

# Raw Material Sourcing

We are committed to sourcing the raw materials used in our own-brand products responsibly, collaborating with others to drive positive change and being transparent about our progress.

We recognise the potential negative impacts that raw materials used in our products can have on people, animals and the natural environment. At the same time, there is a huge opportunity through our sourcing decisions to drive positive change in communities and landscapes across the world.

It is right that people are now expecting companies with complex, commodity-based supply chains to do more to mitigate climate change and biodiversity loss.

Over the last year, the UK Environment Act has introduced due diligence legislation on forest risk commodities, and we engaged with the Act's consultation process to encourage greater expectations on businesses in commodity supply chains. We will continue to contribute to consultations around implementation as we believe all such businesses must act collectively to tackle deforestation at pace and scale.





# Our progress

## Cotton

In a challenging year, we have made good progress against our target to source all cotton for our own-brand products from more sustainable or recycled sources by 2025. We promote responsible sourcing standards, including Better Cotton, the Global Organic Textile Standard and the Global Recycled Standard, and help develop these standards to protect the environment and workers' rights. In January 2022, our Partnership's Human Rights Senior Manager joined the Better Cotton Standards Committee established to oversee the strengthening of the Better Cotton Principles & Criteria.

Waitrose signed up to support the UK Soy Manifesto and its collective commitment to source deforestation- and conversion-free soya by

2025



## Cashmere

Since March 2020, John Lewis has worked with the Sustainable Fibre Alliance (SFA) to encourage responsible production practices that minimise environmental impact, safeguard herder livelihoods and meet high animal welfare standards. Having committed, in February 2021, to directly fund the training of 420 herders in Inner Mongolia, the SFA has since gone on to run 15 physical training events and 23 virtual training events for approximately 1,900 Chinese herders. These are all crucial steps in building both knowledge of the SFA Cashmere Standard and capacity in the supply chain to meet its requirements.

## Soya

Waitrose has a longstanding commitment to ensure the soya in our own-brand products is sourced more sustainably. In 2020, we surpassed our target by ensuring that our full soya footprint was certified sustainable or organic (inclusive of RTRS credits). In 2021, along with 29 other industry-leading companies, Waitrose increased its ambition, by signing the UK Soy Manifesto, and committing to collectively achieve deforestation- and conversion- free imports of soya in the UK by 2025. Our new Waitrose own-brand soya 2025 target mirrors this ambition. We expect to be one of the first retail businesses globally to report our performance against this target, but with no standard methodology for assessing this yet devised, we have established our own based on expert guidance and will review this when an industry standard is established. In the meantime, we continue to certify all soya using organic, Round Table on Responsible Soy (RTRS) credits and physically certified standards wherever practicable.<sup>9</sup> In 2021, we also achieved RTRS Mass-Balance physical certification of soya in our chicken supply chains.



## Palm oil

Our Partnership placed top in the UK and second globally in the WWF's 2021 Palm Oil Buyers Scorecard, reflecting our work to source more-sustainable palm oil in our own-brand products and help to drive a market transformation to sourcing more sustainable palm oil.

For a second year, Waitrose assessed the use of palm oil in animal feed supply chains. This year, in animal feed, our supply chain used 1070 tonnes of palm-based materials and 889 tonnes of the by-product palm kernel expeller. The results will again be shared with various palm oil forums with the intention of encouraging industry-wide action. We continue to purchase RSPO Credits from independent smallholder farmer cooperatives; purchasing these credits helps smallholders to secure livelihoods and protect forests. Having achieved our 2020 target to source 100% RSPO physically certified materials, we have set a clear target for deforestation-free sourcing in all our Waitrose own-brand products by 2025 and intend to communicate our sourcing standards to customers on product packaging. As active members of the Palm Oil Transparency Coalition, the Retailers' Palm Oil Group and the Roundtable on Sustainable Palm Oil, we also play a leading role in shaping collaborative industry action.

## Timber

In 2021 we published our revised Timber and Paper Sourcing policy, which embeds our new 2025 sustainable sourcing target and mandates suppliers to actively work towards more responsible and sustainable sourcing as defined by our policy. Suppliers should procure recycled or independently certified timber and, wherever possible, provide on-product labelling to help customers make responsible purchasing decisions.

In support of this target, we worked on two main initiatives this year: close engagement with current suppliers to understand the improvements required to meet the necessary standard – the results of this work should start to filter through over the next year – and completing supply chain declarations for timber contained in branded products sourced from Europe, which came into the scope of the new UK Timber Regulations (UKTR).



