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Welcome to WH Smith PLC's 2010 Corporate Responsibility Report.

This year, our corporate responsibility (CR) programme continued to evolve and grow with the changes in our business. We maintained a focus on key areas such as climate change, sustainable forest sourcing and the conditions for factory workers. In addition, we carefully reviewed our CR programme to refresh our initiatives - launching new ethical trading and community impact programmes. As CR issues are dynamic, it is important that our programme is progressive. We believe that this approach enables us to actively manage our social and environmental impacts, as well as the related risks and opportunities.

This report outlines the progress we made during 2009/10 in meeting the targets that we set last year. During the year, I am pleased to report that we made good progress in each area of our programme. We define our responsibility under four key areas of business: environmental management, responsibility in the marketplace, workplace practice and community impact.

Our commitment to reduce our carbon footprint resulted in greater energy efficiency, and less energy used per square foot of store space. A review of our transportation systems was finalised, and we invested in a new distribution centre which supported improved transport routes. We also increased our collaboration with suppliers and other companies to reduce the miles that our products travel to store. The result was a reduction in CO₂ emissions associated with our products and lower operating costs. Over the year, we increased our partnerships with suppliers to further improve factory conditions. Lastly, we strengthened our work in local communities, offering more support to local schools and some of the key hospitals where we have stores. We endeavour to ensure that our CR programme remains relevant to the business strategy and provides a positive contribution to communities.

We are always working to improve our CR performance, and in doing so we aim to benchmark our programme against other leading UK companies. The annual Business in the Community Corporate Responsibility Index provides such an opportunity and, this year, we were delighted to retain our Platinum ranking.

Management of our environmental and social impacts is part of the way we do business. At WHSmith we will continue to progress our work in this area, supporting operational efficiencies and business opportunities.

Kate Swann
Group Chief Executive, WH Smith PLC



“As a brand that has been trading in the UK for over 200 years, we are passionately committed to operating responsibly and meeting the expectations of our local communities.”

At WHSmith, we are committed to corporate responsibility (CR). Our programme plays an important role in risk management, business development and meeting the expectations of our stakeholders. The different pillars of our CR programme enable the business to identify and manage risks in the areas of environmental responsibility, sourcing, managing our workforce and our impact on local communities. As a brand that has been trading in the UK for over 200 years, we are passionately committed to operating responsibly and meeting the expectations of our local communities.

MANAGEMENT AND ACCOUNTABILITY

Our programme is comprised of four key areas of CR: Environmental Management, Responsibility in the Marketplace, Workplace Practice and Community Impact. Accountability for each area rests with named members of our Board, who in turn, are supported by senior executives responsible for delivering our objectives. In this way we ensure our CR work is embedded across our organisation. We use a range of policies and standards, which we review regularly to ensure they remain appropriate. Details of the relevant policies and the executives responsible for them can be found at the start of each section of this report. Our full suite of policies can be viewed on our website at: www.whsmithplc.co.uk/corporate_responsibility

Identifying risks and developing key performance indicators

In order to ensure that our CR programme remains relevant and addresses the risks that face WHSmith, each year we carry out a full review of the CR strategy. Following our review, we set business objectives and agree the focus of activity for the year ahead. To this end, we map risks and opportunities, a process which is informed by legislative and consumer trends, as well as key environmental and social issues. Our executive team is fully involved in this process and the Board agrees the final strategy and future targets. The risk committee reviews our progress against these targets on a quarterly basis.

BENCHMARKING OUR PERFORMANCE

We aim to benchmark our CR performance against other companies and retailers to ensure that we are keeping pace with developments.

The annual Business in the Community (BitC) Corporate Responsibility Index enables us to benchmark our performance against other leading UK companies. This year, in recognition of our work, we were delighted to retain BitC's Platinum ranking.



WHSmith is also included within the FTSE4Good Index. This index measures the financial performance of companies that meet globally recognised standards of corporate responsibility. These standards are regularly reviewed and kept up to date, to ensure businesses stay on top of important social and environmental issues.



FTSE4Good

WHSmith was awarded the Children's Bookseller of the Year award, by the Bookseller Industry Awards. WHSmith was specifically recognised for working hard to develop its children's book offer and continuing its mission to inspire a love of reading across all ages and demographics.



WHSmith was also ranked a Brand Emissions Leader 2009 by ENDS Carbon, placing the company in the top 25% of those surveyed. While we recognise that we have more to do in carbon management, we are proud that our work has been recognised, and we will continue to prioritise carbon reduction in our environmental management programme.



STAKEHOLDER ENGAGEMENT

STAKEHOLDERS	EXPECTATIONS	ENGAGEMENT
Customers	Our customers expect that we manage our business responsibly, and in doing so, we will offer a good range of products at good value. Customers also expect that we respond to their needs and concerns.	We regularly listen to our customers and respond to their feedback. We also conduct an independent customer satisfaction survey twice a year, across our estate, during our busiest trading periods. To ensure that we remain in tune with customers' changing needs, we conduct additional research as required.
Investors	Our investors expect continued creation of shareholder value through good profit performance, investment and cash management, and the assurance that WHSmith operates with good governance and sustainable business development strategies.	We engage with investors in one to one meetings to discuss specific elements of the business and our CR programme. We also communicate with shareholders through our results presentation, Annual General Meeting and investor relations department. We continue to participate in the Carbon Disclosure Project and this year participated in the Forest Footprint Disclosure Project.
Trade bodies and government departments	Trade bodies and government departments expect that we will uphold our CR agenda, including managing our environmental impacts, responding to local communities and providing fair and family-friendly job opportunities. Government departments also consult our business on policies that affect our industry.	We are members of the British Retail Consortium and Business in the Community; organisations that work to address consumer, ethical and environmental issues that affect our industry. We also provided our insights to the Welsh Assembly on charges for carrier bags. We met with the Food Standards Association to discuss the changes in our suppliers' product recipes and sizes of products. Lastly we provided information for Defra's GHG emissions reporting research.
Non-governmental organisations (NGOs) and charities	NGOs expect WHSmith to take leading roles in CR issues, such as reducing carbon emissions, supporting sustainable forest sourcing and ethical trading. We work with numerous charities across the communities that we operate in. They expect WHSmith to understand their cause and support their efforts.	We regularly engage with various organisations, such as the Woodland Trust, the Employers Forum on Disability and the Ethical Trading Initiative to improve our performance across our CR programme. As a brand, we champion literacy, working with the National Literacy Trust to improve literacy levels across the UK.
Suppliers	Our suppliers expect fair business dealings with the opportunity to grow their business through our relationship.	We engage with our suppliers in a number of forums, including training programmes and one to one meetings. We work with key suppliers in Asia to improve health and safety standards and support the set-up of worker representative committees.
Employees	Our employees expect to be treated fairly, offered secure jobs with training and the opportunity to develop their careers. They expect WHSmith to take care of their wellbeing, offering a safe work environment.	We communicate regularly with employees via e-newsletters and regular updates. We provide head office CR updates at our Strategy Briefings, and everyone is encouraged to feedback on our CR performance.



