Corporate social responsibility policy
‘As a responsible retailer, owned beneficially by our employees, we believe that the long-term future of the Partnership is best served by respecting the interests of all our stakeholders: Partners, customers, suppliers and the wider community. We look actively for opportunities to improve the environment and to contribute to the wellbeing of the communities in which we trade.’

...every step of the way

from the supplier...       ...via distribution...       ...through the shop...

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What it’s like to be part of Britain’s largest employee-owned business
Today, the John Lewis Partnership is a very different retail company from the one John Spedan Lewis handed over to his employees back in 1929. Annual sales across the Partnership for the year ending January 2006 were £5.8 billion and we now have more than 64,000 employees, known as Partners, making us the UK’s largest employee-owned company.

However, our founder’s ideals, set out in our original Constitution, remain the inspiration behind our approach to corporate social responsibility (CSR) and continue to shape the principles we apply. Determined to embrace diversity and earn a reputation as an ‘employer of distinction’, we aim to treat all Partners as individuals, with respect, honesty and fairness. Sharing the rewards and responsibilities of ownership, and conducting our business with integrity and courtesy are key aspects of the way we work; this drives our environmental policies and our involvement with local communities.

Certainly, CSR remains a significant business challenge and views vary considerably on what priority any business should have, from climate change to child labour, animal welfare and other areas. We cannot hope to cover the whole range of issues in this report so we have focused on those that our Partners, customers and suppliers tell us are the most important to them.

Overall, we are delighted by the success and recognition we have achieved since our last report. Examples of that success include remaining in the Top 20 ranking in Business in the Community’s (BITC’s) Corporate Responsibility Index, winning two awards for our animal welfare, as well as receiving a BITC National Example of Excellence Award for our Responsible Sourcing programme and the Waitrose Foundation, and a high commendation for our Golden Jubilee Trust employee volunteering scheme. Another BITC award saw our Chairman Sir Stuart Hampson appointed a National Ambassador to HRH The Prince of Wales, primarily for his role in championing community regeneration.

We have tried to make the information in this report as engaging and accessible as possible, and hope you enjoy reading it. We are very proud of the content as it highlights a significant level of progress and success. However, we are equally aware that there is still much to do and we do not underestimate the challenge we face as we move forward.

**Alastair McKay**
Deputy Chairman and Director, Corporate Responsibility
The Waitrose difference

Waitrose believes that few things in life are more important than the food we buy for ourselves and our families. And that good healthy food is one of life’s great pleasures. The Waitrose reputation is built on the freshness, quality, safety and provenance of its food and is the reason its customers choose Waitrose over any other supermarket.

As the UK’s largest employee-owned business, this difference is also seen in the way it treats its employees (known as Partners), the respect it has for the environment, and the manner in which it serves its customers and communities.
Who is Waitrose?
When Wallace Waite, Arthur Rose and David Taylor opened their first grocery shop in 1904, little did they know it would become Waitrose, one of the UK’s most recognised food retailers. Acquired by the John Lewis Partnership in 1937, Waitrose opened its first supermarket in 1955. Since then it has evolved through construction and acquisition to the 179 shops of today, stretching from Saltash in Cornwall to its two newly opened shops in Edinburgh, Scotland. Although the business has experienced rapid growth over the last two years, with sales increasing by 20%, Waitrose still represents a relatively small proportion, just 3.9%, of UK supermarket sales.

Why is Waitrose different?
• Traceability is key, which is why Waitrose knows every farm and farmer who supplies every pack of its British pork, bacon and sausages. It knows the parentage and history of the Aberdeen Angus and Hereford animals supplying its beef; and it knows the origin of every own-label free range egg and pint of milk – claims that few supermarkets can make.
• Committed to supplying food of the highest quality, it has owned its own farm for over 70 years – the 4,000-acre Leckford Estate supplies mushrooms, free range eggs, flour, honey, apples and Select Farm milk to Waitrose shops.
• Where possible Waitrose buys British, which is why its strawberries between June and September come from British fields and why 89% of eight food staples, which include beef, chicken, apples and potatoes, are sourced from Britain.
• Its buyers seek out the finest local and regional products our country has to offer. Working in partnership with small producers, Waitrose helps boost the economy in many rural areas and its customers get to sample the very best foods made locally.
• Waitrose buyers also seek out unusual ingredients that customers won’t find in any other supermarket. Its Shetland black potato is just one of a number of varieties that would have disappeared had it not revived and cultivated them.
• Waitrose believes being a responsible retailer is the right thing to do. This is why it introduced organic food way back in 1983, why it has a sustainable fishing policy and why it has retained the title of ‘Compassionate Supermarket of the Year’ awarded by Compassion in World Farming (CIWF).
• It believes the products it sources should be traded fairly, which is why it has launched the Waitrose Foundation, a partnership between Waitrose and its supply chain designed to improve the lives of the workers who grow and pick its fruit in South Africa.

• Its relationships with farmers, growers and suppliers are based on trust and mutual respect. Waitrose believes in developing long-term partnerships with suppliers who share its views on rearing, growing and producing food ethically.
• Waitrose pays its suppliers fair prices, but is committed to keeping prices for its customers as low as possible. But not at any cost.
• It is committed to working with its suppliers to ensure good working practices throughout its supply chain. Not only does it expect its suppliers to obey the law, but asks that they respect the rights, interests and wellbeing of their workers, their communities and the environment.
• Faced with public concerns about climate change, water usage and excessive waste, and the challenges of a growing business, Waitrose strives to minimise the environmental impacts of its products and packaging, its distribution network and its business operations.
• All Waitrose Partners (over 36,000 employees) have a say in how the business is run and an equal percentage share in its profits. Last year, £206 million of the Partnership’s profits was allocated for the benefit of its Partners. That goes a long way to explaining why they are helpful, knowledgeable and loyal.
• Through charitable donations and employee volunteering schemes like the Golden Jubilee Trust, Waitrose and its Partners make a real and practical difference to the communities where it operates.
• Waitrose holds a Royal Warrant from Her Majesty The Queen, a mark of recognition to those companies that regularly supply goods or services to her household.
‘In ensuring fresh, quality and safe products we put provenance, traceability and responsible sourcing first and foremost. Our own farm in Leckford and our dedicated farmers, growers and other suppliers, with whom we have developed long-term relationships, work with us every step of the way to deliver our customer promise of “quality food, honestly priced”. Our business is also about localisation, not globalisation, and our pivotal position in the supply chain gives us the opportunity and the responsibility to help customers understand the importance of British agriculture and appreciate the quality of its output.’

Steven Esom Managing Director
Where Waitrose food comes from

Naturally, customers want to know the food they are eating is safe and healthy. They want to know where it comes from, how it has been produced and what it contains. And so does Waitrose.

Traceability comes top
Guaranteeing food integrity across almost 18,000 product lines and 1,500 suppliers is no easy task. High-profile food scares and concerns about food-related diseases can all affect consumer confidence. As a result, the origin, conditions of production and methods of transporting food have become increasingly important issues to a wide range of stakeholders.

Waitrose’s excellent track record in managing these challenges is achieved by placing provenance and traceability at the top of its buying requirements. Rigorous quality, safety and ethical sourcing policies are equally important; so too is developing long-term supplier relationships. Waitrose works hard to raise consumer awareness of the facts surrounding food issues by, for example, carefully training its Partners, honestly labelling its products, and by offering accessible consumer information, instore and online. Waitrose.com is host to a wide range of microsites, each dedicated to a category of food (see www.waitrose.com/food_drink/foodexpertise). Here customers can find out where Waitrose fish comes from and how it is caught, or trace any potatoes bought from a Waitrose shop to the farmer who grew them.

Sudan 1 and Para Red
Having this traceability of its food and its ingredients is critical, especially when faced with health scares. In 2005, the UK supermarket sector faced its largest-ever product recall and withdrawal when hundreds of foodstuffs were found to contain minute traces of the dyes Sudan 1 and Para Red, both prohibited in food. Waitrose was quick to react, publishing a list of affected products and initiating an immediate recall of all potentially contaminated products.

Setting the standard

Being a farmer itself, Waitrose understands the challenges of maintaining high standards. But it practises what it preaches. Working with its farmers, growers and other suppliers, it ensures the best standards in quality, safety, environment and animal welfare are applied across its supply chain, supported by its own inspections and farm assurance schemes.

Safe and sound
Waitrose upholds high standards of food safety and hygiene, and endeavours to use the best farming techniques for the environment. These include:

HACCP
All products must have Hazard Analysis and Critical Control Points (HACCP) systems. Used in food production, these identify potential hazards before they arise and ensure control measures are implemented to reduce those risks. This provides the risk assessment required by food hygiene regulations.

ICM
Waitrose sources its fruit and vegetable produce from conventional crops using Integrated Crop Management (ICM) systems, which ensure the best horticultural practices, site selection and husbandry, and minimal use of chemicals. ICM techniques like ‘spraying to threshold’, when pesticides are only used once pests exceed a predetermined level, are applied on its estate at Leckford.

LEAF
Linking Environment And Farming (LEAF) is an independent charitable organisation that helps farmers to improve business performance, lower environmental impacts, conserve the British countryside for future generations and strengthen links with the public (see www.leafuk.org and www.leafmarque.com for more information). Leckford holds the LEAF Marque certification and is a LEAF Demonstration Farm (see page 11). Waitrose is the only retailer that insists all its British growers adopt the LEAF standard.
Meeting farmers half way

With British producers facing ever-increasing expectations – to deliver traceability, meet higher environmental standards and maintain the countryside – Waitrose believes experiences should be shared. Initiatives such as ‘meet the buyer’ run every year and in every UK region, giving suppliers, large and small, direct access to Waitrose buyers and food technologists, and helping them to understand first-hand Waitrose’s expectations. Supplier conferences and industry workshops help smaller producers to understand food legislation and help to ensure best practice is shared throughout Waitrose’s supply chain and beyond.

Plough to Plate

Waitrose plays an active part in forums that drive best practice in the food chain. ‘Business in the Community (BITC) is absolutely thrilled that Waitrose is seeking to encourage responsible business practice across the food chain by taking a leading role in the Plough to Plate project,’ says Julia Cleverdon, Chief Executive of BITC. ‘This project aims to increase consumer confidence and trust in the food sector and forge greater understanding between different parts of the food chain.’

Organic farming

Organic farming standards promote sustainable production, support more farmland wildlife, limit the use of chemicals, fertilisers and pesticides on the land and routinely avoid antibiotics. Organic food also tastes great, so it’s no wonder Waitrose has been selling organic produce for over 20 years.

Twice voted ‘Organic Supermarket of the Year’ by the Soil Association, one of the organisations that certifies products to organic standards, Waitrose aims to offer the widest possible range of organic food. With the introduction of a new range, Waitrose Organic, due in September 2006, Waitrose will have in the region of 365 own-label organic lines within a total assortment of more than 1,300 products, including pet food, wine, tea, coffee, fruit juice, preserves, bread, biscuits and cheese. Sales of organic chicken and pork increased by 27% and 30% respectively last year, and 85% of the baby food it sells – excluding milk – is organic, as is 20% of the milk and 13% of the fruit and vegetables.

A 2006 Soil Association survey of 1,500 shoppers revealed that five of the eight main supermarkets now source over three-quarters of key staple organic foods from the UK. According to the results, UK sourcing of eight organic food staples (apples, carrots, onions, potatoes, pork, chicken, beef and lamb) grew from 72% in 2005 to 82% in 2006.

