

## WAITROSE LIMITED (Company number 99405)

### Section 172(1) statement and statements on engagement with employees, suppliers, customers and others

#### Extract from the Strategic Report for the year ended 28 January 2023 (from pages 4-6):

This section forms the Company's section 172(1) statement. In accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section also constitutes the Company's statement on engagement with, and having due regard to the interest of our Partners (employees) and other key stakeholders.

The Company's ultimate parent company is John Lewis Partnership plc, which is owned in Trust for the benefit of its members, the Partners employed in the Partnership. Whilst being Directors of the Company, and having acted in a way they consider is most likely to promote the success of the Company, the Directors on the Board are also members of the Partnership's Executive Team, which manages the Partnership's business as part of the Partnership's governance structure. In carrying out their duties, the Directors have had in mind the Partnership's Purpose, which was refreshed at the start of 2022 and is set out in the Partnership's Constitution (available online at [www.johnlewispartnership.co.uk](http://www.johnlewispartnership.co.uk)). The opening section states: "Our Partnership is an ongoing experiment to find happier, more trusted ways of doing business, for the benefit of us all. We work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities".

The Purpose is in many ways aligned to the matters to which Directors must have regard under section 172(1) of the Companies Act 2006 through its objectives to find more trusted ways of doing business and to work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities. Further information on decision-making and engagement with stakeholders in the Partnership can be found in the Partnership's Annual Report and Accounts 2023.

#### Decision-making at the Board

Certain matters, under the Company's governance arrangements, are reserved for decision by the Directors. Directors are briefed on the background and reasons for any proposal and the associated costs, benefits and risks, as well as any potential impacts and risks for our customers, Partners and other stakeholders including our suppliers, the community and environment and how they are to be managed. The Directors take these factors into account before making a final decision which together they believe is in the best interests of the Company and its members - our Partners.

#### Long term sustainability

The second Principle of the Constitution includes the objective of making "sufficient profit to retain our financial independence, invest in our Partners and pursue our Purpose". The shared aim of the Partnership Chairman, Partnership Council and Partnership Board, our three governing authorities, is to safeguard the Partnership's future, enhance its profitability and ensure its integrity.

#### Key stakeholders and community and environmental impact

When it is carrying forward that aim, the Board keeps in mind the impact the Company has on different stakeholder groups. It is not possible to have a financially healthy business, and thus a return for Partners as the beneficiaries of the Trust that holds the Partnership, on a sustainable basis if this is at the expense of other stakeholders. These stakeholders include: our customers, whose needs we respond to and with whom we aim to build long-term relationships; our producers and suppliers from whom we purchase goods and services; the communities and the environments in which we operate; and our financial stakeholders, including the Partnership Pension Trust, relationship banks and holders of John Lewis plc financial bonds. Alongside these, engagement with campaign groups and non-governmental organisations, particularly those working on ethics and sustainability, is key. Partners are the thread that draws these other stakeholders together, acting as owners of the business and more than employees. Information on the engagement methods in the Partnership, which are used by the Company's Directors, are in the Partnership's Annual Report and Accounts 2023.

#### Partners

Our Purpose is clear that, as owners of the business, Partners are more than employees and share knowledge, power and profit. The Constitution empowers all Partners to shape the future of the Company. Hearing Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model and our long-term sustainability and success.

Partners receive updates about the Partnership from regular dialogue with management, email updates, podcasts, vlogs, the Partnership's intranet and through the weekly independent Gazette publication. Further information on the engagement methods in the Partnership, which are used by the

Company's Directors, and on the democratic structures used to channel Partner views are on pages 33 to 34 and 58 to 61 respectively of the Partnership's Annual Report and Accounts 2023.

### Customers

We take pride in making our customers happy. We put everything we have into everything we do, earning the loyalty and trust that we need to be successful. Our Partners support this by providing specialist expertise, curation and advice. The Partnership aims to offer its customers the best value in the marketplace for goods and services of comparable quality and availability. Our own brand ranges offer quality products for every budget, and we offer enhanced payment and credit services. We continually strive to optimise our customer experience by monitoring key customer metrics including Brand Advocacy (Net Promoter Score) and Customer Satisfaction (CSAT), reviewing performance against our historic measures and also our competitive market set.

The Partnership's customer research team monitors the voice of our customers, seeking to understand how customers and potential customers think and feel. We gather their experiences and expectations through surveys, face-to-face research, customer feedback to Partners and contact centres and external data sources. We also manage a dedicated Customer Perspectives Panel allowing deep dives, concept testing and more collaborative research on new services and products, to ensure we understand the customer engagement and reaction ahead of launches. Regular customer reports are produced for management and Directors for Partnership Board meetings, tracking and reviewing emerging trends and why they are occurring as well as measuring the business response and feeding in data to support both strategic and tactical initiatives and decision-making.

### Producers and suppliers

A strong, trusted and transparent supply chain is integral to our success as a retailer. Our aim is to take a long-term view, working closely with producers and suppliers across our supply chains, forming mutually beneficial partnerships and ensuring workers are treated fairly. We work closely with producers and our supply chain. It is the strong working relationships we form that allow us to source high quality, more sustainable and ethical products for our customers.

The Partnership Board monitors relationships with the Partnership's suppliers in a number of ways including: review by the Partnership's Audit and Risk Committee of compliance with the Groceries Supply Code of Practice; and the steps the Partnership is taking to meet its ethics and sustainability goals, to protect the human rights of those who grow, pick, pack or make our products and to prevent modern slavery and human trafficking in our business and supply chains through the Partnership's Ethics and Sustainability Committee. Further information is available at [www.johnlewispartnership.co.uk/csr](http://www.johnlewispartnership.co.uk/csr).

