

# WH Smith PLC



## Governance

# Welcome to WH Smith PLC's 2016 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 2015 until 31 August 2016. It is an annual report issued alongside the WH Smith PLC Annual report and accounts 2016 and published in October 2016.

### 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 other WHSmith brands including 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 2016 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](http://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 2016. A copy of their independent assurance report can be found on page 30.

### Your feedback

We welcome your comments and feedback on our corporate responsibility performance, either through our website [www.whsmithplc.co.uk/corporate\\_responsibility](http://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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# Introduction by Stephen Clarke



“

During the year, we have made good progress towards meeting our 2020 corporate responsibility goals.

**Stephen Clarke**  
Group Chief Executive

## Welcome to WH Smith PLC's 2016 Corporate Responsibility report

During the last year, we have continued our focus on managing those social and environmental issues which are most material to our business and to our stakeholders. It has been a busy year and I am pleased to report that we have made good progress towards meeting of our CR objectives.

Promoting literacy is a priority for us as a business and at the heart of our community engagement programme. This year saw the completion of our latest literacy project with our long-term charity partner, the National Literacy Trust. In the last three years, with the support of the WHSmith Trust and WHSmith store teams across the country, around 7,500 children aged six to nine have taken part in the National Literacy Trust's Young Readers Programme, giving children the opportunity to discover the pleasure of reading. We have been delighted to see the project having a measurable impact on children's attitudes to reading, with 80 per cent of all participating children reading more frequently and 100 per cent of teachers observing better overall reading attainment against expected levels for participating children.

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 October 2015, a new carrier bag levy was introduced in England, which meant that there are now levies for carrier bags in place across the UK. Since the carrier bag levies have been in place, we've seen a drop in the number of bags we're giving out of around 30 per cent – which is helping the environment, and also reducing costs. For the bags we do use, we have adopted a policy to donate the proceeds from the levy to good causes and I am pleased to say that, during the year, we have been able to donate over £390,000 to our charity partners as a result.

Our colleagues are at the heart of our business success and we recognise that it is just as important to support our colleagues' mental wellbeing as it is to look after their physical wellbeing. In February 2016, I had the opportunity to meet with business leaders in Downing Street to discuss the need for a shift in attitude to people with mental health issues in the workplace. WHSmith has now made a pledge to have just as many Mental health first aiders as physical health first aiders within the next year. We will also be working to ensure that our 1,100 line managers all receive mental health first aid training. I am proud to be one of the first retailers to develop a mental health strategy of this nature. We are already seeing an incredibly positive reaction from our employees, all recognising the value this can bring.

As a business we support a range of charity partners every year. This year, I joined one of the six teams taking part in the WHSmith National Three Peaks challenge. It was a weekend that will live long in all our memories, as probably the hardest thing that many of us have ever done, but also one of the most satisfying. We are very proud to have raised over £70,000 for Save the Children and for the WHSmith Trust's school literacy projects.

I have only been able to touch on a few of the many initiatives we have progressed this year. In this Report, we outline the progress we have made under each of our CR pillars: Environment, Marketplace, Workplace and Community. I am pleased to say that, across each of these pillars, we are making good progress towards meeting our 2020 corporate responsibility goals and we will seek to make further progress in the coming year.

**Stephen Clarke**  
Group Chief Executive, WH Smith PLC

Find out more at  
[www.whsmithplc.co.uk/corporate\\_responsibility](http://www.whsmithplc.co.uk/corporate_responsibility)



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youtube.com/WHSmithDirect

## 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.

## Travel

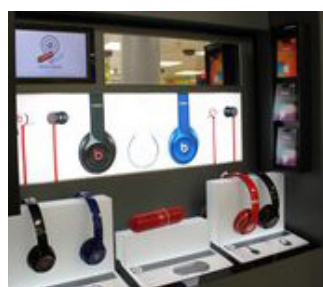
Travel stores sell a range of products to cater for people on the move or in need of a convenience offer. Travel's typical customer has less time to browse and is more interested in purchasing food, drink, confectionery, impulse products and travel accessories, as well as reading materials for a journey.

As at 31 August 2016, the Travel business operated from 768 units in airports, railway stations, motorway service areas, hospitals and workplaces, including 192 units in international locations. At 31 August 2016, Travel operated from a total of 0.6m square feet of selling space. Travel stores are typically located in higher footfall locations than High Street stores, with higher operating costs and rents paid as a percentage of sales (subject to minimum guarantees). Travel is less affected by the Christmas trading period than high street retailers. Increased passenger traffic during the summer holiday season, particularly in airports, contributes to a summer peak in sales.

Travel is impacted by macroeconomic trends and other factors which influence the number of travelling customers, levels of employment and investment, as well as specific category trends such as the impact of digitalisation on printed products. Where we have reliable data on passenger trends, we see a correlation between changes in passenger numbers and our sales.

**Sales**  
**£573m**  
(2015: £521m)

**Profit<sup>1</sup>**  
**£87m**  
(2015: £80m)



<sup>1</sup> Travel trading profit is stated after directly attributable share-based payment and pension service charges and before unallocated costs, interest and taxation. See Notes to the financial statements Note 2, Segmental analysis of results on page 74 in Annual report and accounts 2016.

## High Street

High Street sells a wide range of products in the following categories: Stationery (including greetings cards, general stationery, art and craft, and gifting), News and Impulse (including newspapers, magazines, confectionery and drinks) and Books. High Street's trading is seasonal, peaking at Christmas and in August/September for 'back to school'.

The High Street business operates 612 stores with an extensive reach across the UK and a presence on nearly every significant UK high street with high levels of customer footfall.

As at 31 August 2016, High Street operated from a total of 2.8m square feet of selling space.

The digital retail business is operated by High Street and sells a range of Stationery, Books, Magazines and Gifts at [www.whsmith.co.uk](http://www.whsmith.co.uk). We participate in the personalised greetings cards and gifts market through [www.funkypigeon.com](http://www.funkypigeon.com) and [www.funkypigeon.ie](http://www.funkypigeon.ie).

High Street's performance is dependent upon overall growth in consumer spending, growth in the non-food, non-clothing sector and its ability to take share in its product markets as well as specific category trends such as the impact of digitalisation on printed products. Additionally, trends in the book market are impacted by the strength and quality of publishing in any year.

**Sales**  
**£639m**  
(2015: £657m)

**Profit<sup>2</sup>**  
**£62m**  
(2015: £59m)



<sup>2</sup> High Street trading profit is stated after directly attributable share-based payment and pension service charges and before unallocated costs, interest and taxation. See Notes to the financial statements Note 2, Segmental analysis of results on page 74 in Annual report and accounts 2016.



# 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](http://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.

## 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
<b>Customers</b>	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.
<b>Employees</b>	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 with employees via regular written updates and face-to-face briefings. We provide CR updates to head office staff at our Quarterly Briefings, to store teams via the intranet and everyone is encouraged to feedback on our CR performance. We conduct annual employee engagement surveys 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.
<b>Investors</b>	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.
<b>Trade bodies and government departments</b>	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, we have been in close dialogue with both the NHS advising group and the government on delivering health and wellness initiatives in Scotland.
<b>Non-governmental organisations (NGOs) and charities</b>	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.
<b>Suppliers</b>	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.
<b>Landlords</b>	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 on initiatives to promote literacy in schools, and with the Royal Free Hospital Trust to promote healthy eating.
<b>Local communities</b>	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. Our executive team is fully involved in this process, as are the Group Board, who 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.

As part of our CR strategy review process, we map risks and opportunities and identify those issues which are most material to our business. This is informed by analysis of 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 are able to map our key CR risks and to assess which CR issues are most material to our business and therefore require the greatest focus.

