

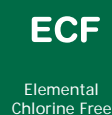
A note on dates

This report was compiled during 2000 and amended in 2002.

Comments on this report and contributions for future reports should be addressed to Nick Jones and Paul Ovstedal, Services, Waitrose Limited, Bracknell, Berkshire RG12 8YA

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WAITROSE
food shops of the John Lewis Partnership

www.waitrose.com

Waitrose Limited Bracknell Berkshire RG12 8YA
Third Edition (06.02)

the environment is everyone's responsibility

WAITROSE





Welcome to this updated Environmental Report from Waitrose, which addresses the issues that we believe are of most concern to our customers, our Partners and our suppliers. This updates our last report published in February 2001.

The report provides information on how Waitrose manages environmental issues and describes some of our achievements to date. We have made progress in the past year, replacing one-trip packaging with reusable plastic trays and in reducing the number of miles driven by goods vehicles supplying our depots and delivering to our branches.

Waitrose, as part of the John Lewis Partnership, remains unique in the food industry. We have no shareholders, we are a democracy, we have a written constitution and our policy has never deviated from focusing on the best food at the best possible value. Since becoming Managing Director in March this year, I have been determined that we will continue to build on Waitrose's sound principles of caring animal husbandry and organic production. This report shows how good food, good environmental practice and principled behaviour contribute towards responsible food retailing.

Waitrose has made a commitment to continually improve its environmental performance and we welcome your comments. You can write to us at the address on the back cover or email us at customer_service@waitrose.co.uk

A handwritten signature in dark ink, appearing to read 'Steven D Esom'.

Steven D Esom
Managing Director
Waitrose

Waitrose seeks to manage all of its activities to the benefit of its customers, Partners and society; to comply with all relevant laws and regulations; and to ensure that our impact on the environment is reduced to the lowest practical level.

The Waitrose Environmental Policy

Waitrose values its reputation for trading in a fair, honest and responsible manner. We recognise that retailing has an impact on the environment and can adversely affect the delicate balance of ecosystems. It is clear from our customer research that the provision of safe, quality food, which is cultivated with respect for the environment, is a priority for our customers.

Our commitment to environmental responsibility is part of our endeavour to meet these expectations and to be the best fresh food retailer in the UK. This report sets out to record honestly how Waitrose is managing environmental issues in the areas of:

- food responsibility – from organic production to conventional agriculture and quality control
- the local community – our actions in enhancing the local communities in which we operate
- the global community – our position on responsible sourcing of products
- resource management – initiatives to save energy, minimise waste and reduce environmental impact.

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Waitrose and the Partnership



Waitrose Head Office, Bracknell, Berkshire



Waitrose started out as Waite, Rose & Taylor, in Acton, pictured circa 1906



John Lewis department store in Oxford Street, London

Waitrose – big enough to compete, small enough to care

Waitrose is the seventh largest grocery retailer in the UK, and in 2001 we achieved a turnover of over £2.2 billion. We have over 140 branches, situated mainly in the home counties. These shops, or branches, are serviced from two regional distribution centres (RDCs), in Bracknell and Milton Keynes. The Bracknell Head Office site includes our vehicle maintenance facility, laboratories and quality control centre, where we ensure produce is safe and supplied to our shops in prime condition.

Experience counts

Waitrose has been buying and selling good value, quality food as part of the John Lewis Partnership since 1937. Our first 'supermarket' opened in Streatham in 1955, and we have been selling Waitrose own label products for more than 40 years. Today, Waitrose has the buying power to offer customers competitively priced, high quality goods, even though we are a tenth of the size of some of the UK's larger supermarket chains.

The John Lewis Partnership – a unique business

Trust, honesty, participation, ethical values and a written constitution that requires good environmental practice are the unique elements that make the John Lewis Partnership Britain's most successful employee-owned business.

'The Partnership was ahead of its time in recognising that commercial success depended on showing the highest level of good citizenship'

'The Partnership was ahead of its time in recognising that commercial success depended on showing the highest level of good citizenship in its behaviour within the community. Today we are best known for the fact that our business is owned for the benefit of our employees, but we know that to cut our way through tough competitive conditions, we have to continue to prize sound relationships with our

customers and suppliers, and sustain a keen sense of civic responsibility.'

Sir Stuart
Hampson,
Chairman of
the John Lewis
Partnership.



John Lewis opened his first shop in Oxford Street, London in 1864. John Spedan Lewis formed the John Lewis Partnership in 1929 forming a Trust to benefit workers. The Partnership's turnover in 2001 was £4.4 billion. The Partnership comprises 26 UK department stores, John Lewis Direct, 136 Waitrose supermarkets, Waitrose Direct, and textile, export and farming divisions. The farming estate in Hampshire produces livestock, mushrooms, apples and milk, some of which are sold in Waitrose. This report summarises the environmental and social performance of the supermarket division only.

Waitrose and the Partnership

Empowering Waitrose Partners with responsibility for the environment

As part of the John Lewis Partnership, Waitrose operates as an industrial democracy. More than 27,600 Waitrose staff, known as Partners, make up a committed workforce that shares responsibility and rewards for business success.

The Director of Development and Services for Waitrose also has responsibility for environmental issues. On a day-to-day basis, the General Manager Services deals with these issues and chairs the Waitrose Environmental Working Group (EWG) which motivates and educates senior managers in environmental good practice and compliance with environmental law.

The EWG empowers these managers to make change. To date, members of the group have initiated improvements to many of our current practices, including:

- an action plan to remove PVC from our packaging
- the introduction of fuel-saving and emission-reducing vehicles and technology
- a Green Travel Plan for the Bracknell Head Office site
- a review of materials used in own label packaging and a database to log the information
- work done to reduce our contribution to global warming and ozone depleting gases
- the introduction of reusable transit containers for the goods we distribute
- the sourcing of recycled products and raising awareness of recycling
- the introduction of the Bag for Life.

Working against the background of ISO 14001, a set of international standards for environmental management, Waitrose considers the Environmental Working Group to be a very effective vehicle to achieve the changes necessary to manage our environmental impact.

Waitrose considers the Environmental Working Group to be a very effective vehicle to achieve the changes necessary to manage our environmental impact

The Waitrose Environmental Working Group, chaired by Paul Ovstedal (top left), General Manager Services



Our produce comes from two food production systems: organic and conventional. Waitrose supports both methods and sets high standards to ensure responsible practices.



