

WH Smith PLC



Sustainability
Report
2020

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Find out more at [whsmithplc.co.uk](https://www.whsmithplc.co.uk)

About us

WH Smith PLC is a global travel retailer for news, books and convenience, operating from airports, hospitals, railway stations and motorway service areas with a smaller business located on UK high streets. We have an online business providing our customers with direct access to stationery, books and gifts.

Annual revenues

£1,021m

Travel units

1,174

High Street stores

568

Our brands

Countries in which we operate

30

Employees

14,000

Suppliers

3,250



About this report

This is our 13th public Sustainability Report, detailing our environmental, social and corporate governance policies, processes and performance data for the year 1 September 2019 until 31 August 2020. This year's report is issued alongside the WH Smith PLC Annual Report and Accounts 2020 and is published in November 2020.

We have a range of sustainability policies and standards, which we review periodically to ensure they remain appropriate. Details of the relevant policies can be found at the start of each section of this report. Our full suite of policies can also be viewed on our website at whsmithplc.co.uk/sustainability.

Assurance of report content

Corporate Citizenship has been engaged to provide independent assurance over selected aspects of this report in accordance with the ISAE 3000 and ISAE 3410 Assurance Standards. A copy of their report can be found on page 29.

Your feedback

We welcome your comments and feedback on our corporate responsibility performance, either through our website corporate.responsibility@whsmith.co.uk or by writing to us at Head of Sustainability, WH Smith PLC, Greenbridge Road, Swindon SN3 3LD.

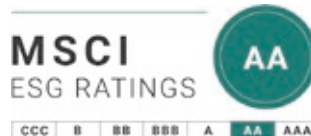
Our year in highlights



We have engaged with most of the major rating agencies and rank well in comparison with our peers



A- rating



Introduction by Carl Cowling



Our new sustainability strategy is focused on those areas where we can make the biggest difference.”



Carl Cowling
Group Chief Executive

Welcome to our 2020 Sustainability Report which is being published at a time when many people, communities and economies around the world continue to face exceptional challenges from the Covid-19 pandemic.

Our fundamental priority since the start of the outbreak has been the safety and wellbeing of our employees, customers and the wider WHSmith community and I remain very grateful to our colleagues for an outstanding job in difficult times.

I would also like to take this opportunity to thank our customers for remaining loyal and our suppliers and business partners for their flexibility in helping us to navigate this challenging period.

Our sustainability activities this year have had to adjust to a constantly changing set of circumstances. One of the areas where we have been able to make a significant contribution is in education, where the impacts of Covid-19 have exacerbated the educational divide between those who can and cannot access learning.

In addition to providing books, stationery and other materials to our customers to support home education, our focus in partnership with the National Literacy Trust has been to reach those children who have not had the same levels of access to learning during periods of school closures. This support has included funding and donations of much-needed items for reading and writing.

Throughout the Covid-19 outbreak, we decided to keep open those stores that were needed most by specific communities – fully in line with government regulations and guidance. These stores included our Hospital stores, where we provided food, drink and other essentials for NHS staff, and those High Street stores hosting Post Offices to provide vital access to banking and postal services. Since then many more stores have reopened and we have welcomed back our customers, providing them with the books, stationery and convenience items that they need in a changed world.

This year marks the end of our previous corporate responsibility strategy and the targets we set ourselves for 2020. We have come a long way since it was first established and I am pleased to say we have made significant progress in a number of key areas.

We have invested in energy efficiency and reduced our carbon footprint with the intensity of our greenhouse gas emissions reducing by over 60 per cent. The vast majority of our stationery products are now sourced from recycled materials or woodland independently certified as sustainable, and we have continued to remove plastic from our packaging. We have engaged our suppliers to safeguard conditions for their workers and continued our 15-year partnership supporting the National Literacy Trust to give disadvantaged children the literacy skills to succeed in life.

We recognise, however, that we have more work to do. The exceptional circumstances of this year have meant that progress to some of our 2020 target areas has been delayed and we will be carrying these areas forward.

Our society is facing some huge challenges. Climate change remains one of the most critical of these and the window of opportunity to change course is becoming increasingly small. Society continues to use the earth's resources at an unsustainable rate and we need to develop ways to ensure that our patterns of consumption and production do not leave lasting harm. And the Covid-19 crisis has exacerbated existing educational inequality and is likely to impact the most disadvantaged children for years to come.

Business has its part to play in addressing these challenges and so I am excited to launch our new sustainability strategy, a Journey for a Better Business. The strategy will provide a framework for our activities in three areas: protecting the planet, supporting our people and caring for our communities.

We have set a target to play our part in limiting climate change by reaching net zero emissions for our operations by 2025. We will be reducing the quantity of plastic we use in our packaging and removing plastic glitter from WHSmith-branded products by the end of next year. And we want to play a leading role in helping to improve literacy levels for those children and young people who need our assistance the most.

Our strategy will drive forward our plans to further integrate sustainability into our core business processes and make a difference to people's lives in those areas where WHSmith can have the greatest impact. I am excited about the journey ahead and I look forward to reporting back in future years to share the progress that we are making.

We hope that you find this report useful and welcome any feedback you may have.

Carl Cowling
Group Chief Executive

12 November 2020

Stakeholders and materiality

A wide range of sustainability issues can create risks and opportunities for WHSmith, and we must ensure that our strategy continues to reflect those issues that are most important for our business and our stakeholders. This year we have refreshed our analysis of material issues using inputs from our different stakeholder groups to identify those areas that should form part of our future sustainability strategy.

Stakeholder engagement

We are committed to listening to all stakeholder groups and their views are important in helping us to shape our overall strategic approach and our response to individual issues. We engage with a wide range of stakeholders including customers, employees, local community groups, suppliers, policy-makers and non-governmental organisations (NGOs). The table below details our key stakeholder groups, their expectations or material concerns, and how we have engaged with them throughout the year. We maintain an open-door policy to stakeholder enquiries through our inbox at corporate.responsibility@whsmith.co.uk and welcome any feedback you may have.

Stakeholders	Expectations	Engagement
Customers	Our customers expect that we manage our business responsibly, and in doing so, we offer a wide 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. Our store colleagues and dedicated customer service team engage directly with our customers in-store and via email, online messaging, mail and telephone.
Employees	Our employees expect to be treated fairly, offered secure jobs with training and given the opportunity to develop their careers. They expect WHSmith to protect their wellbeing, offering a safe working environment.	We communicate with employees via regular written updates and face-to-face briefings. This year, we have implemented weekly webinars and question and answer sessions with our CEO and other senior executives. All employees are encouraged to feedback on our sustainability activities. We conduct regular employee engagement surveys to gather staff views on working for WHSmith. We work closely with the GMB, RBA and CWU unions.
Investors	Our investors expect continued creation of shareholder value through profit performance, investment and cash management, and the assurance that WHSmith operates with good environmental, social and governance (ESG) arrangements in place.	We engage with investors in one-to-one meetings to discuss specific elements of the business and our sustainability programme. We communicate with shareholders through our results presentation, Annual General Meeting and through direct engagement via our investor relations department. This year we have engaged with investor rating schemes through online questionnaires, including those run by CDP, DJSI, ISS, MSCI and Sustainalytics. We have also incorporated the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) into our reporting.
Trade bodies and government departments	Trade bodies and government departments expect that we will uphold our sustainability agenda. During policy development, government departments consult business on issues that affect them.	We are members of the British Retail Consortium (BRC). During the year, we have participated in BRC working groups on climate change, waste and food policy. We work with government departments on specific initiatives; for example, this year we have been in dialogue with the Department for Environment, Food and Rural Affairs (DEFRA) and the Scottish Government on the development of single-use plastics policy and deposit return schemes. We also work at a local level with our Head Office constituency MPs.
Non-governmental organisations (NGOs) and charities	NGOs expect WHSmith to have high ethical standards and to take a leading role in those issues which are most material to our business. We work with numerous charities who would like us to support their efforts.	We regularly engage with various organisations, such as the Ethical Trading Initiative and the Business Disability Forum to receive feedback on specific aspects of our sustainability 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.
Suppliers	Our suppliers expect us to deal with them fairly and to have productive business relationships.	We engage with our suppliers in a number of ways, including through the provision of training programmes and one-to-one meetings on specific issues, for example, paper sourcing or modern slavery. We work with key suppliers in Asia to improve labour standards for workers and ensure our products are sourced responsibly. This year we briefed our major suppliers and asked for feedback on our sustainability agenda at our annual supplier conference.
Landlords	Landlords expect WHSmith to deliver financial performance in line with their expectations, as well as managing environmental and social issues in line with best practice.	We work closely with our landlords to ensure that our policies on environmental issues meet their own objectives and often work collaboratively, for example, to look at ways of conserving energy or reducing waste. We continue to collaborate on specific community initiatives.

Stakeholders and materiality continued

Identifying our material issues

This year we have updated our materiality assessment of those issues that potentially impact WHSmith to identify the most important socio-economic, environmental and ethical factors of greatest relevance to our business. This assessment has been informed by the views of a wide range of stakeholders and other inputs including:

- A review of existing and emerging issues that are the focus of ongoing public attention;
- Insights from engagement with NGOs, civil society groups and sustainable business specialists;
- An analysis of questions asked by investors, both through questionnaires and direct engagement;
- Customer queries and feedback on our products and commercial activities;
- Employee views on our approach to sustainability;
- A review of peer company reports to understand how different issues are approached by others in the retail sector.



We determined our most material issues by considering how important those issues are to our stakeholders and how significant an impact they could have on our business. The results are shown in the chart below.

As a result of our updated analysis, areas that have been given greater prominence in this report include:

- Our full greenhouse gas footprint, including carbon emissions from our International businesses and an analysis of Scope 3 impacts;
- Human rights, including our policy and a description of our due diligence processes;
- Labour rights in our supply chain, particularly in the context of Covid-19;
- Data security and privacy protection;
- Supply chain strategy.

Governance

WHSmith has a long-standing commitment to high standards of Environmental, Social and Corporate Governance (ESG). Our approach plays an important role in risk management, business development and delivering the expectations of our stakeholders. A robust governance structure, risk management processes and internal control frameworks are embedded across WHSmith and are central to our management of ESG.