Waitrose, which has topped the table since the survey started in 2003, currently sources 89% of the surveyed organic foods from UK farmers including all its fresh organic beef, pork, chicken and dairy products. ‘We are pleased with the results,’ says Mary Bosley, Waitrose’s Technical Manager. ‘They reflect the aims of our policy to buy British as a priority.’

GM free

Waitrose does not allow the use of any genetically modified (GM) crops or food ingredients and additives derived from GM crops in Waitrose own-brand food. GM is the process by which the characteristics of a crop are modified by implanting a gene from, for example, another plant. While GM may improve productivity or increase resistance to pests and diseases, it may also lead to unintended changes in the crop or other species in the surrounding environment.

Organic facts

- UK organic food and drink sales increased by 30% in 2005.*
- The UK organic market is currently worth over £1.6 billion.*
- There has been a 42% surge in the number of farmers interested in converting to organic systems, although overall, UK supply is falling behind demand.*
- Two out of three consumers now knowingly buy organic food.*
- Waitrose began selling organic produce in 1983.
- Waitrose currently accounts for 16% of the UK organic market, four times its market share.
- Waitrose supports the Organic Targets Bill, which intends to make at least 30% of UK farmland organic by 2010.

* Source: The Soil Association (www.soilassociation.org)

Plough to Plate

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Animal welfare

Combating cruel practice and providing the best conditions for its animals at all stages of the supply chain are at the heart of the Waitrose business. And public acknowledgement by Compassion in World Farming and the RSPCA for its high standards in animal welfare is testament to the dedication of Waitrose buyers and a select group of farmers and suppliers throughout its meat, fish, poultry and dairy ranges.

Animal magic

According to a recent MORI poll, 55% of those questioned would pay more for food produced by companies with a good animal welfare record. This suggests that animal husbandry methods, shorter transportation times and adhering to the standards of farm assurance schemes are all issues that the public are concerned about.

At Waitrose, animal welfare and traceability go hand in hand: it knows precisely where its food comes from, that it has been produced to the highest standards, and that each supplier respects the needs of their livestock. For instance, all Waitrose beef comes from animals born and reared by a select group of British farmers, including Simon Mead from Tring, Hertfordshire, who believes the secret of good beef is keeping his cattle happy and healthy. ‘We rear them outside during the warmer months,’ he says, ‘but once the weather turns, we bring them into the barns where they have plenty of room and lots of fresh straw bedding.’ Then there is its partnership with Dairy Crest, through which Waitrose Select Farm (see above) milk is produced, exclusively for Waitrose, on dairy farms in southern England. These farms are audited twice a year against animal welfare, feed and hygiene standards developed jointly by the dairy industry, the RSPCA and the National Farmers’ Union.

Waitrose expects all its suppliers to treat their animals with the same degree of care and attention. Its organic pig farmers in East Anglia raise their animals outdoors with access to well-aired shelters full of fresh straw bedding, and feed them an organic diet. Its lambs, supplied in season from Farm Assured sites in England, Wales and New Zealand, are also reared in open pastures and Waitrose free range British chickens forage naturally on specialist farms in Northern Ireland. Waitrose’s Select Farm chickens are reared with fewer birds (20% from September 2006) than the industry standard in each flock to give them plenty of room to keep fit and healthy. They enjoy natural daylight and straw bales to play with, and have six hours’ rest in darkness each night.

Then there are its own-label eggs, which have been free range since 2000. Waitrose is the only supermarket whose own-label eggs meet the Soil Association’s organic standards. The eggs, produced exclusively for Waitrose on selected farms in England and Wales (including its own Leckford Estate in Hampshire), come from the Columbian blacktail, a crossbreed developed to thrive outdoors in the British climate. Waitrose also only includes free range eggs in all its own-label chilled and frozen food.

Waitrose's dedication to good animal welfare practices has helped it retain the Compassion in World Farming (CIWF) 'Compassionate Supermarket of the Year' title and become ‘Food Retailer of the Year’ at the inaugural RSPCA Good Business Awards in 2005. “Companies like Waitrose are blazing a trail for animal welfare by putting kindness and social responsibility at the heart of their business model,” says Jackie Ballard, Director General of the RSPCA, which has since produced a booklet on the subject containing a case study highlighting Waitrose’s philosophy.

Philip Lymbery, Chief Executive of leading farm animal welfare organisation CIWF, says: ‘CIWF congratulates Waitrose for continuing to make strides in performance and standards regarding farm animal welfare and being awarded the UK’s Compassionate Supermarket of the Year title for the second year running.’
Fishing for compliments
Nowhere is Waitrose’s reputation for ‘best at fresh’ more deserved than with its seafood. It is Waitrose policy to source all its fish from well-managed fisheries using responsible fishing methods, and because Waitrose is a small supermarket, it can work with the best suppliers in the industry.

Waitrose fresh fish comes from two sources – farmed and wild-caught. Over the years, Waitrose has developed a fishing policy and a supplier base to address most of the animal welfare and environmental issues associated with each source. Fishing affects not only the populations of the fish being caught but also the populations of other marine animals and the balance within delicate eco-systems. The fact that Waitrose takes its responsibilities so seriously - what to catch, where, and even what methods to use - was recognised in October 2005 when its responsible fishing policy was highly commended by Greenpeace and the Marine Conservation Society (MCS). The MCS praised Waitrose in its Fishwatch campaign for being the supermarket that sold the greatest number of fish from its ‘Fish to Eat’ list, while Greenpeace’s report Recipe for Disaster: Supermarkets’ Insatiable Appetite for Seafood states that Waitrose is ‘committed to making progress in sourcing fish from less depleted stocks using less destructive fishing methods’.

Its approach involves working closely with independent certification bodies such as the Marine Stewardship Council (MSC) whose ‘blue tick’ labels appear on its Cornish mackerel, rock lobster tails and wild Alaskan salmon to show they come from well-managed, sustainable fisheries. And taking it a step further, March 2006 saw the launch of a new joint initiative with Waitrose, the MSC, the Soil Association and supplier Aquascot to ensure that by 2010, all feed for organic salmon will come from MSC-certified sources.

The complete traceability that comes from long-established partnerships with a small number of approved fish suppliers, like the Lakeman family business that sources all Waitrose’s Cornish sardines, is equally crucial in farmed fish, where long-term planning leads to improved quality and sustainability. Waitrose has raised standards through the introduction of the Select Farm scheme. Sites are selected for their minimal impact on marine ecosystems, and include salmon farms in the Scottish Islands where lean, healthy fish are reared in clean, tidal oceanic waters.

In a move to provide alternatives to white fish varieties such as cod or sea bass, Waitrose has also started to stock barramundi. This popular Australian fish is reared by a specialist supplier in the New Forest who is dedicated to producing top-quality fish without the use of growth hormones or additives.

Leading the line
Waitrose favours selective fishing methods, which minimise the impact on the environment and on other marine species. Due to concerns over sustainability, it has stopped selling many varieties such as Atlantic salmon, shark, dogfish, marlin, bluefin tuna, North Sea cod, sturgeon products (caviar) and most recently, orange roughy.

It also stocks the largest range of line-caught fish on the high street, including all its fresh tuna and swordfish. In 2006, it became the first UK supermarket to sell only line-caught fresh and smoked cod and haddock. Waitrose plans to widen the choice further during the coming year. According to Jeremy Ryland Langley, Specialist Buyer, Fish, ‘Our customers increasingly seek assurance that our fish is caught in the most responsible way. The switch to line-caught cod and haddock marks yet another milestone in our work on responsible fishing.’
Waitrose’s farming know-how

Waitrose openly embraces its own principles of high-quality food and responsible farming, as one of the few UK supermarkets to stock produce grown on its own farm – the Leckford Estate in Hampshire. And it’s so proud of the work of Partners on the Estate that it opens its doors to visitors.
A growth area

John Spedan Lewis originally bought the 4,000-acre Leckford Estate in 1929 as his private estate, but it now belongs to the Partnership. It incorporates a farm, a milk-processing plant, free range poultry units and a farm shop, as well as Longstock Nursery, Longstock Park Water Garden and leisure facilities for Partners.

Wheat from its fields is milled to make Waitrose premium self-raising flour, and 220 acres of orchards produce Cox, Worcester Pearmain and Bramley apples each year, which are also used to make apple juice and cider. Honey is produced from its beehives, while its mushroom farm produces about 23 tonnes of button and cup mushrooms every week. Free range corn-fed Poulet d’Or chickens are reared using traditional husbandry methods. Voted by The Independent as ‘the country’s happiest chickens’, the flock has unlimited daytime access to pastures. Their solar- and wind-powered sheds help keep energy consumption to a minimum, while the natural waste from the sheds, along with manure from the mushroom farm, is recycled back onto the land as fertiliser.

Because of its exemplary farming procedures and animal welfare record, Leckford is also one of the dairy farms that provide Select Farm milk exclusively to Waitrose. It has invested in improved housing, redesigned its dairy parlour and provided protective mats for the Holstein Friesian cows that graze freely on rich pastures in the summer, and are fed grass and maize feed - also grown at Leckford - in the winter.

Best practice in action

Leckford adopts the best practice methods of an Integrated Farm Management system for efficient and environmentally responsible production, and has been certified to LEAF (Linking Environment And Farming) standards since 2004. Along with several other Waitrose suppliers, the Estate is a LEAF Demonstration Farm. Managing Director Malcolm Crabtree says, ‘Facing the same challenges as other farmers, we have the opportunity to share best practice so we happily open our doors to interested parties from the food industry, so they can see LEAF principles working in practice.’ Leckford also supports LEAF Tracks (www.leafuk.org/leaf/consumers/tracks.asp), an online system allowing consumers to find out where certified produce comes from and how it is produced.

Many of the other ongoing initiatives at Leckford fit very closely with Spedan Lewis’ original vision of ‘farming in harmony with the environment’, including the growing of oilseed rape for biofuel production and the planting of over 30 acres of short rotation willow coppice. These schemes are part of the first Government-funded Producer Group on Biofuels and will provide biomass fuel for a regional renewable power project due to start in 2007. Not only a biofuel, the coppice also provides shelter for 12,000 egg-laying Columbian blacktail chickens.

With the help of Defra’s Countryside Stewardship Scheme, the Estate has adopted a 10-year programme that involves tree and hedge planting, grassland management and creating arable ‘field margins’ to increase biodiversity. It also has plans to actively manage the Sites of Special Scientific Interest on the Estate to improve biodiversity and enhance its arboretum, replanting where required and cataloguing its collection of unusual trees.

Community matters

The farm shop and other parts of the Estate strengthen its ties with the local community, as they are used by many of the Estate’s Partners, residents and neighbours. The Longstock Park Nursery, for instance, is home to National Collections of Buddleia and Clematis Viticella, while the Longstock Park Water Garden has been called ‘the finest water garden in the world’ by the International Water Lily Society.

Attracting visitors from the food and farming communities, as well as students, academics and customers, also helps to spread the word to a wider audience. Leckford hosts local school trips, visits from Royal Agricultural College students and trainee chefs from Bournemouth and Poole College (see page 37). Partners who visit the Estate leave better equipped to answer customers’ questions about responsible farming. And in June 2005 more than 4,000 people had the opportunity to talk to farmers, buy produce and enjoy cooking demonstrations at the first annual Leckford Festival.
Supplier relationships

Traceability in sourcing doesn’t just benefit the consumer: it leads to a thorough knowledge of the suppliers and the production methods they use, and encourages stronger trading relationships. Waitrose nurtures such relationships with a range of initiatives designed to help its suppliers improve workplace conditions and increase their commercial, ethical and environmental sustainability.