BOARD ACCOUNTABILITY:

Robert Moorhead, Group Finance Director

EXECUTIVE ACCOUNTABILITY:

Simon Marinker, Managing Director Travel Retail and High Street Operations

RELEVANT POLICIES:

Environmental Policy

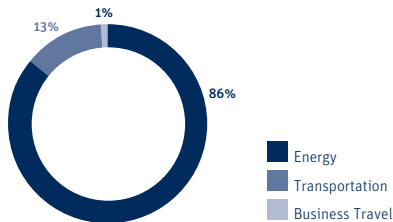
Our commitment

We are committed to responsibly managing the environmental impact of our operations and the products that we sell. Environmental management is important to our customers, employees and, most of all it is important to our business. Ensuring that we use resources efficiently and work to reduce our carbon footprint supports our commercial strategy. As a result, we continue to implement a progressive approach to environmental management in order to meet our commitment.

CARBON REPORTING

We calculate our Group CO₂ emissions (from transport and energy) using recommended Defra conversion factors. This year Group CO₂ emissions totalled 59,035 tonnes, a decrease of seven per cent from last year's emissions of 63,473 tonnes.*

GRAPH OF CARBON FOOTPRINT



ENERGY CONSUMPTION

We recognise that energy consumption is the greatest contributor to our carbon footprint and represents a significant cost to the business. As we continue to drive operational efficiency, we are also working to limit our resource consumption and environmental impact. Careful review of energy use in our stores, offices and distribution centres enabled us to reduce the energy we use across our Group operations.

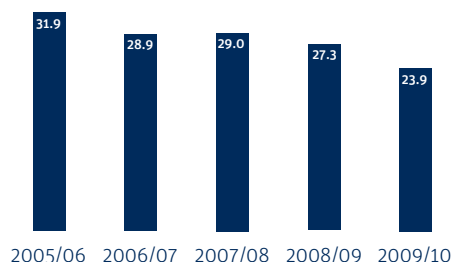
In 2007, we set a challenging energy target to reduce consumption by 15 per cent per square foot by August 2010. Over the last three years we implemented a staff training programme to promote more efficient energy use in our stores, installed new equipment, and we installed Automatic Meter Readers in the majority of our stores in High Street. Our energy management and store operations teams worked together to determine how to reduce the energy consumption of store lighting without diminishing the customer experience. As a result, last year we achieved an 11 per cent reduction in absolute energy use across our High Street stores, and an absolute Group reduction of nine per cent.

Energy management operates through two different approaches in our business. As our stores in High Street are wholly controlled by WHSmith teams we can make direct changes to equipment and lighting. Our stores in Travel are operated with less direct control and greater landlord input.

As the Carbon Reduction Commitment Energy Efficiency Scheme is now underway and both WHSmith and our landlords are participants, we are working together to improve energy efficiency in our stores. For the future, we have set separate energy reduction targets for the High Street and Travel businesses.

*The carbon footprint for 2008/09 was recalculated following a revision of our fleet's fuel emissions for that year, which now incorporates more accurate data for the number of packages moved and the inclusion of updated Defra conversion factors issued in August 2010.

ENERGY CONSUMPTION – KWH PER SQUARE FOOT



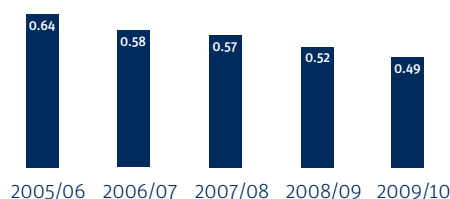
TRANSPORT

The CO₂ emissions associated with the transportation of our products are the second greatest contributor to our carbon footprint. Operating over a thousand stores across the UK, our lorries have to cover significant ground to deliver our products to store. In recognition of the environmental impact and cost associated with transportation, we reviewed our systems and made sizable changes in our logistics programme. Most significantly, this year we invested in a new distribution centre (DC) in Birmingham. This now forms a key part of our transportation network. The inclusion of this DC has enabled the business to re-draw transportation routes to create a more efficient transportation system. The result has been a seven per cent reduction of CO₂ emissions associated with the transport of products to our stores.

This year, we worked to strengthen our collaboration with suppliers and other companies to make transportation more efficient. We are currently working with several companies, including Matalan, the Co-op, Argos and GlaxoSmithKline to share space in our lorries and reduce traffic on the roads. We operate a similar programme with our suppliers, whereby we collect products directly from suppliers with outlets on or near our existing transport routes. Through this approach, we are able to eliminate 720,217 miles and over 1,000 tonnes of CO₂ from the transportation that our suppliers would use to move their products to our distribution centres. The result of our initiatives reduced the need for daily stock deliveries to some of our stores and, more importantly, reduced CO₂ emissions associated with the transportation of each package moved.

Going forward, we will continue to review our logistics systems, continuing to incorporate the use of rail transportation, and collaborating with other companies as part of our Collection Service.

CARBON DIOXIDE EMISSIONS PER PACKAGE MOVED* (KG PER SKIP)



*In 2009/10 we revised the way we calculate our CO₂ emissions per packages moved to incorporate more accurate data for the number of packages we move to our High Street and Travel stores. In 2009/10 this information was backdated to include 2007/8 and 2008/9, along with the revision of fuel conversion factors as indicated in Defra's annual update (August 2010).

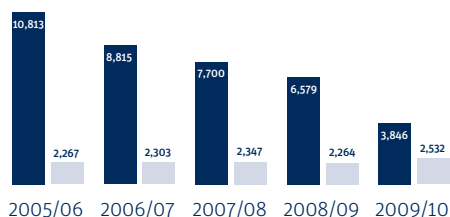
WASTE MANAGEMENT

We recognise that waste management is a business imperative. Waste created by inefficient use of resources and rising landfill tax represents a significant cost to the business. In response, we have been operating recycling and waste reduction initiatives for several years.

This year, we began to roll out dry mix recycling to our stores. This system of recycling will enable our stores to recycle most forms of waste, including plastics and metals that we could not previously recycle. It is our aim to minimise our impact on the environment as much as possible, and our movement to a more comprehensive form of recycling will support our environmental goals.

TOTAL GROUP WASTE ARISING (TONNES)

Tonnes of waste – ■ Landfilled ■ Recycled



We also maintained our recycling programme at our Swindon Head Office. Stations to collect plastic and glass bottles, aluminium cans, newspapers and magazines are located throughout the office, and are supported by staff.

Reducing packaging

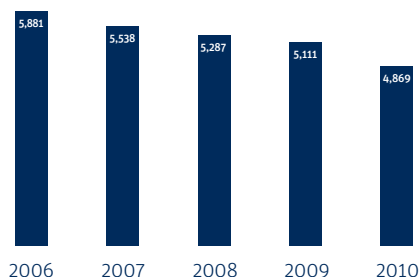
We regularly review our product packaging to minimise waste created by our own-brand products. Excessive packaging continues to be a concern of consumers and environmental stakeholders. We share this concern as unnecessary packaging represents a triple cost to our business: the cost of the packaging, paying for it to be transported to our distribution centres and stores and the waste disposal costs once the packaging is discarded.

Each year, we are required to report the quantity of the packaging we handle to the Environment Agency and ensure that a set percentage of this material has been recycled, through payment of a packaging levy. This percentage is known as our packaging obligation.

The graph shows that the total packaging handled in our business has fallen steadily in recent years. This change results partly from a shift towards smaller items as our Travel business has expanded, but also from policy actions we have taken. For example, this year's figure shows a fall of five per cent from last year, principally resulting from a reduction in our use of plastic carrier bags in store.

