

Waitrose Limited (Company number 99405)

S172(1) Statement and Statements on engagement with suppliers, customers and others

Extract from the Strategic Report for the year ended 29 January 2022 (from pages 3-5):

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

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

The Purpose is consistent with the requirements of Section 172(1) in that it says that the Partnership - including the Company - should find more trusted ways of doing business; and work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities. Further information on decision-making and engagement with stakeholders in the Partnership can be found in the Partnership's Annual Report and Accounts available at www.johnlewispartnership.co.uk

Decision-making at the Board

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

Long term sustainability

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

Stakeholders

Our key stakeholders first and foremost are our Partners. Partners work in service of our customers and they are at the heart of our Purpose. Information on the engagement methods in the Partnership, which are used by the Company's Directors, are in the John Lewis Partnership plc's Annual Report and Accounts. We are also focused on responding to the needs of, and building long-term relationships with, our customers. We work closely with our producers and suppliers from whom we

purchase goods and services from, and the communities and environments in which we operate. We have financial stakeholders, including relationships with banks and holders of John Lewis PLC financial bonds. With a continued focus on ethics and sustainability, engagement with campaign groups and non-governmental organisations is key.

Partners

Our Partners are central in the differentiation of our business. Our Purpose is not just sharing profit, but also sharing knowledge and sharing power. The Constitution empowers all Partners to shape the future of the Company. Hearing Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model and our long-term sustainability and success. Properly incorporating Partner views into Board decision-making is recognised as essential to the future of the Company as a modern, sustainable, Purpose-led business. For example, 2021 was the first full year of PartnerVoice liberation, designed to bring the principles of democracy to life at the most local level in Partners' day-to-day roles.

Partners receive updates about the Partnership from regular dialogue with management, email updates, podcasts, vlogs, the Partnership's intranet and through the weekly independent Gazette publication. Further information on the engagement methods in the Group, which are used by the Company's Directors, and on the democratic structures used to channel Partner views are on pages 47 to 49 and 79 to 82 respectively of the Partnership's Annual Report and Accounts, available at www.johnlewispartnership.co.uk

Customers

We believe in providing exceptional service from an ethical brand that our customers can trust. Our Partners support this by providing specialist expertise and personalised advice. The Partnership's customer research team monitors the voice of our customers, understanding how customers and potential customers think and feel. We gather their experiences and expectations through surveys, face-to-face research, customer feedback to Partners and contact centres and external data sources. Regular customer reports are produced for management and Directors for Partnership Board meetings, tracking and reviewing emerging trends and why they are occurring as well as measuring the business response and feeding in data to support both strategic and tactical initiatives and decision-making.

Ahead of the relaunch of myWaitrose, we spoke to customers to help inform the rewards we offer as well as testing which helped define our approach.

Producers and suppliers

A strong, trusted and transparent supply chain is integral to our success as a retailer. Our aim is to take a long-term view, working closely with producers and suppliers across our supply chains, forming mutually beneficial partnerships and ensuring workers are treated fairly. We work closely with producers and our supply chain. The Company has taken measures to prevent modern slavery and human trafficking in its business and supply chains. Further information is available at www.johnlewispartnership.co.uk/csr

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

Groceries Supply Code of Practice

Waitrose is subject to the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the 'Order') and the Groceries Supply Code of Practice ('GSCOP' also referred to as the 'Code'). Both the Order and, in particular, the Code, regulates Waitrose's everyday trading relationships with our grocery suppliers, ensuring that, as a Designated Retailer, we treat our suppliers fairly. The Order also includes provisions on training requirements for our buyers, mandates a need for agreements to be in place with all our groceries suppliers and that any such agreements incorporate the Code. The desire to treat our suppliers fairly, is also enshrined within the John Lewis Partnership's Constitution and therefore is in keeping with the Partnership's general ethos. The Committee has responsibility for satisfying itself that the GSCOP governance framework and systems are appropriate and effective.

Breaches or alleged breaches

During the reporting period of 31 January 2021 to 29 January 2022 there was a small decrease, compared to last year, in the number of cases where a supplier either alleged that there had been a breach of the Code by Waitrose or quoted the Code in a query they raised. Specifically, there were 13 'level 1' complaints and two 'level 2' complaints reported, and a further two complaints carried over from 2020/21, one at 'level 1' and one at 'level 2'. Several of these involved the Code Compliance Officer (CCO) and in each case we worked with the suppliers involved to understand their concerns and seek a resolution in a timely manner.

