the Partnership

Corporate Social Responsibility Annual Review 2005





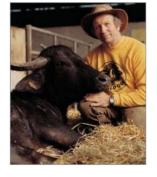




















Cover: Behind every picture there's a story...

The Partnership's
University Scholarship
Scheme, launched to
commemorate our 75th
Anniversary, made its fir
ten awards in Septembe

Anniversary, made its first ten awards in September 2004. Any Partner with more than one year's service can apply for an annual grant of £5,000 to support a child through university.

Waitrose is the first supermarket to use only freerange eggs in all own-label chilled and frozen foods.

The change, which took more than 18 months to implement, affects no fewer than 4,000 product lines, an example of Waitrose's commitment to upholding the highest standards of animal welfare.

The Partnership is ranked 9th in the third annual BITC Corporate Responsibility

Corporate Responsibility Index and named by The Sunday Times newspaper as one of the top 10 UK 'Companies that Count'.

Partnership drivers were once again commended at the National Safe Driving Awards. 766 of our drivers received an

award for 12 months of incident-free driving, including 17 who received gold awards for more than 20 years of incident-free driving. Incredibly, eight of our Partners celebrated more than 25 years of safe driving.

In May 2005, Waitrose was awarded the BITC Award for Excellence for the third year running in recognition of its continued work with local and small producers. Today almost 500 local products from 160 local suppliers are available in nearby shops.

only 116 companies to receive the Business in the Community PerCent Standard for donating more than 1% of our pre-tax profits to charity. In fact, the Partnership donated in excess of £4.1 million, more than double the PerCent Standard.

The Partnership is one of

A new Soil Association survey in April 2005 praised Waitrose for sourcing more organic produce from UK growers than any other high street retailer. 86% of the 1,000 plus organic lines in Waitrose are

home grown.

The Supplier Ethical Data Exchange (Sedex), co-founded by the Partnership, was launched in August 2004. The webbased system helps suppliers to manage and maintain information on

labour standards and

which they trade.

In the second Annual

certified.

conditions, and share this

with the companies with

The Golden Jubilee Trust celebrated its fifth year. The employee secondment programme has enabled more than 180 Partners to give in excess of 72,000 man hours to lead and support charitable projects.

efforts to tackle climate change, launching a national energy efficiency campaign and sourcing more than 60% of its energy from renewable sources.

John Lewis continues with its

Estate accepted an invitation to become one of only 49 LEAF (Linking Environment And Farming) demonstration farms in recognition of its sustainable farming practices.

In October 2004, Leckford

Greenpeace Sustainable
Timber Survey, published in
March 2005, John Lewis was
ranked C, 'Improver', in a
table that ranks retailers from
A to F, recognising that more
than 50% of our garden
furniture is now Forest
Stewardship Council (FSC)



Corporate Social Responsibility Annual Review 2005

Welcome to the Partnership's Corporate Social Responsibility (CSR) Annual Review for 2004-05. As our main CSR reports are only produced every two years, we felt it appropriate to bring all Partners up to date through this booklet, which gives a brief insight into just some of the community, ethical and environmental projects the Partnership has supported over the last 12 months.

It is only when you stop and look back at all the various initiatives over the year that you begin to realise just how much we have achieved and, more importantly, just how far CSR is integrated into almost everything the Partnership does.

There are many highlights. We were delighted to receive the 'Big Tick' Award for Excellence from Business in the Community (BITC) for the third year running, in recognition of Waitrose's work with small producers, and the progress John Lewis has made in tackling public concerns over sourcing tropical hardwood timbers has been noted by Greenpeace. Furthermore, the Partnership was named, once again, as one of the UK's most generous charitable donors in the Guardian's Giving List. All this, plus our commitment and engagement in a host of other CSR-related activities, led to us moving from 45th place to 9th place in the BITC's Top 100 Companies that Count Index.

The contents of this booklet demonstrate, yet again, that the ideals that led Spedan Lewis to establish the Partnership remain the inspiration behind our approach to CSR. However, the success of the past year, which we can justifiably celebrate, has come about through the commitment, enterprise and enthusiasm demonstrated by Partners at all levels across the business and the Partnership's continued emphasis on responsible practice. That said, we cannot be complacent and we recognise that there is much more we could have achieved and considerable challenges lie ahead. The continued support of all Partners is critical in this respect.

