under threat and offering local suppliers the chance to revive these products and get them on the shelves of our 750 stores throughout the UK.

Over the past 12 months, we have been working in partnership with our suppliers and Regional Development Agencies to develop our new regional ranges. So far we have introduced 107 new products, including local milk in four regions, with plans for three more regions by August 2008. We have also worked with 10 regional suppliers of sausages and bacon across the UK and introduced 13 local suppliers of cheese.

Furthermore, we have made regional cuisine a component of our 'Active Kids Get Cooking' scheme, with more than 7,500 participating schools. In 2007, the scheme included a challenge for children to create their own dishes based on the theme 'Best of British with a twist'. We hope that by identifying new suppliers with new and uniquely British foods, and by involving children in practical activities based on the foods local to them, we can help re-ignite pride and excitement in British food.



### NEW TARGET

We will supply regional strawberries, sourced within 20 miles of the store to 19 stores by June 2008



## Beef and lamb

All our counter beef and lamb in Scotland, Wales, the West Country and Northern Ireland is now regionally sourced.

Since the end of March 2008, 100% of the fresh beef sold in our nine Northern Ireland stores has been sourced, processed and packed locally.

“Sainsbury's commitment is a measure of good faith in the excellent fresh beef we have right here on our own doorstep. I hope that shoppers will think about how what they put in their baskets affects the bigger picture. By choosing locally produced beef, not only are you providing your family with nutritional goodness, but you are also voting for fewer food miles and supporting local producers in rural communities.”

Michelle Gildernew MP

Agriculture and Rural Development Minister

The move follows our commitment in November 2007 to source and sell only locally produced lamb in the region. This year, we have taken new-season lamb six weeks earlier than normal in Northern Ireland, extending our support for local lamb farmers further still.

In July 2007 we announced that we would stock traditional Cotswold lamb in 100 stores across the Midlands. This followed the successful launch of the 'Traditional West Country' lamb range, which we launched on over 200 of our meat counters in April 2007.

“This move is a boost to British food and farming. Celebrating the provenance of our food, our regions, and counties, means we are helping farmers and rural communities achieve a thriving profitable, competitive and sustainable farming industry.”

Peter Kendall  
NFU president

## NEW TARGET

Regional meat sourcing initiatives: we aim to sell regional beef and lamb in Scotland, Northern Ireland, Wales and the South West – commencing 2009

**100% OF OUR COUNTER BEEF AND LAMB IN SCOTLAND, WALES, THE WEST COUNTRY AND NORTHERN IRELAND IS REGIONALLY SOURCED**

## 'Supply Something New'

Many of our customers want to buy food grown, reared or produced locally, which reflects local taste and traditions. We recognise that buying from small suppliers can also help stimulate the rural economy. In July 2006, we launched our 'Supply Something New' scheme in partnership with *Food from Britain*. The scheme is aimed at making it easier for small and medium-sized suppliers to introduce their products to us.

We have established a website

– [www.supplysomethingnew.co.uk](http://www.supplysomethingnew.co.uk)

– where suppliers can find out about the scheme and apply on-line to take part in it. Two years after 'Supply Something New' began, sales from regional products of 16 participating suppliers have reached a landmark of £2.5 million.

We are working with another 20 new suppliers, with products ranging from regional cheeses and pies to puddings. Over the course of 2008 our panel will meet with over 40 different suppliers, with a goal of bringing many new, British products to our stores.

“Supply Something New is a great initiative that has helped wonderful small producers grow their markets, and has given many more British consumers the opportunity to taste the top-quality food and drink being produced in Britain. Sainsbury's decision to find promising small suppliers, by working with Food from Britain and the Regional Food Groups, is an investment in the next generation of quality regional food and drink producers.”

Mary MacNeal

Regional food consultant at Food from Britain



## Offering a wide range of organic products



**WE ARE WORKING WITH UK ORGANIC APPLE GROWERS TO PLANT ENOUGH ORGANIC APPLE ORCHARDS TO SUPPLY THE WHOLE 22-WEEK ENGLISH SEASON BY 2010**

### FAST FACT

We are the only supermarket to help British farmers convert to organic standards. Our 'Farm Promise' milk comes from farms that are converting to organic, and we cover all the associated costs during the move from conventional to certified organic.

### Supporting British organic farming

British farmers who decide to convert to organic farming face many hurdles. Achieving certified status can take two to five years, and during this transition farmers must cope with declining output, which they are not yet able to offset with the higher prices they will receive once they have achieved organic status. Our approach is to support UK farmers during the period of conversion, thereby encouraging the growth of UK organic farming.

We offer 'in-conversion' payments to beef and milk suppliers, which we make in staged payments over the transition period. All our in-conversion milk is labelled '**Farm Promise**' in store.

We are committed to sourcing as much organic produce from the UK as possible.

**ALL OUR ORGANIC MEAT IS BRITISH – 52 WEEKS OF THE YEAR**

### Organic concept orchard

In August 2007 we launched a brand new farming initiative, **Organic Concept Orchard**. The scheme builds on the success of Concept Orchard, which we launched in September 2006 to help growers produce fruit more efficiently.

Organic Concept Orchard aims to raise the percentage of British-sourced organic apples sold in the UK, by pioneering new, more productive ways of growing organic apples. The goal is for organic apple growers to produce a minimum of 25 tonnes of fruit per hectare and to do this within just two years of planting. Most current organic orchards achieve a maximum of just 10 tonnes.

We are working with UK organic apple growers to plant enough organic apple orchards to supply the whole 22-week English season by 2010. It's part of our long-term commitment to helping secure the future of the British organic apple industry.



## Organic clothing

In August 2007 we launched a range of clothing that is not only made from 100% organic cotton but also uses an entirely organic production process. The collection, which is the largest and one of the first 100% organic clothing ranges on the high street, will have full traceability back to the field where the cotton was grown.

“ Cotton production is a global issue that is the cause of many health problems for non-organic cotton farmers and processors. We are delighted that Sainsbury's has chosen this path and are proud to have certified their organic TU clothing range. With this range in place the producers and processors overseas have a better future ahead of them. By buying these items the lives of the cotton farmers and processors, and their families, will be richly improved and over time their economy could also pick up. ”

Helen Taylor  
Marketing Director, Soil Association

## NEW TARGET

In summer 2008 we will introduce 100% organic cotton ladieswear and kidswear ranges

**OUR ORGANIC CLOTHING RANGE HAS FULL TRACEABILITY – RIGHT BACK TO THE FIELD WHERE THE COTTON WAS GROWN**



## An organic history

We were the first supermarket to sell organically grown produce, back in 1986, and we continue to be at the forefront of supporting organic methods.

### 2000

First supermarket to launch fully compostable packaging with biodegradable trays on some organic produce – 90% of our 'SO Organic' produce is now in compostable or recyclable packaging

### 2002

Bred the first potato variety specifically for the organic market

### 2005

Named Organic Supermarket of the Year for the third year running in the Soil Association Organic Awards

### 2006

First supermarket to launch an organic online box scheme, with 100% UK grown produce

### 2007

- Our organic meat became 100% British on moving all our organic lamb to UK sourced
- Launched a range of 100% organic clothing
- Launched our 'Organic Concept Orchard' to support UK organic apple growers

### 2008

Our market share of organics is 26%\*. We sell 1,000 organic lines in total, of which 400 lines are within our 'SO Organic' food range

\* Source: TNS Retailer share of total market spend, for 52 weeks ending March 2008

## Supporting Fairtrade



### WE ARE THE BIGGEST RETAILER OF FAIRTRADE PRODUCTS IN THE UK\*

In 1994, we were the first major supermarket in the UK to offer **Fairtrade** food. Fairtrade offers producers in the developing world access to global trade markets and a guaranteed minimum price for their goods. Fairtrade standards protect producers against global price fluctuations and provide the security needed to plan for the future. Fairtrade also generates a social premium, allowing producers to invest in the development of their own local community.

\* Measured by market share: source Nielsen Homescan Defined Grocery Multiples, 52 weeks 29/12/07.

It's been nearly seven years since we started selling Fairtrade bananas and many of our customers now expect the ethical standards of Fairtrade to apply to many of the products they buy from us. We're now seeing record demand for Fairtrade amongst our customers.

### WE PLEDGED LAST YEAR TO DOUBLE OUR SALES OF FAIRTRADE PRODUCTS, AND WE SURPASSED THIS GOAL BY £36 MILLION

Our annual Fairtrade sales now amount to £139 million and we expect them to grow beyond £200 million by the end of 2008/09.



## The benefits of Fairtrade

Our decision to offer only Fairtrade bananas in our stores has meant there are more funds for community projects in the Windward Islands, including:

- o construction of water tanks for 360 schoolchildren
- o installation of hospital equipment benefiting around 12,000 people
- o renovation of a computer laboratory and resource centre benefiting nearly 1,000 staff and children

**WE SELL OVER 1,000 FAIRTRADE BANANAS A MINUTE - THAT'S 700 MILLION PER YEAR**



## Bananas

### ALL OUR BANANAS ARE NOW FAIRTRADE

Since the end of July 2007, every banana sold in our stores has been Fairtrade, as we promised in 2006/07. We were the first UK retailer to make this switch - a significant breakthrough for Fairtrade because of the volume of bananas our customers buy.

### WE NOW SELL MORE FAIRTRADE BANANAS THAN ALL OTHER MAJOR UK SUPERMARKETS COMBINED

Our conversion to 100% Fairtrade bananas has created a social premium of approximately £4 million, which was returned to the growers and their communities in Ecuador, Colombia, Dominican Republic and the Windward Islands. This premium, together with the guaranteed minimum price, is fundamental to the continued economic development of these communities.

### OVER HALF OF THE FAIRTRADE BANANAS SOLD IN THE UK COME FROM OUR STORES

“Fairtrade makes a lot of difference. I get \$7 more on a box of bananas and I have personally gained funding to fix up my shed. More widely, it helps with community aids like helping the Dennery hospital and schools in my community. Plus scholarship, it helps children, and I'm hoping my daughter can now go to college.”

Rennicks Doxilly  
Fairtrade banana farmer, St Lucia

## A history of commitment to Fairtrade

**1994**

First supermarket to stock Green & Black's Maya Gold Chocolate, the first product to be awarded the Fairtrade mark

**1998**

Extended our range to tea, coffee, chocolate, geobars and orange juice

**2000**

First major supermarket to launch Fairtrade bananas

**2004**

Celebrated ten years of Fairtrade with in-store offers and tastings to engage customers

**2006**

- o Made the UK's biggest-ever single order of Fairtrade cotton
- o First UK supermarket to sell a Fairtrade t-shirt

**2007**

- o First UK supermarket to sell 100% Fairtrade bananas
- o Launched our own range of clothing made from Fairtrade cotton
- o Moved to 100% Fairtrade tea, coffee and hot chocolate in in-store cafes
- o Moved our best-selling standard t-shirt to Fairtrade-certified cotton

**2008**

- o Moved to 100% Fairtrade Red Label tea
- o Moved to 100% Fairtrade sugar
- o First UK supermarket to sell Fairtrade loose grapes

## CASE STUDY

### Fairtrade Fortnight



In February 2007 our local Food Advisor *Theresa Decker*, who works in our Bridgwater store, visited *North Curry Primary School* to run a fun, Fairtrade-focused session with students and teachers.

Theresa works with schools throughout the region, encouraging children to develop lifelong healthy eating habits through fun, interactive sessions with demonstrations, sampling and practical advice. During the session about Fairtrade the children were shown a DVD from *Café Direct*, which follows the story of *Camila*, who lives on a coffee farm high up in the mountains of Peru.

To give the children a full taste of Fairtrade, Theresa brought along samples from a range of our Fairtrade products, including chocolate and bananas.

#### Tea and coffee

In October 2007, we confirmed that our entire own-brand tea and roast and ground coffee would become Fairtrade by the end of 2010.

In early 2008 we moved our **Red Label** tea to 100% Fairtrade. This has tripled the amount of Fairtrade tea sold in the UK. By August 2008, 95% of our tea will be Fairtrade (teas sourced from China are the exception). Over the next three years, our entire range of roast and ground coffee will move to Fairtrade, returning around £2 million in Fairtrade premiums to developing countries each year.

We sell 6,000 tonnes of own-brand tea and 2,000 tonnes of own-brand ground coffee every year.

“Sainsbury's has set a new pace which we hope other retailers and companies will follow, by committing to switch all its hot drinks categories and by working closely with the producers that supply them. By choosing products with the Fairtrade Mark, we can all make a real difference to the lives of farmers, workers and their families in developing countries.”

**Harriet Lamb**  
Executive Director, Fairtrade Foundation

**WITH OUR MOVE TO FAIRTRADE TEA AND COFFEE, OUR SHARE OF THE ENTIRE FAIRTRADE MARKET WILL BE LARGER THAN ALL THE OTHER MAJOR SUPERMARKETS IN THE UK COMBINED**

#### FAST FACTS

- Our customers spend £139 million on Fairtrade products every year
- 60% of our customers buy Fairtrade products during their shop
- In Fairtrade Fortnight 2008, we gave away over 260,000 units of Fairtrade textile products, such as tea towels and oven gloves, to customers spending over £5 on Fairtrade products

**OUR MOVE TO 100% FAIRTRADE RED LABEL TEA HAS TRIPLED THE AMOUNT OF FAIRTRADE TEA SOLD IN THE UK**

#### NEW TARGET

100% of our own-brand tea and roast and ground coffee will be Fairtrade by 2010. 95% of our own-brand tea will be converted by August 2008





### 'Fair Development Fund'

Our customers tell us Fairtrade is important to them, but many producers in the developing world find it difficult to meet Fairtrade standards without some assistance. In August 2007, we launched our **Fair Development Fund** to help more farmers and growers in the developing world to sell their produce as Fairtrade.

“Comic Relief has a history of commitment to Fairtrade through initiatives such as Dubble and grants to Fairtrade producers across Africa. We have also had a long-standing relationship with Sainsbury's. The Fair Development Fund allows us to combine our expertise in supporting Fairtrade initiatives, with Sainsbury's access to customers to achieve real lasting social change.”