The Company also engages with suppliers through our dedicated online supplier portals and supplier forums, such as the Waitrose Farming Partnership (which encompasses the Livestock Steering Group, the Fish Forum and Agronomy Group), and a number of programmes and advocacy work including the Waitrose & Partners Foundation.

### Communities in which we operate

In line with our Purpose, we are working in Partnership for a Happier World. We are driven to make a difference to people's lives and create positive social impact, using the skills and resources within the Partnership to support where help is needed. The Partnership Board monitors relationships with communities in which we operate via the Partnership's Ethics and Sustainability Committee, including the Partnership's response to the increasing social challenges faced by today's society.

The Partnership engages on matters impacting communities via a number of channels including our national charity partnerships. We select national charity partners that support our ambition to improve the lives of those most vulnerable in the community and with a geographical presence matching our estate where possible, giving our Partners the opportunity to make a difference locally.

### Financial stakeholders

This includes the John Lewis Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc bonds. Through our website, we share details on our performance, and the Partnership's Treasury team provides further detail as needed. We invite our financial stakeholders to join our financial updates and announcements, which gives them an opportunity to hear and engage with the Directors and senior management.

### Environmental impact

The Partnership is committed to sourcing the raw materials used in our own-brand products more sustainably, collaborating with others to drive positive change and being transparent about our progress. We recognise the potential negative impacts that raw materials used in our products can have on people, animals and the natural environment.

The Partnership Board monitors environmental impact via the Partnership's Ethics and Sustainability Committee, including responding to the environmental challenges faced by today's society and those which may impact our business operations. The Waitrose leadership team attends internal workshops used to establish programmes to reduce the environmental impact on those matters most material to the Partnership.

The Partnership engages on environmental issues via a number of stakeholders including our Partners, third parties and as signatories of a number of industry sustainability initiatives. This engagement ensures we have visibility of emerging threats as well as opportunities, are able to communicate and advocate collaboratively with the wider retail sector and develop our own initiatives to reduce our environmental footprint.

### Business conduct

The Company's reputation for its standard of business conduct is a key driver of customer perception of our brand. All Partners are expected to contribute to the maintenance of high standards of business conduct, and the Constitution provides our framework to do this for all Partners. It includes specific Rules for Partners relating to maintaining honesty, fairness, courtesy and promptness in their business conduct.

### Acting fairly as between the Company's members

The Company forms part of a group which is held in Trust for the benefit of its Partners, and their interests are at the forefront of Board decision-making. The first Principle of the Constitution states that we treat people with fairness, courtesy and respect. All Partners benefit from an interest in the ownership of the Partnership.

## **Waitrose Limited (Company number 994405) Statement of corporate governance arrangements**

### **Extract from the Directors' Report for the year ended 28 January 2023 (from page 11):**

Waitrose, as a key trading subsidiary of John Lewis Partnership plc, falls within the governance auspices of the Partnership. The Directors of Waitrose are members of the Partnership's Executive Team and are two of the three Executive Directors on the Partnership Board.

Waitrose's corporate governance arrangements are in accordance with policies agreed by the Partnership Board and its Committees. These arrangements are explained in the Governance section on pages 56 to 94 of the Partnership's Annual Report and Accounts 2023. As stated in the Partnership's Annual Report and Accounts 2023, the Company does not report against any formal corporate governance code, because it is governed by the Partnership's own Constitution. The Constitution and the governance structures are broadly consistent with the Wates Principles. The Constitution sets out the Partnership's Purpose and values, and the Governance section of the Partnership's Annual Report and Accounts 2023 sets out how the Partnership's governing authorities are structured and monitor alignment of policy and behaviour with the Partnership's Purpose.

The management functions responsible for preparing the financial statements for Waitrose and its Internal Audit and Risk management functions are provided by the Partnership. The Partnership's Audit and Risk Committee (the Committee), which has at least one independent member and at least one member with competence in accounting, assists the Partnership Board in fulfilling its responsibility by reviewing and monitoring: (i) the integrity of the Partnership's financial and narrative statements, other formal announcements relating to the Partnership's financial performance, and reviewing significant financial reporting judgements contained in them; (ii) the effectiveness of the Partnership's system of internal controls and risk management; (iii) the effectiveness of the Partnership's auditor and the internal and external audit process; and (iv) the effectiveness of the Partnership's processes for compliance with laws and regulations, including systems and controls for the detection of fraud. Its composition and the Committee's activities in these areas are detailed in the Committee's report on pages 66 to 75 of the Partnership's Annual Report and Accounts 2023.

KPMG LLP were the Partnership's and the Company's external auditor for 2022/23. They provided the Committee with relevant reports, reviews, information and advice throughout the year, as set out in their engagement letter. The Committee is responsible for making a recommendation to the Partnership Board relating to the appointment, re-appointment or removal of the external auditor.

The Partnership has a risk management framework, including a process for how we identify, evaluate, manage and monitor the principal risks faced by the Partnership, supported by tools, Partners and a risk governance structure with defined accountability.

Reporting to the Committee during the year was through presentations from senior management and Financial Control as well as the work of Internal Audit, which provides independent and objective assurance on the effectiveness of controls through the delivery of a risk-based work plan. The Director of internal Audit and Risk reports operationally to the Chair of the Committee and structurally to the Partnership's Executive Director, Finance. The Partnership Board receives updates, through the Chair of the Committee and copies of its minutes, on the operation of the systems of internal control for risk management.

**The Section 172(1) Statements and Statements on engagement with suppliers, customers and others, and the Corporate Governance Statements, published by John Lewis Partnership plc (Company number 238937) and John Lewis plc (Company number 233462), are available within their respective Annual Report and Accounts for the year-ended 28 January 2023 available at [www.johnlewispartnership.co.uk](http://www.johnlewispartnership.co.uk)**