This exercise enables us to confirm that some CR issues remain a high priority for us year on year, and helps us to identify new areas where we need to increase our focus. Issues which remain high on our agenda on an ongoing basis include sustainable forestry, labour standards, reducing emissions, supporting literacy and promoting diversity. In our latest review, we also identified issues which have become more material to our business in recent years, either due to national trends, changes in legislation or stakeholder feedback. Following new UK legislation in 2015, the issue of modern slavery is one example of an area which has required greater focus from our management teams this year and we discuss this further in the Marketplace section. With increasing concerns about levels of obesity in the UK, healthy eating is another example of an issue which has grown in importance and where we now have more programmes in place to ensure that our ranges and promotions offer our customers more healthy eating choices. Our stakeholders also tell us about issues which need to be higher up on our CR agenda. As part of our 2015 employee engagement survey, our employees have given us a clear challenge to increase the number of initiatives in place to promote work-life balance and to encourage personal development, and we have responded to this feedback by making these issues a focus for the Workplace part of our CR programme. The narrative within the body of this Report discusses our management of each of the issues which we consider to be of greatest materiality to our business and to our stakeholders.

## 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. In the 2016 Index, we were pleased to achieve a score of 93 per cent.



FTSE4Good

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.

## Environment

## Environmental management

Board accountability:	Executive accountability:	Relevant policies:
<b>Robert Moorhead,</b> Chief Financial Officer and Chief Operating Officer	<b>Kevin Hall,</b> High Street Stores Director	<b>Environmental Policy</b>

## 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 continuing improvement year on year.

## Managing our carbon emissions

Global greenhouse gas emissions for period 1 September 2015 to 31 August 2016 in tonnes of CO<sub>2</sub>e

	2015/16 <sup>A</sup>	Percentage of carbon footprint	2014/15
<b>Scope 1 emissions</b> 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.	<b>8,320</b>	23.5%	8,700
<b>Scope 2 emissions</b> Electricity purchased for WHSmith's own use (used to power, light and heat stores, offices or distribution centres).	<b>25,582</b>	72.5%	30,544
<b>Scope 3 emissions</b> WHSmith employee business travel (by air, rail and owned and non-owned motor vehicle).	<b>1,374</b>	4%	882
<b>Total</b>	<b>35,276</b>	100%	40,126
<b>Intensity measurement</b> Total emissions [Scopes 1, 2 and 3] reported above normalised per 1,000 sq ft.	<b>8.03</b>		<b>9.16</b>

## 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.



## Reducing energy consumption

Reducing energy consumption has been a priority for our business for many years. Not only is the energy used to light and heat our stores, distribution centres and offices a large part of our overall carbon footprint, but it is also a significant cost to the business, giving a further business imperative to look for efficiencies wherever we can.

We have made good progress in recent years, achieving a reduction in CO<sub>2</sub>e emissions per square foot from stores and distribution centres of 49 per cent since 2007. Of course, as more efficiencies are found, the next set of savings become harder to find, but we are pleased to have made further savings this year and remain on track to meet our 2020 energy target.

We have achieved this energy performance by creating a culture of energy efficiency across the whole business, with managers having direct accountability for energy costs. 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, supported by a system of automated meter readers in our High Street stores and smart meters in many Travel stores, which closely monitor the energy use and ensure that any discrepancies are identified quickly.

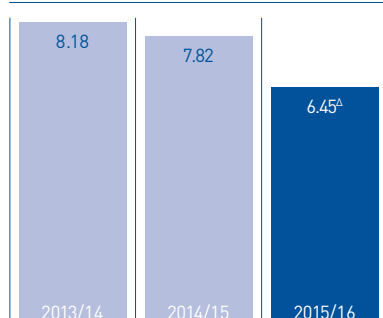
Improving the efficiency of our lighting remains a priority. In recent years, we have successfully rolled out more efficient LED lighting across the majority of our stores, distribution centres and in back of house areas, such as stockrooms and offices, delivering significant savings in energy consumption. This year, we have also continued our programme to reduce energy wastage from our drinks and food chillers, with the greatest opportunity being in our Travel stores. This has seen more time clocks installed that turn off fridges containing non-perishable products out of hours.

During the year, as part of analysis carried out under the Energy Savings Opportunities Scheme (ESOS) requirements, we established that, although energy usage is substantially lower across the estate, there are still a number of sites where there are opportunities to make further savings in energy consumption. In response, we have been piloting a project initially for WHSmith Travel stores that is effectively a roll-out of energy efficiency best practice to ensure that stores are working towards the best achievable performance in terms of energy use. The project involves, firstly, understanding what energy a store should be using, and then making changes to the settings of key energy using systems on sites, and, in larger sites, the installation of additional control equipment and automation to ensure things are controlled efficiently. The best practice standards being implemented as part of the project cover all the areas where energy is used in a store, and vary from site to site depending on plant, air conditioning, refrigeration, energy using equipment, the energy utilisation, operational hours and landlord supplies. Following successful trials of this approach, we are rolling out the project to around 280 Travel stores and also beginning implementation in High Street stores. We are targeting savings of around five per cent for the stores involved in the project.

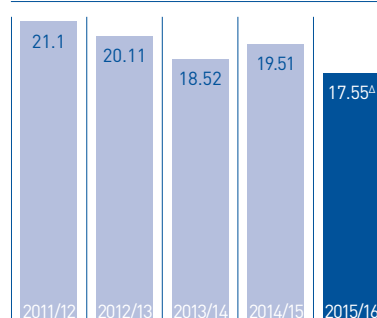
CO<sub>2</sub>e emissions per square foot from stores and distribution centres have reduced by

**49%**  
since 2007

## Group energy consumption (CO<sub>2</sub>e per 1000 sq ft)



## Group energy consumption (kWh per sq ft)



<sup>A</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## Environment

### Improving transport efficiency

With over a thousand stores across the UK, WHSmith's fleet of lorries clock up thousands of miles every week. We have been working hard to maximise the efficiency of our fleet wherever we can, not only helping to reduce our carbon footprint, but also reducing fuel costs for the business.

We have a number of measures in place which continue to help us run an efficient fleet. Regular and in-depth reviews of our transport operations enable us to optimise routing and delivery frequency. As part of this work, we also share vehicles with third parties in more sparsely-populated areas like North Wales. In addition, our transport management system provides real-time data to monitor driver behaviour. All full-time drivers are trained on defensive driving to reduce harsh braking and acceleration and reduce time spent with the engine idling, all contributing to reductions in overall fuel consumption for the fleet.

During 2015/16, we have delivered a project to relocate Travel and High Street product within WHSmith's distribution network, with product located closer to the key hubs for each business. This has been a complex process, but it is one which we believe will deliver ongoing savings in terms of mileage, fuel and emissions by ensuring that our transport network can be used more efficiently. As part of this project, we are also introducing double deck trailers which are suitable for both High Street and Travel distribution centres, helping to create a more integrated fleet across the Group. This year we have achieved a further reduction in CO<sub>2</sub>e emissions per pallet moved, with emissions per pallet down by over 25 per cent since 2007.

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.

We monitor the emissions associated with our business travel and report this as part of our GHG footprint above. Business travel is a small proportion of our overall carbon footprint, however during the year, we have seen an increase in the associated emissions. This is due to increased air travel as the business grows internationally, and also the introduction of a new expenses system which is better at capturing all the travel data. We continue to look at ways to reduce our business travel emissions, using tools like video conferencing to reduce travel where possible.

### Waste management

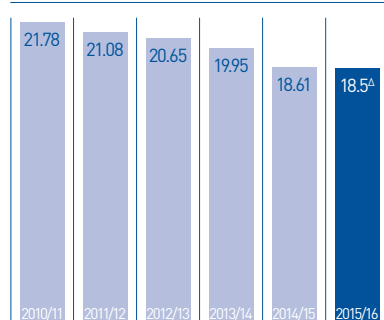
Reducing waste and maximising recycling is a priority for our store and distribution centre teams, driven not only by the environmental imperative, but also by the increasing costs of waste disposal. We have made good progress over recent years, but, as we recycle more and more of our waste, it becomes more challenging to deliver annual efficiency gains. This year, in our High Street business, we achieved a reduction in overall waste volumes of ten per cent year on year.