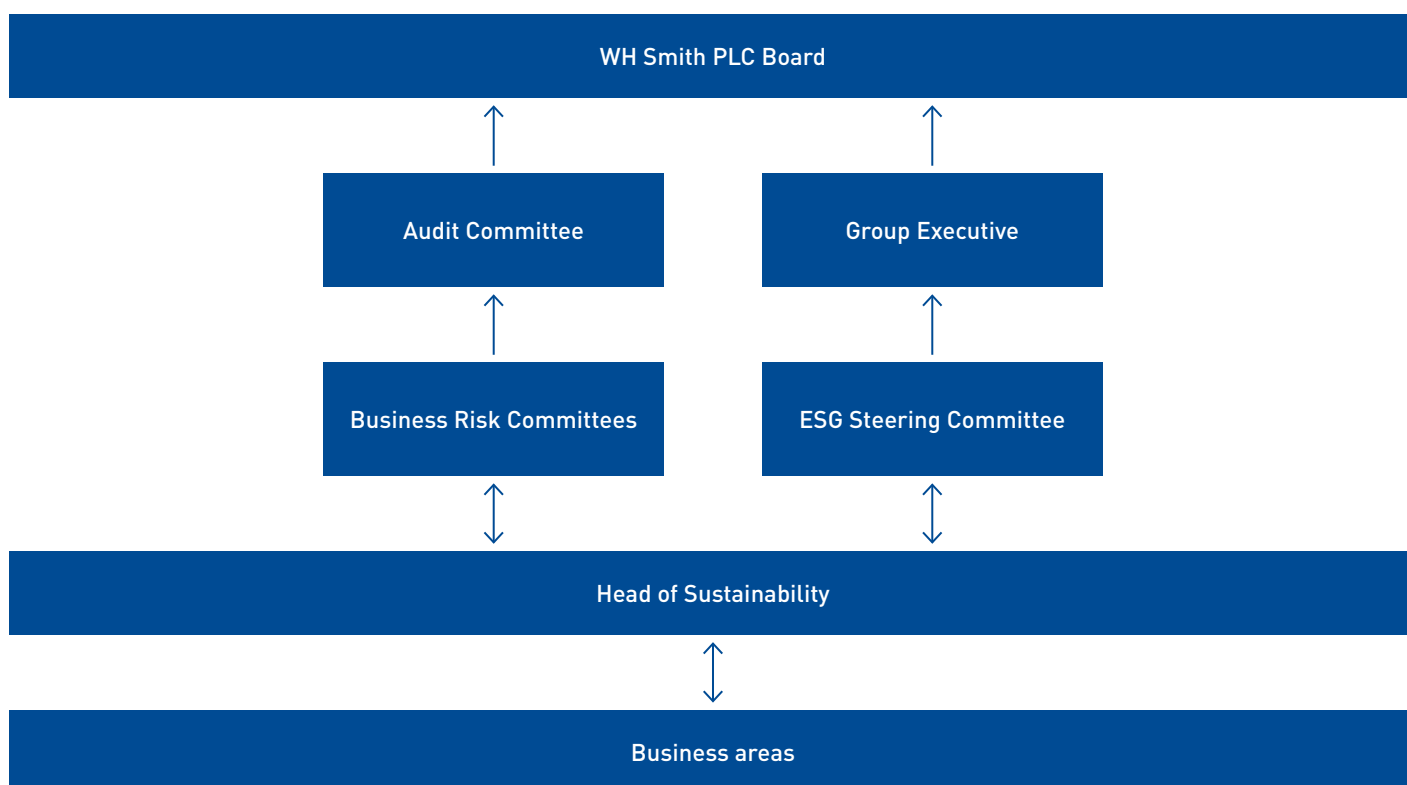
The Group Executive Committee, chaired by our CEO, has overall accountability to the WHSmith Board for our sustainability performance. An ESG sub-committee chaired by the CEO meets monthly to review progress and next steps for key sustainability issues. Each issue has a series of targets and an action plan for implementation. Individual issues are managed by the most appropriate owners across the business. WHSmith's Head of Sustainability works with internal stakeholders to advance the various initiatives, co-ordinate implementation of the sustainability programme and provide updates to the key governance bodies.

The Board regularly reviews our sustainability strategy and overall performance against our objectives. It receives a formal update on sustainability issues twice a year.

Quarterly updates are also provided to the Group Audit Committee on key ESG risk areas. As part of WHSmith's risk management processes, detailed risk registers are maintained by each business and used to identify, manage and monitor risks at quarterly Business Risk Committees. The Risk Committees review the progress made towards achieving our long-term sustainability targets once a quarter, together with any emerging issues which need to be considered.

As our business expands internationally, it is a priority for us to ensure that our sustainability policies and programmes are implemented across our global operations. This includes integration of our most important issues and to ensure that key policies such as those for anti-corruption, ethical trade, modern slavery and forestry are being effectively implemented. As part of this work, our international partners are asked to certify compliance with our policies every year.

Our governance framework



Our sustainability strategy

Our sustainability strategy has been designed to ensure close alignment between our business goals and the contribution we can make to a better society and cleaner environment. This year, we used our updated materiality assessment to revise our strategy and identify those areas where we think we can make a meaningful difference. We have established long-term objectives in three key areas: planet, people and communities and in future years will report using this framework. Our work is underpinned by a strong foundation of responsible business principles and practice to ensure we maintain the highest standards of corporate conduct.

Our Journey to a Better Business



People

Diversity and inclusion
Human rights in our supply chain
Safety and wellbeing



Planet

Climate change
Packaging and waste
Forests



Communities

Education and literacy
Supporting local causes

Principles and Responsible Practice

WHSmith and the United Nations Sustainable Development Goals

We have aligned our activities with the United Nations Sustainable Development goals, focusing on those which are most material to our business and where we can make the greatest impact:



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Our books and educational resources provide access to learning materials for children, young people and lifelong learners. Through our partnership with the National Literacy Trust we are aiming to bridge inequalities in reading and writing abilities of children and young people and provide them with the basic skills they need to get on in life (see page 26).



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

As a member of the Ethical Trading Initiative, we continue to support the rights of all workers to be free from exploitation and discrimination, and enjoy safe, secure and equitable working conditions (page 13). We are also focused on supporting our own employees' development, reward and wellbeing (pages 21- 22).



Reduced inequality within and among countries.

We are focused on improving diversity and reducing inequality in our workplace (pages 24-25) and working hard to reduce inequalities in children and young people's literacy levels (page 26).



Ensure sustainable consumption and production patterns.

We are working to reduce the quantities of packaging associated with our own-brand products and move towards less environmentally-damaging materials. We are adopting circular economy models with some of our most popular consumable items such as pens, bottled water and coffee cups (see page 19).



Take urgent action to combat climate change and its impacts.

We have committed to reducing our direct emissions to net zero by 2025, and to working with our top suppliers to move them onto a pathway to net zero by 2040. We continue to support BRC to help develop a climate roadmap for the retail sector to accelerate progress towards achieving net zero emissions. Our full greenhouse gas footprint can be found on page 17.

Our sustainability strategy continued

Our sustainability objectives

For each of the key issues in our strategy, we have established a set of long-term objectives. We will report annually on our progress against each of these objectives using the measures detailed below.

	Issue	Our aim	We will	Measurement
Planet	Carbon emissions	To be net zero for our UK operations by the end of 2021 and for our International operations by the end of 2025.	Continue to invest in energy efficiency across our estate and work with landlords to reduce emissions from stores owned by third parties.	Direct greenhouse gas emissions (Scope 1 and 2).
			Purchase 100% of our electricity from renewable sources by the end of 2021 for our UK business and by the end of 2025 for our International businesses.	Percentage of electricity sourced from renewables.
			Engage key suppliers responsible for 50% of our supply chain emissions to ensure that by 2025 they have plans in place to reach net zero by 2040.	Number of suppliers engaged.
	Packaging and waste	To reduce the environmental impact from our packaging by removing it where possible, switching to better environmental options where packaging is necessary and minimise waste from our operations.	Materially reduce the amount of plastic packaging used for our own-brand products by 2025.	Number of items of plastic packaging removed.
			Remove plastic glitter from all own-brand products by the end of 2021.	Percentage of products with plastic glitter removed.
			Further reduce the quantity of material that we send to landfill.	Percentage of waste diverted from landfill.
People	Forests	To ensure no deforestation from sourcing of raw materials for our own-brand products or Goods not for Resale by the end of 2025.	Ensure all forestry materials in own-brand products come from recycled or certified sources by the end of 2021. Ensure forestry materials in our goods not for resale come from recycled or certified sources.	Percentage of own-brand forestry products and goods not for resale containing paper and card from recycled or certified sources. Number of construction contracts exclusively using recycled or certified timber materials.
	Diversity and inclusion	To be an inclusive employer with a workforce representative of the communities that we serve.	Increase the diversity of our senior management team across race and gender.	Percentage of senior management positions that are women and percentage held by black, Asian and minority ethnic colleagues.
	Human rights in our supply chain	To advance wellbeing and livelihoods in our supply chain.	Audit our own-brand suppliers at least every two years, and more frequently when we find non-conformances.	Percentage of own brand supplier sites with audits in last two years.
			Increase the number of suppliers closing out non-conformances on time.	Percentage of own-brand suppliers who have submitted non-conformance reports on time.
Communities	Safety and wellbeing	To provide a safe working environment and support the mental wellbeing of all our employees.	Develop engagement programmes with key own-brand suppliers to tackle salient labour issues.	Number of salient issues with defined programmes.
			Help our employees to improve how they look after their mental wellbeing so they can be their best at work and in their daily lives.	Percentage of colleagues who believe WHSmith supports their safety and wellbeing.
	Education and literacy	Help to develop reading and writing skills for those children that need it most, working in partnership with others.	Develop our partnership with the National Literacy Trust to reach more children struggling with reading or writing to develop their literacy skills.	Number of children reached through our programmes.
	Supporting local causes	To support charities and causes that matter to our customers, employees and the local communities where we operate.	Give back to communities through charitable investment, awareness-raising and volunteering.	Total value of donations by WHSmith and money raised by customers and employees.
			Support volunteering and fundraising by our employees, to help projects and causes that matter to them most, by matching money raised or time volunteered.	Total value of matched donations.

Responsible trading

Relevant policies

- [Code of Business Conduct](#)
- [Responsible Sourcing Standards](#)
- [Human Rights Policy](#)
- [Sustainable Forests Policy](#)

Our commitment

We are committed to offering our customers a wide choice of quality products that are safe, responsibly sourced and fairly priced and marketed.

Customers expect assurance that our products are made with care for the environment and that factory workers are treated with respect. We are engaging with our suppliers to ensure high standards for their workers and protection for the environment. We have high standards for how we operate and we want shopping at WHSmith to be convenient and easily accessible to everyone.

Customer focus

Maintaining a high level of customer service across the Group is critical to the success of our business, and we have a number of initiatives to ensure that our customers enjoy their retail experience with us. This year has been particularly challenging, but throughout the Covid-19 pandemic we have been committed to playing our part in the communities we serve.

Throughout the most challenging months this year, a proportion of our stores remained open in those communities that most needed our services. These included our stores in hospitals, where we continued to support NHS staff on the frontline and our stores on the high street hosting Post Offices where we continued to provide access to vital banking and postal facilities. Our online services also continued to serve customers throughout the year. Our stores have done an outstanding job serving customers throughout this challenging period.

We are passionate about maintaining a knowledgeable, expert sales team who are trained to understand and identify the needs of our customers, and who are equipped to deal with queries in relation to specific products or to the wider retail environment. We provide ongoing training for Store Leaders on expected standards, ensuring they have the necessary skills to continue to improve customer service levels.

Our people are critical to our customers' experience of shopping with WHSmith and we recognise and reward staff who deliver excellent customer service. Our recruitment policies focus on identifying candidates with expertise and passion for the products they will be selling, particularly for our specialist stores and formats, such as Bookstores, TechExpress and Health and Beauty.

We celebrate success and share best practice through our "Customer Hero" programme where we recognise those employees who go above and beyond to deliver excellent customer service. In our High Street business, we also operate a recognition scheme where Area Managers are able to reward store staff who show exemplary customer service.



Our new store opened in Heathrow Terminal 2, with a new set of safety precautions introduced in response to Covid-19

We use mystery shopping reports and direct customer feedback to understand how our customers feel about us and to monitor customer service standards across our stores. In our Travel business, every store is monitored every quarter by mystery shoppers who are asked to rate our stores across 30 different areas, such as customer service, product ranges and the store environment.

Earlier this year we undertook a trial to use technology at our till points and self-serve units in our busiest stores to collect customer feedback at the end of every transaction. The customer insights that this feedback provides lead to improvements in operating practices and targeted information for staff development and recognition and reward schemes.

Our senior management team continues to visit each and every site, assessing and scoring the store on a specific set of criteria focused on customer service and store standards.

Responsible retailing

We aim to always act with integrity, making the right decisions and demonstrating the appropriate behaviours to earn the trust and respect of our customers and all those with whom we do business.

This year we have expanded our Code of Business Conduct to set out how our business operates, and what is expected of every person who works for and with WHSmith. Our Code includes our policies relating to fair trading practices, such as pricing and marketing, quality and product safety, trade controls, competition and supply chain practices.

We take the responsibility for the products we sell seriously, and we are committed to listening to our customers. We have a clearly defined set of standards that help to guide our promotional activity, marketing and advertising. Our central aim is to offer our customers choice, whilst also respecting customer views. Customers often have strongly differing opinions about the products we sell, so we aim to strike the right balance to meet the needs of all.

