

STRONGER BRANDS, NEW GROWTH

# Source and sell with integrity

Giving our customers confidence in the products we sell, the way we sell them and increasing transparency in how products have been grown, sourced and made. Because conducting fair business and customer relationships today will help us grow stronger brands for tomorrow.





# 01. People & supply chains

## APPROACH

Our democratic approach gives our Partners a clear voice in how our business is run.

We promote the importance of employee engagement through our supply chains, which we believe will help lead to better jobs. We work with suppliers to raise standards, improve working conditions and create satisfying employment.

John Lewis and Waitrose source quality products from the UK and across the world, and work with agency and contract workers who provide essential support during peak trade periods.

We carry out detailed analyses of our operations and activities to better understand our potential areas of impact. Our strategy focuses on driving improvement on the most salient human rights issues and we continuously review our approach in response to emerging trends, external stakeholders and what we learn from our programmes.

Our Responsible Sourcing Code of Practice (RSCOP), based on the Ethical Trading Initiative (ETI) Base Code, sets out our expectations of all our suppliers. We monitor their adherence to RSCOP and work with both suppliers and external experts to address issues in our supply chain and raise standards.

You can read more about our approach to Human Rights in supply chains in our 2015 and 2016 Modern Slavery and Human Rights Reports where we set out our strategy in more detail. Read our 2017/18 Modern Slavery statement on [page 23](#).

## PROGRESS

Working with retailer groups such as Stronger Together and the Food Network for Ethical Trade, as well as its risk assessment partnership with the Wilberforce Institute on Slavery and Emancipation, Waitrose is building its suppliers' capacity in responsible sourcing.

The Waitrose Foundation continues to support worker communities in Ghana, Kenya and South Africa. It has also now moved into Costa Rica as part of the Foundation's ambition to expand to 12 countries by 2020.

Waitrose also successfully converted all own-brand black tea products to Fairtrade standard; working with our tea supplier for nearly ten years on a long-term approach to achieve the standard.

John Lewis made progress on its beyond compliance programmes in three strategic sourcing countries: the UK, China and India. You can read more about its work in the UK on [page 10](#). In China, John Lewis expanded their worker/manager engagement programme and has collaborated with other UK retailers on a wider factory management training programme - covering worker engagement training, health and safety, recruitment practices, working hours and wages.

In India, John Lewis completed a health and safety training pilot and found that more work needs to be done to effectively engage managers and ensure training leads to clear health and safety improvements. Collaborating with other retailers, we also carried out in-depth risk assessments on the ground in Turkey, where unauthorised subcontracting is prevalent across the sector, to better understand the risks in the supply chain.

## PLANS

### Looking ahead

Both our flagship responsible sourcing programmes are based on giving workers a stronger voice in the workplace, in order to achieve our goal of creating better jobs in our supply chains. In 2018, we will continue to invest in the Waitrose Foundation at both operational and strategic levels in order to deliver on our ambitious expansion plans. John Lewis is in the process of establishing a new Better Jobs Programme for UK suppliers, with worker voice at its core. Read more on [page 12](#).



JOHN LEWIS  
Factory List published

79 PROCUREMENT  
PARTNERS TRAINED

LAUNCHED  
Waitrose  
Foundation  
IN COSTA RICA

28 JOHN LEWIS FACTORIES IN  
FAST FORWARD PROGRAMME

100%  
OF OWN-BRAND TEA  
FAIRTRADE-CERTIFIED

# Raw materials & sustainable sourcing

We have ambitions to increase the amount of own-brand products we source and sell while improving the traceability and sustainability of the natural resources used to make them. We have made considerable progress, however, there is still more to do.

## APPROACH

We depend on the world's natural resources for the own-brand products we source and sell each year. Ensuring these resources are sourced in a responsible way is a priority. Our experts in John Lewis and Waitrose are focused on assessing our raw materials sourcing and driving progress.

Our approach is tailored to the specific risks in our supply chains. We prioritise the raw materials we use most and those with the highest environmental risk - setting standards and establishing monitoring systems. Embedding responsible sourcing practices is essential and our buying and technical Partners drive progress against our targets.

We work with expert consultancies and independent third party certification bodies to inform our processes and provide guidance for suppliers and buyers. However, we recognise that raw material certification won't solve everything and work collaboratively with our suppliers and industry peers to drive improvements.

\*Data included within KPMG LLP's independent limited assurance scope

## PROGRESS

John Lewis has increased sustainable cotton sourcing from 3% to 12%\* through continuous training and support for buyers and by focusing on key homeware suppliers. Waitrose also sourced more sustainable cotton but during the year sourced an increased amount of cotton overall, which has led to a relative decline against our percentage target.

We are working with our duvet and cushion suppliers to establish the due diligence processes required to track progress against our target of 100% responsibly certified feather and down.

John Lewis has increased the overall volume of sustainably and responsibly sourced timber. We are not publicly reporting Waitrose's progress on sustainable timber sourcing this year, as we are transitioning to a reporting system, which is more closely aligned with John Lewis' approach.

Due to improved processes in identifying where palm oil is used in our products, Waitrose has seen a decline against our target for physical certification. We have purchased Roundtable on Sustainable Palm Oil credits for the remainder, so that we can support the production of responsible palm while we work with suppliers to physically certify their ingredients.

Our Feed Producer Group, who source the majority of our soya for animal feed, sourced 69% of soya from more sustainable sources. We are sourcing less overall through greater efficiencies and using alternative sources of protein such as our own-brand grass and protein mix as well as UK-sourced faba beans on some of our pig farms. These are positive moves but do mean a significant amount of certified soya has been removed, so the relative percentage has been reduced for now. We're on track to meet our 2020 commitment.