In our High Street stores, we operate 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. We have seen a slight increase in the amount of waste going to landfill year on year. This is due, in part, to the clean sweep exercise we completed in the summer where we cleared a number of sites of non-recyclable fixtures and fittings. Overall, the tonnes of waste recycled is down year on year, impacted by reduced sales in some of our categories, and also initiatives to reduce the number of cardboard display units and signage used in store which has helped reduce overall waste volumes.

In our High Street business,  
we have reduced overall waste by

**10%**  
year on year

### Group transport emissions (tonnes CO<sub>2</sub>e per pallet moved)



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.

<sup>Δ</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

In our Travel business, we are working hard to minimise food waste. This is however a complex area, and we need to develop different strategies for chilled food versus ambient food. For our chilled food lines, our focus has been on improving our forecasting to ensure that we only stock the chilled food that we expect to sell, therefore reducing waste volumes. As a result of these efforts, we have been able to achieve a four per cent year on year reduction in chilled food waste, and we are targeting further reductions in the coming months. We have also been trialling markdown strategies for our chilled food, again to reduce waste volumes as far as we can. For the chilled food waste which cannot be avoided, we continue to look for ways to donate this to foodbanks and charities, however this is currently proving challenging due to the safety concerns associated with out-of-temperature or out-of-date chilled foods. We are working with organisations like FareShare to investigate solutions which would enable us to donate unsold chilled food to charity in the future. For unsold ambient food, we are conducting a trial in our M&S Simply Food units, working with the social network, Neighbourly, to make links to local charities and community organisations who can make use of this unsold food. If this trial is successful, we would hope to roll this out to a wider range of stores.

### 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

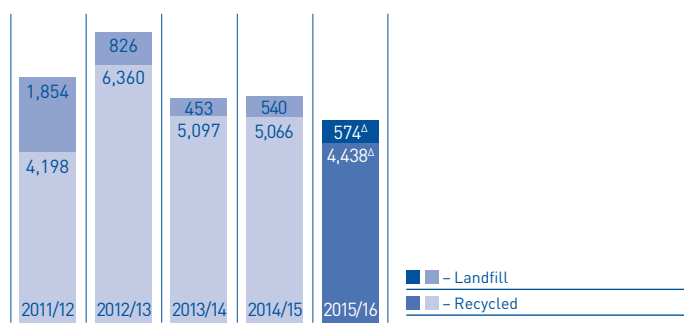
Reducing the number of single-use plastic carrier bags we hand out has been a focus for many years, with our staff habitually asking customers whether they need a carrier bag and promoting the use of re-usable bags. In October 2015, a new 5p carrier bag levy was introduced in England, which meant that there are now 5p levies for carrier bags in place across the UK. Since the carrier bag levies have been in place, we've seen a drop in the number of bags we're giving out of around 30 per cent – which is helping the environment, and also reducing costs.



Since the UK carrier bag levies have been in place, the number of single-use bags we are giving out has dropped by

**30%**

### Total waste arisings (tonnes)



Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## Environment

For the bags we do use, we have adopted a policy to donate the proceeds from the levy to good causes. During the year, we have donated over £390,000 to our charity partners. In our Travel business, this money goes to Shelter to support the charity's vital work with individuals and families affected by homelessness. In our High Street business, 25 per cent of the carrier bag levy proceeds go to the Woodland Trust to fund their tree planting projects. This funding takes the total number of tree planted as part of our partnership with the Woodland Trust to over 250,000 since 2010, meeting the target we had set. The other 75 per cent of the High Street carrier bag levy goes to the new WHSmith Community Fund, which makes grants to hundreds of customer-nominated schools and charities across the UK. More than half the grants have gone to schools, with the other grants going to support a wide range of charities from local hospices, to brownie packs, and air ambulance services. More information on the criteria for these grants is available at [www.whsmith.co.uk/communitygrants](http://www.whsmith.co.uk/communitygrants).

### 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 these products 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 <sub>2</sub> e emissions from stores and distribution centres by 45 per cent per square foot (from 2007 baseline).	13.19 t CO <sub>2</sub> e/1,000 sq ft	2007	6.45 tonnes CO <sub>2</sub> e/1,000 sq ft <sup>A</sup>	On track
By 2020, reduce CO <sub>2</sub> e emissions from transport by 20 per cent per pallet (from 2007 baseline).	24.9 kg CO <sub>2</sub> e/pallet	2007	18.5 kg CO <sub>2</sub> e <sup>A</sup>	On track
By 2020, we will send less than five per cent of waste to landfill.	n/a	n/a	11% to landfill <sup>A</sup>	94%
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	284,000 trees planted	Target met

<sup>A</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

# Responsibility in the marketplace

Board accountability:	Executive accountability:	Relevant policies:
<b>Stephen Clarke,</b> Group Chief Executive	<b>Phil McNally,</b> Commercial Director – High Street	<b>Ethical Trading Code of Conduct and Human Rights Policy Forest Sourcing Policy Marketing Code of Practice</b>

## 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 across the Group. In our Travel business, we have developed an initiative called Customer First to drive a culture of excellent customer service standards throughout the business. As part of the initiative, every member of staff has been trained on the standards WHSmith expects them to follow when serving our customers. All Store Managers, Deputies and Team Leaders complete at least four courses on customer service. The training programme uses a wide range of learning styles, ranging from written guidance to quizzes and filmed examples of what great customer service looks like, to ensure that all employees have a clear understanding of the service levels we are looking for them to deliver.



To ensure that these standards have been fully embedded within the business, members of our senior management team visited every store to check that they are 'Customer Ready'. Stores are scored on a set criteria specifically focusing on service and store standards. All stores scoring 100 per cent are recognised in a Hall of Fame.

In High Street, 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 recognise and reward staff who deliver excellent customer service, as part of commitment to make excellent customer service a core part of our business. 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. As we move into 2016/17, we are also updating the mystery shopper programme to ensure that it remains an effective tool for driving high customer service standards.





## Marketplace

### 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 a number of local access groups to understand their needs and ensure that these are taken into account.

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 also 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, automatic doors and 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.

### 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 are continuing to take further steps to extend our healthy eating range. As these range reviews continue to be applied, customers will be able to choose from an increasing range of granola pots, smoothies and health food bars, and – in those locations where we sell sandwiches – from our balanced 'meal deal' options. In reviewing our snacking offer, we have also recently introduced the Graze range of healthy snacks into the majority of our stores at the till front, as well as nutritional snacks such as Naked bars, Eat Natural snacks and natural compressed fruit treats for children. We are also continuing to introduce a further extended range of healthier eating snacks into our stores.

WHSmith is an active member of the NHS Healthy Eating forum and we have been working to improve our healthy eating offer in our Hospitals by rapidly increasing our ranges of healthy products to our customers. We are currently working with NHS Scotland in order to help to deliver the new Healthcare Retail Standard and, as part of this, we have been in close dialogue with both the NHS advising group and the government on delivering health and wellness initiatives in Scotland. We are also currently working closely with the Royal Free Hospital in London, taking a proactive approach, as a pioneer of the UK government's 'Healthy Living Award' legislation. These ongoing programmes involve specifying healthier ingredients and cooking methods for products, to keep fat, salt and sugar to a minimum, and to ensure that water, low fat dairy options and fruit and vegetables are always available in our catering outlets. In addition to this, we have an ongoing dialogue with our suppliers to increase the range of healthy alternative snacks that we sell and reduce pack sizes where appropriate.



