

WH Smith PLC

CORPORATE RESPONSIBILITY REPORT 2015



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Governance

WELCOME TO WH SMITH PLC'S 2015 CORPORATE RESPONSIBILITY REPORT

ABOUT THIS REPORT

This is our 10th published Corporate Responsibility report, covering our social, environmental and ethical performance for the year 1 September 2014 until 31 August 2015. It is an annual report issued alongside the WH Smith PLC Annual report and accounts 2015 and published in December 2015.

SCOPE OF THIS REPORT

This report focuses primarily on the continuing activities undertaken by our retailing operations in the UK and Ireland under the WHSmith brand, also under the Funky Pigeon, Card Market and Gadgetshop brands. The impacts resulting from franchise operations and international stores are excluded from this report. Some of the data reported is not exactly aligned to the year ended 31 August 2015 but is reported for a consistent period each year. Other variances in reporting boundary are highlighted in the relevant section.

WHO IS THE REPORT WRITTEN FOR?

Our report is written to provide information to a wide audience, which is interested to understand how WHSmith is performing in terms of managing the social, environmental and ethical impacts of our business.

We have aimed to provide both general information for our stakeholders who want to understand how we manage our performance as a responsible company, as well as more detailed technical data for those requiring more in-depth information. The report is published on our website at www.whsmithplc.co.uk/corporate_responsibility, where it is also available as a PDF. In addition, a summary of the report and the PDF of the full report are also available to our employees via our intranet.

ASSURANCE OF REPORT CONTENT

Corporate Citizenship have been engaged to provide assurance over selected aspects of this report for the reporting year ended 31 August 2015. A copy of their independent assurance report can be found on page 28.

YOUR FEEDBACK

We welcome your comments and feedback on our corporate responsibility performance, either through our website www.whsmithplc.co.uk/corporate_responsibility or by writing to Head of Corporate Responsibility, WH Smith PLC, Greenbridge Road, Swindon SN3 3LD.

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Find out more at
www.whsmithplc.co.uk/corporate_responsibility

Cover images top right and top left with thanks to British Land and the National Literacy Trust.

INTRODUCTION BY STEPHEN CLARKE



OUR CORPORATE RESPONSIBILITY PROGRAMMES FOCUS ON MANAGING THE ISSUES WHICH ARE MOST MATERIAL TO OUR BUSINESS AND TO OUR STAKEHOLDERS.

Stephen Clarke
Group Chief Executive

WELCOME TO WH SMITH PLC'S 2015 CORPORATE RESPONSIBILITY REPORT

At WHSmith, we believe that a commitment to the principles of corporate responsibility (CR) makes good business sense. Our CR programmes focus on managing the issues which are most material to our business and to our stakeholders.

We divide our CR work into four key headings: Environmental management, Responsibility in the marketplace, Workplace practice and Community impact. In this report, we outline the progress we have made towards our 2020 targets and I am pleased to report that we continue to make good progress towards meeting our corporate responsibility goals.

As one of the UK's leading stationers and booksellers, sustainable forestry is one of the most important issues for our corporate responsibility programme. We are working hard to increase the number of products we sell which are clearly marked with the Forest Stewardship Council (FSC) logo, so that customers can make an informed choice. The number of FSC-marked stationery products is up by 25 per cent since last year, and we have more in the pipeline for next year. We have also made good progress addressing other key environmental issues. Since 2007, we have reduced CO₂e emissions per square foot from stores and distribution centres by almost 41 per cent, meeting our target well ahead of schedule. We are now working towards delivering a further five per cent reduction by 2020.

WHSmith stores are at the heart of communities across the UK and our store teams want to play their part by supporting local schools and encouraging a love of reading. During the year, our stores have built partnerships with hundreds of local schools, donating vouchers to help boost school library resources and inviting the school children to write reviews of their favourite books for display in WHSmith. The children's reviews have been a great focal point in many of our stores, with children very proud to see their work on display in public, and some customers making use of the reviews when making their own purchases. Looking ahead, we hope to provide even more support for local community organisations through the WHSmith Trust Community Grants.

Funded by the English carrier bag levy, these grants will be open to schools and charities across the UK with the potential to benefit many of the communities in which we operate.

Our people are core to our business success and we are committed to investing in them through our Workplace strategy. During the year, we carried out a detailed employee engagement survey to understand how our head office staff feel about working for WHSmith. The results were shared with all staff and an action plan agreed to respond to specific points of feedback. This has resulted in a series of exciting new workstreams focusing on areas including personal development, wellbeing and work/life balance and internal communication. The Executive team are closely involved in this work and we are all looking forward to seeing the results as the new initiatives are implemented over the coming months.

In the year ahead, we will continue to work towards further improvements in all aspects of our CR performance, reducing our impact on the environment and making a positive impact on the communities in which we operate.

Stephen Clarke
Group Chief Executive, WH Smith PLC

Governance

ABOUT US

- > WH Smith PLC is one of the UK's leading retailers and is made up of two core businesses – Travel and High Street.
- > WHSmith has a presence in a wide range of locations including airports, train stations, motorway service areas, hospitals and UK high streets, with a growing international business.
- > WHSmith reaches customers online via www.whsmith.co.uk and its specialist personalised greetings cards and gifts websites, www.funkypigeon.com and www.funkypigeon.ie.
- > WHSmith employs approximately 14,000 staff.
- > WH Smith PLC is listed on the London Stock Exchange (SMWH) and is included in the FTSE 250 Index.

TRAVEL

Travel sells a range of products to cater for people on the move or in need of a convenience offer.

Our goal is to be the leading retailer in convenience, books and news for the world's travelling customer.

As at 31 August 2015, the business operated from 736 units (2014: 712 units) mainly in airports, railway stations, motorway service areas, hospitals and workplaces. 163 of these units (2014: 129 units) are outside the UK. Most of our units in motorway service areas area operated on a franchise basis, together with over 50 per cent of our units outside the UK.

HIGH STREET

High Street sells a wide range of Stationery, Books, Newspapers, Magazines and Impulse products.

Our goal is to be Britain's most popular high street stationer, bookseller and newsagent.

As at 31 August 2015, the business operated from 615 High Street stores (2014: 604 stores), located in almost all of the UK's major high streets.

More information is available at www.whsmithplc.co.uk

MORE INFORMATION IS AVAILABLE AT WWW.WHSMITHPLC.CO.UK



GOVERNANCE

At WHSmith, we have a long-standing commitment to high standards of 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 committed to operating responsibly and meeting the expectations of our different stakeholder groups.

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. Our CR strategy is underpinned by our four corporate values, Accountability, Drive for Results, Customer Focus and Value our People, and developed taking into account the expectations of our key stakeholder groups.

We use a range of CR policies and standards, which we review periodically 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.

OUR STAKEHOLDERS

We identify our stakeholders as those that we affect and those who affect us.

We seek views from our stakeholders to help us shape our individual initiatives as well as our overall approach. This includes a wide range of groups including customers, staff, local communities, suppliers, policy makers and non-governmental organisations. We have a two-way dialogue with these groups, which enables us to build a clear understanding of our stakeholders' views, explain the rationale for WHSmith's approach, and discuss appropriate ways for us to change our approach to respond to their feedback.

It is important to us to understand and cover the material areas of relevance for our stakeholders within our CR activities and reporting. In order to do this we ensure the issues, concerns and interest areas of stakeholders directly feed into our CR strategy and programme. Where challenges or suggestions are raised we ensure we respond to them with actions and report upon these where applicable and possible to do so.

Stakeholder survey 2015

In spring 2015, we conducted a survey of a number of key stakeholders, including investors, NGOs, landlords and suppliers. Each stakeholder was asked to comment on WHSmith's corporate responsibility programmes and reporting, specifically whether we were focusing on the right issues and whether reporting was at the right level and in the right format. There was no specific agenda for the interviews so different stakeholders focused on different topics, usually the ones most relevant to them. We also surveyed customers and employees to ask them to rank CR issues for WHSmith in order of importance.

We have reviewed the feedback given by the various stakeholder groups and looked to integrate this into our approach going forward. For example, we were asked to provide updates on our project to promote healthy eating in hospitals and also on the results from our recent employee engagement survey. Both of these topics are covered in this report. Stakeholders also expressed an interest in knowing more about our 'Speak Up' whistleblowing line for employees, and the support the WHSmith Trust gives to staff who volunteer for charities and schools. Again, we have provided more detail on these areas in this report.

Governance

Below is a table detailing our key stakeholder groups, their key expectations or material concerns, and how we have engaged with them throughout the year and will continue to do so going forward.

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 conduct an independent customer satisfaction survey during our busiest trading periods. Our dedicated customer service team are in constant dialogue with our customers, as are our store teams, and we ensure that customer feedback is communicated to the relevant parts of the business and taken into account as we develop our policies and product ranges.
EMPLOYEES	Our employees expect to be treated fairly, offered secure jobs with training and the opportunity to develop their careers. They expect WHSmith to look out for their wellbeing, offering a safe work environment.	We communicate regularly with employees via e-newsletters and regular updates. We provide CR updates to head office staff at our Strategy Briefings, to store teams via the intranet and everyone is encouraged to feedback on our CR performance. This year, we conducted an employee engagement survey to gather staff views on working for WHSmith. We work closely with the GMB and the RBA, whose members participate in our health and safety committees.
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 also participate in the Carbon 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 (BRC). During the year, we have participated in BRC working groups on the Environment and Timber. We also work with government departments on specific initiatives, for example, taking part in consultations on the new English carrier bag levy.
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 who expect WHSmith to understand their cause and support their efforts.	We regularly engage with various organisations, such as Business in the Community, the Business Disability Forum and the Ethical Trading Initiative, to take their feedback on specific aspects of our CR programmes and help improve our performance. As a brand, we champion literacy, working with World Book Day and the National Literacy Trust to improve literacy levels in the UK. We work with community partners to develop our programmes, for example, working with the National Literacy Trust to identify areas of greatest need in terms of literacy, and then working with the charity on a project to pilot an innovative technique based on peer reading.
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 on specific issues, for example, forest sourcing or reducing transport emissions through our Collection Service. We work with key suppliers in Asia to improve labour standards for workers.
LANDLORDS	Landlords expect WHSmith to deliver financial performance in line with their expectations, as well as managing environmental and social issues in line with best practice.	We work closely with our landlords to ensure that our policies on environmental issues meet their own objectives and often work collaboratively, for example, to develop more energy-efficient lighting. This year, we have also worked with British Land and Manchester Airport Group on initiatives to promote literacy in schools, and with the Royal Free Hospital Trust to promote healthy eating.
LOCAL COMMUNITIES	Local communities expect WHSmith to play an active part on the local high street and to act as a good corporate citizen.	Our store teams are involved with town centre initiatives to promote vibrant high streets. The WHSmith Trust encourages fundraising for local charities by matching what staff raise. Our literacy projects, such as our Schools Giveaway, reach out to promote reading in schools across the UK.

