

Upholding the rights of the people who grow, make, sell and buy our products

John Lewis Partnership
Human Rights & Modern Slavery Report 2015/16



Tackling Modern Slavery

Transparency in supply chains

The John Lewis Partnership welcomed the UK's Modern Slavery Act and the duty it places on businesses to disclose publicly the steps they are taking to tackle forced labour and human trafficking.

Our Founder, John Spedan Lewis, believed in a different way of doing business, one where every Partner (employee) has a voice in the business they co-own. He was a strong believer in justice and equality in the workplace and in business relations. He recognised the importance of acting with courtesy and kindness as an individual and as a corporate entity.

Victims of modern slavery experience some of the most severe breaches of human rights in the world today. This is irreconcilable with the values of the Partnership. We are committed to tackling this crime through effective due diligence and risk assessment, raising awareness of modern slavery and collaborating to protect the most vulnerable groups of people.

We believe that addressing modern slavery should be a core part of a business human rights strategy, so we are publishing this report to share our strategy and fulfil the reporting requirements set out in the Modern Slavery Act. The report scope includes the Partnership's two trading divisions – Waitrose and John Lewis. It includes details on our approach, actions and programmes to tackle modern slavery. Key elements are:

1) Policy and due diligence

We expect suppliers to meet the provisions set out in our Responsible Sourcing Code of Practice. This is aligned with the Ethical Trading Initiative (ETI) Base Code. The first provision of this code is that employment should be freely chosen. We have a due diligence process which assesses adherence to this code.

□□ See pages 15 and 16 for more details

2) Risk assessment

Modern slavery involves criminal activity and the signs can often be very subtle and difficult to identify, so audits can only get us so far. Therefore, we are going beyond a traditional auditing compliance approach by improving our understanding of where the risks are greatest and prioritising our activity accordingly. We have done this by engaging stakeholders, mapping our supply chains, using risk assessment tools such as Maplecroft and working with the Wilberforce Institute on Slavery and Emancipation (WISE) to assess risk in priority supply chains.

□□ See pages 8-11 for more details

3) Awareness and collaboration

We are members of Stronger Together and Fast Forward. These programmes raise awareness of issues such as forced labour, exploitative practices by labour providers and human trafficking. We are using the WISE assessments to develop specific projects to address key risks. We are also actively involved in a range of collaborative programmes tackling this issue such as Project Issara which is driving improvements in the Thai seafood industry.

□□ See pages 13 and 21 for more details

Business must play its part. However, combatting modern slavery effectively requires improved traceability, increased transparency and collaboration between statutory agencies, civil society organisations and the private sector. Together, we can make an even bigger difference in upholding human rights.



Tracey Killen
Director of Personnel
9 June 2016

Background to this report

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Respecting the rights of the people that we interact with has always been integral to the John Lewis Partnership.

In 2015, we carried out a detailed review of our approach to respecting human rights, drawing on stakeholder insight, the United Nations Guiding Principles on Business and Human Rights (UNGPs), and an analysis of our potential business impacts. An important part of this work has been the development of our strategic plan for the Ethical Trading Initiative (ETI), focussing on human rights and labour standards in our product supply chains.

This report discusses the human rights of our Partners, of customers and workers in our supply chain. Given the nature of retail supply chains and the challenges their complexity brings, we have focussed much of the report on workers in supply chains.

In this first year of reporting, we are concentrating on our direct own-brand supply chain. We also highlight work that we have done at lower tiers of the supply chain in categories and countries that present a risk of modern slavery such as European fresh produce and horticulture, and the Southeast Asian seafood sector. In future years, we will broaden our reporting to address other risk areas further down our supply chains, including raw materials.

 More information on Partners and customers can be found in our Annual Report and Accounts



Foreword

Today the Partnership looks very different from when our Founder, John Spedan Lewis, was at the helm. We now have 91,500 Partners working in shops, distribution centres and offices, and we operate through an omnichannel business model selling quality services and goods sourced from the UK and around the world.



While we are bigger and more diverse, the Principles and Rules set out in the Constitution that guides our business remain as relevant today as when they were first penned in 1928. They will continue to guide our business as we develop and adapt to societal, workplace and retail trends – from the growth of omnichannel, to the demand for radical transparency and the complexity of global supply chains.

When it comes to respecting human rights, retailers have a wide reach. Given the large number of workers, the seasonal variations in products and the complexity of global supply chains, retailers face many challenges. These have been highlighted in 2015 with the introduction of the Modern Slavery Act, which shone a light on the people around the world and in the UK who are suffering at the hands of human traffickers and unscrupulous employers.

Over the past year we have reviewed our approach to managing human rights and developed a strategy across the Partnership, which we are presenting publicly in this report. It sets out our clear commitment to go beyond a traditional auditing compliance approach and address the systemic issues of retail supply chains. There are no 'quick wins' in this area. It is complex and the potential challenges can feel insurmountable. Following careful analysis both within our operations and through stakeholder engagement, we believe we have identified some clear and sensible focus areas and ambitions for the coming years.

Much of the document is dedicated to our product supply chains because, given their global nature and complexity, this is where the greatest risks lie. However, our Partners and customers are also central to our strategy.

We believe that our ownership model gives us competitive advantage, as our Partners are empowered to provide our customers with the best service possible. While co-ownership is not for every business, we believe the principles of worker engagement should be. We are committed to promoting these principles through our supply chains.

We hope that you find this report interesting and welcome your feedback.

A handwritten signature in black ink, reading "Tracey Killen".

Tracey Killen
Director of Personnel



1928

Constitution
first penned



2015

The John Lewis Partnership
welcomed the introduction of
the Modern Slavery Act

External insight



"The prevalence of systemic issues in global supply chains has become all too clear in recent years. Effective due diligence, based on credible risk assessment, is needed if retailers are to address serious issues such as legal-but-low wages, sexual harassment and forced labour in their supply chains. Companies should also advocate for effective regulation, work with trade unions and ensure business practices are aligned with their sustainability policy. Over the past year we have welcomed the John Lewis Partnership's engagement with Oxfam and others to help shape its strategy. The next challenge is for the retailer, whose purpose and values are much admired, to deliver concrete improvements for workers against the priority areas identified, and report progress publicly."

