




Corporate Social Responsibility report 2004

Window dressing?
Or part of the fabric
of our business?

John Lewis



**Window dressing?
Or part of the fabric
of our business?**

'Corporate social responsibility (CSR) may be fairly new as a subject in its own right, but the values underlying it are not. For John Lewis, it is a collection of issues that we, as a responsible business, have been managing for many years.'

This year we celebrate 75 years of the John Lewis Partnership. It was in 1929 that our founder, John Spedan Lewis, signed over his personal ownership rights in his growing retail business to enable future generations of employees to take forward and experience his unique vision of industrial democracy.

Today, of course, our business is very different to the one Spedan Lewis placed in Trust. Partnership sales now exceed £5 billion and more than 60,000 Partners work together in the UK's largest employee-owned company.

Seventy-five years on, the ideals that led Spedan Lewis to establish the Partnership remain the inspiration behind our approach to corporate social responsibility. Sharing the rewards and responsibilities of ownership; building relationships based on mutual respect; promoting equality; conducting our business with honesty, integrity and courtesy; obeying the spirit as well as the letter of the law; and contributing to the wellbeing of the communities where we trade. These are just some of our founding principles, which read like a modern-day agenda for corporate social responsibility.

This report, our second, summarises our progress on implementing and honouring these principles. We have tried to make the information in this report more engaging and accessible for the stakeholders with whom we have most dialogue on these issues: our Partners, customers and suppliers. We have, in addition, developed a dedicated section of our website (www.johnlewispartnership.co.uk) where we include more detailed data on our performance. That data is also summarised on the sleeve of this report.

During 2003/04, we have had many successes, and can take pride in our achievements. However, I am also aware that there are many areas where we have more to do, or where we face real challenges in making further progress. We have a lot of experience, but we do not have all the answers.

In a short report like this, which is an introduction to the subject, we are unable to focus on all the issues but I hope that it enables you to gain an appreciation of what makes John Lewis different and the ways in which we seek to act responsibly in all we do.

If you would like to know more, or to comment on any aspect of the report, please contact us at csr@johnlewis.co.uk

Nigel Brotherton
Chairman, CSR Committee, John Lewis



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Every day, more than 200,000 customers shop with John Lewis. To meet the needs of its customers and other local community groups, John Lewis works to the following principle – treat all with whom you come into contact with honesty, fairness and mutual respect.

200,000 customers a day

What customers want

The wide variety of products – 'everything under one roof' – attracts a broader range of customers than most. If John Lewis is to meet its aim of consistently exceeding its customers' expectations, it has to understand their individual needs. Only by gathering feedback on its performance will John Lewis be able to maintain and raise its standards of customer service.

Focus groups are one of the methods John Lewis employs to gain such feedback. Run at the shop, these bring local management face to face with customers and local residents, and may be arranged to seek views on changes to opening hours, or to gauge the popularity of a new service.

Monitoring customer satisfaction is a continuous process and of course not all feedback is positive. In 2003/04, customer complaints – those which John Lewis Partners were unable to resolve there and then – fell to just over 8,000, a reduction of 20% on the previous year. To put that into perspective, that means only one complaint for every 9,000 customer transactions.

Another target for every shop is achieving more customer appreciations than complaints – a measure of success 23 out of 26 shops achieved in 2003/04. Improving customer service is good for business, as satisfied shoppers are more likely to return and the cost of resolving complaints falls.

➔ See inside the sleeve for data on sales and customer comments

Being clear about labels

Although everyone expects good value, customers increasingly want to know where products come from and the quality and environmental standards that they represent. With an increasingly large number of ethical and environmental statements applied to consumer products, John Lewis believes it is essential to have clear policies on product labelling. Its approach is to avoid using vague, confusing and unsubstantiated statements. It only

refers to environmental standards that have been independently certified such as Rug Mark or the Forest Stewardship Council (FSC).

Access all areas

It is all very well setting high standards of customer service – but what about the individuals who find it difficult to access or move around a shop? A number of John Lewis department stores are situated in older buildings that were originally built before access for customers with disabilities acquired the importance it has today.

The starting point for John Lewis, as set out in its Customer Access Policy, is to treat every customer as an individual, responding to their particular needs. This means extending its normal personal service in response to specific problems faced by customers with disabilities, for example by offering sign language interpretation, and Braille, large-print or audio-tape versions of key publications - such as this report - on request. Additional facilities of particular value to customers with disabilities include free delivery, purchase collection points and telephone/Internet shopping. Improving physical access to John Lewis shops is also a priority, and in the last few years, progress has, for example, been made on signage, lighting and in providing a layout that is easy to navigate.

There is still more work to do. Improvements in access are still required in some areas of the shops in order for John Lewis to fulfil its obligations under the Disability Discrimination Act, which comes fully into force in the autumn of 2004. Throughout 2003/04, John Lewis audited customer accessibility at every shop with guidance from disability consultancy Access Matters. The process involved Partners carrying out more than 200 audits: each shop undertook at least eight separate audits, covering areas such as entrances and exits, customer catering facilities, fitting rooms and toilets. Every shop now has a detailed implementation plan to improve access and is carefully working through each area.



Location, location, location

John Lewis recognises the importance that retail developments can have on the future vitality of Britain's town and city centres. After all, 21 of its current 26 shops are located in towns or city centres. Having completed extensive refurbishments in Edinburgh, Nottingham and the £100 million refit of Peter Jones in London, John Lewis has recently announced new department stores in Trafford, Cardiff and Leicester. The Cambridge, Liverpool and Sheffield shops will also soon be relocated.

The majority of new development opportunities are in city centres, a result of Government restrictions on out-of-town planning. Ann Humphries, Director, Retail Development for John Lewis, is responsible for overseeing these ambitious growth and relocation plans. She notes, 'In a number of these cases, our new retail developments are key components in the regeneration of the town and city centres. Although it will be at least five years before some of these shops open, we believe that by making an early commitment to develop in these areas, John Lewis can have an active role in urban renewal.'

For the developers running these schemes, John Lewis is considered to be one of the most consistent and stable anchor shops, helping to attract high numbers of customers and, in turn, other businesses. For John Lewis, these new developments mean a long-term commitment to the area. 'When we build a shop, we build it to last,' says Ann. 'By working with developers and planning authorities right from the start, we can really influence building design. Not only do we want to ensure that our town centre shops incorporate the best features of our out-of-town shops – space, improved access, safety and security – we also want to ensure that they fit in with the local architecture. That is why we are increasingly working with organisations such as English Heritage and CABE (the Commission for Architecture and the Built Environment).'

Trading fairly

For many customers, trading fairly means above all, offering a fair and competitive price. Never Knowingly Undersold (NKU), John Lewis' pricing policy, is widely known but commonly misunderstood. Here's what it entails:

Competitive pricing

The buyer sets the price so that customers are unlikely to find the same product cheaper in another UK shop.

Price checking

Each shop regularly checks prices in other local shops. Partners are themselves encouraged to identify 'undersales' and are rewarded with a modest payment.

Price matching

While many retailers match the lowest local price an individual customer can find, John Lewis goes further, reducing its shelf price so that all its customers benefit and not just those who identified an 'undersale'.

Refunding the difference

Customers who have just bought a product from John Lewis but then find it cheaper at another shop in the UK can go back to John Lewis and it will refund the difference.

The pricing policy does not extend to John Lewis' online or catalogue sales where it is much more difficult to monitor price changes, but the same underlying commitment to value remains.



Community service

John Lewis has always encouraged strong links with the communities around its shops. This philosophy goes right back to the Partnership's Constitution, which clearly states that it should 'contribute to the wellbeing of the communities in which it operates'.

What's going on?

As well as making charitable donations on a national basis, each and every shop makes donations to local charities. These are made by elected Charities Committees, which choose the causes to support and the amounts given, using their own local budget. During 2003/04, these committees gave over £430,000 to 3,360 charities, part of £2.88 million given in total by the John Lewis Partnership. Marion Goonewardene, Partnership Charities Secretary, comments, 'Our local network of Charities Committees enables us to respond to requests for donations quickly and without bureaucracy. Giving locally, however little, can really make a difference, as these smaller charities can easily be overlooked.'

More time to help

Giving cash is not the only way to help a charity; sometimes giving time can be equally valuable. That is why John Lewis encourages and supports Partners who want to get out into the local community and make a difference.

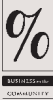
All Partners are eligible to apply for a charitable secondment supported by the Golden Jubilee Trust (GJT). Set up by the John Lewis Partnership in 2000, the Trust grants awards that allow Partners to take up to six months time off from their jobs with John Lewis to work with a registered UK charity. The Trust covers the Partners' pay and benefits during the secondment. The aim is for Partners to contribute their own skills to help the charity, with the additional benefit that Partners often gain valuable experience which they can draw on when they return to the business – see 'Pulling it all together' on page 6.

Since the introduction of the scheme, 139 Partners have participated, contributing more than 52,000 hours to good causes.


They all need support

The range of causes supported by John Lewis is very wide. For example, recent secondments through the GJT have included supporting charities which help to reverse the decline in Britain's water vole population, run an art group at a centre for London's homeless (both shown below) and helped to restore the sight of a young child (shown on page 7).

Measuring our contribution

Percent Club
 Empowering Partners to take the initiative and to decide which charities they want to support can make monitoring John Lewis' overall contribution to the community rather challenging. In 2003, the Partnership agreed to report community contribution in accordance with the Business in the Community (BITC) Percent Standard. That meant estimating much more than just cash contributions.

To give a more complete picture of how much Partners give in time and in kind, the Partnership follows the methods developed by the London Benchmarking Group (LBG). Fiona Cameron, Assistant to the Corporate Affairs Director, comments, 'We were surprised at how much time Partners gave. Although we don't yet have a complete picture, where we have piloted the LBG model our total community contribution has been three times our cash figure. We estimate that the Partnership gave more than £4.1 million to charity in cash and in kind last year – more than 2.4% of pre-tax profits. That makes us one of the few UK companies to exceed the 1% BITC benchmark.'