IDENTIFYING OUR KEY IMPACTS AND DRIVING CONTINUAL IMPROVEMENT

In order to ensure that our CR programme remains relevant and addresses the most material environmental and social risks that face WHSmith, we carry out a full review of the CR strategy each year. As part of this process, we map risks and opportunities. This is informed by legislative and consumer trends, as well as considering current and emerging issues around sustainability, such as climate change, water scarcity or obesity. We consider how these issues have the potential to impact and be impacted by our business and approach. We also include the stakeholder concerns raised as part of our engagement programme. As a result of these reviews, we create and annually update a CR Risk Map and a CR Materiality Matrix. These documents are available to stakeholders on request.

Our executive team is fully involved in this process, as are the Group Board, who carry out a review of our risk and stakeholder analysis and then discuss and agree the final CR strategy and future targets. Our non-executive directors bring extensive experience of sustainability issues and this helps to inform and shape these discussions.

On a quarterly basis, the Group Risk Committee reviews the progress made towards achieving our long-term sustainability targets, together with any emerging issues which need to be considered.

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 achieve a score of 95 per cent in the Index rankings.



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



We continue to take part in the Carbon Disclosure Project, providing specific details to interested investors on our policies and performance in this key area of our CR programme. WHSmith High Street was awarded the Carbon Trust Standard in recognition of the progress made in energy efficiency.



We were pleased to be named as one of the Top 100 Companies for Graduates to work for in 2015 by the Job Crowd. WHSmith was also ranked second in a poll by Glassdoor which looked at the friendliest places to work in the UK. Glassdoor said that the comments it received about top winners included praise for managers, a friendly atmosphere, staff discount and different time off options.

Environment

ENVIRONMENTAL MANAGEMENT

BOARD ACCOUNTABILITY:

Robert Moorhead,
Chief Financial Officer and
Chief Operating Officer

EXECUTIVE ACCOUNTABILITY:

Kevin Hall,
High Street Stores Director

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 also makes good business sense. Ensuring that we use resources efficiently and work to reduce our carbon footprint helps reduce costs. As a result, we continue to implement a progressive approach to environmental management in order to deliver gradual improvement year on year.

MANAGING OUR CARBON EMISSIONS

Global greenhouse gas emissions for period 1 September 2014 to 31 August 2015 in tonnes of CO₂e

	2014/15 ^A	Percentage of carbon footprint	2013/14
Scope 1 emissions			
Combustion of fuel for the transport of WHSmith products from distribution centres to stores using vehicles owned by third parties. Also combustion of gas to heat and cool WHSmith stores, offices and distribution centres.	8,700	22%	8,191
Scope 2 emissions			
Electricity purchased for WHSmith's own use (used to power, light and heat stores, offices or distribution centres).	30,544	76%	33,418
Scope 3 emissions			
WHSmith employee business travel (by air, rail and owned and non-owned motor vehicle).	882	2%	1,028
Total	40,126	100%	42,637
Intensity measurement			
Total emissions (Scopes 1, 2 and 3) reported above normalised per 1,000 sq ft.	9.16		9.71

Scope and methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, as well as Scope 3 emissions which are reported on a voluntary basis. These sources fall within our consolidated financial statements. This data covers the continuing activities undertaken by our retailing operation in the UK and Ireland. The impacts resulting from franchise operations are excluded from this report as we are not responsible for the operations of these stores. The impacts resulting from international stores are also excluded from this report because it is not possible to collect the base emissions data at the current time.

We have used data gathered to fulfil our requirements under the GHG Protocol, and recommended DEFRA conversion factors. We do not believe there are any material omissions.

^A Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

REDUCING ENERGY CONSUMPTION

The energy used to light and heat our stores, distribution centres and offices is the greatest contributor to our carbon footprint and also represents a significant cost to the business. As a result, we continually look for ways to reduce the amount of energy we use. Since 2007, we have reduced our CO₂e emissions per square foot from stores and distribution centres by almost 41 per cent, exceeding the target we set. We have now set an additional stretch target to 2020, so we will aim for an overall reduction in CO₂e emissions from stores and distribution centres of 45 per cent from 2007 levels, five per cent more than the 40 per cent reduction we were originally targeting.

One of the ways we have been successful in reducing energy consumption is through close monitoring of energy use on a store by store level. In our High Street stores, we use a system of automated meter readers to closely monitor the energy use in each store and to ensure that any discrepancies are identified quickly. We are also beginning to introduce smart meters into our Travel stores, working with our landlords as we do this. Our store managers have responsibility for making savings wherever there is an opportunity, for example, by adjusting lighting or heating levels appropriate to weather conditions. The fact that energy is managed at store level means that our staff have high levels of awareness about the importance of energy efficiency, supported by regular updates and reminders. In addition to this ownership at store level, we also use a building management system to monitor energy consumption centrally. Our energy consultants carry out a weekly review of exception reports to monitor and identify inefficient use of energy. Our focus is on making improvements in the 50 most energy intensive stores.

With lighting using more than half the energy of a trading store, improving the efficiency of our lighting remains a priority. In recent years, we have successfully rolled out more efficient LED lighting across the majority of our stores and distribution centres. New for 2014/15 was the installation of LED lighting in back of house areas, such as stockrooms and back offices. This work is already delivering savings so we will continue with a further roll-out in the year ahead.

We have also been working to reduce energy wastage from our drinks and food chillers, notably in our Travel stores. This year, we have introduced more time clocks on chillers that turn off fridges containing non-perishable products out of hours. This work will continue across more stores during 2015/16.

IMPROVING TRANSPORT EFFICIENCY

Our fleet of lorries deliver product to over a thousand WHSmith stores across the UK every week. We are focused on reducing our overall carbon footprint by maximising the efficiency of our fleet, and at the same time reducing fuel costs for the business.

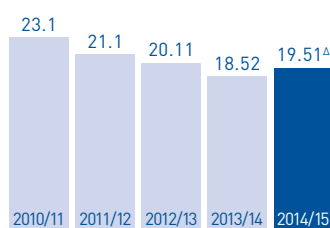
This year we have achieved a further reduction in CO₂e emissions per pallet moved, down by seven per cent year on year. This performance has been due, in part to the introduction of a new transport management system which provides real-time data to monitor driver behaviour. All full-time drivers have been trained on defensive driving to reduce harsh braking and acceleration and reduce time spent with the engine idling. The new system has seen fuel consumption reduce by four per cent year on year.

Our transport operations continue to be planned to optimise routing and delivery frequency. We are seeing benefits from our recent work to improve the location of our delivery hubs and through another initiative which sees us sharing vehicles with third parties in more remote areas like North Wales and the Scottish Highlands.

In the year ahead, we hope to achieve further transport efficiencies through a project to relocate Travel and High Street product within WHSmith's distribution network. The project will see product located closer to the key hubs for each business, saving mileage, fuel and emissions.

We continue to work in partnership with our suppliers through our Collection Service. This involves collaboration with suppliers and other companies where we share space in our lorries and reduce traffic on the roads. In the case of suppliers, we collect products from supplier sites when their premises are on or near our existing transport routes, again using spare capacity in our lorries and reducing the overall emissions associated with transporting our products. Over 100 suppliers are currently taking part in our Collection Service, with the number growing every year.

Group energy consumption
(kWh per sq ft)



Group transport emissions
(tonnes CO₂e per pallet moved)



^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Since 2007, we have reduced our CO₂e emissions from transport by

25%

Environment

WASTE MANAGEMENT

Landfill tax increases continue to make waste recycling a business imperative, especially at store level, although as we recycle more and more of our waste, it becomes more challenging to deliver annual efficiency gains.

Our High Street stores achieve recycling rates of around 93 per cent⁴. This is achieved through the use of a dry mix recycling system which enables the stores to recycle most forms of waste, including plastics and metals. Store teams receive regular updates and training to ensure that they are separating their waste correctly and maximising the amount of waste they recycle. In order to make further reductions in the year ahead, we are focusing on reducing confectionery waste through improved markdown management.

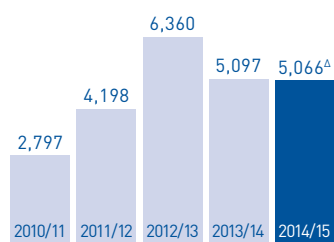
High Street store recycling rates of around

93%

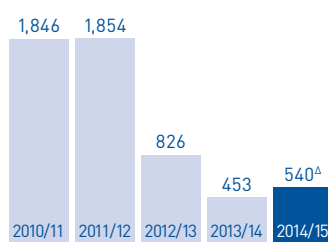
The waste recycling data we collect covers our distribution centres, offices and those High Street stores where WHSmith has direct control of the waste management contracts. For our High Street stores in shopping centres, recycling programmes are operated by our landlords. For these stores, we make some assumptions about the levels of recycling, so that our overall waste volumes reflect the waste managed in all of our High Street stores. We do not capture the waste recycling carried out in our Travel stores where waste management is handled by our landlords.

In our Travel business, we are working hard to minimise food waste. The majority of unsold chilled food is returned to the supplier for anaerobic digestion where the waste is converted to energy. We have also introduced improved markdown policies and forecasting. This has enabled us to reduce food waste by four per cent year on year and we are targeting a further four per cent reduction in the year ahead.

Recycled waste arising (tonnes)



Landfill waste arising (tonnes)



⁴ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Reducing packaging

We regularly review our product packaging to minimise waste created by our own-brand products. Excessive packaging continues to be a concern for 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. The majority of our consumer packaging is within our Stationery category and the buying team have an ongoing programme to work with our design team and our suppliers to improve the way we package our products.

Reducing carrier bags

Reducing the number of single-use plastic carrier bags we hand out has been a focus for many years, with our staff habitually asking customers whether they need a carrier bag and promoting the use of re-usable bags.

In recent years, compulsory levies have been introduced on single use carrier bags, first in Wales, then in Northern Ireland and Scotland. With the introduction of the English single-use plastic bag levy in October 2015, charges are now in place for single-use bags across the UK. We have seen bag usage reduce as consumers decided to re-use bags rather than taking a new bag each time they shop. In our stores, we have seen a drop in bag usage of around 30 per cent in Wales and 60 per cent in Scotland. We have yet to see the impact of the English levy, but would expect to see a similar fall in England.

We have a long-standing relationship with the Woodland Trust, whereby donations from sales of reusable carrier bags and the compulsory carrier bag levies fund the Woodland Trust's tree planting programme for schools. Through our partnership with charity, we have been able to fund the planting of over 200,000 trees in UK woodland since 2010. Our objective is to reach a target of 250,000 trees in the decade to 2020.