Organic food and farming

Organically produced foods

Organic foods are different because, by law, they must be produced with minimal use of synthetic fertilisers or pesticides. Organic production is claimed to improve soil health and increase biodiversity, and growers are independently certified by approved bodies such as the Soil Association and the Organic Farmers and Growers Association. Crops are grown to EC Regulation 2092/91 standards, as amended each year, using natural fertilisers such as farmyard manure. Land is rested, and sewage sludge and GM technology are not used in crop production.



Organic pork

Waitrose stocks organically reared English pork, which is certified by the Organic Farmers and Growers Association. The pork is produced from pigs born and reared outdoors in family groups. The pigs live in open paddocks with arks or huts for year-round protection and are fed wholesome, cereal-based, organic foods. The routine use of antibiotic growth promoters is not permitted.



Organic beef and lamb

Waitrose organic beef and lamb comes from animals reared to the legal standards administered by the United Kingdom Register of Organic Food Standards (UKROFS). The animals are fed an organic, cereal-based diet and are not routinely given antibiotic growth promoters.



Organic milk, poultry and eggs

Organic milk has proved an outstanding success at Waitrose. It is our aim that by the end of 2002, more than 20 per cent of our total own label milk sales will be organic. All our organic cows' milk is unhomogenised.

Waitrose organic poultry is reared in small low-density flocks on selected farms. After the first 20 days or so, the birds have unrestricted daytime access to organic fields and they are fed an organic cereal-based diet.

Waitrose own-label organic eggs are produced to Soil Association standards.

Organic flowers

Since 1998 Waitrose has offered organic flowers, supplied by Holland's only organic flower wholesaler. We were the first supermarket to do so and continue to offer a selection during the summer months. Chickens roam freely around the flowers and control the slugs, while other natural predators control caterpillars and butterfly eggs. 'Used' plants are put back into the soil.

Our organic commitment

Waitrose aims to forge closer ties between scientific research and food commerce. In March 2002 we sponsored the UK's first research and development conference for organics (UK Organic Research 2002). The debates covered livestock and welfare management, biodiversity, soil fertility, nutrient balance and food quality.

Waitrose OrganicsDirect•

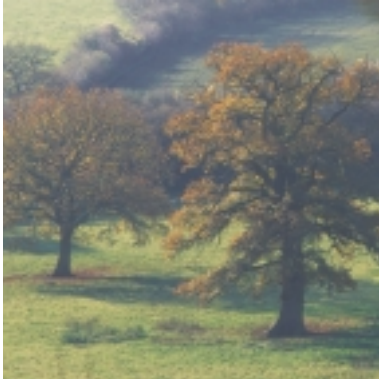
Waitrose OrganicsDirect, via www.waitrose.com, delivers mixed boxes of organic fruits, vegetables and salads direct to the customer's door. The boxes are approved by the Soil Association. This was the first online supermarket organic delivery service and it made organic produce accessible throughout the UK via the Internet.

Organic Supermarket of the Year

In 1996, Waitrose stocked fewer than 100 organic lines. This figure grew to 300 by 1999 and to 625 at the start of 2000. By the end of that year, we achieved our target to stock 1,000 lines. In 1998, *YOU* magazine and the Soil Association created an Organic Supermarket of the Year Award. Waitrose was awarded this accolade in both 1998 and 1999, in recognition of our continuing commitment to organic foods. The proportion of organic food sales as a percentage of total sales is increasing every year. Today, Waitrose accounts for 10 per cent of the organics market and, with more than 1,400 organic lines, continues in the forefront of innovation in the organics market.



Working with suppliers to further our organic vision



Conventional food and farming

Agriculture

The way in which Waitrose influences the production of the food that we sell has a significant effect on the environment. We set and monitor standards of production, and promote responsible and sustainable methods of agriculture and animal husbandry. All of this activity is pursued within the context of obtaining the best food possible.

Fruit and vegetable produce

Waitrose sources conventional crops grown from Integrated Crop Management Systems (ICMS), using the best horticultural practices, site selection, husbandry and chemical controls based on sound scientific evidence. This minimises the use of chemicals. ICMS are independently audited for all fruit and vegetables produced in the UK. Waitrose supports crop assurance schemes such as Assured Produce in the UK, and we are extending auditing to verify ICMS worldwide. Risk assessment of product safety determines the frequency by which Waitrose technologists undertake audit visits.



Encouraging excellence

Waitrose has set up demonstration farms to show how crops can be grown commercially and successfully with high regard for the environment by adopting the ICMS standards and practices. These are Robert Smith at Duxford, Cambridgeshire, and Hall Hunter at Wokingham, Berkshire. We encourage current and new suppliers to adopt these high standards.



Waitrose has its own banana growers' group in the Windward Islands, in the Caribbean. This enables us to work with growers to ensure that their farms are profitable and that they produce fruit to the highest standards. We have reduced chemical usage and ceased aerial spraying on these farms.

Strict chemical screening

Ten years ago Waitrose started to remove certain pesticides from its supply chain, in particular nematicides, which inhibit nematodes and insect life in the soil, and is one of a group of pesticides that Friends of the Earth has identified as being of great concern. We have stopped the use of Aldicarb (a nematicide) on potatoes and have continued our campaign to reduce organophosphates (an insecticide). Our crop producers are replacing them with biological controls, non-chemical controls and natural predators. They are also choosing to grow crops with greater natural resistance.

We regularly screen fruit and vegetable produce for pesticide residues at our Bracknell laboratory, which operates a nationally and industry-recognised UKAS Laboratories Accreditation Scheme. Should a pesticide residue be found, our internal guidelines for product removal are stricter than the legal requirements laid down by the Department of Environment, Food and Rural Affairs (DEFRA).



Work at the Bracknell Laboratory

Quality assurance

Hazard Analysis and Critical Control Points

In food production, HACCP is a system which identifies specific hazards and specific measures for their control. It provides the risk assessment that is a requirement of the 1995 Food Hygiene Regulations. Waitrose has operated HACCP for more than nine years. We use the system to identify food safety hazards that could occur at any stage from production to point of sale, and to ensure that full measures are in place to control them. As part of our care for food safety, all own label suppliers are required to operate the HACCP system, which is audited by Waitrose/British Retail Consortium-approved auditors. HACCP is now a system that is used in all stages of the food chain from farm to customer.

Genetically Modified Organisms

No Waitrose own label product has contained any GM ingredients as defined by law. Food safety is of paramount importance to both Waitrose and our customers. The debate about growing GM crops and the foods produced from them has elevated concerns about food, environmental and consumer safety issues. These include the possible effects on wildlife and their environment, and the transfer of 'inserted' characteristics to other crops or native plants.

Crop suppliers to Waitrose operate an 'authenticity' programme which requires certification that each consignment is free of GMOs. This programme uses a system of traceability from seed to supplier, known as an 'Identity Preserved' system, which is required in our Technical Policy.