 **See inside the sleeve for data on charitable giving and GJT secondments**



Recent projects

Projects that Partners have given their time to recently include:

Solihull

Worked with local community groups in deprived areas to improve employment opportunities.

Nottingham

Decorated a community centre for young people in need of counselling.

Glasgow

Has adopted a local school in a disadvantaged area and provides support ranging from teacher mentoring to pupil work experience.

Newcastle

Helped to put on a fashion show given by children with Down's syndrome in aid of their local charity.

Peter Jones, London

Donated stocks of out-of-date school uniform to schools in Africa.

Stevenage

Received a National Blood Service loyalty award for blood donations from Partners.

Oxford Street, London

Gives financial support to the Soho Family Centre, providing a safe, welcoming space for local children and families.

Herbert Parkinson

Helps a local school with its Young Enterprise Challenge.

Liverpool

Sponsors the Young Musician of the Year award.

Milton Keynes

Organised its own sponsored run for Partners to raise money for charity.

Brent Cross, London

Helps pupils in a local school with basic numeracy skills.

More involvement needed

Despite the breadth and variety of local community involvement across the shops, John Lewis recognises that there is scope to do more in many areas. Initiatives planned or underway include:

- Improved sharing of information and best practice – including a conference of Charity Committee Secretaries and an intranet-based discussion database
- Better coordination within shops – Charities Committees will be given wider remits to discuss the full range of branch community involvement
- A focus on education – working with Business in the Community and local Education Business Partnerships
- Nationwide support for Cares, the Business in the Community programme, which aligns team-building exercises with local community needs – every shop that has a Cares programme in its area will become involved during 2004
- Working more effectively with local Waitrose shops on local community involvement
- Trialling a 'time bank' for employee volunteering in working time
- Building on existing involvement with a range of local and national bodies such as Chambers of Commerce, the British Retail Consortium, Business in the Community, Scottish Business in the Community, etc.



Pulling it all together – Mellor House

When a Cheshire-based charity holiday home needed a revamp, the team from John Lewis Cheadle came to the rescue. 'It wasn't just about giving money,' explains Christine Beckett, Chairman of the Charities Committee. 'We wanted to find a Charity of the Year that would allow our Partners to become directly involved.'

Christine and her colleagues discovered Mellor House in late 2002. Set in the Cheshire hills, the charity has acted as a self-catering holiday home for inner-city families for over a century. Originally founded by the wives of Lancashire mill owners, Mellor relied on local donations for many years but the fabric of the house eventually fell into disrepair.

After evaluating the work needed, the Charities Committee applied to the Partnership's Golden Jubilee Trust to



pay for a one-day-a-week secondment for six months, so that a Partner could coordinate the project. The application was successful and furnishings advisor Brent Simpson was appointed to liaise between Mellor House and John Lewis.

When Mellor House closed its doors to visitors in the winter of 2002/03, the John Lewis team sprang into action. 'It was a bit like Changing Rooms,' says Christine. 'It really was ideal for us because it allowed so many Partners to help.' Under Brent's

direction, the inside of the house was revamped, ready for guests to arrive in the spring. Gifts from across the shop, including linen, toys and furnishings, were used to supplement the hands-on work.

The outside of the house benefited from John Lewis' help too. Management trainees built a new adventure playground in the grounds, while other Partners concentrated on fundraising, holding a raffle and an in-store fashion show to boost the

charity's coffers. Many of the shop's Partners also helped out at the Mellor House annual fair – making gifts to sell or running stalls.

'The great thing is that other local companies have seen what we've done and become involved themselves,' says Christine. 'It has generated a lot of good publicity, which has obviously benefited both Mellor House and John Lewis.'

The Charity of the Year link with Mellor ended in autumn 2003 but John Lewis' close association still continues. Mellor's management committee benefits from the membership of Brent Simpson and another Partner from Cheadle's Charities Committee, Margaret Powell.

'It was a great fit as Charity of the Year,' concludes Christine. 'As well as helping Mellor House, it meant a lot of Partners could get involved.'

Armchairs to zebras



The right chemistry

Knowing which chemicals are being used in consumer products – and which ones to be concerned about – can be a major challenge for retailers. Guidelines do exist but many give conflicting advice, only adding to the confusion.

There are strict controls on chemicals that are directly harmful to the user, but there is also growing concern

about the use of chemicals that harm the environment when they are manufactured or after their useful life has ended. In 2002, Friends of the Earth (FoE) invited a number of UK retailers to pledge to phase out such chemicals. Some retailers signed up but John Lewis believed more work was necessary.

'We support the principles behind this campaign. Our policy has always been not to use chemicals where they are unnecessary, and not to use chemicals

known to be hazardous,' says Nick Monger-Godfrey, Head of Corporate Social Responsibility for John Lewis. 'Our concern was that without further research, it would be almost impossible to reach consensus throughout the retail sector on which chemicals should be targeted. The risk to human health and the environment depends on the likelihood and risk of exposure, which is different for every product.'

John Lewis was firmly of the opinion that any policy to phase out chemicals

should be sector-wide, because its suppliers are not unique and conflicting retailer campaigns would only confuse them.

John Lewis' response was to work with 18 other UK retailers. With support from the British Retail Consortium (BRC), the group commissioned independent consultants to review the risks of over 2,400 different chemicals. It is the most comprehensive review undertaken to date.

Handling more than half a million different product lines in any one year, John Lewis has a wider variety of products than any other UK retailer. Its 60-plus buyers currently work with more than 6,000 suppliers, located in over 45 countries. Ensuring that all of these products conform to the highest quality and safety standards, and that the suppliers take account of ethical and environmental issues, is a huge task.

Meet the buyer

So just how does John Lewis source its products? Talking to Robert Hennessy, John Lewis' Central Buyer for Gifts, provides an insight. Like many other John Lewis buyers, his product range is vast, from leather goods and basketware to candles and flowers. In all, Robert has 150 suppliers, many of them overseas. As the buyer, Robert is the first point of contact with the supplier, new or existing. Responsible for carefully selecting the range, the buyer will, where possible, visit the supplier; where they will review working practices and check the quality and safety control systems.

'While the buyer can impress on their suppliers the need to adhere to the John Lewis Responsible Sourcing Principles, with such a wide brief it is impossible for the buyer to single-handedly assess a supplier's compliance,' states Robert.

That's where John Lewis' Merchandise Standards department comes in. 'Before we can commit to buying a product, we must satisfy ourselves that it can pass all the necessary due diligence tests,' adds Robert. Unlike many UK retailers, John Lewis prefers to do its product testing in-house. These experts provide the buyers with guidance on consumer legislation, develop safety codes and test standards where none exist, undertake routine product testing and maintain technical files and test certificates.

Once a product has been given the 'all clear', the buyer can start to think about price, packaging and product labelling.

A testing time

Bernard Buckley, Head of Merchandise Standards and Responsible Sourcing, admits that with such a wide variety of products, it is impossible to rigorously test absolutely every one. 'Our approach to testing has to reflect product

risk,' he explains. 'We have to target those areas where the risks are greatest. Many of these areas will already be heavily regulated, for example toys, electrical products and children's clothing. We also need to listen to the concerns of customers, consumer groups and environmental campaigners who are naturally concerned about areas where little regulation exists.' That has led John Lewis to look specifically at its procedures for sourcing timber – see 'Logging the loggers' on page 12 – as well as to directly address concerns about the use of potentially harmful chemicals (see 'The right chemistry' below).

Setting the standard

In addition to its own programmes, John Lewis actively supports and contributes to the development of international standards and best practice. Partners from its merchandise testing laboratory are invited as experts to sit on technical committees run by organisations such as the International Standards Organisation (ISO), the European Committee for Standards (CEN) and the British Retail Consortium (BRC).

Most recently the team has helped develop a range of BRC Global Standards covering issues such as consumer products and packaging. The standards do not as yet go as far as ethical trading, which is why John Lewis has its own Responsible Sourcing Principles – see 'Great expectations' on page 10.

Product standards have improved considerably in recent years but on occasion, it is still necessary to recall a product due to fears about its safety. Bernard and his team also advise on product recalls. Thankfully, such cases are infrequent; last year only seven products were recalled, a fraction of the 500,000 John Lewis sells, with only one of these being a John Lewis-branded product. In such an event, the team takes into account the recall guidelines set by the Department of Trade and the BRC.

Nigel Smith, CSR Policy Director of the BRC, explains. 'It's a collaborative approach. In the first instance we wanted to identify a definitive list of potentially harmful chemicals. Our consultants, Acona, have thoroughly researched existing scientific evidence and have devised a method to risk-assess each chemical on the basis of exposure, ecotoxicity and persistency.'

The work has identified 34 priority chemicals and Acona will be retained

to constantly update the list reflecting the most up-to-date scientific knowledge. So far, the approach has received support from the campaign groups. FoE has commented that it is 'happy with the approach', and WWF says 'it depends what the companies do with it'.

So what is John Lewis planning to do with the list? In 2004, it will launch one of its largest supplier engagement programmes to identify which

products contain these chemicals and whether safer alternatives can be used instead. In line with the retail sector and taking continual advice from Acona, it will phase out any chemicals deemed to pose an unacceptable risk.





Great expectations

With increased global trading, consumers are increasingly concerned about suppliers' workplace conditions, pay and security, health and safety, and the use of child labour.

John Lewis believes that its suppliers should be treated fairly and honestly, and it expects a similar attitude throughout its supply chain. The ethical standards John Lewis expects of its suppliers are clearly set out in its Responsible Sourcing Principles, first written in 2000.

Of course, writing such a code and handing it out to suppliers is something quite different from actually ensuring that they follow it. The code itself acknowledges that providing 100% confirmation that the principles are fully observed is never likely to be achievable. What can be done, however, is to implement a system that provides regular checks on suppliers, keeping them on their toes with regard to workplace practices.

The demands of supply

One of the main areas of potential risk is the Far East. Here, John Lewis' auditing and inspection system falls into two stages. First, the John Lewis team relies upon the expertise of its international buying agents Li & Fung to ensure that products are sourced from suppliers that abide by its ethical code. Secondly, labour and safety consultancy CSCC makes random checks at factories to ensure that those standards are being followed – see 'Checking the checkers' opposite.