All queries bar one were resolved by the end of the reporting period, with the outstanding query also having since been closed to the supplier's satisfaction.

This year's supplier complaints primarily related to de-listing (usually relating to the amount of notice that has been given) or delays in payments (albeit Waitrose has maintained a 96% payment on time figure). Whilst the vast majority of supplier issues were resolved (as above), we have also taken additional steps to improve our compliance in these common areas of complaint, including:

- De-listing:
 - Establishing a quarterly audit of our internal GSCOP mailboxes focused on de-listing communications to identify potential cases of non-compliance with our internal processes;
 - A mandatory reading update was issued by the CCO to all Buying Team members, reminding them of their key responsibilities regarding de-listing and providing links to our guidance;
 - Development of a de-listing specific e-learning module which will launch in 2022.
- Delays in payments:
 - Our Financial Accounts Team has introduced a new query management tool which has improved the time taken in repaying suppliers should the occasion arise;
 - A review of the rules and policies regarding early payment requests has also been completed and has resulted in few queries and prompter payments.

For the reporting period of 31 January 2021 to 29 January 2022 no formal disputes were raised.

Financial stakeholders

Through our website, we share details on our performance, and the Partnership's Treasury team provides further detail as needed. Directors regularly participate in financial updates and announcements made by the Partnership, which gives stakeholders an opportunity to engage directly with them.

Community and environment

Our Founder established the Partnership to be a force for good in society. We are driven to make a difference to people's lives and create positive social impact, using the skills and resources within the Partnership to support where help is needed. The Partnership engages on matters impacting communities via a number of channels including our national charity partnerships. We select national charity partners that support our ambition to improve the lives of those most vulnerable in the community and with a geographical presence matching our estate where possible, giving our Partners the opportunity to make a difference locally.

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

Business conduct

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

Acting fairly as between the Company's members (Partners) owners

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

Waitrose Limited (Company number 99405) Statement of corporate governance arrangements

Extract from the Directors' Report for the year ended 29 January 2022 (from pages 9-10):

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

Waitrose Limited's corporate governance arrangements are in accordance with policies agreed by the Partnership Board and its Committees. These arrangements are explained in the Governance section on pages 45 to 80 of the Partnership's Annual Report and Accounts. As such, as explained in the Partnership's Annual Report and Accounts, the Company does not report against any formal corporate governance code, because it is governed by the Partnership's own Constitution. The Constitution and the governance structures are broadly consistent with the Wates Principles. The Constitution sets out the Partnership's Purpose and values. The Governance pages of the Partnership's Annual Report and Accounts set out how the Partnership's governing authorities are structured and monitor alignment of policy and behaviour with the Company's Purpose.

The management functions are responsible for preparing the financial statements for Waitrose Limited and its Internal Audit and Risk management functions are provided by the Partnership. The

John Lewis Partnership plc Audit and Risk Committee (the Committee), which has at least one independent member and at least one member has competence in accounting, assists the Partnership Board in fulfilling its responsibility by reviewing and monitoring: (i) the integrity of the Partnership's financial and narrative statements, other formal announcements relating to the Partnership's financial performance, and reviewing significant financial reporting judgements contained in them; (ii) the effectiveness of the Partnership's system of internal controls and risk management; (iii) the effectiveness of the Partnership's auditor and the internal and external audit process; and (iv) the effectiveness of the Partnership's processes for compliance with laws and regulations, including systems and controls for the detection of fraud. Its composition and the Committee's activities in these areas are detailed in the Committee's report on pages 53 to 63 of the Partnership's Annual Report and Accounts.

KPMG LLP was the Company's external auditor for 2021/22. They provided the Committee with relevant reports, reviews, information and advice throughout the year, as set out in their engagement letter. The Committee is responsible for making a recommendation to the Partnership Board relating to the appointment, re-appointment or removal of the external auditor.

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

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

The Section 172(1) Statements and Statements on engagement with suppliers, customers and others, and the Corporate Governance Statements, published by John Lewis Partnership plc (Company number 238937) and John Lewis plc (Company number 233462), are available within their respective Annual Report and Accounts for the year-ended 29 January 2022 available at www.johnlewispartnership.co.uk