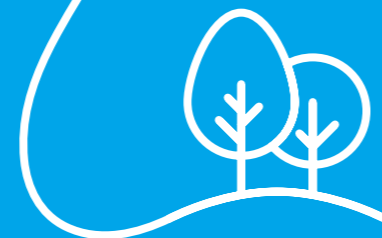




RAW MATERIAL SOURCING

Photo Credit: UNIDO Egypt

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



The Earth's natural resources continue to be depleted to develop products for global consumption. Too much consumption continues to negatively impact the natural environment including biodiversity loss, land degradation, deforestation, climate change and, in some cases, resource loss. The Partnership aims to reduce our use of natural resources, and source any raw materials we do use more sustainably. We recognise this is no easy task. With such a wide range of products, and complex supply chains, it will take time and careful planning if we are to avoid provoking unintended negative consequences.

During 2020 we found meeting a number of our 2020/21 key raw material targets challenging. Despite not meeting all of our targets, we have nonetheless made excellent progress. We are proud of our results so far, and are optimistic that our continued efforts to source more sustainably, and ensure we are transparent with regard to our performance, will help drive positive change both for ourselves and those with whom we collaborate.

IN 2020/21 WE FOCUSED ON:

Sourcing raw materials in our own-brand products more sustainably.

Collaborating with expert organisations to support in-country sourcing programmes.

Advocating for industry-wide supply chain improvements.

Creating our Raw Material Sourcing Strategy for the next five years



Photo Credit: © Better Cotton Initiative

COTTON

- John Lewis met its 2020/21 sustainable cotton target. 54.1% of cotton used in John Lewis own-brand products came from sustainable sources.
- Waitrose unfortunately did not meet its cotton target with 28.2% of its remaining own-brand cotton coming from more sustainable options in 2020. In 2020, cotton sourced directly by Waitrose made up only 4.4% of the total amount sourced by the Partnership as we are continuing to transition the majority of the Partnership's own-brand cotton sourcing over to John Lewis. The sustainable sourcing of cotton remains a priority for the Partnership and is included in our new 2025 key raw materials targets.
- The Partnership has been a member of the [Better Cotton Initiative](#) (BCI) since 2013. Sourcing cotton in line with this programme, in 2020 John Lewis had the following positive impact:
 - Supported 5,012 cotton farmers resulting in 9,653 hectares cultivated with Better Cotton¹¹.
 - Saved an estimated 1.3 billion litres of water in the growing process.
 - Reduced pesticide use by an estimated 890kgs in the growing process.
 - Generated an estimated additional €635,000 of profit for farmers who participated in the BCI¹².

¹¹ Monetary support provided via a volume based fee paid by The John Lewis Partnership for our Better Cotton sourcing volume in 2020.

¹² BCI farmers experience profit increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs such as water, pesticides or synthetic fertiliser.

- In 2020 the Partnership became aware of the ongoing human rights concerns regarding cotton sourced from the Xinjiang region of China. All direct suppliers sign, and agree to abide by, our Responsible Sourcing Code of Practice (RSCOP). We do not have operations, own-brand suppliers or factories in Xinjiang. However, we do currently source a small amount of product where the cotton originates from China. The Partnership takes human rights of those who grow, pick, pack or make our products extremely seriously. In order to avoid even inadvertently sourcing from areas which do not share our values in the future, we are actively investing in tools and technologies that enable much more precise traceability of raw materials. In due course this investment will provide us with full and detailed visibility of where our cotton is grown for all own-brand products.

COLLABORATION

- John Lewis is an active member of the [Better Cotton Chain of Custody Advisory Group](#), advising on the development of Better Cotton's Chain of Custody and helping ensure any new chain of custody developments are commercially relevant, feasible and attractive to BCI's multi-stakeholder membership. In 2020 John Lewis also joined BCI's Retailer and Brand Steering Committee. Committing £25,000 to kick-start phase one of the project, the aim is to work towards 'full traceability' across cotton supply chains supported by BCI.
- John Lewis Bedding and Towels contain a significant percentage of Egyptian cotton. In 2019, we were one of the first British retailers to join an international working group founded by the [United Nations Industrial Development Organisation](#) (UNIDO) and BCI. The working group developed the first BCI Cotton Programme in Egypt. Following a successful pilot programme, in May 2020 Egypt became a new BCI programme country. Participating farmers will receive training on the Better Cotton principles and, by adhering to these principles, will produce cotton in a way that is measurably better for both the environment and for farming communities. You can find out more [here](#).