Bernard Buckley, Head of Merchandise Standards and Responsible Sourcing for John Lewis, comments, 'When it comes to sourcing new products, our buyers will, in the first instance, work with Li & Fung to identify whether the product can be manufactured at a factory that has already been audited and approved. With such a huge supplier base, we don't want to increase it any further unless absolutely necessary. If we need to use a new supplier, then Li & Fung will audit the factory on our behalf.'

Appliance and compliance

Li & Fung has its own ethical sourcing code of conduct and dedicated team based in Hong Kong. The agents are not just auditing factory conditions for John Lewis, but many other international retailers. The programmes run by Li & Fung enable retailers to work together, reducing the number of assessments and importantly, the burden of audit on suppliers. Critically, for this to work, John Lewis has reviewed Li & Fung's ethical sourcing code and confirmed it is in accordance with its own Responsible Sourcing Principles.

The audit process itself involves an initial on-site inspection by Li & Fung, a document and records review, and then confidential management and worker interviews to corroborate its findings. 'The scope of the audit covers all the areas of John Lewis' code, including pay, working hours, compliance with health and safety regulations, child labour and employee discrimination,' adds Bruce Bergstrom, Vice President, Hard Goods Compliance at Li & Fung.

'Our findings are reported straight back to the supplier and to John Lewis, and should any nonconformances be identified, however minor, the supplier will be given a deadline within which to amend its practices before reaudit.'

Prior to engagement as a supplier, all factories have to accept the Li & Fung code of conduct and agree to ongoing inspections. During regular product quality inspections, Li & Fung's quality control inspectors act as their 'eyes and ears' on ethical issues. If they spot something, then the ethical assurance inspectors will return to the factory unannounced to check whether behaviour has changed since the original evaluation. Last year 173 of the factories through which John Lewis sourced products via Li & Fung were inspected. That represents 50% of John Lewis' suppliers in the region and every supplier with whom John Lewis placed orders in excess of £20,000.

A wider remit

While Bernard has absolute faith in Li & Fung's approach, he acknowledges that more could be done. 'Going forward, we need to extend our audit programme to include suppliers not covered by the arrangements with Li & Fung, most notably in other high-risk countries,' he comments. 'We have on occasion asked CSCC to audit specific factories outside of Li & Fung's remit, but we need to formalise this process moving forward. We also need to devote more attention to investigating our suppliers' own supply chains. Extending our audit programme remains the biggest challenge in 2004.' In parallel, John Lewis will be seeking to rationalise its supply base, so reducing the scale of the monitoring task.

What's in it for me?

Pattaraboon Co. in Chiangmai Province, Thailand, makes wooden handicrafts for export to Europe and America. Somboon Saengangsumalee, Managing Director, was very sceptical of the need for an inspection when he was contacted by Li & Fung.

'Their agent told me that the factory was not up to standard,' says Somboon. 'She was trying to convince me to improve and modify some of the organisation.' The main concerns were the workplace organisation of the factory floor and the lack of warning signs about dangerous areas. Li & Fung also noted a lack of proper health and safety training for the workforce.

Somboon agreed to make the necessary changes and was then accepted as a John Lewis supplier. Since implementing the recommendations, however, Somboon has been won round to the new working practices. 'I know that we've saved time and money as a result,' he says. 'It's made my factory very clean and organised.' In fact, it recently led to Pattaraboon gaining a silver medal award from Chiangmai Province's Ministry of Public Health.

Checking the checkers

Labour and safety consultancy CSCC conducts random ethical audits of suppliers to ensure that John Lewis' standards are being upheld by its sourcing agents. Peter Warbrick, Client Services Manager at CSCC, talks about the role.

What does CSCC do for John Lewis?

Our brief is to conduct ethical audits on a number of John Lewis suppliers chosen at random each year. Most companies we check are in higher-risk countries in Asia and Latin America. The suppliers will already have been checked on their ethical behaviour by John Lewis' sourcing agents Li & Fung – our job is to check that they are maintaining the right standards.

What areas do you look at and what standards do you apply?


We look at a range of issues, such as labour standards and employment conditions. For example, are the practices in the factories in line with local legislation? Most of the producing countries actually have very good employment laws – some even more stringent than they are in the UK. The trouble is that they are not necessarily enforced.

How do you know that they don't just change practices for the better while you are inspecting the factory?

We try to avoid that possibility by checking management systems and records. For example, on child labour issues, we check that photo ID is kept for all workers. If, say, 5% of the ID cards are missing then we might rate it as a medium-risk concern. If that rises then it would become high risk. We also do interviews on the factory floor to back up the other checks.

How can John Lewis improve its auditing of suppliers?

It could do more audits each year. John Lewis pays for every audit undertaken and naturally budgets don't allow us to audit every one of the 6,000 or more suppliers each year. The focus to date in the Far East is specifically addressing areas where the risk of non-compliance is greatest, but as the programme is extended to other areas, John Lewis will, like other companies, need to support other collaborative audit programmes.

 **See inside the sleeve for data on suppliers' audits**

Logging the loggers

Public concern over the illegal logging practices of some regions has led to pressure on retailers to demonstrate that the timber they source comes from properly managed, sustainable forestry operations.

International timber trade

In recent years there has been an unprecedented growth in timber production, but it is the illegal logging of timber in some areas, particularly where it leads to large-scale deforestation of native tropical hardwoods, that is most alarming. Friends of the Earth estimates that between half and two-thirds of the tropical hardwoods imported into the UK are illegally logged, and it is feared that from some countries, such as Indonesia and Brazil, the amount may be considerably higher. The illegal practices include theft of timber; harvesting where a logger has no right to cut, logging undersized or protected species, gaining logging concessions through corruption, or failure to pay taxes or other charges.

Sourcing policy

Recognising the importance of this issue, John Lewis developed a sustainable timber sourcing policy in 2002. The policy commits it to ensure that 'all timber used in the course of its business has been sourced with the least possible damage to the natural environment'. With a broader range of furniture than the majority of its high street competitors – John Lewis currently sources more than 30 different species of tropical hardwoods from more than 100 different suppliers – keeping track of where all this timber comes from and checking it has been legally sourced is a mammoth task.

Moving towards certification

Certified timber has to be audited by an independent, recognised authority. Not only must the forest source meet minimum standards of good forestry management, but at every point in the supply chain, from tree stump to shop shelf, the supplier must be able to demonstrate a secure chain of custody. A number of certification schemes exist, the Forest Stewardship Council (FSC) being the most widely recognised in the UK.

John Lewis is of the opinion that forestry certification is the best way to ensure the legality and sustainability of its timber products. But John Lewis also has to be realistic: forest certification is not yet widespread in the tropics. The timber economy is enormous; around 3,335 million cubic metres are produced each year, and while trade is global, pressure for certification is only really emanating from North America and Europe.

A phased approach

So why not insist on certified timber? The wide range of hardwoods used by John Lewis suppliers means that it is not as simple as that. Furthermore, certification does not come without cost in what is already a fiercely competitive market. Suppliers need encouragement in the form of security of supply and higher prices before moving towards certification. The John Lewis sourcing policy recognises that many of its suppliers in developing markets are not going to be able to provide total assurance for some time. It has therefore developed, with the assistance of leading consultancy firm ProForest, a phased programme that encourages its suppliers to move towards certification:

Stage 1 – Timber of known origin.

The entry level. This requires suppliers to provide specific source information for each product type.

Stage 2 – Timber from verified legal sources.

The minimum level each supplier must achieve in order to continue as an approved John Lewis supplier. The supplier must provide objective evidence of the legality of the timber sources.

Stage 3 – Transition timber.

The supplier is actively working towards certification as a member of a transition scheme. Approved schemes include SGS Malaysia Certification Support Programme, The Tropical Forest Trust, WWF, Global Forest and Trade Network.

Stage 4 – Independently certified to FSC or similar standards.

The ultimate goal.

John Lewis will roll out the programme to all its product suppliers, but with so many products, it is initially focusing on timber sourced from countries where the risk of illegality or poor forestry practices is known to be greatest. For these 'high-risk' areas, which include the native forests of the Central African Republic and Indonesia, suppliers must meet Stage 2 compliance when assessed or they will be replaced. Suppliers sourcing from other areas must equally achieve Stage 2 compliance within six months of being assessed. Once assessed, all suppliers must commit to work through the stages within agreed timescales. To date, 30% of John Lewis' tropical timber suppliers have been enrolled in the programme. Suppliers may also be selected for independent assessment by ProForest – see 'Back to the stump' opposite.

The process will take time, but in the end a wide range of suppliers, which sell to other retailers besides John Lewis, will have moved to sustainable sources. John Lewis' customers, meanwhile, will continue to be able to choose from a wide range of wood-based products.





Back to the stump

Precision Woodworking of Guyana is a major supplier of John Lewis garden furniture. Having been enrolled in the timber assurance programme, John Lewis soon identified that the supplier was, through its own initiative, working with forest sources in transition towards certification. Visiting Precision, one of the first suppliers to be audited, provided John Lewis with a useful insight into just how complicated the timber sourcing process can be. Nick Monger-Godfrey, Head of Corporate Social Responsibility for John Lewis, reports that, 'Rather than just insist our suppliers work towards certification, we wanted to understand just what it entailed, and whether other forms of assurance could satisfy our needs.'

ProForest travelled to Guyana in February 2004. The audit involved factory inspections, visits to the major logging concessions and meetings with the national forestry commission and the Government. The objective was to understand whether the supplier could verify timber origin back to the stump, essential if it were to achieve FSC certification. They discovered a complex supply chain with timber originating from more than 50 different forestry concessions, many of them small so-called 'chain-saw loggers', who are operating from small forest concessions. Despite this, controls implemented by the Guyana Forestry Commission meant that even without certification, the forestry standards were encouraging. Tim Rayden of ProForest comments, 'The progress made by Precision's major supplier towards full FSC certification through the Certification Support Programme (CSP) is already resulting in improvements to management. Better inventory and harvest planning, combined with low extraction rates of three to four trees per hectare, mean damage to the remaining forest is being reduced while further improvements are made.'