Rachel Wilshaw
Ethical Trade Manager, Oxfam GB



"The Wilberforce Institute has reviewed the John Lewis Partnership's approach to tackling modern slavery. This is the first year of what is a longer term project to address labour and human rights issues in its supply chains. We believe the current approach provides a framework for supplier support that goes beyond social audits and takes a stakeholder approach to dealing with the issue. We look forward to continuing to support John Lewis and Waitrose with this project going forward."

John Oldfield
Director of the
Wilberforce Institute
for the Study of Slavery
and Emancipation

"Tackling modern slavery in supply chains is complex and challenging. The victims of this crime are often afraid to come forward and the risk indicators may go unnoticed. This is why the Stronger Together and Fast Forward programmes are bringing together organisations to raise awareness of modern slavery and to make available guidance and resources on how to identify it and how to prevent it. I welcome the active contributions that both Waitrose and John Lewis are making in this area. Only by collaborating and developing new ways to tackle this hidden crime can we really drive progress."

David Camp
Alliance HR

**stronger
together**
tackling modern slavery in supply chains

The Partnership

Acting with humanity

At the time John Spedan Lewis was building his experiment in industrial democracy – the John Lewis Partnership – the term ‘human rights’ was not in common use. However the visionary ideas, behaviours and beliefs which he pioneered bear a striking resemblance to the principles of respecting human rights that we recognise today.



In his book ‘Fairer Shares’ (1954) Spedan Lewis states that the Partnership should ensure that:

“In its pursuit of these business interests, the Partnership is influenced properly by considerations of humanity.”

The Partnership exists for the advantage of our Partners. As co-owners of the business, all of our Partners share in our success, but we also share in the responsibility to uphold the commitments set out in our Constitution. These outline our duty to our Partners, and also to the community at large especially our customers and suppliers. In this way, respecting human rights has always been a fundamental part of how the Partnership does business.

Download our Constitution:
www.johnlewispartnership.co.uk/about/our-constitution.html

We believe that by sharing knowledge and power with our Partners, we create a more successful business and a more satisfying place to work. Building on this ethos, a core part of our strategy is to promote the principles of worker engagement through our supply chain.

Engaging workers effectively and giving them an independent voice will provide them with an opportunity to shape and improve their working conditions in the areas that matter most to them.

The people we interact with

The societal and retail landscape is changing. Income and wealth distributions are becoming more polarised, life expectancy is increasing, technology continues to become more integrated into our lives and resource demand is increasing focus on climate change and the responsible use of raw materials.

Our two brands – Waitrose and John Lewis – are trusted by customers to bring them great value products and pay careful attention to quality, provenance and sustainability. To maintain this trust we depend on growers and farmers, producers and manufacturers, packers and drivers, suppliers and – of course – the Partners who serve our customers every day.

As we grow and develop as a business and predict and respond to external trends, we must strive to uphold the rights of the people with whom we interact.

We have carried out a comprehensive analysis of our operations and activities to better understand our potential areas of influence and impact.

We identified Partners, customers and workers in the supply chain as the groups where our sphere of influence is greatest. We have followed the UNGP Reporting Framework to analyse these groups, and have engaged stakeholders along the way to understand the challenges that they face and identify the most salient issues.

Based on this analysis, we have developed our strategy and plans to drive improvements in priority areas.

Salient human rights issues



Salient human rights issues are those that have the most severe potential negative impacts on human rights, whether this be the number of people who could be affected, the likelihood of the issue occurring, or the severity of the possible impacts.



The people we interact with

Salient human rights issues

Customers

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Information security

Protecting the personal information of our Partners and customers.

Responsible marketing

Marketing that is considerate of customer needs and wishes and protects vulnerable groups.

Health and safety

Protecting our Partners and customers at work and in our shops.

Partners

Page 7 >



Pay and progression

Enabling Partners to grow their pay and ensuring that strong performance is rewarded.

Engagement

Providing effective communication and democratic channels to Partners and supporting Partners to engage with their business.

Diversity and inclusion

Uniquely valuing every Partner and celebrating differences.



Workers in supply chains

Page 8 >



Worker engagement

Developing effective channels for workers to express their opinions and positively influence their working conditions.

Vulnerable workers

Protecting those workers who are most vulnerable to exploitation such as migrant, seasonal or female workers and addressing modern slavery.

Workers' wages

Wages should at least be enough to meet basic needs and provide some discretionary income.

Informal supply chains and smallholders

Protecting workers in informal and unregulated supply chains such as home workers, artisanal suppliers or smallholders.

Worker safety

Promoting strong health and safety practices to protect workers.

Our Partners

Upholding the rights of Partners through democracy, journalism, policies and support

We are the UK's largest co-owned company. Our Partners have a say in how the Partnership is run. Giving our Partners a voice is central to the principles of co-ownership. We do this through our democracy, as well as other channels such as our Partner Survey.



Since 1918, we have published a regular Partner magazine called the Gazette. Partners can use this to share their thoughts and concerns publicly and anonymously, and receive a response from the responsible business leaders.

Policies

We seek to recruit and retain people of talent and integrity. There is more to a job than just work and pay. Our policies and benefits help Partners achieve a work-life balance and therefore stay happy, healthy and committed to the Partnership. In 2015, we were recognised in recruitment specialist Randstad's survey of job seekers as the UK's most attractive employer. Our annual Partner Survey results suggest that Partner Advocacy remains high (92%), and Partners understand how their work contributes to the success of the Partnership (81%).

This year, we launched 'The 4Ps – a Manifesto for Change' with the overall objective of creating Better Jobs, Better Performing Partners and Better Pay for Partners. Initiatives set out in the manifesto under the banner of Performance, Productivity, Pay and Progression will better support Partners and our business as we face a rapidly changing retail sector.