Product safety is one of our key priorities and 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

Paper-based products are a core part of WHSmith's business and sustainable timber sourcing is therefore one of our key CR priorities. 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 certified (FSC/PEFC) or recycled as a minimum standard, 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 on the data we need to obtain from them before we can demonstrate that pulp used in a WHSmith product is sourced from a certified or recycled source. During 2015/16, we have made good progress in this dialogue with our suppliers and we are now able to obtain improved invoice evidence from a much wider range of suppliers. This has been a key factor in our improved forestry performance this year.

We measure our forestry performance by looking at the overall percentage of own-brand stationery units which are made from timber or pulp from certified sustainable sources or recycled sources. By 2020, our aim is that 95 per cent of units will come from sustainable certified or recycled sources. We have made good progress in the year, with 85 per cent<sup>Δ</sup> of own-brand stationery units now from certified sources, up from 69 per cent in 2015/16.

This improvement has been due, in part to the extensive dialogue our buying teams have had with UK suppliers, to communicate our forestry requirements and increase the number of products produced on certified or recycled papers. Our Asian sourcing team also continue their dialogue with our Far East suppliers, where we set certified (FSC/PEFC) or recycled as a minimum requirement. These efforts have resulted in key products lines being confirmed as FSC-sourced, for example Christmas lines like boxed cards, as well as notepads, and many smaller lines ranging from playing cards to collecting albums. We are already working with suppliers on lines for 2016/17 and would expect to be able to deliver further improvements in the year ahead.

**85%<sup>Δ</sup>**  
of own-brand stationery units are from  
certified forest sources

Another focus for our forestry is 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. We continue to deliver year on year improvements in the number of products marked as FSC-certified. We have focused our efforts on large volume lines and now have a wide range of core lines marked as FSC, ranging from A4 pads to diaries, calendars, notebooks, envelopes and box files, with ring binders and lever arch files to follow shortly. In addition to labelling more own-brand products as FSC, we have also been promoting products with strong sustainability credentials, notably Woodland Trust printer paper. Earlier this year, the Woodland Trust presented WHSmith with a certificate recognising the environmental contribution made by the switch to Woodland Trust bulk paper in 2015, helping to create a hectare of new native woodland and capturing 387 tonnes of CO<sub>2</sub>.



<sup>Δ</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## Marketplace

## Ethical trading

We are committed to maintaining good labour standards across our supply chains. We will only place orders with suppliers and manufacturers who are committed to working towards compliance with the conditions set out in our Code of Conduct. This Code of Conduct underpins our ethical trade strategy and programmes and is based on the Ethical Trading Initiative (ETI) Base Code. WHSmith is a member of the Ethical Trading Initiative, an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.

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 focuses on our sourcing from the Far East where suppliers manufacture our own-brand stationery products which are supplied to both our High Street and Travel stores. We focus on suppliers of own-brand products as this is the area where we exert the most influence in terms of encouraging ongoing improvements in labour standards.

Our supply chain comprises around 180 first tier suppliers, mostly based in China. We have the strongest relationships, and most influence, with our top 10 suppliers by value, where we buy large volumes of goods and tend to have longer-term commercial relationships. Outside this group, WHSmith tends to be a small customer, buying relatively small quantities, often of seasonal product. Our ability to influence working conditions within this supplier group is more limited, but we seek to raise awareness of the business case for better working conditions to encourage suppliers to work with us.

Our ethical trade engagement is led by our in-house ethical audit team, based in China and reporting into the Director of Asian Sourcing. This team carries out both audit and engagement work, monitoring labour standards and maintaining continue the dialogue with the factory to help implement improvement actions. Our 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.

Our team audit our own-brand suppliers in Asia at least every two years for compliance with our Code of Conduct, grading them Black to Gold. A factory must meet certain minimum standards if we are to trade with them, and also 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 improvement 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. Over the last year, 81 per cent of supplier ethical trade improvement plans were completed on time.

We use a mix of announced and unannounced audits and we are increasing the number of unannounced audits to ensure that we are seeing as a true a picture as possible of the factory conditions. Last year, 54 per cent of factories audits (by overall spend) were unannounced. Every two years we undertake an independent benchmarking process to ensure our ethical audits remain in line with industry best practice. We are also introducing the SEDEX system to provide additional risk assessments and audit data.

Over the last year,  
**81%**  
of supplier ethical trade improvement  
plans were completed on time

In order to encourage suppliers to improve labour standards, we focus on a handful of issues which we know are common challenges facing many of our suppliers. One such area is health and safety, which continues to be an area of principal focus during our factory audits. We are working with ten of our key factories looking to achieve ongoing improvements in their health and safety procedures. We are providing training for the factories on best practice in H&S management, and supporting them as they conduct risk assessments of their own sites and identify required improvements. The changes made should result in a direct benefits for workers through reduced risk of accidents, and also reduced downtime which should reduce the need for additional overtime to complete orders.



WHSmith's ethical audit team visit supply factories regularly to monitor working conditions

Another focus area is improving worker representation. Over the last year, we have continued to develop our worker representative (WRI) project with our Chinese suppliers, working in partnership with the University of Michigan to review the structure of the project and factory training. We have been successful in recruiting more factories to take part in the WRI project, with factories representing over 40 per cent of our overall purchasing spend now taking part and having committed to work with us to introduce elected worker representative committees within their factories.

We have also achieved the further roll-out of a confidential worker hotline, run by Chinese NGO, ICO, to five more factories. The hotlines are now in place in a third of our factories (based on purchasing spend) and give workers at these sites the opportunity to raise any issues which concern them helping us to work with factory management to find solutions.

Finally, we have undertaken a large programme of work looking at modern slavery risks within our business and supply chain and updating policies and procedures to ensure we have the right level of focus on this issue. We have reported on this area in detail in a separate Modern Slavery Statement. This is available at [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk).

## Targets: Marketplace

	Targets	Current status	Proportion of target met
<b>Ethical Trading</b>	By 2020, 90% of supplier ethical trade improvement plans completed on time.	81% of improvement plans completed on time. <sup>Δ</sup>	90%
<b>Forestry</b>	By 2020, 95% of own-brand stationery products to be made from pulp from certified or recycled timber sources.	85% of own-brand stationery products from certified or recycled sources. <sup>Δ</sup>	89%

<sup>Δ</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## Workplace

## Workplace practice

Board accountability:	Executive accountability:	Relevant policies:
<b>Stephen Clarke,</b> Group Chief Executive	<b>Anthony Lawrence,</b> Group Human Resources Director	<b>Code of Business Conduct</b> <b>Suite of employee policies</b> <b>Health and Safety Policy</b>

## 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: Connect, Converse & Congratulate

We conduct annual employee engagement surveys across the head office population and all distribution centres, and are extending these to our Travel and High Street store management population during 2016. The results are shared with all staff and actions agreed to respond to specific points of feedback, with employee focus groups used to help understand the staff feedback in more depth and talk through possible changes which could be made. Following the results of the 2015 employee engagement survey, and to ensure we keep progressing, we have 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 has a nominated executive director responsible for sponsoring and driving key changes. To support these workstreams, we have established 'The Forum' where elected departmental representatives meets quarterly, in our London and Swindon offices, to discuss and give feedback on initiatives linked to these four workstreams and to improve two-way communication within the business.

As part of our 'Communicate, Converse, Congratulate' workstream, we have been improving internal communication channels to ensure that our colleagues feel informed and engaged in our business strategy. This has included the introduction of Quarterly employee briefings where the leadership team present updates on business strategy, as well as regular team briefings, 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 have added another way for employees to engage with senior management, in the form of our Chat to the Director sessions which are open to all head office colleagues.

During the year we have also launched a new employee recognition scheme across our Travel and High Street head offices. Our weekly Hall of Fame gives an opportunity for peer to peer recognition when a colleague has really gone the extra mile. In addition, each Director has a dedicated budget to say a spontaneous Thank You to a colleague. In the year ahead, we plan to launch a further employee recognition scheme in our High Street business, Shining Stars. This will see each department nominate and vote for their department 'Shining Star', who will be recognised and rewarded.