Certification will further improve standards and make back-to-stump traceability possible for each and every product. 'Seeing these issues first hand has given us real confidence in our phased assurance programme and suggests we should encourage our other suppliers to enrol on similar schemes,' concludes Nick.

Partnership principles



John Lewis is governed according to the Constitution of the John Lewis Partnership – containing Principles and Rules that determine how the business is run on a day-to-day basis. Much of it reads like a modern-day wish list for corporate social responsibility – the key difference is that the original thinking dates back to 1928. Today's Constitution remains firmly based on that original document, and contains the seven principles at the core of the business.

PURPOSE

The Partnership's ultimate purpose is the happiness of its members, through their worthwhile and satisfying employment in a successful business. The Partnership is owned in trust for its members so they all share the responsibilities of ownership as well as its rewards – profit, knowledge and power.

POWER

Power in the Partnership is shared between three governing authorities: the Partnership Council, the Partnership Board and the Chairman.

PROFIT

The Partnership aims to make sufficient profit to maintain its commercial viability, invest in its development, distribute profits to members and pursue other goals consistent with its purpose.



MEMBERS

The Partnership aims to employ and retain as its members people of ability and integrity who are committed to its principles. It aims to recognise their individual contributions and reward them fairly.

CUSTOMERS

The Partnership aims to deal honestly with its customers and secure their loyalty and trust by providing outstanding choice, value and service.

BUSINESS

The Partnership aims to conduct all of its business relationships with integrity and courtesy, and scrupulously to honour every business agreement.

RELATIONSHIPS

The Partnership aims to obey the spirit and letter of the law and to contribute to the wellbeing of the communities where it operates.



Material gains

Unlike many of its competitors, John Lewis manufactures, distributes and then sells some of its own soft furnishings. This page follows the progress of one of its own products from textile weaving to making up, offering an insight into some of the issues at stake and the ways in which John Lewis is trying to minimise environmental impacts across its operations.

A typical John Lewis printed fabric might start its life at JH Birtwistle, a weaving mill in Lancashire. The newly woven material is then transported to Stead McAlpin in Cumbria, where it is dyed, printed and finished into the desired pattern. It then returns to Lancashire to be made up into the finished product at Herbert Parkinson, just south of Blackburn. All three production units are owned by John Lewis.

Weaving

JH Birtwistle may look like an old-style Lancashire mill from the outside, but it houses one of the largest concentrations of computers in the Partnership. The technology drives its looms, weaving 40 tonnes of cotton into 130,000 metres of fabric each week. Yet while production has steadily declined in recent years – the mill is one of a handful that remain active in Lancashire – the demand for increasingly complicated fabric designs means it now produces a greater variety of styles than ever before.

Not surprisingly the mill uses a lot of energy. Air humidifiers ensure that the fibres are pliable and remove the lint from the air to ensure safe and comfortable working conditions. Birtwistle has taken steps to reduce its environmental impact. In 2002 it implemented an environmental management system to meet the requirements of international standard ISO 14001. Samantha Blackley, Quality and Environmental Systems Manager, believes the management system, and its independent certification, have focused efforts and led to a number of environmental improvements.

'Implementing lower-voltage electricity systems across the site has contributed to a 5% reduction in energy use over the last couple of years,' says Sam. 'Waste minimisation programmes have also been established and we've made changes to reduce the risk of water pollution from the site.'

Printing

50% of the fabric woven at Birtwistle's each week is then transported 90 miles to Stead McAlpin, where it is dyed, printed and finished into any one of 200 current designs. Another survivor of the UK's textile heritage, Stead's traditional exterior once again conceals a wealth of modern machinery, the result of significant financial investment by John Lewis in recent years. Although it employs fewer than 200 of the Partnership's 60,000 Partners, Stead's consumes more water and energy than any other site.

Stead's draws its water from the River Caldew, constantly having to operate within permitted extraction and discharge allowances. A range of recent environmental projects has helped to more than halve water usage since 2001. These projects include the installation of water metering, better controls on water flow and the installation of new pipework to prevent leakage. As a result, less energy is required to heat the water and the factory has managed to renew its rebate against the Government's Climate Change Levy (CCL), which is granted to those operations that meet certain energy efficiency targets.

The factory is currently working with the Environment Agency in order to obtain registration for Integrated Pollution Prevention and Control (IPPC). It has been working flat out to meet the requirements, raising chimney stacks, installing air scrubbers and improving on-site effluent treatment processes to reduce colour content.

Making up

From Stead's, printed fabrics return to Lancashire where the product begins to take shape. In addition to the colour woven jacquard and dobbie fabrics they weave themselves, Herbert Parkinson converts John Lewis' own designs into finished goods. With lighter machinery such as sewing machines and electric cutters, Herbert Parkinson's resource demands are less than its colleagues. 'Although energy use levels in Parkinson's are closer to that of a department store, they too are expected to show energy efficiency gains,' says Bill Wright, responsible for energy procurement and supply in John Lewis.

Herbert Parkinson's efforts are focused on persuading Partners to switch off machines and lights when not in use and introducing lower-voltage systems. Fundamentally though, 'Parkinson's energy efficiency is all about energy management, although as a result of recent investments, it has also benefited from the installation of more energy-efficient equipment,' says Bill.

At this point, the finished goods are quality inspected one final time, packaged and handed over to the Partnership's distribution team, or sent for direct delivery to the customer's home as part of the Express Furnishing Service.

On the move

More shops, longer trading hours and greater home delivery as a result of the growth in online shopping are all adding to the demands placed upon John Lewis' commercial delivery fleet.

John Lewis' challenge is to respond to the increased sales pressure while trying to minimise the environmental impact of its vehicles. 'Our mileage is largely determined by sales,' says David Sheppard, Deputy Head of Transport. 'However, we try to control it through careful route planning, computerised fleet management and using multi-deck vehicles as efficiently as possible.'

To keep the shelves stocked, the Partnership's commercial fleet of 1,700 vehicles needs to deliver more than 45 million cases of stock each year and in doing so, drives almost 16 million miles. Juggling the conflicting demands of sales, driver availability, vehicle servicing and delivery restrictions is no mean feat, but the following initiatives have helped to reduce mileage slightly, limit emissions and maintain fuel efficiency, despite sales increasing by 4% in 2003/04.

Centralised schedules

Over the past year, the business has combined the management of its five distribution centres around the south east, so that goods for one shop can be collated from any of the five before a single trip is made to the shop.

Multi-deck trailers

Multi-deck trailers help avoid four million miles being driven each year by transporting more goods on the same vehicle. Using hydraulics to raise a second internal floor; load capacity can be increased by up to 80%. They were first introduced by John Lewis in 1985, and now account for more than 50% of all deliveries, with access to shops being the only inhibiting factor preventing their further use. Unfortunately, greater vehicle load and weight, a consequence of using multi-deck trailers, has meant that vehicle fuel consumption has increased and over the last five years, average commercial miles per gallon (mpg) reduced by 8%.

Vehicle emissions

Owning and servicing its own vehicles allows John Lewis to specify the cleanest technology, currently Euro 3 engines, which are fitted as standard. Aerodynamic side skirts are added to help minimise wind resistance and reduce fuel usage and many are fitted with Continuously Regenerating Traps (CRTs), which act as exhaust cleaners, reducing emissions by up to 91% for carbon monoxide and 94% for hydrocarbons.

Backhauling

Keen to keep the fleet fully utilised on its return journeys, it is now increasingly common for John Lewis' vehicles to collect stock from suppliers on the way back from delivering to shops. The number of backhauling opportunities is increasing each year and today around 14% of all outgoing vehicle movements return loaded.

Driver training

All drivers are required to attend courses in defensive driving and the Partnership uses an innovative system to monitor driver safety continuously. With penalty points for accidents, the risk rating of each driver enables John Lewis to tailor driver training needs.

Until 2003/04, the driver risk rating fell for the previous three years, indicating there were fewer road accidents and those that occurred were less severe. In 2003/04 the average risk rating increased slightly although it remains low. The Partnership continues to monitor all of its drivers.

 **See inside the sleeve for data on transport**





Home delivery

With a significant increase in online sales, John Lewis is delivering more products directly to the customer than ever before.

The Park Royal Distribution Centre deals with home deliveries for the shops in the London area as well as some catalogue sales and goods ordered online.

Assistant General Manager Philip Crawford oversees some 400,000 deliveries each year. 'We have a

sophisticated scheduling system that is directly linked to shop sales, which enables us to plan efficient delivery routes,' says Philip.

Furthermore, software improvements in the last couple of years have allowed him to factor in road closures, speed limits and even the London Congestion Charge, enabling him to reduce the number of vehicles entering the zone.

They are obviously doing something right. A recent independent consumer

survey on store-to-door deliveries rated John Lewis second out of 23 retailers in terms of overall satisfaction.

They found that in 94% of cases, John Lewis delivered the correct goods and that 96% of the time, those goods were delivered undamaged.

At the back of the shop

John Lewis has a longstanding commitment to waste reduction and recycling but changes in shop operations and new legislation are putting pressure on the company to reduce its waste even further.

Keeping waste in trim

In a typical week, a John Lewis department store will generate nine tonnes of waste of which approximately 15% – predominantly cardboard – is recycled. Recent waste surveys have shown, however, that much more recycling could be achieved through better waste segregation.

Some shops, although keen to recycle, have struggled to identify local contractors willing to collect low volumes of segregated materials. Backhauling recyclable materials from its shops to one of its distribution centres is one of the options John Lewis is trialing to increase recycling levels. Six shops are currently engaged in the initiative; however, the environmental benefits from this have to be balanced against those from transport initiatives, such as centralised scheduling and increased product backhauling. This could potentially restrict further roll-out of backhauling recyclable materials.