TIMBER

- We are unable to report the Partnership's performance against our Timber KPI (see page 22) for the 2020/21 financial year. In 2020, our focus was to improve the robustness of the timber source data used in our own-brand products; this included the establishment of a new platform to collect and risk assess our timber source information. Unfortunately there were a number of complications in the set up of the new platform and new data which was compounded by the pandemic. This has resulted in a degree of uncertainty regarding the accuracy of our 2020 data. We have therefore decided not to report any performance figures for the Partnership for the 2020/21 financial year.
- The sustainable sourcing of timber remains a priority for the future and is included in our new 2025 key raw materials target.

FEATHER & DOWN

- As of January 2021 all feather and down used in filled John Lewis own-brand products¹³ comes from supply chains certified to either the Responsible Down Standard (RDS), Downpass 2017 and/or the Global Recycling Standard (GRS).
- Although each step in our supply chain is now certified we are unable to report a figure against our 2021 target due to a lack of supporting evidence to identify the volume of feather and down supplied through each certified supply chain throughout the year. Going forward, we will continue to ensure that only 100% certified responsible sources are used in our own-brand products and will work with our suppliers to ensure the correct evidence is provided to verify the volume of certified feather and down used.
- All suppliers are expected to comply with our Animal Welfare Standard when sourcing raw materials for use in John Lewis own-brand products. The Partnership will not support industries which advocate cruel, harmful and unnecessary practices. By using certification standards including the RDS and Downpass 2017, this provides additional assurance that the feather and down used in our own-brand products is a responsibly sourced by-product of the food industry.
- In 2020 John Lewis launched an exclusive range of EarthKind™ duvets and pillows. Produced in the UK, the fillings for the duvets and the pillows are created using Global Recycle Standard (GRS) for reclaimed, sorted, cleaned, sterilised and heat-treated natural filling from preloved feather and down. The pure cotton covers are sourced using cotton which supports the Better Cotton Initiative.



CASHMERE



- John Lewis is contributing to the funding of a three-year programme, run by the Sustainable Fibre Alliance (SFA), to support the expansion of the new SFA Cashmere Standard from Mongolia to the Inner Mongolia region of China. John Lewis is directly funding the training of 420 herders in Inner Mongolia, which is being implemented by a leading animal welfare NGO, the International Cooperation Committee of Animal Welfare (ICCAW), together with experts from a local agricultural university and academy. In the first year, the programme will focus on animal welfare. Then it will be expanded to cover the protection of biodiversity and how to secure herder livelihoods in the long term. Once the herders have completed their training, they will carry out self-assessments against the requirements of the Standard and also undergo independent farm inspections before being given SFA accreditation.

SOYA

- In 2020, Waitrose's total own-brand soya footprint was 53,522 tonnes. 100% of this footprint was certified sustainable or organic according to Waitrose's permitted standards, meeting our December 2020 target. 1.4% was physically certified according to Proterra Segregated or Mass-Balance supply chains, 15.7% was certified organic, 1.1% was certified by Cargill SSS credits, and for the remaining 81.8% Round Table on Responsible Soy (RTRS) credits were purchased, either 12.5% conventional or 69.3% regional from farms in the Brazilian Cerrado.
- The drop in physically certified soya versus the 2019/20 reporting period was primarily due to unforeseen difficulties in certifying supply chain sites caused by Covid-19 induced restrictions. It was also due to difficulties in the supply of physically certified soya to the UK market. Waitrose will continue to work with the Retail Soy Group, the UK Roundtable on Sustainable Soy and the Soy Transparency Coalition (STC) to build physically certified supply chains.

- At present we cannot directly influence the sourcing of soya used in feed to produce non-liquid dairy products, or where dairy products and eggs are included as ingredients in our own-brand products. In 2020, we purchased 9,504 tonnes of RTRS regional credits, corresponding to the footprint of food ingredients, and making up 17.8% of our total soya footprint. The purchase of these credits from soya producers, including those located in highly biodiverse regions of the Brazilian Cerrado, provides them with the financial incentive to apply the best agricultural practices to protect natural ecosystems and people on their land.