Trusted relationships, mutual benefit
Waitrose believes that farmers, growers and suppliers should work with them, not for them. The longstanding and mutually beneficial relationships it has developed with suppliers over the years help to reassure its customers that its produce is fully traceable and consistently high in quality, and that everyone in the supply chain is treated with honesty, fairness and respect.

Although Waitrose’s supply base is small relative to some of its rivals, ensuring that they all obey the law, respect the rights and wellbeing of their employees, protect the natural environment and promote high standards of animal welfare is still a huge undertaking. Waitrose’s commitment to ‘responsible sourcing’ reflects the spirit of partnership that runs through its business and is illustrated by a number of specific initiatives outlined here.

Sourcing with a conscience
At Waitrose, the first step towards a responsible approach to sourcing is to communicate to suppliers its requirements and expectations with regard to labour rights and working practices, the environment and animal welfare. Waitrose does this through its internationally acceptable set of Responsible Sourcing Principles and a Partnership-wide Code of Practice (available in nine different languages), which all its own-label suppliers must sign up to. This involves liaising directly with in excess of 350 own-brand suppliers, which represent over 600 individual production sites each year.

With such a large and global supply base, it is important that Waitrose focuses its efforts on the most vulnerable parts of its supply chain. To prioritise those suppliers most in need of support, all supplier sites complete a self-assessment questionnaire. This provides Waitrose with essential information on workplace practices such as worker age, shift patterns, production processes, pay scales and on-site facilities such as housing and recreation.

The assessment process, completed annually since 1999, enables Waitrose to measure its suppliers’ compliance with the Code, then implement and monitor an agreed programme of corrective actions. Previously managed in-house, Waitrose transferred its supplier assessment programme to the Supplier Ethical Data Exchange (Sedex) in 2005. Co-founded in 2003 by Waitrose, which remains a board member, Sedex has grown to be the largest global database on labour standards. And today, more than 7,000 suppliers can now share information on international labour standards and workplace practices with their customers in a secure web-based environment.

At the last count, Waitrose’s Responsible Sourcing programme included 406 suppliers (covering 97% of Waitrose’s 2005/06 own-label sales), 546 sites producing or packing own-label products and more than 122,000 workers. Rosey Hurst, Director of Impactt Ltd, the ethical think-tank and consultancy that advises Waitrose, says, ‘Waitrose has made remarkable progress in understanding the issues in its supply chain, and not just for its immediate suppliers, as its programme now extends to the sites that supply its suppliers.’

All sites categorised by Waitrose as high priority (ie those currently unable to satisfy all the requirements of the Code) must commission an independent third-party ethical audit, and disclose the results to Waitrose. Members of Sedex have the ability to share audit results with other companies they trade with. Waitrose also commissions independent ethical control audits of sites in all priority categories (low, medium and high) to randomly monitor the accuracy of self-assessments. These are conducted at Waitrose’s expense and are undertaken for Waitrose supplier sites, which also extend to Waitrose Foundation farms.
Support and engagement
The Waitrose Responsible Sourcing programme raises awareness, shares best practice and generates feedback so that the company is better positioned to help those suppliers that need to improve their performance. Waitrose also holds conferences and workshops for suppliers, and supplier manuals encourage suppliers to promote responsible sourcing down their own supply chains. The programme’s success relies on the involvement of those individuals dealing with Waitrose suppliers on a day-to-day basis: its buyers and technologists. Responsible Sourcing training, piloted in 2005, will be rolled out to all Waitrose buyers and technologists in 2006/07.

But it’s not just about improving labour standards. Waitrose actively works with its suppliers to help them improve their environmental performance. In 2005, Waitrose supported the Envirowise Supply Chain Partnership, which helped more than 35 Waitrose suppliers use water, energy and raw materials more efficiently through a combination of training, waste reviews and impact assessments.

A ‘Big Tick’ for Responsible Sourcing
In June 2006, Waitrose’s efforts to improve the labour standards in its supply chain were independently recognised by Business in the Community. It received the National Example of Excellence HBOS Supply Chain Award.

Gangmaster licensing
The risks associated with temporary labour in the UK, highlighted by the death of 23 workers in Morecambe Bay in February 2004, led Waitrose to co-found the cross-sector Temporary Labour Working Group (TLWG). This body was brought together by the Ethical Trading Initiative, and included representatives from government departments, trade unions, farmers, food processors, retailers and labour providers. Its objective was clear: in the absence of legislation, a set of voluntary standards for assessing temporary labour working conditions in the UK food industry was needed.

As an active member of the TLWG, Waitrose encouraged all its suppliers and temporary labour providers to sign up and work towards minimum standards concerning wages, hours and working conditions. The initiative was such a success that over 400 labour providers voluntarily made a commitment to raise standards, and participate in an independent audit programme. The standards developed by the TLWG later became the basis of those adopted by the Gangmasters Licensing Act, which came into force in April 2006. From October 2006, anyone supplying labourers for the agriculture or food processing sectors will need a licence, and by December, it will be illegal to use an unlicensed labour provider.

Sustainable palm oil
Palm oil, a versatile raw material used in chocolate bars, ice cream, ready meals and margarine, plays a valuable role in the economic development of many countries. But as demand for palm oil plantations increases, so does the threat to the habitats and biodiversity of tropical forests in Asia, Africa and South America. Concerned, Waitrose has adopted a firm policy on sourcing palm oil. Although Waitrose does not source palm oil directly, it has committed to work with its suppliers to increasingly source palm oil from independently certified and sustainable plantations. As members of the Roundtable on Sustainable Palm Oil, a global forum that encourages sustainable palm oil production and use, Waitrose is helping to devise systems to trace palm oil in consumer products back to the original plantation, so that once palm oil certified as sustainable is available, its suppliers can purchase it.

Target...
All own-brand (direct) suppliers to be assessed against Waitrose Responsible Sourcing Code of Practice each year.

Performance...
All qualifying direct suppliers have been assessed.
Target met
Local partnerships

Public concerns about freshness, ethical production standards and food miles mean local food from small-scale producers has never been more popular. But local, regional and British food is something Waitrose has been actively promoting and supporting for years.

Flying the flag

According to The Local and Regional Food Opportunity survey (Institute of Grocery Distribution, 2005), 70% of British consumers want to buy local food and 60% of buyers believe British food is fresher because it hasn’t travelled as far. Waitrose already uses British suppliers wherever possible. For instance, all Waitrose beef, pork and fresh chicken are British, as is 100% of its venison, ducks and geese, and 85% of its bacon.

Addressing the Royal Agricultural Society of England (RASE), its President Sir Stuart Hampson, Chairman of the John Lewis Partnership, recently declared that retailers need to help customers to appreciate the importance and quality of British produce. To that end, Waitrose began promoting British, regional and local food together for the first time in early 2006, using a coordinated promotional campaign to illustrate their support for UK suppliers and clarify its message to customers. Product ‘stamps’ now identify the origins of regional and local food, labels carry photos of the producers, and new shelf-edge ticketing helps shoppers to find products from their local area.

Top marks for local produce

In 2005, Waitrose’s continuing work with local and small producers earned it a third consecutive Award for Excellence from Business in the Community (BITC). Waitrose was first awarded BITC’s annual ‘Big Tick’ when its Locally Produced initiative was named as the National ‘Example of Excellence’ in the inaugural Rural Action category. The scheme, which continues to support small producers selected for their product integrity and quality, now includes 185 producers offering 945 product lines in 135 shops.

Seasoned soups

When Belinda and Terry Williams started the Yorkshire Soup Company (www.yorkshiresoup.com) at their home near Ripon, their aim was to source the best local ingredients for a range of additive-free soups made with organic vegetarian stock. Their search took them across the county to Doncaster for beetroot, Wetherby for carrots, Sandhutton for herbs and even Theakston’s brewery in Malham.

The soups, which rotate with the seasons, are sold in four Yorkshire Waitrose shops – Sheffield, Willerby, Harrogate and Otley – and each pot features a photograph of the ‘local hero’ who supplies the main ingredient. ‘We use what’s in season locally as the inspiration for our recipes,’ confirms Belinda ‘Our soups are imaginative and original, yet free from added salt, preservatives, thickeners and stabilisers.’
Regional food
Products that are made in, specific to or perceived to be from a particular region, such as Kentish strawberries or Welsh lamb.

Regional food

Putting local food on the map
Most British regions are home to small producers who focus on quality rather than quantity, and therefore only produce enough to supply their local area through farmers’ markets, delicatessens and small specialist shops. As quality is a focus for Waitrose too, it selects the best of their products – from soups to cider, and ice cream to speciality breads – to sell in local Waitrose shops. Sales rose by 63% last year.

‘I seek out the finest local and regional products our country has to offer,’ confirms Graham Cassie, Manager, Brand Development. ‘We work with farmers and growers in a real spirit of partnership, and provide many rural areas with a new market for small-scale producers. It also means our customers can sample the very best food their local area has to offer and the positive effects are felt in their own communities.’

Small is beautiful
At Waitrose, the determination to seek out the finest in small-scale British food led to the launch of the annual Waitrose Small Producers Awards in 2001. It pays tribute to outstanding producers in six categories and honours a supreme champion, which in 2005 was the Bacheldre Mill of Powys, praised by the judges for milling flour in the traditional way and for sourcing its grain locally. This year’s winners will be announced in July 2006. To further improve the links with a host of local and small-scale suppliers, Waitrose:

• sets out its policy towards nurturing positive, long-term relationships with suppliers in its Small Producers Charter (see www.waitrose.com/food_drink/fooodexpertise/sourcing/smallproducers/index.asp)
• runs nationwide workshops for farmers, with advice from industry experts
• holds focus groups in Waitrose shops allowing customers to ‘meet the farmer’ and vice versa
• organises demonstrations and tastings of local seasonal produce
• holds regular ‘meet the buyer’ events in all regions.

Taste of the West
Taste of the West, one of the regional food groups of Food from Britain (www.foodfrombritain.com), helps to raise the profile of British food through promotions, business training and networking opportunities. Until a ‘meet the buyer’ event in May 2005, customers of Devon Rose, which produces welfare-friendly products from meat sourced close to Seaton, Devon, could only buy its products from local independent shops or by mail order. But since then, Waitrose shops in Okehampton, Sidmouth, Gillingham and Dorchester have stocked their free range sausages.

‘I’d never even thought of approaching Waitrose,’ says Devon Rose director Richard Dean. ‘I assumed we were too small. But Taste of the West gave us the helping hand we needed, with lots of practical advice on presenting our business and help with packaging and labelling issues. The Waitrose listing has generated greater respect and credibility among customers.’
Global partnerships

Regardless of where its suppliers are located, Waitrose believes all the products it sources should be traded fairly. To help ensure this, it supports established schemes that further contribute to the sustainable development of the communities where farmers and growers live, and it has set up its own ‘Waitrose Foundation’, a partnership designed to improve the lives of fruit workers in South Africa.

Fair trade for farmers

While Waitrose aims to ensure all its own-label products are traded fairly, it also supports established schemes such as Fair trade (www.fairtrade.org.uk), which helps to give producers in the developing world a better deal. The Fairtrade Foundation mark is awarded to producers of a wide range of products that meet internationally recognised standards of fair trade, including decent wages, health and safety standards, the freedom to participate in trade union activities and the absence of child or forced labour.