Friends of the Earth poll

In June 2000, Friends of the Earth ranked Waitrose first overall in its poll covering GM-free sourcing, the use and restriction of pesticides, and organic commitment. A second report in August 2001 placed Waitrose first again, for having the lowest fruit and vegetable pesticide residues detected as a percentage in samples taken.



Waitrose customers buy produce that is certified GM free



Animal husbandry

Strict Farm Assured protocols ensure that animals are reared in the most natural conditions possible and that the farm environment is controlled to high standards. This not only guarantees each animal's welfare but also provides an audit trail that gives Waitrose the assurance of quality we require. Standards for livestock production allow only veterinary-prescribed antibiotics for animals. Waitrose also works with producers, feed mills and suppliers to produce premium meats, such as free range pork, Aberdeen Angus beef, Hereford beef and Poulet d'Or chicken.

Beef, lamb and pork

All beef and dairy animals have a passport, administered by the Department of Environment, Food and Rural Affairs (DEFRA), which gives the full history of every animal. DEFRA's beef labelling scheme provides an audit trail of the meat's progress throughout the production cycle to sale in our branches. Waitrose Aberdeen Angus beef and Hereford beef meet the standards set by the breed societies (Aberdeen Angus Cattle Society and Hereford Cattle Society).

All Waitrose lamb is produced in accordance with recognised Farm Assurance Standards covering all aspects of animal husbandry and welfare. In addition, Waitrose has other specialist lamb schemes including Farmhouse, Dorset, Welsh, New Zealand, Organic Welsh and Organic New Zealand. These focus on the seasonal aspect of the product, which minimises the need for supplementary feeds, particularly in winter when grass is in short supply.

Waitrose British pork is reared under the Assured British Pig (ABP) scheme, whose protocols are supervised by DEFRA. Waitrose also offers free range pork produced from pigs born and raised outside with 24-hour access to open space. The pigs are given unrestricted access to wholesome cereal-based food (no animal by-products are permitted with the exception of milk derivatives for piglet diets). Pork for our own label sausages, cooked meat and fresh pies comes from producers registered to the ABP or Waitrose free range schemes.



Milk, poultry and eggs

Waitrose Select Farm Milk is the result of a unique partnership with Dairy Crest and a group of farmers individually chosen for achieving an outstanding level of animal welfare, feed and hygiene. Farms are regularly audited by Dairy Crest and by the National Dairy Farm Assured Scheme.



All Waitrose fresh and frozen chickens are reared and processed in the UK by approved suppliers. The birds are fed a cereal-based diet containing no genetically modified ingredients or antibiotic growth promoters. One-third of all the chickens we sell are free range or organic, reared exclusively for us by one of 35 farmers. This year we began selling Le Poulet d'Or corn-fed free range chickens, with some of the birds coming from our Leckford estate in Hampshire.



Renewable energy system poultry unit, Leckford Estate

The birds are reared using traditional husbandry techniques for a minimum of 81 days, and are exclusive to Waitrose. They have purpose-built houses, powered by wind and solar energy.

All Waitrose own label and organic eggs are produced by free range methods; no intensive farming methods are used. Our own label eggs are produced to the Lion Quality Assurance Standard – which specifies welfare provisions well in excess of those required by law – and have a ‘best before’ code printed on each egg. The egg cartons used are made from 95 per cent recycled material.



Waitrose supplier's fish farm

Sustainable fishing

Waitrose takes its commitment to sustaining fish stocks in the world's oceans very seriously. We support sustainable fishing and fishing methods. We are a signatory of the Marine Stewardship Council (MSC) whose mission statement is ‘to work for sustainable marine fisheries by promoting responsible, environmentally appropriate, socially beneficial and economically viable fisheries’ practices, while maintaining the biodiversity, productivity and ecological processes of the marine environment’.

Waitrose sells New Zealand hoki, Alaskan wild salmon and Cornish line-caught mackerel from MSC-accredited fisheries. It is our policy to buy, wherever stock is available, from well-managed fisheries using sustainable fishing methods.

All Waitrose fresh cod and haddock come from the Icelandic fishery which is considered to be one of the most well-managed fisheries in the Northern Hemisphere. Waitrose does not sell fresh and frozen cod, hake or haddock from UK waters due to concerns about declining stocks. Waitrose tuna and swordfish are line caught, which prevents marine mammals, such as dolphins, being captured in error.

Due to concerns over declining stocks, Waitrose no longer sells shark, bluefin tuna, black marlin, whitebait, Atlantic skate, Patagonian toothfish and caviar (beluga, oscietra and sevruga). Waitrose buys other species, including salmon, sea bass, trout, turbot, prawns, mussels and oysters, from well-managed fish farms.



Fishing vessels from Stykkisholmur (suppliers of P P Prawns)



Animal feedstuffs

All Waitrose own label farmers have to be aware of the feed ingredients given to their animals and keep a register to ensure full traceability. Mammalian or avian products (such as bloodmeal, tallow, feathermeal and offal) are not permitted in feed products. Meat and bonemeal are also banned under UK legislation.

Compound feed must be purchased from feed mills that, as minimum requirements, comply with the United Kingdom Agricultural Supply Trade Association code of practice for the manufacture of safe animal feedstuffs and can demonstrate full traceability of all raw materials.

Waitrose has been very successful in removing potential GM animal feed from a huge range of products and we now have representation of animals fed on non-GM feedstuffs across the species. This range is expanding rapidly.

Antibiotic growth promoters

Waitrose operates a stringent policy to ensure the minimum use of antibiotics on farms. Our feed policy states that 'antibiotics may be given to animals only for a diagnosed illness; they should not be used continually'. It also specifies that 'Waitrose does not support the general use of antibiotic digestive enhancers and antibiotic growth promoters for use in animal feed'.

We have successfully removed ABGPs in feed and now have products across all livestock types from non-ABGP fed animals. This is an ongoing process.



Where biodiversity is encouraged, predators form part of a natural system of checks and balances

Biodiversity

Biodiversity is the range of all living things that can be found in a predetermined area, including large and small animals, flora, fauna, fungi and insects. High levels of biodiversity encourage a natural balance between predators and the various food sources up and down the food chain. This reduces the need for agrochemicals, which are required to maintain control of unbalanced ecosystems.



Waitrose asks its growers to carry out an independent assessment of environmental factors through Linking Environment And Farming (LEAF), Farming Wildlife Advisory Group (FWAG) and the Royal Society for the Protection of Birds

(RSPB). A LEAF audit requires the farmer to show that the whole farm has been assessed to minimise the impact of farming operations and proactive steps have been taken to encourage biodiversity.