TOTAL PACKAGING HANDLED

Tonnes



Battery recycling

In our stores, we offer collection points where customers can dispose their used batteries. Working with our recycling partner Valpak, we have made battery collection boxes available in the majority of our stores in High Street and in many of our airport and rail locations.

Reducing carrier bags

We are committed to reducing the environmental impact of our plastic carrier bags. This year, we reduced the number of carrier bags that we used by 13 per cent. Across the whole of our business our staff habitually ask customers whether they need a bag. This simple procedure supports greater awareness of carrier bag reduction. We also continue to take a more active approach, implementing our Think Twice campaign in six areas of our High Street estate and across all of our Travel stores apart from hospital stores. Customers can now choose to pay 1p for a single use bag or buy a good quality reusable bag, made from 100 per cent recycled materials. Profits from the sale of bags are donated to the Woodland Trust.

This year, our work in association with the Woodland Trust enabled the Trust to plant 5,000 trees throughout the UK. This environmental campaign not only helped to reduce the number of bags going into landfill, but also created new woodland for people and wildlife to enjoy. Over the next 100 years these woodlands will lock up and store 1,000 tonnes of CO₂.

While we reduce the number of carrier bags in circulation, we are also working to reduce the environmental impact of those that are used. In support of this effort, we designed a single-use carrier bag made of 30 per cent recycled plastic. This bag is standard in our stores, and we offer a range of reusable bags. For 6p we offer a reusable plastic bag, made of 100 per cent recycled plastic, and we offer a selection of jute shopping bags.

Helping our customers to reduce waste

We want to offer our customers opportunities to reduce waste created by the products that we sell. In support of this aim, we offer recycling of inkjet cartridges in our stores. This programme is operated in conjunction with our supplier, and the profits from recycling go to Tommy's the baby charity which funds medical research into the causes of premature birth, stillbirth and miscarriage.

In WHSmith own-brand inkjet cartridges, the interior packaging on the cartridge is compostable. This reduces the environmental impact of this packaging, ensuring that it will degrade naturally.

Woodland Trust Christmas Card Recycling Scheme

We work in partnership with the Woodland Trust to raise the profile of recycling among our customers. During January, customers across Scotland, England and Wales took their old Christmas cards into our stores for recycling. This year, we were one of three UK retailers to collect Christmas cards, with our customers recycling nearly eight million cards or 157 tonnes of paper. The proceeds from the recycled cards raised money to support tree planting and preserve woodland across the UK.

WHSmith's partnership with the Woodland Trust

We have developed a long term partnership with the Woodland Trust, supporting the Trust's work for the last nine years. The Trust is the UK's leading woodland conservation charity dedicated solely to the protection of our native woodland heritage. Since its foundation in the 1972, the Trust has grown to care and protect over 1,000 sites across the UK, covering 20,000 hectares. By acquiring woodland sites, the Trust protects woodland from the threat of development pressure or unsympathetic management and offers the space for public enjoyment. The Trust also uses its considerable experience to promote forestry conservation causes among the government and public.



**WOODLAND
TRUST**

Registered charity number: 294344

GOING FORWARD AND TARGETS

In the coming year, we will strengthen our approach to carbon management. As we continue to reduce the energy consumption of our stores, distribution centres and offices, we will also work to reduce the CO₂ emissions associated with our products. Lastly, we will aim to show significant improvements in our waste management by significantly increasing recycling levels.

	2009/10 TARGETS		PROGRESS	TARGETS
Energy	<p>Continue to reduce energy consumption, targeting a 15 per cent reduction per square foot by August 2010 from 06/07 levels.</p> <p>Build on the communication and reporting process with Area Managers, create further incentives to drive reductions in energy consumption through the store estate.</p>	<p>✓</p> <p>✓</p>	<p>Group energy consumption was reduced by 17 per cent per square foot between August 2007 and August 2010.</p> <p>During the year, energy management was included in our stores 'scorecard,' by which every store's performance is managed. This enabled better communication, visibility of energy consumption and higher levels of operational focus.</p>	<p>Reduce energy consumption in the High Street estate by a further eight per cent, by 2013.</p> <p>Reduce energy consumption in the Travel estate in line with our largest landlords. Aim for a further six per cent reduction by 2013.</p> <p>Explore and test the use of renewable energy in our High Street stores by August 2012</p>
Transport	<p>Reduce CO₂ emissions per skip by three per cent.</p> <p>Increase the number of suppliers involved in our Collection Service.</p>	<p>✓</p>	<p>CO₂ emissions per package delivered decreased to 0.49kg, seven per cent less than last year.</p> <p>The number of suppliers added to the Collection Service increased by 39 per cent.</p>	<p>Eliminate 2,000,000 miles from the transportation of our products to store by 2013.</p>
Waste & Management	<p>Ensure that 30 per cent of Group waste is recycled during 2009/10.</p>	<p>✓</p>	<p>40 per cent of Group waste was recycled.</p>	<p>Ensure that at least 45 per cent of Group waste is recycled during 2009/10.</p>
Employee Transport				<p>Roll out the Cycle to Work Scheme to all WHSmith staff by August 2011.</p> <p>Reduce UK-based business travel by 3%.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved



BOARD ACCOUNTABILITY:

Kate Swann, Group Chief Executive

EXECUTIVE ACCOUNTABILITY:

Stephen Clarke, Managing & Commercial Director - High Street

RELEVANT POLICIES:

Ethical Trading Code of Conduct and Human Rights Policy

Forest Sourcing Policy

Marketing Code of Practice

Our commitment

We are committed to meeting our customers' expectations to provide a good range of products while operating our business responsibly. Our customers expect that we provide them with choice, value for money and a good shopping experience. Customers also expect reassurance that our products are made with care for the environment and that factory workers are treated fairly. We have active programmes in place to work toward meeting our customers' expectations, in our stores, online and behind the scenes across our supply chains.

CUSTOMER FOCUS

At WHSmith, 'Customer Focus' is central to our business. It is important to us that we understand our customers' needs so that we can meet their expectations in our service, product offer and operations.

Customer service

Good customer service is a primary focus of our business. Like any retailer, we understand that customer satisfaction is a key driver of business performance. To ensure we continue to meet our customers' expectations we regularly assess the service we offer by conducting reviews. Our independently conducted Customer Satisfaction Monitor is conducted twice a year, during our busiest periods. Each survey has a sample size of 500. Our overall customer satisfaction score was 7.9 (a score of 7 or above is a good performance in retail), and our scores have remained consistently high over the last three years. Our score for satisfaction of friendliness and helpfulness of staff ranks especially high at 8.8. These surveys ensure we focus on the key elements of service that are important to our customers, including queue management, and polite, efficient and accurate transactions.

We also recognise the importance of responding to customer feedback. Examples include trialing self-service checkouts to reduce the waiting time in queues, targeting refits in our stores to reduce clutter and making our stores easier to shop in. Over the past year we refitted over 70 of our High Street stores.

Product choice

We ensure that our product range offers our customers choice. As part of a varied offer of products, we also provide customers with the opportunity to purchase products with a reduced impact on the environment as well as those that support charitable causes. We offer stationery products made of recycled content, such as lever arch files, notebooks and A4 paper. We emphasise the use of sustainably certified timber material in our supply chain, as a result our lines of own-brand pencils and art pencils are now all made of FSC material. We also widened our magazine offer to reflect our customers' growing interest in environmental issues.