**Richard Graham**  
Head of International Grants, Comic Relief

The Sainsbury's 'Fair Development Fund', which we kick-started with an initial commitment of £1 million, will be used to support a number of Fairtrade initiatives over a four-year period. The fund will be run by Comic Relief and should provide a major boost to the livelihoods of producers – especially those in Africa – who are not yet participating in the Fairtrade system.

“Many smallholder groups, especially in Africa, want to support themselves by selling their products as Fairtrade but they need assistance to get started. This fund will help fill that gap – by supporting farmers' groups to meet Fairtrade standards or improve the quality of their crops. So we welcome the opportunities this will create for farmers – and the serious commitment shown by Sainsbury's investment in the long-term future of Fairtrade.”

**Harriet Lamb**  
Executive Director, Fairtrade Foundation

### The fund's initial projects will include:

- supporting the *Fairtrade Foundation* to create standards for new products
- helping farmers in rural Uganda to supply dried fruits to an export market – dried fruits from these farmers will be on sale in our stores from August 2008
- supporting small-scale peanut farmers in Malawi to buy seeds or machinery.

To celebrate the launch of the fund and encourage more customers to buy Fairtrade, we offered customers double Nectar points on goods carrying the Fairtrade mark over a four-week period in August and September 2007.

“Fairtrade has helped build our resource centre, which is a new beginning for children. The students here now have access to computers, and in a rural area like this, it's made a real difference to the school and the community.”

**Germana Lubin**  
Principal, Ti Rocher School, St Lucia

### NEW TARGET

We will launch the first Fairtrade-certified nuts developed with support from our Fair Development Fund in August 2008



“We support suppliers who are ethical and responsible.”

## Ethical, sustainable sourcing



### Animal welfare

Consumer concerns over animal welfare rose dramatically in 2008 following a high profile national campaign, which focused on the conditions of chickens. This brought animal welfare issues to the forefront of customers' minds.

Following the campaign we saw a slight increase in demand for *all* our chicken ranges, with our free-range, organic and **RSPCA Freedom Food** chicken experiencing record demand.

We are committed to ensuring that the animals reared to produce our food and drink experience high standards of health and welfare.

Animal welfare has been on our agenda for well over a decade. In 2004, we were the first retailer to launch RSPCA Freedom Food chicken. In August 2008 we will be launching a range of fresh chicken produced to meet the RSPCA Freedom Food standard as a minimum.

### NEW TARGETS

- From August 2008 we will launch an additional range of fresh chicken produced to higher welfare standards, to meet the RSPCA Freedom Food standard as a minimum. We will achieve this by using slower growing breeds with lower stocking densities
- We then aim to extend our higher welfare standards for chicken to frozen and processed lines, commencing 2011

## BY 2012 OUR SHELL EGGS WILL BE 100% CAGE FREE

We aim to sell only cage-free shell eggs ahead of 2012. Because we sell nearly 600 million eggs a year, shifting to all cage-free eggs is a huge challenge. The scale of the move represents a major shift away from caged eggs in the industry. We are working very closely with our egg supplier and our farmers to achieve 100% cage-free eggs as soon as possible. 'Woodland Eggs' is one of our initiatives. It combines high welfare standards for chickens with the planting of over 320,000 trees, giving our chickens freedom to roam in an environment that most closely matches their natural habitat. In June 2008 we will be launching 'Taste the difference' free-range chicken, extending the Woodland concept to chickens raised for meat.

Over the past 12 months we have gradually reduced the proportion of caged eggs used in our processed products. All our **'Taste the difference'**, **'Supernaturals'** and **'Kids'** ranges use free-range eggs.

During 2007 we rolled out herd health planning to improve dairy cow health and husbandry, working with members of the Sainsbury's Dairy Development Group.

We do not sell any products containing fur, and in 2007 we signed the *Fur Free Retailers Pledge*, an international initiative to provide consumers with accurate information about a retailer's fur policy.

“Sainsbury's move signals a sea-change in policy on shell eggs for all the top retailers and demonstrates how seriously it takes its ethical responsibility. We're thrilled that Sainsbury's has taken the opportunity of the Good Eggs initiative to make this commitment.”

Rowen West-Henzell  
Compassion in World Farming's  
Food Policy Officer

## NEW TARGETS

- Move out of shell eggs from caged hens entirely by 2012. All shell eggs to be produced to Freedom Food standard
- Free-range eggs will be rolled out across our further processed products. We already use free-range eggs in our 'Taste the difference', 'Supernaturals' and 'Kids' ranges



## CASE STUDY

### ‘Responsibly Sourced’ Scottish salmon

All our fresh farmed salmon is now ‘responsibly sourced’. This makes us the first major supermarket to convert all its farmed salmon to the RSPCA Freedom Food standard for higher levels of animal welfare. As the largest supermarket retailer for salmon in the UK, the move accounts for 27% of all UK salmon sales.

#### What’s special about our salmon?

- **100% Scottish:** All our fresh and smoked farmed salmon is now 100% Scottish.
- **RSPCA Freedom Food standard:** Our salmon is reared with the highest regard for animal welfare.
- **Specially selected sites:** We have chosen sites for their low environmental impact and ideal growing conditions for our salmon. Features such as fast flowing currents ensure clean water quality and optimum oxygen levels for our fish.
- **Sustainable feed:** Our salmon feed contains only fish species that are in plentiful supply.
- **Healthy:** Our salmon are fed on a unique diet to provide 100% of your weekly Omega 3 requirements in one portion (130g).
- **No artificial colour:** We use only naturally produced Phaffia pigment in our salmon.
- **Reduced packaging:** We have reduced the amount of packaging we use by up to 20%.

As our biggest-selling fish, the move marks an important step towards meeting our goal to convert our top five fish species to green-rated or MSC status by the end of 2010.



“This is a big leap forwards for salmon farmed to higher welfare standards. The RSPCA standards for farmed salmon require appropriate space for the fish to swim in and ensure that they are handled, transported and killed humanely. All Freedom Food members are subject to annual assessments by specially trained assessors, random spot checks by RSPCA farm livestock officers and traceability checks on products carrying the logo.”

Alice Clark  
RSPCA Farm Animal Scientist





## Sustainable fishing

Fresh fish is a rapidly growing market and fish is the only major food source that is largely wild-caught. Some key species are so popular that their stocks have been depleted and some fishing methods, such as beam-trawling, are damaging to marine ecosystems. Farmed fish is increasingly popular, but there are issues here too, such as pollutants and feed sources.

Five species - *cod*, *haddock*, *tuna*, *salmon* and *prawns* - make up 80% of the fish we sell. Our strategy focuses on improving the sustainability of these species, aiming for a 'green' rating on our unique fish sustainability rating scheme. We are on target to double our sales of green-rated fish (those with sustainable stocks) by the end of 2008 and to convert our top five fish species, representing 80% of our sales, to green status by 2010.

## NEW TARGETS

- Our aim is for the big five fish species (cod, haddock, tuna, salmon, prawns), representing 80% of our sales, to be MSC certified or green-rated against our sustainability standard rating system by the end of 2010
- We will integrate our fish sourcing and sustainability policy into all canned fish, ready meals and processed fish by the end of 2008

## Our sustainability rating system

In 2006, we developed our traffic light sustainability rating system, by working closely with the Marine Conservation Society, suppliers, campaigners and industry experts. **The system gives a sustainability rating for all the fish we sell:**

**Green** - scientifically verified to be in plentiful supply

**Amber** - concerns about sustainability, but action is being taken

**Red** - major concerns about sustainability, so we will not sell it

We no longer sell any red-rated fish and we are working with suppliers to move any amber-rated fish to green status.





## 2. Sourcing with integrity

### Sustainable fishing practices

We are working with our suppliers to develop higher standards of sustainability throughout fishing life-cycles. For example, we apply the same rating system we use to identify the sustainability of the fish we sell to the species used for fish food.

We are also concerned about the effects of fishing on the marine ecosystem, and we are working closely with our suppliers to eliminate the use of anti-foulants in the cleaning of fishing nets. We are also the largest retailer of line-caught cod and haddock in the UK - 100% of our fresh cod and haddock is now line-caught, which is a less destructive, more sustainable alternative to trawling.

### MSC-certified sustainability

**Marine Stewardship Council (MSC)** certification is the gold standard in sustainable fishing practices.

Visit the [www.msc.org](http://www.msc.org) for more information.

In 2000 we became the first supermarket to sign up to the Marine Stewardship Council's principles.

### WE ARE NOW THE LARGEST RETAILER OF MSC-CERTIFIED FISH IN THE UK, BOTH IN TERMS OF RANGE AND TURNOVER

In 2007 we sold £5 million worth of certified sustainable fish, and we are committed to increasing this figure in the future.

In January 2008 we were the first retailer in Europe to introduce **MSC-certified** albacore tuna preserved in olive oil or spring water - an important step in rolling out our sustainability policy to canned and other processed lines.



“Being able to buy the first MSC sustainable tuna products in one of the UK's largest fish retailers marks a major milestone for the sustainable seafood movement. Sainsbury's early vision and leadership have been instrumental in bringing this first-ever certified sustainable tuna to the UK. Sainsbury's has been hugely supportive of the MSC's mission to reverse the global problem of overfishing and promote marine conservation in fisheries and now stocks over 45 MSC-eco-labelled products - more than any other UK supermarket.”

Rupert Howes

Chief Executive, the Marine Stewardship Council

### NEW TARGET

- We aim to double our sales of MSC-certified fish by the end of 2008 (based on sales values)



“Sainsbury's move to 100% line-caught fresh cod and haddock once again demonstrates the company's serious commitment to eliminating destructively caught seafood from its shelves. By moving to line-caught fishing, Sainsbury's has begun to sound the death knell for more indiscriminate and destructive fishing methods. Anyone selling seafood, from the other big supermarkets to restaurants and fish and chip shops, would do well to follow Sainsbury's lead.”

Oliver Knowles

Greenpeace oceans campaigner



#### Promoting sustainable alternatives

Offering more sustainable alternatives to our customers is an important part of our approach.

For example, we have reintroduced more sustainable alternatives to cod, such as pollack and hoki. We now buy more British pollack than any other UK retailer.

We promote these alternatives to our customers through our recipe 'Tip' cards, our '**New in Season**' promotions, the *Sainsbury's Magazine* and the helpful assistance of our trained fish counter staff.

#### Fish for Now, Fish for the Future

In April 2007 we held our second '**Fish for Now, Fish for the Future**' supplier conference, bringing fishermen, agents and processors together from around the world to engage on our sourcing policy and targets.

“Together with Sainsbury's, we are helping to reduce our impact on the environment, ensuring we will all have fish to sell and buy in years to come.”

Mark Webber  
Interfish







## **Palm oil**

Increased demand for palm oil is a major contributor to deforestation and climate change. It is also a threat to indigenous communities and to some of the most threatened species on the planet, including orang-utans and Sumatran tigers. From soap to biscuits, palm oil is in thousands of everyday food and beauty items wherever you shop. Rather than banning the use of palm oil, we are committed to finding a sustainable solution that will stop deforestation whilst continuing to support the communities that rely on its production.

**OUR 'BASICS' FISH FINGERS ARE THE FIRST PRODUCT TO CONTAIN CERTIFIED SUSTAINABLE PALM OIL. THEY ARE ALSO MSC-CERTIFIED, MAKING AN EVERYDAY PRODUCT BOTH SUSTAINABLE AND AFFORDABLE FOR ALL**

In May 2008, we became the first UK supermarket to launch a food range - our 'basics' fish fingers - containing certified sustainable palm oil.

This means that nearly 8 million fish fingers sold each year now contain certified sustainable palm oil. The fish fingers are also MSC-certified, making an everyday product both sustainable and affordable for all.

In August 2008, we will also introduce bars of soap made using sustainable palm oil.

“We welcome Sainsbury's move to address the serious impacts of palm oil demand and hope that its actions will inspire others to follow suit and commit to using only Roundtable on Sustainable Palm Oil (RSPO) certified palm oil. All retailers need to take action on palm oil and on their other major environmental impacts. We need a concerted push on all fronts such as cutting greenhouse gas emissions and reducing the water footprint throughout supply chains.”

**Adam Harrison**

Senior Policy Officer, Food and Agriculture, WWF

“It is a huge step for Sainsbury's to make this commitment to source palm oil from certified sustainable sources. The future of wild orangutans in Borneo, and many other species that live in ancient forests across the developing world is in the hands of every consumer.”

Michelle Desilets

Founder and Executive Director, Borneo Orang-utan Survival Foundation UK

We believe these are major steps towards a more sustainable approach to palm oil. To build on these early commitments, however, we need much more certified sustainable palm oil to be available. We are dependent upon widespread take-up of certification at plantation level, and adoption of certified sustainable palm oil sourcing by the companies that provide our raw materials and ingredients. We are actively engaged with our supply chain partners to make sure that they understand the urgent need for industry-wide changes in sourcing practices.

We are in the process of establishing a palm oil tracker to identify which products contain palm oil. This will allow us to identify which of our suppliers are major users of palm oil, and to work with them to convert to sourcing certified sustainable palm oil. This kind of partnership is essential to achieving change on such a large scale. We need the participation not just of the suppliers who make our products, but also every company involved in the production and processing of products containing palm oil, right back to the forest.

## NEW TARGETS

- We will be the first supermarket to label the use of palm oil in all our food. Labelling will be completed on all fresh and chilled food by July 2008. And on all ambient and frozen food by June 2009
- Our aim is that Sainsbury's will only use certified sustainable palm oil by the end of 2014\*

\* To deliver this we are dependent upon widespread take-up of certification at plantation level, and adoption of certified sustainable palm oil sourcing by the companies that provide our raw materials and ingredients.

## FAST FACT

Last year, we promised that we would begin moving to sustainable palm oil as soon as it became commercially available.



### Timber

All wood fibre materials, such as tissues and toilet paper, rely significantly on woodland. Almost 3 billion toilet rolls are sold in the UK every year. Last year we said that 75% of our wood-based products would have on-pack Forest Stewardship Council (FSC) certification by the end of 2008. We achieved this target in December 2007, a full year ahead of schedule.