Diversity and inclusion

We want the Partnership to be representative of the communities in which we operate. Where we see disparities in this, we take action. For example, BAME (Black, Asian and Minority Ethnic) people are well represented in our Partner population (comprising 15%, which is on a par with their representation in the general UK population). Currently 8.5% of the Partnership's management positions are held by BAME Partners, and at more senior levels the proportion is just 3.7%. To address this, we will focus on recruiting and developing BAME Partners to ensure promotion and equal opportunity.

Partner support

Our Registry Function is an independent part of the business which reports to our Chairman. More than 200 Partners work in Registry, and among other roles, it provides individual Partners with confidential support and advice.

Our Partner Support Team receive calls and emails from Partners. There are over 30 different categories of contacts, from business to personal issues. In 2015/16, the team received over 25,000 calls. 17% of contacts were retired Partners who have left the organisation and still have access to our support.

We have a dedicated Financial Assistance function which oversees grants and loans to Partners, usually to assist with cases of extreme hardship. These include illness, relationship breakdown, debt, funerals and many other factors that can affect Partners' lives. Where we can't help financially, we point Partners to other organisations that can offer free support and advice.

Engaging with our Partners through a range of different channels is central to our Constitution and is a key priority for our business. As we grow and adapt to changes in the retail environment, we will need to continue to assess the effectiveness of these channels and modify them where necessary so that our Partners have a clear voice in how our business is run.

More information on Partners can be found in our Annual Report and Accounts



25,000

Calls received by the Partner Support Team



Our supply chains

We rely on large, intricate and often complex supply chains to deliver high-quality products to our customers.



John Lewis has three main categories of products – home, fashion and electrical/technology. Product categories in Waitrose include: fresh produce; meat, fish, poultry and eggs; dairy; meal solutions; beers, wines and spirits; ambient; frozen; chilled and non-food.

The contrasting product profiles mean that the Waitrose and John Lewis supply chains are very different.

John Lewis sells over 100,000 own-brand products sourced from more than 50 countries, but predominantly manufactured in China, India and the UK.

Waitrose sells a smaller number of own-brand products approximately 10,500 sourced from more than 70 countries; many of these products are seasonal. The annual sourcing cycle needs to be carefully managed and contingencies need to be in place. The number of supply chain workers varies from country to country and season to season.

Figure 1: The Waitrose grape sourcing cycle . An example of a seasonal supply chain

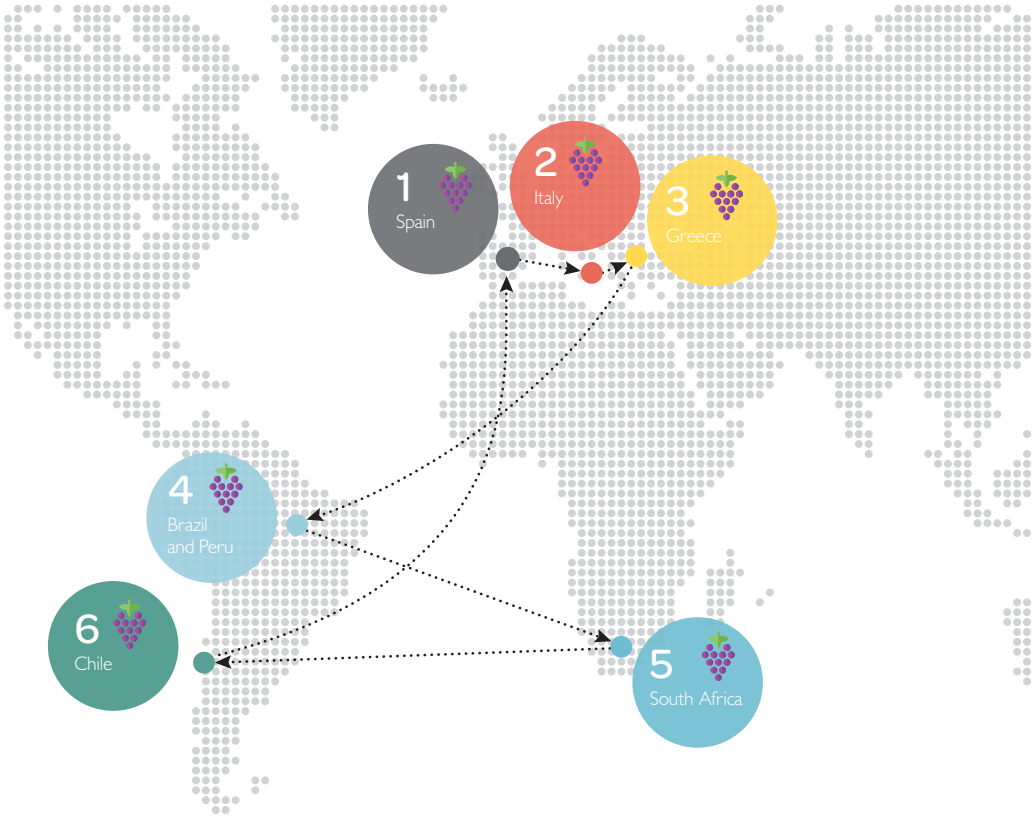


Figure 2: The cotton supply chain

Traceability is challenging through multi-tiered supply chains, such as the cotton supply chain where we are working with organisations such as the Better Cotton Initiative to establish better traceability and improve sustainability through these complex supply chains.



Our supply chains

Figure 3: Top sourcing countries for Waitrose and John Lewis



Driving improvements in priority areas

There is a growing body of evidence suggesting that there are deep-rooted and systemic issues for workers in many countries of the world. The problems are complex and this means the solutions must go beyond a traditional auditing compliance approach. The John Lewis Partnership has a robust due diligence process which is set out on pages 15 and 16.

We are committed to collaborating with suppliers and other stakeholders to raise labour standards, improve working conditions and create fairly rewarded employment. We believe worker engagement is a central principle in understanding issues and human rights.

John Lewis

John Lewis is developing programmes and projects focussing on our top three sourcing countries:

To better understand our supply base, we use a range of external insight including the Maplecroft Global Risk Tools, United Nations Human Rights and Business Dilemmas Forum, and International Trade Union Conference Global Rights Index. We gain valuable insight through industry reports and ongoing dialogue with stakeholders. We also have Partners on the ground in our regional sourcing office in Delhi who are responsible for our auditing compliance programme in India, and can build stronger face-to-face relationships with factories.