Waitrose is pleased to be associated with projects that benefit the community, particularly if those projects have a direct impact on improving the environment. We have always formed close relationships with the schools, institutions, charities and local authorities in the communities in which we trade.

In the heart of town

Wherever possible Waitrose has focused its business in town centres because this is environmentally sound and socially beneficial. By building attractive and pleasing branches that fit in with local architecture, we aim to enhance the community and add to the quality of life in the towns that we serve.

Our booklet *Working in Partnership* sets out Waitrose's approach to new



developments. An example of this commitment is our branch at Marylebone High Street in London, where the frontage of the original building was preserved.

An ornamental clock was refurbished and has become a feature in the High Street. Also, because space is very limited, small trailer units have been specially built to deliver the stock.

Waitrose branch managers are always ready to discuss customers' concerns and answer questions about our stance on the environment. Waitrose is also happy to discuss ways in which we might be able to support town centre management schemes, and our branch managers are actively encouraged to support local community activities wherever possible.

Making life easier for disabled customers and staff

Access for disabled customers is a priority in the design, construction and operation of our branches. We commissioned the consultants Disability Matters Ltd to audit and report on our operations, to ensure that customer service desks and other areas are considerate and practical. A working committee monitors branch design from the perspective of people with disabilities.

More recently we have experimented with hearing loops on service counters. We also provide staff to assist with shopping, packing and carrying to car, and



supply wheelchairs and adapted trolleys. At our petrol filling stations, Service Call facilities allow disabled customers to request assistance.

For customers who are blind or visually impaired, we produce our promotional

publications (*Selections*, *Seasons* and the magazines for Christmas) on audio tape, available from Talking Newspapers on 01435 862737.



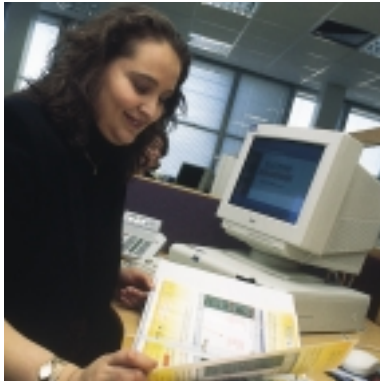
A listing of all Waitrose shops,
available in branches



Available from Waitrose



Available in
Waitrose branches



A Customer Service Administrator

Customer panels

Waitrose has set up a series of local customer panels to get a representative view of significant issues in the eyes of our customers. These panels are made up of our account card holders, invited customers, the branch manager and a senior manager or director. Opinions and concerns are relayed via the Customer Service team at Head Office to managers within the business, to create improvements in environmental practices, service, communication and to tackle any other issues. Environment queries were responsible for 0.1 per cent of the total received by Customer Service.

RSA/Waitrose Focus on Food Campaign and Food Demonstration Studios

As eating patterns change and exotic ingredients become more easily available, Waitrose's education role is increasing, with both adults and children. The Waitrose Food Demonstration Studios at our Salisbury and Southend branches played host to more than 15,000 customers in 2001. We are also the major sponsor of the RSA Focus on Food campaign, which lobbies to improve the place of practical food education within the National Curriculum. It also provides the Focus on Food Cooking Bus, which travels extensively around the country promoting hands-on food education to schools.



A demonstration is prepared on the Focus on Food Cooking Bus



David Bellamy shows his support for the Yews for the Millennium campaign

Yews for the Millennium

To mark the Millennium and provide a living link with the past, the Conservation Foundation propagated thousands of yew saplings from ancient yews and planted them in every parish. Professor David Bellamy sought environmentally sound credentials for every aspect of this project. Alida Packaging provided a special Bag for Life to carry each sapling, and Waitrose provided funding to distribute the trees, and replace and recycle the bags. Millennium yews have been planted at each of the Partnership properties at Ambleside in the Lake District, Winter Hill in Berkshire, Brownsea Island in Dorset and Leckford in Hampshire. David Bellamy planted the yews on our property at Odney.



Grocery Aid

Between 1996 and 2001, Waitrose donated good food to the Salvation Army to support the community, minimise waste and reduce landfill. This was food that may have failed to meet the high standards required to present for sale in our branches or food that was close to its 'best before' date.

We supported the Storelink initiative as part of Grocery Aid, a project distributing surplus products from manufacturers and retailers to local charities. This initiative involved trials early in 2001 which were managed by the Institute of Grocery Distribution (IGD), and piloted at our Brighton and Burgess Hill branches. Grocery Aid has since been suspended so we are looking for a worthy successor.



The Salvation Army collects donated food

Charitable giving

Each Waitrose branch has an annual fund to support local charities, schools, clubs and community projects. The company has other funds to help larger projects. In 1999/2000, The Waitrose Council made donations of £128,000; in 2000/2001, £145,000 was given; and in 2001/2002 we gave £164,000. Beneficiaries were charities whose work involves care of sick and elderly people; physically disabled people and those with learning difficulties; welfare and counselling; medical research; training, youth and children's groups; and wildlife or conservation projects. This was just part of the total John Lewis Partnership contribution of £1,555,000 in 2001/2002. Waitrose also made donations of £30,000 to the National Grocers' Benevolent Fund and £60,000 to Cottage Homes, major food industry charities.

When Waitrose.com, our Internet Service Provider, was launched in September 1999, the aim was to donate earnings that Waitrose received from the telephone companies to charity. In 2000 we raised £28,000, a 25 per cent increase on the previous year. ISP users were invited to specify their chosen charities – the total sum has been divided between the British Red Cross, the British Heart Foundation, Macmillan Cancer Relief and The Prince's Trust.



Partners support charitable giving

Golden Jubilee Trust

To celebrate the 50th anniversary of the John Lewis Partnership in 2000, the Central Council established a £5 million Golden Jubilee Trust to support community initiatives. Through this Trust, Partners with specific skills, expertise or interests are seconded to registered charities for up to six months. The benefit is two-way: Partners improve the efficiency and effectiveness of the charity, while gaining the experience of working for a worthwhile cause in a different environment. In 2000, six Waitrose Partners were granted secondments; in 2001, 10 Waitrose Partners were seconded to a number of organisations including the Salvation Army, The National Trust and The British Red Cross.



The John Lewis Partnership Central Council

Environment Trust for Berkshire

Within the UK, our business has the greatest impact in Berkshire. The county is home to our Head Office, the Southern Distribution Centre and 10 of our supermarkets, with around 4,000 Partners in total. The Environment Trust for Berkshire uses reclaimed landfill tax money (a tax paid to the government for every tonne of waste that is sent to landfill) to fund projects to improve Berkshire's environment.