Woodland Trust tree planting packs, funded through the carrier bag levy.

Going forward, we will continue our partnership with the Woodland Trust, but, in addition, some of the proceeds from the recent extensions of the carrier bag levy will go to other charitable causes. Our Travel business has chosen to support Shelter, a charity with strong links to Travel's rail locations. In addition, we are establishing the WHSmith Community Grants fund which will make grants to schools, charities and community groups across the UK. Further details can be found at www.whsmith.co.uk/communitygrants.

Over
200,000
trees planted since 2010

HELPING OUR CUSTOMERS TO REDUCE WASTE

We want to make it as easy as possible for our customers to recycle the products that we sell when they reach the end of their lives. Collection points are in place in the majority of our stores for customers to recycle their old batteries and this year we have collected nearly six tonnes of batteries for recycling.

We also operate a recycling scheme for inkjet cartridges, working alongside our suppliers. Profits from the recycling go to the Lord's Taverners, the UK's leading youth cricket and disability sports charity. In WHSmith own-brand inkjet cartridges, the interior packaging on the cartridge is compostable. This initiative reduces the environmental impact of this packaging, ensuring that it will degrade naturally.

In order to improve facilities for customers to recycle waste electrical and electronic equipment (WEEE), we are members of the Distributor Takeback Scheme. The scheme provides funding for local authorities to enhance the WEEE takeback facilities in their civic amenity sites. We provide signage in-store which informs customers about the importance of recycling the valuable components within these products and directs them to their local civic amenity site with WEEE recycling capability.

CONSERVING WATER RESOURCES

Water resources are in increasingly high demand in many parts of the world and this trend looks likely to continue. WHSmith stores do not use large quantities of water, on average far less than an average household would use, however we are taking steps to ensure that we use this resource efficiently. Many of our stores have water meters in place to monitor the water we use and identify any possible savings. New stores and any store refurbishment work include water-saving sanitaryware as part of the specification.

TARGETS: ENVIRONMENT

Target	Baseline	Baseline year	Current status	Proportion of target met
By 2020, reduce CO ₂ e emissions from stores and distribution centres by 40 per cent per square foot (from 2007 baseline).	13.19 t CO ₂ e/1,000 sq ft	2007	7.82 tonnes CO ₂ e/1,000 sq ft ^Δ	Target met. We will now aim for a further 5% reduction by 2020.
By 2020, reduce CO ₂ e emissions from transport by 20 per cent per pallet (from 2007 baseline).	24.9 kg CO ₂ e/pallet	2007	18.6 kg CO ₂ e ^Δ	On track
By 2020, we will send less than five per cent of waste to landfill.	n/a	n/a	9% to landfill ^Δ	96%
In the decade to 2020, we will have worked in partnership with the Woodland Trust to plant over 250,000 trees in UK woodlands.	n/a	2010	202,467 trees planted	81%

^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Marketplace

RESPONSIBILITY IN THE MARKETPLACE

BOARD ACCOUNTABILITY:

Stephen Clarke,
Group Chief Executive

EXECUTIVE ACCOUNTABILITY:

Phil McNally,
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 safe and 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

We are committed to maintaining high customer service standards. Our independently conducted Customer Satisfaction Monitor, assesses performance in areas such as friendliness and helpfulness of staff, time spent queuing and store cleanliness and tidiness. The survey for High Street customers is conducted twice a year during our busiest periods, with each survey having a sample size of 500. Our High Street stores continue to achieve high overall customer satisfaction scores of 8.3 out of 10.

We provide our staff with regular customer service training to ensure that we maintain high standards. In our Travel business, we have launched a new initiative called *Customer First*, which sees a renewed focus on customer service excellence. As part of the initiative, every member of staff has been trained on the standards WHSmith expects them to follow when serving our customers. To ensure that these standards have been fully embedded within the business, members of our senior management team have visited every store to check standards and service against set criteria. In addition to this focus on core standards, we have also updated many of our stores, with improvements to store navigation, queuing systems and store fit out.

In order to encourage a culture of excellent customer service, we operate a scheme to recognise and reward staff who deliver excellent customer service. We use mystery shoppers to monitor customer service standards and reward employees who perform well with a cash reward or increase in their pay that week. We also operate a gold badge recognition scheme in our High Street stores awarded to store staff by our Regional Business Managers during their store visits and to staff named in any compliment letters from customers.

**CASE STUDY**

Back to the floor

As part of our commitment to maintaining and improving customer service standards, during 2015, members of WHSmith's executive management team went 'back to the floor'. This saw the Chief Executive, Stephen Clarke, Chief Operating and Financial Officer, Robert Moorhead, Stores Director, Kevin Hall, and many other directors joining the teams in WHSmith stores around the country. The directors were all treated as one of the normal store staff, wearing the same uniforms and helping with the daily tasks of replenishing stock on the shelves, tidying stockrooms, serving on the till and of course helping customers.

The learnings from this initiative have been extremely valuable as a way of understanding what works well in our stores and what can be improved. The 'Back to the floor' secondees were proud to see dedicated store teams working hard to deliver high standards of customer service. They also noted that the recent introduction of tablets is helping managers to spend more time on the shop floor supporting their teams and helping customers. The exercise also highlighted areas for improvement, including improving the clarity of signage to make it easier for customers to find products and offers, and making tills faster to operate to reduce queuing times. All the learnings and feedback are being followed up to see what improvements can be adopted. The plan is then to repeat this exercise annually, and also look at introducing a 'Helping Hand' project which would see more members of the senior management team working in-store during peak trading times like Christmas.



WHSmith High Street
Stores Director, Kevin Hall,
helps out in-store.

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.

We carry out disability access audits across all of our stores and have an ongoing capital development programme that works at prioritising ongoing improvements. This covers the installation of various equipment and access features such as new customer lifts, internal ramps, automatic doors and the installation of other adjustments such as induction hearing loops. We conduct an ongoing mystery shopper process and liaise with various local access groups to understand their needs and ensure that these are taken into account in designing our layouts.

We want to ensure that our staff know how they can best assist customers with disabilities. We provide training guidance to all of our staff, using training materials and guidance provided by the Business Disability Forum (BDF), of which WHSmith has been a long-standing member. BDF produce all the training guides that we issue to our stores and regularly provide us with updated guidance for training staff to deal with all forms of disability.

We offer information about the access features of all our stores on our website, including information regarding the existence of features such as customer lifts, elevators and automatic doors. We have also been working with a disability consultant to review the accessibility of our website and have already incorporated a range of features based on their feedback. This includes the ability to amend the font size of the screens, and embedding an increased level of 'alt images' onto the source data, to assist customers with sight impairment who may be utilising screen reading devices like 'jaws' to help guide them when using the site, which programme is ongoing.

We continue to work in liaison with Action for Hearing Loss (formerly known as the RNID) towards improving the customer experience for customers with hearing impairments. As part of this programme we have continued our ongoing programme of installing induction hearing loops across the estate. Regular tests are undertaken on the hearing loops we have in place, to ensure they are working correctly and that appropriate signage is in place for customers.

PRODUCT CHOICE

We seek to ensure that our product range offers our customers choice. As part of a varied offer of products, we provide customers with the opportunity to purchase products with a reduced impact on the environment, as well as those that support charitable causes.

We have a number of charity partnerships during the year which provide opportunities for customers to support specific causes. One of our longest partnerships is with BBC Children in Need for whom we sell charity Christmas cards and calendars. We also sell products and pin badges benefitting a range of other charities including the British Legion, Action Medical Research and Marie Curie. In the year, we ran a specific promotion with Marie Curie called the Big Readcycle. More detail is on page 26.

In terms of products with reduced environmental impact, we have made good progress in extending our range of stationery products made of recycled content, such as lever arch files, and notebooks and pencils made from Forest Stewardship Council-certified material. More information on our work in this area is included under Forest sourcing on page 13. We also sell a range of Fairtrade and organic food and drink products.

In terms of our Books offer, we have a dedicated local books buyer to ensure that our stores have a range of books that are relevant to the area where they operate, for example publications on places of interest, local history, tourist guide books and work by local authors. Our stores regularly host book signing events by local authors to promote their work in the local community.

We also support debut authors through the Richard and Judy Book Club, which is exclusive to WHSmith, and our Fresh Talent range. These new authors receive high profile in-store promotion during their review period and digital exposure through the successful Book Club podcast and new Richard and Judy website.

There are differing opinions over the environmental impact of printed books versus eBooks over the full life cycle of the product. WHSmith has taken the decision to offer our customers the opportunity to choose which format they prefer. Through our partnership with Kobo, we offer eReaders and eBooks, with Kobo stores within our larger High Street stores, in addition to the wide range of printed books available in-store and online.

Marketplace

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.

We carry out regular reviews of products' ranges, displays and promotions to ensure that products meet our responsible marketing guidelines. We also carry out regular benchmarking against other convenience retailers and newsagents. We rotate our promotions on a regular basis so that they include a wide range of products, ranging from mineral water and new book releases to seasonal items like adhesive or stamps, as well as confectionery lines. Our most popular promotion continues to be a free bottle of mineral water when you buy a copy of *The Telegraph*.

We continue to review our food ranges to ensure that we offer our customers a healthy choice. During the year, we have reviewed our Snacking range with new lower salt, lower fat and lower sugar options introduced including Graze snacks, kale crisps, popcorn and nuts. The portion sizes within our confectionery range are also down year on year as we work with our key suppliers to reduce individual portion sizes. In addition, we have reviewed our Drinks range, resulting in a reduction in the proportion of sugary carbonated drinks in the range, with a greater focus on water and juice.

During the year, we have continued to develop our Chilled Food offer with the launch of a new range called 'Eat Better'. This gives our customers the opportunity to choose healthier options, with the range highlighting things like 'High in Omega 3', 'Vegan' or 'Less than 200 kcal', for example. At the same time, we have relaunched our kids meal deal offer by introducing a dedicated range of sandwiches and fruit bags.

In addition to these changes to our broader ranges, we have also done work to review the ranges within specific locations, for example our hospital stores. The case study opposite provides more detail on the pilot project we have been running with the Royal Free Hospital Trust to look at promoting healthy eating.

CASE STUDY

Promoting healthy eating in our hospital stores

As a key hospital retailer, we have been taking a proactive approach to ensure that we become a pioneer of the government's 'Healthy Living Award' legislation. This looks to ensure that healthier ingredients and cooking methods are used to keep fat, salt and sugar to a minimum, and that water, low fat dairy options and fruit and vegetables are always available in catering outlets.