Sales of Fairtrade items generate a guaranteed price to cover production plus a ‘social premium’ to be reinvested in the supplier’s own business or their local community. Waitrose stocks one of the widest ranges of Fairtrade products: over 85 products across 17 food categories, from coffee, tea and cocoa to chocolate, cereals, fruit, biscuits and snacks. Waitrose annually supports Fairtrade Fortnight with price promotions, tastings, posters and magazine coverage.

First of the bunch

In 2005, Waitrose became the first UK retailer to sell loose Fairtrade bananas, an initiative that will help to fund social projects in the Windward Islands, where its 105 growers live. It is hoped sales will raise £250,000 over the next 12 months, in addition to the financial support Waitrose gave after tropical storm Lili damaged many of the Islands’ banana crops.
The Waitrose Foundation

As a socially responsible retailer that sources large amounts of citrus fruit from South Africa, Waitrose is keen to contribute towards the long-term development of the country. So in June 2005, it launched the Waitrose Foundation, a unique partnership between Waitrose and its suppliers designed to improve the lives of the workers who grow and pick the fruit.

Through an agreement between Waitrose, the importers, export agents and growers, a proportion of the profits from the fruit carrying the Foundation logo is used to support social, educational and health projects for the workers, their families and their communities. Locally elected worker councils decide what is needed most – healthcare, crèches, adult education classes – and because much of the work is seasonal, training that helps to secure additional year-round income has proved particularly popular. Grants are then awarded by a board of trustees, which includes representatives from Waitrose and other partners in the supply chain.

Raising more than £330,000 in 2005, of which Waitrose contributed 60%, the Foundation has already funded 25 separate community projects at 10 citrus farms, supporting more than 5,000 workers.

Waitrose Managing Director Steven Esom, who opened two of the Foundation-funded projects in May 2006, says, ‘The Waitrose Foundation is a forward-thinking, long-term approach and it is clear our customers have responded with enthusiasm to its principles. By passing some of our profits back through the supply chain, South African farm workers are able to invest in their own communities, and in turn deliver the very best quality products for our customers. It provides a meaningful link between them and the workers who grow and pick their fruit.’

A long-term solution

Rupert Thomas, Waitrose’s Central Buyer for fruit, adds that, ‘Although we believe the Foundation is a model for the future of socially responsible trading, it also links in with the Government strategy of Black Economic Empowerment. It’s a framework intended to support and enable the participation of black South Africans as owners, managers, professionals and skilled employees in the agricultural sector. Farm workers need to have the necessary skills to manage the land effectively, and the Foundation is our response.’

Although in its early stages, the Foundation is already a commercial and social success, and at the BITC Awards 2006 earned Waitrose (alongside the Waitrose Responsible Sourcing programme) the National Example of Excellence HBOS Supply Chain Award. Waitrose has recently extended the scheme to avocados, and plans to do the same with grapes, stone fruit, apples, pears and mangoes beyond that. The scheme expects to raise £500,000 in 2006/07.
With 179 shops stretching from Cornwall to Scotland, keeping our shelves stocked with thousands of products presents us with quite a challenge. Through centralising our distribution network (we now operate from three regional centres) and working closely with suppliers and colleagues, we are striving to minimise the number of deliveries we make, the distances we drive, and the disturbances to local residents and other businesses. Having our own fleet of vehicles and our own highly trained drivers also ensures that our lorries are well maintained, meet the highest environmental and safety standards, and are driven safely and responsibly. It all comes together as one efficient distribution network, which helps us to achieve our claim to be “best at fresh” while limiting our impact on the environment and our local communities.

Tony Solomons Supply Chain Director
How food gets to the shops

For a business that prides itself on its reputation for being ‘best at fresh’, transporting food around the country in a fleet of lorries poses Waitrose many questions. There are no straightforward answers, but Waitrose remains determined to make its distribution network as efficient, safe and environmentally responsible as possible.

Joined-up thinking
According to Defra, the volume of UK food transported by heavy goods vehicles increased by 23% in the 25 years after 1978, and the distance for each trip increased by more than 50%. Not surprisingly, managing the environmental impacts of distribution is one of the greatest challenges faced by large retailers like Waitrose. Last year, its commercial fleet drove more than 15 million miles, a figure that has risen by 11% over the last year, reflecting the significant growth in the business and its expanding geographical reach.

The fact that Waitrose champions British produce when it is seasonally available and supports small, local producers goes some way to redressing the balance. But to help deliver more goods while reducing food miles, its key aim is ‘transport optimisation’ - ensuring its lorries are well packed and that they avoid unnecessary journeys.

It helps that Waitrose has centralised its distribution system: all but 5% of its goods are delivered to the Bracknell, Brinklow and Bardon Regional Distribution Centres (RDCs) before being trucked out to its shops. Further improvements to its transport network also enable some suppliers to use transport consolidation solutions, where a preferred haulier collects from a number of suppliers before delivering to the RDC. This saves on mileage, brings greater load efficiency and is a more viable option for suppliers dealing in small volumes. These initiatives seem to be working. In 2005/06, Waitrose increased vehicle utilisation – commercial miles driven per £million sales reduced by 2% on the previous year – while vehicle fuel efficiency improved 1% to 10.92 miles per gallon.

Waitrose is also experimenting with trials that allow local suppliers to deliver direct to shops, such as growers involved in its ‘local food’ initiative in Kent. Waitrose has around 220 local product lines delivered in this way and is currently evaluating the success of these initiatives, and measuring the beneficial effect on food miles. Furthermore, produce delivered in this way is clearly labelled as such, providing customers with the opportunity to support local businesses, and raise awareness of seasonality and food miles issues.

Putting the wheels in motion
The Partnership owns approximately 1,700 commercial vehicles, which are responsible for the majority of its deliveries. This includes 170 WaitroseDeliver vehicles, which bring goods directly to customers’ doors. Owning its own fleet means it can specify the vehicles and engines it wants, service them regularly, fit optional extras and trial new technologies, all of which can help to reduce Waitrose’s environmental impact. For example, its lorries have rounded front corners and aerodynamic side-skirts to minimise wind resistance and reduce fuel use, and advanced cooling systems, which do less damage to the environment, are quieter than conventional systems and maximise chilling space. Many of its pre-Euro 3 vehicles are also fitted with Continuously Regenerating Traps (CRTs) to reduce carbon monoxide and hydrocarbon emissions.

Two years ago, Waitrose became the first UK company to trial the Euro 4 engine, which emits 76% less nitrous oxides and 96% less particulate matter (soot) than a 1992 engine. This comes ahead of new European regulations, being introduced in August 2006, which will impose significant reductions in emissions from large commercial vehicles. Low Emission Zones planned for London will also place restrictions on commercial vehicles entering the capital. By 2008, all such vehicles will need to have Euro 3 engines, a standard Waitrose will be fully compliant with, but by 2010, Euro 4 engines will be required, which presents Waitrose with a considerable challenge as its normal vehicle replacement cycle is every six years.
A good training ground
Good driving can cut fuel use by up to 20%, but it also reduces accidents, so all Waitrose commercial drivers are provided with appropriate driving courses. Since 1997, the Partnership has operated a unique risk rating system to assess the safety performance of its 1,000-plus commercial drivers. The system collates accident statistics and gives penalty points to drivers involved in collisions, helping to identify those drivers requiring additional training. In 2005/06, the average risk rating remained low at 2.94, down 3% on the previous year. Furthermore, all Waitrose maintenance engineers will be undergoing refresher training during 2006, as part of the ongoing commitment to meeting the recognised industry safety standards.

All drivers are encouraged to join the Royal Society for the Prevention of Accidents (RoSPA), which operates a national awards programme for safe driving. Of the 868 Partner members, 686 qualified for awards in 2005 in recognition of another year of incident-free driving and 17 Partners qualified for further awards following more than 25 years of incident-free driving.

A share in the future
Through partnerships with local authorities, freight companies and other interested parties, Waitrose shares its views and helps to influence future transport legislation by giving talks, presenting ideas and reports, and attending meetings. Waitrose is part of the Central London Freight Partnership, and in David Sheppard, the Partnership’s Deputy Head of Transport, it has a representative on the Freight Transport Association Council, a forum that examines emerging transport legislation. According to David, “We have some major initiatives ahead, all of which will help the environment and reduce driver risk - like implementing biofuels, satisfying the proposed changes to operator licensing, meeting new and more stringent regulations on maximum driving hours, and supporting the introduction of Low Emission Zones.”

In it for the long haul
Computerised route planning enables Waitrose to match lorries with loads more efficiently. These days, it is fairly common to deliver to a shop and then ‘backhaul’ - pick up stock from a nearby supplier on the way back to the depot, utilising empty lorries on return journeys, saving fuel and saving the supplier from having to use their own lorry.

‘Forward hauling’ - where a supplier’s lorry delivers Waitrose goods to a shop on its way back from an RDC - occurs too. When Waitrose can’t utilise its own fleet, it uses preferred hauliers to consolidate larger deliveries.

In 2005/06, over 2 million miles were saved by suppliers using back- and forward hauling, up 43% from 2004/05.

| Target... | To reduce the number of miles driven per £million sales year on year. |
| Performance... | Total number of commercial miles driven has increased by 1% from 2004/05 to 2005/06. However, avoided miles from back- and forward hauling has increased by 43% from 1.46 million miles in 2004/05 to 2.09 million miles in 2005/06. Overall, commercial mileage driven per £million sales has reduced by 2% over the last year. |
| Target met | |

| RoSPA Member | |

via distribution 21
"Our distribution network serves a growing number of individual Waitrose shops - 179 at the last count. Each one has been designed or adapted to be in keeping with the local environment, whether they are in the centre of the high street or on the edge of town. We want all our shops to reflect our culture and values: to be a great place to shop and a great place to work."

Nigel Keen Development Director
Managing environmental impacts

With a series of acquisitions and new developments, the last two years has been a period of strong growth for Waitrose. With 35 new shops and an increase in sales area, Waitrose needs to ensure each new shop is designed to suit its surroundings, is built responsibly and operates sustainably if it is to keep its environmental footprint in check.

A vision of the future

In March 2006, a five-shop acquisition from Somerfield saw Waitrose enter new territory for the first time, with two shops in Edinburgh, Scotland. With these, the previously acquired 26 stores following Morrisons’ acquisition of Safeway, and newly built shops in Droitwich, Wallingford, West Ealing and Lichfield, Waitrose now has a total portfolio of 179 shops. Waitrose shops vary in size, with locations ranging from the high street to edge-of-town sites. But at all planning stages, from choosing the initial site to the shop’s opening, the views of local people and all relevant authorities are sought.

Detailed investigations show that opportunities for large-scale on-site renewable energy generation remain few and far between for supermarkets. Committed to renewable energy through, Waitrose keeps in touch with the latest renewable technology and is helping to support some of the UK’s most innovative research into renewable energy. Keith Richards, Managing Director of Thames Valley Renewable Energy Agency (of which Waitrose was a founder member), says, ‘Financial and management support from Waitrose has enabled TV Energy to continue with its programme of community renewables initiatives, which have provided small wind turbines, solar panels and wood heating systems for a number of schools and public buildings in the Thames Valley. In addition, by engaging directly with growing energy crops on its estate in Hampshire, Waitrose has shown commitment to producing sustainable energy themselves, acting as a beacon for other private sector companies to follow.’
Chilled out
Waitrose has committed to invest £11 million a year for five years on new refrigeration (where the bulk of its electricity is used), which will see:
• the introduction of new refrigeration units that comply with tough new environmental legislation on refrigerants and energy use
• the replacement of upright open frozen food cabinets with ones with doors to reduce energy consumption
• the use of night blinds on refrigeration units outside trading hours.