Waitrose supplied a trustee and has encouraged landfill operators to donate resources to the Trust. By mid 2000, the Trust had supported 50 diverse projects. These included education initiatives such as environmental study areas in schools, improvements to local churches, and schemes to develop public wildlife areas such as Dinton Pastures in Wokingham, Berkshire.



Dinton Pastures, Berkshire

At Waitrose we understand that our customers have concerns about the sources of our products, especially regarding the treatment of workers, the welfare of animals and the environment. That's why we have developed our Responsible Sourcing Code of Conduct, to protect from exploitation the people, animals and environment involved in the supply of our products.



Available from the Waitrose Customer Service team



We aim to ensure high standards of animal welfare on suppliers' farms



Responsible sourcing means protecting those involved in producing our goods

Responsible sourcing on an international scale

As part of the John Lewis Partnership we believe that Responsible Sourcing matters. It reflects our culture, is central to our desire for sustainable trading and represents good business practice. Waitrose buys from more than 80 countries worldwide. Although Europe is our main source, some produce and packaging comes from other parts of the world. One of the fundamental aims of our Responsible Sourcing Policy is to ensure appropriate working conditions, pay and equality for the employees of our suppliers around the globe.

Waitrose also recognises the interdependence of social, environmental and animal welfare issues. So our Code encompasses all three of these issues:

- **social (people)** – suppliers and all those who work to produce the goods we sell, in order to ensure the best possible conditions for workers
- **environmental** – the impact of agriculture, and specifically the environment in which products are grown, harvested and processed, in order to achieve sustainable farming practices
- **animal welfare** – both in the supply chain and on the farm.

We have already begun to see changes which reinforce our own belief that our ethical trading practices and behaviour do produce positive results.

Waitrose has also been instrumental in encouraging greater female participation on workers' councils in Central and Southern Africa. In some instances this has led to identifying the need for more crèche facilities. For example, Waitrose funding has assisted in the provision of the Vaaldrift Crèche at Kakamas, South Africa.

Fairtrade products

At Waitrose we have increased our range of Fairtrade produce this year. In our branches you will now find Cafédirect and Teadirect, Divine Chocolate and Green and Black's Maya, Equal Exchange

Organic Cocoa and Fairtrade bananas. Products bearing the Fairtrade mark are independently guaranteed to meet internationally recognised Fairtrade standards. This initiative ensures that small producers have access to markets that they would not otherwise have.



Thanks to our commercial success and changing patterns of food retailing, we have opened more branches, employed more people and extended trading hours. Each day Waitrose offers customers more than 25,000 product lines sourced from 1,500 suppliers in the UK and overseas.

Of all the major food retailers, Waitrose has the highest density of fresh food sales. In addition to transporting all its stock, Waitrose has a staff of 27,600 who travel to and from work and on business.

To meet the environmental challenges involved, Waitrose continually seeks changes in the key areas of:

- transport and travel
- e-commerce
- managing energy
- packaging and waste reduction.

Transport and travel

At Waitrose, we have reduced the impact of our transport and travel on the environment by improving the way that we operate. We aim to reduce the mileage of our customers, staff and delivery team wherever we can – thus helping to reduce fuel use and exhaust emissions, which contribute to global warming and local pollution.

A business with thousands of staff and many different skill areas needs to be managed, which involves business travel. The company car fleet is another area where careful management has contained emissions.

Location

Bringing shops to town centres is in itself environmentally sound, as it is sympathetic to existing travel patterns and public transport. Waitrose continues to site its shops in towns – new branches in central London and Cheltenham are among those planned for 2002.

Locating quality food shops in town centres reduces car travel and offers easier access for pedestrians and cyclists. Virtually all our branches are served by bus routes, 36 are also close to railway stations and 14 are close to London Underground stations. We provide bus services between outlying villages and our branches in Twyford, Salisbury, Hailsham, Saltash, Hythe and Newark, and bus shelters were built at Horley as part of our development work.

Cycle hods – wheeled shopping trolleys designed to be towed behind a bicycle – have been introduced as a trial in 2002, to encourage customers to use an alternative to the motor vehicle. Their use will be monitored.



Modern Waitrose delivery vehicle



The new cycle hod is used by a South Woodford customer

Reductions in vehicle movements

The Waitrose Distribution team, working with suppliers and department store colleagues, is developing a transport matrix to minimise vehicle movements.

We are also committed to reducing carbon dioxide emissions and pollutants from exhaust fumes. The most effective way to do this is to reduce mileage.

We have made progress by:

- centralising deliveries into larger but less frequent loads
- improving vehicle utilisation
- consolidating loads from small suppliers to increase vehicle-fill levels
- using computerised route planning
- using emptied vehicles to collect stock from suppliers (known as back hauling)
- encouraging suppliers to take a delivery to one of our branches after delivering to our Regional Distribution Centres (forward hauling).



A supplier's vehicle is loaded with stock to deliver to our branches on the return journey from our depot

Calculating the effect of all these changes in an expanding and developing business is complex. Twenty years ago each branch would handle about 20 delivery vehicles a day. This has now been streamlined into six or seven (mainly Waitrose) vehicles. Real progress has also been made in using the return journeys to collect stock from suppliers en route to our warehouses. In 2000 our vehicles made 4,489 back haul and 226 forward haul trips. In 2001 this increased to 7,393 back haul and 710 forward haul journeys, saving 962,204 miles, an increase of over 58 per cent. Two John Lewis vehicles now back haul wines daily from Greenford to our Brinklow depot, saving a further 25,000 miles. For two of our most distant branches, Okehampton and Saltash, we use a supplier to deliver stock to our branches on the return journey from our depot. In February 2002, 11 branches were switched to night deliveries to reduce road congestion. More branches will convert to this system during 2002.

Vehicle efficiency

Second to reducing mileage is efficiency. Maintenance standards are high and we are committed to running the least-polluting fleet possible. Engine choice is matched to optimum gear and axle ratios to obtain maximum efficiency.

In 1999, 94 Bracknell delivery vehicles out of a 130-strong fleet had Euro2 engines, housing the latest technology to contain emissions. In 2000, we owned 138 vehicles with Euro2 engines: 58 of them had a Continuously Regenerating Trap (CRT). The CRT cleans the exhaust, reducing pollution. For example, it reduces particulates by more than 90 per cent to only 1kg per 100,000 miles, and carbon monoxide from 61kg to 4kg over the same distance. These emission rates are a tenth of the maximum allowed for a diesel car. In 2001, a further nine vehicles with CRT were purchased. Each generation of vehicle improves on the performance of its predecessor, and since mid 2001 our new delivery vehicles have been fitted with the new Euro3 engine, with CRT.