### ALL OF OUR TISSUE, TOILET ROLL AND KITCHEN TOWEL IS NOW EITHER FSC-CERTIFIED OR 100% RECYCLED

To mark our third 'Make the difference' day in June 2007, we gave away 5 million **FSC-certified** toilet rolls to shoppers. The day's aim was to raise awareness of some of the more environmentally responsible options available to customers when they buy tissue or toilet rolls, as well as reminding customers that all of our tissue, toilet roll and kitchen towel is now either approved by the FSC or is 100% recycled.

“The commitment by retailers, led by Sainsbury's and a few other forward-thinking companies, to use FSC-certified pulp in its tissue products is making a real difference to the management of the world's forests. Demand from countries like the UK, with the commitment to buy from responsibly managed forests encouraged and supported by Sainsbury's, now means that more than 100 million hectares of forests worldwide are certified to the FSC's high environmental and social standards. By giving consumers the choice to buy FSC-certified products, Sainsbury's is empowering the public to help protect the world's forests.”

Charles Thwaites  
Executive Director, Forest Stewardship Council UK

“It's great news that Sainsbury's is holding a day of action to spread awareness of both FSC and recycled toilet rolls. Every year 25 million trees go into the production of toilet paper, paper towels, napkins, facial tissues and handkerchiefs just for consumers in the EU alone. The Forest Stewardship Council stamp of approval provides independent proof that wood fibres sources come from well-managed forests.”

Julia Young  
Manager of WWF-UK's Forest & Trade Network

### FAST FACT

All of our tissue, toilet roll and kitchen towel is now either approved by the FSC or is 100% recycled.

### NEW TARGET

Our long-term target is for all our wood products to come from certified well-managed forests, with the FSC being our preferred certifier, although a firm deadline has yet to be established

### Peat

We are committed to working within the UK Government's target of 90% peat-free growing by 2010. Our suppliers have been running a range of projects to test the viability of reducing the use of peat as a growing medium. We have been monitoring these efforts and will continue to do so to understand what best practice can be shared. It is clear that achieving this level of reduction is a significant challenge.

We will be reporting back on progress in 2008/09.

### NEW TARGET

We are committed to working within the UK Government's target to reduce peat in all growing media by 2010







### FAST FACT

Vitacress, who grows leafy salads for us, has now reserved 1.5% of its total area for 'Operation Bumblebee'.

## Biodiversity

The natural biodiversity of our rural areas is vital to the continued health of British farming. One indicator of this is the bumblebee, crucial for the pollination of crops, which has been in steady decline. Research shows their populations are down by a worrying 70%. Already, 3 of the 25 species traditionally found in the UK are close to extinction and conservationists fear several more are in danger.

### OUR 'OPERATION BUMBLEBEE' AIMS TO GROW THE BUMBLEBEE POPULATION BY A STAGGERING 600%.

In order to prevent any more species from becoming extinct, we and our partner, Syngenta, are working with our growers to implement a nationwide project known as 'Operation Bumblebee'.

### 'OPERATION BUMBLEBEE' IS IMPROVING BIODIVERSITY ON OVER 130,000 ACRES OF UK FIELDS

This scheme aims to increase the bumblebee population by a staggering 600%. The project involves training farmers and growers to dramatically increase the amount of food available to bumblebees, by growing vital pollen and nectar rich habitats on their farms. This will result in the number of bumblebees increasing by many millions over the next few summers. As well as increasing the population of bumblebees, other wildlife - including butterflies, other insects and farmland birds - will also benefit.

Currently, over 500 growers are involved in the project, 91 of which are Sainsbury's growers who have planted over 460 acres to date. This positively influences the biodiversity on over 130,000 acres of UK fields.

“The highlight of our involvement in Operation Bumblebee has been the significant increase in the biodiversity observed. In particular, the return of *Bombus ruderatis*, a rare species of bumblebee, at Pinglestone farm in Hampshire, after a 50-year absence. This was noted as part of the Sainsbury's monitoring work. Operation Bumblebee has been very successful here and combines well with our careful crop management and, in particular, minimal use of insecticides. This type of care enabled Vitacress and Sainsbury's to be the first to launch 'washed in Spring Water' for leafy salads (thus removing harsher water treatment chemicals).”

Dr Graham Clarkson,  
Group R & D Manager, Vitacress Salads Ltd



## Working with suppliers



**800 DELEGATES ATTENDED  
OUR SUPPLIER CONFERENCE  
IN JANUARY 2008**

We believe it is vital to view our impacts within the global context. The way we work with our suppliers is part of our consideration for the wider sustainability impacts of our decisions – economic, social and environmental.

Suppliers are an integral part of our overall business. Our standard terms and conditions, which all our suppliers sign before they can do business with us, begin with a section on social responsibility. We also require our suppliers to adhere to our Brand Standards – our set of guidelines for suppliers who produce our own-brand products.

Communication and transparency are key to our supplier relationships. We communicate to all our suppliers on an ongoing basis. Our supplier newsletter, *Working Together*, keeps suppliers up to date with current issues. We also hold Supplier Conferences twice-yearly for our suppliers, which are used to share our business strategy and to give suppliers an opportunity to raise any concerns directly with our senior management. Eight hundred delegates attended our Supplier Conference in January 2008, including suppliers and colleagues from across our business.

Last year we also ran a special Supplier Conference for suppliers operating in the Far East.

Additional one-day conferences are an effective way to facilitate discussion and create mutual understanding on specific issues. For example, feedback from our suppliers told us they were having difficulties in interpreting the *Gangmasters Licensing Act* that came into force in 2006. In response to their needs, we initiated a one-day workshop on managing temporary labour, to help them apply the legislation in practice. We ran two workshops last year, and we plan to offer the workshop again in 2008.

In March 2007, we launched our supplier 'Talkback' surveys. This is the supplier version of our successful colleague scheme. We conduct the surveys on a quarterly basis, to make sure our suppliers' voices are heard throughout the year.

We also continue to engage with other stakeholders where we can make a difference on specific issues. For example, we have engaged in dialogue with *Labour Behind the Label*, which focuses on ethics in the clothing sector.



**WE USE OUR SUPPLIER  
'TALKBACK' SURVEYS TO  
MAKE SURE OUR SUPPLIERS  
VOICES ARE HEARD**

## Ethical Trading Initiative

**The Ethical Trading Initiative (ETI)** is an alliance of companies, *non-governmental organisations (NGOs)* and trade union organisations. Their aim is to ensure that the working conditions of producers for the UK market meet or exceed international labour standards.

We were a founder member of the ETI in 1998 and continue to find it invaluable as a forum for engaging with a range of stakeholders. Our own Code of Conduct references the initiative's Base Code. In 2007 we made the ETI Workbook available to suppliers electronically for the first time, at no extra cost.

The ETI is organised into groups, and we are active on a number of them, including the *Food Group* and the *General Merchandise Group*. We are the only supermarket on the *Homeworkers Group*. During 2007, we worked with our suppliers on the issue of responsible management of smallholders, and the ETI was an invaluable forum for this work.

## Sedex

We have been members of the **Supplier Ethical Data Exchange (SEDEX)** since its inception in 2001. We use this data to audit standards in our business and our suppliers' operations. In 2008 SEDEX will make information available in French, Simple Chinese, Spanish and Arabic.

## Technical Management Academy

More than 240 of our suppliers have been through our **Technical Management Academy**, which we launched in 2006 with the *Chipping Campden Food Research Association*. The academy helps suppliers understand our technical and ethical requirements. No other UK retailer offers its suppliers such training.

The academy programme is also open to our colleagues and 45 of them have been through it so far. Learning side-by-side in this way helps ensure that our colleagues and suppliers share a common approach to technical and ethical issues. These experiences also help to create valuable personal relationships. We will be inviting all previous academy participants to our second Technical Management Academy reunion in June 2008, and we will be awarding our first '**Technical Person of the Year**' award, encouraging excellence.

**OUR TECHNICAL MANAGEMENT ACADEMY OFFERS TRAINING TO BOTH COLLEAGUES AND SUPPLIERS IN TECHNICAL AND ETHICAL ISSUES**



**WE WERE A FOUNDER MEMBER OF THE ETI IN 1998 AND WE HAVE BEEN MEMBERS OF THE SUPPLIER ETHICAL DATA EXCHANGE (SEDEX) SINCE ITS INCEPTION IN 2001**



# 3. RESPECT FOR OUR ENVIRONMENT





**“I want Sainsbury’s to take environmental issues seriously and to make it easier for me to be environmentally responsible too.”**

We take the threat of climate change seriously. Each year we launch new projects designed to achieve further reductions in our energy consumption, which also means reducing our carbon footprint. In 2007/08 we opened the UK’s greenest depot, installed new energy-saving technologies at our flagship low-energy store, introduced electric delivery vans and trialled river transport as a congestion-free alternative to using lorries in London. We also continued to make energy-efficiency improvements across our stores and transportation fleet. Over time, these steps will add up to significant carbon savings.

Sending less waste to landfill is another big concern, whether it’s packaging, carrier bags or food waste. Here too, small steps can add up to big results and our approach is to tackle the heart of the issue, making real improvements for the future. In April 2008 we announced our commitment to reduce the environmental impact of carrier bags, pledging not only to halve the use of free single-use plastic bags by April 2009 but also to increase the proportion of recycled material in our standard plastic bags to 50% from June 2008.

**To us, respect for our environment means achieving a more responsible approach to:**

o Energy efficiency and carbon management

page 74

o Waste reduction (including carrier bags, packaging and food waste)

page 82

o Pesticides

page 90



“We have a long history of environmentally responsible actions and we recognise that there is still much more to be done.”



### Tracking our progress

We have long taken leading-edge positions on issues of environmental concern. We first addressed energy consumption as a strategic issue in 1984 and in 1994 we installed one of the first energy monitoring and targeting systems in the UK. In 1996, we were the first UK food retailer to publish an *Environment Report* and today we continue to report on our energy usage and waste through our annual *Corporate Responsibility Report*.

This year, we have made some changes to our targets, bringing them in line with the 2012 *Kyoto protocol*. We have also realigned our data to use 2005/06 consistently as the sole baseline. This will allow us to more easily track and benchmark our performance against Government targets.



Our CEO, Justin King, has personally committed to be an advocate of productive debate and evidence-based decision-making in the ongoing challenge of addressing climate change.

**As a business, we have pledged to take action in several important ways:**

- o to set targets for emissions reductions and measure our success
- o to engage with colleagues to find ways of tackling climate change
- o to work with our suppliers to reduce their emissions
- o to encourage our customers to take steps that will limit their environmental impact.

## Our **heritage** in environmental responsibility

Highlights from the past hundred years show our longstanding history in taking responsibility for our impact on the environment:

**1913**

Our earliest records of recycling cardboard

**1944**

Saved paper by halving labels on our cans

**1983**

Installed one of the first computer automated Building Energy Management Systems, allowing us to automatically control energy use in our stores

**1984**

Introduced our first formalised Energy Management Programme for stores

**1994**

Installed one of the first automated energy monitoring and targeting systems in the UK

**1998**

We began donating safe, edible and nutritious food to local charities

**1999**

Opened our first low-energy store in Greenwich, using 47% less electricity from the grid than comparable stores at the time

**2000**

Installed the UK's first 'on site' commercial wind turbine at our East Kilbride depot

**2003**

Began sourcing 10% of the electricity we consume from renewable sources.

**2005**

- o Achieved a 20% reduction in carbon emissions across our stores (against a 1997/98 baseline)
- o Trialled the first energy-efficient CO<sub>2</sub> refrigeration system for supermarkets

**2007**

Opened the UK's greenest depot at Northampton, which uses just half the energy of similar distribution centres

**2008**

- o Achieved re-accreditation under the Energy Efficiency Accreditation scheme
- o As a result of reducing our electricity consumption from the grid by 73%, we have achieved a 60% reduction in CO<sub>2</sub> emissions in our newly refurbished Greenwich store, compared to a standard store of the same size

## Energy efficiency and carbon management



**WE WERE RE-ACCREDITED UNDER THE ENERGY EFFICIENCY ACCREDITATION SCHEME THIS YEAR, IN RECOGNITION OF OUR COMMITMENT TO INVESTING IN ENERGY EFFICIENCY**

Improving our energy efficiency continues to be one of our top priorities. The benefits are both economic and environmental, since using less energy means lower operational costs and also lower CO<sub>2</sub> emissions.

Our stores consume more energy than any other part of our operations, primarily because of the refrigeration, heating, lighting and transportation fleet they require. We are focused on steps to improve energy efficiency across all these aspects of our estate.

We measure improvements in energy efficiency by monitoring CO<sub>2</sub> emissions per square metre of sales space (our relative emissions), as well as the total amount of CO<sub>2</sub> we emit (our absolute emissions).

Last year, we said we would reduce CO<sub>2</sub> emissions per square metre by 25% by 2012, against a 2004/05 baseline. We have since amended this target to use a 2005/06 baseline, bringing it into line with other commitments, and we are on track to achieve this target.

This year we improved our energy efficiency from 425 kgCO<sub>2</sub>/m<sup>2</sup> (2006/07) to 421 kgCO<sub>2</sub>/m<sup>2</sup> (2007/08), in the context of a year of strong sales growth.