Tackling climate change
Climate change is the biggest environmental concern we live with today. A firm supporter of the Kyoto Protocol, Waitrose has made a public commitment to reduce its CO2 emissions by 10% by 2010, relative to its trading pattern in 2001.

The Partnership has also joined the Corporate Leaders Group on Climate Change, a group of CEOs and senior executives from 13 major UK and international companies. The Group has come together under the auspices of HRH The Prince of Wales’s Business & the Environment Programme, in response to a challenge issued by the Prime Minister in his climate change speech at the Programme’s 10th Anniversary in September 2004. As a member, the Partnership has made a commitment to take action on climate change, to show strong leadership, and to offer support to Government in developing new, longer-term policies for tackling climate change.

Due to significant growth in the business, Waitrose’s carbon emissions are rising, up 30% against a baseline of 2001 to approximately 230,000 tonnes of CO2. But as a result of a strict carbon management programme, Waitrose has consistently reduced its emissions relative to its 2001 trading pattern. Overall emissions have fallen by 20% to 62 tonnes per Emillion sales, and Waitrose is currently exceeding its 10-year reduction target. However, in a business with hundreds of low-intensity emission sources (its shops), each one representing less than 0.5% of total emissions, there is no quick fix.

Energy watch
Today, new Waitrose shops are typically 20% more efficient than those built 10 years ago. But with bigger shops and longer trading hours absolute energy use continues to rise, although energy efficiency has improved by 10% since 2004. With 73% of Waitrose CO2 emissions resulting from electricity and gas usage, a Partnership-wide campaign, ‘Save Energy, Share the Savings’, was launched in 2005 to show Partners where simple energy savings could be made, such as reducing use of heating and air conditioning, and switching off lights and computers.

Working with the Carbon Trust, a Government-funded company dedicated to carbon emission reduction, Waitrose has identified ways to reduce its energy consumption, and hence carbon emissions, in its shops. These include the use and timing of air conditioning units and boilers, and better lighting and heating controls. Waitrose is also investigating heat reclamation from refrigeration units and alternative ways of melting fish counter ice at the end of trading.

Turning the tide
Although not a big user of water, Waitrose recognises the part it has to play in using less of this precious and increasingly scarce resource. This is a challenge for Waitrose, as it doesn’t have regular and reliable data on consumption. Data gathered shows that water consumption has increased in absolute terms by 65% in 2005/06, to over 840,000 cubic metres a year, and water consumption per full-time equivalent (FTE) Partner increased by 55%. This step change is most likely to result from Waitrose’s concerted efforts to capture data on water usage, and although Waitrose will continue to publicly report available data it is still not confident that its water consumption profile is sufficiently accurate or reliable.

Target...
Annual energy consumption per sales area to improve by 5% by 2008, and 10% by 2013, against 2003/04 baseline.

Performance...
Efficiency improved by 10% in 2005/06, based on 2004/05 performance. Currently 20% below 2003/04 baseline figure.
On target

Target...
Reduce CO2 emissions per Emillion sales by 10% by 2010 against 2001/02 baseline.

Performance...
CO2 emissions fell from 66 tonnes per Emillion sales in 2004/05 to 62 tonnes in 2005/06, a reduction of approximately 5% since 2004/05 and 20% since 2001/02.
On target
Waste and recycling

Waste has a huge impact on the environment, from unsightly litter to sprawling landfill sites. Waste is also a financial burden in terms of the money spent on unwanted goods and the costs associated with waste disposal. Waitrose’s longstanding objective is to reduce waste wherever possible, and to reuse or recycle more of what is produced.

Less is more

Product packaging placed on the market by Waitrose represents approximately 90,000 tonnes of consumer waste, an issue that particularly concerns its customers. Waitrose packaging designers, working with the Government-funded Waste & Resources Action Programme (WRAP) (www.wrap.org.uk), are currently looking at ways to improve the packaging performance of a range of its products and, where possible, reduce packaging weight. By signing up to the Courtauld Commitment with 12 other leading retailers, Waitrose has made a public commitment to help WRAP explore the viability of new materials and eliminate packaging growth by 2008. Waitrose is already on track, having worked to reduce packaging consumption relative to sales over the last four years, and reducing consumption by 24% between 2002 and 2005.

Waitrose continually explores the environmental and technical feasibility of alternative materials, such as biodegradable packaging. In November 2004, Waitrose introduced a 100% biodegradable jute-based wine carrier bag and plans to pilot biodegradable packaging in its organic range of pre-packed fruit and vegetables later this year. It is through such trials that Waitrose can monitor the technical performance of biodegradable materials. However, Waitrose does have concerns about a complete conversion to biodegradable sources, something a number of other retailers have done. Because few industrial and publicly accessible composting facilities are available, the vast majority of biodegradable packaging will be disposed of to landfill for the foreseeable future.

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Want not, waste not

Waitrose always aims to minimise food waste through accurate ordering - especially as 60% of its total waste is food - but where it arises, donating surplus food can offer a socially beneficial solution. Following a successful trial of the FareShare food donation scheme (www.fareshare.org.uk), Waitrose is rolling out food donation to shops where FareShare can provide a collection service. Waitrose supports this initiative by donating all suitable products to FareShare, which redistributes high-quality surplus fresh food from the food industry to homeless and vulnerable people at day centres and night shelters.

Alex Green, Director of Marketing and Fundraising, FareShare, is delighted to be working with Waitrose. ‘It’s amazing what difference each shop can make. Over the last 12 months, we have collected 3.33 tonnes of food from the Western Road store in Brighton. We estimate that this helped to provide almost 4,000 meals for disadvantaged people in the area. By ensuring this food was not wasted, Waitrose also reduced CO2 pollution by approximately 22 tonnes. This is part of a range of initiatives that have involved a number of key people from the business committing time and expertise with the aim of developing a specific national food collection project, which will be rolled out in 2006/07.’
Bringing its bags to life

Waitrose estimates that it gives away 250 million of the 9 billion free carrier bags handed out by UK retailers each year. Although a small percentage of the product packaging it handles each year, Waitrose is keen to reduce unnecessary bag use and offer environmentally responsible alternatives to its customers. It was the first retailer to introduce a ‘Bag for Life’ in 1997. Sold to its customers for 10p, bags are replaced free of charge once worn out.

All returned bags are recycled into plaswood furniture, including children’s activity benches (pictured below), which Waitrose often donates to local community groups. Since the introduction of its Bags for Life, Waitrose has avoided the use of around 50 million carrier bags and 6,000 tonnes of packaging each year. Customers who register with Waitrose’s Quick Check facility, offered in 45% of its shops, are also provided with free reusable Quick Check bags.

Furthermore, its biodegradable, reusable jute bag, launched in 2004, has had a positive social impact too. 20p from every sale is donated to the Spiti Project, a London-based charity supported by His Holiness the Dalai Lama that is helping to provide a school, medical facilities, educational scholarships and the installation of water pumps for villages in the remote Spiti region of the Himalayas. In the last year, Waitrose has donated more than £8,000 to the project.

Last autumn, the two Waitrose shops in Bristol, along with a number of major supermarket retailers, took part in WRAP’s ‘Choose to Reuse’ campaign. This sought to persuade consumers to use fewer free carrier bags on their shopping trips, by encouraging them to reuse bags instead. More information can be found at www.wrap.org.uk. Both shops won a Severnside Recycling Award for their role in the campaign in recognition of their efforts to reduce waste.
Doing the business

The John Lewis Partnership is much more than a retail business with sales of over £5 billion a year and an expanding network of shops. It is the result of decades of endeavour to create a different sort of company - one that is honest with its customers, fair to its suppliers and shares its success with everyone who works for it.

A unique business model

Waitrose, as part of the John Lewis Partnership, is quite literally a community of stakeholders. There are no shareholders, but Partners have a say in how the business is run and last year, shared £120 million of the Partnership’s profits in the form of a bonus. Truth, honesty, participation, ethical values and a written Constitution set it apart and make it Britain’s largest and longest-surviving employee-owned business.

The Waitrose culture is based on the formal documents that define the Partnership’s democratic structure and determine how the business is run on a day-to-day basis: a written Constitution, and its Principles and Rules. The Constitution, now over 75 years old, contains seven Principles (see above); many of them read like a modern-day wish list for corporate social responsibility (CSR).

Powered by our Principles

In 2005, the Partnership launched ‘Powered by our Principles’ (PboP), an initiative that has helped translate the founder’s original set of Principles into modern-day behaviours, something which in hindsight has proved very timely, as Waitrose has over 3,500 new Partners. The behaviours are designed to encourage the integration of its Principles into everything its Partners do, from their business relationships and its work environment, to appraisals, training and recognition.

‘Being “Powered by our Principles” means being honest, showing other people respect, recognising others, working together, showing enterprise and achieving more; quite simply, it’s about the way we behave. It’s essential that we live these Principles,’ says Steven Esom, Managing Director of Waitrose.

‘They will guide us on how to behave towards our suppliers, our customers and most importantly, how we behave among ourselves. It’s all about living these Principles and it’s up to all of us to do it.’

Democracy and governance

It’s more than 75 years since John Spedan Lewis effectively handed over the Partnership to his employees, setting out a vision of a business that was fair to all, was owned by Partners, and was commercially competitive, enabling what Lewis called ‘the sharing of gain, knowledge and power’. And while the Partnership Constitution has been revised over the years, most recently in 2004, it remains firmly based on the original document of 1929, and it still relates to how democratic ownership should operate - through a unique system of employee participation with three main governing authorities:

- the Partnership Council – best described as the ‘Partnership’s parliament’
- the Partnership Board - ultimately responsible for the Partnership’s direction and strategy, and includes five Partners elected by the Partnership Council
- the Chairman - who takes executive leadership of the Partnership.

Beyond that, Partner participation extends throughout the business, and all Partners are encouraged to learn about the business and to take an active role in the various councils and forums. For example, Waitrose has its own elected Divisional Council, which works alongside the Waitrose Management Board, and Partners can also make their views known through a variety of committees dedicated to community investment, financial support for Partners, social and leisure activities, and communication.

Our Principles

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Power</th>
<th>Profit</th>
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<tr>
<td>The Partnership’s ultimate purpose is the happiness of its members, through their worthwhile and satisfying employment in a successful business. The Partnership is owned in trust for its members so they all share the responsibilities of ownership as well as its rewards - profit, knowledge and power.</td>
<td>Power in the Partnership is shared between three governing authorities: the Partnership Council, the Partnership Board and the Chairman.</td>
<td>The Partnership aims to make sufficient profit to sustain its commercial viability, invest in its development, distribute profits to members and pursue other goals consistent with its purpose.</td>
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Power by our Principles

Powered by our principles.
Corporate governance and managing CSR

The Partnership’s Principles sit perfectly with today’s corporate social responsibility agenda. So CSR is clearly not something new to Waitrose, but is engrained in its culture and business.

As a Partnership, Waitrose recognises that the management of social, ethical and environmental issues involves everyone. While it firmly believes that responsibility rests with line management, technical guidance and support is provided by the Partnership’s Head of Corporate Social Responsibility and team – a shared service to both John Lewis and Waitrose. Principal authority and accountability for these issues rests with the Deputy Chairman and the Director for Corporate Responsibility, and each division has a board director responsible for CSR.