A review of John Lewis' facilities management arrangements in 2003 has led to the consolidation of waste contracts. All shops now benefit from consistent service arrangements that enable John Lewis to roll out standard waste management and recycling procedures across all sites. Another benefit has been the development of standard waste reporting and monitoring systems, enabling the business to calculate waste arising more accurately and identify shops with uncharacteristically high waste or low recycling levels. 'Although every shop is different in size and sales, we now know that some shops recycle up to three times more waste than others,' says Tim Price, Manager, Selling Support Development. 'Understanding the reasons for such variations is key to moving our minimisation strategy forward.'

With the new waste reporting systems John Lewis also has more accurate data to work from. The apparent 24% fall in the annual estimated total weight of waste disposed is, they suspect, the result of applying consistent data capture methodologies rather than an actual significant reduction in waste. When the same approach was applied to material recycling, the estimated weight of material recycled in 2003/04 fell by 14%.

So as not to take the new waste statistics on face value, John Lewis commissioned independent consultants to undertake a number of detailed shop waste surveys involving waste segregation and physical measurement. The good news is that the conclusions mirror those of the new reporting systems, so at least John Lewis can now tackle with confidence under-performing shops.

[→ See inside the sleeve for data on waste](#)

In a typical week John Lewis:

Drives 370,000 miles
Makes 16,000 home deliveries
Uses 3.3 GWh of electricity
Consumes 8,000 cubic metres of water
Generates 206 tonnes of waste
Recycles 40 tonnes of packaging.

Over the last year:

Water consumption in stores has reduced by 11%
Waste arising has fallen by 24%
Material recycling has reduced by 14%
Vehicle mpg in cars has improved by 4%.

Recycling efforts

The waste surveys have shown that carpet can represent up to 50% of the general waste stream at those shops offering carpet uplift and removal services to customers. Despite its efforts, John Lewis has been unable to identify a UK-based company willing to recycle this carpet. This remains a clear priority for the future.

Carpet is not the only waste collected from customers' homes. Increasingly, John Lewis Home Delivery teams are unpacking goods and returning the packaging for recycling. Collection services are also available for end-of-life large electrical items such as fridges and freezers, washing machines and televisions. In 2003/04, more than 50,000 individual electrical items were collected and carefully decommissioned and recycled by approved contractors.

[→ See inside the sleeve for data on recycling](#)

The complete picture

Waste, energy use and vehicle movements all contribute to the impact John Lewis has on the environment. It believes that one of the best ways of analysing its impact year on year is through the calculation of a carbon footprint, which it has done every year since 1999. The carbon footprint measures emissions from all known activities under John Lewis' direct management control – from offices, distribution centres, all John Lewis shops and their service buildings, as well as the manufacturing sites. By applying carbon dioxide (CO₂) emissions factors to, for example, the kWh hours of energy consumed or the number of miles driven, John Lewis can convert these impacts into equivalent tonnes of CO₂. This then enables John Lewis to compare the relative impact of each area and get a picture of whether its overall environmental impact is increasing or decreasing.

In 2003/04, John Lewis indirectly emitted some 134,000 tonnes of CO₂, up 1% on the previous year. Emissions as a result of waste disposal, electricity use, running commercial vehicles and air travel have all decreased. However, this was not sufficient to offset the increase in gas consumption, which was probably again the result of more accurate measurement.

So what conclusions can be drawn from all this? John Lewis' carbon footprint has risen slightly, but when the increase in trade is taken into consideration alongside longer trading hours – up 6% in the year – emissions have fallen from 59 to 57 tonnes CO₂/£million sales, a reduction of 3%. The major contributor is unsurprisingly energy consumption in shops. Improving energy efficiency is an ongoing campaign for John Lewis, although its efforts to drive down CO₂ emissions will be greatly helped by its recent shift to use renewable energy – see 'Energy savings' on page 21.

[→ See inside the sleeve for data on CO₂](#)



Package deals

In addition to managing waste arising at its own shops, John Lewis has a responsibility to recycle a share of the packaging it supplies on to customers, a legal obligation set out in the Packaging Waste Regulations. Estimating the total amount of packaging is a real challenge when you handle 500,000 product lines in a year, so in 2003, John Lewis teamed up with six other UK department store groups to share the burden.

Nick Monger-Godfrey, Head of Corporate Social Responsibility, led the initiative. 'Each year since 1997, John Lewis has gathered data on product packaging by writing to its major suppliers. Naturally it isn't viable for us to contact every supplier and so we would select a sample of suppliers and extrapolate.' It is in the company's interest to get accurate information because as a member of a national compliance scheme, John Lewis has to commit to purchase a quantity of packaging recovery notes – certificates of recycling – proportionate to the amount of packaging it handles.

'It occurred to us that all our competitors must surely be going through the same process, writing to the very same suppliers,' states Nick. That was indeed the case and in 2003, the six major department store groups got together and for the first year, consolidated their data-gathering processes.

The benefits have been considerable: reduced compliance costs for all involved, consistency in methodology for the suppliers providing the information and a larger pool of data to improve overall accuracy. With the new approach, the estimated total amount of packaging handled last year fell by 8%. In all, last year John Lewis was obligated to recycle 4,300 tonnes of packaging materials and through its own back-of-store initiatives, managed to recycle almost 2,000 tonnes, the shortfall being met by its contributions to the national compliance scheme.

➔ See inside the sleeve for data on packaging

Energy savings

All of the shops and distribution centres are part of a company-wide energy efficiency programme. Designed to achieve a 5% increase in energy efficiency across John Lewis, the programme has focused on areas such as turning off lights when not in use and monitoring the temperature in shops more accurately. 'Lighting and temperature are the most energy-intensive items for most shops,' says Bill Wright, responsible for energy procurement and supply. 'We've encouraged all shops to go through a simple checklist on a weekly basis to cut energy consumption.'

Centralised energy reporting has been important in encouraging shops to cut their consumption. Each shop receives a monthly energy report detailing whether it has hit its targets on electricity and gas consumption. The division is investing in energy-efficient equipment and is developing an energy efficiency programme to focus Partners' minds on energy management.

Wherever possible, Bill and his colleagues are moving towards renewable energy sources for the department stores and related service buildings. John Lewis Southampton in West Quay, for example, buys its heat and power from Southampton City Geothermal and CHP Scheme, which draws up to 10% of the energy from thermal waters in a local borehole. Sixteen shops are now also supplied by 100% renewable energy through the grid network.

➔ See inside the sleeve for data on energy



Creating a business for tomorrow

Engaging the enthusiasm and energies of employees is essential to the long-term success of any business. In John Lewis, this means that all 27,800 Partners share the benefits of ownership, and have a say in how the Partnership is run. It means offering some excellent benefits on top of market-based pay rates and taking particular care to consult Partners – and to seek new roles for them – when John Lewis has to restructure its operations in order to remain competitive.

How the Partnership's democracy works

It is 75 years since John Spedan Lewis signed the first Trust Settlement, effectively handing over his personal ownership to allow future generations of employees to take forward his vision of industrial democracy. Guided by the Constitution he wrote, the Partnership's distinctive character has been retained because of its unique system of employee participation.

So how does modern-day democracy work in practice? Three bodies govern the Partnership in accordance with the Constitution: the Chairman, the Partnership Board and the Partnership Council. The Partnership Council can best be described as the 'Partnership Parliament' with 83 Partners – more than 80% of whom are elected by their shop peers.

The Council plays a crucial role in holding management to account and deciding how profit is spent, for example recently agreeing to retain the Partnership's final salary pension scheme. It also elects five members of the Partnership's Board and has the ultimate power of dismissing the Chairman for failing to fulfil the responsibilities of his office.

Employee participation extends throughout the workforce. There is a separate council for the John Lewis division and each John Lewis shop is represented by an elected Branch Council, which works alongside the local management and discusses all aspects of shop operations. There are also other elected bodies in the department stores, with their own decision-making powers in specific areas:

- Charities Committees – with their own charity budget to use entirely at their discretion, Partners review and approve the majority of the Partnership's total cash contribution to charity.
- Committees for Claims – these committees were founded to support Partners facing unexpected hardship. In 2003/04, they gave more than £600,000 Partnership-wide, either as gifts with no strings attached or loans.
- Leisure and Amenities Committees – which decide on shop amenities and arrange social events.
- Committees for Communication – which give non-management Partners a direct link to the Partnership's Chairman, through his representatives, who chair the meetings.

All Partners are encouraged to take an active role in the Partnership's various democratic bodies.

Testing times

The recent need to restructure parts of the business, simplify processes and increase the number of customer-facing staff has been particularly sensitive for John Lewis because of its co-ownership structure. Large-scale restructuring is a relatively new experience for John Lewis and lessons have been learned as a result. John Lewis made considerable efforts to involve Partners from the start and consult them throughout the restructuring process. As a result, Partners knew that their views were being heard, but timescales were longer, adding to the period of uncertainty.

Why was it necessary to restructure? In most cases it was a matter of introducing more up-to-date and cost-effective methods, which were already the norm for many other retailers:

- The maintenance function in each shop was reshaped, using multi-skilled tradesmen rather than separate electricians, fitters, carpenters, etc.
- A number of finance functions have been centralised.
- Textile production units saw numbers reduced to reflect current production levels.

Every effort was made to re-employ Partners whose posts became redundant. Of the 1,006 Partners directly affected in this way, 657 stayed in the Partnership in other positions.

Lessons learned

While the approach adopted by John Lewis has received positive feedback from some of the Partners affected, others have (perhaps inevitably) been more negative. Throughout the whole process, the subject has been widely debated and, through the Partnership's internal journalism, the full spectrum of Partners' views has been freely aired. As a result, John Lewis has reviewed its approach, drawing on feedback from managers, relocated Partners and those leaving the business. Revisions have been made to ensure that, should further reorganisation be necessary, Partners are fully briefed, given every opportunity for re-employment within the business and, should that fail, offered support to find alternative employment. Experience has also been gained in how to rebuild teams after the reorganisation has taken place.

 See inside the sleeve for data on Partners



Everyone who works for John Lewis has a voice in the business – and a share in the benefits it brings:

A Partnership-wide annual profit share – once the business has invested for its future.

Non-contributory final salary pension scheme applicable after five years' service.

Up to six months' paid sabbatical after 25 years' service.

Grants towards the cost of vocational and non-vocational study.