This analysis has helped us to identify underlying trends in our supply base. It has led to the development of programmes to drive improvements in priority areas where human rights risks are significant, and where we can have the greatest impact.

The programmes are explained in detail on pages 12-14 and are summarised in the following tables.

China 	To champion worker engagement and improved worker/manager dialogue.	We want to engage 1,000 workers in the first year of a worker/manager dialogue pilot programme to help break down barriers to communicating effectively with workers.	Find out more on page 12.
India 	To drive health and safety best practice.	We want to deliver health and safety capacity building training to factory managers in India.	Find out more on page 14.
UK 	To protect workers in our UK furniture supply base through employment practice best practice training.	The UK is an important sourcing country for our furniture products. We want to engage with 2,000 workers in our UK furniture supply base in the first year of the project through surveys and workplace training to improve their experience of being at work.	Find out more on page 13.

Ethical Trading Initiative



The Ethical Trading Initiative (ETI) brings corporate, trade union and voluntary sector members together in a unique alliance to tackle collectively many ethical trading issues that cannot be addressed by individual companies working alone. Waitrose and John Lewis are active members, contributing to working groups and reporting our performance annually. All corporate members agree to adopt the ETI's Base Code of Labour Practice, which is based on the standards of the International Labour Organization (ILO).

Driving improvements in priority areas

Waitrose

Waitrose has identified four priority areas.

Fresh produce and horticulture supply chains in the UK, Spain and Italy



To continue to improve insight into labour standards and develop collaborative projects with strategic suppliers to tackle root causes.

- Collaborating with the Wilberforce Institute on Slavery and Emancipation to carry out modern slavery risk assessments
- Contributing to multi-stakeholder initiatives such as Stronger Together and supplier ethical trade forums in Spain

[Find out more on page 13.](#)

Fresh produce and horticulture in other key sourcing countries



To build on the success of the Waitrose Foundation by increasing its impact on worker and community livelihoods and introducing the Foundation into other sourcing countries.

- Identifying priority sourcing countries into which we can expand the Foundation
- Building on our existing Waitrose Foundation approach, addressing salient human rights issues
- Developing bespoke programmes between Fairtrade and the Waitrose Foundation

[Find out more on page 12.](#)

Commodities such as coffee, tea, chocolate and sugar



To increase the volume of Fairtrade products we sell and strengthen supply chains to reduce vulnerability of farmers and workers and to increase their income.

- Completing our long-term project to achieve Fairtrade certification in 100% of own-label tea, coffee and cocoa
- Developing key supply chain programmes with Fairtrade

[Find out more on page 14.](#)

Meal solutions and meat, poultry, fish and eggs



To work collaboratively with strategic suppliers and NGOs across these supply chains.

- Developing a pilot project to focus on meal solutions and/or meat, poultry, fish and eggs supply chains
- Supporting multi-stakeholder initiatives such as Project Issara and other industry working groups
- Supporting the Seafish Seafood Ethics Common Language Group, which brings together all sectors of the seafood supply chain to provide a collective response to growing concerns regarding unethical practices within the global seafood market

[Find out more on pages 13 and 21.](#)

Programmes addressing salient supply chain issues

We believe that engaged workers are more productive, are able to create long-term solutions and foster a culture promoting rights and responsibilities. Engaging workers in the supply chain effectively and giving them a clear voice will enable them to shape and improve their working conditions in the areas that matter the most to them. We are committed to promoting these principles through our supply chain. Here are some examples of our work in this area.

Worker engagement

The Waitrose Foundation

The Waitrose Foundation is a supply chain collaboration that promotes worker engagement within key fresh produce supply chains.

A percentage of profits from the sale of products from Waitrose Foundation farms is returned to the communities in which these are grown. These fund locally-led development programmes, chosen by the farmers and smallholders who grow the Waitrose Foundation products through worker committees.

The Waitrose Foundation involves over 70 seasonal products sourced from South Africa, Kenya and Ghana. The Foundation has delivered hundreds of programmes in the areas of sustainable livelihoods, education and health, as well as promoting careers in agriculture. It has benefitted approximately 100,000 people within our fresh produce supply chains. In the past three years, Waitrose exporters, importers and growers have invested over £2.5m

As we develop the Foundation model further, rolling it out into other strategic supply chain countries and product categories – such as pineapples in Costa Rica – we will address salient human rights issues.

Thai Seafood Industry

One of the ways that we are driving improvements in labour standards in the Thai seafood sector is through Project Issara (www.projectissara.org). This is a public-private sector alliance, which was launched in Thailand in January 2014 by a team of former UN anti-trafficking experts. Their goal was to tackle human trafficking in Southeast Asia's export oriented industries and supply chains – and specifically Thai seafood.

Part of the approach has included a nationwide multilingual hotline, factory assessments and solutions to eliminate risks of trafficking and forced labour from supplier workplaces. The project also runs a victim support fund.

Since its launch, the team has reached 3.8 million migrants through awareness raising, more than 9,000 workers have been impacted through workplace assessments and over 4,600 workers have been directly impacted by actions taken in response to Issara assessments to eliminate forced labour. They predict that over 5,000 calls will be received by the multilingual hotline in 2016. Through Project Issara we have increased our understanding of specific human rights risks in our supply chain and have worked closely with the Issara team and our suppliers to tackle the issues.

Employee Engagement in China

Worker engagement in China is a challenging issue. John Lewis is developing a pilot programme using improved worker-manager dialogue to break down barriers to communicating with workers and improve factory efficiencies. The pilot will include:

- Training for workers and managers on their rights, workplace grievance mechanisms and the benefits of good worker-manager dialogue
- Establishing worker representation in factories to facilitate dialogue
- Monitoring and reviewing to evaluate improvements and plan the next phase.

Through this programme we hope to reach 1,000 workers in the first year from the launch of the project. We will use our findings to drive improvements for more workers.