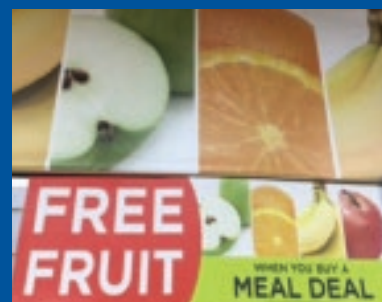
We have been in discussion with the Royal Free Hospital in London to look at the changes which could be made to meet the requirements of the legislation and ensure that our customers have a healthy range of products to choose from. Between December 2014 and February 2015, we ran a pilot at the hospital. The aim of the pilot was to assess if substantially reducing the amount and prominence of high fat high sugar food and drink available at the WHSmith store and ward trolley would be acceptable to the customers and be transferable to other outlets.

A working group was put together made up representatives from WHSmith and the Hospital Trust. Key considerations in developing the pilot were that healthier alternatives had to comply with agreed levels of salt, sugar and fat content, and that the outcome needed to be transferable to other WHSmith hospital outlets.

As part of the pilot, it was agreed that foods high in fat, salt and sugar (including drinks) would not be displayed on any promotional signs and displays. The available contents of the meal deal were also changed to include healthy options in sandwiches/salads, snacks, drinks and a free piece of fruit.

We also increased the range of healthy alternatives and made these more prominent in displays, whilst reducing the visibility and density of high fat foods. On the shop trolley, which visits the hospital wards, the range was changed to include dried and fresh fruit, nuts, fruit juices, sweet and savoury snacks low in salt, fat and sugar, whilst reducing the number of chocolate bars, sweets and crisps, and removing all drinks with added sugar. In order to help customers make healthier choices, we also introduced clear signposting to indicate which foods represent a healthy alternative, and healthy food snacks and meals were priced at the same market level as higher fat/higher sugar products.

The pilot had positive results with good customer feedback. Going forward we will continue to work with the Royal Free to increase the proportion of healthy snacks from the improved 20 per cent towards 50 per cent. We will continue with the healthier trolley approach and follow up with a shop customer satisfaction questionnaire to measure customer views on the changes that have been made. At the same time, we are now trialling this new approach in further WHSmith hospital stores at Glasgow Southern Hospital and Whipps Cross Hospital, to provide further data ahead of a wider UK roll-out plan.



Meal deal now includes a free piece of fresh fruit.

Product safety is one of our key priorities. Our quality teams in the Far East and the UK conduct a rigorous quality and safety assessment process to ensure that products are safe, fit for purpose and meet legal standards and also our exacting brand standards. We pay particular attention to products for vulnerable groups such as children. We closely monitor developments in legislation to ensure that products are compliant and have an established product recall process in place to ensure that we act quickly should a product be found not to meet our high standards of safety and performance.

Some of the products we sell carry age restrictions, for example, some adhesives, tobacco and lottery products. All staff take part in training sessions at least twice a year to ensure they are informed on the latest legislation and selling guidelines.

We closely monitor the chemicals used in our own-brand products, specifically with regard to the European legislation known as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). We are working with our suppliers to ensure that they understand their obligations under the legislation and are providing us with the information we need to ensure compliance and product safety. We have also developed a chemicals policy to guide our buying teams and suppliers.

FOREST SOURCING

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.

As part of our work towards this objective and in line with the requirements of the EU timber regulations, we carry out an in-depth and rigorous assessment of supplier forest sourcing systems. We have set Forest Stewardship Council (FSC) certification as a minimum standard for imported timber, which gives additional assurance that pulp is from low risk sources. Our sourcing teams both in the UK and the Far East work with our suppliers to help them understand our requirements and provide training. In the year ahead, we will continue this work to deliver further improvements in forest source traceability and standards of sustainability.

We measure our forestry performance in two ways. Firstly, we focus on labelling more products as FSC-certified so that we can make our forestry work visible to customers and enable them to choose to buy products from more sustainable sources. A programme of training has ensured that our Stationery buyers understand our FSC-marking objectives and are working with suppliers to get more FSC products marked as such. This has enabled us to deliver substantial increases in the number of FSC-marked stationery products sold, up 25 per cent year on year. In the year ahead, we should see new FSC-marked products in store, including fashion stationery, notebooks, and some boxed Christmas cards.

We also measure the number of FSC-certified books we sell each year, recognising the advances made by the UK publishing industry to improve the sustainability of its supply chain. Each year, we survey the top publishers supplying books to WHSmith to understand how many titles carry the FSC mark. This year, we estimate that over six million of the books sold by WHSmith during 2014/15 were FSC marked. We will continue to keep in close contact with the publishers and measure the number of FSC-marked books sold, as a way of capturing and communicating the volume of WHSmith's timber-based products which come from sustainable sources.

This year, in response to feedback from stakeholders, we have introduced a second measure of forestry performance, to analyse the overall percentage of timber within the own-brand stationery units we sell which comes from certified sustainable sources or recycled sources. This year we can report that 69 per cent^Δ of own-brand stationery units fall within this criteria. By 2020, our aim is that 95 per cent of units will come from sustainable certified or recycled sources. Imported timber has been our focus to date and therefore already has a high level of FSC content. In the year ahead, we will work with UK suppliers, in particular, to communicate our forestry requirements and increase the number of products produced on certified or recycled papers.

25%

increase in the number of FSC-marked stationery products sold year on year

^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Marketplace

ETHICAL TRADING

WHSmith's Ethical Trade Code of Conduct underpins our ethical trade strategy and programmes. This is based on the Ethical Trading Initiative (ETI) Base Code. We are committed to maintaining good labour standards across our supply chains. We will only place orders with reputable suppliers and manufacturers who are committed to working towards compliance with the conditions set out in our Code of Conduct. Our objective is then to work with our suppliers to bring about incremental change through a process of factory audits and ongoing engagement.

Our ethical trade programme is made up of three elements – an ethical audit programme, supplier engagement initiatives and buyer training all with the objective of raising awareness of issues surrounding ethical trade and, ultimately, improving conditions for workers in our supply chains. Our ethical trade work particularly focuses on our suppliers in the Far East. These suppliers manufacture our own-brand stationery products which are supplied to both our High Street and Travel stores, either directly or on an FOB-basis. We have decided to focus on suppliers of own-brand products as this is the area where we can have most influence.

Our supply chain currently comprises around 100 suppliers, mostly based in China. We have the strongest relationships with our top ten suppliers by value, where we buy more of their supply and tend to have longer-term commercial relationships. In terms of improving working conditions, we have the greatest influence with these ten largest suppliers. In the case of the other suppliers within our supply chain, WHSmith tends to be a small customer, buying relatively small quantities, often of seasonal product. Our ability to influence working conditions in these circumstances can be more limited, but we seek to raise awareness of the business case for better working conditions so that suppliers will recognise that making improvements could benefit their business as well as the lives of their workers.

We have an integrated ethical and technical audit team based in our Hong Kong office, which reports into our Asian Sourcing Director. The Trading Directors in the UK are regularly briefed on ethical trade issues specific to the suppliers they work with, and agree actions and ethical trade training appropriate for cascade to the buying teams.

CASE STUDY

Working with ETI to develop our future ethical trade strategy

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.

During the year, we have worked closely with the Ethical Trading Initiative to agree our new strategic plan for ethical trade. This focuses on labour standards issues identified in our audits, where we know that improved performance will address a risk for WHSmith, and help the factory manage issues like quality, efficiency and worker retention. The plan objectives are as follows:

- Five of WHSmith's first tier factories to have improved from a Bronze ranking to a Gold ranking for health and safety by August 2017.
- By August 2018 six new supplier factories will have established a worker representative committee, and ten WHSmith factories which already have worker representative committees in place will have received further support to ensure that worker views are better represented. Our work in this area has already helped improve staff satisfaction levels, contributing to improved worker retention in a competitive labour market.
- As WHSmith often has limited influence in a factory due to our relatively small buying scale, we will work collaboratively with another brand to improve labour standards for workers in two factories by August 2017.
- Following our successful trials, we will work with factory management in 12 supplier factories to set up confidential worker hotlines. The hotlines should enable WHSmith and factory management to identify worker concerns over labour standards and take action to address these concerns, thereby improving working conditions.

We will report against the implementation of the plan in our future Corporate Responsibility Reports.



We audit all our direct source suppliers in Asia at least every two years, using a mix of announced and unannounced audits. Our process begins before an order is placed with a new supplier. At this time, a member of our in-house ethical audit team will audit each factory to determine product quality, manufacturing processes, health and safety, treatment of workers and environmental conditions. A factory must meet certain minimum standards if we are to trade with them, and demonstrate commitment to working towards full compliance with our Code of Conduct. 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 encourage further improvement in working conditions. Every two years we carry out an independent benchmarking process to ensure our ethical audits remain in line with industry best practice.

We continue to focus on engagement with suppliers to support them as they seek to improve their performance. We engage with factories on issues we have identified during audits of their sites, and we also operate a wider engagement project which focuses on improving worker representation. We see worker representation as a key issue for workers in China, and also having the potential to deliver business benefits for our suppliers in terms of improved staff satisfaction and reduced staff turnover, which makes suppliers more likely to support the project even when WHSmith has limited influence with them. In the last year, we have continued to develop our worker representative project where our surveys have demonstrated improvements in worker satisfaction levels and factory management making improvements in working conditions – and as a direct result of worker feedback. We are also pleased to have rolled out a confidential worker hotline

(run by Chinese NGO, ICO) to more factories, giving workers at these sites the opportunity to raise any issues which concern them and helping us to work with factory management to find solutions.

Our key challenge continues to be influencing suppliers to make improvements in labour standards when we only have limited buying power. Going forward we hope to work with other ETI members who use the same factories as WHSmith to use our shared buying power to influence improvements in working conditions. We will continue to focus our engagement programmes on those areas where we can demonstrate a clear business case to the supplier and obtain their support in this way.

An issue linked to ethical trade is modern slavery. We have systems in place to monitor and manage the risks around modern slavery within our supply chain and our workforce. We note the forthcoming Modern Slavery Act legislation and plan to report on our approach in more detail next year.

TARGETS: MARKETPLACE

	Targets	Baseline	Current status	Proportion of target met
ETHICAL TRADING	By 2015, work with our top ten own-brand suppliers to achieve measurable improvements in worker representation.	n/a	12 suppliers taking part in worker representative project.	Target achieved. New ethical trade KPI set.
	By 2020, 90% of supplier ethical trade improvement plans completed on time.	n/a	64% of improvement plans completed on time ^Δ .	71%
FORESTRY	In the decade to 2020, we will have sold 75m units of FSC-marked products.	2010	56m FSC-marked units sold.	75%
	By 2020, 95% of own-brand stationery products to be made from pulp from certified or recycled timber sources.	2015	69% of own-brand stationery products from certified or recycled sources ^Δ .	73%

^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Workplace

WORKPLACE PRACTICE

BOARD ACCOUNTABILITY:

Stephen Clarke,
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 use a variety of communication channels 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. These various communications provide an opportunity to update staff on the Company's performance, to celebrate and recognise success and to provide a forum for staff to ask questions of the senior management team.