Our charity partnerships also provide opportunities for customers to support specific causes. This year we worked with charities such as the Breast Cancer Awareness Campaign, through the sale of filofaxes and pin badges. We also ran promotions on our book ranges in support of the British Legion and National Family Week. We continued to offer our 'Adopt an Animal' range of charity Christmas products, and a wide range of charity Christmas cards.

Over the year, our focus on local books grew. We now have a dedicated local books buyer to ensure that our stores offer a range of books that are relevant to the area where they operate. The range of local books includes publications on places of interest, local history, tourist guide books and work by local authors. Over the year we were pleased to support The Sandpiper Trust in Scotland through the sale of *The Swallow, the Owl and the Sandpiper*, a book written by the charity.

Improving access for customers

It is our aim to make our stores accessible to all customers. We pay particular attention to our disabled customers and are working to ensure that our stores can accommodate their needs. To meet this need, we continue to install customer service lifts, automatic doors and hearing loops. We are also updating many of our stores, and in doing so have widened aisles and created store environments that better accommodate customers who use mobility scooters or wheelchairs.

We offer information about the access features of all our stores on our website. These details include information on automatic doors and lifts in our stores.

We also continue to provide diversity training and awareness using training guides designed and printed by the Employers' Forum on Disability, specifically for WHSmith.

Our online business, WHSmith Direct, also enables our company to be more accessible to customers. As a mark of success, Webcredible voted whsmith.co.uk joint-winner for '2009 Ecommerce Usability for High Street Retailers'.

Responsible retailing

We take seriously our responsibility for the products we sell, and we are committed to listening to our customers' feedback. Our Marketing Code of Practice sets out the standards we follow in our promotional activity, marketing and advertising. In practice this ensures we sell products that are safe, fit for purpose, meet legal standards and are never described in a misleading manner, particularly when marketing to children.

RESPONSIBLE SOURCING

Forest sourcing

As a leading retailer of books and stationery products, paper constitutes a significant part of our business. We are committed to minimising the environmental impact of the paper used in own-brand products, and to do so we work to a continuing objective that all virgin (i.e. non-recycled) material used in our products is from known, legal, well-managed and credibly certified forests.

In order to meet this objective, we work closely with our suppliers to understand their sourcing process and supply chain. All prospective and ongoing suppliers are required to complete a pre-order questionnaire, detailing information on the forest sources intended for own-brand products. Our compliance teams then assess the information to decide whether an order can be placed. Over the year we worked to improve the methodology used when assessing timber and paper sources. We require suppliers to provide information on the tree species and origin, even if the timber or end product is FSC/PEFC certified. We also maintain a policy not to accept any species included in the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

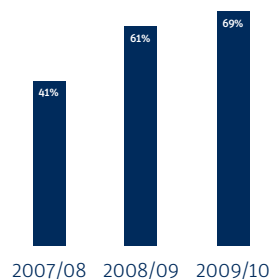
Suppliers of own-brand paper and wood-based products provide information on products they supplied to us during the previous 12 months. The resulting report enables us to identify the risks in our supply chain, such as timber that might be sourced from contentious areas. The report also highlights suppliers that are making good progress in their own forest sourcing management and who we can work with to introduce new sustainable products.

For our 2009 survey, we achieved 96 per cent (2008: 94 per cent) coverage of our supply base. The volume of material from recycled sources and certified forests improved to 69 per cent (2008: 61 per cent). This outcome was a result of greater engagement with our suppliers and guidance on responsible forest sourcing. More specifically, we worked closely with specific suppliers that were providing products from lower grade wood. As a result, we were able to improve the wood grade and quantity of material from recycled sources and certified forests.

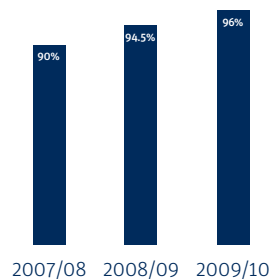
Although we recognise that we can have the greatest influence with suppliers of own-brand products, we also want to be sure that all of the products we sell follow similar forestry sourcing standards. As a result, this year we contacted key proprietary suppliers of wood or paper-based products to remind them of our policy of sourcing from recycled sources and sustainable forests. We make our forestry sourcing systems available to these suppliers, if they are looking for ways to improve.

In order build on our success in responsible forest sourcing we are implementing a three-year target to increase the percentage of own-brand paper and timber-based products from recycled sources and certified forests to 75 per cent by 2013. Over the last two years we applied a supplier engagement programme focussed on our larger suppliers to improve their forest sourcing and reporting. This work helped the business to make significant improvements in our forestry supply chain. Over the next three years we will be extending our programme to target our smaller suppliers to better engage in our process and improve their reporting and sourcing.

% OF RECYCLED OR CERTIFIED FOREST SOURCED MATERIAL



% OF SUPPLIERS COVERED BY FORESTRY SURVEY



Ethical trading

We are committed to maintaining good labour standards across our supply chains. In support of this work, we engage with our suppliers to promote good standards in their factories and to support good labour conditions. We will only place orders with reputable suppliers and manufacturers who are committed to working towards complying with the conditions set out in our Supplier Code of Conduct and Human Rights policy. We work with our suppliers to bring about incremental change through a process of factory audits and agreeing future improvements.

WHSmith is a member of the Ethical Trading Initiative (ETI). The ETI is an alliance of companies, non-government organisations and trade unions which promotes and improves the implementation of corporate codes of practice covering supply chains. Our supplier code is based on the ETI's own base code and we work together with ETI to meet our joint objectives. Specifically, we participate in the ETI China Forum in the UK and the ETI China Corporate Caucus in China which provide forums for members to learn and share experiences.

We have an integrated ethical and technical audit team based in our Hong Kong office. The combination of these two roles enables us to provide our factories with feedback on compliance with our code of conduct. It also ensures consistency in auditing over time as our follow up audits tend to be conducted by the same person. Our process begins before an order is placed with a new supplier, at this time a member of our team will audit each factory to determine product quality, manufacturing processes, health and safety, treatment of workers and environmental conditions. During our ethical audits we meet with the factory management to discuss our findings and recommend necessary improvements. An action plan is agreed, with a specific timetable for completion. We then continue to visit the factory, to ensure compliance and provide support. Every two years we undertake an independent benchmarking process to ensure our ethical audit methodology remains in line with industry best practice.

We audit all our direct source suppliers in Asia every two years. This year, the team carried out audits across China, India and other countries in Asia.

During the year we also refreshed our approach to ethical trading to increase our engagement with suppliers. We reviewed our supply chain to better identify areas of risk and where supplier performance could impact their business. In our review, the importance of good health and safety practice was highlighted. As more processes to make our products become mechanised, it is essential that suppliers train workers to use machinery safely and provide protective equipment. Over the year, we worked with five factories to successfully improve health and safety standards in factories.

Weak systems of worker representation were another key issue noted in our review. Lack of unionised labour has been an ongoing challenge for many Chinese factories and the companies that source from them. Over the year, attention to worker representation grew, and suppliers have begun to prioritise work in this area. In support of worker representation, we launched a new initiative enabling suppliers to engage with factory workers and create a system of worker representation. We engaged with seven factories and will continue to work with these factories in the coming year.

Case Study – Supporting worker representation

Our ethical trading programme focuses on the link between good labour standards and commercial benefits. We work with our suppliers to understand their challenges and enable them to overcome these obstacles.