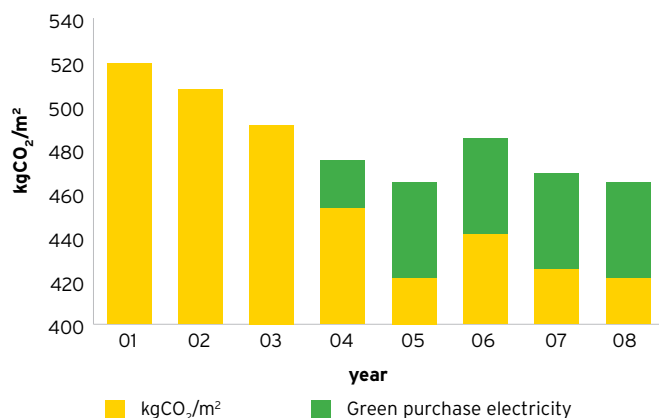
### **NEW TARGET**

We will reduce our CO<sub>2</sub> emissions per square metre by 25% by 2012 against a 2005/06 baseline

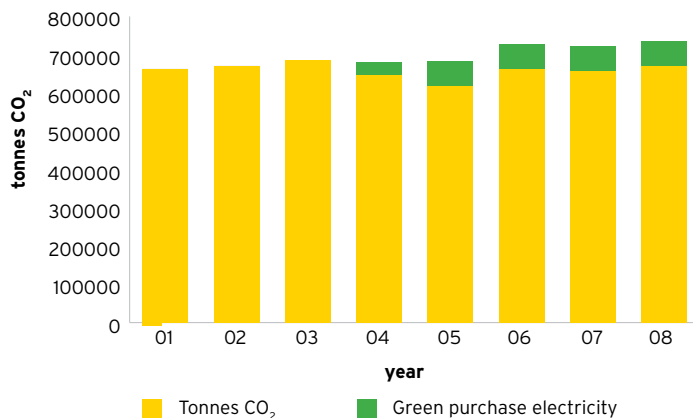
NB This replaces our previous target for depots to achieve a 12% reduction by 2010. Both our depots and retail outlets will now feed into our overarching 25% for 2012 target

## IN 2007/08 WE IMPROVED OUR ENERGY EFFICIENCY IN THE CONTEXT OF A YEAR OF STRONG SALES GROWTH

### Energy Efficiency Sainsbury's Stores kgCO<sub>2</sub>/m<sup>2</sup>



### Total tonnes CO<sub>2</sub>



## Biofuels

Biomass may yet have an important part to play in reducing greenhouse gases, and we will comply with forthcoming *Road Transport Fuel Obligation (RTFO)* legislation. We also recognise that concerns have been raised about the potential pitfalls of widespread biofuels usage.

We will work with our suppliers to meet legal standards for biofuels. Significant questions remain around the overall environmental benefits of biofuels and their effects on the developing world. We are watching these developments closely, so that we can make the best decision for our business, our customers and the environment in the long term. We want to ensure that crops used in biofuel production are produced in a sustainable manner and we support the development of sustainability standards.

We also recognise that some practical actions can make a difference in the short term. For example, the way people drive and maintain their cars can make an enormous difference, and we continue to encourage our customers to do simple things to reduce fuel use - like checking the tyre pressure, or making sure there is no extra weight in the car's boot.

We also have programmes in place in our own car and transport fleet to make sure our vehicles run as efficiently as possible.



#### **Low-energy store programme**

Lowering the overall levels of energy used in our stores means finding ways to reduce energy consumption both in our existing estate and in new-build stores.

In existing stores, we can make progress on energy reduction through re-fits or by changing certain practices. In new-build stores we have a clean slate to try out new technologies and build specifications that can save considerable amounts of energy from day one. In all our stores, our goal is to ensure that energy-saving steps are non-intrusive for customers and colleagues, so that any impact on store operations is minimal.

In our existing stores, we have embarked on a new, long-term project called '**Reset**', which involves a system of regular reviews to ensure that we constantly improve our processes and maximise our energy and carbon savings.

Reset is managed at each location, so that store managers can adopt the improvements that will return the greatest energy savings for their store. Initial results are encouraging: on average, stores completed under Reset are showing energy savings of 10%.

As part of our low-energy store programme, we are trialling new energy saving technologies, with hopes of identifying promising technologies that can be rolled out across our stores. Some of these technologies are already commercially viable and in mainstream supply, while others are more experimental - hydrogen fuel cells, for example - and would need investment and development before they can be used on a larger scale.

Our *Greenwich* store is our flagship low-energy store. It uses pioneering energy technologies that may become affordable for broader use in years to come. When it opened in 1999, Sainsbury's Greenwich store used 47% less grid electricity than a standard store at the time.

Following a refurbishment in 2008, the store now consumes 73% less electricity from the grid than a standard store and, as a result of this, has achieved CO<sub>2</sub> emissions 60% below that of a current standard store. We are installing a hydrogen fuel cell at the store, which will reduce CO<sub>2</sub> emissions further still, making the store almost entirely self-sufficient in terms of electricity consumed from the grid.

**OUR GREENWICH STORE  
CONSUMES 73% LESS ELECTRICITY  
FROM THE GRID**

At two of our new-build stores, at *Alnwick* and *Dartmouth*, we have set out to trial currently affordable energy-saving technologies that, if successful, we expect to roll out across our entire estate. These two stores are predicted to achieve 32% and 40% reductions in operational CO<sub>2</sub> footprint, respectively. We also expect the construction specifications for the Dartmouth store to achieve a 30% reduction in embodied CO<sub>2</sub> when it opens in autumn 2008, because we have used materials with a reduced CO<sub>2</sub> footprint in the construction of the store.

### Leading edge technology

We believe some of the technologies used in this programme are firsts for food retail in the UK, including:

- **hydrogen fuel cell** (providing store heat and electricity)
- **biomass boiler** (providing heat and hot water)
- **solar-powered extract fans** (in bulk stock areas)
- **quietrevolution™ wind turbines**.

## CASE STUDY

### Helping customers make the difference

For our **'Make the difference'** day on 27 October 2007, we asked customers to make an energy-saving pledge. In return, we gave away 1 million energy-saving lightbulbs.

Switching to just one energy-saving lightbulb saves about £7 every year, and because they last much longer than regular bulbs – and use 80% less energy – a single energy-saving lightbulb could save customers around £50 in bills before it needs replacing.

To claim their free energy-saving lightbulb, customers were asked to make an energy-saving pledge from a list of simple changes. We designed the pledge to be thought-provoking, helping customers to think about their own environmental impact as well as some practical ways to reduce it.

**OUR 'MAKE THE DIFFERENCE' DAY ON LIGHTBULBS CONTRIBUTED TOWARDS A DRAMATIC 34.8% UPLIFT IN SALES OF ENERGY-SAVING LIGHTBULBS IN THE SIX MONTHS FOLLOWING THE EVENT**

### The energy-saving pledge

- Replace a lightbulb with an energy-saving lightbulb
- Take reusable bags for shopping rather than using disposable bags
- Unplug the phone charger when it's not being used
- Keep the fridge and freezer running efficiently
- Switch to taking more showers than baths
- Try drying clothes outdoors or hanging them up inside, rather than using the tumble dryer





## CASE STUDY

### The UK's greenest depot

**IN SEPTEMBER 2007 WE OPENED THE UK'S MOST ENERGY-EFFICIENT DISTRIBUTION CENTRE AT NORTHAMPTON, WHICH USES JUST HALF THE ENERGY OF SIMILAR BUILDINGS**

The significant energy and carbon reductions achieved at the 530,000 square foot site come from the industry-leading technologies and applications used there. These will set new standards for environmentally responsible design.

In an industry first, the site has its own power plant with a combined heat, cooling and power unit, which provides a significant proportion of electricity required for the depot. Other features include the largest rainwater collection and recycling system in the UK, which will reduce water consumption by 50%, or 14 million litres per year; a day-lit roof, so that there is little need to switch on artificial lighting during the day; and increased air tightness that considerably cuts the amount of heating the building requires.

Every stage of the building process was measured for CO<sub>2</sub> emissions. This information was collated in order to produce a carbon footprint of the building itself, and each element of the footprint has then been reduced using the features mentioned.

**NORTHAMPTON DEPOT HAS THE LARGEST RAINWATER HARVESTING SYSTEM IN THE UK, REDUCING WATER CONSUMPTION BY 50%.**



#### Transport

Transporting goods between our suppliers, distribution centres and stores requires the use of many vehicles. We are committed to improving the efficiency of these journeys and we are on track to meet the targets we set ourselves last year to:

- reduce CO<sub>2</sub> emissions per case transported by 5% by March 2009, against a 2005/06 baseline
- reduce the like-for-like distance our fleet and suppliers travel by 5 million km by 2010, through increased backhaul activity.

This year we will be focusing on further integrating our primary fleets and external haulier relationships to help us meet these targets.

Our **Integrated Transport Management (ITM)** system enables us to manage our vehicle fleet more efficiently and is a vital part of our efforts to achieve our environmental targets. It has already delivered significant reductions in the number of kilometres travelled.

We also use vehicles to fulfil our online shoppers' orders. In 2005 we were the first retailer to trial electric delivery vans and, in April 2007, we launched our '**Little Green Vans**'. We are on track for 20% of our online deliveries to be made using these electric vans by end of 2008/09.

During 2008 we will also be trialling a new system that generates renewable electricity from moving vehicles. The trial will take place at our new energy-efficient depot in Northampton and will help generate up to 2% of the site's total annual electricity requirement. The system will use highly advanced technology to capture kinetic energy (the energy inherent in an object because of its motion), converting it into electricity.

## IN JULY 2007 WE TRIALLED RIVER TRANSPORT ON THE THAMES AS A MORE ENVIRONMENTALLY RESPONSIBLE WAY OF DELIVERING FOOD TO OUR WEST LONDON STORES

The trial convinced us that movement of goods on the river Thames between our distribution centre and stores is a viable option, provided the commercial riverside operations can be established by the *Port of London Authority* and the *Greater London Council*. We are committed to working with partners to encourage the development of the necessary infrastructure.

We are working with a wide range of contacts within the rail industry, the Government, the property sector and the *CSR Retail Forum* to ensure that sustainable rail transport is at the forefront of the UK's evolving transport system.

## WE CONTINUE TO ASSESS THE FEASIBILITY OF RAIL USE WHEREVER VIABLE IN ORDER TO INCREASE CURRENT LEVELS OF RAIL FREIGHT USE WITHIN OUR BUSINESS

We are conscious of the impact our deliveries can have on local residents and we continue to invest in 'quiet' technology, including roll cages and 'white noise' reversing beepers, as approved by the *Noise Abatement Society (NAS)*.

## FAST FACT

In 2008, we were awarded the *John Connell Innovation Award* by **NAS** for our involvement in trialling night-time delivery noise with Doncaster and Wandsworth councils. Scheduling our deliveries at night has the added benefit of reducing traffic congestion during peak hours and also, importantly, our CO<sub>2</sub> emissions, because our vehicles spend less time sitting in traffic.





#### **Construction**

Growing our business to serve our customers means building new stores and expanding our existing stores. This construction consumes energy and produces waste. We set ourselves stretching targets for 2007/08 to reduce the environmental impact.

#### **This is what we achieved:**

- o 30% of our construction projects in the South were implemented using our consolidation centre, delivering an 88% reduction in vehicle movements
- o Eight projects utilised our offsite construction methods, reducing the build time on site
- o 91% of our main construction suppliers had a recognised **Environmental Management System (EMS)** accreditation
- o 80% of our construction waste on 90% of our projects was recycled, reducing the waste we sent to landfill.



## Water

Water consumption and wastage is set to become a more pressing issue, not only for consumers but for global agriculture, as one of the planet's most taken for granted resources becomes scarcer and more expensive.

Last year, we set an interim target of reducing our mains water usage by 35% by March 2008 against a 2005/06 baseline, with a long-term target of reducing our mains water usage by 50% by March 2009.

To bring this long-term water-saving objective in line with the rest of our targets we are re-aligning this to a 50% reduction of water use per square metre of sales space by 2012 against a 2005/06 baseline.

We have continued to roll out initiatives that will help us to reach our long-term target of a 50% reduction in water usage by March 2012.

For example, we fitted 2,200 water-saving taps in colleague and customer toilets in 2007/08, saving 80 million litres of water per year.



We have also installed a non-hazardous, microbiological urinal flushing system in our stores and depots. We expect this system to save 201 million litres of water a year. Lowering the cistern level in 7,000 store and depot toilets by a litre should save a further 220 million litres of water a year.

A water usage audit in 100 of our stores helped to bring the stores in line with our company-wide water use average, with an additional expected saving of 280 million litres per year.

## NEW TARGET

We will achieve a 50% reduction in water usage measured as cubic metres per square metre of sales space by 2012 from an 2005/06 baseline

## FAST FACT

We have fitted 2,200 water-saving taps in our colleague and customer toilets, saving 80 million litres of water per year.



## Waste: reduce, reuse, recycle



In 2007/08 we reduced the amount of waste sent to landfill by 5,048 tonnes – a decrease of 6% in absolute terms.

Reducing waste has been a focal point for us for many years and we remain committed to minimising the environmental impact of the waste we produce – from packaging and carrier bags to food waste.

We follow the philosophy of 'reduce, reuse, recycle': reducing the amount of materials we use in the first instance, reusing our packaging and food wherever possible, and recycling any waste.

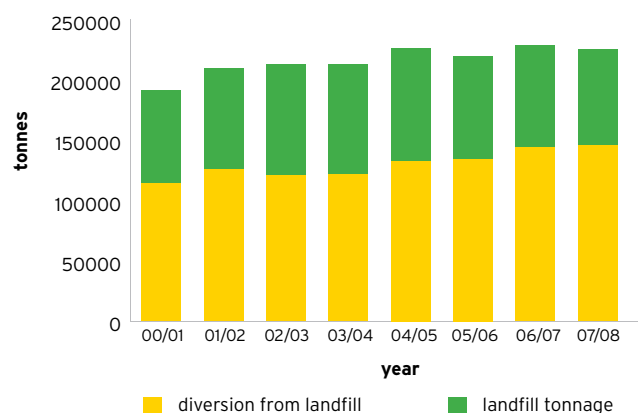
**Our approach to tackling waste falls under two headings:**

- 1 Reducing our own waste**
- 2 Helping customers to reduce theirs**

Reducing our own waste is about the tertiary packaging we use to transport products to store and the food we throw away as a business. It also includes the waste we produce when we build new stores or refurbish existing ones.

When it comes to helping our customers reduce waste, our focus is on packaging, carrier bags and food waste. We also support customers who want to be environmentally responsible by providing them with recycling facilities at our stores.

### Tonnage of waste generated and diverted to and from landfill since 2001





## 1 Reducing our own waste

Our long-standing target is to reduce waste sent to landfill by 50% relative to sales by 2012, against our 2005/06 baseline.

We are well on track to delivering this target. In 2007/08 we reduced our waste to landfill by 6% in absolute terms. Over the same period we increased the amount of waste diverted from landfill by 1,595 tonnes. This is a significant achievement given the context of a strong year of sales growth.