COLLABORATION & ADVOCACY WORK

- In 2020, Waitrose became a founding member of the Soy Transparency Coalition (STC). Similar to initiatives in palm oil and cocoa value chains, companies in the commodity supply chain have come together to offer increased transparency, comparability and accountability regarding the policies, targets and achievements of the world's most important soya traders and importers. This is done through an annual assessment process which provides robust data that all STC member businesses can use to increase their understanding of soya supply chains as well as guides to their strategies, policies, engagement and actions.
- Together with our dedicated salmon processor, Aquascot, Waitrose contributed to a successful dialogue between supply chain buyers of soya for use in fish feed and the three major Brazilian producers of soya protein concentrate. This resulted in a significant shift by the three producers to more sustainable sourcing practices. Going forward, they will only purchase soya from farms where no deforestation or conversion of native vegetation has taken place, and a robust system will be put in place to verify this. It is the first time any soya traders operating in Brazil have agreed to take this step.
- In May 2020, the Brazilian congress was due to vote on a bill conferring Amazonian land rights to those who had occupied and deforested public land illegally, thereby incentivising further illegal deforestation. Waitrose responded as part of a group of leading retailers, food producers, food service companies and investors, with a letter addressed to Brazilian policy-makers objecting to the bill. The bill was withdrawn – a notable success!
- Waitrose supported calls for the UK Government to include mandatory due diligence as part of the Environment Bill, to ensure that companies first importing raw materials such as palm oil, soya and cocoa into the UK market are taking action to ensure that they are not driving deforestation in producer countries. We helped draft, and subsequently co-signed, an industry letter to the Environment Secretary, and met with Defra to advocate for strengthening the government's proposal. Following support from businesses, we are delighted that the UK Government has amended the Environment Bill to introduce the due diligence powers.

- In December 2020, the Sustainable Seafood Coalition formed a new working group on aquaculture feed, to which Waitrose is a contributor. The mandate of this group is to develop a shared vision for the responsible sourcing of ingredients in aquaculture feed, with work on this continuing throughout 2021.

PALM OIL

- In 2020, the total footprint of palm-derived materials used in Waitrose and John Lewis own-brand products, and in our cafes, was 2,243 tonnes. 99.3% of this met our December 2020 (Roundtable on Sustainable Palm Oil (RSPO) physically certified) target, just shy of 100%. For the remaining 0.7% of our footprint, Waitrose purchased RSPO credits that specifically support independent smallholder farmers to be included in the RSPO and to produce palm responsibly.
- The Partnership has made substantial progress towards achieving 100% RSPO segregated palm-derived materials in own-brand products, with the proportion of palm-derived materials coming from RSPO segregated sources at 71% in 2020, up 62.7% from 2019. At each stage in the supply chain, audits are in place to ensure that only materials that have come from RSPO certified growers are mixed together, meaning that the final material used in a product will be demonstrably 'deforestation-free'.

COLLABORATION & ADVOCACY WORK

- Waitrose is a founding member of the Palm Oil Transparency Coalition, a group of companies committed to increasing the transparency of the policies, commitments and performance of the worlds largest palm oil traders. The basis for our direct engagement with these traders is a rigorous annual assessment. This is designed to improve their sourcing practices, and helps inform our internal palm oil sourcing policy and decision making.
- The Partnership is a member and has a seat on the board of the Roundtable on Sustainable Palm Oil (RSPO) via the Retailers Palm Oil Group, supporting them with their governance, strategy and mission to expand the uptake of RSPO certified palm oil in the UK and globally.

54.1%

cotton used in John Lewis own-brand products comes from sustainable sources.

99.3%

of palm oil and palm kernel oil based ingredients and derivatives used in own-brand products are RSPO physically certified.

¹³ Filled John Lewis own-brand products in scope: duvets, pillows, upholstery and decorative cushions.



Photo Credit: Rody Berau / Shutterstock

FOREST CONSERVATION

Waitrose is making excellent progress towards sourcing sustainable and deforestation-free, palm-derived materials in own-brand products. However, despite our actions, we know that tropical forests are still under threat from agricultural expansion for palm and other commodity crops. So we've decided to go further and help protect and restore existing tropical forests.

To do this, we've partnered with the Forest Conservation Fund to support local indigenous communities to conserve and defend their traditional forests on which their livelihoods and culture depend. Through this partnership we are protecting 480 hectares of forest. This is equivalent to the area of land needed to produce palm oil for all John Lewis and Waitrose own-brand products in 2019.