This review is by no means comprehensive and for those of you who would like to know more, please take the time to look at the Partnership's website, www.johnlewispartnership.co.uk, where, among other things, you will find the full CSR reports for each division.

I hope you find this booklet interesting and informative, and that you enjoy reading it.

Alastair McKay

Director of Corporate Responsibility



Farming for the future

Waitrose's ongoing commitment to produce food in harmony with the environment was once again the centre of attention in the summer of 2004. Having already been awarded the title 'Most Compassionate Supermarket of the Year' by the Compassion in World Farming Trust (CIWFT), June saw Waitrose branches take the unusual step of distributing copies of the Trust's Compassionate Shoppers' Guide. The guide contained useful information to enable customers to look beyond the label and take animal welfare issues into consideration when food shopping.

High-quality food, however, is not just about animal welfare. In July, Waitrose launched its new local and regional sourcing strategy, as well as announcing the supreme champion in the third annual Waitrose and BBC Good Food Magazine's Small Producers' Awards - the Blue Mango Speciality Bread Company from Cornwall, which scooped £10,000 as a result. There are now almost 500 products in the Locally Produced range, produced within a 30-mile radius of the branch in which they are sold.

The Partnership's own farm, Leckford Estate, has also been setting high standards of its own. Officially certified in 2003 under the LEAF (Linking Environment And Farming) scheme - confirmation that Leckford's produce meets strict environmental standards - the farm accepted an invitation in August 2004 to be one of only 49 LEAF demonstration farms, recognising it as a model of farming best practice.

The summer months also saw Waitrose launch two other food sustainability initiatives: the Select Farm Salmon Scheme endorsed by the Soil Association, which is setting the standard for modern fish welfare, quality and environmental stewardship, and the Waitrose Centre for Sustainable Agriculture. The latter initiative, in partnership with Lancaster University, will provide a hub for high-level research into areas such as sustainable horticulture and how to reduce the environmental footprint of food production.









The House of Commons Health Select Committee Report on Obesity was published, commending Waitrose's sevenyear support for the RSA's Focus on Food Cooking Bus, and its other practical food education initiatives specifically designed to encourage children to adopt a healthy diet. In August 2004, John Lewis and Waitrose published Corporate Social Responsibility Reports, setting out for the first time the Partnership's policies and performance on environmental protection, human rights, community investment and Partner welfare. In June 2005, these reports were awarded a 'Clarion Award' by the International Visual Communication Association (IVCA) in recognition of their outstanding creative and effective communication of CSR issues.

A change at the top as David Felwick, Deputy Chairman and Chair of the Partnership's first CSR Committee, retired in August after 22 years in the Partnership. Alastair McKay replaced David as Director of Corporate Responsibility. In Waitrose, Nigel Burton retired and Tony Solomons took up the chair of the Waitrose CSR Committee.

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The Partnership abolished the 585 Regulations in August replacing these with the first Partners' Handbook.



the Fartnership your handbook

The handbook sets out what is expected of Partners, alongside revised corporate policies and procedures for diversity, bullying and harassment, discipline and flexible working.

John Lewis Sheffield highlighted the work it does for local charities via a six-day, in-store event in mid-August. Called 'John Lewis in the Community', the event's aim was to show customers the different ways in which the branch - and the Partnership - help others and to invite suggestions for charitable projects that the store might become involved with in the future.



Main story

Waitrose holds the fitle 'Most Compassionate Supermarket of the Year', awarded by the Compassion in World Farming Trust (CIWFT).

The corporate website (www.johnlewispartnership.co.uk) was relaunched in June 2004, having been completely redesigned. The new site includes an extensive section on CSR, which is now the most visited part of the website with over 600 hits per week.



Giving something back

The Partnership's longstanding reputation for charitable giving received a welcome boost in November 2004, when it was ranked third in the retail section of the Guardian newspaper's Giving List. The list is a voluntary benchmark published each year by Business in the Community (BITC) and the Guardian, and ranks companies according to their overall charitable contributions as a percentage of pre-tax profits.

The 2004 Giving List saw the Partnership make an overall contribution of £4.1 million - equivalent to more than 2% of pre-tax profits and up from £3.3 million the previous year. Well in excess of the BITC PerCent Standard, the Partnership was one of only 116 UK companies to qualify. The total figure includes cash contributions of more than £1.65 million, gifted by the Partnership's many Charities Committees to more than 3,000 individual charitable projects.