As an integral part of its risk management and a key element of effective corporate governance, Waitrose established a CSR committee in 2002. Its focus is to maintain a sound system of internal control, agree CSR policies and programmes, regularly review performance, and report and provide assurance to the Partnership Board.

Each divisional committee reports to the Partnership CSR Committee every six months, which in turn reports annually to the Partnership Board. Divisional CSR committees are themselves responsible for implementing sound systems to identify and manage CSR issues. The committees are supported by a number of technical working groups that address a wide range of topics, including environmental protection (first set up in 1991), responsible sourcing (since 1998) and, more recently, workplace diversity.

CSR performance highlights

With its open and honest culture, Waitrose recognises that its CSR performance must be open to public scrutiny. It aims to fairly and regularly report its performance, online and in reports such as this. It also participates in many independent benchmarking surveys; the results of some are shown below.

- In August 2005, Waitrose received the highest ‘ethiscore’ for large supermarkets in Ethical Consumer magazine’s independent survey of CSR performance among UK retailers. It was one of only two retailers to receive full marks in the ‘company sustainability’ category, and received further praise for its performance on ethical trading, environmental protection and product sustainability.

- The Partnership was ranked the second-highest performing retailer in an independent survey of social responsibility and accountability undertaken by csr network. Scoring 55%, the Partnership easily outperformed the retail average (35%).

- As announced in the Top 100 ‘Companies that Count’ supplement to The Sunday Times, the Partnership retained its place in Business in the Community’s Corporate Responsibility Index Top 20 this year. After dramatically improving its ranking in 2005, leaping from 45th position to joint ninth, the 2006 index now ranks the Partnership equal 14th.

- Last year, Waitrose and John Lewis’ CSR performance was awarded an International Visual and Communication Association (IVCA) Clarion Award for the best printed CSR materials, with judges commenting that they ‘provided a simple and clear explanation of its mission, objectives and achievements’.

- In 2005/06, the John Lewis Partnership commissioned independent consultants csr network to undertake an internal assurance process on its Social Responsibility Online management system, focusing on the processes and controls in place for the aggregation of CSR performance data.
Working for the Partnership

The Partnership employs approximately 64,000 dedicated, knowledgeable and professional Partners, over 36,000 of them at Waitrose, and continually works to improve workplace conditions, benefits and opportunities for them all. As co-owners, all Partners have a voice. Communication is key, with almost every shop and department throughout the company running weekly communication half-hours, while Committees of Communication allow non-management Partners to pass their views directly to the Chairman.

Having a say

The Waitrose Chronicle (weekly newsletter), intranet and website, and the Partnership-wide weekly internal magazine The Gazette, keep Partners up to date with news, company information and the latest products and services, as well as providing a forum where their concerns and questions will be addressed fully, frankly and anonymously if necessary.

Raising the standard

Waitrose aims to offer every customer the best-possible experience in its shops, so it needs Partners who share that objective, and who have the necessary skills and knowledge. ‘We’re determined to demonstrate passion and commitment in ensuring that the service from every Partner, every day, every time, to every customer, is the best on the high street,’ explains Director of Selling Geoff Salt.

Building on a comprehensive induction programme, ongoing training, appraisals and access to a wide range of learning resources, Waitrose is planning to extend its Fresh on Service training programme and introduce refresher point-of-sale training to further invest in its Partners’ personal and professional development.

Just rewards

In addition to a fair salary, all Partners are rewarded with an annual Partnership Bonus - a share of the company’s profits. The Partnership Board decides how much is reinvested into the company and how much is distributed to Partners. In February 2006, £120 million was paid out as a Bonus, the highest ever, equal to 15% of pay.

Partners enjoy a wide range of other benefits too, including a non-contributory pension scheme, life insurance, season ticket loans and shopping discounts, a wide variety of social events, and affordable holiday accommodation at properties owned by the Partnership across the country.

In 2006, the Partnership announced changes that make more Partners eligible for ‘long leave’ - six months’ paid leave - after 25 years’ service, and it has also introduced a flexible retirement policy so that Partners can request to work beyond 65. According to Andy Street, Director of Personnel, a new career break policy being introduced in July 2006 is ‘a major addition to our current leave and work-life balance policies, and one that will also give Partners the opportunity to fulfil other personal priorities such as childcare or a desire to travel’.

Celebrating diversity

The Partnership’s vision to be an ‘employer of distinction’ requires a culture based on:

• Partners being treated as individuals and with respect, dignity, honesty and fairness
• employment policies that are fair and provide equal opportunities for all
• respecting and reflecting the communities within which it trades.

The Partnership already does much to celebrate individual differences but it wants to support that philosophy more with its PboP thinking (see page 28), particularly as it helps Waitrose to attract, retain and develop Partners.

‘Diversity gives us a commercial advantage,’ confirms Andy Street.

‘If Partners feel recognised, valued and respected, they are more likely to make a commitment to the business, they will achieve more, and Partner turnover will be lower.’

The Partnership’s Diversity Strategy Group has been the driving force behind new diversity awareness training, a recruitment guide for managers, and two new gender and ethnicity discussion forums, as the business aims for more women and Partners from ethnic minorities in management positions, and a better match between shop staff and the communities they represent.

In 2005, Waitrose also completed a full review of its dignity at work policies, revising them to create a new fair treatment policy.
Our survey said...

All Partners have the chance to express their views about their jobs, managers and the Partnership through the annual Partner survey, which was extended to all shops in 2004. Last year a total of 53,000 Partners aired their views, raising the Partnership-wide response rate from 60% to 79%; the Waitrose response rate also improved from 64% to 73%, and although the Chairman’s 85% target was only met by 48 shops, two - Sudbury and Windsor - recorded the business’ first-ever 100% response rates. The average score also rose to 10.3, up from 9.2 in 2004; and 101 Waitrose shops scored above the Partnership target of 10, with Okehampton scoring the highest at 15.

More than 23,000 Partners wrote comments or suggestions, the greatest number concerning management structure and style, staffing levels and pay. Since the survey began, the Partnership has reviewed its democratic arrangements, with new Council procedures currently being piloted in four Waitrose shops, and undertaken an equal pay audit as a result of such feedback. The recently launched 2006 Partner survey will also ensure what is measured fully aligns with the Partnership’s PboP philosophy.

Our Partners say...

'We are a large organisation, and managers don’t always know what Partners are thinking. It’s good that the forms are looked at by an outside agency and that we are guaranteed anonymity.’

‘Everyone in this shop, everyone you speak to - they know they’ll always be respected. Whatever opinion they give, it will be taken very seriously.’

‘The survey results are extremely important. They’re the best way of telling if we’re on target to meet our ambition of being “an employer of distinction”, and if we really are being Powered by our Principles day after day.’

‘The comments from Partners have been taken on board but some may take longer to resolve than Partners would like. This has been a challenge to communicate, as Partners want instant results.’

‘There are lots of opportunities for Partners to give feedback and engage in genuine two-way communication, so some may think a survey is unnecessary. But the survey gathers the opinions of all Partners, including the “silent majority”, and that gives a more accurate measure of the thoughts, moods and feelings that prevail at all levels of the business.’

‘The various measures we have taken in response to the survey findings are only part of the strategy... there is no quick fix.’
...to the customer

‘As well as creating employment opportunities for local people, we want our shops to provide pleasant, convenient and accessible shopping for our customers. We are passionate about the food we sell and so are our customers - so we are committed to offering them the best service and the right information, enabling them to make informed choices about the products they purchase. With a focus on the ‘local’, Waitrose and its Partners also have the opportunity to make a real and practical difference to the communities where we operate through our charitable donations and employee volunteering programmes.’

Kevin Garrett Head of Customer Service
Gold service

Listening to customers and making sure they can access the products and information they want is crucial to the success of any business. But the dedication and desire to go the extra mile shown by Waitrose Partners is evident in the results of two recent customer satisfaction surveys, in which Waitrose achieved top marks along with its sister company, John Lewis.

Another satisfied customer

Many Waitrose Partners have worked for the business for a long time, and are passionate and knowledgeable about the products they sell. For instance, Amanda Sprowson, Buyer, Frozen Foods, was recently named by The Grocer magazine as a ‘Star Buyer’, nominated by nearly every ice cream supplier in the survey for her ‘commitment to new product development and understanding of the category’.

Waitrose customers also remark on Partners’ friendliness and helpfulness, a fact borne out in two recent consumer satisfaction surveys. Waitrose was placed second, behind John Lewis, in Verdict’s 2006 Consumer Satisfaction Index, which measured how satisfied 6,000 consumers were with more than 60 retailers. Increasing consumer appreciation of its ‘quality food, honestly priced’ philosophy secured it the top score on ‘quality’ for the fifth time in six years; it also received top marks for ‘store layout’ for the fourth consecutive year, and was ranked second on ‘service’ and ‘ambience’. Verdict’s Nick Gladding confirmed the rise from 20th place a year ago was because ‘customers like the wide choice and the move towards healthy eating’ and that ‘Waitrose communicates food provenance well’.

Waitrose pipped John Lewis in a customer satisfaction survey among 42 of Britain’s top retailers conducted by the consumer association Which? More than 2,000 shoppers in 80 UK locations were asked about their recent shopping experiences, and 79% of Waitrose customers rated products as ‘excellent/very good’. The top rating was also awarded for customer service by 68% of customers and for its in-store experience by 63%.

Access all areas

Waitrose has a continuous programme of work that ensures it complies with the Disability Discrimination Act (DDA), which includes DDA audits in every shop, and identifies ways to further improve physical access to its shops and services. For example, Waitrose now has trained disability assistance Partners across its store estate.

But providing clear, accessible information is equally essential. Key literature, corporate documents – such as this report – and customer information are made available in alternative media such as large print and audio tape, and the waitrose.com website carries the Royal National Institute for the Blind’s ‘See it Right’ logo for its accessible design.

At your service

Waitrose shops offer a wide range of facilities and services to make shopping more straightforward for disabled customers, those with prams and pushchairs, and customers with other accessibility needs.

These include:
- packing assistance at checkouts
- accompanied shopping
- customer collection points
- carry-to-car services
- wheelchairs
- specialised trolleys
- wide access lifts where required
- toilets for the disabled
- space permits
- hearing loops at customer service desks
- improved in-store signage
- designated parking areas
- service call facilities at petrol stations
- Quick Check, its innovative scan-as-you-shop service
- self-pay checkouts
- home delivery
- online ordering
- trained disability assistance Partners

Target...

Customer Relationship Index (a measure of customer satisfaction) to continuously exceed 90%.

Performance...

This year’s score was 88.7%. As a new indicator, no historical data is available.

Target nearly met
It's good to talk
Good customer service isn't just about providing things. It’s about listening to customers’ comments, opinions, suggestions and criticisms at all stages of the retail process and, where necessary, acting upon them. Waitrose does this through a variety of research and feedback methods, from its Partners instore through to dedicated customer focus groups, and customer surveys, which are used to seek feedback on its approach to a particular issue. For example, in 2005, Waitrose commissioned its largest-ever piece of consumer research to date, contacting more than 2,500 customers for their views. The information on attitudes towards food labelling, fair trade, organics and local produce is used to continuously stretch Waitrose’s differentiation in these areas.