The right to request flexible working hours.

Help in overcoming temporary financial difficulty via gifts or interest-free loans from the Committees for Claims.

Subsidised clubs and societies, from mountain biking and golf to art.

Maternity and paternity pay over and above the statutory requirements.

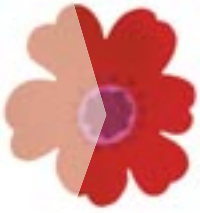
Ticket subsidies for visits to the cinema, theatre, concerts and more.

Discount cards for shopping at Waitrose and John Lewis.

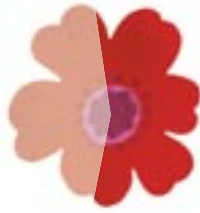
Affordable holiday accommodation at residential clubs across the country.

Discounted private medical insurance and access to physiotherapy and chiropody services.

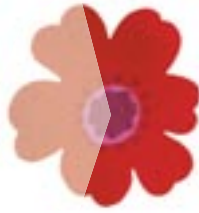




62% of John Lewis Partners are women



61% of John Lewis managers are women



... and 62% of non-managers are women



16% of Partners are from ethnic backgrounds

(The UK national average is 9%)



10% of Partners have worked at John Lewis for more than 20 years

Fairness, dignity and mutual respect

The Partnership's overall aim is to be an 'employer of distinction'. That means that it is continually working to improve pay and benefits, and to develop its approach in areas such as work-life balance and fair treatment for all Partners. The following list gives an idea of some recent and ongoing projects with this in mind:

- A new initiative to equip disadvantaged young people with the skills to work in the retail industry.
- Piloting a 360-degree feedback scheme for senior managers.
- Issuing a Partner Handbook to provide clear information on what it means to be a Partner.
- Introducing new grievance procedures to comply with new regulations and legislation. The Partnership's grievance procedure already goes further than the proposed new statutory approach and includes a final appeal to a senior Partner; the Partners' Counsellor, who is independent of local line management.
- A long-standing 'Dignity at Work' policy that has recently been modified to reflect latest developments in discrimination laws and the Partnership's stance on bullying and harassment.
- A flexible working policy that goes beyond the boundaries required by new legislation.
- Piloting new approaches to reward Partners who go 'one step beyond' in the customer service they provide.
- Setting up a Diversity Strategy Group to develop initiatives and policies concerning gender, sexual orientation, ethnicity and disability.

Providing a safe environment

Accidents do happen and last year, for every 100 full-time equivalent Partners (FTEs), John Lewis recorded 1.2 RIDDOR accidents (those that lead to three or more days off work or require medical treatment). In 2003, John Lewis invested in a new electronic accident reporting system. The system enables every shop to report accidents immediately and then monitor the Partner's progress until they return to work. It also enables John Lewis to analyse accident cause and severity, either locally or for the whole business, and develop appropriate preventative measures.

Despite the total number of accidents increasing, a result of more inclusive measurement, the number of claims for compensation fell during the year.

John Lewis takes the issue of Partner health and welfare seriously. It is one of the few companies that has a dedicated occupational health advisory service. Available in every shop, the team performs routine health checks, workplace risk assessment, advises on diet, exercise and healthy eating, and provides subsidised physiotherapy and chiropody services. All this helps maintain John Lewis' low sick rate of 4%.

 **See inside the sleeve for data on health and safety**

What do Partners think?

In 2003, the Partnership introduced its first-ever Partner survey, giving every Partner the right to say – in confidence – what they think about jobs, pay, benefits, their managers and whether the business is well run. Each month a number of John Lewis shops is surveyed, and the survey will be repeated annually so each shop can also monitor its own trends.

During 2003/04, 22 John Lewis shops were surveyed with 70% of Partners responding. Trends identified so far include:

Positive responses on – 'I enjoy giving good customer service', 'I recommend the Partnership as somewhere to shop' and 'We work well together'.

Less favourable responses on – 'My pay is fair', 'We have enough Partners to get the job done' and 'Our admin procedures are straightforward'.

Shops are now working to tackle the issues where the scores locally were least favourable, generally through working parties set up by local Branch Councils. In addition, the John Lewis Management Board is working on those issues that need to be tackled across the division.

Evelyn Orr (below)

Selling Assistant, Jewellery department,
John Lewis Glasgow

Evelyn joined the Partnership in 2001 and has worked in the Jewellery department since her arrival.

'I believe very strongly in the idea of co-ownership,' says Evelyn. 'I think it helps make us one of the best retail outlets in the country. I think it's a caring, sharing company that takes our views into account and allows us to contribute. You treat it like you would treat your own business.'

Evelyn is an active member of the democratic systems within the Partnership. She sits on the Branch Council, the Community Committee and the Committee for Claims at the Glasgow shop. 'I'm a very happy Partner and enjoy everything I do for the Partnership,' she says.

She takes advantage of the leisure activities, too – last year she was among a group from the shop who went on the Orient Express for the day and she regularly applies for ticket subsidies to go to the theatre. 'I'm also learning how to use a computer using the facilities we have in-store,' she says. 'That's been great because up until a few months ago I was a complete computer virgin.'



Clive Stratford

Selling Assistant, Linens department,
John Lewis Southampton

Clive originally joined the Partnership 12 years ago at the Tyrell & Green shop in Southampton. After serving customers for some 10 years across a number of departments, he left to work for another retailer. Unfortunately, the other job did not work out and, on reapplying, he was welcomed back to the Partnership. He now works in the Linens department at the new Southampton branch (formally Tyrell & Green prior to its relocation) and recently joined the management development programme.

'It's the friendly atmosphere here that I like,' says Clive. 'It's a bit like a family. They really look after you if you have problems.'

Clive recalls that when his wife was ill, the Partnership was very supportive and gave him time off as needed to support her.

As well as joining the management training programme, Clive has taken advantage of the training subsidies offered by the Partnership, receiving 50% of the cost of computer courses at his local further education college.

His greatest complaint? The fact that the annual bonus is subject to taxation. 'I'd really like to see that changed.'



Kuljeet Mangat (below)

Selling Assistant, Electronics department,
John Lewis Kingston

Kuljeet has been with the Partnership for just over three years following a previous career with the Royal Mail. He currently works in the Electronics department, serving customers and ensuring that he is up to date with the range of gadgets on offer.

'John Lewis is quite a good employer,' says Kuljeet, noting that he likes the lack of shift work and the fact that the hours suit him. 'Going into retail was a scary move for me but it's paid off and I'm quite happy. I've just received my red discount card, which enables me to claim 25% off across the department store. That's really useful because I'm doing up my house at the moment.'

Kuljeet points out that there are good and bad things about most employers, though. 'There are a few issues that aren't well planned or where we fall behind other retailers. For example, the dress code needs updating and the computers we use in-store for checking stock can be slow and quite often crash. If you don't invest then you don't get the payback. Generally, though, the overall package from John Lewis is a good one.'



CSR

A shared responsibility

Acting in a socially responsible manner is nothing new for John Lewis, but in recent years, considerable attention has been given to providing a more formal structure for the development and implementation of new CSR policies.

A coordinated approach

'Sharing the responsibilities of ownership as well as the rewards. That's what the Constitution says,' notes Nick Monger-Godfrey, Head of Corporate Social Responsibility. 'The same principles apply to CSR. All our Partners have to ensure that they run our operations responsibly and that includes considering the environment, suppliers and local communities.'

Nick stresses that John Lewis has been managing the issues that are today commonly included within CSR for many years. He believes that the difference nowadays is that consumers, regulators and other campaign groups have become more interested in these topics. 'And rightly so,' adds Nick. 'They want to see that we have made demonstrable progress.'

The increase in awareness of CSR issues means that managing the relevant information both internally and externally requires greater co-ordination. The John Lewis Management Board has set up a CSR Steering Group which reports to the Partnership-wide CSR Committee.

The Steering Group's membership reflects the breadth of issues brought together under CSR and includes Personnel, Building and Services, Corporate Affairs, Buying, Development, Retail Operations and Transport, together with a representative elected by the John Lewis Council. The team's tasks are to agree and define the CSR strategy for John Lewis department stores, implement the policy handed down from the higher-level committees and provide assurance to the Management Board that due consideration is being given to these issues across the business.

In addition, smaller working groups focus on specific issues, such as waste management and energy, and are responsible for tackling these day-to-day issues and reporting back to the divisional committee.

Measuring progress

Getting a feeling for how well you are managing CSR issues can be a real challenge. Although for some issues, such as energy efficiency or accident frequency, there are meaningful performance indicators, there is not as yet an industry-accepted standard to assess CSR performance. One organisation, Business in the Community (BITC), is leading the thinking in this area. In 2002, they launched the Corporate Responsibility Index. As new BITC members in 2003, the Partnership was one of 139 companies to voluntarily participate in the Index, scoring 87.4%, placing the business third among non-food retailers and 45th overall. The results of the Index are being used to direct future efforts, along with guidance from the Partnership's own internal audit function, which in 2003 conducted a detailed review of the company's approach to CSR risk management.

Raising awareness of CSR issues, particularly in the shops themselves, is a priority, and with that in mind, John Lewis has been actively exploring ways to improve knowledge and ownership. Here are four examples.

1

CSR roadshows

In 2003, the CSR management team visited every John Lewis shop and delivered presentations to all department managers covering policy, performance and the company's strategy moving forward. 'Clearly it would be impossible to raise these issues directly with 27,800 Partners, but if you want to start a debate, engaging the departmental managers is the next best thing,' says Nick Monger-Godfrey. The approach is working. CSR issues are being continuously raised through the Partnership's internal magazine, the *Gazette*, as well as Branch and Partnership Council meetings.

Mark Hope-Urwin, Manager of PR and Events at Solihull, attended one of the presentations. 'My first thought was, "that is one heck of a job",' says Mark, who admits that he was taken aback at the breadth of issues that fall under the CSR banner: 'I think we all became more aware of how we could contribute both at shop level and as individuals,' he says. 'It awakened everyone's knowledge and gave them an insight into an important area.'