The survey also highlighted the important contribution Partners make themselves by gifting their time and expertise. Through the Partnership's dedicated employee secondment programme, the Golden Jubilee Trust (GJT), any Partner can apply for up to six months' paid leave to work with a registered charity. Now in its fifth year, more than 180 Partners have given in excess of 72,000 man hours to lead and support charitable projects. Partners who want to give time but are unable to make such a commitment can now get involved in a unique TimeBank project being piloted by corporate and John Lewis Partners. Either individually or as a team, Partners can apply for up to two days each year to spend on charitable projects during the normal working day.

Around the same time, numerous John Lewis branches began to take part in the BITC's Cares Challenge programme. The initiative encourages employers and their staff to become involved in their local communities by identifying practical volunteering activities, which at the same time provide challenging teambuilding exercises. John Lewis Newcastle, Liverpool and Sheffield are just three of the shops that have been involved. Sheffield set the pace in June 2004 by working with the Chancet Wood Young Children's Centre in the city, helping to transform their garden and play area. Later in the year, Newcastle volunteers worked with All Saints College in West Denton, while the Liverpool team focused on a nursery garden project for the Liverpool Families Service Unit in Toxteth. Of course, local community work does not just begin and end with Cares and many of the Partnership's branches support similar projects of their own.





In response to rising energy prices and concerns over global warming, John Lewis and Waitrose launched a joint energy efficiency campaign in September 2004 - the 'Save Energy, Share the Savings' programme.

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Waitrose scooped a Responsible Drinks Retailing award - the first UK supermarket to encourage customers to enjoy alcohol in moderation - and John Lewis Edinburgh was voted the best place to work in Scotland's capital by Radio Forth listeners.



Main story

Cuthbert James is just one of 180 Partners who have been seconded to a charity as part of the Golden Jubilee Trust.



Waltros -

John Lewis supported the Skills4Industry and Enterprise Insight initiatives during November with work placements and programmes. Skills4Industry is designed to help equip young, disadvantaged people with the skills, qualifications and experience needed to secure employment. Enterprise Insight is a business coalition that aims to create a culture of enterprise in the UK by promoting the idea to young people and their mentors.

Autumn also saw the Leckford Estate take delivery of 6,000 Colombian Blacktail laying hens. The hens are part of a new venture to supply free-range eggs to Waitrose. Each of the bird houses is wind and solar powered to keep energy consumption to a minimum, and the birds are free to roam among willow trees, specifically planted to harvest as wood fuel, part of a unique government-funded project to supply renewable energy crops.

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Waitrose won the coveted title of 'Multiple Retailer of the Year' at the Retail Industry Awards in October. The judges said that Waitrose had 'shone through' and that it was 'streets ahead' in its relationships with suppliers. Farm Business magazine gave the food stores the same accolade in November. Meanwhile, Waitrose packaging picked up the Design Business Association's Design Effectiveness Award for its 'Pure' range of toiletries.



In October, the first national recycling campaign 'Recycle Now' got under way, designed to encourage people to recycle more of their waste. This view is shared by Waitrose, which last year recycled 51% of its waste, offered customer recycling facilities at 57% of its branches and, with the aid of the Bag for Life, helped avoid using over 54 million free carrier bags.

Responsible retailing

Work to improve supplier labour conditions and prevent human rights violations was again at the centre of the Partnership's CSR programmes last year. The Partnership, as a founder member, saw the results of more than two years of work come together with the launch of Sedex, the Supplier Ethical Data Exchange. The unique system, developed in partnership with Marks & Spencer, Tesco, Sainsbury's, and many of their suppliers, provides a secure web-based platform for companies to maintain and share data on suppliers' labour practices. More than 2,500 sites in over 50 countries are now actively using the system to report their compliance with international labour standards.

During winter, our commitment to sourcing with integrity was also given a boost by Greenpeace, with the publication of their second annual Sustainable Timber Survey. John Lewis, previously criticised for not sourcing sufficient volumes of sustainably certified products, rose up the rankings to C, 'Improver', in a table that ranked retailers from A to F. The positioning reflects the significant progress John Lewis has made over the last 12 months, both in developing and integrating its timber sourcing policy, but also through its work with existing suppliers to ensure that, in 2005, more than 50% of our garden furniture will be certified to Forest Stewardship Council (FSC) standards.