*live well; work well*



*realise your potential*



*making the office a  
better place to work*



*connect, converse  
& congratulate*





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.

## Learning and development: Realising your potential

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 working towards 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.

During the year, we have continued to implement our Realising your Potential initiative, focusing on improving succession planning and talent review within the business. As part of this, we launched a new Performance Review process to include greater focus on development and career conversations. All Directors and their line reports also took part in 'Identifying Potential' workshops.

In May 2016, we held Learning at Work Week in our London and Swindon offices. 681 workshop places were snapped up across both High Street and Travel head offices, with employees encouraged to attend as many workshops as they wanted. Many of the workshops were hosted by members of the senior leadership team and the Board, but we also hosted external experts to run sessions. Workshops ranged from Personal Impact to Business Case Writing to Yoga.



Within stores, 158 Store employees successfully completed our in-house Academy programmes that are specifically aimed at supporting supervisors and store managers in their transition to bigger roles. 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. Furthermore, those employees completing our Team Leader and Manager Academies now receive an industry recognised Institute of Leadership and Management qualification.

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.

## Valuing our people: Live Well, Work Well

One of the key points of feedback from our 2015 employee engagement survey was the importance of work life balance to our employees. We already have a number of initiatives in place to promote better work-life balance, for example, our 'School Starter' scheme grants working parents half a day's paid leave to take their child to their first day at school, phased retirement plans to allow employees to voluntarily reduce their working hours as their retirement date approaches and 'V-Time Working' which 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. During the year, we have introduced further initiatives to promote flexible working, with line managers encouraged to consider requests for flexible working hours and home working. All head office employees are able to leave work at 4pm on Fridays, and all head office employees also receive a day's holiday on their birthday.

### WHSmith hosts its first 'Wellbeing at Work' Week

Whilst most employers are aware of the link between employee engagement and an increase in productivity, WHSmith took this a step further and recognised the link between employee engagement and employee health & wellbeing. In April 2016 we launched our first 'Wellbeing at Work week' & similar to the format of National Learning at Work week which WHSmith participates in on an annual basis, this wellbeing week was dedicated to educating and enlightening our people on matters of physical, mental and emotional health.

In partnership with Nuffield Health, 181 WHSmith employees signed up for 10 minute mini health checks where blood pressure, hip-to-weight ratio and BMI was tested and advice given on how to manage our health numbers. The aim of the mini health checks was to create awareness and a starting point for employees to be able to make healthy lifestyle changes and focus on their own health.

With over 250 employees attending 54 events in both head office locations, employees received free products each morning sourced from our healthier product ranges. Dedicated intranet pages were developed to inform everyone of what sessions were available and momentum was driven through 'live' communication commentary via email comms each day, and ever-changing posters so that the whole week had a buzz of excitement and anticipation.

WHSmith also viewed this as the perfect opportunity to introduce specific sessions based on mental health awareness so that conversations could take place, starting to address the stigma surrounding the topic in the workplace. Other advice and awareness sessions that were hosted during the week were Nutrition & Iridology; Women & Men's health presented by Nuffield Health; Juicing, Sleep Therapy and a Resilience Toolkit for the Workplace. As a point of difference, there were lunch time advice stands where employees could drop in and chat to the experts regarding a wide range of topics from eye care through to employee benefits.

Employee feedback was really positive and we are already working on plans for next year.

## Workplace

### Making a commitment to mental health across the organisation

At WHSmith we recognise that it is just as important to support our colleagues' mental wellbeing as it is to look after their physical wellbeing. Over the last year, we have finalised and begun the implementation of WHSmith's mental health wellbeing strategy. The strategy focuses on raising awareness of mental health issues and providing training on how to support mental health in the workplace.

On World Mental Health Day in July 2016, WHSmith made a pledge to have just as many mental health first aiders as physical health first aiders within the next 12 months. We will also be working to ensure that our 1,100 line managers all receive mental health first aid training.

WHSmith has made a pledge to have just as many mental health first aiders as physical health first aiders by summer 2017.

'We all need to look after each other and ourselves.' This is the mantra behind WHSmith's plans to deliver a comprehensive mental health wellbeing strategy that will not only raise awareness of mental health issues and address the stigma surrounding them, but also provide mental health support to its staff.



**proud to support  
time to change**

We have many physical first aiders at WH Smith, who are all trained to help colleagues in the event of something like a heart attack – but what happens if a colleague is having a panic attack? One in six employees suffer mental health issues, so it's increasingly important that we have first aid provision for mental health too. We recognise that mental health is also an important issue for our business. In the UK, mental health issues account for almost 70 million employee days off sick annually, the most of any health condition, costing UK employers between £70 billion and £100 billion per year.

WHSmith's mental health wellbeing strategy has two parts: working with Time to Change to raise awareness of mental health issues and the associated stigma among employees, and working with Mental Health First Aid (MHFA) England to provide training on how to support mental health in the workplace.

Stephen Clarke, CEO of WHSmith, comments: 'In February 2016, I had the opportunity to meet with business leaders in Downing Street to discuss the need for a shift in attitude to people with mental health issues in the workplace. We are all very aware of how we can protect our physical health; but most of us aren't so knowledgeable about how to look after our mental health. The workplace can be a vital drive for change in addressing this issue, which is why we are proud to be making a commitment to training our staff in mental health first aid.'

As well as giving staff mental health first aid training, we will train six colleagues trained as MHFA instructors, meaning that they can continue to train staff in mental health first aid going forwards. Demand from staff for mental health first aid training is already exceeding our initial expectations, and the popularity of the training means that we are already considering extending the training beyond the next 12 months.

### WHSmith Benevolent Fund

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 in the region of £1m.

### 'Speak Up' line

We want to ensure that our employees have a way of speaking out if there is a problem at work. 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.

## Promoting diversity

WH Smith recognises that talented people are core to the success of our business, whatever their age, race, religion, gender, sexual orientation, age or physical ability. We are committed to promoting a culture of equality and diversity through our policies, procedures and working practices. In addition, we aim to ensure that all our employees receive equal treatment at recruitment and selection stage, and subsequently through terms and conditions of employment, promotion, training, development opportunities and employment benefits.

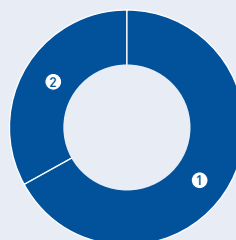
At WHSmith we monitor our diversity profile versus our peers and the national average to ensure that WHSmith's employee profile and that of our management team reflect our commitment to diversity. In terms of gender diversity, we measure our performance across the Group, looking at Board level, our senior management and store management populations.

Our diversity strategy is led by a diversity working group and Group CFO and COO, Robert Moorhead, has been appointed as a 'Diversity and Inclusion' sponsor to champion diversity within the senior management team.

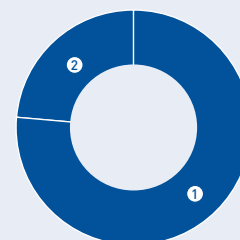
Within our strategy, one area of focus is on the attraction, recruitment, development and retention of middle and senior female managers within the business to create a pipeline of talent for future senior level and board appointments. We have developed a partnership with [workingmums.co.uk](http://workingmums.co.uk), an online job and community website for professional and working mothers. In November 2015, WHSmith was a runner up in the Working Mums Top Employer Awards, in the category of 'Family Support Award.' The aim of the awards programme is to promote best practice in different themes across businesses such as flexible working, career progression, talent attraction, family support and working mums champions. In addition, WHSmith will be sponsoring the [workingmums.co.uk](http://workingmums.co.uk) best practice report this year to coincide with International Women's day. The purpose of the report is to ensure best practice is widely disseminated. In the year ahead, we also plan to join Everywoman, the world's largest business and learning and development platform for women in business and female entrepreneurs, to support our work to create a learning and development network of women leaders within the business.

