

FINANCIAL SUSTAINABILITY

Deliver more with less

Innovating to use natural resources as efficiently as possible and reducing our environmental impact and emissions, because by delivering more with less, we'll protect our long-term financial sustainability.

03.1 Buildings & transport

We're focused on reducing the amount of energy and fuel it takes to run our business while using sustainable alternatives wherever possible. This is the right thing to do, not only for the environment, but also for energy security and the long-term financial sustainability of our business. We're also committed to making sure our buildings are fit for the future by creating sustainable and healthy working environments for our Partners.

IN 2018, WE JOINED THE ALDERSGATE GROUP, DRIVING ACTION FOR A SUSTAINABLE AND THRIVING ECONOMY

TARGET	2017/18	2016/17
By year end 2020/21 we will achieve a 65% reduction in carbon intensity (tonnes per £m) against a 2010 baseline.	-69.6%*	-66%
By year end 2020/21 we will reduce energy consumption (kWh per ft ²) by 20% against a 2010 baseline.	-23.2%*	-18%
We will ensure refrigerant emissions leakage is no more than 7% entrained volume by year end 2015/16.	6.22%*	6.98%
By year end 2020/21 we will achieve a 5% reduction in carbon intensity from distribution (tonnes per £m) against a 2010 baseline.	-7.4%*	-3.1%

As the nature of our business changes, we have refocused on our existing buildings to make them as efficient as possible. This included installing LED lights in Waitrose shops, with more to be rolled out across our estate in 2018, including in our flagship John Lewis Oxford Street store, where we expect to achieve a 50% reduction in energy usage.

For sites where we purchase energy, we remain committed to purchasing only British-sourced renewable electricity.

Our new John Lewis shop at Oxford and Waitrose shop in Banbury are both on course to achieve a minimum BREEAM rating of Very Good, and Energy Performance Certificate (EPC) ratings of A.

Refrigeration and cooling is a significant contributor to our carbon footprint, and so reducing the impact of this is essential.

This year we have reduced the CO₂ from our fridges by 23% by reducing our leakage rate to 6.22% and removing the most carbon-intensive refrigerant and replacing it with a lower Global Warming Potential alternative.

We have a comprehensive transport strategy that aims to optimise routes, reduce mileage and fuel use across the fleet to deliver more for our customers while using fewer natural resources. Read about the industry leading technology we introduced into our fleet on [page 22](#).

We have developed our reporting and insight tools, including a new mobile app so Partners have better visibility of how behaviour change can impact our energy use.

*Data included within KPMG LLP's independent limited assurance scope

PLANS

Looking ahead

In 2018, we will review our operational emissions and waste strategy and set new targets that will bring us to 2020 and beyond. We will focus on where we can continue to deliver the greatest carbon savings and continue to innovate.

We will be rolling out a new low-particulate and low-noise truck and a new trailer that can carry more stock, reducing the numbers of vehicles on the roads.



Waste & packaging

The Partnership has an overarching aim to reduce waste while using packaging efficiently. Increasingly, our approach is to view waste and packaging output as a key resource and work to close the loop where possible. We've made progress, however we recognise there's more to do and we're pleased to see strong customer and Partner interest in the issue.

WAITROSE COMMITS TO REMOVING ALL DISPOSABLE COFFEE CUPS IN SHOPS BY AUTUMN 2018

Target	2017/18	2016/17
Divert 100% of waste from landfill by end 2020/21	99%*	98.2%
75% operational waste to be recycled by year end 2020/21	68%*	67.2%
100% closed-loop recycling of cardboard, plastic & glass by year end 2020/21	target under review	target under review
15% reduction in Waitrose organic matter waste (vs 2014/15 baseline) by 2020/21	-31.4%*	-13.9% compared to first 7 months of 2014/15

Our approach is simple. We aim to reduce and reuse where possible and, where this isn't possible, we maximise the amount we recycle. This year we strengthened our waste management processes to increase the production of good quality recycled material, by introducing a Dry Mixed Recycling service at all branches. Branches now separate dry recycling, so there is less contamination and more can be recycled.

We have been donating food at a local level for many years. In 2017, Waitrose redistributed over £2.1 million worth of stock to local charities and good causes. We also started working with FareShare Foodcloud and we have donated the equivalent of over 48,000 meals to those in need.

Any remaining food and other organic matter waste (including horticultural waste and coffee grinds) is sent to generate energy through anaerobic digestion. We reduced this waste stream by 17.5% this year through better waste management practices.

*Data included within KPMG LLP's independent limited assurance scope

Waitrose established a new target for own-brand packaging, to be widely recyclable, reusable or home compostable by 2025.

We've also pledged not to sell any own-brand meat, fish, fruit or vegetables in black plastic by the end of 2018 and remove it entirely by 2019. Currently a lot of the black plastic used by supermarkets can't be recycled, as the lasers used by waste processors can't sense the colour and so it's not identified for recycling.