Responsible trading continued



We have developed a number of more sustainable stationery products

We carry out regular reviews of product ranges, displays and promotions and evaluate any new product launches to ensure that they meet our trading standards. We regularly benchmark ourselves against other retailers to ensure we are in line with good industry practice. For promotions, we rotate our offerings on a regular basis so that they include a wide range of products, ranging from food and drink to new book releases to seasonal items like adhesive tape or Christmas cards and wrap.

We continue to focus on our healthy ranges, giving our customers a wider choice when they buy food or drink from WHSmith. We have over 16 lines in our Munch Better chilled food range, all under 400 kilocalories and amber or green on the nutritional traffic light system. In our Travel business, we have increased the amount of fruit sold and reduced confectionery options available through our Meal Deal offer from 110 products to fewer than ten, whilst heavily promoting healthier alternatives such as new lines of sandwiches and salad options.

Our queuing systems now include a range of protein bars, snacking products and own brand lines that span raw nuts and fruit, and we have moved fresh fruit to front of store in all Hospital sites. In the 12-month period before the Covid-19 outbreak, healthier snacking sales grew by over nine per cent.

Within hospitals we have complied with the Commissioning for Quality and Innovation (CQUIN) criteria requirements for all retailers operating on NHS sites. In compliance with these criteria, we ensure that there are no price promotions, advertisements or till point positioning of sugary drinks and foods high in fat, sugar or salt in our Hospital stores, and that healthy options are widely available.

We work hard to ensure we have a fair pricing policy across all of our stores. Over recent years, we have expanded the number of formats and locations we operate in, with nearly 1,200 stores now open in the UK. We aim to provide our customers with the products and services they expect from us, as well as a convenience offer in some locations. Our pricing by format reflects the environment in which we operate, as rent and operating costs vary considerably across our estate. In our Hospital stores, our prices are the same as or lower than our High Street stores despite the higher operating costs.

Product safety is one of our key priorities and our quality teams in Asia and the UK conduct a rigorous quality and safety assessment process to ensure that products are safe, fit for purpose and meet legal standards as well as our brand standards. We pay particular attention to products designed for children. We closely monitor developments in legislation to ensure that products are compliant.

Some of the products we sell carry age restrictions, for example, adhesives, tobacco, vaping and lottery products. We also voluntarily prohibit sales of energy drinks to under 16s. All staff take part in training sessions to ensure that they are informed of 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 work with our suppliers to ensure they understand their obligations under the legislation and that they provide us with the information we need to ensure compliance and product safety.

Improving access for customers

We want our stores to be as accessible as possible for all customers. We pay particular attention to our disabled customers and have had a programme in place for a number of years to adapt stores to accommodate their needs.

We carry out disability access audits in all of our stores and have a capital development programme which prioritises ongoing improvements. This covers the installation and upkeep of specialised equipment and access features such as customer lifts, internal ramps, automatic doors and other adjustments. Regular tests are undertaken on the equipment we have in place to ensure everything is working correctly and that appropriate signage is in place for customers.

We want to ensure that all of our staff know how they can best assist customers who need additional support. We provide training to all of our employees, using materials and guidance provided by the Business Disability Forum (BDF), of which WHSmith has been a long-standing member.

Forestry products

Paper-based products are a core part of WHSmith's business. We are committed to minimising environmental impacts from sourcing of the paper used in our own-brand products, and to ensuring 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 legal requirements for goods made from timber, we carry out an in-depth and rigorous assessment of supplier timber and paper sourcing systems.

We have set certified or recycled forestry products as a minimum standard, which gives additional assurance that pulp is from low-risk sources. We use the two leading global standards developed by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) for certification. This policy applies to our own-brand products and to goods that we buy that are not for resale.

Responsible trading continued

Our sourcing teams both in the UK and the Far East work with our suppliers to help them understand our requirements and how the data they provide is needed to demonstrate that the pulp used in a WHSmith product is sourced from a certified or recycled source.

We continue to make progress, having already exceeded our 2020 target of 95 per cent last year, and have this year reached 99 per cent. This improvement has been delivered as a result of the efforts of our buying teams both in the UK and Asia, working to communicate our forestry requirements to suppliers and increasing the number of products produced from certified or recycled papers.

Going forward, we will be extending our due diligence processes to include Goods Not for Resale and will provide an update on our progress in future reports.

We have a small number of food lines that contain palm oil. Any palm oil used in these products is certified by the Roundtable on Sustainable Palm Oil certification scheme, providing assurance for customers that the standard of palm oil production is sustainable.

Human rights

As an international retailer, we have a responsibility to respect and support the dignity, wellbeing and human rights of all those who work on our behalf and the customers and communities that we serve. We must act in a way that avoids infringing the rights of others and prevents adverse human rights impacts from our activities. We manage human rights risks through our due diligence processes in line with the United Nations Guiding Principles for Business and Human Rights. This year we launched our new Human Rights Policy which provides further details on our approach and sets out the minimum requirements that everyone working for and with WHSmith must meet.

We have mapped out our salient labour issues. Saliency is one of the key concepts relating to human rights and is concerned with those issues which are important because of their potential detrimental impact on those people involved with and impacted by our business. Saliency begins from the perspective of the risk to people that could be impacted, rather than the perspective of business risk, although there is clearly convergence between significant risk to human rights and risk to the business.

We used a number of sources of information and data including generic information published by governments, international agencies, trade unions, NGOs and other third-party experts; and information specific to our supply chain gathered from workers during site visits, worker surveys and worker representation committee meetings. We review this information and our outputs annually. Our salient issues are shown at the top of the next column.

We are currently assessing what is required to develop our engagement programmes to ensure these salient issues are fully addressed.

Modern slavery

Modern slavery, including all forms of slavery, servitude, forced and compulsory labour and human trafficking, is an abhorrent abuse of human rights. We are committed to ensuring full respect for the human rights of anyone working for us in any capacity and we take a zero tolerance to modern slavery. We have developed a due diligence process to make sure we are identifying, assessing and providing appropriate risk control for any modern slavery risks. This includes

WHSmith's salient issues



mitigation and remedy where needed. We have reported on this area in detail in a separate [Modern Slavery Statement](#).

Supply chain

Our customers want to be confident that the products they buy have been sourced ethically, made by workers who are not exposed to exploitation or unsafe working conditions, and produced without harm to the environment. Our ethical trade activities are part of our commercial strategy and help to build stronger and more transparent relationships with our suppliers. We are committed to respecting human rights across our supply chain and provide training, share knowledge and engage in collaborative industry initiatives.

WHSmith has three main types of suppliers: around 240 suppliers provide our own-brand products – principally stationery and chilled food; over 1,000 suppliers, ranging from large multinational brands to small enterprises provide non-WHSmith branded products; and we have over 2,000 suppliers of non-merchandise services and goods not for resale. We seek to provide a choice of good quality products for customers and value for money, which requires us to have effective relationships with our suppliers.

For our most important lines, we have long-term strategic partnerships in place, with suppliers whom we know well and who know our business and what is required. Suppliers are selected using five key criteria: cost of product; capacity to manufacture what is required; flexibility – around, for example, new product development or shipment times and volumes; financial health; and ethical and technical standards. Any tendering exercise uses these five criteria to select the successful supplier.

We regularly benchmark existing suppliers to ensure that we continue to source quality products at competitive prices and with the appropriate standards of ethical and technical quality.

Responsible trading continued

Our supplier relationship management is very much a two-way process and we undertake a regular survey of our suppliers to gain feedback on their perception of our performance as a buyer – this is used to continually improve our buying processes and procedures to make sure that we are getting the best from our relationships.

WHSmith is a member of the Ethical Trading Initiative (ETI), an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our Responsible Sourcing Standards are based on the ETI's Base Code, the International Labour Organisation (ILO) core conventions and the Universal Declaration of Human Rights. They underpin all our ethical trade strategy and activities. We will only place orders with suppliers who are committed to working towards compliance with these standards. We have recently expanded our standards to provide more detail on our expectations for suppliers in relation to our most important issues, including those impacting migrant workers and women.

Our ethical trade programme has three key elements: training for buyers so that they understand the role they need to play; factory audits to assess supplier compliance with our Responsible Sourcing Standards; and supplier engagement projects aiming to continually improve labour rights and working conditions for factory employees.

We focus on audit and engagement with suppliers of our own-brand products in Asia, which is a strategically important part of our business and one where we can have most influence. We have the strongest relationships, and most influence, with our top 15 own-brand suppliers by value, where we buy a larger proportion of their supply and tend to have longer-term commercial relationships. Outside of this supply base, we tend to be a comparatively smaller customer, buying relatively limited quantities, often of seasonal products. Our ability to influence activity is more limited, but we seek to raise awareness of the business case for better working conditions to encourage suppliers to work with us.

We have an in-house ethical sourcing team based in Hong Kong, Shenzhen and Shanghai which carries out both audit and engagement work. They audit suppliers for compliance with our Responsible Sourcing Standards at least every two years, using a risk-prioritised programme of announced and unannounced site visits and a review of third party audit reports. Suppliers are given a compliance score and rated as gold, silver, bronze or unacceptable.

A factory receives an unacceptable grading if any serious violations are identified, if the factory refuses to adhere to an agreed action plan following the audit, if the factory cannot provide full payroll or time records on the day of the visit or if access is denied to the factory. Orders are suspended until the issues are satisfactorily resolved. This year we identified one potential new supplier who was unable to provide the necessary levels of documentation and assurance, and as a result no orders have been placed.

Unfortunately, we have not met the target we set for ourselves to have 90 per cent of supplier ethical trade improvement plans completed on time. This has largely been a result of the disruptions caused to supplier operations by Covid-19. We will be carrying forward this objective into the next phase of our sustainability strategy.

The most frequent issues identified in our audits include health and safety problems, compliance with conditions relating to working hours and missing paperwork. We are also members of SEDEX

(Supplier Ethical Data Exchange) which provides additional risk assessments and audit data for some of our suppliers.

We spend a significant amount of time engaging with suppliers to support them as they seek to improve conditions for workers. This engagement includes resolving specific problems identified during audits and on focusing on longer-term projects to improve the most common issues such as health and safety or worker representation. Our health and safety programme provides training for factory management on setting policy, developing effective safety management systems, training workers and auditing the workplace to ensure working conditions are safe. We have established a WeChat group on social media to allow supply chain workers to share best practice and address common issues.

Eleven of our largest suppliers are currently engaged with our Worker Representation Initiative where we are working with factory managers to develop better worker representation and engagement processes. The aim of the project is to help some of our key suppliers to develop fully functioning worker management committees to represent workers on any matter affecting their rights and to resolve problems as they arise. Nearly 80 issues have been identified this year across the 11 factories, with nearly all of them being addressed and remedied successfully. They included issues relating to worker safety, holiday and rest day arrangements and food and accommodation.

We have a worker hotline in place to allow workers in our supply chain to report any issues to us in confidence. We investigate and follow up on any calls to ensure appropriate action has been taken. We are continuing to roll out this hotline to more suppliers, providing training and raising awareness of the existence of the hotline and how it can benefit workers, and have this year extended it to include 40 supplier factories in total.

We have begun to map and investigate our tier two supply chain – who are suppliers to the companies that we buy products from – and have established that many of our direct tier one suppliers conduct some sort of audit or checks on their suppliers to ensure compliance with the ETI's Base Code, which is the industry standard for workers' rights. We have undertaken a survey to better understand how our suppliers ensure that our standards are being maintained in their own supply chains and will be progressing this work in due course.

Data protection and privacy

We ensure our customers and employees are at the centre of any decisions we make in relation to the processing of personal data. Our stakeholders need to trust us to treat their data responsibly and lawfully in accordance with the prevailing legislative framework. Our Data Protection Policies provide full details on what personal information we collect, how this information is used, whether it is shared with any other parties and under what circumstances it is retained.