A regular challenge for most Chinese factories is high staff turnover after the Chinese New Year. Loss of staff results in additional costs as factories have to recruit and train new workers. Research by companies and NGOs identified that staff turnover can be caused by the lack of formal worker representation systems. We found that our suppliers struggled with this same issue. As a result, we worked with the Ethical Trading Initiative (ETI) to create a toolkit to help our suppliers and their workforces to start a system of worker representation. We also consulted members of the ETI to identify hurdles in this process and how WHSmith could best support factories to make these systems successful.

This year was the pilot for this programme. We engaged with seven factories, four of which completed the process of freely electing worker representatives and holding quarterly meetings between workers and management. Further progress will be visible next year as we continue to work with these factories and engage with more suppliers.

GOING FORWARD AND TARGETS

In the coming year, we will continue to build on our progress. Excellent customer service continues to be a focus for the company, and we are committed to delivering friendly and efficient service. Our forest sourcing programme will increase engagement with smaller suppliers, enabling them to improve monitoring and sourcing procedures. We will also work with suppliers to promote systems of worker representation and improved health and safety procedures.

	2009/10 TARGETS		PROGRESS	TARGETS
Ethical Trading	<p>Expand the supplier engagement programme to target significant breaches. Engage with five new factories.</p> <p>Begin a sub-contractor review process in India, focusing on homeworkers.</p> <p>Continue to support WHSmith's ethical sourcing policies and targets by building on the buyer training programme.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>Seven new factories were engaged in the worker representative initiative.</p> <p>A set of sub-contractors of our Indian suppliers were reviewed. This part of the supply chain was mapped, and the risk of homeworkers was assessed and determined to be low.</p> <p>Buyers in the UK and merchandisers in Hong Kong participated in training. Both buyers and merchandisers now play a more active role in ethical trade.</p>	<p>Engage with 15 new factories by 2013.</p> <p>Further develop the buyer training programme to address supplier feedback.</p>
Forestry	<p>Increase the amount of own-brand paper and timber product sourced from recycled sources and certified forests, ensuring that the percentage of material used is over 60 per cent.</p>	<p>✓</p>	<p>The amount of own-brand paper and timber sourced from recycled sources and certified forests increased to 69 per cent.</p>	<p>Increase the amount of own-brand paper and timber product sourced from recycled sources and certified forests to 75 per cent by 2013.</p>
Products and Marketing	<p>Continue to introduce products with environmental or charitable benefits.</p>	<p>→</p>	<p>We continued to offer a range of products with environmental and charitable benefits, including new environmental magazines, book promotions in support of the British Legion and National Family Week, charity affiliated stationery products and Christmas cards.</p>	<p>Continue to introduce products with environmental or charitable benefits which support the commercial strategy.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved

**BOARD ACCOUNTABILITY:**

Kate Swann, Group Chief Executive

EXECUTIVE ACCOUNTABILITY:

Anthony Lawrence, Group Human Resources Director

RELEVANT POLICIES:

Code of Business Conduct
Suite of employee policies
Health and Safety Policy

Our commitment

People are the greatest resource of any business. At WHSmith we are committed to providing all of our employees with learning opportunities to help them develop their careers and ensuring that employees feel engaged in the business and its priorities.

ENGAGING WITH OUR STAFF

We provide a variety of communication to staff in order to ensure that everyone is engaged in our business strategy and objectives. We do this through clear communication cascaded by team briefings, large employee events, intranet sites and regular e-newsletters.

This year, we carefully reviewed our head office internal communication programme. A detailed survey was conducted, and the majority of head office employees responded. In addition, focus groups were held to ensure that a complete picture of staff perception of internal communications was captured. The response was largely positive, but there were some areas in which the programme could improve. As a result, five commitments have been made to improve our internal communications. In the coming year the key themes of our work will include increasing our directors' direct communication with staff, ensuring that staff have multiple avenues to send their questions to management and conducting better benchmarking of our internal communications programme against our peers.

Each month, our executive directors deliver business briefings to the senior management team. These briefings provide updates on the company's performance and give managers the opportunity to ask questions. This information is then communicated out to all head office employees by directors and senior managers.

As part of our employee engagement programme, our directors also host informal meetings on a quarterly basis that are held over breakfast. This is offered to a small group of staff who are randomly selected from both our Swindon and London offices. They are given the opportunity to meet with one of our directors to discuss any subject they wish. Our staff value the opportunity to meet the Executive team informally to talk about the business, as this comment shows:

"It was a great opportunity to meet a member of the Board and put a face/personality to the name and it was also interesting to hear the thoughts of and issues affecting other people in different areas of the business," – Strategy Insights Analyst.

We want to ensure that all staff are regularly updated on activity across the business. To meet this aim, we circulate a fortnightly e-newsletter in head office and distribution centres that contains articles on business activity, staff recognition and new recruits, policy updates and store promotions and events. Across the year we hold strategy briefings for head office and store employees, briefing on our progress and the launch of new initiatives, as well as covering other topics including Corporate Responsibility. Once a year, conferences for stores are held to communicate messages that are pertinent to our total business strategy, performance and the running of WHSmith stores. These conferences offer detailed information on products and the direction of the business.

Living our values

We share four key business values: Customer Focus, Drive for Results, Value Our People and Accountability.

WHSmith values

VIP – Values in Practice

The WHSmith Values are actively pursued by employees across the business, and it is important that we recognise this work. To do so, we offer a head office 'Values in Practice' or 'VIP' scheme. Launched in 2004, this successful programme is an opportunity for any member of our team to nominate a colleague who has set a leading example in demonstrating one of the values. Each month a VIP nominee is selected as 'VIP of the Month' by the Executive team as an example of how to live our values. Each nominee's story is published in our staff newsletter and the VIP winner is rewarded with free tea or coffee for a month, a special VIP mug and three extra days' holiday.

Store Heroes

Our store staff work tirelessly to delivery our business plans and strategies. In recognition of this work, we celebrate the achievements of our store staff through several awards programmes. During November, December and January, we run the WHSmith Store Heroes scheme. The scheme recognises hundreds of employees based on their accomplishments at work. We also offer an Annual Store Awards programme, including Most Improved Store, Store of the Year, Store Manager of the Year and Area Manager of the Year.

Valuing our people

As people's lifestyle patterns change, it is important that WHSmith provides a workplace and benefits to promote a good work life balance. Our 'School Starter' scheme grants working parents half a day paid leave to take their child to their first day at school. We offer phased retirement plans to allow employees to voluntarily reduce their working hours as their retirement date approaches. 'V-Time Working' enables employees to voluntarily reduce their working hours for a defined period, to cope with life changing events and in so doing reduce the levels of stress they face. In addition, all our head office staff with 100 per cent attendance during a six month period are rewarded with an additional day's holiday.

LEARNING AND DEVELOPMENT

We recognise the importance of learning and development (L&D) to promote employee satisfaction and to promote a knowledgeable workforce. We designed our L&D programme to appeal to all employees and ensure that they have equal access to the opportunities offered in the business.

This year, we continued to offer employees training courses that cover specific areas identified in performance reviews, as well as topical training guides that can be applied in day-to-day work with the support of line managers. The head office and store Learning & Development intranet sites were refreshed this year to

better support employee access to L&D opportunities. These intranet sites are essential tools for our programmes and ensure that our employees have easy access to L&D resources, including workshops and master classes, 'Bitesize Learning Packs' on a range of topics and the 'Growing your Career' site which provides a step by step guide to driving your personal development.