During the year, we carried out an employee engagement survey across the head office population, all distribution centres and store managers within WHSmith Travel. The results were shared with all staff and an action plan agreed to respond to specific points of feedback which had been given. Employee focus groups have been used to help understand the staff feedback in more depth and talk through possible changes which could be made. Many actions have already been initiated, with workstreams in four areas:

- Supporting personal development through the re-introduction of Learning at Work Week and improved ways of identifying talent and giving staff opportunities to develop their careers.
- Improving internal communication with more two-way dialogue, including Chat with the Director sessions, new quarterly all-employee briefings and a new employee recognition scheme.
- Focus groups to look at possible initiatives around wellbeing and work/life balance.
- Improving the working environment.

To ensure we keep progressing we have also initiated a 'Keeping it Alive' campaign where we communicate all the actions taken under the following four distinctive banners: 'Live Well, Work Well', 'Realise Your Potential', 'Making the Office a better place to work', 'Communicate, Converse, Congratulate'. Each of these areas also have an executive director sponsoring it to ensure its kept at the forefront of our minds, and our people know there is a senior member of the leadership team driving key changes.

We plan to repeat the survey next year, providing an opportunity to see whether views have changed as a result of the actions taken.

LEARNING AND DEVELOPMENT

Our Learning and Development (L&D) programmes are designed to support our employees to reach their potential within the business and their careers. As part of this, we focus on supporting and developing talented individuals within our business, with the objective of continuing to achieve a 90 per cent internal succession rate across the business. Throughout the year we provide an L&D programme that is designed to engage our employees in learning, which is reviewed annually to continuously improve the Group L&D offer.

Our focus over the last year has been on the implementation of Realising your Potential, a succession planning and talent review process where all head office employees are being proactively assessed against an independent future talent mapping tool provided by YSC. All employees will have conversations with their line managers about their future careers aspirations and current development needs. This will then form the basis of 'Top Talent' and 'Development for All' programmes.

live well; work well



realise your potential



making the office a better place to work



connect, converse & congratulate



This year, in addition to our core training offer across our head offices, we relaunched Learning at Work Week in our London and Swindon offices. Around 500 staff took part in nearly 50 masterclasses during one concentrated week. More details are in the case study below.

For our store teams, service and selling training has been delivered across all High Street stores, with plans to roll-out in Travel stores in the future. We have also successfully launched an e-learning solution called 'Upskill' across all stores to help support the delivery of core training such as Staying within the Law and Food Hygiene and Health.

Within stores, we continue to deliver the Retail Academy within stores, supporting supervisor and store manager development. The Academy programmes are designed to improve the internal succession into store management roles within our business, focusing on the technical and behavioural elements required to be successful within WHSmith. Within the Academy programmes, the Senior Manager Development Group (SMDG) programmes, for more senior store managers proved successful, particularly SMDG Level 3, with all delegates having been promoted to more senior roles following the completion of the programme. We have also begun working with the Institute of Leadership and Management who have accredited all our Store Management Academies with their professionally recognised accreditations.

CASE STUDY

Bringing 'Learning at Work' Week back to WHSmith

National Learning at Work Week, the biggest annual celebration of workplace learning took place week commencing the 18 May 2015. For the last few years WHSmith have not participated but this year we put it back on the calendar because we want to ensure that we are investing in our people as much as we are investing in other areas of the business.

Learning at Work Week itself aims to draw attention to the importance of workplace learning and skills and thousands of organisations take part and stage fun and business-related learning activities. Our event ran across both head office locations with various bite sized learning sessions. A dedicated Intranet page to support self-directed learning was also available to all head office staff and to all stores.

The types of learning sessions range from business focused to hobby based learning including sessions such as Negotiation Skills in 60 minutes, Driving your Career and Resilient Thinking through to Basic First Aid, Bees & Bee Keeping and Cup Cake Decorating!

45 sessions were held throughout the week with over 500 people attending. We had four authors coming in to share their knowledge, the Chairman, Chief Executive and many members of the Executive and Non-Executive Board, all of whom gave up their time to host masterclasses.

There was a great buzz within the business and work is already underway to deliver an even bigger Learning at Work Week in 2016.

Our apprenticeship programmes are designed to support the employment and upskilling of young people. We now employ apprentices in our Birmingham and Swindon distribution centres and ensure that these apprentices have the opportunity to apply for suitable permanent vacancies as they arise.

LIVING OUR VALUES

We have four key business values: Customer Focus, Drive for Results, Value our People and Accountability. These values are at the heart of the way we assess the performance of all our staff. Each employee has regular performance appraisals, looking at how they have performed in terms of really living the four WHSmith values. This performance against the values then forms part of each employee's end-of-year performance grading and any bonus awarded.

In addition, for head office employees, the VIP or 'Values in Practice' scheme recognises those employees who have set a leading example in demonstrating one of the values. During the year, we have relaunched the scheme to encourage all departments to ensure that they are using the scheme to recognise excellent performance through the scheme. Each quarter, a number of VIPs are selected 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 winners are rewarded with free tea or coffee for a month and three extra days' holiday.

We also celebrate the achievements of our store staff as they work hard to deliver our business plans and strategies. 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 operate an Annual Store Awards programme, including Most Improved Store, Store of the Year, Store Manager of the Year, Area Manager of the Year and a Special Recognition Award.

As well as encouraging staff to live our values on a day-to-day basis, we also want to ensure that staff have a way of speaking out if there is a problem at work because a colleague is not living up to those values. Our 'Speak Up' line is a confidential telephone line which employees can call if they have a concern about something or someone within the business. Issues raised on this line are escalated to senior management if appropriate and also reviewed by the Group Risk Committee.

Over 500

employees took part in
Learning at Work week

Workplace

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's paid leave to take their child to their first day at school. We also 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 doing so reduce the levels of stress they face. Our Holiday Trading Scheme enables staff to buy additional holiday. We also offer a Cycle to Work scheme, offering staff the opportunity to purchase bicycles at discounted prices, a Dental Health Scheme and an Employee Assistance Programme, which provides employees with support on a wide range of issues such as legal, financial and medical issues.

Another way in which we provide support and assistance to current and retired employees is through the WHSmith Benevolent Fund. The WHSmith Benevolent Fund is a registered charity (registered charity no: 262581) which was established by Lord Hambledon in 1925 for the benefit of current and retired employees of WHSmith and their families who are in financial difficulty or hardship and in need. The Fund awards cash grants to help alleviate cases of hardship, awards grants for mobility scooters, stairlifts and other mobility aids, and also provides care breaks and recuperative holidays. Over the last decade, the Benevolent Fund has made grants to serving and retired staff members and their families totalling over £970,000. During the last year, the Fund made grants to 19 Nepalese staff based in Qatar whose families were affected by the earthquakes which took place in Nepal in April 2015. Further details are provided in the case study opposite.

WHSmith Qatar's team hope to continue their support for the communities in Nepal as they re-build their lives after the earthquake. As part of this ongoing work, we are looking into building a permanent link with a Nepalese school to provide them with donations of stationery and books.

CASE STUDY

Supporting WHSmith's Nepalese employees after the Nepal earthquake

In April 2015, two massive earthquakes and thousands of aftershocks struck Nepal causing widespread destruction with over 9,000 deaths and over 100,000 people injured. 19 Nepalese staff work for WHSmith's Qatar business and many of their families and homes were affected by the earthquake. WHSmith's Qatar team were quick to respond, holding cake sales and various other fundraising activities to raise money to help with the earthquake relief effort. The WHSmith Trust and the WHSmith Benevolent Fund also made grants to support the relief effort and our employees' families back in Nepal.

One of WHSmith's Nepalese employees, Pradeep, wrote the following thank you to all at WHSmith: "Currently, we are around 19 Nepalese staff working for WHSmith-Doha. Almost all of us are affected by earthquake. By God's grace, all the family members were safe so far. But, it was saddening that all of our houses have been badly affected and most of our families are bound to live out of the house. Some of our houses have totally collapsed. And the family members are still struggling for shelter in tents."

"At the time of this untimely and unexpected natural disaster, we are really in need of support and courage to bear with this condition. We are very grateful to all at WHSmith who helped in so many ways to raise funds. We will always be grateful for the kind support at this time. It will definitely be a big support and means of relief to the victims (our families) who are facing this hardship. We highly appreciate your deep concern and support towards all the Nepalese and all of us will always be thankful towards the entire team."

WHSmith Qatar's team hope to continue their support for the communities in Nepal as they rebuild their lives after the earthquake. As part of this ongoing work, we are looking into building a permanent link with a Nepalese school to provide them with donations of stationery and books.



Pradeep's house after the earthquake.

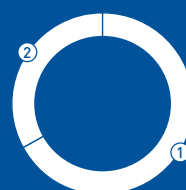
DIVERSITY

Talented people are core to the success of our business, whatever their age, race, religion, gender, sexual orientation, age or physical disability. WHSmith is committed to promoting a culture of equality and diversity through its policies, practices and procedures in all divisions of the WHSmith Group. We want to ensure that all our employees receive 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 commitments, we monitor our diversity profile versus our peers and the national average to ensure that WHSmith's employee profile, and the profile of our management team, reflect our commitment to equality and diversity. In terms of gender diversity, we measure our performance across the Group, looking at Board level, our senior management and store management populations.

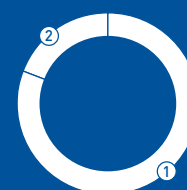
EMPLOYEES BY GENDER

Board^Δ



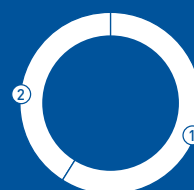
1 – Male	67%
2 – Female	33%

Senior management team^{*Δ}



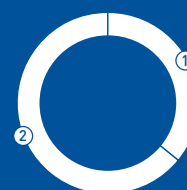
1 – Male	81%
2 – Female	19%

Management team^{**Δ}



1 – Male	59%
2 – Female	41%

Employee mix across the Group^Δ

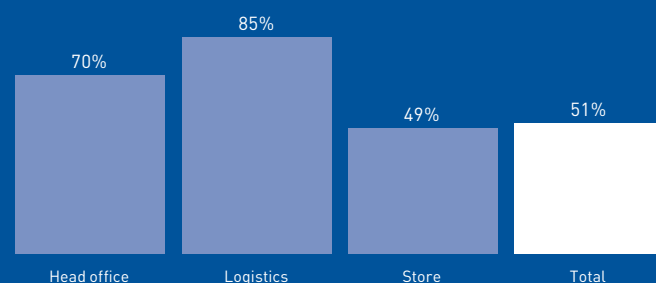


1 – Male	36%
2 – Female	64%

* This group comprises employees who are members of the senior executive committees (who are not also members of the Board).