Our approach to data management is underpinned by a series of principles:

- We will keep all customer, employee and any other personal data secure.
- We will only use data for the purpose for which it was collected, limiting disclosures of personal data to partners to only those purposes described in our privacy policies.

Responsible trading continued

- We will be fully open about what data we store and how and why we use it.
- We will only hold data for as long as is necessary for the purpose for which it was collected.
- Wherever possible, we allow people to make choices about how we use their data, enabling them to access, update or delete their personal information.
- We implement appropriate technical and organisational processes to protect personal data against unauthorised access, use or loss.
- We monitor our ongoing compliance with data protection legislation.

Our data protection and privacy management processes are embedded in our Group-wide risk and compliance management systems. We expect our business partners and suppliers to adhere to the same standards. We employ a framework of controls to protect against unauthorised access to our systems and data which include the maintenance of firewalls and intruder detection tools, anti-virus and malware solutions, and data and payment encryption. Regular penetration testing is conducted by our independent assurance providers.

The Group's information technology (IT) systems receive ongoing investment to ensure that they meet the needs of the business and are compliant with the requirements of prevailing data protection laws and regulations including among others, the EU's General Data Protection Regulation, the Data Protection Act 2018 and the Payment Card Industry Data Security Standards.

Back-up facilities and contingency plans are in place and are reviewed and tested regularly to ensure that data is protected from corruption or unauthorised use.

We have a dedicated team in our IT department to detect, report and respond to data security incidents. Our Data Security Steering Group oversees our approach and response to cyber risk, data security and privacy protection and there is regular reporting to our Board-level Audit Committee.

We recognise the importance of training and communication to help prevent data security and privacy-related incidents and have regular training courses and awareness raising for our employees.

Targets: Marketplace

	Targets	Current status	Proportion of target met
Ethical trading	By 2020, 90 per cent of supplier ethical trade improvement plans completed on time.	76 per cent of improvement plans completed on time this year ^Δ .	Target not met
Forestry	By 2020, 95 per cent of own-brand stationery products to be made from pulp from certified or recycled timber sources.	99 per cent of own-brand stationery products from certified or recycled sources ^Δ .	Target met

^Δ Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29.

Future commitments

	Issue	Our aim	We will	Measurement
Planet	Forests	To ensure no deforestation from sourcing of raw materials for our own-brand products or Goods not for Resale by the end of 2025.	Ensure all forestry materials in own-brand products come from recycled or certified sources by the end of 2021. Ensure forestry materials in our Goods Not for Resale come from recycled or certified sources.	Percentage of own-brand forestry products and goods not for resale containing paper and card from recycled or certified sources. Number of construction contracts exclusively using recycled or certified timber materials.
	Human rights in our supply chain	To advance wellbeing and livelihoods in our supply chain.	Audit our own-brand suppliers at least every two years, and more frequently when we find non-conformances. Increase the number of suppliers closing out non-conformances on time. Develop engagement programmes with key own-brand suppliers to tackle salient labour issues.	Percentage of own brand supplier sites with audits in last two years. Percentage of own-brand suppliers who have submitted non-conformance reports on time. Number of salient issues with defined programmes.

Environmental management

Relevant policies

- [Environmental Policy](#)

Our commitment

Climate change and resource scarcity are complex global challenges affecting businesses and their supply chains. For WHSmith to be more sustainable, we must use the world's resources wisely and play our part in tackling climate change. We are committed to reducing the environmental impacts of our operations and our supply chain: we are reducing carbon emissions through energy efficiency and improved logistics; we are ensuring our products do not impact the world's forestry resources; and we are working hard to minimise waste from packaging, to reduce our use of plastics and to eliminate food waste.

Managing our carbon emissions

Climate change is one of the most pressing, challenging issues facing our world right now, and businesses need to respond by cutting carbon emissions. WHSmith has had a long-term target in place to reduce Scope 1 and 2 carbon emissions from our UK stores and distribution centres by 45 per cent per square foot by 2020 (against a 2007 baseline). Scope 1 emissions are direct emissions from the combustion of gas to heat and cool WHSmith's stores, offices and distribution centres. Scope 2 emissions are indirect emissions generated from the production of electricity purchased to power, light and heat our stores, offices and distribution centres.

Our absolute combined Scope 1 and 2 carbon emissions for our UK business decreased slightly by one per cent this year to 18,600 tonnes of CO₂e. Emissions were reduced because of store closures due to Covid-19, the implementation of energy efficiency measures and a slightly greener electricity grid. Much of this, however, was counteracted by emissions from gas consumption at our Swindon Head Office where a final reading was received for part of the site and assigned to this year. Since our baseline year of 2007, we have reduced UK emissions per square foot of floor space by 66 per cent, well in excess of our target.

The table on the following page shows our headline figures now also including emissions from our International operations. We estimate absolute combined Scope 1 and 2 carbon emissions from these stores to be approximately 8,400 tonnes CO₂e for this year. This represents an increase of 40 per cent, primarily due to the acquisition of the Marshall Retail Group this year bringing 160 more stores into the WHSmith Group.

Our second long-term target for carbon emissions was aimed at minimising the impact of our transport operations from distribution centres to stores, by reducing CO₂e emissions from transport by 20 per cent per pallet by 2020 (against a 2007 baseline).

We met this target in the first part of the year, but because of the exceptional circumstances of the last six months, emissions from our transport network increased to 21.3 tonnes CO₂e per pallet, which is a reduction of 15 per cent over the time period of our target.



Our programme to install more energy efficient lighting and improved systems for energy management continues

The general trend in emissions since 2007 has been downward as a result of better route planning and optimisation of delivery schedules, driver training and working in partnership with our business partners to reduce fuel consumption and reduce emissions. The circumstances of Covid-19, however, needed a specific response in relation to the transfer of stock between our distribution centres and stores, resulting in an increase in our ratio. We first reached our target to reduce emissions in 2014 and we have met this target in all but two years since.

Emissions from our distribution operations are just one part of our Scope 3 emissions which are indirect emissions that we do not directly control but that we may be able to influence. They include emissions from our suppliers in providing us with goods and services; emissions from the transport of goods in our supply chain and from employee travel; and emissions associated with treatment or disposal of the waste that we generate either directly in our operations or at the end of life of the products we sell. This year we extended analysis of our Scope 3 emissions, with input from the Carbon Trust and the results for those categories which are material to WHSmith are shown in the table.

Our largest source of emissions is from the production of those goods and services which we procure from our suppliers. These emissions are more than 15 times greater than our Scope 1 and 2 emissions and therefore an important part of our overall carbon footprint. Half of our Scope 3 emissions come from 66 suppliers, and two-thirds from nearly 350 suppliers, with the most significant categories being food and drink products, news and magazines, stationery and construction services.

Emissions from fuel and energy-related activities, operational waste and business travel have all decreased this year, mainly as a result of operational reductions caused by Covid-19.

This year, we signed a declaration through our membership of the British Retail Consortium (BRC) to help develop a climate roadmap to guide the retail sector on the steps necessary to accelerate progress towards achieving net zero emissions ahead of the UK Government's target of 2050. We are continuing to work with BRC and other members on defining the actions that should be taken by retailers, their supply chain, governments and other stakeholders to help the retail industry and its customers deliver this goal.

Environmental management continued

We have continued to implement the recommendations of the Task Force on Climate-Related Financial Disclosures and this year developed climate-related risk and opportunity assessments using scenario analysis. Further details are provided in our Annual Report and Accounts 2020.

We have now set a new target for all our UK operations to be net zero by 2021 and for our International operations to be net zero by 2025. We will also engage with key suppliers covering 50 per cent of our supply chain emissions to ensure they have plans in place to reach net zero emissions by 2025.

Global greenhouse gas (GHG) emissions for 2019 (tonnes of CO₂e)

	2020 ^A	Percentage of carbon footprint	2019
Total Scope 1 and 2 emissions (location-based) (tonnes CO₂e)	27,030^A	6%	24,845^A
Scope 1 emissions (tonnes CO₂e) Direct emissions from combustion of gas to heat and cool WHSmith stores, offices and distribution centres.	6,025^A	1%	2,663^A
Scope 2 emissions (location-based) (tonnes CO₂e) Indirect emissions from electricity purchased to power, light and heat stores, offices and distribution centres.	21,005^A	4%	22,182^A
Total Scope 1 and 2 emissions (location-based) per million pounds of sales (tonnes CO₂e per £m sales)	26.5^A		17.8^A
Total Scope 1 and 2 emissions (market-based) (tonnes CO₂e)	33,072^A		N/A
Scope 2 emissions (market-based) (tonnes CO₂e)	27,047^A		N/A
Total Scope 3 emissions	approx. 442,000	94%	N/A
Purchased goods and services and capital goods and services (tonnes CO₂e) Emissions generated during the production of goods and services purchased by WHSmith from its suppliers.	approx. 404,000	86%	N/A
Fuel and energy-related activities (tonnes CO₂e) Emissions from extraction, production and transportation of fuels and energy purchased on behalf of WHSmith and not already included in Scopes 1 and 2.	approx. 1,000 (1,430^A)	<1%	1,647^A
Upstream transport and distribution (tonnes CO₂e) Emissions from the transport of our products from supplier sites to distribution centres, stores and direct to online customers.	approx. 14,000 (13,600)	3%	N/A
Waste generated in operations (tonnes CO₂e) Emissions from the treatment and disposal of waste generated in our stores, offices and distribution centres.	<100^A (69)	<1%	92^A
Business travel (tonnes CO₂e) Emissions from air, rail and car travel by employees on company business.	approx. 1,000^A (935^A)	<1%	1,886^A
End of life treatment of sold product (tonnes CO₂e) Emissions from the treatment and disposal of waste products at the end of life.	approx. 22,000 (22,300)	5%	N/A

^A Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29. Full details of the methodology used to calculate our carbon emission is provided on page 30.

Environmental management continued

Reducing energy consumption

We use energy to light and heat our stores, distribution centres and offices. We have been working for many years to reduce the amount of energy we use, recognising opportunities to reduce our overall carbon emissions and operating costs for the business.

Our energy consumption in 2020 was 87,000 MWh, an increase of 12 per cent over the previous year. This increase was a result of a final settlement bill that was received for gas supply to part of our Head Office in Swindon, which included gas consumption over a number of years. Energy consumption in our stores and distribution centres decreased by ten per cent over the previous year, partly as a result of site closures during the worst of the Covid-19 outbreak and partly as a result of energy efficiency measures.

This year, we have continued to roll-out energy best practice to our High Street and Travel stores. A project to install building management systems to monitor energy consumption across stores, and adjust energy settings for lighting, heating and air conditioning to minimise energy use was rolled out to a further 180 stores.

Emissions from lighting make up a significant part of our carbon footprint and improving the efficiency of our lighting remains a priority. This year, we continued replacement of LED lights which are now coming to the end of their life, with new equipment providing a wider beam of light for wall displays and till points, reducing the need for more energy-intensive perimeter lighting in-store. These lights were installed in a further 270 stores this year and are expected to deliver a 10-15 per cent reduction in electricity consumption.

We have continued the introduction of aerofoils to the front of our refrigeration units to a further 90 stores to minimise energy consumption as a result of cold air loss. Open-fronted refrigerators consume significant quantities of energy to maintain the cold temperatures needed for chilled food and drink. Any cold air which escapes results in further energy consumption to cool the refrigeration units and to warm the surrounding aisles to keep them at a comfortable temperature for customers. By mounting aerofoils to the front of the chiller shelves, we reduce cold air losses, meaning less energy is needed to maintain the chillers at the required temperature and to warm the shop aisles. Trials have shown that this technology can reduce energy consumption by up to 30 per cent.

Improving transport efficiency

WHSmith's transport delivery network is a long and complex one, covering well over a thousand stores across the length and breadth of the UK. We use vehicles provided by third parties to help us to distribute products between our distribution centres and stores, and work in partnership with our logistics partners and trade suppliers to maximise efficiency and reduce carbon emissions wherever we can.