We are keen to develop our future managers from within WHSmith and so we work to ensure there is a pipeline of talent available for all managerial roles. This year we achieved a 90 per cent internal succession rate. In support of this accomplishment, we held regular succession planning meetings for store, head office and distribution centre staff, where we identified those individuals who had the ability to develop themselves and our business.

Case study – Learning at Work Week

Every year we hold a 'Learning at Work Week'. This event forms part of a national awareness programme sponsored by Campaign for Learning, a national charity which aims to create a passion for learning.

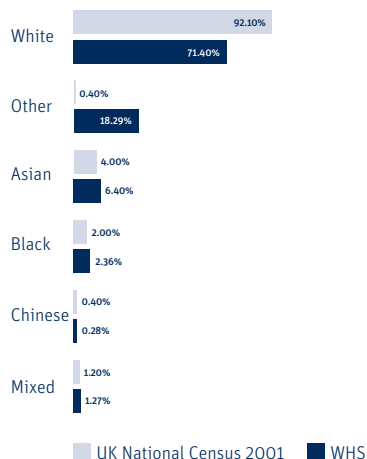
This year, we were delighted to offer our widest reaching 'Learning at Work Week' to date. Over the course of the week, circa 1,400 places were filled in the programmes and master classes offered. The week hosted 42 master classes for our head office staff. Examples included, 'Getting to the Top' by Kate Swann, Group Chief Executive and 'How to Develop Yourself to Succeed' by Anthony Lawrence, Group Human Resources Director. The L&D offer to store staff also grew to include 21 'Learning Voice Conferences', eight Learning Webinars and two Education Book training sessions. Examples of voice conferences included, 'Having the Right Performance Conversation' and 'Delivering the Company Plan Brilliantly.' Over the course of the week, nearly half of all the Learning at Work Week activities were aimed at our store staff. A final element that was new this year was the introduction of a 'Learning at Work Week' dedicated website. The site generated over 1,000 hits during the week.



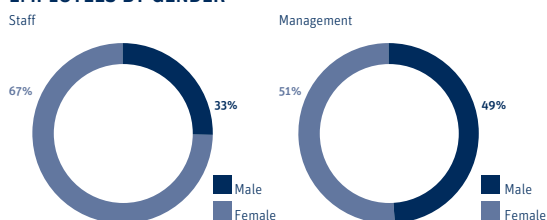
DIVERSITY

WHSmith is committed to equality and diversity through its policies, practices and procedures. All employees are given equal and fair treatment, and this applies to recruitment and selection, terms and conditions of employment, promotion, training and development opportunities and employment benefits. In order to ensure that we fulfil our commitment, we have systems in place to map the diversity profile of our workforce. Over the year we increased the number of areas that we monitor in our workforce. This work has supported our preparation for the Single Equality Act, and enabled our company to provide greater visibility of the make up of our workforce.

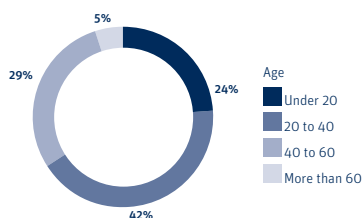
ETHNIC DIVERSITY – ALL EMPLOYEES



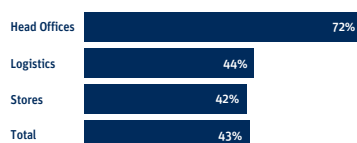
EMPLOYEES BY GENDER



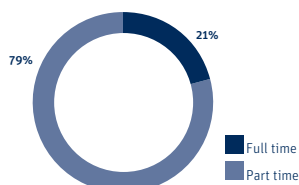
EMPLOYEES BY AGE



EMPLOYEES WITH MORE THAN THREE YEARS EXPERIENCE



FULL TIME AND PART TIME EMPLOYEES



Case study – Brighton Hospital Store

We value our employees, and support our staff to continue working until they decide to it is time to retire. One example of this practice comes from our Brighton Hospital store where 86 per cent of the store sales staff ranges from 60 to 77 years of age. Recognising that the contribution of all staff brings strength to our business, we are pleased to be able to support employees to individually manage their retirement plans.

Employee benefits

All WHSmith employees enjoy access to a variety of benefits, including pension and share save schemes, staff discount on WHSmith products plus a range of voluntary benefits and discounted goods and services, such as insurance, travel, health, leisure and retail.

HEALTH AND SAFETY

Our Board is committed to maintaining high standards of health and safety. The Management team, supported by professional safety advisers, monitors key safety performance indicators and an annual report detailing trends, performance and recommendations is presented to the Board. The business also has a properly constituted Health and Safety Committee that comprises employees, management, trade union representatives and professional safety advisers.

This year, we reduced the number of reported major injuries by 15 per cent. Maintaining this trend is an ongoing area of focus for coming year. We experienced an increase in reported minor accidents; however, this is due to extensive efforts to ensure that all stores are reporting all accidents, regardless of how minor. This level of detailed monitoring enables us to understand the cause of accidents and identify trends.

This year we completed our long-term target to reduce all reportable accidents by 10 per cent between 2004 and 2010. As a result, we reduced minor accidents by 24 per cent and all reportable accidents by 28 per cent over this period.

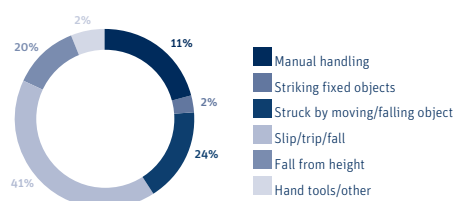
We continue to benchmark our health and safety performance against our peers to ensure that we improve our approach in line with best practice. We do this through analysing their published performance against our own and also through collaborative working via the British Retail Consortium's Risk and Safety Policy Advisory Group, which meets regularly to compare data and share best practice.

Accidents and injuries

	2010	2009	2008	2007	2006
Major injuries	11	13	16	16	22
Injuries resulting in more than 3 days of absence from work/hospitalisation	70	53	51	53	48
ALL RIDDORS*	81	66	67	69	70

* Reportable under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations

ACCIDENTS BY TYPE 1 SEPTEMBER – 31 AUGUST 2010



Employee wellbeing

Employee wellbeing is an important focus in our workplace practice. We support a healthy living campaign throughout the year, emphasising a healthy lifestyle. During the year there were two sessions organised at the Swindon Head Office, enabling employees to get a full 'health MOT,' checking cholesterol, blood pressure and other issues of health. We offer weekly fitness classes, a cycle to work scheme and fitness related employee benefits.

GOING FORWARD AND TARGETS

In the coming year, L&D will continue to be a priority in our workplace programme. L&D opportunities will grow to include more specific programmes for stores and staff in our distribution centres. We will also refresh our approach to employee engagement. Lastly, our diversity programme will expand to promote better training for line managers.