Although it’s impossible to act on every comment, good or bad, customer feedback is invaluable and helps Waitrose improve its customer offering. And on occasion, it can directly lead to the development of new business initiatives. For example, WaitroseDeliver, its internet home shopping service, and in-store services such as Quick Check, have been developed on the back of such feedback.
Striking a perfect balance

In the belief that a healthy diet is integral to long-term wellbeing, Waitrose launched Perfectly Balanced, a range of high-quality food developed to strict nutritional criteria. There are now 160 Perfectly Balanced products – from ready meals and sandwiches to soups, cooking sauces and desserts – which have less than 3% fat, are lower in salt and calories, and are free from artificial sweeteners and colours. The range was cited in Healthy Options, a recent British Retail Consortium study into the role British supermarkets play in developing healthy products with clear nutritional labelling. Waitrose also provides a significant number of products in half or reduced fat varieties, or with reduced or low sugar alternatives, and it has removed hydrogenated fat from many own-brand foods as part of an ongoing programme.

Customer education

Child obesity, advertising aimed at children, health issues associated with poor diet and nutrition, and the increase in food intolerances are all hot topics in the world of food retailing. Waitrose takes these issues seriously and that’s why its stance on responsible customer education – from product labelling and leaflets to advertising and materials for schools – has been recognised by the National Consumer Council.

You are what you eat

According to Gemma Lacey, Project Manager, Corporate Social Responsibility, ‘Waitrose is committed to educating consumers about health and nutrition issues, helping them to make more informed choices about the food they purchase’. That’s probably why Waitrose was placed equal second among the UK’s leading supermarkets in the National Consumer Council’s 2005 Health Responsibility Index for its performance.

Waitrose likes to make healthy eating easy for its customers, so it introduced new pocket-sized quarterly ‘five a day’ leaflets that highlight seasonal foods and suggest simple ways for customers to include more fruit and vegetables in everyday meals. For customers who follow special diets for medical conditions, or who choose to eat a restricted diet, the Waitrose Nutrition Advice Service can provide the nutritional value of all Waitrose own-label products, fact sheets on common dietary conditions, and ‘free from’ lists of own-label products that don’t contain eggs, gluten, lactose or nuts.

A measured approach

Waitrose uses a combination of labelling, in-store information and other communication channels to educate customers about responsible drinking. A collaboration with Alcohol in Moderation (AIM) to produce ‘Alcohol and You’, a brochure providing advice on sensible drinking and issues such as young people and alcohol, was praised by the judges who awarded Waitrose the Responsible Drinks Retailing Award in the multiple grocer category for the second year running. However, Waitrose was concerned about its poor performance in a recent mystery shopper survey on age-related sales and is working to improve its processes and training for proof of age identity.

Other current activities include:

• sponsoring the AIM’s Drinking and You website
• providing alcohol and health advice on its own websites
• reinforcing the Government’s guidelines on sensible drinking with shelf-edge signage
• introducing units of alcohol on Waitrose own-brand products from July 2006.
Reducing salt
This ‘less is more’ approach also applies to salt, as Waitrose continues to improve the nutritional content of its products. It has made good progress on reducing salt in a whole range of products, including breakfast cereals, sandwiches, ready meals, sausages, soups and bread. Including salt per serving information on its recipe cards and in magazines, and shelf-edge information about products that have significantly reduced salt levels, also helps customers make informed choices. Waitrose is working towards meeting the maximum salt intake target (6g per day for adults, less for children) proposed by the Department of Health and the Food Standards Agency three years ahead of its 2010 goal.

Cultivating future talent
Children need a healthy, well-balanced diet to ensure their nutritional needs are met, and as a leading food retailer, Waitrose has an important role to play in educating children about healthy eating.

Its food education initiatives include a series of nutritional tips and meal plans for children aged under 10, and the Food for Thought activity pack, developed with Farming and Countryside Education to help children at Key Stages 3 and 4 understand the impacts of food production, packaging and transport. Since the pack launched in November 2005, 831 secondary schools – 18% of all secondary schools in the UK – have requested copies. (See www.waitrose.com/about/children_education/index.asp.)

Through a variety of food demonstrations and events at Waitrose’s food studios in Southend-on-Sea, Salisbury and Cheltenham, and the launch of the Waitrose Food Pod in May 2006, a mobile food studio that will tour key events and visit shops, Waitrose provides information about healthy eating and practical cookery demonstrations. And for older students who share Waitrose’s passion for food, there’s the Specialised Chefs’ Scholarship it helps to support. Trained under some of the industry’s top chefs, and sponsored by renowned hotels and restaurants, successful candidates on this prestigious three-year course at the Bournemouth and Poole College are awarded the Academy’s Diploma in Professional Cookery.

Green light for new labelling
Nutritional content is now included in Waitrose Food Illustrated recipes and all Waitrose own-brand labelling contains information on ingredients, nutrition, country of origin and certifications to relevant standards. And in March 2006, Waitrose became the first retailer to implement the ‘traffic light’ labelling system proposed by the Food Standards Agency (FSA), initially across its range of sandwiches.

Products carrying the traffic light label are colour-coded for fat, saturates, salt and sugars per 100g or per 250g portion according to the FSA’s criteria. Red, amber and green labels indicate high, medium and low levels of each nutrient respectively, allowing customers to see the nutritional content at a glance. “Waitrose wants what’s best for our customers and they want an honest, transparent, consistent system,” explains Moira Howie, Waitrose’s Nutrition Manager. “We believe this information acts as a short-cut for customers, allowing them to make informed choices to suit their individual requirements and lifestyles.”

Green light for new labelling
Giving something back

Waitrose believes in getting involved at a local level. It actively encourages its shops to forge close links with local schools, charities and community groups and has established channels to enable charitable giving and Partner volunteering with community and charitable projects during work time.

Getting involved

Reflecting the Partnership’s Principle ‘to contribute to the wellbeing of the communities where it operates’, the John Lewis Partnership has a well-established and respected record for doing just that, and has increased its investment in the community by 22% over the last three years.

The core objectives of all Waitrose’s community investment programmes are:

- to provide the most effective help to support its local communities
- to make Partners proud of its work in the community
- to increase Partners’ skills and capacity
- to encourage a wide range of involvement to take place.

Partnership-wide Community Committees do exist, but involvement is really driven at shop level, where local, day-to-day contact has a greater impact.

To help, Waitrose has developed a community element to its Branch Marketing Guide (rolled out to all shops earlier this year), which gives shop Partners guidance on understanding local community needs, working with local organisations, and developing effective community involvement plans for their own area.

Giving money... and time

For many years, Waitrose has supported local community groups and charitable projects through direct cash donations, gifted without ties or expectation, via its Community Committee. The amount has risen steadily in recent years, reflecting the growth of the business, and for 2006/07, the figure is £330,000. All Partners can also contribute personally to registered charities through the Give As You Earn programme.

And even the most senior Partners get involved. The Chairman and five Partnership directors have now participated in The Prince’s Seeing is Believing Programme run by Business in the Community (BITC). The scheme, founded by HRH The Prince of Wales, gives senior business leaders an opportunity to explore ways for business to help to overcome contemporary social issues, and involves visits to schools, prisons and community projects.

Measuring community investment

2005/06 marked the Partnership’s third year of membership of the London Benchmarking Group (LBG), a voluntary member-based organisation that develops and promotes methods for measuring community investment. Using the LBG’s community investment model has given the Partnership a more complete picture of its overall community investment.

The data it gathers is reported via the Per Cent Standard, a voluntary benchmark developed by BITC to assess companies’ overall charitable contributions as a percentage of pre-tax profits. It is also cited in The Guardian newspaper’s Giving List, which ranked the Partnership as the fourth-highest retailer in November 2005. The value of Waitrose’s total community contributions for 2005/06 has been calculated at nearly £2.82 million, roughly 55% of the Partnership total. The total Partnership community contribution of just over £5 million equates to 2% of pre-tax profits, twice the 1% standard suggested by BITC. The Partnership was one of only 127 UK companies to achieve this standard in 2005.

Target... Community investment as a percentage of pre-tax profits to annually exceed BITC Per Cent Standard

Performance... The Partnership’s total community investment was equal to 2% of pre-tax profits in 2005/06, twice the BITC target. Target met.
**Golden Jubilee Trust**

The Golden Jubilee Trust (GJT) enables Partners to volunteer in their work time to make a real and practical difference to the local communities in which they work. Through the charity, established in April 2000 as part of the Partnership’s Golden Jubilee, any Partner, regardless of age, seniority or length of service, can apply for a full- or part-time volunteering secondment with a registered charity, for up to six months.

Funded from the income of an initial investment of £5 million (provided by the Partnership), the awards are made by a board of trustees. Over the last six years, the GJT has supported more than 239 Partners who have given over 94,000 hours to more than 230 UK charities. The scheme always ensures the right Partner skills are matched with the specific needs of the charity being supported and placements have created strong links with the community, through care of the elderly, youth education, environmental protection, the arts and many more.

The GJT provides innumerable benefits, first and foremost to the charities it supports, by providing them with the resource and skills to get the job done, enabling them to meet their own objectives in serving the needs of the wider community. It challenges and inspires Partners, giving them the opportunity to learn new skills, practise old ones, build personal confidence, and gain satisfaction and pride in actively supporting their local community. The Partnership also recognises the benefits it brings to the business as it helps recruit potential Partners, motivates, develops and retains existing Partners, and brings in new skills.

The Partnership was delighted that the GJT was a highly commended finalist in the Effective Giving category of the 2005 Companies and Communities Awards, hosted by the Charities Aid Foundation and, in 2006, received a high commendation at the National BITC Awards for Excellence.

**Melanie Gonzales** from Waitrose St Neots, chose a placement talking to local school children about the work of Addenbrooke’s Hospital in Cambridge. It was her way of thanking the doctors and nurses who tried to save her daughter’s life.
JP – Waitrose has always seemed to lead the pack. How do retailers define the right level of leadership and how far can they move to achieve this huge potential?

SE – When you look at CSR or the responsibility a business has to its wider community, there are two strands emerging: cause-related marketing – what I like to call ‘spray-on CSR’ – and doing the right thing. For example, we have been working on improving our animal husbandry performance for 20 years. Have we been doing it to win awards or to sell to our customers? No, we do it because we believe that it’s the right thing to do.

JP – Greenwash is increasingly difficult for companies to get away with. Behaviour is changing and there is a clear sense now of things becoming more active. But some retailers might look at retailers like Waitrose and say you have it easy because your demographics allow you to pass the premiums on.

SE – What we do doesn’t have to result in a premium anyway; it’s just another approach to doing business. There are certain areas of animal husbandry that add cost. Many of our competitors think that if you gave two glasses of water to a consumer, they would simply choose the clearest and assume it was better quality. But consumers have changed now and quality is multi-dimensional. It’s about provenance, traceability and sourcing. I think many grocery retailers are poor at selling these advantages to customers. It seems companies have been very successful in persuading people to pay less for a stripped-down product. In almost every other sector, from clothing to cars, customers are willing to pay more for a better product.

JP – Looking at your last report, local sourcing seems to be something you perform very well on, but it still makes up a very small percentage of produce sold. There is a huge amount of opportunity but there is a trade-off: it can mess up supply chains, and add complexity and costs. What are your ambitions in this area from a sustainability perspective?

SE – You’re absolutely right. You have to rethink your business model because local sourcing for a national business is an oxymoron really, and there is a lot of debate around it. Our approach is to start with products such as fruit and vegetables. Our ambition – and we are testing this in Scotland at the moment – is to set up regional hubs where suppliers will deliver produce, which in turn will be delivered to the local shops. It’s not easy, and it’s not highly profitable, but all this going backwards and forwards feels wrong to me. It’s not easy – you cannot get away from the fact that in many parts of the country, there isn’t a diversity of suppliers – but if you are going to source locally, you have to invest in it.