We work with our transport providers to carry out regular and in-depth reviews of our transport operations to help to optimise routing and delivery frequency. Our fuel consumption decreased significantly this year by 24 per cent, almost predominantly as a result of reduced operations due to Covid-19. We maximised the efficiency of our distribution networks during this time by temporarily closing some of our satellite storage centres and reducing the frequency of deliveries.



Skips are used to transfer goods from our distribution centres to stores to reduce the need for disposable packaging

Where we can, we look for opportunities to collaborate with our suppliers and other companies to reduce emissions, for example, sharing vehicles with third parties in more sparsely-populated areas. Another initiative is our Collection Service where we share space in our lorries and reduce traffic on the roads. If a supplier site is near to one of our transport routes, we collect products from their site, using spare capacity in our lorries and reducing the overall emissions associated with transporting our products.

Waste management

The use of resources and the subsequent generation of waste can impact the environment in several ways: finite sources of energy and raw materials such as oil or forestry products are used in manufacturing; and waste materials can impact the air, land and marine environments when they are no longer needed. Transitioning to a circular economy, where materials are used more effectively, is essential if we are to conserve precious resources and minimise waste.

Waste is not only damaging to the environment but costly for our business, so we are focused on reducing it and maximising reuse and recycling wherever we can. Most of the waste we generate from our operations comes from the cardboard and plastic packaging which is used to protect the quality and integrity of goods during transit. We are working hard to minimise the quantity of packaging which is needed so that materials are reduced at source. We use reusable skips to transport goods between our distribution centres and stores, rather than less robust cardboard boxes. In our High Street stores, we operate a dry mix recycling system for most forms of waste, including paper, card, plastics and metals. Waste is also carefully separated in our distribution centres and offices, again to maximise the volumes which are recycled.

The total amount of waste generated this year has decreased by 26 per cent in comparison with 2019 to 3,449 tonnes, largely as a result of less operational activity due to Covid-19. The quantity of waste destined for landfill remains at 12 per cent, with a number of different waste streams unable to be recycled. These include residual waste from the clearance of part of the Swindon Head Office which was refurbished in the early part of the year, plastic waste in the form of staff personal protective equipment that cannot be recycled and out of date stock that had to be disposed of prior to store closures and that could not be reused or recycled through other routes.

Environmental management continued

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 or in any of our International stores where waste management is handled by our landlords.

We will continue to reduce the amount of material we send to landfill with specific initiatives aimed at our distribution centres and construction activities.

In our Travel business, the number of food lines that we sell is growing, and we continue to try and eliminate food waste wherever possible. One of the main sources is from chilled food products which have reached their use by dates. We have implemented a number of initiatives over the past few years, including a better stock control system to improve forecasting and ordering of chilled food sales, so that we only stock the food that we expect to sell, reducing waste volumes. This year, we worked with our stock control partner, Relex, on a study to quantify the carbon emissions saved from waste food. We identified we had reduced food waste by 24 per cent over a 12-month period, equivalent to a saving of 233 tonnes of CO₂e associated with sandwiches, milk, fruit juice and smoothies.

We operate a discounting strategy in all our stores – engaging store colleagues to reduce the price of any sandwiches that are approaching but have not yet exceeded their use-by date. We have also recently undertaken a review of how space is used in our stores, and where we have high levels of food waste, we have reduced the space dedicated to chilled food and replaced it with longer life products.

Reducing plastic waste and other packaging

Excessive packaging and the use of single-use plastic materials continue to be a concern for consumers and environmental stakeholders. Packaging materials are designed to protect items to maintain quality and enhance product shelf life. But excessive packaging can negatively impact the environment. Energy and raw materials are used in the manufacturing process, and when packaging is no longer needed, it can harm the air, land and marine environments.

It is important for us to reduce unnecessary packaging, both for environmental reasons, but also to minimise the cost impacts on our business. We regularly review the type and quantities of packaging over which we have control, including primary packaging of our own-brand products and the secondary packaging used to protect goods during transit and distribution. We seek to identify opportunities to minimise packaging or use more environmentally-sustainable solutions where possible.

Each year, we report the quantity of the packaging we handle to the Environment Agency and pay a packaging levy to fund the recovery and recycling of a set percentage of this material. The majority of this packaging is from food and drink products supplied by other

major brands, where we have limited control over the materials and quantity of packaging used. However, a sizeable minority of packaging comes from our own-brand stationery goods. This year, with the help of the consultancy Eunomia, we have analysed the primary and secondary packaging for our 200 best-selling own-brand lines. We have identified a number of opportunities for reducing the quantity of packaging used and for switching from hard-to-recycle materials to materials that can be more easily recycled. We have started discussions with our suppliers to look at how to implement these opportunities to further reduce the amount of packaging, or to switch to materials with a lower environmental impact and we will report progress in next year's report.

Reducing the number of plastic carrier bags we give to customers has been a focus for many years, with our staff asking customers whether they need a carrier bag and promoting the use of reusable bags. We introduced a Bag for Life into all of our High Street and Travel stores several years ago and have gradually reduced sales of single-use bags.

We have continued to engage with the government consultations on reform to packaging regulations and the introduction of a deposit return scheme which will require retailers to take back drinks containers for recycling once a customer has finished with them. We have switched our best-selling line of bottled water to a product contained in 100 per cent recycled plastic and have also introduced a much wider range of refillable water bottles into our stores. This year, we introduced our first water refilling station into our Heathrow Terminal 2 store so that customers can refill their reusable bottles free of charge.

We continue to reduce single-use plastic across other ranges. Our Coffee Houses and office restaurants now only stock wooden stirrers rather than plastic ones and reusable cups are available in our shops and office restaurants. We continue to mandate that suppliers of greetings cards provide them without cellophane wrapping unless they are needed to protect embellishment on the card, removing the need for unnecessary packaging.

Helping our customers to reduce waste

We want to make sure that any waste from electrical items or batteries that we sell does not end up in landfill at the end of product-life. Collection points are in place for customers to recycle their old batteries in the majority of our stores and this year we have collected four tonnes of batteries for recycling.

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

This year in our High Street stores, we extended our stationery takeback scheme developed in conjunction with the stationery manufacturer, BIC, into more store locations to provide a facility for customers to return plastic pens for recycling at the end of their life.

Environmental management continued

Conserving water resources

Water resources are increasingly in high demand in many parts of the world and this trend looks likely to continue. In comparison with some other businesses, we do not use large quantities of water in our operations, only for employee use in our stores and offices. Our water consumption for 2020 was 343,000 m³ which equates to 30 m³ per employee per year. For comparison, the average person at home uses approximately 50 m³ per year.

We continue to ensure that water use is managed responsibly and many of our stores have water meters in place to monitor the water we use and identify any possible savings. Our design specifications for new stores and store refurbishments include water-saving features for sanitary ware. We have very little control over the major component of our overall water footprint which comes from the water used by suppliers in the manufacture of the products that we sell.



Targets: Environment

Target	Baseline	Baseline year	Current status	Proportion of target met
By 2020, reduce CO ₂ e emissions from stores and distribution centres by 45 per cent per square foot (from 2007 baseline).	13.19 t CO ₂ e/1,000 sq ft	2007	4.48 t CO ₂ e/1,000 sq ft ^A 66 per cent reduction	Target met
By 2020, reduce CO ₂ e emissions from transport by 20 per cent per pallet (from 2007 baseline).	24.9 kg CO ₂ e/pallet	2007	21.3 kg CO ₂ e/pallet ^A 15 per cent reduction	Target not met for this year but target has been met in four out of the last six years
By 2020, we will send less than five per cent of waste to landfill.	n/a	n/a	12 per cent to landfill ^A	Target not met

^A Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29.

Future commitments

	Issue	Our aim	We will	Measurement
Planet	Carbon emissions	To be net zero for our UK operations by the end of 2021 and for our International operations by the end of 2025.	Continue to invest in energy efficiency across our estate and work with landlords to reduce emissions from stores owned by third parties.	Direct greenhouse gas emissions (Scope 1 and 2).
			Purchase 100% of our electricity from renewable sources by the end of 2021 for our UK business and by the end of 2025 for our International businesses.	Percentage of electricity sourced from renewables.
			Engage key suppliers responsible for 50% of our supply chain emissions to ensure that by 2025 they have plans in place to reach net zero by 2040.	Number of suppliers engaged.
	Packaging and waste	To reduce the environmental impact from our packaging by removing it where possible, switching to better environmental options where packaging is necessary and minimise waste from our operations.	Materially reduce the amount of plastic packaging used for our own-brand products by 2025.	Number of items of plastic packaging removed.
			Remove plastic glitter from all own-brand products by the end of 2021.	Percentage of products without plastic glitter.
			Further reduce the quantity of material that we send to landfill.	Percentage of waste diverted from landfill.

Our people

Relevant policies

- [Code of Business Conduct](#)
- [Health and Safety Policy](#)
- [Human Rights Policy](#)

Our commitment

People are the greatest resource of any business, and it is important that we support our employees to develop the skills that they need to succeed whilst looking after their health and wellbeing. WHSmith is committed to providing training and development for all employees and to ensuring that colleagues feel engaged in the business and its priorities. We want to be an inclusive employer with a diverse workforce where everyone has a sense of belonging.

Engaging our employees

We understand the importance of an open and honest culture where we communicate effectively with our employees and provide opportunities for them to feedback ideas and opinions which are listened to and considered in our decision-making processes.

This year has been a particularly challenging one, and we had to rapidly adapt our usual methods for office and store-based communication to ones that could be accessed remotely by employees working from home. Video and tele-conferencing replaced face-to-face engagement, and we established a series of weekly briefing sessions for employees to hear from our senior management team, including our CEO and Managing Directors of our Travel, High Street and International businesses. During these sessions, employees were updated on the latest operational developments in response to Covid-19 and were able to ask questions or provide feedback and receive an immediate response from those running the calls.

We placed a very strong emphasis on employee wellbeing during the second part of the year, when a proportion of our employees were placed on furlough under the Government's Job Retention Scheme. Unfortunately, we subsequently had to take the difficult decision to review our operations as a result of the impact of Covid-19 on passenger numbers and lower footfall in the high street which resulted in a number of roles becoming redundant across our business.

This year we have relaunched our Code of Business Conduct which sets out our guiding principles to define the conduct that is expected from anyone who works for WHSmith in any capacity. Our Code includes our policies relating to individual conduct, including anti-bribery and anti-corruption measures, conflicts of interest and data protection, as well as those relating to how we work together, including diversity and inclusion, anti-harassment and bullying and health and safety.

We also developed our position on human rights, emphasising our commitment to respecting the human rights of anyone who works for us, and setting out our values, principles and due diligence procedures including those linked to grievance mechanisms and access to remedy.



Video and tele-conferencing has replaced face-to-face engagement for many of our employees this year

Realising potential

Our Learning and Development programmes are designed to provide our employees with the knowledge and skills they need to deliver their role and to support them as they develop their careers.

We provide a range of learning opportunities and initiatives that are designed to help our employees develop their aptitude and experience.

This year, these included online courses, workshops, mentoring and coaching. We review and develop these activities, to ensure that they continue to meet the requirements of our business and the learning and development needs for our employees.

We developed a new online training course for all store employees to ensure they were fully aware of the operational changes and health and safety precautions introduced in response to the Covid-19 outbreak. The course was designed to ensure the safety of all our employees and customers visiting our stores, and included details on safe social distancing, available personal protective equipment and how to use it, procedures to be adopted to keep stores clean to prevent the spread of the virus and tips for maintaining good mental health.

We developed a training course on Modern Day Slavery for our Head Office employees, explaining what it is, how it is relevant to our business and how to identify the risk factors for when it might be taking place. Over 700 Head Office employees completed the course.

Individuals have regular career conversations with their managers during the year, with more formal performance reviews taking place annually. In addition to monitoring performance, we also use a model of employee potential to help us to identify, develop and retain our talent within the business.