2

Internal reporting

In 2003, the Partnership prepared a summary CSR report for every Partner and 33,000 copies were distributed with the *Gazette*.

3

SR Online

The Partnership's CSR team has also been busy developing a dedicated internal website for CSR issues – called Social Responsibility Online – that will allow Partners to see how their own shop is performing.

The idea is to personalise CSR for the Partners at shop level, so that they can relate it more readily to the work they do on CSR issues. 'CSR reports such as this one provide an excellent summary of a company's principles and progress, but they have their limitations,' says Nick. 'When you go to print you can only capture your performance at a point in time. To help Partners better manage these issues we want to give them real-time information so they can respond quickly, not nine months later.'

Rather than replace perfectly good management systems that the business uses to track, say, energy consumption, mileage or customer complaints, Social Responsibility Online brings them all together to provide a holistic view of that shop's performance. The site also brings together all of the Partnership's policies on CSR and case studies on best practice, as well as minutes from CSR committees. The approach is one of inclusion. 'CSR involves everyone and therefore everyone must have the right tools,' adds Nick.

4

Branch committees

Some shops are trialling a restructuring of their committees to give Partners greater responsibility for CSR. The advantage is two-fold: the business benefits from greater input on CSR from the shop floor and Partners are encouraged to become more involved in the democratic process and decision making.

John Lewis Glasgow has been at the forefront of these changes since discovering in the Partner survey that many of its Partners found the existing committee structure to be too formal and bureaucratic. The changes there include a new Community Committee to replace the old Charities Committee and an Amenities Committee to replace the old Dining Room and Social committees. Environmental issues fall under the Amenities Committee's remit and a range of CSR issues such as supplier relationships and local community links are covered by the Community Committee. Both committees have led to far greater Partner involvement on CSR issues.

'Partners on these committees know that they can't decide, say, what we do and don't stock,' says Jenny Ridley, Registrar at the Glasgow shop. 'But they do feel that they now have a good feedback mechanism to air CSR ideas as well as concerns.'

Inside view

Luke Mayhew, Managing Director of John Lewis, talks about his views on corporate social responsibility.



Do more customers really shop with John Lewis because you care for the environment or have ethical trading policies?

We have noticed a real increase in customer enquiries and correspondence relating to the environment and ethical trading. Consumers are much more informed on these issues and are quite prepared to alter their spending habits if they do not think that a company is behaving responsibly. Our approach to corporate social responsibility has always been to try to 'under-promise and over-deliver'. For that reason we search for and receive little media attention for the progress we have made. We do recognise, however, that the increased transparency of our trading policies is a natural consequence of CSR issues becoming more widely understood. They are no longer for the few but for the many.

This is the second time that you have reported on these issues. Why did you choose such a different style this time?

We wanted it to be accessible. We distributed more than 3,500 copies of our first report but received feedback from only a handful of readers. Although there is considerable interest in these issues, we suspect that many CSR reports are just too long, or too prescriptive, to engage readers. Above all else we want this report to communicate our policies and performance to our customers, Partners and suppliers. Those who want more detail on performance data, targets, and so on, can get it from our Internet site. This approach also gives us much more flexibility – by placing more information on the web, it enables us to update our CSR communication more frequently, rather than 12 months after the event.

The Partner survey has produced some good results, but also some less good ones. How is John Lewis planning to respond?

The survey is being conducted shop by shop, and so each shop is looking at its own local results. These are being discussed with Partners, through the Branch Council and in other ways, to help us understand what lies behind them. Shops are then developing and implementing their own action plans. At the same time, the John Lewis Management Board is looking collectively at issues that affect the division as a whole, and deciding

how these should be tackled. It is not just a matter of looking at one year's set of results, but of assessing them year by year. This means we can judge the progress being made in addressing the concerns of Partners, and the heads of our shops know that they will be judged on their ability to demonstrate progress in just this way.

In recent months it has been widely reported that John Lewis is opposed to the London Congestion Charge. Is this right and if so doesn't this conflict with your policies on CSR?

We are not opposed to the principle of congestion charging, or indeed to its use in central London. What we have said is that, as implemented, it is a blunt instrument that is having unintended negative consequences which need to be addressed. Those negative consequences have been confirmed by an independent study that shows that sales in our Oxford Street shop are between 5% and 9% lower than they would have been without the charge. The same study showed that, while most of our customers support the charge, up to one in five have changed their shopping habits, with the Congestion Charge cited as the prime reason for shopping less frequently in the Oxford Street area. We have therefore argued that the details of the current charge should be looked at again, including the hours of operation and ways of making payment easier; and that additional measures to support the West End are necessary to counteract the impact of the charge. We have also said that before the present zone is extended, or any other cities take up the idea, there should be a full independent economic analysis so decisions are made on the basis of complete information.

What are the major challenges for John Lewis in CSR?

There is no doubt that the main challenge relates to the size and depth of our product offering – one of the largest on the UK high street. We handle over 500,000 product lines in a year; from more than 6,000 suppliers in 45 countries. Ensuring that all of these products are responsibly sourced and that the suppliers adhere to our codes of responsible practice is a mammoth task in itself. Our requirements are clear, and we are making progress. But there is more we need to do, and will do, here. There are obviously some product areas that cause

us more concern than others. Timber is a challenging issue for many companies due to the lack of certification and traceability in the industry. We have initiated our own timber assurance scheme in order to encourage our suppliers toward improved sourcing. Chemical use is another area that warrants focus. Our work with the British Retail Consortium to develop a comprehensive list of suspect chemicals for retailers is evidence of our commitment to improve understanding in this field. Our preference is always to work with our longstanding suppliers and to encourage them to improve standards.

Business restructuring and the resulting redundancy programme has also been a challenging issue for John Lewis. Our Partnership approach means that we have sought to involve those affected in the decision-making process and to redeploy as many as possible in other areas of the business. Where this has not been possible, we have provided support and advice in finding new work.

What are the achievements that John Lewis is most proud of in the CSR field?

They are numerous but I will focus on two areas. We knew that we contributed a lot to local community groups but our policy of local empowerment through our Charity Committees means that it has been difficult to gather that information for the Partnership as a whole. Our membership of the London Benchmarking Group has been critical to moving us forward here, enabling us to estimate our total community contribution. The discovery that the Partnership is giving over 2.4% of its pre-tax profits to charity, well in excess of the Percent Standard (1%), is a huge achievement.

Secondly, we are currently celebrating 75 years since the establishment of the Partnership. By signing the first Trust Settlement in 1929, John Spedan Lewis created a democratic Partnership that is still thriving today. We have initiated a range of projects to acknowledge this historic milestone – while also looking towards the future. They include the establishment of a university scholarship scheme for the children of Partners, a contribution to the British Olympic Appeal and investment in a tree-planting initiative on the Leckford Estate.

Further information

Further information about corporate social responsibility at John Lewis can be found at www.johnlewispartnership.co.uk

If you have any comments regarding this report or would like an audio or large print version, please contact

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Corporate Social Responsibility report 2004


Window dressing? Or part of the fabric of our business?



Corporate Social Responsibility report 2004

Window dressing? Or part of the fabric of our business?

John Lewis



**Window dressing?
Or part of the fabric
of our business?**

'Corporate social responsibility (CSR) may be fairly new as a subject in its own right, but the values underlying it are not. For John Lewis, it is a collection of issues that we, as a responsible business, have been managing for many years.'

This year we celebrate 75 years of the John Lewis Partnership. It was in 1929 that our founder, John Spedan Lewis, signed over his personal ownership rights in his growing retail business to enable future generations of employees to take forward and experience his unique vision of industrial democracy.

Today, of course, our business is very different to the one Spedan Lewis placed in Trust. Partnership sales now exceed £5 billion and more than 60,000 Partners work together in the UK's largest employee-owned company.

Seventy-five years on, the ideals that led Spedan Lewis to establish the Partnership remain the inspiration behind our approach to corporate social responsibility. Sharing the rewards and responsibilities of ownership; building relationships based on mutual respect; promoting equality; conducting our business with honesty, integrity and courtesy; obeying the spirit as well as the letter of the law; and contributing to the wellbeing of the communities where we trade. These are just some of our founding principles, which read like a modern-day agenda for corporate social responsibility.

This report, our second, summarises our progress on implementing and honouring these principles. We have tried to make the information in this report more engaging and accessible for the stakeholders with whom we have most dialogue on these issues: our Partners, customers and suppliers. We have, in addition, developed a dedicated section of our website (www.johnlewispartnership.co.uk) where we include more detailed data on our performance. That data is also summarised on the sleeve of this report.

During 2003/04, we have had many successes, and can take pride in our achievements. However, I am also aware that there are many areas where we have more to do, or where we face real challenges in making further progress. We have a lot of experience, but we do not have all the answers.

In a short report like this, which is an introduction to the subject, we are unable to focus on all the issues but I hope that it enables you to gain an appreciation of what makes John Lewis different and the ways in which we seek to act responsibly in all we do.

If you would like to know more, or to comment on any aspect of the report, please contact us at csr@johnlewis.co.uk

Nigel Brotherton
Chairman, CSR Committee, John Lewis

As a responsible retailer, owned beneficially by our employees, we believe that the long-term future of the Partnership is best served by respecting the interests of all our stakeholders: Partners, customers, suppliers and the wider community. We look actively for opportunities to improve the environment and to contribute to the wellbeing of the communities in which we operate.

This policy sets out (inside this sleeve) the principles John Lewis will follow and the programmes John Lewis has developed to focus on the areas where we have significant impact or influence. In our CSR activity we will seek to combine building on the trust of our stakeholders with making sufficient profit to ensure the continued health of the business, without which none of the benefits we seek to bring to our stakeholders could be realised.

PRINCIPLES

Shared responsibility. Corporate social responsibility involves everyone. In our own case, the John Lewis Partnership's unique structure means that Partners share the responsibilities of ownership as well as its rewards. We aim to develop and implement social and environmental policies which fit in with our Partners' everyday activities and responsibilities.

Honesty and accountability. Democratic ownership means the sharing of profit, knowledge and power. We will communicate our environmental policies, objectives and performance openly and honestly to our Partners and to others with an interest in our activities, including customers and suppliers. We will also seek their views and encourage them to communicate with us.