The funding will provide direct financial support to the Mului indigenous community situated in East Kalimantan which, after a lengthy legal process, has recently gained legal ownership of their community forests. Situated on the edge of the highly biodiverse protected area known as 'The Gunung Lumut Protection Forest' it is home to a significant number of important species, including the critically endangered hornbill.

480

hectares of forest protected in partnership with the Forest Conservation Fund

LOOKING FORWARD

We're taking a risk and impact-based approach to our raw materials strategy and will be focusing first on the traceability and sustainable sourcing of our highest volume raw materials and their supply chains. For all other raw materials used in own-brand products we will continue to source these more sustainably and ensure our sourcing standards are upheld.

We have defined our key raw materials as: timber, cotton, soya, palm oil, cocoa and cashmere. However, we expect to add further raw materials to this list in due course. We've launched a new target, that all these key raw materials used in our own-brand products will be from sustainable or recycled sources by 2025.

TARGET	2020/21 PERFORMANCE	2019/20 PERFORMANCE
Timber¹⁴		
John Lewis: 100% of the timber and paper in our own-brand products to come from trusted sources by the end of January 2021	Not reported due to data inaccuracy – see page 19	TOTAL: 79% Best: 30% Better: 22% Good: 27% Unverified: 21%
Waitrose: 100% of the timber and paper in our own-brand products to come from trusted sources by the end of January 2021	Not reported due to data inaccuracy – see page 19	TOTAL: 80% Best: 68% Better: 12% Good: 0% Unverified: 20%
	GROUP TOTAL: N/A	GROUP TOTAL: 79%
Cotton		
John Lewis: 50% of cotton used in own-brand products to be from sustainable sources by January 2021	TOTAL: 54.1% Fashion: 56.6% Home: 53.5%	TOTAL: 36% Fashion: 63% Home: 22%
Waitrose: 100% of cotton used in own-brand products to be from sustainable sources by January 2021	TOTAL: 28.2%	TOTAL: 23%
	GROUP TOTAL: 53%	GROUP TOTAL: 36%
Feather & down		
John Lewis: 100% of feather and down used in own-brand products to be from certified responsible sources by the end of January 2021	Not reported due to a lack of supporting evidence – see page 19	N/A
Soya¹⁵		
Waitrose: 100% of the soya used in animal feed for the production of own-brand meat and farmed fish products, milk and eggs to be certified sustainable or organic by December 2020	TOTAL: 100% Physically certified supply: 1.4% Certified organic physical supply: 15.7% Cargill SSS credits: 1.1% RTRS Cerrado regional credits: 69.3% RTRS credits (other): 12.5%	TOTAL: 100% Physically certified supply: 30.6% Certified organic physical supply: 15.7% RTRS credits (other): 53.7%
Palm oil		
Waitrose: 100% of palm oil and palm kernel oil based ingredients and derivatives used in own-brand products ¹⁶ to be RSPO physically certified by December 2020	TOTAL: 100% RSPO physically certified: 99.3% RSPO-IS credits ¹⁷ : 0.7%	TOTAL: 100% RSPO physically certified: 98% RSPO-IS credits: 2%
New target set in October 2020		
Partnership: All key raw materials ¹⁸ in our own-brand products will be from sustainable or recycled sources by 2025	We will begin to report our progress from spring 2022.	N/A

¹⁴ - Best, Better and Good categories are defined in our John Lewis Timber Sourcing Standard.
 - The scope excludes fitted furniture products e.g. fitted kitchens.
 - In Progress: a risk assessment has been conducted on these timber sources but there are outstanding non-conformances.
 - Unverified: the timber source supply chain has been internally reviewed but a final risk assessment has not been conducted.

¹⁵ Soya – We accept RTRS, Proterra, Danube/European, CRS, Cargill SSS and ISCC+ (with add-ons) certified soya; we prioritise segregated or mass balance supply chains but also use credits.
¹⁶ This includes own-brand products sold in Waitrose and John Lewis Cafes.
¹⁷ RSPO-IS credit: roundtable on sustainable palm credits specifically supporting independent smallholders.
¹⁸ The Partnership's current key raw materials in scope of this target are: timber, cotton, soya, palm oil, cocoa and cashmere.