Mentoring plays a critical role in the development of our talent pipeline at all levels, providing targeted one-to-one support for individuals from someone in a more senior role. Managers and senior executives act as mentors supporting employees with their development requirements to ensure they are ready to take on more stretching roles.

Our people continued

Making a commitment to mental health

As a business where our primary asset is our staff, we believe that supporting the mental wellbeing and physical wellbeing of our employees are equally important. Our strategy to promote mental wellbeing has three main objectives:

- To improve awareness and reduce stigma;
- To raise the level of mental health support across the business to at least the same level as physical health; and
- To have a mentally healthy culture.

Our awareness-raising and stigma-reduction work is underpinned by partnerships with accredited organisations and mental health charities including MQ, the mental health research charity, Place2Be, the leading national children's mental health charity and CALM, a movement against male suicide. We use their resources, participate in their national events and look for opportunities to fund-raise on their behalf. This year has seen briefings at our conference for store employees from representatives of Place2Be, and participation in Children's Mental Health Week and in MQ's "We Swear" campaign.

We have distributed wellbeing posters throughout our Head Offices, stores and distribution centres which detail information on our anonymous support line for all employees, information on the WHSmith Benevolent Fund, which provides help in times of hardship, and the anti-bullying Speak Up line. Our awareness-raising activities maintained a specific focus on the impacts of Covid-19 in the second part of the financial year and included:

- Communications to furloughed employees with regular reminders of existing and specialist support available relating to the impacts of financial worries, dealing with uncertainty and coping with change. As employees have returned to work, a training component has been included in the return to work process to ensure that individuals know where to find support information when they need it.
- For employees working throughout the pandemic, practical support information at the start of our weekly online briefings to substitute for the normal office-based posters for this information. 340 office-based employees participated in a Group-wide webinar delivered by one of our instructors, aimed at helping to understand our mental and physical response to the pandemic. Hundreds more watched and listened.
- Two courses focusing on dealing with stress and anxiety were provided on our e-learning platform for all employees to access as part of our coronavirus support. Almost a thousand instances of the courses have been completed to date with very positive feedback from the vast majority of delegates.
- During Mental Health Awareness Week in May, we scheduled daily activities with webinars, support information and other features for people to participate in each day.

On World Mental Health Day in 2016, WHSmith made a pledge to have as many mental health first aiders as physical health first aiders, and to train all line and store managers to be mental health aware. We worked closely with Mental Health First Aid (MHFA) England to create a tailored approach to training and over 1,100 line managers have received a half-day MHFA awareness course. We have an equal number of mental and physical health first aiders.



The training helps our Mental Health First Aiders to develop a number of skills, which they can then use to support their colleagues, including:

- An in-depth understanding of mental health and the factors that can affect wellbeing;
- Practical skills to spot the triggers and signs of mental health issues;
- Confidence to step in, reassure and support a person in distress;
- Enhanced interpersonal skills such as non-judgemental listening; and
- Knowledge to help someone recover their health by guiding them to further support either through self-help resources, us as their employer, the NHS, or a mix of support facilities.

Another way in which we provide support and assistance to current and retired employees is through the WHSmith Benevolent Fund. Research shows that financial wellbeing can have a strong impact on our mental health – when we are in control of our finances and have the financial freedom to prioritise what is important to us, we have a degree of protection from becoming unwell. Conversely, lack of control and loss of decision-making options are significant risk factors that can contribute to mental ill health.

The WHSmith Benevolent Fund is a registered charity 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, grants for mobility scooters, stairlifts and other accessibility aids, and also provides care breaks and recuperative holidays. This year we ran an awareness campaign to ensure that all staff were aware of the Benevolent Fund and that they could apply for financial assistance in times of hardship.

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 where appropriate.

Our people continued

Health and safety

Our Board is committed to maintaining high standards of health and safety and receives an annual report detailing health and safety trends, performance data and recommendations for further improvement. The management team monitors key safety performance indicators on an ongoing basis, and our Health and Safety Committee of employees, senior managers, trade union representatives and professional safety advisers meets regularly throughout the year.

We regularly evaluate our health and safety performance against our peers to ensure we continue to adopt best practice. We benchmark our performance data against information that other organisations publish. We keep up to date with emerging practice through industry groups such as the British Retail Consortium's Risk and Safety Policy Advisory Group, meeting regularly to review health and safety issues and share best practice.

We have targeted ongoing reductions in the number of reportable accidents, and we continue to see a reduction, with the number of reportable accidents decreasing by more than 60 per cent over a nine-year period.

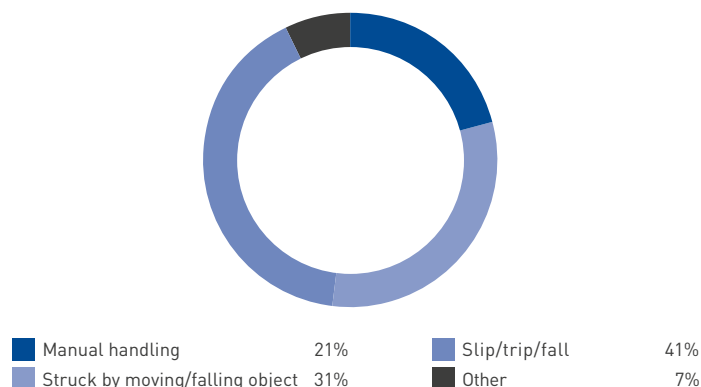
Health and safety training is provided through an e-learning database, which ensures that training modules can be reached by all staff from any location. Our training guidance covers key issues such as fire safety, manual handling and food hygiene.

Our programme includes a focus on employee wellbeing as part of our wider health and safety framework and monitoring programme. We also work with our insurers to operate an Employee Assistance Plan response line, available to all staff in the event they wish to obtain further support on health-related matters.

This year has brought some unique challenges to health and safety management in the retail sector. Our store colleagues have continued to do an outstanding job in serving our customers. Their health and wellbeing and that of our customers has remained our top priority this year and over the past months we have continued to develop and improve our safety measures across our stores in line with developing government guidelines and advice in respect of Covid-19. We rolled out a number of health and safety measures in order to keep employees and customers safe. These included:

- Social distancing measures, including signage and floor markings asking all customers to respect a safe distance of two metres from other people;

Accident breakdown



- Staff supervision at queues and till points;
- Personal protective equipment for employees, including disposable gloves, masks and face visors;
- Signs at store entrances reminding customers to wear face coverings in store;
- Hygiene stations at store entrances with hand sanitiser for customers;
- Protective screens at till points;
- Guidelines to limit the number of customers in store;
- Enhanced cleaning schedules prioritising contact areas that are likely to be most frequently touched such as chip-and-pin devices, self-contained tills, lift call buttons and door handles;
- Encouraging customers to make payment at the self-checkouts or by contactless card wherever possible to maintain the recommended social distance and prevent the need for employees to handle cash;
- Amended procedures for re-merchandising stores, to minimise the need for employees and customers to be in close proximity; and
- Staff guidance through the use of posters in prominent locations on the actions employees must take if they or members of their immediate household develop symptoms. We have also issued best practice behaviours with regard to regular hand washing and other safe hygiene practices.

Accidents and injuries^A

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Major injuries	2 ^A	5	5	4	4	8	4	13	7	8
Injuries resulting in over seven days' absence from work/hospitalisation ¹	27 ^A	24	26	30	33	38	47	51	62	67
All RIDDORS ¹	29 ^A	29	31	34	37	46	51	64	69	75

^A Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29.

Our people continued

Promoting diversity

We recognise that every one of our employees is essential to the success of our business, regardless of their age, race, religion, gender, sexual orientation or physical ability.

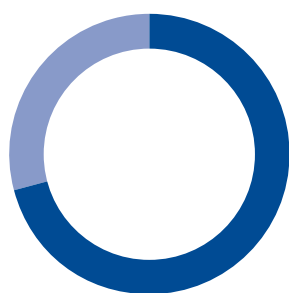
WHSmith is committed to promoting a culture of inclusion and diversity through our policies, procedures and working practices and we aim to ensure everyone receives equal treatment throughout their employee journey with us.

We know that diverse teams perform better and we want our organisation to reflect the diversity of our customer base. All our employees should feel able to be themselves and to bring their individual viewpoints, styles and experiences to work.

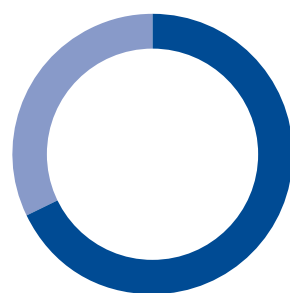
We benchmark diversity profiles for all employees, our management teams and our Board against peers and national averages to monitor our progress. To promote gender equality, we continue to develop our succession pipeline to ensure we have a number of women ready for promotion. Mentoring plays a critical role in the development of our talent pipeline at all levels, and our senior female executives act as mentors to support others with their development requirements.

We continue to work with Everywoman who provide a host of personal development tools aimed at women, including monthly webinars, workbooks and relevant career development articles. The partnership also provides our employees with links to an external network of professional women in other organisations so that contact, connections and relationships can be made easily. Their learning platform is now available to all of our employees.

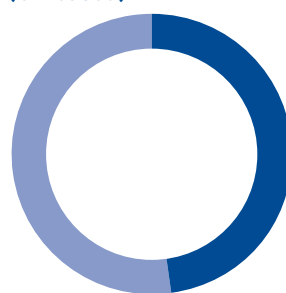
Employees by gender

Board^Δ

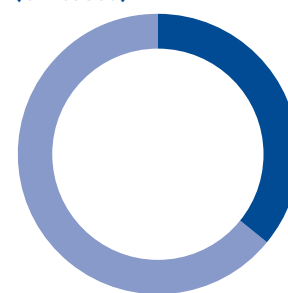
Male 71%
Female 29%

Senior management team^{*Δ}

Male 68%
Female 32%

Management team^{**Δ}
(UK based)

Male 48%
Female 52%

All employees^Δ
(UK based)

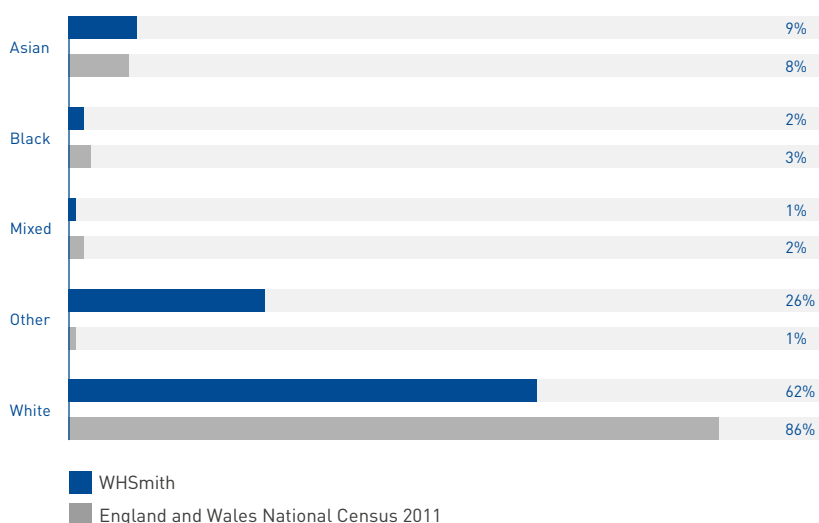
Male 36%
Female 64%

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

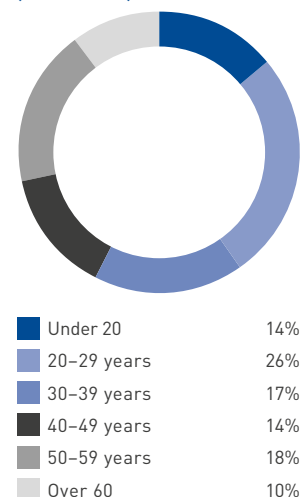
^{**} This wider group includes store leaders and senior Head Office staff (who are not also members of the senior management team).