As ever, there is still much more work to be done, but the approach adopted by John Lewis should, if successful, lead to the greater availability of FSC material from regions such as Guyana and Ghana, where currently no certified sources exist.

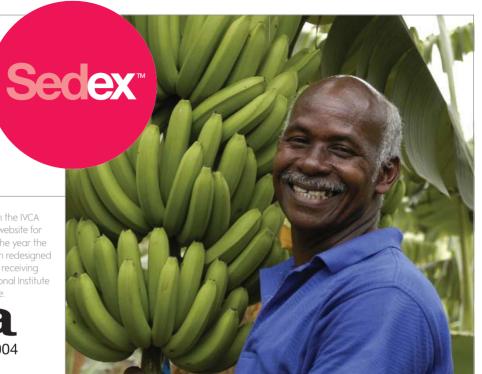
By early 2005, planning for the launch of the Waitrose Foundation was well under way. The Foundation, a unique partnership between Waitrose and its citrus farmers in South Africa, will aid the long-term development of the country. Through the Foundation, Waitrose, its importers, exporters and growers will make available, in 2005, more than £250,000 in grants, to enable our South African citrus farm workers to support social, educational and health projects.

The farm workers will themselves decide where they need the most help - for example skills training, educational materials or medical supplies. By awarding grants, the Waitrose Foundation will provide direct support to help improve the lives of the workers, their families and their communities

Fruit, such as oranges, lemons and grapefruit, will bear the Waitrose Foundation logo and will be available to purchase at no extra cost from June to October.



Sedex was launched, giving the Partnership improved access to data on suppliers' labour practices.



The JohnLewis.com website won the IVCA Award for the most accessible website for the visually impaired. Earlier in the year the Waitrose.com website had been redesigned to provide greater accessibility, receiving accreditation to the Royal National Institute of the Blind 'See it Right' scheme.





The National Consumer Council (NCC) judged Waitrose to be the healthiest supermarket to shop in, according to a report released in December. Through its Health Responsibility Index, the NCC rated all UK supermarkets on a range of factors, for example, the salt, sugar and fat content of foods, and the quality of food labelling. The announcement coincided

with Waitrose's largest product launch of 170 new Perfectly Balanced lines, designed with a balanced diet in mind.



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The Soil Association announced that sales of organic food have increased in the UK by 10% over the last year to top £1.12 billion. Waitrose, a previous winner of Organic Supermarket of the Year, now sells more than 1,000 organic lines, 86% of which are home grown – more than any other UK supermarket.

Partners at John Lewis Solihull were offered the chance to brush up on their numeracy, literacy and IT skills with the launch



Early 2005 saw democracy take to the road with the Waitrose Council roadshow bus touring the country. The aim was to encourage new Partners in the former Safeway and Morrisons stores to take part in the forthcoming Waitrose and Partnership Council elections. 'There is a lot for new Partners to take in about the Partnership's democracy,' explains Angela Baker, Clerk to the Waitrose Council. 'Everyone really seems to have appreciated having the opportunity to find out more.'

An employer of distinction

Co-ownership and democratic structures have defined the John Lewis Partnership since it was founded. Early March this year saw the launch of a new initiative to remind Partners of the importance of the Partnership's heritage and what it means for the way we work. Powered by our Principles, as defined by the Partnership's Chairman Sir Stuart Hampson, is quite simply about 'the way we behave, underlining our expectations of all Partners, and building an approach to business relationships to bring lasting commercial success as well as develop a uniquely satisfying working environment'.

Such an approach does seem to make John Lewis and Waitrose a great place to work. Surveys and league tables published by the Guardian newspaper in March and April showed the Partnership to be among the UK's top 100 employers and one of the most visionary organisations. The survey of 'Britain's Top Employers' named John Lewis as the winner in the pay and benefits category, with particular praise for well-structured appraisal schemes. Meanwhile, the BT Vision 100 Index found the Partnership to be leading the way in the 'Visionary Human Resources Management' category.

During the year, Partners once again had the chance to say just what they thought of their job, their workplace and the business as a whole. The Partner Survey demonstrated that there is widespread pride in the levels of customer service and the shopping experience provided by the Partnership. Importantly though, the Survey has drawn our attention to areas where we need to improve. Because satisfaction levels vary from branch to branch, local action is often required. However, at a Partnership level, dedicated focus groups have been set up to better understand Partners' concerns, such as their negative views on pay.