In 2000 the fleet achieved 9.31mpg; in 2001 this increased to 9.68mpg, a four per cent improvement in efficiency. The number of cases of stock delivered per gallon increased from 61.5 in 1994 to 78.9 in 2000, a 28 per cent increase.



The tractors of our vehicles have aerodynamic additions, while the trailers are low and have rounded corners and side skirts to reduce drag

Noise reduction

Fresh food needs to be delivered as close to the time it is offered for sale as possible, which means early morning deliveries. We minimise the noise made by our delivery vehicles in three very significant ways: all new vehicles are fitted with side skirts and enclosed catwalks – the area between the cab and the trailer – to reduce gearbox and engine noise; we use quiet air suspension; and the refrigeration systems on all our trailers are virtually silent.

Green Travel Plan

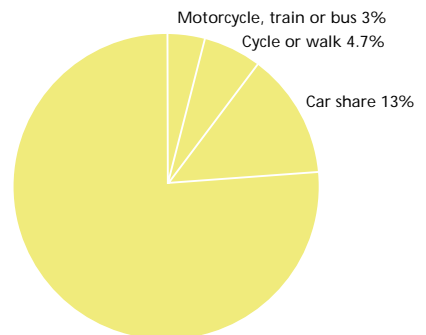
Waitrose recognises the need to be proactive in encouraging Partners to travel to the Head Office site in an environmentally responsible way. A survey carried out in late 1999 showed that 79 per cent of Bracknell Partners travelled to work on their own in a car, but that an encouraging 64 per cent of Partners would be willing to consider another method. Waitrose therefore initiated a number of positive steps: more frequent mini bus links to the local railway station were provided; initiatives to encourage cycling were introduced; and some trials of bus transport from local residential areas were carried out.

To explore car-sharing opportunities, a software package was commissioned to give Partners an internal contact number for colleagues who live in the same area or have similar postcodes. In a year, about 150 Partners registered on this scheme and, within four months of the launch of the Green Travel Plan, there was a five per cent reduction in the number of cars being parked on the site each day. Car sharers have the back-up of a free taxi service if the Partner needs to leave the site due to an emergency and has travelled with a colleague to work as part of the Green Travel Plan.

Company cars

As with all businesses spread over a wide geographical area, some Waitrose employees have to travel as part of their work and are provided with company cars. There is increasing pressure in the employment market for larger, higher-specification cars, which, if unchecked, can lead to increased fuel consumption. Waitrose has countered this trend by increasing the proportion of diesel cars to petrol cars in the fleet, and average miles per gallon improved by four per cent over the period 1990 to 1999.

Waitrose is also encouraging the use of alternative fuels. The Bracknell head office site uses an electric vehicle, but liquefied petroleum gas (LPG) is more practical for high mileage. Using LPG reduces carbon and other emissions. By the end of 1998, five Waitrose car drivers had chosen LPG cars and a refuelling point was opened at Bracknell. One year later the number had risen to 15 with a further 17 being added to the fleet during 2001. Cheaper fuel is an incentive for both the Partner and for Waitrose. The Partner pays a reduced mileage charge when using an LPG car for personal use. Average mileage in 2001 dropped to 37.08mpg compared with 37.44mpg in 2000. This may be explained by the increase in LPG vehicles.



Bracknell Partners' travel methods



Bracknell Green Travel Plan available from Bracknell Facilities, Head Office



A Partner refuels a vehicle with LPG

resource management

The difference in emissions is well illustrated by comparing Vauxhall Astra cars (data from *Vauxhall Environment Report 1998 – Interim Report*, December 1999)

fuel	carbon dioxide		carbon monoxide		hydrocarbons + nitrogen oxides		particulate matter
		g/km		g/km		g/km	
1.6 litre LPG	150	–	0.03	–	0.08	–	–
1.6 litre petrol	171	+14	0.33	+827	0.18	+107	–
2.0 litre diesel	153	+2	0.2	+453	0.52	+506	0.06

Figures are based on an Astra with a manual gearbox, in grams per kilometre



Shopping is delivered to a Waitrose@work customer

Waitrose Delivery Service

The Waitrose Delivery Service was pioneered at our Putney branch in 1996. It allows customers who might otherwise use their cars, to walk or use public transport to get to the branch, do their shopping and have it delivered to their home later. This service has been extended to 45 other branches. During 2001, we delivered 194,000 orders through this service.

British Airways shop

There is a mini Waitrose located in the heart of the British Airways headquarters at Heathrow. It forms part of an environmental management programme for the site, to ensure the environmental impact is kept to a minimum by enabling staff to do their meal shopping without driving off site.

E-commerce

E-commerce has the potential to reduce traffic congestion, save customers' time and use less paper. We are developing Internet-based shopping services and increasingly use paperless business systems.

In July 1998, we pioneered Waitrose@work, a system in which office workers can place orders with Waitrose from their desks via a PC and have them delivered to their place of work. This has saved about 105,000 vehicle movements to date.

In 2000, Waitrose developed a new home Internet shopping service called WAITROSEdeliver which was tested in six Waitrose

branches: Buckhurst Hill, Stevenage, Petersfield, Abingdon, Daventry and Stroud. WAITROSEdeliver allows customers to place orders via the Internet and have their groceries delivered to their homes the next day. The service will be extended to a further 29 branches during 2002, totalling 35 by the end of the year.



Waitrose@work

Paperless office systems

A key benefit of e-commerce to the environment is the reduction of considerable amounts of office paper. Waitrose already recycles paper used by branches and Head Office, but we are also working on paperless systems. Some are relatively easy, such as email within offices and shops; others require complex interactions

with our suppliers, including a paperless buying system, which has had an impact on every department involved in introducing new lines. Communication relating to around 5,000 new products each year now takes place via an electronic data transfer system. We have saved 180,000 A4 pages over the past three years. This development continues to take advantage of Internet technology to benefit ourselves, our suppliers and the environment. Further paper savings have been made by reducing centrally generated and branch reports. Central savings were 4.3 million sheets and branch demand reduced by 3 million sheets per annum.