Sustainable progress. We are committed to work to improve our performance. We will take into account technical developments, scientific evidence, costs and customer concerns and expectations in the development and implementation of all new social and environmental policies and procedures. We will monitor our performance, set objectives for improvements and report our progress.

Demonstrable compliance. As a minimum, we will meet or exceed all relevant legislation. Where no legislation exists we will seek to develop and implement our own appropriate standards.

PROGRAMMES

Environment. To take all reasonable steps to manage our operations so as to minimise our environmental impact and to promote good environmental practice. To review regularly our business practices and performance to identify how we can improve our energy efficiency, minimise packaging and reduce water usage, waste disposal, and air emissions.

Relationships. To achieve commercial success through business relationships which are conducted with integrity and courtesy, and to honour our business commitments. To work with our suppliers towards the responsible sourcing and production of our merchandise and high standards of product safety.

Communities. To build relationships with our customers, suppliers and the local communities which we serve. To emphasise the importance of value, choice, honesty and service. To encourage Partners to consider the needs of others and to involve themselves in public service. To obtain a wide range of views on our social and environmental policies and performance.

Partners. To respect our Partners and encourage their development and training. To promote equality as differences in responsibilities permit. To have constant regard to the happiness of Partners as a whole, including their welfare, health and safety, empowerment and communication. To recognise individual contribution and reward our partners fairly.

Facts and figures 1



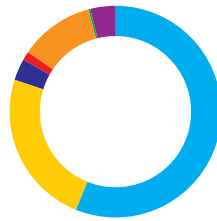
Value of charitable donations by type*

Cash	£2,887,888
Time	£491,100
In-kind	£360,459
Management costs	£427,356



Charities supported by John Lewis Golden Jubilee Trust secondees

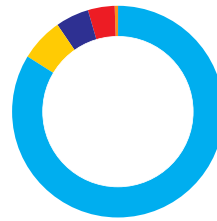
Environment	7.7%
Disability	7.7%
Health	26.9%
Elderly	7.7%
Youth	19.2%
Community	23.1%
Arts and culture	3.8%
Animals	3.8%



Carbon footprint by source

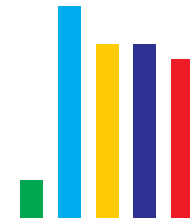
Electricity	56.3%
Gas	23.9%
Fuel oil	3.3%
Cars	1.3%
Delivery vehicles	11.2%
Air travel	0.3%
Waste	3.8%

Facts and figures 2



Proportion of ethnic minority partners
(UK national average 9%)

White	83.6%
Asian or Asian British	6.7%
Black or Black British	4.9%
Chinese or other	4.2%
Mixed origin	0.6%



Age profile of Partners

Less than 18	5%
18 to 30	28%
31 to 40	23%
41 to 50	23%
51 to 65	21%

Economic	2003/04	2002/03	CHANGE
Number of branches	26	26	0%
Gross internal floor area (m ²)	613,160	613,160	0%
Trading profit (£ million)	103	91	+13%
Total sales (£ million)	2,356.0	2,267.0	+4%

Customers and community

Total value of cash charitable donations (£) *	2,887,888	1,700,000	+70%
Total value of cash and in-kind charitable donations (£) *	4,166,803	3,318,000	+26%
Community assistance as a % of Partnership pre-tax profits *	2.41	2.28	+6%
Number of Partner hours seconded to charity through the Golden Jubilee Trust **	11,953	7,969	+50%
Number of customer complaints	8,182	10,208	-20%
Number of customer appreciations	15,359	10,141	+51%

Sourcing

Number of Responsible Sourcing Code audits	173	109	+59%
Number of branded product recalls	7	3	+133%
Number of own-label product recalls	1	0	+100%
Number of trading standards prosecutions	0	0	0%

* Partnership-wide data

** Includes data from Corporate Partners

Data corresponds to the John Lewis trading year (1 Feb – 31 Jan)

Environment	2003/04	2002/03	CHANGE
Commercial mileage	15,925,423	16,341,500	-3%
Commercial miles per gallon	13.2	13.4	-2%
Number of backhaul journeys	2,900	2,016	+44%
Car mileage	3,522,048	3,332,638	+6%
Car miles per gallon	38.4	36.9	+4%
Total energy consumption (gas and electricity) kWh	345,620,976	327,460,659	+6%
Energy consumption per trading hour per ft ² of retail floor space (kWh)	0.00134	0.00137	-2%
Weight of product packaging (tonnes)	12,598	13,003	-3%
Weight of waste disposed (tonnes)	10,730	14,062	-24%
Weight of waste recycled (tonnes)	1,964	2,271	-14%
% of all waste recycled	15	14	+11%
CO ₂ emissions (tonnes)	134,418	132,877	+1%
CO ₂ emissions (tonnes per £million sales)	57	59	-3%
Water consumption in department stores (m ³)	430,064	485,889	-11%
Water consumption per Partner (FTE, m ³)	20	21	-6%
Water extracted for use in Stead McAlpin (m ³)	547,364	625,060	-12%

Partners

Number of Partners	27,800	27,700	+0.4%
Number of full-time equivalent (FTE) Partners	21,742	23,146	-6%
% of full-time workers	62	67	-7%
% of female Partners	62	62	0%
% of female managers	61	57	+7%
Bonus as a proportion of pay (%)*	12	10	+20%
Sickness rate (%)	4.02	n/a	n/a
Partner turnover (%)	23	24	-4%
Average commercial distribution driver risk rating *	3.17 (low)	2.93 (low)	+8%
Number of RIDDOR accidents	261	203	+29%
RIDDOR accident frequency rate (per 100 FTEs)	1.20	0.88	+37%
Number of claims for compensation (RIDDOR)	56	67	-16%
Cost of compensation claims (RIDDOR, £)	296,233	428,321	-31%

* Partnership-wide data

n/a not available

Data corresponds to the John Lewis trading year (1 Feb – 31 Jan)

Progress and achievements

Key priorities for next year

Sourcing

- Launched four-stage programme for obtaining assurance from suppliers on sourcing of timber from sustainable and well-managed forests
- First on-site inspection in Guyana of timber concessions through ProForest
- 173 factory audits carried in the Far East to confirm compliance with John Lewis Responsible Sourcing Principles
- Maintained a clean sheet in respect of prosecutions for breach of product safety legislation

- Roll out timber assurance programme. Identify all high-risk timbers in furniture departments and work with suppliers to move them to more sustainable sources
- Carry out at least two more on-site inspections of timber concession in Ghana and Indonesia
- Send out new, more detailed Code of Practice on Responsible Sourcing to suppliers and establish a responsible sourcing database
- Develop buyer training programme for responsible sourcing

Customers and community

- Joined Business in the Community (BITC)*
- Participated in BITC Percent Standard for the first time in 2003, with local community contribution estimated at 2.28% of pre-tax profits, equivalent to £3.3m. In 2004, contribution rose to 2.41% or £4.1m*
- The Partnership was one of only 139 UK companies to participate in BITC's Corporate Responsibility Index, and was ranked 45th in the Top 100 Companies that Count*
- Became national supporter of the BITC Cares programme for team challenge
- An independent consumer survey rated the John Lewis delivery service second out of 23 retailers
- Customer complaints fell by 20%, meaning we received more appreciations than complaints in 2003/04
- All shops now support their local Education Business Partnerships
- Employee secondment programme, the Golden Jubilee Trust, reached its fourth year; having supported 139 Partners who have given more than 52,000 hours to local community projects since the programme started*

- Ensure compliance with, and exceed requirements of, the latest Disability Discrimination Act provisions
- Implement Customer Access Policy for customers with disabilities
- Improve sharing of information and best practice between branches, including branch Charities Committees
- Extend London Benchmarking Group programme to capture full details of Partnership community contribution in cash, time and in-kind
- Trial a time bank for short-term employee volunteering in company time, to sit alongside the Golden Jubilee Trust
- Co-ordinate more effectively the various forms of community contribution in order to obtain more leverage for community contribution, and begin to measure the outputs from it

Environment

- Founding member and supporter of the British Retail Consortium project to review and identify chemicals of concern, which commissioned research into the risks of over 2,400 chemicals and identified 34 priority chemicals
- Launched online CSR management system*
- Waste Steering Group developed and national waste and recycling contract agreed, along with standardised waste reporting
- The Partnership was awarded the Transport Action GreenFleet Award for its commitment to improve the environmental impact of its transport fleet*
- Commercial vehicle mileage and emissions reduced despite 4% increase in sales
- Increased proportion of energy obtained from renewable sources
- New shops announced for Liverpool and Sheffield, contributing to those cities' urban regeneration programmes

- Improve waste collection data through Waste Steering Group, standardise waste management equipment in our shops, and work to improve national recycling opportunities
- Launch supplier engagement programme to identify which products contain any of the 34 priority chemicals, as identified in the BRC project. Establish and embark on a process for eliminating these high-risk chemicals from the products we sell
- Launch new Partnership website with comprehensive CSR performance information
- Keep increase in commercial vehicle mileage and associated emissions below the increase in sales
- Further increase the proportion of energy obtained from renewable sources

Partners

- First Partner survey launched
- Launch of Diversity Working Group, and agreement of three priority areas*
- Partnership Handbook published providing clear and relevant statement of the Partnership's responsibilities to its Partners and vice versa*
- Internal audit completed first risk review of CSR management programmes*
- 65% of Partners whose posts were made redundant were retained within the business in other jobs
- Introduced an initiative to equip disadvantaged young people with the skills to work in the retail industry*
- Piloted a new approach to rewarding Partners who go that little bit further to provide excellent customer service*

- Extend Partner survey to all shops; in the second year increase average response rates. Improve scores
- Review Dignity at Work policy*
- Develop framework to prevent and reduce work-related stress*
- Conduct feasibility study into flexible working*
- Improve the effectiveness of our democratic arrangements by updating our Council procedures
- Increase Partner involvement in community programmes

* Partnership-wide initiatives

* Partnership-wide initiatives

Contact details

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