The busy year for personnel continued with the launch of the Partnership's leisure and voluntary benefits package, Partner Choice, enabling Partners to exchange salary for childcare vouchers or a home personal computer. Also announced were the Partnership's Diversity Strategy objectives – to increase the number of women in senior management posts, to increase the number of ethnic minority Partners progressing to management positions, and to establish a better fit between branch diversity and the communities they represent.



The Partnership announced a sales increase for 2004-05 to £5.3 billion and a Partnership bonus of 14%. Chairman Stuart Hampson said: 'I congratulate all Partners on this demonstration of the difference their individual commitment makes to accelerating our commercial performance.'



Customers increasingly want to know where the food they buy comes from. In May 2005, Waitrose underlined its commitment to food traceability and provenance by launching a series of micro websites.

Accessible from www.waitrose.com/farming, the sites provide customers with detailed information on the origin of all meat, fish, poultry and eggs.

Management Services Partner
Christina Jessah initiated a link
with Computer Aid International
to enable the Partnership to
donate old IT equipment to
schools in developing countries.
The charity has sent more than 40,000 PCs
to schools in nearly 100 countries since it
was launched. 'Our old equipment is
invaluable to organisations like this, which
wouldn't be able to afford any IT provision
otherwise,' says Christina.

The results of Council Expenditure were released in February showing that the Partnership, through its unique network of Committees for Claims, once again gifted or loaned more than £600,000 to Partners suffering financial need.



Waitrose supported Fairtrade Fortnight, which began on 1 March 2005. This year's theme was 'Check out Fairtrade' with the emphasis on encouraging all UK shoppers to find out more about fairer deals for farmers.

In March the Partnership was ranked 9th in the BITC Corporate Responsibility Index, up from 45th position the previous year.
Published in The Sunday Times 'Top 100 Companies that Count Survey' in April, the BITC commended the Partnership for its outstanding performance in the community, workplace and social impact categories.





Value of Donations to Charities and Community Groups by Type

Cash £2,827,775
Time £730,518
In kind £474,758

Management costs £526,701



Man hours seconded to charity through GJT

Environmental 11%
Disability 18%
Medical/Care 23%
Elderly 1%
Homeless 2%
Youth 19%
Community 17%

Arts 4%
Animals 5%

 2002-03

 2003-04

 2004-05

Gifts to Partners made by Claims Committees

	2002-03	2003-04	2004-05
General	£278,915	£269,580	£278,704
Leaving gifts	£180,205	£224,984	£210,179
Wedding gifts	£9,267	£11,879	£10,812
Long leave	£151,170	£126,052	£103,128

Waitrose

	2004-05	2003-04	2002-03	Change
Economic				(03-04 - 04-05
Number of branches	166	144	141	+15%
Total sales (£m)	2,955	2,691	2,412	+10%
Trading profit (£m)	121	114	93	+6%
Sales per Partner (£/FTE)	180,600	173,000	149,500	+4%
Environmen t				
Commercial mileage	14,131,035	13,753,576	12,509,464	+3%
Avoided mileage from back and forward hauling	1,464,163	1,012,874	1,386,196	+45%
Car mileage	4,606,376	3,971,672	3,758,082	+16%
Branch energy consumption, gas and electricity (kWh)	376,814,253	355,918,565	320,093,577	+6%
Energy consumption per sq ft of retail floor space (kWh)	129	152	136	-15%
Weight of product packaging (tonnes)	94,662	91,574	86,134	+3%
Weight of waste disposed (tonnes)	17,269	15,699	24,820	+10%
Weight of waste recycled (tonnes)	17,656	15,227	14,902	+16%
% of all waste recycled	51	49	38	+39
CO2 emissions (tonnes)	195,600	186,321	174,842	+5%
CO2 emissions (tonnes) per £m sales	66	69	70	-49
Water consumption (m³)	509,532	454,166	506,811	+12%
Water consumption per Partner (FTE)	27.8	28.0	33.2	-19
Co-ownership				
Number of Partners, full-time equivalents (FTEs)	18,324	16,208	15,243	+13%
% full-time workers	30	30	36	09
% female Partners	57	57	57	09
% female managers	41	33	n/a	+24%
Sickness rate (%)	3.3	3.4	4.0	-3%
Partner turnover (%)	29	33	35	-12%
Number of RIDDOR accidents	283	280	239	+1%
RIDDOR accident frequency (per 100 FTEs)	1.49	1.73	1.57	-14%

It is not just companies that should act responsibly. Each and every one of us can do a little bit to save the planet or be a better member of the community. Here are just a few ideas.