### Employees by gender

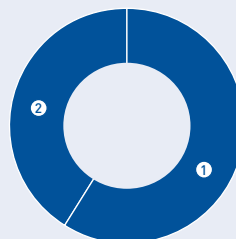
#### Board<sup>Δ</sup>



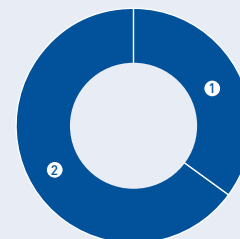
#### Senior Management team<sup>\*Δ</sup>



#### Management team<sup>\*\*Δ</sup>



#### Employee mix across the Group<sup>Δ</sup>



\* 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).

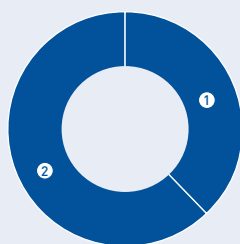
Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## Workplace

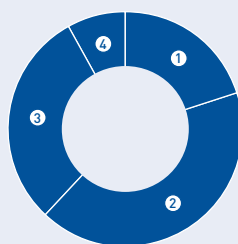
## Employees with more than three years' experience



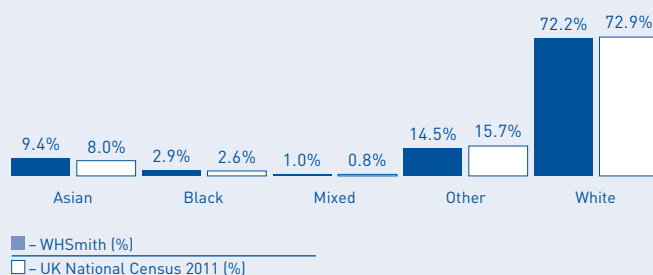
## Full-time and part-time employees



1 - Full-time	38%
2 - Part-time	62%

Employees by age<sup>Δ</sup>

1 - Under 20	20%
2 - 20 to 39	42%
3 - 40 to 60	30%
4 - Over 60	8%

Ethnic origin – all employees<sup>Δ</sup>

We know that flexible working is an important element for working parents and WHSmith has introduced a range of initiatives in this area, including 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 have also been working closely with the Department for Work and Pensions to support their 2016 childcare campaign. WHSmith is the only retailer supporting this campaign, which aims to inform parents on the childcare support available from the government and how this gives them a greater choice to work or get back into work.

Another workstream within our diversity strategy is race and, in the year ahead, we plan to review our attraction and recruitment strategies to ensure we are targeting a wide range of ethnic applicants, and to look at further steps we can take in this area. Following discussions with Stonewall, we will also continue to review our strategies for lesbian, gay, bisexual and transgender (LGBT) colleagues.

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.

<sup>Δ</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## 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.

Following a programme of continued investment, health and safety training is now provided through our new E Learning database, where we are working with the training provider-Upskill. Training modules are therefore easier for all staff to access from any location, with training guidance covering key issues such as fire safety, manual handling and food hygiene.

During the year, we have seen a continuing 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. As summarised in the table below, this reflects a continuing reduction in reportable accidents over recent years.

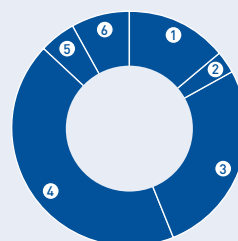
Our programme includes a focus on employee wellbeing as part of our wider health and safety framework and monitoring programme. An example is our ongoing support for the Department of Health's *Stoptober* stop smoking campaign which we promote to all our staff. We also operate an EAP response line, working with our insurers, that is available to all staff in the event they wish to obtain further support on health related matters. As summarised in a separate case study, the business is also undertaking a significant investment in Mental Health awareness and training.

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<sup>Δ</sup>

	2016	2015	2014	2013	2012
Major injuries	4	8	4	13	7
Injuries resulting in over seven days' absence from work/hospitalisation <sup>1</sup>	33	38	47	51	62
All RIDDORS <sup>1</sup>	37	46	51	64	69

### Accidents by type<sup>Δ</sup>



1 – Manual handling	14%
2 – Striking fixed object	3%
3 – Struck by moving/falling object	27%
4 – Slip/trip/fall	43%
5 – Fall from height	5%
6 – Hand tools/other	8%

<sup>Δ</sup> Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

<sup>1</sup> Reportable under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations.

## Targets: Workplace

Targets	Baseline	Baseline year	Current status
By 2020, 35% of senior management positions held by women*.	14%	2010	On track; 26% of senior management positions held by women.
By 2020, 60% of head office senior management appointments to be internal promotions.	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; 77% of store management positions filled through internal promotions

\* Senior management includes Board.



## Community

## Community impact

Board accountability:	Executive accountability:	Relevant policies:
<b>Stephen Clarke,</b> Group Chief Executive	<b>Anthony Lawrence,</b> Group Human Resources Director	<b>Community Engagement Policy</b>

## 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 our local communities

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

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. 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.

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

## The Queen's Envoy visits WHSmith's creative zone at Middlesbrough Football Club

WHSmith Teesside is one example of a WHSmith store committed to building strong community links and supporting our literacy strategy.

In June, the Queen's Envoy, the Lord Lieutenant Mr B. Dodd CBE, visited the award winning Middlesbrough FC Family Zone. WHSmith Teesside store manager Dave Brown was there as he stopped to chat to young 'Boro supporters who said one of their favourite things was playing Match Attax at the WHSmith creative zone. The Queen's Envoy commented, "If I'd have known I'd have brought my swaps!", much to the delight of the assembled children!

Dave was then able to talk him through WHSmith's commitment to getting young children and boys in particular into reading by sponsoring our innovative 'Fan Zone library'. Children can loan out a book using their season club cards. Yvonne from Middlesbrough FC then showed him round the 'Suds Bench' and told him how all the activities had been again sponsored and designed by WHSmith in line with the national curriculum.

The Lord Lieutenant promised he would give special mention to WHSmith in his report back to the Queen and has also written personally to WHSmith Stores Director Kevin Hall to say thanks for supporting the local community.



The Queen's Envoy meets the WHSmiths team at the award-winning Middlesbrough FC Family zone.

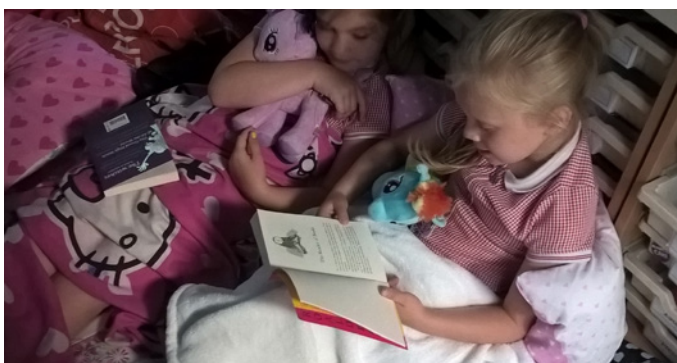
This year, we launched the WHSmith Community Fund which distributes the proceeds of the carrier bag levy to customer-nominated charities, schools and community organisations. The carrier bag levy payments collected during 2015/16, will enable us to make over 500 grants to a wide range of community groups spread far and wide across the UK. We are really pleased to be able to provide support in this way to the local communities in which we operate.

The carrier bag levy payments collected during  
2015/16, will enable us to make over

# 500 grants

to a wide range of community groups  
across the UK

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 33 towns where high street regeneration is most needed. As a business we are actively increasing our community involvement in locations where the healthy high street programme is in place. As part of this work, we are providing additional support to our management teams in these locations to help them take time out of the store to take part in town centre management meetings and to drive activities which increase footfall on the local high street. Initiatives have included student shopping events in Carmarthen and free parking on Sundays in Swansea, all helping to bring trade to the town centre and maintain a vibrant high street.