Programmes addressing salient supply chain issues

Vulnerable workers

Identification and support for vulnerable workers is a key priority for the Partnership. Within temporary, migrant and seasonal worker populations there are risks of forced labour and human trafficking – sometimes referred to as modern slavery. This issue has been highlighted in the UK with the introduction of the Modern Slavery Act, and the associated Transparency in Supply Chains clause.

We have clear due diligence processes in place as explained on pages 15 and 16. However, as modern slavery involves criminal activity and the signs can often be very subtle and difficult to identify, audits can only get us so far. Therefore we have worked with the Wilberforce Institute on Slavery and Emancipation (WISE) from Hull University to better understand potential risks in fresh produce and horticulture supply chains and contract and agency workers.

Fresh produce and horticulture

Given the seasonal nature of many products in the fresh produce and horticulture category, farms often rely on seasonal and migrant workers. Following an initial assessment of all sourcing countries in this category, WISE is carrying out detailed modern slavery assessments within Waitrose's UK, Italian and Spanish supply chains. It is reviewing current supplier and grower ethical sourcing management systems, policies and risk management tools. The research will identify challenges faced by suppliers and workers at industry and country levels. We will use this analysis to develop programmes with strategic suppliers to tackle root causes and raise awareness of modern slavery.

Contract and agency workers

As a business, contract and agency workers work alongside our Partners in a number of different parts of the business, such as distribution where we have peaks in demand at certain times of the year. We asked WISE to carry out an assessment of these supply chains. The assessment involved:

- A review of policies, procedures and management systems to manage providers of agency workers
- Examination of recruitment processes including procedures to ensure forced labour does not take place
- On-site risk assessment involving worker interviews based on social audits and Stronger Together questioning.

We are using this information to share best practice across the business and strengthen our work in this area.

Awareness of Modern Slavery

We recognise that modern slavery is not an issue we can tackle on our own and we therefore support a number of collaborative initiatives, where we can use our collective influence to drive change.

Waitrose has supported the Stronger Together Initiative for a number of years. Approximately 250 of Waitrose's supplier delegates have attended workshops to raise their understanding of issues such as forced labour, exploitative practices by labour providers, human trafficking, and the role of organisations such as the Gangmasters Licensing Authority.

The UK is a major source of products for John Lewis and our supply base is well-established. Alongside a number of UK brands, we are founding members of a new collaborative initiative, called Fast Forward. This aims to measure and improve labour standards, drive transparency, prevent exploitation and provide access to remedy for vulnerable workers in the supply chain. This programme involves a detailed workplace assessment for UK factories to uncover where gaps exist in applying UK law and developing tailored improvement plans.

John Lewis will be delivering training workshops to a number of UK suppliers. These will provide best practice guidance for complying with UK employment law including the Modern Slavery Act. Suppliers will have access to a toolkit of information and resources supporting them in adopting this in their businesses.

We will also be working with UK furniture suppliers and their factories to identify issues affecting workers. We will undertake confidential worker surveys to improve engagement with employees and support suppliers by developing tools that move beyond legal compliance to improve conditions for workers.

Stronger Together



Stronger Together is a multi-stakeholder initiative aiming to address modern slavery in agricultural supply chains, particularly hidden forced labour, labour trafficking and other third-party exploitation of workers. The initiative provides guidance documents, videos, good practice toolkits, posters, leaflets and a network for employers, labour providers, workers and their representatives to reduce exploitation.

More information: stronger2gether.org



Programmes addressing salient supply chain issues

Worker safety

Providing safe working environments is central to the ETI Base Code, and is an important part of the Partnership's due diligence programme.

Insight from John Lewis auditing data has shown that this is an area for improvement in India. Therefore John Lewis plans to deliver 'response based' health and safety capacity building training to factory managers. Evidence shows that this type of learning delivers a better educational experience and improved results. The pilot will initially focus on 10 factories, providing best practice training to improve understanding of health and safety. We expect to impact 1,000 workers.

Health and Safety is also a priority in Waitrose, and is assessed through the Waitrose Farm Assessment. We began this initiative in 2011 to survey all our fresh produce farms. We wanted to understand the sustainability challenges that they face, and best practice in farm management.



Informal supply chains and smallholders

Workers in informal supply chains are often very vulnerable as their irregular employment status makes visibility of their working conditions more difficult. This means that they may face challenging working conditions.

John Lewis established the Varanasi Rug Suppliers group in 2007 to improve working conditions in handmade rug weaving units. This group is now led by our suppliers. There are around 20 supplier members. Working with an on-the-ground expert they have developed mapping tools to investigate their supply chains and understand the issues that workers face. Based on this insight they are implementing solutions to improve working conditions.

Waitrose has been supporting smallholders in the Tanzanian tea industry. We have been working with tea supplier Ringtons and the Lorna Young Foundation to improve sustainable tea production in southern Tanzania. The project engages tea growers through educational radio programmes, and is now a regular part of the Rungwe tea growers community radio. Serving approximately 15,000 growers, the broadcasts improve communication on policies, priorities, market demands and technical requirements between the central factory and the remote smallholder producers.

More information on Lorna Young Foundation: www.lyf.org.uk

Worker wages

Our Responsible Sourcing Code of Practice is aligned to the ETI Base Code which has a strong focus on wages in supply chains. We understand the challenges and are actively engaged in industry forums and initiatives to understand the barriers facing suppliers in this area. For example, we have been involved in the Ethical Tea Partnership's living wage programmes in Malawi, Assam and Indonesia.

Waitrose has been a key partner of the Fairtrade Foundation for the last decade. Our own-brand brown sugar, bananas, free myWaitrose coffee plus the majority of our tea, coffee and block chocolate are Fairtrade certified.

At the end of 2014, Waitrose established a strategic partnership with Fairtrade. Together we are analysing wages in the banana plantations in the Dominican Republic, and this will also be a key focus of this new partnership across more of our supply chains.

In addition to this, through the Waitrose Foundation and Fairtrade, we aim to improve the livelihoods of workers. We aim to do this by creating opportunities to generate income through entrepreneurial activities, community gardens to grow food and low-interest financial support. Through this kind of community development and investment, we are able to complement workers' incomes and build sustainable livelihoods.