Managing energy

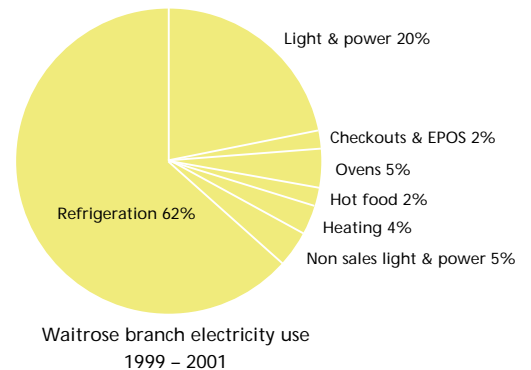
Minimising energy use makes both environmental and business sense; it is the largest cost after building costs and staff. More than 36 per cent of the food we sell is cooled or refrigerated. To keep it in peak condition, accurate temperature control is in place at every stage in the supply chain. As a result, refrigeration accounts for about two-thirds of the electricity used at a typical branch. The refrigeration operates within close tolerances to avoid food overcooling (which can damage texture) or getting too warm. All cabinets defrost automatically several times a day. These are controlled by sophisticated Building Energy Management Systems (BEMS), which check temperatures every few seconds and adjust the refrigeration plant accordingly.

These systems also manage the energy used for lighting, heating and hot food preparation. Every Waitrose branch has a trained Energy Manager with responsibility for monitoring and economising on energy, educating staff and continually finding new ways to improve energy management.

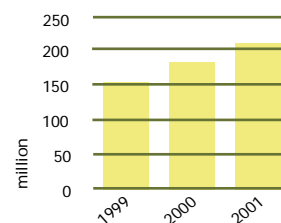
Between 2000 and 2001, electricity and gas usage has increased in absolute terms by 16 per cent and six per cent respectively. This can be explained by increased floor area from new and extended branches (15) and longer opening hours. Our energy efficiency based on floor area and sales has improved by five per cent for electricity and nine per cent for gas between 1999 and 2001.

Renewable Energy

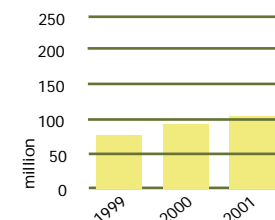
Economising on the use of electricity will remain a financial and environmental driver for Waitrose. However, the generation of renewable energy is another way of reducing the emissions of greenhouse gases. In order to make a contribution to this important development, Waitrose is sponsoring Thames Valley Energy (TVEnergy), an agency formed to stimulate, encourage and facilitate the development of renewable resources in the Thames Valley area. The agency is in its second year and has been successful in winning research projects and generating significant activity and interest. Waitrose has also installed wind generation and solar panels at our Leckford estate in Hampshire.



Shop energy use – electricity (kWh)



Shop energy use – gas (kWh)



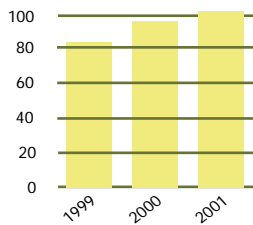
These figures do not include distribution centre consumption



Solar and wind power is harnessed for poultry rearing

resource management

Water consumption (millions of gallons)



Water

Water is a precious resource and is another area where we have worked to reduce waste. Frequent cleaning of equipment is vital to ensure hygiene in our branches but, without compromising this, huge savings in water usage have been achieved by modifying taps and other water-saving devices. These measures alone save millions of gallons every year. Gallons of water used per Partner have reduced by three per cent between 1999 and 2001. We intend to monitor consumption figures during 2002.



Refrigerant gas leak detection system

Air releases

Refrigeration systems work by compressing gas, cooling it until it condenses into liquid and then allowing it to expand back into gas within the refrigerator. This is a closed system and, to minimise any leakage, most Waitrose shops have electronic leak-detection systems that constantly monitor for gas leaks and alert an engineer if one is detected.

The type of gas used is significant because some can cause damage to the ozone layer if they escape. In 1993 we were the first supermarket company to replace chlorofluorocarbon (CFC) refrigerants in all the installations that contained a significant quantity. In 1994 we adopted hydrofluorocarbons (HFC), which contain no chlorine and so do not attack the ozone layer. Recently, HFCs have been criticised because, if released, they become powerful global-warming gases. Few of the alternatives currently available suit large-scale installations, but we are seeking replacements.

Petrol filling stations (PFS) can also release vapours into the environment. Our PFS are very modern and all have a vapour recovery system that stops petrol vapour escaping when tankers are delivering fuel. Our latest PFS have Stage 2 vapour recovery, recycling the vapour that would normally be vented from a vehicle when its tank is filled.



A customer tops up at a Waitrose petrol filling station

Packaging, waste and recycling

Packaging is vital to Waitrose. By law, packaging must provide information on contents, lists of ingredients, and methods of storage and preparation or use. Primarily it ensures the protection of products through the various distribution systems and temperature ranges before the customer makes a purchase. The packaging around the product is called primary packaging: the boxes in which products are moved are known as transit packaging.

Recent government legislation has encouraged a reduction in the amount of packaging used and requires accountability for its recovery and recycling. The Waitrose Technical Policy states that our packaging must be designed and produced to permit its reuse or recovery, including recycling, and to reduce volume and weight to the minimum adequate to maintain the necessary safety, hygiene and acceptance. Recycled material should be used when suitable – Waitrose own-label product packaging now includes recycling information.

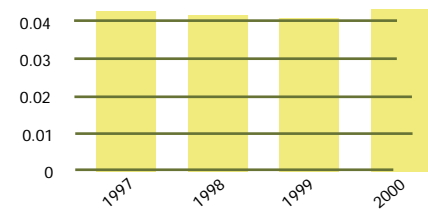
At Waitrose, the total weight of packaging used had been falling until 2000: in 1999 we handled 56,000 tonnes of primary packaging, compared with 57,000 tonnes in 1998 and 58,600 tonnes in 1997. As the number of items sold increased over this period, the average packaging per item fell by 4.9 per cent. This reduction was due to lighter-weight materials and the removal of some packaging components. The 2000 increase in weight comes partly from an increase in the popularity of glass.

Waitrose has actively removed one-trip transit packaging (packaging that has to be disposed of after one use) from our distribution system, replacing it with reusable plastic trays. These are washed, using recycled water, at one of our depots. The number of trays has grown from about 10 million in 1998 to just over 23 million in 2000 and 26 million in 2001. This increase is being achieved by converting more suppliers to this system, including those of meat, poultry, fish, cooked meat, delicatessen, ready meals, sandwiches and fruit and vegetables. The target for 2002 is 28 million trays, which represents an increase of 7.7 per cent over the 2001 figure.

As part of the Local Authorities' *Buy Recycled* campaign, Waitrose has started to inform our customers of the importance of recycling by providing information about products with recycled content in our branches. In particular, we have worked closely with Hart District Council to promote the campaign in several of our branches in Hampshire. Other activities have included exhibits at environment fairs and shows.