Children read to each other at a fun school 'sleepover' as part of the National Literacy Trust Young Readers peer reading project.

## 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. Children who read for pleasure make more progress in maths, vocabulary and spelling between the ages of 10 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.



The Young Readers Programme motivates children and young people to read for enjoyment through a series of events that celebrate the fun of reading. At each event the children put into practice skills taught as part of the programme to select a free new book of their choice to keep, increasing book ownership, which has been shown to have a positive impact on educational attainment<sup>1</sup>.

This year saw the completion of our current 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. The project has also included an emphasis on encouraging children to take part in peer reading promotion activities alongside the usual project activities promoting reading for enjoyment. Peer reading involves older and younger pupils sharing reading time, and studies have shown that peer reading can have a positive impact on children's reading abilities<sup>2</sup>. Project coordinators were provided with advice and resources (such as handouts, downloadable bookmarks, badges and certificates and store credit for peer reading libraries) to support them in developing a peer-reading programme.

<sup>1</sup> <http://www.nfer.ac.uk/publications/PRTZ01/PRTZ01Ch9.pdf>

<sup>2</sup> <http://www.dundee.ac.uk/eswce/research/out%20impact/fifepeerlearning/>

## Community

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.

Between 2013 and 2016, 16,000 free books have been chosen by children taking part in the programme. More than:

- 2,500 free new books were sent to children in Year 2 in participating schools.
- 8,800 free new books were ordered for children in Years 2, 3 and 4 in schools to choose from at fun, school-based events.
- 150 class visits were hosted by local WHSmith Store Managers, with children choosing a further 4,800 books to the value of more than £30,000.
- 44 peer reading libraries<sup>3</sup> were boosted with £150 of new books for each school as an ongoing resource to support children's shared reading time within the school setting.

The project has also had clear impacts on children's attitudes to reading. Based on survey responses received:

- 100 per cent of Project Coordinators<sup>4</sup> felt that the programme had a positive impact on reading enjoyment for participating children. This exceeded our Year 3 target of 91 per cent.
- 80 per cent of Project Coordinators said that peer reading had a positive impact on children's reading enjoyment and reading frequency. This exceeded our target of 50 per cent.
- 74.5 per cent of children enjoyed reading 'very much' or 'quite a lot' at the start of the project, and 79.4 per cent<sup>5</sup> at the end. This meets our target of a higher percentage enjoying reading at the end of the project year.
- 100 per cent of Project Coordinators reported noticing a positive change in children's reading attainment. There were particularly positive outcomes for children that began the project as less confident or engaged readers.

We have been extremely pleased to see such positive outcomes from our partnership with the National Literacy Trust and we are already planning our next collaborative work together, with the objective of helping more children to discover the joy of reading for pleasure.

“My reading got better. Because I weren't doing so good in Year 2 and then after Christmas I said to myself I'm going to go back in and do better. And I've done better as I've been going through school up now to Year 4.”

*Young Reader, Widnes*

“It's made more of a difference to reading in the school than anything else, really... We have better knowledge of what kids want to read, there's more buzz, and that's then triggered lots of things...”

*Project Coordinator, Widnes*

“Our thanks to the WHSmith Trust and PLC, whose generous financial and practical support has enabled us to reach thousands of children through the Young Readers Programme in 2013 – 16. We are delighted that so many children are now enjoying reading, particularly those that started the project with the lowest levels of reading confidence and engagement. We are also pleased that many stores report building positive relationships with local schools. We very much look forward to reaching even more children, schools and communities over the next three years.”

*Irene Picton, National Literacy Trust*

<sup>3</sup> 'Peer reading' refers to an element of the programme in which older and younger pupils share reading time together.

<sup>4</sup> Project Coordinators refers to teachers, librarians and teaching assistants trained to run the project, supported by a National Literacy Trust project manager.

<sup>5</sup> Based on a matched sample of 345 children; but not found to be statistically significant (in other words, may have occurred by chance).

### 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.

World Book Day is an important day in the year for our High Street stores with many stores running 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. During 2016, we redeemed over 290,000 World Book Day vouchers. This year, we added a extra element for our World Book Day celebrations to extend the World Book Day benefits to schools local to our High Street stores. Partnering with the WHSmith Trust, we provided stores with WHSmith vouchers to donate to a local school to help them improve their library resources, helping hundreds of schools to buy new books for the school library.



In 2016, WHSmith redeemed over  
**290,000**  
World Book day vouchers

Whilst World Book Day is less of a feature in our Travel business, we have continued our partnership with one of our key Travel landlords, Manchester Airport Group, supporting their initiative 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 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 over £40,000 during 2015/2016.

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.



## Community

**Supporting literacy in local schools across the UK**

WHSmith's High Street stores are committed to building strong relationships with local schools. We work in partnership with the WHSmith Trust to make donations to local schools which help them improve their library resources, as well as running fun activities in our stores to help promote the joy of reading. During 2015/16, we supported over 150 schools.

During summer 2016, 50 of our High Street stores partnered with 50 schools across the UK, asking school children to give their honest opinions on the latest children's book releases. The children's reviews were being displayed in store to help customers as they make their book choices. Both teachers and children jumped at the chance to take part in the project, with the schools seeing it as a great exercise in reading and writing for the children. The school book review displays also proved to be a great focal point in store with other customers showing a lot of interest in what the children think about the new book releases. As part of the project, the WHSmith Trust donated WHSmith vouchers to each of the participating schools, helping to boost the school's library and teaching resources ahead of the new academic year.

During August, our Scottish stores ran a Back to School giveaway, working with the WHSmith Trust to donate WHSmith vouchers to 24 schools across Scotland to help boost the schools' library and teaching resources for the new academic year. As part of the initiative, we worked alongside Dyslexia Scotland who has recently launched a new range of books for 'reluctant readers'. These books have been created specifically to support children with learning difficulties, such as Dyslexia, and provide them with a fantastic range of books to choose from.

**Dear WHSmiths**

Thank you so much for the opportunity to come and see behind the scenes of your amazing store. It was very exciting and I have learned many more things about your shop. Thank you so much for the opportunity to read so many more books, It has inspired me to read much much more.

Yours sincerely,

Nathan Age 8

**Visits from Olympic medallist and pirate author inspire school children**

Earlier this year, WHSmith was able to give children from Dean Valley Primary School in Manchester the opportunity to meet Great Britain's most decorated Olympian, Sir Chris Hoy. The school was chosen because it is one of the National Literacy Trust's partner schools and has a high proportion of children needing support with their reading. Meeting Sir Chris Hoy seemed the perfect opportunity to inspire some of the children to get into reading! The children and teachers spent an hour with Sir Chris asking him lots of questions and listening to him read the first chapter of his new book '*Flying Fergus*'. He then signed copies of his books for the children (and adults!).

WHSmith also arranged for children's author and illustrator Jonny Duddle to spend a day with pupils at Simms Cross School in Widnes. Simms Cross is another National Literacy Trust partner school who we have been supporting to encourage the children to discover reading for pleasure. Jonny came dressed as a pirate and his visit was filmed as part of a WHSmith project to help nurture a love of reading.

The children were fascinated to discover that the man behind their favourite adventure books had worked on a pirate ship. Jonny read from his book, drew pictures and then worked with small groups of children as well as talking to the whole school about his career. Head teacher Lesley Feakes said: "The day provided a fantastic opportunity for our pupils to meet a real life author and illustrator. He inspired children to produce some very creative and ambitious writing. The school is currently buzzing with our pirate topic."



Sir Chris Hoy reads from his book '*Flying Fergus*' to children from Dean Valley Primary School



## 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 £160,000 for our 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.