<sup>9</sup> Certification using models such as credits and mass balance are hugely valuable. They provide a strong market signal, act as a stepping stone to further action and enable financial premiums to flow to farmers who are protecting forests and native vegetation on their land. However, they do not provide full segregation or traceability, so do not count towards our new deforestation- and conversion-free target.



# Our challenges

## Timber reporting

In 2020, we established a new platform for timber supply chain declarations. However, we are yet to collect volume data via the new platform. Therefore, we are reporting our timber performance differently this year, detailing the number of sources for products in-scope of our policy rather than by timber source volume. As such, it is difficult to make a direct comparison on performance versus prior years. This year's performance is not as strong as we wanted it to be and we will continue to work hard to improve the sustainable sourcing of timber used in products supplied to our Partnership.

## Collective action to preserve forests

Commodities such as timber, palm oil and soya are valuable natural resources of significant commercial importance to our Partnership. But they also generate global concern about deforestation, with far-reaching negative impacts on forests, ecosystems, the communities that depend on them, and climate, when not sourced from sustainably managed forests.

We continue to strive to protect forests and other vital ecosystems in Brazil, which were under threat due to a raft of proposed bills that would have severely undermined key environmental protections and accelerated the loss of nature. Through a [public letter](#) which, with other leading businesses, we helped draft and coordinate, we stated our opposition to these proposed pieces of legislation. The business opposition to the legislation was reported through media outlets in Brazil and across the world. Following the campaign, planned votes on the bills were withdrawn and are yet to be retabled.

## Traceability in cotton supply chains

We face significant challenges in tracing the cotton used in our own-brand products throughout complex supply chains. We are active members of the Better Cotton Traceability Steering Group, representing small retailers and brand members, with the aim of piloting new, more traceable supply chain models.

### CASE STUDY

# Feather and down sourcing

“It’s been a really collaborative effort between Herbert Parkinson, John Lewis teams, some really passionate Partners, our suppliers, IDFL (our certifier) and DOWNPASS. It’s been a learning curve, but we should all be really proud of supporting each other to succeed in this important commitment”.

HERBERT PARKINSON  
Partner, Herbert Parkinson  
textile factory



We have long been committed to ensuring high standards of animal welfare throughout our supply chains. From our engagement with the global animal welfare organisation, Four Paws, we know the risks involved in sourcing feather and down.

We’ve been working with our suppliers and third-party certification bodies, including DOWNPASS and the Textile Exchange, for a number of years to realise our commitment. Previously, we set a target to certify all filled feather and down in John Lewis own-brand products by 2021. Whilst good progress was made, we were unable to report on this due to data and system limitations. In 2022, we will reinstate feather and down as a key raw material within scope of our 2025 target. We still expect all own-brand filled feather and down products to be certified well ahead of 2025. This year, we have focused on engaging suppliers and understanding certification requirements. A key player in this is our own textile factory, Herbert Parkinson.

Located in Darwen, Lancashire, Herbert Parkinson has been in our Partnership since 1953. It is a thriving example of UK design, quality and craftsmanship and has held DOWNPASS certification since 2019. Certification guarantees quality and provides certainty that down and feathers used as filling material are ethically sourced and come from tightly controlled and traceable supply chains. The team of Partners at Herbert Parkinson have worked tirelessly to set up the correct operational processes for all natural duvets, cushions and pillows they produce in order to achieve certification. Their work included creating a thorough training programme detailing what is required of production Partners and highlighting the importance of the underlying animal welfare standards. Feedback from the training has been extremely positive, and Partners feel passionate about having achieved the certification.

100%  
of the cocoa used in  
Waitrose own-brand  
confectionery is 100%  
Fairtrade.

Waitrose is the UK  
supermarket with the  
widest range of own-  
label Fairtrade products  
in physical stores.

Sales of Fairtrade  
certified Waitrose  
own-brand products  
generated a Fairtrade  
premium of  
£2,262,879  
for farmers and  
workers in 2021