We are achieving this target by focusing on:

- i Tertiary packaging
- ii Food waste
- iii Construction waste

## OUR ACHIEVEMENTS IN REDUCING WASTE WERE HIGHLY COMMENDED IN THE CITY OF LONDON SUSTAINABLE CITY AWARD FOR RESOURCE CONSERVATION

This award recognised our strategy of managing waste through long-term investments of resources and time. It also recognised our particular approach to waste reduction, which involves combining technological fixes, such as the use of baling equipment, with procedural changes in store and getting our colleagues excited about reducing waste.

## i Tertiary packaging

We sell millions of items every day, and every one - including loose fruit and vegetables - involves some degree of packaging in transit or in store. We recognise that these packaging materials need first to be minimised, then recycled and reused where possible.

We have significantly reduced the environmental impact of tertiary packaging used to transport our products.

**BY REPLACING CARDBOARD BOXES WITH REUSABLE, PLASTIC CRATES MADE FROM RECYCLED MATERIAL, WE HAVE AVOIDED USING AN ESTIMATED 400,000 TONNES OF CARDBOARD IN THE LAST THREE YEARS ALONE**

## ii Food waste

Our food donation scheme makes a significant contribution towards reducing food waste, whilst providing huge social value to vulnerable people in the communities around our stores. We have been donating safe, edible and nutritious food to local charities since 1998. All of our main stores are now linked to local charities for food donations.

## iii Construction waste

We always aim to minimise the amount of waste sent to landfill as a result of building new stores or refurbishing existing ones. In 2007/08 we recycled 80% of our construction waste on 90% of our projects and by 2012, our target is to recycle 90% of our construction waste in 100% of our projects.

## FAST FACT

In 2007/08, we donated surplus food valued at over £5 million to charity diverting nearly 10,000 tonnes of waste from landfill.

## NEW TARGET

We will reduce waste to landfill by 50% relative to sales by 2012, against a 2005/06 baseline.

## CASE STUDY

### Plastic Ain't My Bag

In April 2007 we teamed up with leading fashion designer *Anya Hindmarch* and the not-for-profit social change movement **We Are What We Do** to produce an exclusive, limited edition 'I'm not a plastic bag' shopping bag. The bags retailed at £5 and sold out within an hour. The event was an overwhelming success, raising awareness of the carrier bags issue to unprecedented levels.



We joined forces with **We Are What We Do** again in 2008, to support its **Plastic Ain't My Bag** campaign. From January, the limited edition reusable 'Plastic Ain't My Bag' shopper was available in over 450 of our stores.

*Eugenie Harvey*, co-founder of **We Are What We Do**, said:

“We have been so inspired to see the shift in attitude towards shopping and bag use since the I'm Not a Plastic Bag launch in April 2007. We are delighted to be launching Plastic Ain't My Bag in a prime retail environment and we think that it is a great opportunity for retailers and shoppers to demonstrate that we really do care about the damage we are doing to the environment as a result of some of our simplest everyday actions.”

#### 2 Helping our customers reduce waste

Tackling waste is also about helping our customers reduce the amount of packaging and food they throw away when they purchase products from us.

**We support customers who wish to be environmentally responsible by focusing on:**

- i Carrier bags
- ii Packaging
- iii Food waste



#### i Carrier bags

The issue of waste created by single-use carrier bags received considerable attention from the media and the Government in 2007/08.

We are signatories of the *WRAP Courtauld Commitment*, a voluntary industry agreement to reduce the environmental impact of packaging and carrier bags. At the end of year one, we reported a 43% reduction in impact, significantly exceeding the target of 25%.

“WRAP welcomes this bold initiative by Sainsbury's and we hope it results in a longer term change in our habits. Too many of us rely on free carrier bags when we shop and as a result 13 billion of them are used up every year in the UK. From our research we know that it's very difficult for shoppers to adopt 'greener' habits without support, and Sainsbury's is clearly trying to encourage customers to reuse bags in a very positive way.”

**Dr Liz Goodwin**

Chief Executive, WRAP (the Waste & Resources Action Programme)

In September 2006 we were the first supermarket to offer customers a standard carrier bag with a high content of recycled material and we are still the only major retailer to offer this type of carrier bag. Our standard carrier bags, now in all stores, are made of 33% recycled plastic and 10% chalk, saving 6,500 tonnes of virgin plastic raw material each year.

**WE HAVE REDUCED THE ENVIRONMENTAL IMPACT OF OUR STANDARD CARRIER BAGS BY 43%**

Our reusable **Bags for Life** are made of 100% recycled material – no virgin crude oil is used in their production. The bags retail at 10p each, with proceeds from sales going directly to supporting local charity projects through our **Community Grants** scheme.

### NEW TARGET

- o We will increase the recycled content of our standard carrier bags to 50% from June 2008
- o We aim to drive down carrier bag usage by 50% by April 2009, against an April 2008 baseline

## WE HAVE GIVEN OUT AN ESTIMATED 15 MILLION REUSABLE BAGS FOR LIFE, REDUCING FREE CARRIER BAG USE BY 10% AND SAVING APPROXIMATELY 100 MILLION STANDARD CARRIER BAGS

In April, May and November 2007 we made single-use carrier bags the focus of our monthly 'Make the difference' days, which are aimed at encouraging positive action and change across a range of environmental and ethical issues. For these three days, we stopped giving out single-use carrier bags in our stores - making us the first major UK supermarket to take such a step. Instead, we gave customers a free, reusable Bag for Life (usually 10p), made from 100% recycled material. In total, we have now given out an estimated 15 million reusable Bags for Life through our 'Make the difference' days, saving an estimated 100 million disposable bags as a result.

We continuously refresh the range and designs of our reusable bags, because we know that this encourages customers to use and reuse their bags, time and time again. We sell over 15,000 fold-a-shoppers every week and our jute bags proved so popular that we quickly sold out after their launch. In the past two years, we have introduced five new **Super Shoppers**, two new Bag for Life designs and a Fairtrade cotton bag. The most recent addition to the range is our '**Bag with more bottle**', which is made entirely from recycled plastic bottles.

In 2007/08 we also offered coupons for a free Super Shopper in our *Fresh Ideas* magazine. Over 160,000 free reusable bags were distributed through this coupon redemption.

The extent to which we are instigating positive change - not only through our own behaviour but also by influencing the behaviour of consumers - has been widely acknowledged by environmental groups and other observers.

“Sainsbury's has taken the most substantial action yet on the issue of plastic bag usage. We invite any business that would like to use its influence to make a difference to any other social or environmental issue to contact us. However, please consider the terms - substantial investment of resource, no financial return and the risk of backlash.”

Eugenie Harvey  
Co-founder, We Are What We Do

## FAST FACT

- We have reduced free carrier bag use by 10% year on year (relative to sales), which equates to a saving of approximately 100 million standard bags.
- We have increased sales of our reusable bags by 30%, year on year. Proceeds from Bag for Life sales go directly towards supporting local charities.
- We have saved 6,500 tonnes of plastic each year (the equivalent of 53,500 barrels of virgin oil) through our 'green' carrier bags, which are made of 33% recycled material plus 10% chalk.
- We have recycled almost 150 million disposable carrier bags (1,283 tonnes) through our bag recycling facilities in stores. That's the weight of nine jumbo jets.



### 3. Respect for our **enVironment**



#### **FAST FACT**

In March 2008, we re-launched our 'SO organic' vegetable delivery service in a new bag format. It now uses less packaging than box schemes available at other retailers.

#### **ii Packaging**

Customers consistently tell us that packaging is one of their top environmental concerns.

Our long-term target is to reduce our packaging by 5% relative to turnover by 2010, against a 2004/05 baseline. We are on target to achieve this. As of March 2008 we had already achieved a 2.6% reduction against the 2004/05 baseline.

In 2004, we were the first retailer to pioneer the use of compostable packaging. In 2007/08, after two years of work, we again led the industry with the launch of home compostable trays on our **'SO Organic'** whole chickens. This was a UK first on a fresh meat product and just one example of how we continue to use the latest technology to implement innovative environmental solutions.

#### **NEW TARGET**

We will reduce packaging by 5% relative to turnover by 2010, against a 2004/05 baseline

**WE HAVE LED THE INDUSTRY WITH THE LAUNCH OF HOME COMPOSTABLE TRAYS ON OUR 'SO ORGANIC' WHOLE CHICKENS – A UK FIRST FOR A FRESH MEAT PRODUCT**

**OUR OWN-BRAND BOXED CEREAL PACKAGING IS 100% RECYCLABLE**





## A whole package of achievements...

We have made considerable progress in our efforts to reduce the impact of the packaging in 2007/08. We will be building on these during 2008/09.

- 90% of the packaging on our 'SO Organic' produce is now recyclable or home compostable
- All our own-brand boxed cereal packaging is now 100% recyclable
- Our chopped tomatoes are now available in Tetra Recart, the world's first FSC-certified packaging, now 100% recyclable
- Our crisp, snack and nut range now uses 20% less packaging, saving over 100 tonnes of plastic every year
- 100% of our boxed Easter egg packaging is now recyclable
- 100% of the packaging used for our 'Taste the difference' boxed chocolates is now recyclable, reusable or home compostable
- The trays on our 'SO Organic' whole chicken are now home compostable, a UK first for a fresh meat product
- All trays used for our prepared fresh fruit salad are now 80% RPET (recycled PET) and sourced in the UK, saving 616 tonnes of virgin plastic every year
- All our 250 ml, 500 ml and 1 litre bottles of 'Taste the difference' juices are now made from 100% RPET, saving 375 tonnes of plastic a year - another UK retail first
- All sleeves on our own-brand ready meals are now made from recycled card.



## FAST FACT

By Easter 2008, 100% of our boxed Easter egg packaging was recyclable, reusable or compostable.

## CASE STUDY

### Helping customers have a greener Christmas



We reduced the packaging on our Christmas puddings by 8.4 tonnes for Christmas 2007, whilst also switching to card from sustainable sources.

This was one of several steps which made December 2007 a greener Christmas for our customers. For the first time, all the chestnuts we sold were organic. Our range of seasonal gifts included our first own-brand energy-efficient DVD player and set-top box, and we sold wooden toys made with wood from FSC-certified sources.

A set of four limited edition heritage reusable shopping bags sold for 50p each, so returning customers could feel festive whilst saving on unnecessary waste. These may have come in handy for transporting stacks of greeting cards to one of our stores after the holiday; we offered a Christmas card recycling service in all our main stores.



## CASE STUDY

### Innovative technology to minimise waste

IN JULY 2007 WE ANNOUNCED A DEAL WITH A SUPPLIER TO MANUFACTURE READY MEALS USING ENERGY CREATED FROM NON-RECYCLABLE PACKAGING WASTE

Up to four tonnes of food and non-recyclable waste can be used in this process each day, diverting it from landfill and generating two tonnes of biofuel each day to be used in the factory.

This technology, which has been set up following a £1 million investment with one of our ready meal suppliers, *Ethnic Cuisine Limited* based in Swansea, converts food waste into a biomass fuel, a renewable, sustainable and more environmentally friendly energy source than fossil fuels.



#### Food waste

Figures released in April 2008 from **WRAP's Love Food Hate Waste** campaign claimed that a third of the food bought in the UK, or 6.7 million tonnes, gets thrown out from UK homes annually, and that most of this food could have been eaten. Fruit and vegetables make up a huge 40% of the wastage, largely because they are not stored correctly.

“These dramatic figures show that although we are all keen to do the right thing buying plenty of fruit and vegetables, the benefit is clearly being lost when food gets thrown out untouched. By following some simple tips and advice which can be found on our website, we can all be saving money as well as helping the environment.”

**Dr Liz Goodwin**  
WRAP Chief Executive

We have initiated a project to improve our understanding of how people store fresh produce at home, why produce is thrown away and how we can help our customers waste less fresh produce.



As a direct result, we are helping to raise customers' awareness of the appropriate storage conditions for fresh produce in their homes.

**Our storage advice is simple and tailored to each product.**  
**For example:**

- o **Onions:** at home, store in a cool dry place
- o **Broccoli:** at home, refrigerate for freshness
- o **Bananas:** keep best at room temperature.

We offer additional storage guidance to customers, both in-store and on our website. We are trialling shelf-edge labels featuring product-specific storage instructions for loose fresh produce. The **'Healthy Lifestyle'** pages of our website offer helpful advice for storing the most popular fruit and vegetables and we also use recipes and ideas to inspire customers to reduce waste.

June 2008 marks the start of our eight-month partnership with *Good Housekeeping* on the **'Love Your Leftovers'** campaign. Together we aim to inspire the nation to use common leftovers, such as cold Brussels sprouts, chicken carcasses and broccoli stalks, to create delicious family meals. We'll be using celebrity recipes, online competitions and reader events to get the nation loving their leftovers.

## Pesticides



### Pesticide reduction

Our list of banned and restricted pesticides is industry leading and was developed in conjunction with an expert third party, *Cambridge Environmental Assessments (ADAS UK Ltd)*. This list has now been adopted throughout our produce supply base. We have also established a database of over one million pesticide residue tests on over 5,000 of our products, with independent assessment to ensure the data is reliable.

This work is moving us towards our goal of significantly reducing the amount of pesticide residues on our primary fruit, vegetables and salads. Using our database and working in our 33 crop action groups, composed of suppliers and growers, we are changing the way in which our farmers and packers manage crops.

### Herbicides

We are approximately 98% herbicide residue free\* on primary fruit and vegetables (excluding salads).

#### **NEW TARGET**

We aim to improve the amount of herbicide residue free\* primary fruit and vegetables (except salads) by end of 2008/09. We aim to improve herbicide residue free status on salads year on year

### Insecticides

60% of all our produce crops are estimated to be insecticide residue free\* and 40% achieved significant improvements towards residue free\* status during 2007. Major challenges exist for grapes, apples, melons, citrus and soft and exotic fruits. We are working with our suppliers and growers to increase the amounts of insecticide residue-free produce we can offer to our customers in 2008/09.