	2009/10 TARGETS		PROGRESS	TARGETS
Learning and Development	<p>Identify and actively promote a wider variety of learning portals.</p> <p>Design and implement specialist Learning & Development solutions for line management in head office and distribution centre populations.</p>	<p>✓</p> <p>✓</p>	<p>Head office and store Intranet sites were refreshed. Voice conference and webinar training sessions were added to the L&D programme.</p> <p>A new intranet page was created in 2010 to support line managers in developing themselves and their teams.</p>	<p>Refresh L&D head office programme to reflect current business needs and increase usage by 15 per cent year on year.</p> <p>Provide up to 10 per cent of all permanent DC headcount places with apprenticeships.</p>
Succession Planning	<p>Increase year-on-year graduate intake by 30 per cent.</p> <p>Ensure that there is a pipeline of talent available for Supervisor, Store Manager and Area Manager positions. Drive success rates to 85 per cent.</p> <p>Deliver an Academy for senior managers in Head Office with the potential to progress into bigger roles.</p>	<p>✓</p> <p>✓</p> <p>✗</p>	<p>The programme was implemented and four graduates joined the company.</p> <p>All areas have robust succession plans in place, currently achieving 90 per cent internal succession rate.</p> <p>Due to the needs of the business, focus shifted to produce a programme to prepare Senior Store Managers to take on a field role.</p>	<p>Continue to source 90 per cent of all store management appointments from internal candidates until 2013.</p>
Diversity	<p>Implement a company-wide diversity training programme.</p>	<p>→</p>	<p>All policies and procedures were reviewed and amended in order to ensure compliance with the Single Equality Act. A new policy and management guidelines is being devised in order to advise line managers on how to support disabled employees in the workforce.</p>	<p>Deliver a company-wide programme to advise line managers on ways to support disabled employees in the workforce.</p>
Engagement	<p>Strengthen two-way communication between employees and executives.</p>	<p>✓</p>	<p>Research of employees' satisfaction with company communication was conducted. Associated actions have been identified, including five key commitments, and these will be fully implemented in the new financial year.</p>	<p>Implement five key commitments from employee engagement research.</p>
Health and Safety	<p>By 2010, overall reportable accidents to be 10 per cent of 2004 levels.</p>	<p>✓</p>	<p>Overall reportable accidents decreased by 28 per cent between 2004 and 2010.</p>	<p>Reduce all accidents recorded across the group by five per cent by 2013 compared to 2010 levels.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved

**BOARD ACCOUNTABILITY:**

Kate Swann, Group Chief Executive

EXECUTIVE ACCOUNTABILITY:

Anthony Lawrence, Group Human Resources Director

RELEVANT POLICIES:

Community Engagement Policy

Our commitment

WHSmith is a valued member of communities across the UK, and we are committed to making a positive impact wherever we operate our stores. Through our work to champion literacy and support good causes, our community programme enables us to contribute to local areas. We also encourage our employees to support their favourite charities and participate in fundraising activities.

BENEFIT TO LOCAL COMMUNITIES

WHSmith has a store on 399 of the top 400 high streets in the UK. As a result, we recognise the role of our business to local communities. Over the course of the year we opened eight new stores in High Street and 28 new stores in Travel, including nine new stores in hospitals. Our work in these areas supports the vibrancy of high streets and local communities.

Our store teams are active members in their communities. Nearly half of our stores in High Street give time to local councils, town centre management and high street security groups to support a positive business environment on their high streets. Our staff also give over 2,300 hours per month to their local charities, organisations and schools

CHAMPIONING LITERACY

This year, WHSmith refreshed our community programme, embarking on new initiatives to promote literacy. These initiatives have been developed to better promote the love of reading and create lasting improvements in our local communities.

Entering the sixth year of partnership with the WHSmith Group Charitable Trust and the National Literacy Trust (NLT), we reviewed our work to consider new ways to improve literacy levels across the UK. Starting this year, we began a new three-year project where we support the NLT's National Young Readers Programme for Families. This programme supports literacy by targeting parents who are less confident readers. Working through local schools and with small groups of families, parents will receive guidance to help them be more confident when reading with their children. This in turn improves their children's literacy skills and promotes education in the home.

This year we operated our pilot project in Southampton with Shirley Warren Primary School. The entire programme was five weeks long, covering topics such as 'reading with your children,' 'using your local library' and 'selecting books with your child.' The programme culminated in a trip to the local WHSmith store where families were able to use their donated book voucher to select a book for their home.

The support of the WHSmith Group Charitable Trust and WH Smith PLC will enable this worthwhile programme to be rolled out across the UK. The first year of the programme will operate in 11 locations, providing 22 sessions for families. Over the following two years, the programme will grow to operate in 22 locations. As a result, hundreds of families and thousands of people will be able to participate in the National Young Reader's Programme for Families.

Supporting World Book Day

World Book Day was designated by UNESCO as a worldwide celebration of books and reading, and is marked in over 100 countries around the globe. It is the biggest annual celebration of books and reading in the UK and is sponsored by National Book Tokens. World Book Day aims to give every child the opportunity to choose a book of their own and to promote the enjoyment of reading.

This year, 4th March 2010 marked World Book Day and many of our High Street stores helped local children celebrate by organising events and activities promoting the fun of reading.

We promoted the event in over 525 of our stores, 383 stores held events which were attended by local school children and included fun things to do such as story telling, treasure hunts, author appearances and behind the scenes tours of our stores. Of those 383 events, two were part of our pilot project to bring World Book



Day to some of the hospitals where we have stores. We were able to bring Peppa Pig to the Evelina Children's Hospital in St. Thomas Hospital and we also made a special donation of books and colouring activities to Leicester Royal Infirmary.

THE WHSMITH GROUP CHARITABLE TRUST

The WHSmith Group Charitable Trust is an independent registered charity [registered charity no. 1013782] that actively supports employees who are involved with charitable organisations in their local community.

The Trust has two principle objectives which focus its activities:

- To support the local communities in which WHSmith staff and customers live and work; and
- To support education and lifelong learning, helping people of any age to achieve their educational potential.



We encourage our employees to be actively involved in their local communities and many of our staff are personally involved in work across their communities. To support and encourage staff involvement, the Trust matches employee fundraising and volunteering up to £1,000 and team fundraising up to the value of £2,000. In 2008/09 the Trust made 42 grants worth £36,607 to employees in support of both national and local charities.

Each year, the Trust also runs a Christmas Giveaway where staff can apply on behalf of any charity they are involved with. This year more than 70 applications were received by the Trust from both store and head office staff. Each charity nominated received £250, resulting in over £19,000 being donated to charities ranging from Cancer Research UK, National Animal Welfare, Cumbria Flood Recovery Fund and NSPCC as well as many other local charities.

Twice a year, the Trust makes a grant of £5,000 to a small charity local to our head office in Swindon. The money is funded from the proceeds of our charity shop based at our Swindon office and the organisation chosen to receive the grant is voted for by our head office staff. The first of these grants was awarded to Wiltshire Air Ambulance. The second grant was awarded to CALM, a charity that supports families of children and young people with cancer and leukemia.



WHSmith Trust Schools Giveaway

In recognition of WHSmith's role in local communities, we worked with the WHSmith Trust to give £25,000 away to over 160 local schools.

This programme identified WHSmith stores that were making a positive impact on their local communities. The stores were nominated by their Area Managers and put forward to make a donation of WHSmith vouchers to their local school. Schools were delighted to receive the donation, using the vouchers to purchase books for libraries and materials for the new school term. This programme has proven to be hugely successful, engaging our store teams with their local communities and creating even more enthusiasm to support local schools.



WHSmith Trust Books for Hospitals

As our business has grown to include a significant number of shops in hospitals, we wanted to extend our community programme to reflect this part of our business and enable our staff to play an active role in the wider hospital community. As a result, we designed a programme to donate reading libraries to some of the hospitals where we have shops.