Target	2021/22 Performance	2020/21 Performance
All key raw materials <sup>10</sup> in our own-brand products will be from more sustainable <sup>11</sup> or recycled sources by 2025 <sup>12</sup>		
100% of the cotton used in own-brand products will be from more sustainable or recycled sources	Group Total: 59.80%* John Lewis <sup>13</sup> : 60.9% Waitrose: 28.04%	Group Total: 53% John Lewis: 54.1% Fashion: 56.6% Home: 53.5% Waitrose: 28.2%
100% of the timber used in own-brand products will be from more sustainable or recycled sources <sup>14</sup>	Group Total: 15% Best <sup>15</sup> : 8% Better: 7% Good: 4% In Progress/Unverified <sup>16</sup> : 81%	Not reported due to data inaccuracy – see page 19 of <u>last year's E&amp;S Report</u>
100% of the cashmere used in own-brand products will be from more sustainable or recycled sources	Not yet reported <sup>17</sup>	N/A (new external target for 2021/22)
100% of the soya used in Waitrose own-brand products will be deforestation- and conversion-free	Deforestation- and conversion-free Total: 11.24%* Farming Partnership Groups <sup>18</sup> : 14.26%  Certified <sup>19</sup> Total: 100% Physically certified: 15.79% Organic certified: 9.06% RTRS Cerrado Credits: 64.28% RTRS Credits (Other): 10.86%	Deforestation- and conversion-free N/A (new external target for 2021/22)  Certified Total: 100% Physically certified: 1.4% Organic certified: 15.7% Cargill SSS credits: 1.1% RTRS Cerrado Credits: 69.3% RTRS Credits (Other): 12.5%
100% palm oil and palm kernel oil-based ingredients and derivatives used in all own-brand products to be RSPO Segregated certified	Total: 100% RSPO SG <sup>20</sup> (Segregation): 72.1% RSPO MB <sup>21</sup> (Mass Balance): 25.3% RSPO IS (Independent Smallholder)-Credits: 2.6%  Food products: RSPO SG: 87% RSPO MB: 12.9% RSPO IS-Credits: 0.1%	Total: 100% RSPO physically certified: 98% RSPO IS credits: 2%
100% of the cocoa used in own-brand products will be from more sustainable sources	Certified to third-party standards <sup>22</sup> : Fairtrade MB: 29.5% Rainforest Alliance MB: 35.1% Rainforest Alliance SG: 0.1% Cocoa Horizons MB: 6.7% Uncertified: 28.6%  Cocoa in own-brand confectionery: Fairtrade certified: 100%	N/A (new external target for 2021/22)

\* This year, KPMG LLP has issued an unqualified opinion over the selected data highlighted in this table with an asterisk (\*) using the assurance standards ISAE (UK) 3000 and ISAE 3410, see page 7 for more detail.

10 Our Partnership's current key raw materials in scope of this target are timber, cotton, soya, palm oil, cocoa and cashmere.

11 We have updated the wording of our target to 'more sustainable' rather than 'sustainable'. This does not change the spirit of the commitment but rather acknowledges that sustainability in material sourcing is relative rather than absolute.

12 Soya, palm oil and cocoa performance figures in the table are based on the calendar year.

13 Due to a reporting system upgrade, we are unable to report the John Lewis home and fashion split this year.

14 This year, timber performance is reported by unique wood source, rather than volume (see p.23 for more detail). Fitted Kitchens & Bathrooms wood sources are included in this year's figures, historically, these sources have not been in scope. Goods not for resale (GNFR) are out of scope of our timber policy and therefore not included in figures.

15 Best, Better and Good categories are defined in our John Lewis Partnership Timber & Paper policy. Only Better and Best categories contribute to our target for more sustainable and recycled sources by 2025.

16 In Progress: a risk assessment has been conducted on these timber sources but there are outstanding non-conformances being addressed. Unverified: the timber source supply chain is awaiting final risk assessment (this excludes products in scope of the UKTR).

17 We and our suppliers have been engaging with the Sustainable Fibre Alliance SFA for a number of years on the development of a cashmere standard, including the associated chain of custody. The addition of a chain of custody will be a key means of achieving our 2025 target.

18 Waitrose Farming Partnership groups include the Partnership Livestock Steering Group and Fish Forum. They represent Waitrose's most significant direct suppliers of protein and represent the majority of the Partnership's total soya footprint.

19 **Physically certified soya:** soya certified to a permitted sustainability standard using a mass balance or segregated supply chain model. These include Proterra, Europe/Danube Soya, Round Table on Responsible Soy (RTRS), ISCC+ with add-on criteria.  
**Organically certified soya:** soya certified to a permitted organic standard compliant with the EU Organic Regulation.  
**RTRS Credits:** bought on the Round Table on Responsible Soy (RTRS) trading platform from soya farmers certified to the RTRS standard, where one tonne of soya produced is equal to one credit.  
**RTRS Cerrado Credits:** bought from certified farmers located in the Cerrado biome that is at high risk of deforestation and clearance of native vegetation.

20 **SG:** the Segregation supply chain model assures that RSPO-certified palm oil, palm kernel oil and derivatives delivered to the end user come only from RSPO-certified sources. It permits the mixing of RSPO-certified palm oil from a variety of sources in the supply chain but prohibits mixing with uncertified sources. This ensures that the palm materials used in products originate from certified growers.