#### **NEW TARGET**

We aim to improve the amount of insecticide residue free\* primary fruit and vegetables by end of 2008/09. We will assess the wider sustainability impacts of other fruit and vegetable categories using the Accounting for Sustainability tool and will report our findings in 2009

\* By pesticide residue free, we mean no residue detections above the Pesticide Residue Committee reporting limits (April 2008). The Pesticide Residue Committee is part of the Pesticide Safety Directorate, which is a Government body.



## Fungicides

We are making good progress towards our fungicide residue reduction targets across British-grown vegetables and salads.

Major challenges exist, though, and in a number of fruit categories fungicide reduction is very complex; this is due to the long distances that fruit often has to travel to arrive in the UK.

“We were challenged to replace older broad spectrum pesticides with newer more benign, targeted and specific chemicals. Developing this approach alongside a fully integrated pest management plan has produced dramatic results with a 100% reduction in older broad spectrum insecticide residues on my table grapes.”

**Enrique Moyca**

Frutas del Guadalentin, Spanish Grape supplier to Sainsbury's, via Grapes Direct

In the case of citrus fruits, for example, the environmental and social impacts of strategies required to achieve residue free status (such as air freighting, chilled supply chains and potential added food waste) also need to be considered. In such instances, we will assess the wider sustainability impacts of all options.

We do this using the **Accounting for Sustainability** tool, which helps organisations like ours account more accurately for the wider social and environmental costs of their activities.

We achieved this significant progress against a backdrop of the wettest British summer for many years.

“Sainsbury's has stretched and challenged us to go the extra mile for consumers. They have supported us with information and assistance. Our work with one of our Spanish suppliers on chemical usage is a good demonstration of how, when working together to establish best practice we can make real improvements for consumers.”

**Andy Gray**

Technical Director for Grapes Direct and Chairman of the Sainsbury's Grape Crop Action Group

## NEW TARGET

We aim to reduce our use of fungicides in key primary areas by 2012. As part of this we are assessing all options in line with the Accounting for Sustainability tool. We will report on the findings of these assessments in 2009







# 4. MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY



“I want Sainsbury's to do much more than sell food and drink in my community – to use their presence here to really make a difference.”

We believe in making a difference in the communities where we live and work, every single day. This begins with jobs and our support for local economies, but there is much more to it than that.

Our stores are at the heart of the communities that they serve. They are places where customers can learn about healthier eating or collect Active Kids vouchers for local schools, where our colleagues and the local police can come together to find ways of making everyone safer.

Last year, more than 150,000 young people tried a new physical activity through our Active Kids programme; we sent 300,000 items of cooking equipment to teachers to help them teach children about healthy eating; and our colleagues and customers have raised over £9 million for Comic Relief and Sport Relief in the past two years.

**We work to make a positive difference to our community by focusing on:**

- Tackling childhood obesity



- Supporting local communities



- Promoting safer neighbourhoods



“Sainsbury’s has a positive impact  
on local communities.”

## Tackling childhood obesity



Childhood obesity is a growing problem in the UK. Already 1.8 million children are overweight, with another 700,000 classified as obese. According to the *Department of Health*, 25% of children will be obese by 2050 - unless something changes to reverse the trend.

We believe the solution lies in good nutrition and exercise - what we think of as ‘energy-in and energy-out’.

### Active Kids

#### Sainsbury’s



We launched our ‘Active Kids’ programme in February 2005, in response to growing concerns around children’s activity and obesity levels. Since then, we have donated over £52 million worth of equipment to schools, nurseries, Scouts and Girlguiding UK groups, including £18 million in donations during the past year. We are on target to donate £100 million worth of equipment by 2011.

### Financial support for children in sport

Through our sponsorship of the **English Schools’ Athletic Association (ESAA)**, we provide financial support to children in sport. This funding is crucial in encouraging children to pursue their sporting ambitions. It fosters the UK’s future sporting talent. Last year, we engaged with 250,000 children through our ESAA schemes and competitions.



Active Kids is based on a system of vouchers that schools can exchange for a variety of sports and activity equipment and experiences. We've linked the purchase of healthy products in our stores with the Active Kids scheme, helping to reinforce the concept of 'energy-in, energy-out'. Customers are rewarded with extra Active Kids vouchers when they buy healthy products, such as fruit and vegetables, and products bearing our healthy 'Apple' stamp. We work in partnership with the Youth Sport Trust to deliver and promote Active Kids to schools across the UK.

### OVER 36,000 SCHOOLS, NURSERIES, SCOUTS AND GIRLGUIDING UK GROUPS ARE NOW REGISTERED TO BENEFIT FROM ACTIVE KIDS

The demand for Active Kids equipment is so great that we have set up a dedicated 100,000 sq ft warehouse in Nottingham solely to manage fulfilment. Nearly 250 million vouchers were redeemed in 2007, with each group that made an order receiving on average £630 worth of equipment. In this way, we are making a difference school by school, town by town.

### TOP Activity

As part of our partnership with the Youth Sports Trust, we are also helping deliver the Sainsbury's 'TOP Activity' programme for teachers. This scheme equips teachers with the training, equipment and resources they need to provide activity options, as part of the 'wrap around' care in school that the Government recommends.

Our support includes an activity pack with DVDs and equipment to help teachers deliver the activity sessions. So far, over 1,500 schools have benefited from the scheme, which is entirely free for schools.

“Their eyes light up when they see the brand new equipment that no one else has used before – that's really motivating... There are always those who would be active anyway, but this has encouraged kids who would normally be sitting around at playtime.”

Oakthorpe Primary School teacher

## CASE STUDY

### Colleague goes back to school

On Friday 30 November 2007, children and teachers from Ockbrook School, Derby, were joined by alumna, *Karen Schenstrom*, who is now our Fresh Foods Director, to celebrate a delivery of Active Kids equipment.

**OCKBROOK SCHOOL HAD COLLECTED AN IMPRESSIVE 21,981 ACTIVE KIDS VOUCHERS SINCE THE LAUNCH OF THE INITIATIVE IN FEBRUARY 2007**

This Active Kids shipment equated to over £1,750 worth of new equipment for the school, including gymnastics kits, volleyballs and dance CDs, as well as cooking equipment – saucepans, oven gloves and cookie-making kits.

“Active Kids shows children that being active can be great fun, and eating well is really easy too. I was delighted to be back at my old school today to present the children with all that sports equipment. I'm sure it will be well used at Ockbrook, I know I enjoyed getting involved in sport whilst I was there!”

**Karen Schenstrom**  
Sainsbury's Fresh Foods Director



## CASE STUDY

### Safer and fitter with the 'Walking Bus'

If more children walk to school, the exercise will help tackle obesity levels, whilst having fewer cars on the roads during the 'school run' will help reduce pollution.

**IN 2007, ACTIVE KIDS VOUCHERS COULD FOR THE FIRST TIME BE USED TO PURCHASE A 'WALKING BUS' KIT ENABLING SCHOOLS TO CREATE THEIR OWN WALKING BUS**

**Walking Buses** offer a way for parents to get their children to school safely without the car. Each Walking Bus is led by adult 'drivers' at the front, with adult 'conductors' bringing up the rear. The children walk to school in a group wearing high-visibility jackets, picking up other 'passengers' at specific 'bus stops' along the way. The kit includes high-visibility vests for adults and children, a clipboard, parental consent forms and a bag to keep it all in.

“Last year we collected over 56,000 Active Kids vouchers, which we redeemed for lots of sports equipment to encourage the children to try new activities. This year we will no doubt use some of the vouchers to get a Walking Bus kit to set up our own Walking Bus for Wray Common.”

**Mrs Robins**  
Headteacher, Wray Common



Our research shows that certain groups – young girls, for example – typically fall out of traditional team sports when they become teenagers. This is why we use our one-hour taster sessions to demonstrate that exercise can be fun, introducing participants to activities they may not have experienced before, such as martial arts, keep fit and dance. Over 150,000 young people will get a taster session in keeping fit, dance or martial arts through this year's scheme.

In 2007, we welcomed Scouts and Girlguiding UK groups to the scheme for the first time, and we set a goal of getting 5,000 groups registered with Active Kids by July 2007. We exceeded this target by 30%, registering 6,500 Scout and Girlguiding UK groups.

In 2007, Scout and Girlguiding UK groups ordered over 12,000 items of outdoor adventure gear such as tents and ration packs.

“Over £300,000 of equipment was raised by and for Scouts during Active Kids 2007 – from new canoes and paddles to games equipment and tents. Active Kids has meant our 8,000 groups across the country were able to update their equipment – some for the first time in ten years. This has provided more active, outdoor experiences for young people, many from poorer social/economic backgrounds.”

**Derek Twine**  
Chief Executive, The Scout Association

## Skip2bfit

In February 2008, we teamed up with Skip2bfit, a fitness initiative designed to motivate children to exercise, and went to Westminster to find out which Member of Parliament could record the highest number of skips in two minutes. The idea was to raise awareness of our Active Kids campaign and the importance of exercise for children.

Kevin Brennan MP, Parliamentary Under-Secretary of State at the Department for Children, Schools and Families, skipped it out against our chief executive, *Justin King*. MPs from across the Parliamentary parties were also invited to participate.

Children from All Faiths School in Rochester, Kent, were on hand to show MPs how it was done. The winning MP was awarded 10,000 Active Kids vouchers, and we also gave each participating MP 1,000 vouchers to donate to local schools within their constituencies.

“Skipping gives everyone a chance to get fit – even MPs and ministers. It’s a great leveller – develops good skill, coordination and anyone can afford to do it.”

Kevin Brennan MP



“Sainsbury’s Active Kids shows children that being active can be great fun, and eating well doesn’t have to be a chore either... I hope that communities everywhere get behind the scheme so that schools nationwide can benefit from the amazing sports equipment on offer.”

Alan Johnson

then Secretary of State for Education (now Secretary of State for Health)



**WE HAVE DONATED OVER £52 MILLION WORTH OF SPORTS AND ACTIVITY EQUIPMENT TO LOCAL SCHOOLS, NURSERIES, SCOUTS AND GIRLGUIDING UK GROUPS IN THE LAST THREE YEARS**



### Active Kids Get Cooking

Teaching children how to eat healthily is essential to helping them grow into a healthy adulthood. Our **'Active Kids Get Cooking'** scheme reinforces our 'energy-in, energy-out' approach. This is a free educational resource available to teachers, to support schools in their delivery of food technology and nutrition lessons.

Certificates recognise the achievements children make as a result of participating in the scheme, and we hold an annual competition to find the best recipes created through Active Kids Get Cooking. We invite short-listed children to a celebratory event at our Store Support Centre, hosted by celebrity chef, *Jamie Oliver*.

Active Kids vouchers can be used to redeem cookery equipment as well as fitness gear, and schools ordered over 300,000 pieces of cookery equipment this year. Chopping boards and baking trays were the most popular.

The Active Kids Get Cooking programme is supported by the *British Nutrition Foundation* and the *Design and Technology Association*. We have developed it in line with the curriculum throughout the UK and has been welcomed by the *Department for Education and Skills*, and the *Scottish Executive's Healthy Living campaign*.

**“It's clear that teachers strongly support an increased emphasis on practical cookery in schools. Our role is to provide schools with the tools and resources necessary to help them to fulfil this. We're encouraged by the numbers already involved in Active Kids Get Cooking and this gives great hope for the future of children's knowledge, understanding and skills relating to food.”**

**Roy Ballam**  
Senior Education Officer at the British Nutrition Foundation

This year, we aim to increase participation in Active Kids Get Cooking to 12,500 schools, with over 150,000 children participating in the scheme by end of the academic year in July 2008.

**ACTIVE KIDS VOUCHERS CAN BE USED TO REDEEM COOKERY EQUIPMENT AS WELL AS FITNESS GEAR, AND SCHOOLS ORDERED OVER 300,000 PIECES OF COOKERY EQUIPMENT THIS YEAR**

### NEW TARGET

We aim to increase participation in Active Kids Get Cooking to 12,500 schools, with over 150,000 children participating in the scheme

### Kids hold the key to the nation's health

According to our Active Kids study of 1,370 parents and 1,000 children in May 2007, the age at which children begin exerting control over their own dietary decisions has dropped by more than three years in just one generation.

We asked parents and children how old they were when they began to take control over what they ate. The parents surveyed said that they started to make their own dietary choices at an average age of 13 years old. The children, by contrast, said they had begun exerting control over what they ate at an average age of just 9 and a half years old.

This suggests that there has been a seismic shift in the power and influence children have on what is bought, cooked and eaten throughout Britain's homes.

We agree with the 74% of parents who said they believe the diet and exercise choices one makes as a child follow through into adulthood. By encouraging children to get active and get cooking while of school age, we believe we can have a lasting positive impact on communities across the country.





### Britain on the MEND: national childhood obesity programme

Last year we announced a £3 million partnership with **Mind, Exercise, Nutrition, Do It! (MEND)** and the *Youth Sports Trust* to roll out the UK's largest programme for overweight and obese children. The initiative marks a major turning point in the fight against childhood obesity and a beacon for public-private co-operation.

The MEND scheme is a unique, fun and highly effective programme that tackles childhood obesity by involving the entire family in a healthy eating and active lifestyle programme.

At the beginning and end of each 10-week programme, extensive measurements are taken to track the participating children's progress.

#### Results to date have shown, on average:

- 2.5 more hours per week (37 minutes a day) spent exercising
- 8 hours per week less sedentary activity, such as sitting in front of the TV
- Over 2 cm reduction in waistlines (although the programme is not a diet)
- 0.8 units less in Body Mass Index (BMI).

Many children who participate in a MEND programme gain a real boost in confidence and self-esteem. This is often noticed by parents, teachers, relatives, friends, as well as by the children themselves. The majority of children say they are happier after the programme - and this may be the best result of all.

A number of stakeholders have expressed their support or admiration for the initiative, including Government ministers, the *Department of Health*, the *Department for Children, Schools and Families*, the *Institute for Child Health*, *Great Ormond Street Hospital* and the *National Obesity Forum*.

“MEND has taught me which foods I should eat more of and which foods are really bad for me.”

9-year-old MEND participant





## Supporting local communities



**COMIC  
RELIEF**

### Comic Relief and Sport Relief

We have been the sole retail sponsor of **Comic Relief** since 1999, and in 2005 we committed to continue working with Comic Relief until 2011. Money raised for **Red Nose Day** and its partner campaign **Sport Relief** goes towards supporting some of the most disadvantaged people in communities in the UK as well as overseas.