## PLANS

### Looking ahead

Strong sustainable sourcing programmes rely on robust due diligence processes that ensure we're truly sourcing our products with integrity. In 2018, our focus will be on further strengthening these processes, particularly in the areas where our divisions can work closer as a Partnership.

We'll also be looking at our Goods Not For Resale, the products we buy for use as a business, to better understand our impact.



# 01.3 Farming & food

From field to fork, we're striving to meet our customers' expectations in the products they buy from us. We have strong, long-term partnerships with farmers and we're committed to working with them to drive sustainable food systems. Regulatory compliance is important, but we go above and beyond to deliver quality food and make it easy for customers to make a healthy choice.

APPROACH

At the heart of our agricultural strategy is our Farming Partnership. This is led by Waitrose Partners in collaboration with suppliers including the Agronomy Group, Livestock Steering Group and the Fish Forum, who help to shape our approach. We work in close partnership with these suppliers, helping them to take the lead in their industries to address the challenges that we've collectively identified.

We carry out assessments of our agriculture, livestock and fish supply chains, looking at a range of key areas including the continuous improvement of animal welfare standards, water use, biodiversity, waste and energy. Through these assessments, we aim to share Waitrose's values, set standards, ensure compliance and reward best practice.

We develop products that help our customers make healthy choices, providing them with information, support and advice.

One of the ways we do this is by setting product targets for calories, saturated fat and sugars to ensure that by 2020 we will have delivered a series of incremental reductions in the key categories of greatest dietary impact.

PROGRESS

During 2017, Waitrose retained both the prestigious Compassion in World Farming (CiWF) Best Retailer Award and the Top Tier Status in the Business Benchmark on Farm Animal Welfare. We were proud to be awarded the CiWF Cage Free Award for our commitment to cage free systems.

Because we are committed to the highest animal welfare standards, Waitrose increased its grazing pledge to 120 days, with conventional dairy farmers achieving an average of 181 days and organic farmers an average of 205 days.

In December 2017, Waitrose became one of the first supermarkets to share publicly comprehensive data on the use of antibiotics in its livestock supply chain. The Waitrose 2016 sector data is broadly under the 2020 industry target for antibiotic use already. All our supply chains have committed to minimise the use of antibiotics, and to only use critically important antibiotics as a last resort and where animal welfare may otherwise be compromised.

Waitrose launched a new label that will feature on hundreds of food and drink products to make it easier for customers to make healthier choices. The new Good Health label is already being used on many own-brand products, from fresh produce to fish.

We have also established specialist healthy eating training for Partners to enable them to better provide guidance to customers.

PLANS

## Looking ahead

We take pride in the relationships we have with the farmers and fishermen who grow, rear and catch our produce. Farming and fishing in the UK face challenging times as we prepare to leave the European Union and we will continue to support our suppliers during this period through our world class Farming Partnerships.

We will also be rolling out our Good Health label to at least 1,200 products next year and beyond and introducing more initiatives to help our customers eat a balanced diet as the 'common sense' voice of healthy eating.



OVER  
**3,500**  
FARMING  
ASSESSMENTS

  
300+ PRODUCTS  
LAUNCHED WITH NEW  
GOOD HEALTH LOGO

14% SUGAR REDUCTION  
IN 15 CHILLED DESSERTS

TOP TIER STATUS IN  
BUSINESS BENCHMARK ON  
FARM ANIMAL WELFARE



CASE STUDIES

# Better Jobs programme

## John Lewis

Our goal is to promote better jobs for the people who make our products and in doing so help to strengthen our supply base for the long-term.

Building on our experience in Partner engagement as a co-owned business, in 2018 John Lewis is launching an ambitious and innovative new programme to promote better jobs in our supply chain.

Working with 40 of our UK suppliers we will be trialling a model which will help to create better worker voice mechanisms in our supply chains and build the capacity of our suppliers to listen to and respond to workers' concerns and ideas. Longer-term, our ambition is to expand the programme into more challenging sourcing regions, such as China.

The programme is an evolution of our Model Factory Programme, which we completed in 2017. The programme placed a focus on worker insight with over 1,600 workers in our UK factory supply chain interviewed. It was clear from the factories that we worked with that to promote better jobs it is essential to listen effectively and openly to the views and ideas of workers. Based on this insight the factories can drive improvements in the areas that really matter to their workers.

This insight reflects the thinking published in the Government's Taylor Review on modern employment practices and the expertise of organisations like the Ethical Trading Initiative.

# Ocean stewardship

## Waitrose

Waitrose is committed to ensuring that all of its branded and own-brand canned tuna is either Marine Stewardship Council (MSC) certified or pole and line caught.

To do this, we work with our suppliers of branded tuna to improve their sustainability credentials. All Waitrose own-brand canned tuna has been pole and line caught since 2009 and MSC certified since 2013. Waitrose has a strong heritage in this area, having run a responsible fish sourcing programme for nearly 20 years. However, the world's fish stocks continue to be under threat.

Through our purchasing power and expertise, we aim to influence positive change in global sourcing practices and reassure customers that the fish they buy has been sourced responsibly. This year, working with our dedicated salmon partner, Aquascot Ltd, we launched a responsible farming assessment for our salmon farms. It took into account animal welfare, environmental criteria and social criteria for the people and communities supporting the fish farming industry.

We also donated £500,000 to the Marine Conservation Society through a carrier bag fund donation. Our support helped MCS respond to huge increases in public interest and allowed them to develop the UK's most comprehensive programme of public beach and river clean-ups. Over 10,000 volunteers have taken part so far.