"The developing partnership between Waitrose and the Fairtrade Foundation, with its increasing focus on human rights and worker voice in our common supply chains, is a vital step in working towards our vision of a world where farmers and workers have a greater share of the value from the products they produce. It is essential in moving them towards earning a living income that provides them with a sustainable, dignified livelihood. I am delighted that Waitrose and Fairtrade are working together towards a fairer world for the farmers and producers on which we all rely."

Michael Gidney
Chief Executive Fairtrade Foundation



Supply chain due diligence

Waitrose and John Lewis have established due diligence programmes on which our improvement programmes are built.

1) Expertise and Policy

Waitrose and John Lewis have in-house teams of ethical trading experts who analyse our supply chains, and develop and implement our ethical trading policies and strategies. Our Responsible Sourcing Code of Practice is aligned with the ETI Base Code, which is based on the International Labour Organization's core conventions. We expect all of our suppliers to meet the provisions and have monitoring and auditing programmes to assess adherence to this Code. Our Code strictly prohibits forced labour of any kind.

2) Supplier approval

Waitrose and John Lewis have clear processes in place for supplier approval.

Our Waitrose policy is that, all final packing and production sites need to register on Sedex (The Supplier Ethical Data Exchange). They must declare details of their labour practices before they can start to supply us. We assess human rights risk in our supply chain using independent risk data such as the Maplecroft global risk tools. Any sites assessed as high-risk are required to have an independent ethical audit.

John Lewis has over 700 suppliers sourcing products from more than 1,400 factories in over 50 countries. In 2015 almost 1,000 audits were carried out as part of our due diligence process.

Waitrose has almost 1,400 final packing and production sites supplying products to our shops. Of these sites, just under 20% are operating in countries that we have assessed as being high risk for human rights and working conditions. As such, in addition to our usual checks, they are required to share independent ethical audits with Waitrose as part of our due diligence process.

Analysis of these audits shows that the main areas being addressed through the corrective action plans are around health, safety and hygiene, accommodation, wages and working hours. We know that audits can't always capture all of the issues workers may face, therefore we have improvement plans to address priority issues, which are presented on pages 10-11.

In addition to the final packing and production sites, Waitrose has a Farm Assessment which assesses the sustainability of our growers biannually. Our third round of assessments is underway and has been strengthened in its assessment of ethical standards and human rights. This will give us greater visibility further down our supply chains.

John Lewis has a 'no-audit no order' policy. This means that any factory, irrespective of its risk profile, needs to have an independent audit carried out and meet our minimum requirements before they can start supplying us with products.

Our audit standards



Our preferred audit standard is the Sedex Members Ethical Trade Audit (SMETA). This standard was developed through multi-stakeholder consultation to provide a best practice framework for social auditing and reporting.

3) Rating and monitoring

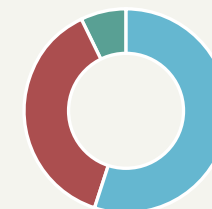
We analyse the outcomes of the audits and rate our suppliers based on the number and severity of issues identified. Suppliers work through time-bound corrective action plans to address any issues raised. If suppliers are unwilling or unable to address these action plans within the timeframes, we would initiate a formal business review which could result in suspending or terminating supply.

4) Training

In 2015 approximately 400 Partners in buying and quality, technical and other roles completed training to raise awareness of responsible sourcing and our policies in this area. John Lewis has an established mandatory training programme, and Waitrose has recently launched its own mandatory training module. In addition, our ethical trading experts provide ongoing support and advice.

Human rights risks vary from country to country. During 2015, John Lewis mapped out risks using a number of global activity indicators such as the United Nations Human Rights and Business Dilemmas Forum and the International Trade Union Conference Global Rights Index. We used these insights to develop factsheets for different sourcing countries. These summary documents raise awareness of human rights across the business and allow informed sourcing decisions to be made. An example of these factsheets is shown on Figure 4, page 17.

Figure 3: Areas being addressed through Waitrose supplier corrective action plans



- Health and safety, hygiene and accommodation
- Wages and working hours
- Other issues

Supply chain due diligence

5) Responding to concerns

If alerted to a concern in our supply chains, either through our own due diligence or a third party, both John Lewis and Waitrose have a formal management process led by our ethical trading experts which they would follow.

- Engage stakeholders – Including buying and technical teams, suppliers and, where appropriate, the ETI and British Retail Consortium (BRC).
- Investigate allegations – Work swiftly to understand the situation and assess the allegations. This might include sending independent auditors to carry out an assessment and speak with the workers involved.
- Develop a clear remediation plan – Depending on the output of the investigations the issue would be escalated to an appropriate Director within the business and a clear time-bound action plan would be put in place. Plans can involve corrective actions, temporary suspension of supply, collaborative programmes to drive improvements and follow-up monitoring. Throughout this process, workers remain central to the response plan. Wherever possible we would work with our suppliers to improve conditions for workers involved and consider the permanent de-listing of suppliers as the last resort.

Case study 1

In 2015, issues around worker management, accommodation provided and workplace practices were raised by our audits and a third party at a fruit farm in the UK which supplied a number of leading supermarkets including Waitrose. Two senior Waitrose managers visited the farm and a full review was conducted to investigate the allegations, which included worker interviews by an ethical trading specialist and documentation review.