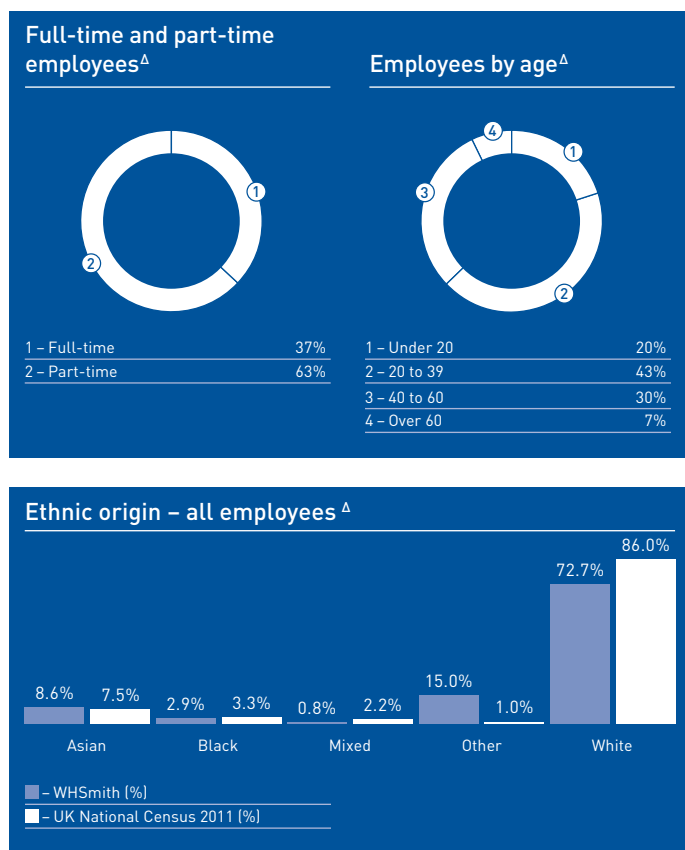
** This wider group includes store managers and senior head office staff (who are not also members of the senior management team).

Employees with more than three years' experience ^Δ



^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Workplace



41%

of WHSmith's management team are female

We recognise the opportunity we have from achieving greater diversity within our business. Our diversity strategy is led by a diversity working group and we have recently appointed a 'Diversity and Inclusion' sponsor to champion diversity within the senior management team.

We continue to build our understanding of the challenges faced by under-represented groups in WHSmith, focusing initially on the recruitment and retention of more women in head office roles. This follows feedback from focus group meetings with various women currently in our business where we have discussed their experiences of WHSmith as an employer and their ideas on how WHSmith could better support them. We are now working with workingmums.co.uk, an online job board whose target audience is specifically senior and middle management women. This partnership is a good way for us to promote our commitment to gender diversity, family friendly initiatives and flexible working. Our overall objective remains to attract, develop and engage women at all levels to 'grow our own' female leaders from new graduates up to senior management level.

To support the above and following feedback from the employee survey we conducted in 2015, a number of employee focus groups have been held across the head offices on the subject of flexible working. Actions agreed include flexible office working hours (with more allowance for late or early starts/finishes) and more flexibility over home working. This is in addition to the family friendly benefits we already have in place, such as a paid half day's leave when your child starts school and other time off for carers and parents.

We want to attract candidates from a diverse range of backgrounds and our recruitment teams work hard to support this objective. As part of this, we work with a number of organisations and charities to ensure that our vacancies are advertised to a diverse range of groups who are looking to return to the workplace, including groups such as ex-armed forces personnel.

We are members of Changing Faces, the leading UK charity that supports and represents people with disfiguring conditions. The charity's Face Equality at Work initiative is a membership scheme that encourages organisations to promote equality for all staff and customers regardless of their appearance. As members, WHSmith have been working with Changing Faces to raise awareness of the impact that a disfiguring condition can have on a person's life.

EMPLOYEE SHARE OWNERSHIP

WHSmith operates a HM Revenue & Customs Approved Save-As-You-Earn share option scheme ('Sharesave Scheme'). The scheme, which we have operated for many years, provides employees with the opportunity to acquire shares in the Company on favourable terms. At the end of the savings period, the participant has the opportunity to buy the shares at a special option price that is fixed at the start of the scheme and at a discount to the share price at the time.

^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

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 has a properly constituted Health and Safety Committee that comprises employees, management, trade union representatives and professional safety advisers.

The Group safety team continues to provide an ongoing training programme for staff in stores, consisting of 'modular' courses focusing on key issues such as fire safety, manual handling and slips, trips and falls. In addition, the team run an ongoing programme of training on food hygiene.

During the year, we have seen a nine per cent decrease in the number of reportable accidents this year versus last year, where we continue to target ongoing reductions as part of our CR programme.

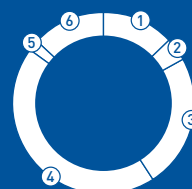
Our programme includes a focus on employee wellbeing as part of our wider health and safety work. One example is our ongoing support for the Department of Health's Stoptober stop smoking campaign which we promote to all our staff.

We continue to benchmark our health and safety performance against our peers to ensure that we continue to adopt best practice. We do this through analysing other organisations' published performance data against our own and also through collaborative working via the British Retail Consortium's Risk and Safety Policy Advisory Group, which meets regularly to review health and safety issues and share best practice.

Accidents and injuries ^Δ

	2015	2014	2013	2012	2011
Major injuries	8	4	13	7	8
Injuries resulting in over seven days' absence from work/ hospitalisation ¹	38	47	51	62	67
All RIDDORS ¹	46	51	64	69	75

Accidents by type ^Δ



1 – Manual handling	13%
2 – Striking fixed object	4%
3 – Struck by moving/falling object	24%
4 – Slip/trip/fall	44%
5 – Fall from height	2%
6 – Hand tools/other	13%

^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

¹ Reportable under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations.

TARGETS: WORKPLACE

Targets	Baseline	Baseline year	Current status
By 2020, 10% increase in senior management positions held by women*.	14%	2010	On track; 23% of senior management positions held by women.
By 2020, 20% increase in proportion of store management teams working flexibly.	16%	2010	16% working flexibly. Flexible working continues to be promoted to all current and new employees at store management level.
By 2020, 60% of senior executives to have worked their way up through the Company.	38%	2010	On track; 68% of current Executives appointed through internal promotions.
Continue to source 90% of all store management opportunities internally.	n/a	n/a	On track; c. 95% of store management vacancies continue to be recruited internally.

* Senior management includes Board.

Community

COMMUNITY IMPACT

BOARD ACCOUNTABILITY:

Stephen Clarke,
Group Chief Executive

EXECUTIVE ACCOUNTABILITY:

Anthony Lawrence,
Group Human Resources Director

RELEVANT POLICIES:

Community Engagement Policy

OUR COMMITMENT

WHSmith is at the heart 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 want to provide customers with an opportunity to support their favourite charities through the products we sell.

SUPPORTING LOCAL HIGH STREETS

Vibrant high streets and town centres are good for the community and for our business. With over 600 stores on high streets across the UK, WHSmith is at the core of many local communities and we want to support where we can and help to promote strong communities links and a vibrant retail environment.

Community engagement has been defined as one of the 'four Cs' we ask stores to follow to create the correct culture – Customers, Colleagues, Commercial and Community. Our store teams are active members in their communities, with many store managers and staff giving their time to support local councils, town centre management and high street security groups to promote a thriving business environment. In addition, most of our stores regularly support local schools and charities through donations of depreciated stock.

We have been supporting the Business in the Community High Street Champions initiative, led by High Street Stores Director, Kevin Hall. Business in the Community has identified 25 towns where high street regeneration is most needed, and we are encouraging our store teams in these towns to be particularly active locally.

Every year we recognise those store teams which have really gone the extra mile to build strong links in their local community. The WHSmith Community Awards help to share good practice and encourage more stores to engage in their local community. Each winning store receives a cash prize to donate to a local school or charity.

One of the winning stores in 2014/5 was WHSmith Teesside Park. The nomination read:

"This manager and team are hard to beat when it comes to supporting their local community. Here are just a few of the things they have been involved with this year. Scouts, Brownies. Green Lane School. Middlesbrough Football Club (MFC) Foundation, Zoë's Place, Parliament Rd school, Bedes school. Local Help the Heroes and annual Nurses Day at James Cook Hospital, National Literacy Trust Young Readers Programme, Parent and Child Reading Club. Finley Cooper Trust.

Let's just focus on one of these to show the effort from the team. In January they started a new initiative with Middlesbrough FC, they partnered them in taking children out of the classroom and into the football ground to help them with their reading through the association of football using the Premiership All Starts programme. This was funded by the WHSmith Trust but the staff gave their own time to take part. The follow up from their association with MFC was that we were invited to help extend this programme into match days within the ground. They helped set up active learning activities before the match, such as reading, crafting and board games involving all the family. Each area of activity has been designed by a local teacher from one of the schools they work with normally to complement the National Curriculum and key learning skills. They actually ran their national Book Day from the Riverside Stadium on a match day. The Club subsequently won the national FA award for family zone and family club of the year. The store were mentioned in four out of the last five club programmes as well as the club's email shots, Facebook, Twitter and website announcements. This is just one example of how Dave Brown and his Teesside team are taking the WHSmith brand into the community for mutual benefit."

CHAMPIONING LITERACY

As the UK's leading bookseller and stationer, literacy remains the primary focus of our community programmes. Research findings consistently conclude that one of the most effective ways of helping children to reach their potential is to engage them in reading for pleasure enjoyment. Children who read for pleasure enjoyment make more progress in maths, vocabulary and spelling between the ages of ten and 16 than those who rarely read and young people who read regularly are significantly more likely to attain a professional or managerial position than those who do not read. Promoting the love of reading is therefore the overarching objective behind our literacy programmes.

Working with the National Literacy Trust to encourage Young Readers

WH Smith PLC and WHSmith Trust have supported the National Literacy Trust's Young Readers Programme since 2005. Projects run as part of the partnership have reached thousands of children across the UK, through summer play-schemes, family reading programmes and most recently, a project promoting peer reading in schools. Between 2005 and 2015, support from WHSmith has provided funding that has allowed more than 20,000 children to choose around 42,000 free books to keep.

We are currently working on a three-year project which should see over 20 schools and around 7,500 children aged six to nine taking part in the National Literacy Trust's Young Readers Programme, which gives children the opportunity to discover the pleasure of reading and choose their own books to keep. The project also includes an additional aspect by trialling a new programme model that encourages children from several year groups to take part in peer reading promotion activities, including recommending books to friends and the local community, and sharing reading time together. The children will earn badges and certificates as 'peer reading champions'.