The hospitals are using a collection of donated books to start a new library or supplement an existing one. We discovered that books are often overlooked in hospital budgets, so we were delighted to be able to meet this need. We also learned about the important role that books can play in patients' care, whether a tool to distract young patients from treatment or a relaxing get away for an older patient who is recuperating. In order to make sure that the donated books meet the exact needs of the hospital, we worked closely with play coordinators, nurses and other hospital staff to create individual book lists for each hospital.

Case Study – A new library for the Evelina Children's Hospital School

In July, our Books for Hospitals initiative donated over 300 books to children at the Evelina Children's Hospital School in St Thomas Hospital, London. Kate Swann, Group Chief Executive, and the hospital store manager Anwar Omar presented the donation to the hospital school, and spent time reading with the children and helping them to select books from the new library.

Patricia Moberly, Chairman of St. Thomas and Guy's Hospital Trust, said, "We are delighted that WHSmith has chosen to make this donation. It is a fantastic initiative and I'm sure the children at the hospital and their families will use and enjoy the books".



PRODUCTS FOR CHARITABLE CAUSES

In addition to the fund raising activities of our staff, we have for many years supported good causes through product sales. As well as providing charities with a financial contribution, the sales of these products also raise consumer awareness of the work these organisations do and help them to gain new supporters. Christmas is a time when many of our customers like to give presents that also benefit charities. This year our sales of charitable Christmas cards raised £88,000 for seven charities, which were chosen by our employees to receive support. These charities included Everyman Cancer, Wellchild, Multiple Sclerosis Trust, Red Cross, Barnados, Scope, Shelter and Children in Need.

We continued to support the Born Free Foundation with our Christmas 'Adopt an Animal' range. We also support charities all year round with the sale of products, such as the Breast Cancer pink filofax, and by giving customers the opportunity to buy charity pin badges at the till, including Breast Cancer Pink Ribbons and British Legion Poppies.

This year we expanded our support of charitable products to include in store promotions which resulted in donations being made to charities. These promotions were focused on the sale of books which generated donations for the British Legion, National Family Week and the Sandpiper Trust.

Case Study – Sandpiper Trust

As part of our commitment to sell products for charitable causes, and in response to the high demand from stores, we piloted the sale of a book produced by the Sandpiper Trust. The Sandpiper Trust is a local charity that supports emergency medical care in Scotland by providing emergency medical equipment to trained doctors and nurses. Over the year, we sold *The Swallow, the Owl and the Sandpiper* in 52 stores across Scotland.

We are delighted that the donation from these books has provided important funding for the Sandpiper Trust and enables its important work to continue.

Measuring Our Community Investment

We set and achieve an annual target to invest at least one per cent of our pre-tax profits in support of charities and community projects.

We have met this target for the last seven years, maintaining our commitment to invest one per cent of pretax profits against our profit increasing year on year.

We use the London Benchmarking Group's (LBG) reporting model to calculate our community contributions which provides a standardised way of managing and measuring corporate community engagement.

The chart below presents a breakdown of our community contributions, using the LBG reporting model. We measure the direct contributions we make to the community, in the form of cash donations, gifts in kind and also staff time and management costs.

WHSMITH COMMUNITY INVESTMENT 2009/10



GOING FORWARD AND TARGETS

In the coming year, we will continue to actively support local causes and organisations in the communities where we have stores. Our work to promote literacy and the love of reading will expand through our partnerships with the National Literacy Trust and WHSmith Group Charitable Trust.

	2009/10 TARGETS		PROGRESS	TARGETS
Promoting Literacy	<p>Continue to work in partnership with the WHSmith Trust to promote literacy.</p> <p>Promote and develop our partnership with Volunteer Reading Help, supporting literacy and further connections in local communities.</p> <p>Extend World Book Day events to our hospital stores, and develop a wider community programme to encompass hospital sites.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>The partnership continued and evolved to support three new literacy-focused initiatives.</p> <p>Over the year we supported Volunteer Reading Help's annual book mark contest.</p> <p>World Book day was extended to the Leicester Royal Infirmary and the Evelina Children's Hospital in St. Thomas Hospital.</p>	<p>Promote literacy through the NYRP for families, working with over 3,000 people by 2013.</p> <p>Continue to build on the success of the WHSmith Trust Schools Giveaway and Books for Hospitals programmes.</p>
Charity Products	<p>Continue to identify new products or business opportunities through our CR approach.</p>	<p>✓</p>	<p>The Sandpiper Trust of Scotland was supported by donations raised from sales of a local book produced by the charity.</p> <p>We expanded our support for charity products through in-store promotions for National Family Week and the British Legion.</p>	<p>Continue to identify new products or business opportunities through our CR approach.</p>
Community Investment	<p>Continue to invest one per cent of pre-tax profits in the community, through donations of cash, employee time and gifts in kind.</p>	<p>✓</p>	<p>Over one per cent of pre-tax profits invested in community projects.</p>	<p>Continue to invest one per cent of pre-tax profits in the community, through donations of cash, employee time and gifts in kind.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved

VERIFICATION OF WH SMITH PLC'S 2010 CORPORATE RESPONSIBILITY REPORT

Objectives

Acona Ltd was engaged by WH Smith PLC to provide an independent review of its 2010 Corporate Responsibility (CR) and provide assurance that:

- Quantitative data are materially accurate and are supported by robust data collection systems and processes.
- Substantive qualitative statements can be supported by evidence and properly represent activity across the company.

Responsibility

The information and statements contained within the report are the responsibility of WHSmith. This statement is the responsibility of Acona Ltd and represents our independent opinion of the content the report.

Methodology and scope

In performing our work we adopted the following approach:

- Desk-top evaluation and detailed analysis of the raw data used to construct the report, including comparisons with previous years.
- Review of internal and external documents relating to CR management, including policies, procedures and stakeholder comments, particularly ensuring that evidence was made available to support substantive comments and claims made in this report.
- Detailed interviews with staff involved in compiling the report to test the accuracy of the data and underlying processes.

This review was undertaken during October 2010 and covered WHSmith's operations within the UK for its financial year 2009/10.

Opinion

The data and inferences drawn from them, and substantive statements are materially accurate and supported by a range of evidence from internal and external sources. Inaccuracies identified during the verification process were rectified and the report was amended accordingly. It is our opinion that the report succeeds in presenting an accurate picture of CR activity in WH Smith PLC.

Acona Ltd

Acona Ltd is an independent consultancy, based in London but with staff all over the UK. We have broad expertise and advise large, mainly corporate, clients on the full range of social, environmental and ethical matters. All of our team has extensive experience in the field and biographical information can be found on our website - www.acona.co.uk

Acona has provided consultancy support to WH Smith PLC during the year under review. Acona is independent from WH Smith PLC, and is impartial from the organisation's major stakeholders. WHSmith's business with Acona represents less than 5% of the company's revenues.

We welcome feedback on this report. If you have any comments regarding this report or any aspect of WHSmith's corporate responsibility work, please contact:

Head of Corporate Responsibility

WH Smith PLC
Greenbridge Road
Swindon
SN3 3LD

Tel: 01793 616161

For more information on our corporate responsibility work, or if you would prefer to email us with your comments, please visit our website at www.whsmithplc.co.uk/corporate_responsibility