Use your local authority's recycling facilities Recycling schemes are one of the easiest ways to cut back on waste going to landfill. If it's there, use it.

Lend a helping hand Aim to do a good deed for at least one person each day. It doesn't have to be big or take a lot of time - just go out of your way once each day. It will make a whole lot of difference to your life as well as theirs.

Turn off electrical equipment when it is not in use You would be surprised at how much energy is wasted simply by leaving TVs on standby or lights on around the house. Switch off and save money too.

Reduce the amount of junk mail you receive Contact the Mailing Preference Service on www.mpsonline.org.uk

Don't drive: walk or cycle It is better for the environment, and it's better for you as well.

Drive smarter If you have to use the car, think how you can combine two trips into one or give a friend a lift. Resist the temptation of making an extra car journey simply to recycle your bottles.

Boil as much as you need - no more We all waste electricity by boiling more water than we need in the kettle. Think before you make your next cup of tea or coffee.

Use a full load A full load in your washing machine or dishwasher will save water, electrical energy and detergent. Then dry your clothes on the line rather than in a tumble drier.

Recharge your batteries In more ways than one. Use rechargeable batteries to cut down on waste and treat yourself at least once a week. Life will then be much easier for those around you.

Turn off the tap when brushing your teeth Most of us leave the tap running when brushing our teeth, wasting millions of litres of water each year. Turn it off in-between rinsing.

Buy energy-efficient products Look for the energy-efficiency labels when you buy your next fridge freezer, washing machine or other electrical equipment.

Practise what you preach Most people 'talk the talk' on saving the environment, registering as an organ donor, giving blood, helping the disadvantaged, and so on. Make sure you do it.

Useful contacts

•	Alastair McKay, Director of Corporate Responsibility	7-7 6288
•	Nigel Brotherton, Chair, John Lewis Corporate Social Responsibility Committee	7-7 6132
•	Tony Solomons, Chair, Waitrose Corporate Social Responsibility Committee	7-42 4201
•	Nick Monger-Godfrey, Head of Corporate Social Responsibility, John Lewis & Waitrose	7-42 4318
•	Andy Street, Chair, Diversity Working Group	7-7 6261
•	Janey Berry, Head of Press & PR, Waitrose	7-42 5985
•	Helen Dickinson, Head of Press & PR, John Lewis	7-7 6274
•	Mary Vizoso, Head of Food Technology, Waitrose	7-42 4213
•	Bernard Buckley, Head of Merchandise Standards, John Lewis	7-7 6323
•	Aisha Aswani, Responsible Sourcing Manager, John Lewis	7-7 5147
•	Chris Jones, Secretary to the Golden Jubilee Trust	7-7 5464

Find out more

- **John Lewis Partnership**, www.johnlewispartnership.co.uk
- Business in the Community, www.bitc.org.uk
- The Department of Environment, Food and Rural Affairs, www.defra.gov.uk
- Soil Association, www.soilassociation.org
- Recycle More, www.recycle-more.co.uk
- Ethical Consumer, www.ethicalconsumer.org
- Compassion In World Farming, www.ciwf.org.uk
- Forest Stewardship Council, www.fsc-uk.org
- Supplier Ethical Data Exchange (Sedex), www.sedex.org.uk
- Greenpeace, www.greenpeace.org
- Mailing Preference Service, www.mpsonline.org.uk
- Linking Environment And Farming (LEAF), www.leafuk.org
- Climate Care, www.climatecare.org

 $\hbox{Copies of the full 2004 Corporate Social Responsibility reports for John Lewis and Waitrose \ are \ available \ from \ Property of the full 2004 Corporate Social Responsibility reports for John Lewis and Waitrose \ are \ available \ from \ Property of the full 2004 Corporate Social Responsibility \ reports for John Lewis \ and \ Waitrose \ are \ available \ from \ Property of the full 2004 Corporate Social Responsibility \ reports for \ John Lewis \ and \ Waitrose \ are \ available \ from \ Property of \ Property \ Available \ From \ Property \ Proper$

Nick Monger-Godfrey, Head of Corporate Social Responsibility.

Large print versions of all our CSR reports are available on request from Nick Monger-Godfrey on 7-42 4318.







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John Lewis Waitrose