21 **MB:** the mass balance supply chain model administratively monitors and accounts for the volumes of RSPO-certified palm oil, palm kernel oil and derivatives throughout the entire supply chain. Its accounting system permits mixing of certified and uncertified materials but only allows the equivalent volume of certified materials to be sold as RSPO Mass-Balance certified. This enables trade in certified palm oil in long and highly complex supply chains, supporting responsible growers and building accountability along the supply chain.

22 We are currently determining which standards we will accept in order to achieve our 2025 sourcing target. In the interim, we are reporting transparently on the percentage of our cocoa sourced to certified third-party-verified standards.





Photo Credit: KOMPAS-DIONISIUS

# Sourcing raw materials alongside nature

## Providing funding to protect tropical rainforests

We want to go beyond sourcing deforestation-free palm oil and have a positive impact on the landscapes from which palm oil is sourced by supporting local and indigenous communities to protect and restore their forests. In 2021, Waitrose continued its partnership with the Forest Conservation Fund, providing project funding equivalent to that needed to protect 821 hectares of Mului forest in East Kalimantan, Borneo, home to the indigenous Mului community. This corresponds to the area of land needed to produce all palm-based materials in supply chains for John Lewis Partnership products in 2020<sup>23</sup>, including animal feed. Having established their legal right to manage the land, the project is empowering the Mului community to protect their forests from illegal logging and conversion for agriculture and enabling them to develop additional sources of income. The highly biodiverse area is home to a number of critically endangered species of plants and wildlife and an important source of water and livelihoods.

## Grown in Britain

Grown in Britain is an independent, not-for-profit organisation seeking to ensure the future success of the UK's woods and forests. In 2021, John Lewis started selling its first Grown in Britain-certified product range: The Wood Life Project's plastic-free children's plates. Grown in Britain's certification is the only scheme that guarantees the UK provenance of the timber used in products as well as its sustainability and legality. John Lewis customers can be assured that The Wood Life Project's range has been crafted in Britain with wood sustainably sourced from British trees. We aim to continue working with Grown in Britain in 2022, introducing more of their certified products to provide customer choice and support the ongoing sustainable management of UK forests.



<sup>23</sup> Funding for the project is based on Waitrose's prior year footprint for palm oil sourcing.



# Looking forward

We know that protecting forests and ecosystems from deforestation and conversion is critical if we are to address the biodiversity and climate crises. As such, our focus in this area will intensify as we strive to tackle deforestation in all our key raw material supply chains.<sup>24</sup> We are dedicated to taking action with our supply chains but know that this is not enough to deliver the transformation needed. Our ambition will require changes in legislation and industry-wide standards, so, in collaboration with NGOs, industry peers and academia, we will continue to proactively advocate for producer and consumer markets for forest risk commodities to shift towards greater sustainability. Wherever possible, we will also continue to take a 'forest-positive' approach, investing back into the commodity landscapes from which we source to protect and restore nature in collaboration with local communities and producers.

Internally, we will maintain our emphasis on governance, policies, processes and tools to monitor our progress across all our key raw materials, aligning with changes to external regulatory and standards frameworks as well as our own raised ambitions. As part of this, John Lewis will become certified to Textile Exchange standards, a vital step on our journey to source materials such as

feather, down, wool and recycled materials responsibly. We will also develop a new feather and down sourcing policy; though we have worked with our suppliers for four years on our sourcing criteria, we need to further formalise the framework for this. At Waitrose, we will build on our achievement of sourcing all cocoa used in our confectionery on Fairtrade terms and develop a roadmap for responsibly sourcing cocoa in other categories. Additionally, in line with our UK Soy Manifesto commitment, we will develop and publish our action plan for the responsible sourcing of soya.

ZDHC (Zero Discharge of Hazardous Chemicals) Foundation is a multi-stakeholder organisation aimed at eliminating harmful chemicals used in the fashion industry. In 2021, John Lewis joined ZDHC's Roadmap to Zero, strengthening our commitment to develop textile, leather and synthetic leather products using better chemistry that lessens the impact on human health and the environment. A one-year pilot will see 25 tier one suppliers and their associated supply chains onboarded onto an advanced chemical monitoring programme, adopting ZDHC tools, including chemical inventory and emissions audits.



<sup>24</sup> For detail on the definition and scope of this commitment, see <https://www.johnlewispartnership.co.uk/csr/our-strategy/raw-materials-sourcing.html>