Waitrose has developed packaging combining dried tomato leaf and recycled cardboard pulp. The new style punnets were trialled for Waitrose Duchy Organic cherry tomatoes and baby plum tomatoes in selected branches last year. The packaging will be rolled out across all five Duchy lines in 2018, potentially replacing up to 2.6 million plastic trays a year.

At John Lewis, we aim to use the most efficient packaging solution we can, and where possible we incorporate our operational packaging waste into new customer packaging, such as our John Lewis 'Click & Collect' boxes, which provides an additional revenue stream.



PLANS

Looking ahead

We've been tackling the issues of waste and excessive packaging across the Partnership for many years and have made great progress. However, we've reached a watershed moment in public opinion about plastic and food waste in particular. This is a complex area and we want to ensure we make the best choices for the environment.

2018 will see us expand our partnership with FareShare Go to make the process of collecting surplus food from our branches easier for charities and we will continue to deliver the pipeline of activity required to meet our packaging targets.

Reuse & repurpose

John Lewis sells over 62,000 own-brand products and are committed to keeping the valuable resources that go into those products in use for as long as possible. We aim to develop quality products that last, then recover and regenerate materials from products when they're no longer needed by our customers.

APPROACH

So far, our approach to the circular economy has emerged through innovative, customer-focused solutions. For example, our customers want help disposing of their unwanted items and we have established new services to support this.

We are at the start of our circular economy journey and we'll only achieve a truly circular business model through innovating with our suppliers and the wider industry.

PROGRESS

John Lewis' sofa Reuse scheme, our first not-for-profit service, sees end of first life sofas collected from customers' homes, then reused or recycled in partnership with local charities, with the aim of supporting disadvantaged communities.

Carpet waste can be particularly challenging to recycle due the variety of component materials that need to be separated. However, in 2013, we began collecting and reprocessing offcuts generated by our fitters and creating new underlay from it.

Through our appliance disposal service, we collect customer Waste Electrical and Electronic Equipment (WEEE) which, where possible, gets put to good use again by being reused or recycled responsibly.

PLANS

Looking ahead

Providing a take-back solution for our products is becoming increasingly important to our customers. For us, this presents both a challenge and an opportunity to keep resources in use for longer.

This year, we will be working with Stuffstr, an organisation dedicated to extending the use of consumer goods, to trial an innovative platform that will allow our customers to take back the products they've bought from us but no longer need to ensure they are reused or recycled.

APPROXIMATELY
2000
OF OUR CUSTOMERS'
SOFAS WERE REUSED

300,000
ITEMS OF WEEE WERE COLLECTED, OF WHICH
OVER 27,000 WERE REUSED IN 2017/18



CASE STUDIES

Transport innovation

Waitrose

The Partnership continues to invest in the efficiency and sustainability of its transport fleet, which contributes to 41% of our carbon footprint, when including scope 2 market-based emissions.

2017 saw us roll out 35 new biomethane trucks. We teamed up with CNG Fuels, a supplier of renewable biomethane gas, to introduce the lorries into our fleet, the first of its kind in the UK. They can run for up to 500 miles on the gas by-product of rotting vegetable matter and other food waste, emitting 83% less CO₂ than standard diesel alternatives and will be more cost efficient over the course of their lifetime. 13 of the trucks have the facility to power refrigerated trailers. The achievement was recognised at the Motor Transport Awards where we won the Low Carbon Award.

Further innovations include the design of an exceptionally clean and quiet truck with enhanced safety features that help detect cyclists and pedestrians around the vehicle. It is designed to operate in cities at night, enabling deliveries to be scheduled away from the most congested times.

We worked in partnership with the Centre for Sustainable Road Freight and Cambridge University to develop a new trailer which reduces fuel consumption by 7% at standard speeds.



Plastics

We recognise the damage that plastic makes when it leaks into the environment, particularly our oceans. However, it plays an important role in protecting our products and minimising food waste.

We are committed to choosing the right packaging solution which minimises harm to the environment and keeps our products protected.

In 2017, we used over 200,000 tonnes of packaging, predominantly to package our products but also in distribution and Goods Not For Resale, with approximately 20% of this plastic packaging.

We have made great strides to reduce the amount of packaging we use and incorporate our operational plastic waste into new sources - such as our 'Click & Collect' bags. However, our Partners and customers are more concerned than ever about plastic pollution so we need to make greater progress and more quickly.

This year we held the first 'Partnership Plastics Summit' which brought together specialists from Property, Procurement, Buying, Operations, Customer and Retail, with an aim to identify our next set of targets and build on the progress made so far across the Partnership. Waitrose has already established an aim for all own-brand packaging to be widely recyclable, reusable or home-compostable by 2025 and to remove black plastic trays for fruit and veg, meat, poultry and fish by the end of 2018 and from all products by the end of 2019, earlier than any other supermarket.