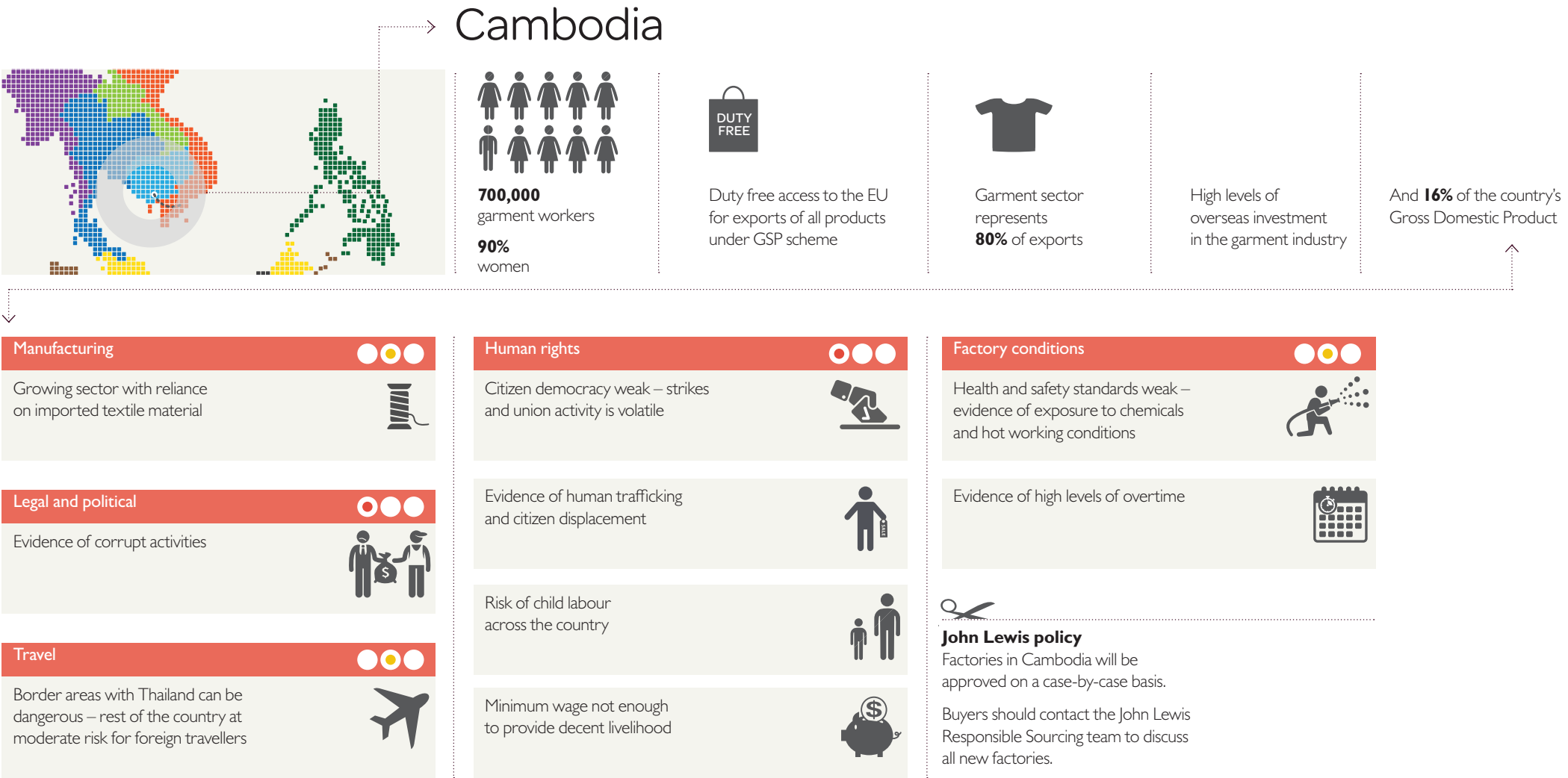
The findings resulted in Waitrose suspending supply temporarily whilst we understood all the factors at play and engaged with the Ethical Trading Initiative. We then used our influence to ensure a robust remediation plan was developed to address gaps in management systems and to improve worker welfare. Once this was in place we re-commenced supply and this plan is now being implemented and monitored. The plan included the introduction of a worker committee, which is being established and trained by an independent expert and third-party guidance on living accommodation at the farm.

Case study 2

Evidence of illegal and unethical practices came to light in a factory supplying John Lewis in 2013. We launched an immediate investigation which resulted in the supplier terminating the contract with the factory. We also co-operated fully with the police throughout the investigation and court proceedings. Since this was uncovered, we have been increasing our understanding of these issues by working with specialist human rights NGOs and placing greater emphasis on the issue of worker exploitation and trafficking in our audit process.

Supply chain due diligence

Figure 4: Example of country factsheet on Cambodia, to engage John Lewis internal teams on potential issues in this sourcing country, based on external insights.



Customers

Trust in our brands and the loyalty of our customers are integral to our success as a business. We therefore carefully monitor and manage the information we hold, our approach to marketing and health and safety.



Information security

We recognise information security as a key risk and it is an ongoing area of investment. We work to minimise the risks of breaches of Partner or customer data due to the increasing external threat of an information security breach or cyber attack.

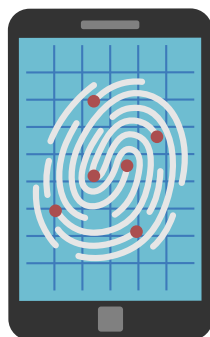
We have policies, procedures and IT security controls in place, including network security, detection systems, Partner training and regular testing.

We have dedicated IT security teams who help detect and prevent data breaches. We also work with third-party IT security experts and industry groups to apply industry good practice, and to regularly test our systems' defences against potential cyber threats.

In 2015 we enhanced these systems and controls and have improved resilience. We now have more regular and sophisticated security testing and improved Partner awareness of the risks. We have also appointed a Data Privacy and Information Security Officer.

We will continue to implement data and IT Security improvement programmes across the Partnership in 2016 and progress will be regularly monitored through our governance systems.

 More information on our controls can be found in our Annual Report and Accounts.



Responsible marketing

Marketing our products responsibly is about being considerate of our customers' needs and wishes, and making sure that we protect any vulnerable groups of people. We look to provide our customers with a great choice of good value products. We want to provide them with honest and balanced information about the products that they buy from us, so they can make informed purchasing decisions.

We work to adhere to the Advertising Standards Authority Code of Practice and other relevant industry codes. Our marketing strategies for children's products are aimed at parents and guardians and not children themselves.

In our food ranges we endeavour to ensure that the information contained on the labels is clear and accurate, and in line with the requirements of the Food Information Regulation, Food Information to Consumers Regulations, and the Consumer Protection from Unfair Trading Regulations (2008).