^Δ Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29.

Ethnic origin – all employees (UK based)



Employees by age (UK based)



Our people continued

We are proud to be a member of the 30% Club which helps businesses to create strategies to increase the number of women in senior executive roles. We continue to work with [workingmums.co.uk](https://www.workingmums.co.uk), which provides an online job and community website for professional and working mothers. The website allows us to advertise our roles, showcase our commitment to gender diversity and to raise our brand profile as a family-friendly employer, supportive to working women both currently in the business and to those wishing to join the organisation. This year we have also started work with [workingdads.co.uk](https://www.workingdads.co.uk), which offers a similar service for professional and working fathers. All companies are now required to publish any difference in the average pay of male and female employees. Further details for WHSmith are available in our [gender pay report](#).

Unfortunately, we have fallen short of our target for 35 per cent of our senior management levels to be held by women. The steps that we are taking to increase gender diversity are starting to deliver better female representation at management level, with numbers of women at middle management level outnumbering men for the first time. We recognise however that diversity at senior management level falls short of where it should and that we need to do more to increase the proportion of women who make it to the higher levels of management in our organisation.

We know that our store staff community is representative of the demographic of customers that we serve, but we also know that we have much more to do to increase ethnic diversity at senior levels in our organisation. This year we signed the Race at Work Charter and we are continuing our journey to understand what it means to be a truly diverse organisation at all levels. We have established a Diversity Forum chaired by our CEO, where in a supportive environment, employees are encouraged to provide feedback,

commentary and suggestions for improvement on diversity in WHSmith. We have also made a donation to the Stephen Lawrence Charitable Trust to support their work to tackle inequality.

We have set ourselves an objective to increase the diversity of our senior management team and will be implementing a number of steps across recruitment, career development and other processes to ensure we reach this objective.

Helping to develop future leaders forms an important part of increasing diversity in our sector, and this year we embarked on a coaching programme with a local London secondary school, through a partnership with Future Frontiers. Future Frontiers are an education charity with a mission to ensure young people from all backgrounds fulfil their potential at school and beyond. To do this, they match young people to coaches, who help them discover and explore careers that inspire them, and then work with them to build a plan of how they might reach that goal.

Fourteen of our employees volunteered to coach one or two students over a four-week period, covering discussions on career options, how to write a CV, creating a personal development plan and facilitating calls with the National Careers Service and professional experts.

Employee share ownership

WHSmith operates a HM Revenue & Customs Approved Save-As-You-Earn share option scheme (Sharesave Scheme), which 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 at a discount to the share price at that time.

Targets: workplace

Target	Baseline	Baseline year	Current value	Target status
By 2020, 35 per cent of senior management positions held by women.*	14 per cent	2010	30 per cent ^Δ	Not met

* Senior management includes Board.

Δ Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29.

Future commitments

	Issue	Our aim	We will	Measurement
People	Diversity and inclusion	To be an inclusive employer with a workforce representative of the communities that we serve.	Increase the diversity of our senior management team across race and gender.	Percentage of senior management positions that are held by women and percentage held by black, Asian and minority ethnic colleagues.
	Safety and wellbeing	To provide a safe working environment and support the mental wellbeing of all our employees.	Help our employees to improve how they look after their mental wellbeing so they can be their best at work and in their daily lives.	Percentage of employees who believe WHSmith supports their safety and wellbeing.

Community impact

Relevant policies

- [Code of Business Conduct](#)

Our commitment

WHSmith is at the heart of communities across the UK and we are committed to making a positive impact wherever we operate. We contribute to the socio-economic development of local neighbourhoods, particularly through our work to champion literacy and assist local causes. We provide our customers with opportunities to support their favourite charities through in-store donations and purchasing of cause-related products. Our Hospital stores act as an important hub for patients, visitors and staff.

Supporting literacy in partnership with the National Literacy Trust

As a major retailer of books and stationery, we are particularly passionate about literacy and life-long learning. 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 greater progress in mathematics, vocabulary and spelling between the ages of ten and 16 than those who rarely read. Young people who read regularly are significantly more likely to attain a professional or managerial position than those who do not read.

WHSmith is a long-term advocate for the development of literacy skills and has provided help over many years to children and young people who need additional support. We commenced our partnership with the National Literacy Trust in 2005 and since then we have reached thousands of children across the UK together, through summer play-schemes, family reading programmes and support for reading in schools. The National Literacy Trust is an independent charity working with schools and communities to give disadvantaged children the literacy skills to succeed in life.



Before Covid-19, we funded a series of children's live literature events with leading authors and story-tellers

Research shows that one in four children in England leave primary school unable to read well, rising to one in two children from a disadvantaged background. One in eight disadvantaged children in the UK do not own a single book of their own at home.

Our current project together is the Young Readers' Programme which motivates children and young people to read for enjoyment through a series of events that celebrate the fun of reading. WHSmith provides books and other materials for the National Literacy Trust to use in supporting schools in socio-economically disadvantaged areas of the country.

In addition, financial support for the programme is provided by the WHSmith Group Charitable Trust, an independent registered charity supported by donations from WHSmith customers and staff.

The project focuses on five areas of the UK, each identified as needing additional support for children's literacy. These areas are Glasgow, Manchester, Peterborough, Swansea and Teesside.

In each area, the WHSmith store team works with the schools involved with the programme, providing each of them with an annual gift of £150 to spend on books to boost their school or classroom libraries and to use as an ongoing resource to support children's shared reading time within the school setting. Each child is also given a new book of their choice - for some children this will be the first book they have owned.

The highlight of the year's activities is normally a "live literature" event where children are invited to a central venue to participate in a morning of story-telling. This year, our plans had to be modified as a result of Covid-19 which paused in-school activities and meant that we had to cancel all in-person events.

To replace face-to-face activities, we worked with the National Literacy Trust to develop a series of Young Readers Story Club films featuring authors, illustrators and story-tellers that could be accessed by children either from home or once they had returned to school. Each video included a piece to camera by our invited speakers, followed by a suggested activity to engage the children who were participating in some sort of literacy-based activity.

During 2020, our partnership allowed the National Literacy Trust to work with nearly 1,500 children in 25 primary schools across the UK. So far 2,250 books have been gifted, and more will be provided in the autumn of this year. The Young Readers at Home online resources have been viewed over 2,800 times with over 3,300 resources being downloaded. Over the course of our entire partnership, we have now worked with 47 of the most disadvantaged towns and cities in the UK, helped over 27,000 children and given out over 66,000 books across the UK.

During the second part of the year, we also provided 10,000 stationery packs containing new pencil cases, pens and notebooks for the National Literacy Trust to distribute through local partners such as food banks, healthcare professionals and schools, providing writing resources to those children who needed them most during their time away from school. The National Literacy Trust's research showed children have expressed themselves through creative writing during lockdown with a quarter of children writing in a diary or journal, a fifth writing letters and short stories and one in eight creating song lyrics. Two in five children said writing during lockdown had made them feel better.

Community impact continued



In partnership with the National Literacy Trust, we have now donated over 66,000 books to children across the UK

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 delivery of the UK's World Book Day initiative.

World Book Day took place this year just as the full effects of Covid-19 were starting to be realised. Normally our stores run special events like competitions, fancy dress and author signing sessions, but many of these had to be curtailed this year. Nevertheless, we were able to redeem 318,000 £1 book vouchers enabling children to choose one of the special World Book Day books or offset the cost against any of our children's range.

In addition to providing and redeeming £1 World Book Day vouchers, we also partnered with the WHSmith Trust to donate WHSmith vouchers to schools across the UK for them to choose books to increase their school library resources. Over 250 schools were helped in this way with £25,000 of vouchers being donated.

We believe the nature of our business means we can have a significant impact on the lives of children who struggle with reading and writing. Supporting children's literacy will continue to be an important part of our sustainability activities under our new strategy.

Our response to Covid-19

The outbreak of Covid-19 this year presented an unprecedented challenge. Our response focused on providing essential services to those who needed them whilst ensuring the safety of all our employees and customers. We decided to keep our stores open in the specific communities that most needed our services with High Street stores hosting Post Offices continuing to provide the communities they serve with access to vital banking and postal facilities.

We continued to support NHS staff by serving food, drinks and other essentials in our Hospital stores. We doubled the discount we provide to NHS employees to 20% and increased our grocery ranges in these stores to support these staff further.

Our Hospital stores also offered free essentials to NHS staff, including bottled water donated to support key workers by our suppliers. We donated 14,000 notepads and pens to support frontline NHS healthcare workers at the NHS Nightingale Hospital in London and a number of laptops to the Great Western Hospital local to our Swindon office.

In the weeks leading up to Easter, we donated £200,000 of confectionery and Easter eggs to community hubs, schools, ambulance stations and hospitals across the country. Our Travel stores donated over £150,000 of food stock to the charity FareShare to support them with their Covid-19 response effort to deliver food to vulnerable people.

Other donations through our stores

One of the main ways that we raise money for charities is through the sale of products with charity links. This year we continued to sell Christmas cards in aid of Cancer Research UK, Mind, the National Literacy Trust and Help for Heroes. We also sold soft toys for Save the Children Fund UK. These products raised over £210,000 for charity.

Funky Pigeon designed a range of cards to say "Thank You" to NHS staff, emergency workers and carers during the pandemic, with a proportion of the proceeds donated to the Royal Voluntary Service. Funky Pigeon's customers also donated money to Cancer Research UK during online purchases, by rounding up their payment to the nearest pound.

The WHSmith Group Charitable Trust

The WHSmith Group Charitable Trust is an independent registered charity which has two principal objectives:

- 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.

This year, the Trust continued its annual donation to the National Literacy Trust's Young Readers Programme to provide financial help to enable them to provide literacy support to schools in five designated areas across the UK.

The Trust also made a donation to the Royal Voluntary Service's (RVS) national emergency appeal to support its efforts in providing a lifeline to tens of thousands of elderly and vulnerable people. The donation is helping the RVS's team of volunteers to support people to stay well at home and access the healthcare they need during the Covid-19 pandemic.

We encourage our employees to be actively involved in their local communities and many of our staff fund-raise or volunteer their time for charities, community groups and other local good causes. To support and encourage staff involvement, the Trust matches employee fundraising and volunteering.

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 care centre, for example, or the time many of our employees spend volunteering in local schools. The Trust also makes grants to employees who are members of a school parent teacher association or a school board of governors.

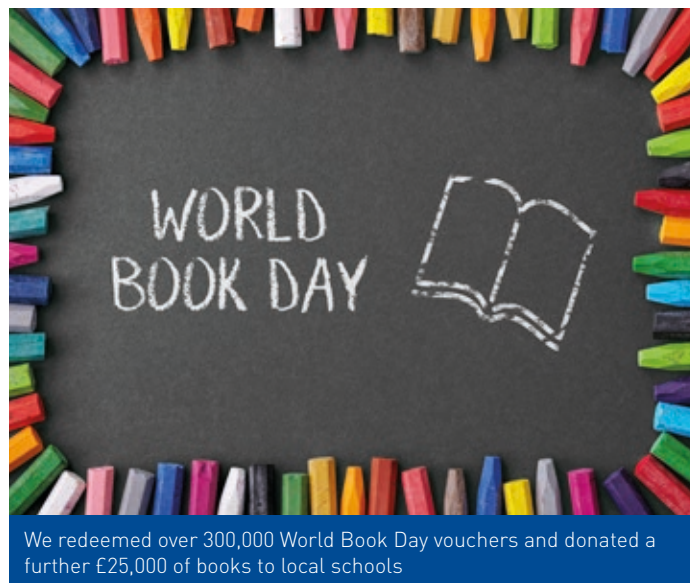
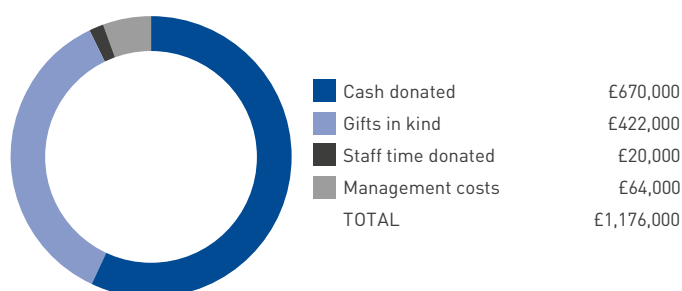
Community impact continued

Measuring our community investment

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

Community investment



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	£12.4M ^A	Target met
In the decade to 2020, staff and customer fundraising initiatives will have raised over £1.25m to support partner charities.	2010	£2.9M ^A	Target met
In the decade to 2020, we will have worked in partnership with the WHSmith Trust to help over 65,000 children discover the joy of reading.	2010	76,500 children have taken part in literacy projects	Target met

^A Reliability of the WHSmith totals for the selected sustainability performance data has been assured by Corporate Citizenship, as described on page 29.