Each year, our colleagues channel an incredible amount of energy and ingenuity into raising money for Comic Relief. Through sponsored bungee jumps, sitting in baked beans for hours or selling homemade cakes, our colleagues continue to beat their fundraising target every year.

In 2008, we set a target of raising £1.5 million for Sport Relief, then went on to surpass it in a big way. Colleagues alone raised over £1.1 million. Together with money generously donated by our customers and the money we raised through selling Sport Relief merchandise and other initiatives, the total raised (at the time of going to print) was over £2.3 million.

**TOGETHER WITH COLLEAGUES  
AND CUSTOMERS, WE'VE  
RAISED OVER £1 MILLION  
FOR COMIC RELIEF BY  
SUPPORTING RED NOSE DAY  
AND SPORT RELIEF IN 2007/08**

### NEW TARGET

We aim to raise £9 million for Red Nose Day by end March 2009, helping change the lives of vulnerable people both in the UK and developing world



## Food donation

Donating our surplus food to those in need has an important, positive impact on local communities. We've been involved in donating safe, edible and nutritious food to local charities since 1998. We distribute food which is beyond its display-by date but still within its use-by date to a network of charities across the country, including the *Salvation Army*, *FareShare*, *Betel of Britain* and animal charities.

Last year, we promised that 100% of our main stores would be linked to local charities for our Food Donation scheme. We achieved this goal by investing significantly in the programme and by getting our store and regional managers involved and excited about the enormous difference food donations can make for vulnerable people.

**IN 2007/08, WE DONATED  
SURPLUS FOOD VALUED AT  
OVER £5 MILLION TO CHARITY,  
DIVERTING NEARLY 10,000  
TONNES OF WASTE FROM  
LANDFILL IN THE PROCESS**



## CASE STUDY

### Local heroes in the community

Trevor Lynn, produce and floral manager at our Norwich Queens Road branch, set up a social enterprise called **Mow & Grow** in 2006, providing gardening services for vulnerable people in his local community.

We have supported Trevor's scheme ever since, and Mow & Grow now has branches in Norfolk, Suffolk, North Lincolnshire, south London and Staffordshire and is being replicated across the country in partnership with national agencies. Mow & Grow has become an accredited National Open College Network (NOCN) assessment centre, delivering OCN qualifications to levels 1, 2 and 3.

Last year, Mow & Grow helped more than 1,000 vulnerable people, working in partnership with organisations such as *Connexions* and the *National Probation Service*. Over 30 disadvantaged people have gained full-time employment. In 2007, more than 5,000 volunteer hours were spent helping communities across the UK through Mow & Grow, and more than 1 million litres of green waste were diverted from landfill through recycling and composting.

Mow & Grow won '**Social Enterprise of the Year**' in the Edge Upstarts awards run by *New Statesman* magazine in both 2006 and 2007. Trevor also won '**Social Enterprise Mentor of the Year**' in 2007.

Trevor Lynn said:

“The training I received at Sainsbury's has made Mow & Grow the successful social enterprise it is today. Our goals and values and our sustainable growth are all modelled on Sainsbury's CR principles. The ongoing support from Local Heroes has helped us change the lives of thousands of people for the better.”



#### Local Heroes

Our '**Local Heroes**' scheme, now in its seventh year, recognises and rewards the charitable activities of our colleagues. Colleagues who volunteer their time for a good cause can claim an additional £200 through Local Heroes towards their chosen cause, whilst colleagues who fundraise can claim matched funding for their chosen charity.

##### In 2007/08:

- we donated over £230,000 to good causes through Local Heroes.
- we match funded 4,000 colleagues' applications.

Last year we rewarded 18 winners at our annual **Local Heroes Awards** with the once-in-a-lifetime opportunity to witness community work being achieved in Kenya and Tanzania as a result of our *Fairtrade* schemes. This year the winners will receive a similar trip to St Lucia.

During 2007, 180 colleagues from our stores nationwide who had demonstrated their commitment to charitable organisations were invited to our Local Heroes Awards ceremony. This special presentation event is held annually at our headquarters in London and hosted by chief executive Justin King.

Our Local Heroes scheme, now in its seventh year, recognises and rewards the charitable activities of our colleagues.







**AS WELL AS PROVIDING AN ADDITIONAL €300 DONATION TO THEIR CHARITY, THIS YEAR WE REWARDED THE 18 WINNERS WITH THE ONCE-IN-A-LIFETIME OPPORTUNITY TO WITNESS COMMUNITY WORK BEING ACHIEVED IN KENYA AND TANZANIA AS A RESULT OF OUR FAIRTRADE SCHEMES**

The Fairtrade coffee co-operative, which supplies *Cafédirect*, welcomed the visitors to its farms near the foothills of Mount Kilimanjaro. The team then travelled to Lake Naivasha to see how the social premium generated by sales of the supermarket's Fairtrade roses via *World Flowers* has been spent on community projects.

First-hand exposure to these schemes, including fresh water installations and educational facilities, equips our Local Heroes colleagues with a greater understanding of the meaning of the Fairtrade products they sell in our stores, including the benefits Fairtrade provides to farmers, workers and their communities.

“I’m delighted, not only at being presented with an award for my charitable work, but also with the opportunity to visit Kenya and Tanzania to see Sainsbury’s Fairtrade suppliers and see how the social premium has been spent to benefit their communities.”

Michael Lewis  
Local Hero

**Scouting at Sainsbury’s to encourage new volunteers**

Scouting relies on volunteers to provide exciting, life-enhancing adventures and challenges to the roughly 400,000 young people who are Scouts at any given time. Each week, 100,000 adult volunteers contribute over 364 million hours to Scouting, passing on their skills and experience to a new generation of Scouts.

We teamed up with *The Scout Association* during Scout Community Week in October 2007 to give shoppers a helping hand and attract more young adult volunteers aged from 16 to 25 to the Scouts.

During the week, Scouts spent time at 400 of our stores nationwide, helping out with tasks including bag packing, litter picking, car washing and finding items for customers who were doing their weekly shopping. Some of the Scouts also took the opportunity to recruit new young adult volunteers from amongst our customers and colleagues.



## CASE STUDY

### Supporting customers in times of crisis

We've designed our Business Continuity Programme to ensure that we know what to do if natural disasters or other disruptive incidents should threaten our ability to provide a normal service to our customers. This served us well in July 2007, when flooding disrupted mains water supplies across a large part of Gloucestershire, testing our readiness to respond.

When the water supply was shut off, and more than 140,000 Gloucestershire households were left without running water, we were the first retailer to respond with donations of free bottled water for members of the community.

Four of our stores had no water and no idea of when the supply might be reconnected. In food retail, clean running water is essential and the stores might have been forced to close had a water-related crisis not been accounted for in their business continuity plans.

Thanks to the efforts of our colleagues, all four affected stores remained open for trading. Water bowzers and chemical toilets had been sent to the affected stores after the initial flood warnings, and although we had to close open counters such as the delicatessen and salad bar due to the lack of mains water we managed to continue serving our customers during this time.

### Local charity partners

In 2008, we have been trialling a scheme that links local charity partners with 15 of our stores in the North-West. At each store, customers and colleagues nominated local charities they would like to support, and our colleagues made the final decision. For example, our Bolton store has decided to support Bolton Victim Support and Witness Service, while the Wigan store will be working with Wigan and Leigh Hospice.

Our colleagues support the selected charity in whatever ways are most appropriate, such as fundraising or volunteering. We hope that having a local charity partner will help us further engage with customers and colleagues to make a difference locally.

### Our impact on the community

Our new stores often play a vital role in regenerating communities, offering employment and improvements to the physical environment and way of life of local people.

“Bringing a flagship brand like Sainsbury's to Harold Hill is an important early step in the Harold Hill Ambitions project. This new convenience store will provide the anchor to further regeneration of the Hill, by encouraging shoppers and other stores to come to this part of the borough.

This is a key part of the jigsaw on Harold Hill. We are working hard to provide cleaner and safer streets in the area, improve local parks and deliver quality housing for local people. We also need to focus on more and better facilities for residents – and new shops, like Sainsbury's, will help the Ambitions project improve the quality of life on Harold Hill.”

#### Councillor Steven Kelly

Cabinet Member for Sustainable Communities, speaking about the opening of our new convenience store at Harold Hill

## NEW TARGETS

- We will offer our store facilities (including coffee shops, car parks and concessions) to charitable and community groups whenever possible and feasible to do so
- We will install charity donation boxes in all our main stores by end of 2008
- We will install community notice boards in all new stores built from April 2008. We will retro-fit community notice boards into all our main stores in the long term



## Promoting safer neighbourhoods



### NEW TARGETS

- By the end of 2009 we aim to install a further four fully operational Police Bases in our stores outside the London Metropolitan area (in Warwickshire Police, Merseyside Police, Thames Valley Police and Norfolk Constabulary), plus an additional six operational bases within the Metropolitan Police area
- By the end of 2009 we aim to have one or more elements of the Safer Neighbourhoods Initiative fully operational in 15 Police Services

Our 'Safer Neighbourhood' scheme originated from a conversation between our CEO, Justin King, and the then Mayor of London, Ken Livingstone in early 2006. Mayor Livingstone was looking for businesses to help with neighbourhood policing. Working with local police, we rolled out a series of initiatives to provide a safer and more secure environment for customers and colleagues at our stores throughout the UK.

We have so far engaged with 24 of the 43 police services in England, Wales and Northern Ireland. Our neighbourhood safety work falls into five main areas:

#### Police bases and surgeries

Our stores are often located at the very heart of the community in places of strategic importance to the police, offering a central location from which they can respond quickly to calls. We offer police services the opportunity to construct police bases on our premises, a service we do not charge for, enabling them to extend their presence in the community in an unconventional but highly effective way.

We now provide or are building police bases in eight areas: Metropolitan Police Service, Warwickshire Police Service, South Wales Police, Greater Manchester Police, Merseyside Police, West Midlands Police, Thames Valley Police and Norfolk Constabulary.

#### ShopWatch

We encourage our colleagues to become volunteer special constables and give them time off work to train. Once trained, we release them for one day (paid) every two weeks to patrol the vicinity of the workplace.

Within Greater London, 19 of our colleagues have so far been involved in the scheme.

#### First police training centre at our stores

We are working with the Met to build the first Metropolitan Police Centre at our Barkingside store, reducing police costs and providing a safer environment for our colleagues and customers.

#### In-store secondments

In 2007 we offered our stores as training locations for high potential members of the police force, as part of their development. These secondments provide the officers valuable insights into the day-to-day issues and events that take place in a large retail environment, whilst also creating useful recommendations on how to tackle retail crime.

#### Collaboration and exchange

We encourage an open exchange between our colleagues and the local police service, to assist in the professional development of managers within both organisations.

This may take the form of secondments and other formal exchanges but we also encourage our stores to forge closer relationships with their local police officers in more informal ways. For example, they might offer free car washing, invite officers to take meals in the store canteen or organise an information sharing session with our in-store security officers. We also make sure the local police service know they are welcome to hold community meetings in our stores.



# 5. A GREAT PLACE TO WORK



*“I want to be proud to work for Sainsbury's and to enjoy my job. Coming to work is such a big part of my life; it's important to work in a friendly, supportive environment.”*

We rely on our 150,000 colleagues to deliver our business goal of exceeding customer expectations for healthy, safe, fresh, tasty food at fair prices.

Being a great place to work is not only rooted in our heritage and values, it is also crucial to achieving our business objectives. Every store, depot and office should be a place where skills and development are encouraged, and where our values and principles are not simply words but actions.

Making this a reality is down to us. By recruiting, retaining and engaging the best people, from backgrounds that best reflect our communities, we can make our business a great place to work, which in turn helps us deliver great service to our customers.

In 2007 we achieved Investors in People re-accreditation. We are immensely proud of this achievement, not least because we are the only national food retailer in the UK to have done this. We see this as an important indication that we really are a great place to work.

## Making our business a great place to work means focusing on:

- o Skills and development

page 108

- o Colleague voice

page 110

- o Colleague health and wellbeing

page 111

- o Equality and inclusion

page 112





“We support colleagues in their personal development and we think it is important to recruit new colleagues who reflect the communities we serve.”

## Skills and development



Our people and products are what make **Sainsbury's** great. We aim to attract and recruit the best people into our business. Developing and growing talent is critical to achieving our goal. This is also vital for making each and every colleague feel valued and able to develop as individuals during their career.

As of January 2008, all new colleagues receive an introduction to corporate responsibility and what that means for Sainsbury's, as part of their induction into the business.

In addition to a very comprehensive training offer we have developed the following programmes to support our specific business needs and enable our colleagues to develop to their full potential.

### Skills Pledge

In June 2007 we signed the Government's **Skills Pledge**. This is our commitment that all colleagues will have the opportunity to gain a nationally recognised qualification relevant to the sector and which recognises their skills and capabilities. Since signing the pledge, we have begun mapping our current

Retail training offer to the national occupational standards to enable us to offer further craft apprenticeships and Level 2 qualifications across different departments in-store.

Other new initiatives for 2008/09 include our planned launch of an online basic skills solution, which will support our colleagues to brush up on their Maths and English skills and gain a nationally recognised qualification. This will allow our colleagues to learn at their own pace and online, enabling them to access the learning portal confidentially and conveniently outside the workplace.

## Apprenticeships

We are committed to providing high-quality training to our colleagues, whilst also preserving skills that might otherwise be lost from the community. Our bakery, meat and fish **apprenticeship** schemes, launched in 2006, are designed to give colleagues the skills to become fully qualified in 12-18 months. The scheme also gives nationally recognised qualifications to colleagues, including the **NVQ Level 2** and a technical certificate.

Last year we set a 2007/08 target of having 90 colleagues in our apprenticeship schemes. We exceeded this target, recruiting a total of 110 apprentices into the scheme.