Each participating school is partnered with a local WHSmith store and the project includes opportunities for children to visit their local WHSmith, enabling children who may have had fewer experiences of book-related environments to learn about bookshops and the wider world of work. The children visiting the store take part in fun activities like a book-themed treasure hunt, quizzes and 'behind the scenes' tours. In addition to the store visits, each school reviewed their favourite books and designed a display unit to go in the local WHSmith store. Seeing these reviews on display in the shop was a real highlight for the children, many of whom brought friends and family in to see them, and they were also popular with our other customers.

We are now at the end of the second year of the three-year project. Children have had the opportunity to choose over 10,000 new books and WHSmith stores have hosted over 100 school visits. We have also funded the creation of 22 peer reading libraries in the participating schools to support the project.

We are delighted to see that the project is already having a measurable impact on children's attitudes to reading. Key achievements include:

- 73 per cent of all participating children reading more frequently as a result of peer reading scheme.
- 91 per cent of teachers observing better overall reading attainment against expected reading levels for participating children.
- 91 per cent of WHSmith stores reporting positive impact on staff development as a result of taking part.

One project coordinator from Redcar commented, "The funding so children can have new books of their choice has just been phenomenal and the visits to WHSmith have, for us, really made the project. For children to be able to go into a store and choose new books from the shelf is a treat that many of our children have never had before."

Another teacher, this time from a school in Widnes, said, "For schools serving deprived communities such as ourselves, it is a wonderful chance to turn the kids onto reading in a way that would not be possible without the finance and expertise provided."



The team from WHSmith Teesside hold a World Book Day event at Middlesbrough Football Club, with local schools invited to use their vouchers and choose a book while at the game.



Peer reading at Waun Wen Primary school, Swansea.

Community

CELEBRATING 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, with a group of publishers, booksellers and interested parties all working together to promote the enjoyment of reading. WHSmith continues to take a leading role in the overall organisation of the UK's World Book Day initiative.

Every year, our High Street stores mark World Book Day with special events like competitions, fancy dress, author signing sessions and workshops. Stores also invite local schools into store so that they can take part in the special events and use their £1 World Book Day vouchers.

We also work with other partners to celebrate World Book Day. This year, we supported Manchester Airport Group, one of our key Travel landlords, with their projects to encourage reading in schools local to Manchester airport. Staff from the airport and WHSmith visited the schools to lead a storytelling session and talk about the importance of reading. WHSmith worked with publishers to ensure that the schools all had a good supply of the £1 World Book Day vouchers to spend their free vouchers on.

WHSmith redeemed over
300,000
 World Book Day vouchers in 2015

WHSMITH GROUP CHARITABLE TRUST



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

The Trust has two principal 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, making 55 grants worth almost £40,000 during 2014/2015.

These grants go to match employee fundraising for charities which are close to their hearts. This includes small local charities such as hospices, music groups, Scout and Brownie packs, as well as big national campaigns such as Macmillan Cancer Support and the Alzheimer's Society.

The Trust also recognises the time that employees spend volunteering for charities and matches the value of the time they spend. This may be time spent volunteering for a local air ambulance service, for example, or the time many of our employees spend volunteering in local schools. To further encourage staff to volunteer their time to support schools, the Trust also makes grants to employees who are members of the school PTA or Board of Governors.

SCHOOLS GIVEAWAY: SUPPORTING LOCAL SCHOOLS ACROSS THE UK

The WHSmith Trust Schools Giveaway is now in its sixth year and continues to be a great way for our High Street store teams to support local schools and encourage reading. The Giveaway is a partnership with the WHSmith Trust whereby High Street stores nominate themselves to receive a share of £27,000 in WHSmith vouchers available to give to local schools. This year, over 160 of our stores received vouchers to give to their chosen schools. The vouchers give an important boost to the school books budgets enabling them to improve their library facilities.

This year, we also introduced a new element as part of the Giveaway. Each partner school was asked to write book reviews for display on a dedicated display in their local WHSmith. Both teachers and children jumped at the chance to do reviews, with the schools seeing it as a great exercise in reading and writing for the children, and teachers and children alike were really excited to see their book reviews on display in-store. The school displays also provided a great focal point in-store with other customers showing a lot of interest in the display, and even using the children's book reviews to help them choose a book. Our store teams love having the opportunity to develop strong links with local schools and we look forward to building on this next year.

SUPPORTING THE HOSPITALS WHERE WE OPERATE

As WHSmith presence in the hospital sector grows, we have identified an opportunity to help hospital trust's enhance patient care through donations of books and arts and craft materials. Over the last four years, we have made donations to around 50 hospitals in the UK, donating thousands of books, craft sets, pens and paper, puzzles and games.

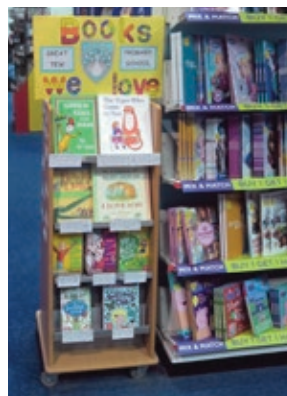
A recent donation was to Derriford Hospital in Plymouth. The hospital staff were really appreciative and genuinely overwhelmed by the amount and variety of stock we gave them, especially as it covered a wide range of ages. They were delighted that a lot of the items could be used at the bedside as most of the patients spend a lot of time in bed. Anita Dykes, Matron for Paediatrics, said: "We are thrilled that WHSmith chose Derriford Hospital to make this wonderful donation. Being in hospital can be boring at times and this donation will help greatly to keep our young people occupied and aid their recovery. It is a fantastic initiative and one which will be used and enjoyed by many of our patients and their families."

In addition to our hospital stores in the UK, WHSmith also has operations in hospitals in Australia under the FreshPlus brand. WHSmith's Australian business provides funding for the local community volunteers, known as 'the Pink Ladies' who help support patients during their time in hospital.

Over **160 schools**
received vouchers to improve
their library facilities



School children in Stranraer receiving their Schools Giveaway vouchers from the WHSmith team.



School book reviews on display in Chipping Norton store.



Donation of arts and craft materials to Derriford Hospital, Plymouth.

Community

WORKING WITH OUR STAFF AND CUSTOMERS TO RAISE MONEY FOR CHARITY

We know that our staff and our customers are passionate about supporting charitable causes. This year, employee and customer fundraising raised over £118,000 for a range of charity partners.

The WHSmith Trust continues to be one of the main beneficiaries, with the fundraising supporting the Trust's work to promote literacy and then support the charities in the local communities WHSmith operates in. Our customers provide fantastic support for the Trust by dropping their spare change into the collection tins in our High Street and Travel stores. Our staff also provide support for the Trust through sporting challenges, like the London Marathon and Great North Run, and support for the WHSmith Trust shop in our Swindon head office. In June 2015, after months of training and fundraising, three WHSmith teams took on the Ben Nevis Dream Challenge for the WHSmith Trust. Each team climbed Ben Nevis, cycled 25 miles and then canoed 3km. After almost 12 hours and despite two foot of snow and a mini blizzard, the teams completed the challenge. The overall comment from the exhausted but exhilarated team members was that the challenge was incredible, with great camaraderie between the three WHSmith teams, amazing scenery and many, many insect bites! The three teams raised around £10,000 to support the WHSmith Trust in its work to promote literacy.

Over **£118,000** raised
for charity through employee and
customer fundraising



WHSmith teams ready to take on the Ben Nevis Challenge.

READ IT, LOVED IT, DONATE IT – THE BIG READCYCLE

This summer WHSmith partnered with Marie Curie to launch 'The Big Readcycle'. Customers were able to donate their pre-loved books at collection points located in WHSmith and Marie Curie stores across the country in exchange for a discount voucher to spend on books in WHSmith High Street stores. Over 30,000 books were donated by WHSmith customers to be sold in the 190 Marie Curie stores across the UK. The money raised will help Marie Curie to continue providing care for people living with a terminal illness and their families.

WHSmith employee Rachelle Rogers whose nan, May, was cared for at a Marie Curie Hospice, commented: "I can't thank Marie Curie enough for everything they did for me and my family. Losing my nan was one of the most difficult things I've ever had to go through but the Marie Curie nurses were so wonderful and took a lot of the pressure off us. I'm delighted that we're partnering with them to help fund the work they do because until you need them, I don't think anyone really understands how much they give."

Marie Curie Chief Executive, Dr Jane Collins, said: "We're excited to be partnering with WHSmith for The Big Readcycle. It is always fulfilling to share a book that you've read and loved with someone else and this campaign means that people can do that knowing that they are also making a positive difference for those living with a terminal illness and their loved ones."

Our stores also help fundraise for a range of other good causes, for example, through our long-term partnership with BBC Children in Need for whom we sell the BBC Children in Need Christmas cards and the Countryfile calendar. We also sell a range of charity pin badges throughout the year, including poppies for the Royal British Legion, Marie Curie Daffodils and Action for Children's Paddington badges.



Marie Curie Big Readcycle is launched at WHSmith's Swindon head office.

PRODUCTS FOR CHARITABLE CAUSES

Products with charity links continue to be popular with our customers, especially at Christmas. Charity Christmas cards are growing in popularity with our customers. In 2013/4, we expanded our range, and that was well-received, so in 2014/15, we expanded the charity card range further. As a result, overall donations to our charity partners went up by 54 per cent year on year. These donations go to a range of charities including BBC Children in Need, the RSPCA and Marie Curie.

Our range of everyday cards also provides an opportunity for charities to raise their profile with our customers. Our range now includes cards with images from the National Trust, the Woodland Trust and the RSPB.

Donations to charity Christmas cards partners increased

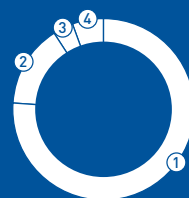
54% year on year

MEASURING OUR COMMUNITY INVESTMENT

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 presents a breakdown of our community contributions, using the LBG's 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 2014/15 ^Δ



1 – Cash donated	£885,376
2 – Gifts in kind	£171,788
3 – Staff time donated	£40,090
4 – Management cost	£64,250

TARGETS: COMMUNITY

Target	Baseline year	Current status	Proportion of target met
In the decade to 2020, we will have invested £10m in local communities through donations of cash, employee time and gifts in kind.	2010	£5,078,774	51%
In the decade to 2020, staff and customer fundraising initiatives will have raised over £1.25m to support partner charities.	2010	£582,270	47%
In the decade to 2020, we will have worked in partnership with the WHSmith Trust to help over 40,000 children discover the joy of reading.	2010	31,000 children have taken part in literacy projects.	78%

^Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 28.

Assurance

INDEPENDENT ASSURANCE OF WH SMITH PLC CORPORATE RESPONSIBILITY REPORT 2014/15

THE NATURE OF THE ASSURANCE

Corporate Citizenship has been engaged by WHSmith to provide limited assurance of its Corporate Responsibility (CR) Report 2014/15.