Future commitments

	Issue	Our aim	We will	Measurement
Communities	Education and literacy	Help to develop reading and writing skills for those children that need it most, working in partnership with others.	Develop our partnership with the National Literacy Trust to reach more children struggling with reading or writing to develop their literacy skills.	Number of children reached through our programmes.
	Supporting local causes	To support charities and causes that matter to our customers, employees and the local communities where we operate.	<p>Give back to communities through charitable investment, awareness-raising and volunteering.</p> <p>Support volunteering and fundraising by our employees, to help projects and causes that matter to them most, by matching money raised or time volunteered.</p>	<p>Total value of donations by WHSmith and money raised by customers and employees.</p> <p>Total value of matched donations.</p>

Independent Assurance of WHSmith's Sustainability Report 2020

ISAE 3000 Statement

The nature of the assurance

Corporate Citizenship has been engaged by WHSmith to provide independent limited assurance of the data within its Sustainability Report 2020. This statement is intended specifically for the Directors of WHSmith.

The scope of the assurance includes the following topic areas:

- Sustainability governance
- Stakeholder engagement
- Materiality
- Greenhouse gas emissions
- Waste
- Paper sourcing
- Ethical trading
- Diversity
- Health and safety
- Community impact

The assurance covers the period from 1 September 2019 to 31 August 2020. WHSmith is entirely and solely responsible for the production and publication of the data assured, Corporate Citizenship for its assurance.

The data within the Sustainability Report primarily relates to all WHSmith directly-run operations (in Australia, France, Germany, Ireland, Italy, Qatar, the Netherlands, Singapore, Spain, the UK and the USA). Data for WHSmith's international joint venture stores and franchise operations are not in the scope of this 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.

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). 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.

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 August 2020 and was completed in October 2020. Detailed records were kept of meetings and correspondence relating to the assurance. The assurance process was undertaken by a multidisciplinary team of two, comprising of a Consultant and a Director. A second Director acted 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 to evaluate Completeness; and
- Meeting with and interviewing staff responsible for the development and delivery of the WHSmith Sustainability 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 representative sample 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.

It is a leading assurer of corporate responsibility and sustainability reports. This is the sixth 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

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 Δ in WHSmith's Sustainability Report 2020, is materially misstated.

Corporate Citizenship Limited,
London,
12 November 2020

Definitions of key performance indicators

This report, referred to as the WH Smith PLC Sustainability Report 2020, details the Group's sustainability performance for the year 1 September 2019 until 31 August 2020. This is issued alongside the WH Smith PLC Annual Report and Accounts 2020.

Some of the data reported is not exactly aligned to the year ended 31 August 2020 but is reported for a consistent period each year. Further details are provided in the table below.

Performance data in this report includes all of our directly-run operations (in Australia, France, Germany, Ireland, Italy, Qatar, the Netherlands, Singapore, Spain, the UK and the USA). Any exceptions are detailed in the table below. Performance data for joint venture and franchise operations are excluded from this report. Other variances in the reporting boundary are highlighted in the relevant section.

Our methodology for the reporting of carbon emissions has been developed using the following guidance: GHG Protocol (including the Corporate Standard and Scope 2 and 3 guidance documents); CDP guidance (including the 2020 Climate Change Responder's Pack and the Technical Note on Accounting of Scope 2 Emissions); and guidance from the Climate Disclosure Standards Board. We are also incorporating the recommendations of the Task Force on Climate-Related Financial Disclosure into our reporting, and further details on our climate-related governance, strategy, risk management and metrics and targets are provided in our Annual Report and Accounts 2020.

Environment

Total greenhouse gas emissions (Scope 1 and 2) (tonnes CO ₂ e)	The quantity of equivalent carbon dioxide emissions from the combustion of natural gas and from power stations generating the electricity which is used to power, light and heat stores, offices and distribution centres. These emissions are calculated from energy and fuel data and use conversion factors as explained below.
Scope 1 greenhouse gas emissions (tonnes CO ₂ e)	<p>The quantity of equivalent carbon dioxide emissions associated with the combustion of gas on our premises to heat stores, offices and distribution centres. We only use gas in the UK.</p> <p>These emissions are calculated from fuel data and use GHG emission conversion factors published by the UK Government for 2020.</p>
Scope 2 greenhouse gas emissions (tonnes CO ₂ e)	<p>The quantity of equivalent carbon dioxide emissions from power stations generating the electricity which is used to power, light and heat stores, offices and distribution centres.</p> <p>Greenhouse gas reporting guidance now recommends disclosure of two different Scope 2 emission values: one using a "location-based" method and one using a "market-based" method. The location-based method uses an average emissions factor that relates to the grid on which energy consumption occurs and is usually a country-level electricity emissions factor. The market-based method applies where supplier-specific information or energy certificates are available and uses an emissions factor specific to the electricity purchased.</p> <p>For our UK operations, location-based emissions are calculated from energy data multiplied by GHG emission conversion factors published by the UK Government for 2020. Location-based Scope 2 emissions for International operations have been estimated by multiplying the average electricity consumption for a UK travel store by the total number of stores in each country multiplied by the relevant GHG emission conversion factor for that country. We have used factors from internationally accepted sources.</p> <p>For our UK operations, market-based emissions are calculated by multiplying electricity consumption from our supplier npower, by the conversion factor provided for our particular contract and adding this to any non-renewable tariff electricity provided by landlords multiplied by the 2019 residual mix factor for the UK produced by the Association of Issuing Bodies. For International operations, we have taken estimated consumption for each country – calculated by taking average electricity consumption for a UK travel store and multiplying by the total number of stores in each country – and multiplying by residual difference figures where available. For countries where this data does not exist, we have used location-based factors.</p>

Definitions of key performance indicators continued

Scope 3 greenhouse gas emissions (tonnes CO ₂ e)	<p>The quantity of equivalent carbon dioxide emissions associated with:</p> <ul style="list-style-type: none"> Purchased goods and services and capital goods and services – estimated through macro-economic modelling using the Gross Domestic Product (GDP) of different sectors of the economy and carbon emissions associated with those sectors. The total carbon emissions of the sector are divided by the total GDP generated by the sector to produce an emission factor of x kgCO₂e/£ value. Emissions are based on sales for the calendar year 2019. An estimate for International stores was calculated by taking a proportion of UK-based emissions by using the ratio of revenue from International sales to UK sales. Fuel and energy-related activities – estimated by multiplying WHSmith fuel and energy consumption data by UK Government emission factors for 2020. International losses are assumed to take place at the same rate as for UK losses. Upstream transport and distribution – emissions have been included for inbound freight from suppliers to our distribution centres, for emissions related to the operation of third party warehouses and for deliveries from our distribution to stores or direct to customers. Emissions for inbound freight were calculated by multiplying the distance travelled for each container by emission factors for shipping and land transport provided by the UK Government for 2020. Emissions for third party warehouses were estimated from the floorspace area occupied by pallets stored by third parties and emission factors from the UK Government for 2020. Emissions for deliveries from distribution centres to stores were calculated using fuel data multiplied by the relevant UK Government emission factors for 2020. Emissions for deliveries from distribution centres to customers was calculated by multiplying delivery data by the relevant UK Government emission factors for 2020. An estimate for International stores was calculated by taking a proportion of UK-based emissions using the ratio of revenue from International sales to UK sales. Waste generated in operations – estimated by multiplying the tonnages of waste sent to landfill and for recycling by UK Government emission factors for 2020. This metric does not include UK or International Travel stores. Business travel – estimated by multiplying flight and rail mileage from travel agents and car mileage data from employee expense claims by UK Government emission factors for 2020. End of life treatment of sold product – estimated from tonnages of different categories of product sold and the proportion of material likely to be sent to landfill or for recycling. These values were then multiplied by UK Government emission factors for 2020. Emissions are based on sales for the calendar year 2019. An estimate for International stores was calculated by taking a proportion of UK-based emissions using the ratio of revenue from International sales to UK sales. An estimate for International stores was calculated by taking a proportion of UK-based emissions using the ratio of revenue from International sales to UK sales. <p>The estimation of Scope 3 emissions is a very approximate process and the values given are indicative estimates. They provide an indication of where the most significant emissions in our value chain arise to help us to target our action but should not be interpreted as exact values.</p>
Energy consumption (kWh)	<p>The amount of gas and electricity used to power, light and heat our stores, offices and distribution centres, expressed as an absolute value.</p> <p>Energy consumption for our directly-run International stores has been calculated by multiplying the average consumption for a UK travel store by the number of stores in non-UK markets.</p>
Greenhouse gas emissions intensity (kgCO ₂ e per 1000 sq ft)	The quantity of equivalent carbon dioxide emissions produced from the energy to power, light and heat each square foot of floor space in our stores, offices and distribution centres.
Fuel consumption (litres)	The amount of fuel used to power vehicles to transport products between our distribution centres and UK stores.
Greenhouse gas emissions per pallet moved (kgCO ₂ e)	The quantity of equivalent carbon dioxide emissions produced from the combustion of fuel during the transport of each pallet of product to our UK stores. Greenhouse gas emissions are calculated from fuel usage and use UK Government emission factors for 2020.

Definitions of key performance indicators continued

Total waste arisings – landfill (tonnes)	<p>The quantity of waste sent for disposal in landfill.</p> <p>Distribution centre, office and Biffa-managed UK High Street store waste is based on collections which occur during the year.</p> <p>Individual landfill bin weights are based on averages following a sampling exercise.</p> <p>The Biffa-managed High Street store waste is extrapolated to the remainder of the UK High Street estate where waste collection is handled by landlords and data is unavailable.</p> <p>The figure reported does not include the waste from Travel or International stores where waste disposal is controlled by landlords.</p>
Total waste arisings – recycled (tonnes)	<p>The quantity of waste collected for recycling.</p> <p>Distribution centre, office and Biffa-managed UK High Street store recycling is based on collections which occur during the year.</p> <p>Individual recycling bin weights are based on averages following a sampling exercise.</p> <p>The Biffa-managed High Street store waste is extrapolated to the remainder of the High Street estate where waste collection is handled by landlords and data is unavailable.</p> <p>The figure reported does not include any recycling waste from Travel or International stores where waste disposal is controlled by landlords.</p>

Responsible marketplace

Percentage of own brand stationery products which are certified 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 are delivered to WHSmith (including for UK or International stores) or sold by Funky Pigeon during the reporting year.</p>
Number of ethical trade improvement plans completed on time	<p>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. The data is for own-brand products supplied to the UK business and International stores.</p>

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 UK-based 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. Data is for the UK business only.
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. Data is for the UK business only.
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. Data is for the UK business only.

Definitions of key performance indicators continued

Community

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

Additional definitions

Employee	A person working directly for the Company and paid directly by the Company.
Own brand	Products that are branded WHSmith.



Find out more at whsmithplc.co.uk