JP – Are customers using that traceability opportunity? For example, you have a website that allows customers to trace products back through the supply chain. Are there any plans to extend that?

SE – I hate the phrase ‘supply chain’, it sounds so mechanistic. It is simply a chain of people providing products, and that is what we are trying to establish. The website you refer to allows customers to trace potatoes back to the farm. We also have microsites dedicated to categories of food such as fish, poultry and organics, and we believe that they have an important role to play in reminding customers where food comes from and how it is produced.

JP – Do you agree that the more mainstream UK farming becomes to national and global sourcing strategies, the more chance UK farmers actually have to compete?

SE – Absolutely. A number of our competitors are expanding globally, but we are about localisation. I hear our competitors say what they are going to do and then they try and do it. We tend to work the other way round; we work it all out first and then we demonstrate it.

JP – Thinking about your 2004 report, what are the really tough things you know you are going to have to improve upon?

SE – Issues around ingredients. For example, customers are asking, ‘What are you doing with trans fatty acids and palm oil?’ The first example of that was GM food, and look at how powerful that was. Consumers are very aware of their purchasing power. The reason this is more complex is because of world market issues. In terms of keeping up pressure on the world market, it makes it easier for a retailer like us if the larger players join in, as we will have more influence. There are some very big world market issues where our power is very limited as a smaller retailer. We will have to work through this for our customers.

JP – One of the areas where you perform less well is with regard to chemicals. How big a priority will that become?

SE – Additives and sprays are an area where everyone needs to improve. Again, we have to try to use our size to influence these things. We are consolidating our supply base at the moment and sourcing from cleaner growing regimes, so again this is where we won’t promise until we have done it. Take chlorine wash on salad, for instance. We are trialling a product derived from oranges that has the same effect and within the next two years, if it is successful we will stop chlorine use. We like to do it first, and publicise it later.

STEVEN ESOM, MANAGING DIRECTOR OF WAITROSE, TALKS TO JONATHON PORRITT, CO-FOUNDER OF FORUM FOR THE FUTURE.

Shared thoughts

‘Many of our competitors think that if you gave two glasses of water to a consumer, they would simply choose the clearest and assume it was better quality. But consumers have changed now and quality is multi-dimensional. It’s about provenance, traceability and sourcing.’

40 shared thoughts
JP - What do you think your position is on climate change? You haven’t moved towards a fully integrated carbon management system, for example.

SE - There are a number of issues - not necessarily carbon management, but the way we build our stores. We have significantly improved our energy efficiency, our shops are typically 20% more efficient than 10 years ago, and our CO₂ emissions continue to fall relative to sales as a result of various projects. We do this for good economic reasons but we are also looking at the amount of material we use and where it comes from. We might not have thought about that 10 years ago, but we have to build as sustainably as possible.

JP - Given the success of the company, why do you think there aren’t many more examples of partnership companies?

SE - I think there will be more. A number of people I spoke to in South Africa when I was starting the Waitrose Foundation were looking at the partnership model. It’s a way to empowerment but also embracing the dynamism of modern business. The partnership structure is all about sharing knowledge and power. In South Africa, that’s what the Government wants to do.

JP - If one’s game plan is responsible and sustainable wealth creation for all of humankind, then there is no question that certain elements in our capitalist system will have to change more profoundly. Is there a hope in hell of that happening fast enough?

SE - One of the things I really like about the Foundation is that it completes the circle. By empowering and uplifting, our growers will attract better workers, who will produce better crops, which we will be able to market in the UK, which we hope will give us better-quality products (and a commercial advantage), and the more citrus fruit we can sell, the more money we can reinvest in these communities. It’s a very complete system. I hope the Foundation will demonstrate the connection between the products customers buy and how it can affect the society it is sourced from.
### Total value of donations to charities and community groups by type 2005/06

- **Cash**: £2,387,643
- **Time**: £1,573,056
- **In-kind**: £487,731
- **Management costs**: £656,621

### Person hours invested in charities by GJT secondees 2005/06

- **Environment**: 52%
- **Disability**: 5%
- **Medical/care**: 4%
- **Homeless**: 4%
- **Youth**: 13%
- **Community**: 22%

### Carbon footprint 2005/06

- **Electricity**: 59.4%
- **Gas**: 13.5%
- **Other energy**: 2%
- **Business miles in company cars**: 6%
- **Distribution**: 19.3%
- **Air travel**: 2%
- **Waste and waste collection**: 4.5%

### Performance and progress

#### Notes

- Partnership data
- Calculated relative to the previous year, including data expressed as a percentage
- Data relates to number of shops in the reporting period
- Due to recent changes to financial reporting regulations, data for 2003/04 is not available
- Pre-tax profit includes under international financial reporting standards (earlier years remain under UK GAAP)
- New indicator: No historical data available
- In 2005, Waitrose moved away from its own supplier database to Sedex, no historical data available
- A risk assessment performed against suppliers to identify priorities for the greatest chance of non-compliance and thus areas for encouraging labour standards improvement

#### Economic

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<th>Year</th>
<th>Number of shops</th>
<th>Trading floor area (sq ft)</th>
<th>Average weekly customers (all shops)</th>
<th>Divisonal profit (£m)</th>
<th>Total sales (£m)</th>
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#### Community

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<th>Year</th>
<th>Total value of cash donations made to charities and community groups (£)</th>
<th>Total value of all contributions made to charities and community groups (£)</th>
<th>Community investment as % Partnership pre-tax profit</th>
<th>Number of Partner hours seconded to charity through Golden Jubilee Trust (GJT)</th>
<th>Customer Relationship Index score (%)</th>
<th>Number of store detectives arrests</th>
<th>Number of serious crimes committed against Waitrose</th>
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#### Responsible sourcing

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<th>Year</th>
<th>Suppliers registered on Sedex as % of own-label sales</th>
<th>% of supplier sites by priority category</th>
<th>Community profit ( £m)</th>
<th>Weight of waste disposed (tonnes)</th>
<th>Weight of waste recycled (%)</th>
<th>Weight of product packaging (tonnes)</th>
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<td>2004/05</td>
<td>n/a</td>
<td>n/a</td>
<td>8%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2005/06</td>
<td>n/a</td>
<td>n/a</td>
<td>8%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

#### On target?

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
<th>Nearly</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2004/05</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Co-ownership

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Partners</th>
<th>Number of full-time equivalents (FTEs) (shop and Bracknell HQ)</th>
<th>% full-time workers (shop and Bracknell HQ)</th>
<th>% female Partners (shop and Bracknell HQ)</th>
<th>% female managers (shop and Bracknell HQ)</th>
<th>Bonus as proportion of pay</th>
<th>Sickness rate (unplanned absence days)</th>
<th>Partner turnover (%)</th>
<th>Partner survey average participation rate</th>
<th>Partner survey average score</th>
<th>Average commercial distribution driver rating</th>
<th>Number of Partner REDCOR accidents</th>
<th>REDCOR accident frequency (per 100 FTEs)</th>
<th>Number of Partner REDCOR accident claims for compensation</th>
<th>Cost of Partner REDCOR accident compensation claims (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>30,992</td>
<td>18,235</td>
<td>30%</td>
<td>57%</td>
<td>33%</td>
<td>12%</td>
<td>3.6%</td>
<td>34%</td>
<td>n/a</td>
<td>n/a</td>
<td>3.01</td>
<td>145</td>
<td>280</td>
<td>50</td>
<td>229,010</td>
</tr>
<tr>
<td>2004/05</td>
<td>34,216</td>
<td>18,325</td>
<td>30%</td>
<td>57%</td>
<td>33%</td>
<td>12%</td>
<td>3.6%</td>
<td>34%</td>
<td>n/a</td>
<td>n/a</td>
<td>3.02</td>
<td>145</td>
<td>280</td>
<td>50</td>
<td>194,544</td>
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<tr>
<td>2005/06</td>
<td>36,309</td>
<td>19,572</td>
<td>30%</td>
<td>57%</td>
<td>33%</td>
<td>12%</td>
<td>3.6%</td>
<td>34%</td>
<td>n/a</td>
<td>n/a</td>
<td>3.02</td>
<td>145</td>
<td>280</td>
<td>50</td>
<td>423,883</td>
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</table>
### Key priorities for 2004-05

<table>
<thead>
<tr>
<th>Sourcing</th>
<th>Performance against priorities 2004-06</th>
<th>Key priorities for 2006-08</th>
</tr>
</thead>
</table>
| Develop buyer training programme for Responsible Sourcing (RS) | • Waitrose revised its Responsible Sourcing Training programme in 2005  
• Pilot sessions run with senior buying and food technology Partners  
• Training programme will roll out to all buyers and technologists in 2006/07  
• Assessments completed on Leckford Farm and Estate  
• Waitrose’s supplier assessment programme transferred to the Supplier Ethical Data Exchange (Sedex)  
• All qualifying direct suppliers self-assessed and independently risk assessed  
• Active member of the Temporary Labour Working Group (TLWG), which led to a TLWG Code of Practice, a labour provider information and registration website, better audit standards and auditor training  
• Waitrose continues to encourage suppliers and labour providers to register and work towards compliance | • Support the work of the Roundtable on Sustainable Palm Oil  
• Investigate concerns relating to the sourcing of Amazonian soya  
• Ensure suppliers and their labour providers are compliant with the Gangmaster Licensing Act  
• Sedex - ensure second-tier sites are risk assessed and audited  
• Assess Waitrose purchasing operations against the Responsible Sourcing Code  
• Enrol small suppliers onto the RS programme  
• Train all food technologists and buyers on the RS Code and compliance programme  
• Review the operation and impacts of the Waitrose Foundation, Extend scheme to other products  
• Continue roll-out of traffic light labelling  
• Continue to develop local assortment  
• Launch new Waitrose Organic range in 2006 |

| Risk assess Waitrose’s own operations against Responsible Sourcing Code of Practice | | |
| Work with ETI to develop registration and audit procedures for gangmasters | | |

### Customers and community

| Roll out Community Needs Assessment Toolkit to 10% of shops | | Increase Waitrose Partner participation in the Golden Jubilee Trust programme |
| Extend London Benchmarking Group (LBG) community capture programme to all Waitrose shops | | Complete CSR customer perception research |
| Complete Disability Discrimination Act (DDA) audit and compliance programme | | Embed community investment measurement onto SR Online CSR data management system |
| Launch new Partnership website with comprehensive CSR performance information* | | Apply LBG tool to enable measurement of outputs and impacts as well as inputs |

### Environment

| Commence short rotation coppice planting programme at Leckford | | Harvest coppice for biofuels and continue replanting |
| Evaluate environmental performance of newly acquired Safeway and Morrisons shops | | Continue to improve energy efficiency to meet long-term targets* |
| Support Bracknell Forest Council project to develop renewable energy in the town centre | | Roll out £11m refrigeration replacement programme |
| Implement new integrated waste management programme | | Incorporate renewable energy into new building design* |
| Roll out food donation programme | | Exceed Part L building regulations* |

### Partners

| Extend Partner survey to all shops and improve average response rate | | Continue support of Corporate Leaders Group on Climate Change* |
| Review dignity at work policies* | | Improve democracy projects* |
| Develop framework to prevent and reduce work-related stress* | | Improve average response rate to Partner survey (target 85%) and average score (target now 12)* |
| Implement online accident and reporting management system | | Increase Partner involvement in community projects* |

* Partnership-wide
...every step of the way