This statement of independent assurance by Corporate Citizenship is intended specifically for the directors of WHSmith. The opinions expressed in this statement are meant to extend understanding of WHSmith's non-financial performance and should not be used or relied upon to form any judgements, or take any decisions, of a financial nature. Our overall assurance process follows the guidance laid out in the International Standard on Assurance Engagements 3000 (ISAE3000).

SCOPE OF OUR WORK

The aim of our assurance work is to ensure that WHSmith's CR reporting is clear, credible and balanced. The scope of our assurance of CR performance data is restricted to the financial year ending 31 August 2015. It covers the retailing operations of WHSmith in the United Kingdom and Ireland under the WHSmith brand, also under the Funky Pigeon, Card Market and Gadgetshop brands. WHSmith's franchise operations and international stores are excluded from the scope of our assurance work.

The Report has been evaluated against the GRI Principles for Defining Report Content and Principles for Defining Report Quality.

WHSmith is entirely and solely responsible for the production and publication of the report.

THE WORK PROGRAMME

The assurance work was commissioned in July 2015 and was completed in October 2015. Detailed records were kept of meetings and correspondence relating to the assurance. A team of three, led by a director, undertook the assurance and commentary process. The team has a variety of professional and technical competencies and experience. For further information please refer to our website: www.corporate-citizenship.com.

With regard to Principles for Defining Report Content our work has involved, but not been limited to, the following elements:

- a review of the material taken into account by WHSmith when considering Sustainability Context and Stakeholder Inclusiveness;
- an evaluation of the data, process and judgements underpinning WHSmith's definition of Materiality;
- a review of the text of the report at various stages of development to evaluate Completeness; and,
- meeting with and interviewing staff responsible for the development and delivery the WHSmith Corporate Responsibility programmes. These interviews tested all four principles for defining content: Completeness, Materiality, Stakeholder Inclusiveness and Sustainability Context.

With regard to Principles for Defining Report Quality our work has involved, but not been limited to, the following elements:

- a review of the assertions and key performance indicators within the text of the report, marked with the symbol ^A;
- scrutiny of the underlying systems used to produce the data, an examination of the controls and guidance accompanying these systems, including interviewing WHSmith staff with functional responsibility for collecting, consolidating and reporting the data to test definitions and gain a fuller understanding of the processes used for collection and control; and,
- making a number of spot checks on the underlying activity data used in calculating the key performance indicators.

These activities enabled us to reach a conclusion about the Completeness, Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness of the Report and its contents.

OUR CONCLUSION

The following conclusions are based on the work performed, as outlined above.

Principles for Defining Report Content

- On the basis of the work performed, nothing has come to our attention that causes us to believe that the information presented in WHSmith's Corporate Responsibility Report 2014/15 does not accurately reflect the organisation's stakeholder interests, sustainability context, and material issues, or fails to meet the GRI's Principles for Defining Report Content.

Principles for Defining Report Quality

- On the basis of the work performed, nothing has come to our attention to suggest that any of the performance data included in the scope of assurance, marked with the symbol^A in WHSmith's Corporate Responsibility Report 2014/15, is materially misstated or fails to meet the GRI's Principles for Defining Report Quality.

Corporate Citizenship

London

7 October 2015

DEFINITIONS OF CORPORATE RESPONSIBILITY KEY PERFORMANCE INDICATORS

This report details the Group's Corporate Responsibility performance for the year 1 September 2014 until 31 August 2015 referred to as the WH Smith PLC Corporate Responsibility Report 2015. This is issued alongside the WH Smith PLC Annual report and accounts 2015.

Some of the data reported is not exactly aligned to the year ended 31 August 2015 but is reported for a consistent period each year.

This report focuses primarily on the continuing activities undertaken by our retailing operations in the UK and Ireland under the WHSmith brand, also under the Funky Pigeon, Card Market and Gadgetshop brands. The impacts resulting from franchise operations and international stores are excluded from this report. Other variances in reporting boundary are highlighted in the relevant section.

ENVIRONMENT	
Energy consumption	The amount of gas and electricity used to power, light and heat our High Street and Travel stores, offices and distribution centres. Measured in kilowatt hours per square foot.
Equivalent carbon dioxide emissions per pallet moved	The kilogrammes of equivalent carbon dioxide emissions which are calculated to have been emitted by the combustion of fuel during the transport of each pallet of product to our stores. This covers both High Street and Travel stores. Equivalent carbon dioxide emissions are calculated from fuel usage using standard DEFRA conversion factors.
Total equivalent carbon dioxide emissions from energy, transport and business travel	<p>The tonnage of equivalent carbon dioxide emissions which are calculated to have been emitted by:</p> <ul style="list-style-type: none"> the combustion of fuel on the premises and caused to have been emitted by the power stations generating the electricity which we buy (used to power, light and heat stores, offices or distribution centres); the transport of our products from distribution centre to store; and air, rail and car travel by our staff between different business premises. Sea, bus and taxi travel are excluded. Where actual mileages were unavailable assumptions were made based on the cost of travel purchased to ensure a more representative total figure is disclosed. <p>Equivalent carbon dioxide emissions are calculated using standard DEFRA conversion factors.</p>
Scope 1 greenhouse gas emissions	<p>The tonnage of equivalent carbon dioxide emissions associated with the transport of our products from distribution centre to store using vehicles owned by third parties. Also the equivalent carbon dioxide emissions associated with the combustion of gas on the premises to heat stores, offices or distribution centres.</p> <p>These emissions are calculated using standard DEFRA conversion factors.</p>
Scope 2 greenhouse gas emissions	<p>The tonnage of equivalent carbon dioxide emissions caused to have been emitted by the power stations generating the electricity which we buy (used to power, light and heat stores, offices or distribution centres).</p> <p>These emissions are calculated using standard DEFRA conversion factors.</p>
Scope 3 greenhouse gas emissions	<p>The tonnage of equivalent carbon dioxide emissions associated with business travel by WHSmith employees via air, train and car. Sea, bus and taxi travel are excluded. Where actual mileages were unavailable assumptions were made based on the cost of travel purchased to ensure a more representative total figure is disclosed.</p> <p>These emissions are calculated using standard DEFRA conversion factors. Scope 3 air emissions are based on emission factor with radiative forcing included.</p>
Total High Street landfill waste arising	<p>The quantity of waste sent for disposal in landfill, measured in tonnes.</p> <ul style="list-style-type: none"> Distribution centre, office and Biffa-managed High Street store waste is based on collections which occurred during the year. Individual landfill bin weights are based on averages following a sampling exercise in 2011 for the sites where actual weights were not available. The Biffa-managed High Street store waste is extrapolated to the remainder of the High Street estate where waste collection data was unavailable. The figure reported does not include the waste disposed of by Travel stores where waste disposal is controlled by landlords.

Assurance

ENVIRONMENT CONTINUED

Total High Street recycled waste arising	<p>The quantity of waste collected for recycling, measured in tonnes.</p> <ul style="list-style-type: none"> • Distribution centre, office and Biffa-managed High Street store recycling is based on collections which occurred during the year. • Individual recycling bin weights are based on averages following a sampling exercise in 2011 for the sites where actual weights were not available. • The Biffa-managed High Street store waste is extrapolated to the remainder of the High Street estate where waste collection data was unavailable. • The figure reported does not include any recycling waste disposed of by Travel stores where waste disposal is controlled by landlords.
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RESPONSIBLE MARKETPLACE

Number of products sold which are marked as FSC-certified or recycled	The number of products sold marked with the Forest Stewardship Council (FSC) logo or as being made from recycled paper. This includes books and stationery products.
Percentage of own brand Stationery sold units which are from FSC, PEFC or recycled sources	<p>The percentage of own-brand stationery products, which are made from pulp which comes from recycled sources or certified sustainably managed forests. The certified sustainably managed forest schemes are the Forest Stewardship Council or Pan European Forest Certification schemes.</p> <p>The percentage reflects the number of own-brand stationery units which fall into the category above and which were delivered to WHSmith or sold by Funky Pigeon during the year.</p>
Overall customer satisfaction score	The average of the score for customer satisfaction from the Customer Satisfaction Monitor surveys carried out during the Company's peak trading periods. The survey for High Street customers is conducted twice a year during our busiest periods, with each survey having a sample size of 500. Performance is scored on a scale of 0 to 10, where 0 is poor and 10 is excellent.
Number of factories engaged with	The number of factories we have worked with as part of our ethical trade engagement programme. This programme focuses on helping factory management improve worker representation and provides toolkits for factory management to implement.
Number of ethical trade improvement plans completed on time	After each factory audit, we agree an ethical trade improvement plan with the factory management, outlining the areas where we believe they need to improve their ethical trade policies and performance. A date is agreed with the factory management for these improvements to be completed. We measure how many action plans are returned to WHSmith on time, together with evidence of improvements having been made.

WORKPLACE

Senior management team	This group comprises employees who are members of the senior executive committees (who are not also members of the Board).
Management team	This group comprises store managers and senior head office staff (who are not also members of the senior management team).
Major injury	A reportable major injury would include fractures, other than to fingers, thumbs and toes; dislocation of the shoulder, hip, knee or spine; loss of sight (temporary or permanent); any other injury leading to unconsciousness, or requiring resuscitation, or requiring admittance to hospital for more than 24 hours of an employee, contractor or member of the public.
Injuries resulting in over seven days' absence from work/hospitalisation	An injury which causes an employee or contractor to be away from work or unable to perform their normal work duties for more than seven consecutive days (not counting the day of the accident) or which requires hospitalization of an employee, contractor or member of the public.
RIDDOR (Reportable under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations)	An injury which resulted from an accident arising out of or connected with work activities which was required to be reported to the external safety regulatory authorities under the requirements of UK legislation in relation to employees, contractors or members of the public.

COMMUNITY

Cash donated	The gross monetary amount that the Company pays in support of a community organisation or project. This includes direct donations and membership and subscriptions to community organisations. Measured in £.
Gifts in kind	The non-cash resources which the Company has committed to community activities, which can include product, equipment, or other non-cash items from the Company to the community. These are valued at cost, rather than RRP, where appropriate. Measured in £.
Staff time	The staff time contribution is the cost to the Company of the paid working hours contributed by employees to a community initiative or activity. The business average cost of employee time is used. Measured in £.
Management costs	The costs incurred by the Company in making its contributions. Such costs will include the salaries, benefits and other overheads of community affairs staff along with research and communications spend if designed to help the community engage with the Company.

ADDITIONAL DEFINITIONS

Employee	A person working directly for the Company and paid directly by the Company.
Staff	The employees (including management) who work directly for the Company and are paid directly by the Company.