We have stated that PVC must be removed from existing packaging as soon as practicable and may not be used in any new products unless nothing else is available. Waitrose has worked with other retailers and the PVC industry in a group chaired by Jonathan Porritt, programme director of Forum for the Future, to devise protocols for the manufacture of PVC in the UK. Steady progress is being made and our PVC policy, which has been in place since 1996, is kept under review.

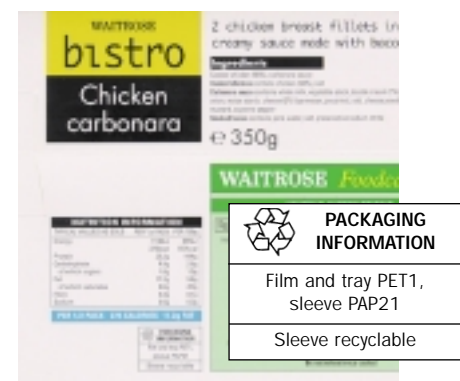
Primary packaging handled
(average kg per item)



Shelves are replenished using returnable trays



'General Waste' promotes the *Buy Recycled* campaign to customers and their children



Example of recycling information on Waitrose packaging

resource management



Our innovative Bag for Life and Wine Bag for Life



Warehouse waste plastic and worn Bags for Life are returned to British Polythene Industries for recycling



Plaswood furniture made from recycled Bags for Life

Bag for Life

While recycling and recovery have their place, reuse is the best environmental solution. The Bag for Life has been our keynote environment product and is sold for 10p. It is reusable many times, thus saving wasteful free carrier bags. When it wears out, it is replaced free of charge. Old bags are recycled and (with other waste plastic) made into plastic garden furniture, planking, bins and bollards, which have years of life. Since the launch in 1997, Waitrose has continued to sell more than two million Bags for Life per year. We have provided 336 pieces of recycled furniture for our branches, schools, local authorities and charities.

In 2000, we also introduced an innovative Wine Bag for Life, which holds six bottles. It will also be recycled to make furniture, as well as having a greater life expectancy and being easier to store than the cardboard equivalent. Sales in 2000 were 66,000 rising to 152,000 in 2001. Conventional free carrier bags rose from 208 million in 2000 to 218 million in 2001, a rise of 4.6 per cent. We estimate that we have saved about 2,500 tonnes of plastic from free carrier bags since starting the Bag for Life scheme.

Waste recycling

We have recycled cardboard for more than 30 years, but avoiding it altogether is better than recycling it, so we have replaced cardboard boxes with reusable plastic crates for produce and many fresh products. Nevertheless, we still recycled 14,500 tonnes of cardboard in 2001 from our shops. In the same year, 130 tonnes of warehouse waste plastic were collected and returned to British Polythene Industries for recycling. We also recycle branch plastic waste, which is collected with the cardboard waste from 44 branches, soon to be extended to 60. We provide many recycling banks at our shops, in most cases managed by the local authority, and also recycle paper, magazines, publications, toner cartridges, vending cups, clothing, cooking oil, filmwrap and cardboard from our offices.

Waste reduction

More recently, the drive has been to reduce waste. This arises from unsold products, trimmings from fresh food and transport packaging that cannot be recycled. Many initiatives have been developed to prevent waste from unsold products, but it can never be totally eliminated, and we are experimenting with some new recycling ideas.

Green Recycling of Waste from Supermarkets (GROWS)

Until recently, waste fresh fruit and vegetables went to landfill. Waitrose is aware of the implications of burying organic material that produces major greenhouse gases, such as methane and carbon dioxide. Green Recycling of Waste from Supermarkets (GROWS) provides an opportunity to operate a closed-loop recycling system; the idea is to buy the fresh produce from our growers, collect any waste and return it to the grower, who reuses it on the land to produce more crops. We would then buy the produce to close the cycle.

Waitrose is co-funding a composting trial at Sheepdrove Farm, near Lambourn, in Berkshire. Sheepdrove Farm is an organic farm producing Aberdeen Angus beef and poultry for Waitrose. The project is managed by the Organic Resource Agency (ORA) in Newbury. Using landfill tax credit funds, the trial involves collecting all fruit, vegetable and horticultural waste from selected branches in the Thames Valley each week for composting at Sheepdrove Farm. During the collection phase, from June 2000 to September 2001, 143 tonnes of organic waste were collected for composting. (Collections were suspended for three months in 2001 due to foot and mouth restrictions.) The project has now entered the field trial phase to measure the performance of the compost as a soil improver. If we find that biodegradable waste can be collected economically and can be used to produce a healthy organic crop, Waitrose will convert all branches to this method of waste disposal.



Nick Jones from Services reviews the composting trial at Sheepdrove farm



Waste produce for composting

And finally, one for Sir Patrick Moore:

Seeing the stars is easier near most modern Waitrose branches because, where we can specify the style, we use downward-directed lighting in our car parks – a dark-skies policy!



the work continues

The Waitrose Environmental Working Group is committed to implementing change through its understanding of environmental issues and by producing achievable solutions within the business framework.



The Environmental Working Group discusses the Bracknell *Green Travel Plan*



David Bellamy plants a Millennium yew sapling at Odney, a Partnership residential complex in Berkshire

The four areas covered in this report are food responsibility, the local community, the global community and resource management. Through the Environmental Working Group (EWG), Waitrose targets and measures changes that influence our environmental impact in all these areas, and we are committed to improving our performance further.

Under food responsibility, we are already tackling the issues that provide our customers with assurance of food safety and quality, while also providing alternatives to conventional farming produce such as organic foods. We will continue to adhere to responsible farming and animal husbandry standards, and will increase the number of organic lines that our customers demand.

In local communities, we will continue to support environmental initiatives and charities where our support is necessary to achieve improvement. In 2002 Waitrose will open two large branches on brown field sites in the centre of London and Cheltenham. We will develop Green Travel Plans for some of our branches.

In the global community, the Waitrose Responsible Sourcing Steering Committee is extending ethical and social procurement to further the buying and purchasing functions.

Finally, resource management is the area in which we can measure our success most accurately. To help us to do this and in preparation for our next report, we have set up improved data capture systems to provide more statistical information. We also have a key project, already in progress, which will assess our impact on global warming by calculating our carbon load. This will provide a benchmark against which we can measure the progress of our future emission reduction programmes. To manage this process, Waitrose has recently appointed an Energy Manager and a Head of Environmental Management.

Acknowledgements

We would like to thank all the organisations who have contributed photographs to this report