**OUR BAKERY, MEAT AND FISH APPRENTICESHIP SCHEMES, LAUNCHED IN 2006, GIVE COLLEAGUES THE SKILLS TO BECOME FULLY QUALIFIED IN 12-18 MONTHS. THE SCHEME ALSO GIVES NATIONALLY RECOGNISED QUALIFICATIONS TO COLLEAGUES**

## Graduate programme

Everyone recruited onto our graduate programme now undertakes a community volunteering project as part of their formal induction process. The 45 graduates who started in September 2007 were involved in a number of projects at a London primary school, including constructing a healthy eating allotment and painting murals illustrating the importance of a healthy diet. This initiative enabled our graduates to understand their impact on the wider communities at an early stage in their career.

Our **Fairtrade Project**, launched as part of on-campus recruitment, positioned us as a leading graduate recruiter with a strong commitment to Fairtrade. The project winner, a graduate from Leeds University, will be visiting St Lucia in June to find out more about how the Fairtrade premium is reinvested into local communities. She also secured a place on our Customer and Marketing graduate scheme.

## NEW TARGETS

- o Skills Pledge: By end March 2009, for all colleagues to have the opportunity to have a nationally recognised qualification which confirms their skills and capabilities
- o In the next five years, for 25% of all colleagues to have a nationally recognised qualification

## Leadership programme

In our ongoing **Leadership Development Programme**, we have rolled out training to our top 1,000 managers, focusing on one of our leadership behaviours, **'Commitment is earned'**, which we believe is a key driver for positive engagement.

During the programme, delegates were set the challenge of raising money for *Comic Relief* in an exercise that stretched their leadership, team work and communication skills and benefited our charity partner.

**WE WERE THE FIRST SUPERMARKET RETAILER TO SIGN THE GOVERNMENT'S SKILLS PLEDGE, COMMITTING US TO OFFER ALL OUR COLLEAGUES THE OPPORTUNITY TO GAIN A NATIONALLY RECOGNISED QUALIFICATION**

## Taste the World

In 2006 we launched our **'Taste the World'** scheme to address the critically low number of food technologists in the UK. Ensuring a future pool of qualified food technologists is essential to securing our ability to deliver healthy, safe, fresh, tasty food in the long term. Two graduates are currently taking part in the scheme.

## Colleague voice



### Talkback

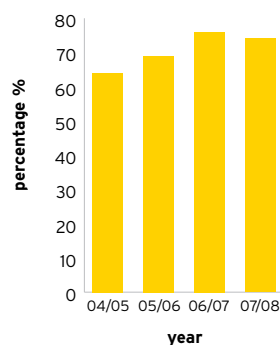
Our voluntary colleague engagement survey, 'Talkback', was completed by over 120,000 colleagues (74% of our total colleague base) in 2007/08. Colleague feedback lets managers know how well they are working and how well other teams are supporting them. Acting on 'Talkback' feedback demonstrates to colleagues that we value their opinions. Individual teams and the colleague councils liaise to assess the results and devise action plans to address any issues raised.

Our **Colleague Engagement Index** is made up of key questions from 'Talkback' and measures the level of colleagues' engagement within our business. We have achieved a continuous improvement in this index for the previous two years.

**OUR COLLEAGUE 'TALKBACK' SURVEY GIVES COLLEAGUES THE OPPORTUNITY TO FEED BACK THEIR VIEWS TO MANAGERS**

Our result of 74% in 2007/08, whilst not a year-on-year improvement, is in part a reflection of the exceptional events experienced in the last year, when Sainsbury's was subject to two potential bids. We recognise that this led to uncertainty and some concern amongst our colleagues. During this period, we continued to communicate honestly and directly with our colleagues and the result demonstrates the resilience of our colleagues during a difficult year.

### 'Talkback' Colleague Engagement score



### Colleague Councils

Our **Colleague Councils** are at the heart of our business, providing all our colleagues with the opportunity to feed back throughout the year as well as enabling the communication of upcoming initiatives. The Colleague Councils play a key role in deciding local strategies and focus areas, acting as a consultative body and a voice for colleagues.

### Tell Justin

We also have 'Tell Justin', an internal communication initiative that enables colleagues to put forward suggestions as to how they believe the business can be improved. We have implemented many suggestions that include the simplification of store processes, changes to depot delivery routes, colleague recycling, store energy saving and measures to improve customer service.



## Colleague health and wellbeing

### Health and wellbeing

We are committed to offering our colleagues opportunities to improve their health while at work and during 2007/08 we rolled out healthy eating options to a further 10 stores, working very closely with the *Food Standards Agency (FSA)*. During 2008 we will gather feedback from our colleagues and suppliers and explore the options for a wider rollout with our contract caterers.

Prevention is one of the key strands of our health and wellbeing charter. During 2007/08, we worked closely with the *HSE* and *Asthma UK* in ensuring that our **Bakery Health Surveillance** programme continues to reduce the likelihood of our bakery colleagues contracting occupational asthma.

Last year, we committed to rolling out nutrition and health training to all colleagues. We have undertaken a total of three major trials to date. We are now evaluating the results of these trials and exploring next steps for the programme.

#### During 2007/08, we also:

- o Strengthened our colleague sampling programme by linking it with key product launches over the year. In 2007/08 our colleagues sampled the following products:
  - o 'Taste the difference' range (Easter 2007)
  - o Strawberries (Summer 2007)
  - o Five different products as part of our 'Try' festival (September 2007), allowing our colleagues to participate in sampling alongside our customers during this event
  - o 'Supernaturals' range (January 2008)
- o Rolled out healthy eating options across 10 stores, as part of a trial
- o Supported colleagues who wish to give up smoking, providing a range of literature to educate and support healthier, smoke-free living

### NEW TARGET

We will provide access to a wellbeing toolkit for colleagues in all locations by January 2009



### Health and safety

**WE WERE NAMED WINNERS  
IN TWO CATEGORIES AT THE  
PRESTIGIOUS ROYAL SOCIETY FOR  
THE PREVENTION OF ACCIDENTS  
(ROSPA) OCCUPATIONAL HEALTH  
AND SAFETY AWARDS 2007**

Our **Store Support Centre** in Holborn, London was awarded silver for Occupational Safety, having developed a successful health and safety management system. Our online business was awarded silver for *Managing Occupational Road Risk*, for working with its team of drivers to ensure compliance with a comprehensive road safety policy.

In addition, all of our depots have achieved the internationally recognised *Health and Safety standard OHSAS 18001*. Each depot, including those operated by third parties, has been externally assessed by *BSI*, the UK's business standards body, which grades the depots as bronze, silver or gold. In 2007/08, 3 of the 19 sites audited achieved a gold award, while 13 achieved silver and the remaining 3 bronze.

“Sainsbury's Store Support Centre has demonstrated how seriously they take health and safety management and are a fine example to many other companies. We would like to see more organisations following their lead.”

David Rawlins  
RoSPA Awards Manager





## Equality and inclusion



We believe that inclusion is about ensuring everyone has an equal opportunity to access Sainsbury's as an employer, including those who may be, or feel, disadvantaged in the workplace. We value everyone's contribution, regardless of their background, and firmly believe that our diverse workforce helps us to meet the varying needs of our customers as well as providing the opportunity for all to gain meaningful work.

This means catering for all types of colleagues, including those who are long-term unemployed, living with a disability or who need flexibility in their working location and schedule, such as colleagues caring for children, elderly relatives or other dependants.

### NEW TARGET

In the next three years we will increase the percentage of females at Store Manager level to 20%

### Gender

Last year, we set out targets to increase the number of female managers in senior positions within our stores. We targeted 20% of our Duty Managers and 15% of our Store Managers to be female by March 2009. As of March 2008, we had already beaten these figures, achieving 24% and 16% respectively.

Following feedback from listening groups with our female colleagues, we introduced a coaching pilot to develop and support female managers. This female coaching scheme will now be rolled out further in 2008/09, following the successful implementation of the pilot.

Our focus on gender has won recognition externally, resulting in a number of awards, including silver recognition from Opportunity Now and inclusion in the *Where Women Want To Work Top 50* and the Opportunity Now Exemplar Employers list.



### Ethnicity

We are committed to ensuring that our management population reflects our ethnic customer and colleague base. We believe we can improve on the proportion of managers from ethnic backgrounds in our business. We plan to hold listening groups throughout 2008 to identify actions and agree the targets we will work towards.

## Disability

We are proud to hold the Two Tick status, whereby we guarantee to offer an interview to applicants with a disability if they meet the minimum requirements for the job. To ensure that we are meeting the requirements of our disabled colleagues, we will be holding listening groups during 2008 to identify any shortfalls in our policies, making amendments as necessary.

## Flexibility

Flexible working is important for a large number of our colleagues - for those with young children or who are caring for elderly relatives - and this is why we have an open to all flexible working policy for all our colleagues. We review every flexible working request fully with the colleague. Where a change in a colleague's working pattern could impact on customer service, the situation is discussed within the immediate team, so that a workable solution can be found. This ensures that we can best match our colleague's availability to work to the times when our customers want to shop.

**OUR FOCUS ON GENDER HAS WON RECOGNITION EXTERNALLY, RESULTING IN A NUMBER OF AWARDS, INCLUDING SILVER RECOGNITION FROM OPPORTUNITY NOW AND INCLUSION IN THE WHERE WOMEN WANT TO WORK TOP 50 AND THE OPPORTUNITY NOW EXEMPLAR EMPLOYERS LIST**



## Make a FreshStart

We recognise the UK skills shortage, highlighted by the Government as a key priority, and we are working hard to address this issue in partnership with the public and not-for-profit sectors.

In 2008, we will re-launch several skills and development initiatives as part of a new, 'You Can' programme.

### Local Employment Partnerships

On 28 March 2007, Gordon Brown announced the new *Local Employment Partnerships* initiative as part of his Budget Presentation. The initiative builds on work already underway to support benefits claimants, particularly the long-term unemployed, helping them get back into work.

We have signed up to *Local Employment Partnerships*. Working in close collaboration with *Job Centre Plus*, we have placed over 300 colleagues into roles within our stores through this programme.

### Ex-offenders programme

In partnership with *Groundwork*, we have established an ex-offenders programme that will help candidates become job-ready with life and work skills as well as providing supported work placement opportunities. The first placements were made in May 2007 and by March 2008 we had exceeded our target of placing 30 colleagues through our ex-offenders programme, achieving a total of 34 placements.

## MENCAP

Last year, we became one of the founder partners of **MENCAP's WorkRight** scheme, as part of our commitment to support individuals with a learning disability into work. We recognised that by working in partnership with MENCAP we had access to a pool of previously untapped talent. After completing pilot schemes in our Isle of Wight and Broadcut stores, we exceeded our target of placing 50 colleagues in the WorkRight programme by March 2008, achieving a total of 53 placements.

Work**Right** 

## NEW TARGETS

- To have 300 colleagues on the 'Make a FreshStart' programme by end March 2009
- In the next three years, to have a 'Make a FreshStart' placement in every main store across the estate

## Benefits

Rewarding our colleagues is an important part of recognising the huge contribution they make to our business. In 2007, we paid 118,000 colleagues bonuses totalling approximately £56 million. We also improved our benefits offer, re-launching it as 'You Choose'. New offers include up to 60% off gym membership, plus discounts on products and services - from home insurance to theme parks and holidays. Our benefits also now include an award-winning health insurance offer with *PruHealth*.

# Amends to our 2007/08 stated targets

Subsequent to publishing last year's CR Report 2007, we discovered a small number of amendments were required. These were immediately actioned in the online version of our report. For the sake of completeness and transparency, we have summarised these amends below.

## Best for food and health

All bagged salads to be chlorine-free and washed in natural spring water by December 2007

This target was incorrectly stated and subsequently removed.

75% of our salad lines are now washed in spring water. We are exploring how to overcome the specific challenges of moving the remaining lines to spring water.

## Sourcing with integrity

By December 2007 we commit to selling 100% Freedom Food (or equivalent accreditation) duck eggs

This target was incorrectly stated and was amended to read:  
*By December 2007 we commit to selling 100% Freedom Food (or equivalent accreditation) duck.*

We source 100% Freedom Food duck, except during promotional periods, and we are working to secure sufficient volumes of supply during these times.

100% of SO Organic produce packaging will be recyclable, reusable or compostable by September 2007

This target was incorrectly stated under 'Sourcing with integrity' and should have been consistent with the target as stated under 'Respect for our environment':  
*90% of SO Organic produce packaging will be recyclable, reusable or compostable by September 2007.*

We have now met this target.

## Respect for our environment

We will reduce packaging by 5% relative to turnover by 2010 against a 2004/05 baseline

We previously claimed that we had already exceeded this target. This was an error and we are still working towards our 2010 target.

We are on track to meet this target and had achieved a 2.6% reduction by March 2008.

We have committed to replace 150 million trays and bags with compostable packaging on Sainsbury's ready meals and organic food by September 2008

We previously claimed that we had already met this target. This was an error and we are still working towards meeting this target.

We have made significant progress in 2007/08, launching the first home compostable tray on a fresh meat product (Sainsbury's 'SO Organic' whole chicken, launched in Scotland). We will enter the next phase of the transition to compostable packaging in September 2008 and hope to complete the project by September 2009.

Deliver an industry-leading banned and restricted pesticide list, verified by independent experts, by July 2007

This target was amended to read:  
*Deliver an industry-leading banned and restricted pesticide list, in conjunction with independent experts, by July 2007*

We have now met this target.

## A great place to work

We will have 90 colleagues in the bakery apprenticeship scheme by March 2008

This target was incorrectly stated and was amended to read:  
*We will have 90 colleagues on our apprenticeships schemes by March 2008.*

We have now exceeded this target.

To see how our values come alive,  
visit our **interactive store** online at:

[www.j-sainsbury.co.uk/cr](http://www.j-sainsbury.co.uk/cr)





# OUR VALUES MAKE US DIFFERENT

Visit our website at

[www.j-sainsbury.co.uk/cr](http://www.j-sainsbury.co.uk/cr)



**Recycled**

Supporting responsible use  
of forest resources

[www.fsc.org](http://www.fsc.org) Cert no. SGS-COC-1202  
© 1996 Forest Stewardship Council



This report is printed on Revive Uncoated, a recycled paper containing 100% post consumer collected waste.

The paper is FSC certified as a recycled grade.

The printer is certified to the environmental management system ISO 14001.