Our partnership with Marie Curie is also a focus for our charity fundraising. During summer 2016, WHSmith partnered with Marie Curie for the second year of 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 Marie Curie stores across the UK. In addition, several WHSmith store teams visited their local Marie Curie hospices to donate books, toys and games and learn more about the hospice's work. The money raised will help Marie Curie to continue providing care for people living with a terminal illness and their families.

## Climbing every mountain... to raise money for children's charities

In September 2016, six WHSmith teams set out to complete the national Three Peaks Challenge. The aim was to climb the three highest peaks in the UK (Ben Nevis, Scafell Pike and Snowdon), in 24 hours. A total of 37 members of the head office teams from both our High Street and Travel businesses volunteered to take on the challenge, led by CEO Stephen Clarke and CFO Robert Moorhead.

The teams included some veteran mountain climbers, but also many who had never owned a pair of walking boots before. The challenge was one of the hardest things that many had ever attempted, but the teamwork and camaraderie was exceptional with teams really pulling together to support each other.

The challenge raised an amazing £70,000 for two charities, with half going to Save the Children to support their amazing projects with children in some of the most difficult parts of the world, and the other half funding literacy projects working with children from deprived communities in the UK who are really struggling at school, helping them to discover the joy of reading and improve their life chances as a result. This is through the WHSmith Trust's partnership with the National Literacy Trust. The teddy bears, Bruno and Benji, which WHSmith will be selling this Christmas in aid of Save the Children, accompanied the teams on their adventures.

Special thanks go to Menzies Distribution who provided the vehicles and drivers for the six teams.



Six WHSmith teams ready to take on national Three Peaks Challenge

## Community

## Supporting charities through the carrier bag levy

October 2015 saw the introduction of the English carrier bag levy, which meant that single-use carrier bag levies are now in place across all of the UK. At WHSmith, we adopted a policy to donate the proceeds from the levy to good causes. During the year, we have donated over £390,000 to our charity partners, and these donations are reflected in our community investment data overleaf. In our Travel business, the levy from single-use bags goes to Shelter to support the charity's vital work with individuals and families affected by homelessness. In our High Street business, 25 per cent of the carrier bag levy proceeds go to the Woodland Trust to fund their tree planting projects. The other 75 per cent of the High Street carrier bag levy goes to the new WHSmith Community Fund, which makes grants to hundreds of customer-nominated schools and charities across the UK. More than half the grants have gone to schools, with the other grants going to support a wide range of charities from local hospices, to Brownie packs, and air ambulance services. More information on the criteria for these grants is available at [www.whsmith.co.uk/communitygrants](http://www.whsmith.co.uk/communitygrants).

## Products for charitable causes

One of the key ways that we raise money for our partner charities is through the sale of products with charity links. These ranges are particularly popular at Christmas and we have seen sales of charity Christmas cards climbing consistently year on year. In response, we have continued to increase our ranges, and last year, we introduced charity giftwrap for the first time. Over the last three years, we have seen total charity donations from these ranges almost double. In the year ahead, we plan to increase our charity ranges further with higher profile presence in store and clear branding for our key charity partner, Save the Children.



Care and support  
through terminal illness



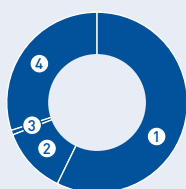
Over the last three years, the total charity donations from our Christmas card and gifting ranges have almost doubled

## 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 2015/16<sup>A</sup>



1 – Cash donated	£1,255,891
2 – Gifts in kind	£264,184
3 – Staff time donated	£17,100
4 – Management cost	£65,500
<b>TOTAL</b>	<b>£1,602,675</b>

Note: We understand that industry guidance in being prepared on the best way to report charity donations resulting from the carrier bag levies. For this year, we have included these donations under 'Cash donated' consistent with previous years. We will implement the industry guidance once that has been agreed.

Δ Reliability of the WHSmith totals for the selected CR performance data has been assured by Corporate Citizenship, as described on page 30.

## 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	£6,680,863	67%
In the decade to 2020, staff and customer fundraising initiatives will have raised over £1.25m to support partner charities.	2010	£745,835	60%
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	40,000 children have taken part in literacy projects.	Target met New target will aim to support 65,000 children to discover the joy of reading by 2020

## Assurance

# Independent Assurance of WH Smith PLC Corporate Responsibility Report 2015/16. ISAE 3000 statement

## The nature of the assurance

Corporate Citizenship has been engaged by WHSmith to provide independent limited assurance in respect of the data within its Corporate Responsibility (CR) report 2015/16. This statement is intended specifically for the directors of WHSmith.

The scope of the assurance includes the following topic areas:

- CR Governance
- Stakeholder Engagement
- Materiality
- Community Impacts
- GHG Emissions
- Waste
- FSC and PEFC
- Ethical Trading
- Diversity
- Health and Safety

The assurance covers the period from 1 September 2015 – 31 August 2016.

WHSmith is entirely and solely responsible for the production and publication of the data assured, Corporate Citizenship for its assurance.

The data within the CR report relates to 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 report and therefore the scope of our assurance work.

Our work has involved reviewing selected claims and data included in the report against the GRI principles for Defining Report Quality. The carbon emissions data has been prepared using the UK Department for Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guidelines: Including mandatory greenhouse gas reporting guidance (June 2013) and the appropriate GHG conversion factors for company reporting, as published by DEFRA.

GHG quantification is subject to inherent uncertainty due to factors such as incomplete scientific knowledge about the global warming potential of different GHGs and uncertainty around the models and parameters used in estimating GHG emissions.

This engagement was performed in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject-matter specific ISAE for GHG data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements).

Corporate Citizenship has complied with the requirements for independence, professional ethics and quality control as stipulated by ISAE 3000.

## Assurance work performed

The assurance work was commissioned in July 2016 and was completed by October 2016. Detailed records were kept of meetings, assurance visits and correspondence relating to the assurance. The assurance process was undertaken by a multidisciplinary team of three, including two Consultants, and a Director acting in a supervisory capacity.

The assurance engagement was undertaken to a limited level. 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 Δ;
- 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 experience and independence

Corporate Citizenship is a specialist management consultancy, advising corporations that seek to improve their economic, social and environmental performance around the world and is a leading assurer of corporate responsibility and sustainability reports. This is the second year that Corporate Citizenship has provided independent assurance services in relation to WHSmith's corporate responsibility reporting. We have provided no other services to WHSmith during the period under review.

## Conclusion

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Based on the scope of 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  $\Delta$  in WH Smith's Corporate Responsibility Report 2015/16, is materially misstated.

### Corporate Citizenship Limited

London  
3 October 2016

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## Assurance

## Definitions of Corporate Responsibility key performance indicators

This report details the Group's Corporate Responsibility performance for the year 1 September 2015 until 31 August 2016 referred to as the WH Smith PLC Corporate Responsibility report 2015. This is issued alongside the WH Smith PLC Annual report and accounts 2016.

Some of the data reported is not exactly aligned to the year ended 31 August 2016 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 other WHSmith brands including Funky Pigeon, Card Market and Gadgetshop. 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"> <li>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);</li> <li>the transport of our products from distribution centre to store; and</li> <li>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.</li> </ul> <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>

## Environment

### Scope 3 greenhouse gas emissions

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.

These emissions are calculated using standard DEFRA conversion factors. Scope 3 air emissions are based on emission factor with radiative forcing included.

### Total High Street landfill waste arising

The quantity of waste sent for disposal in landfill, measured in tonnes.

- 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.

### Total High Street recycled waste arising

The quantity of waste collected for recycling, measured in tonnes.

- 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.

## Assurance

## Responsible marketplace

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 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 hospitalisation 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.

## Contact details

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### **Corporate Responsibility**

**W** [www.whsmithplc.co.uk/corporate\\_responsibility](http://www.whsmithplc.co.uk/corporate_responsibility)