We have made several commitments under the Department of Health's Public Health Responsibility Deal, with alcohol being an important area. In addition to these pledges, we are developing a new Alcohol Policy for Waitrose which will further strengthen our controls around the responsible sale of alcohol.

Health and safety

We work hard to provide a safe environment in which our Partners can work and our customers can shop. Our health and safety policy sets out clear risk management procedures. We prioritise health and safety risks in our shops and take action to mitigate these risks.

We monitor adherence to the policy by assessing any changes in risk level, analysing incident data and commissioning independent audits into our processes. These insights are reported up to the relevant risk committees.

Training is another important part of our health and safety management. This is delivered through a range of processes, including qualifications for relevant Partners, procedures training in shops and online, and briefings, workshops and face-to-face training for responsible Partners.

Governance

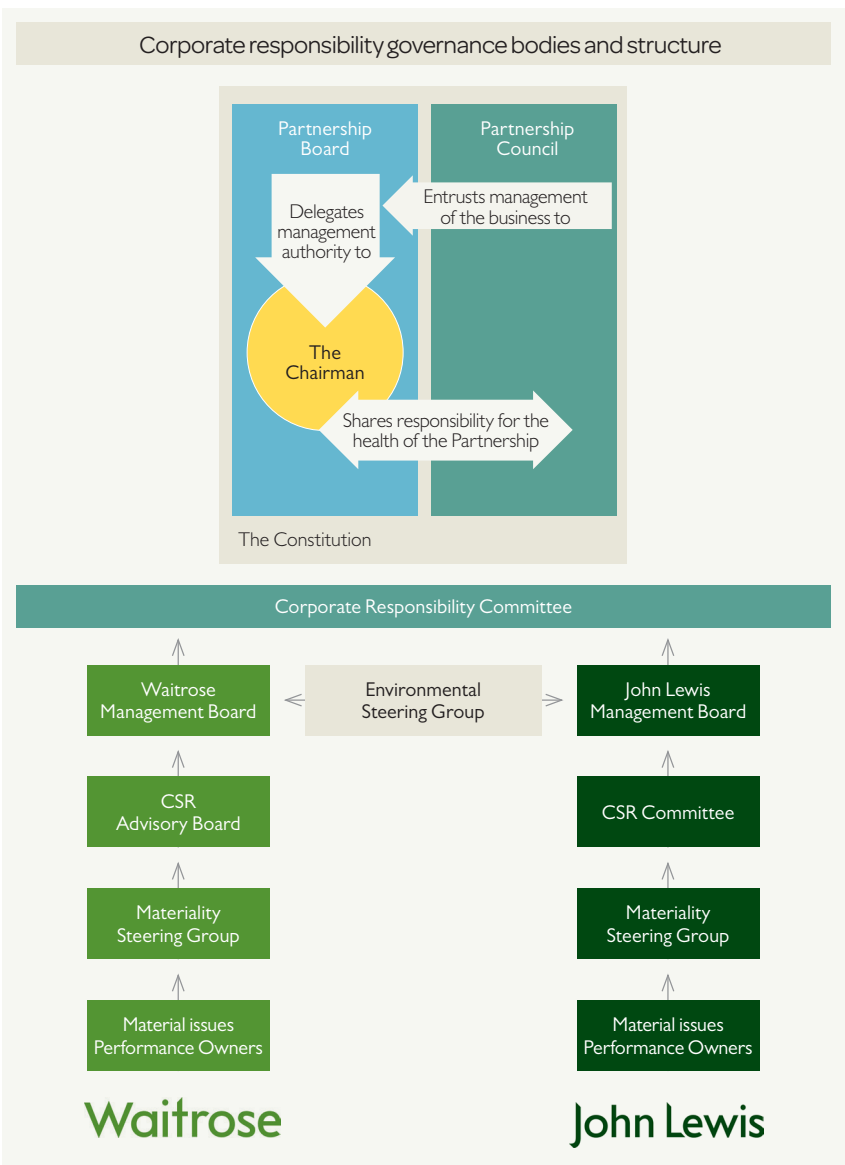
We have formal governance processes and committees in place for overseeing our corporate responsibilities, including human rights.

In 2015, our new Corporate Responsibility Committee reviewed our human rights strategy with a particular focus on workers in the supply chain.

In February 2016, we provided an in-depth training session on human rights to our Corporate Responsibility Committee, with expert input from the ETI. The objective was to build a deeper understanding of this policy area so that they can provide informed oversight of our strategy and activities.

Salient customer issues such as information security are overseen by our Audit and Risk Committee.

These committees ensure that our performance and approach is considered at the highest level of the Partnership.



Stakeholder engagement

We engaged extensively with stakeholders in 2015

“GLA will work tirelessly with the John Lewis Partnership to eradicate modern slavery and will partner in new and innovative ways to ensure workers across all supply chains are protected.”

Paul Broadbent
Chief Executive of the
Gangmasters Licensing Authority (GLA)

Rights holders

Hearing from those people whose rights we are working to uphold is essential if our strategies and programmes are to be successful. We receive formal and informal feedback from Partners through our democratic structure, Registry function, in-house journalism and Partner Survey. Our customers provide feedback regularly through our customer service function. We are committed to championing the principles of worker engagement through our supply chains, and worker feedback is an integral part of our supply chain programmes as set out in this report.



Experts

In November 2015, we held a stakeholder breakfast to discuss our analysis and strategic priorities. Participants included Oxfam, Christian Aid, CAFOD, BT, Unilever and the Gangmasters Licensing Authority, among others. We used the feedback from these groups to refine our strategy and feed into our programme development. A key piece of insight was the link between worker engagement and vulnerable workers. It is important that any worker engagement mechanisms ensure that the most vulnerable workers are represented and do not reinforce any hierarchies that may exist in the workplace and community at large.

Collaboration

Through our work with organisations like the ETI, we contribute to collaborative projects which are driving improvements for workers across our supply chains. A list of the areas on which we collaborate is outlined on page 21.

Thought leadership

We have shared our strategy and reporting approach on public platforms, such as the annual ETI conference. We were also interviewed as part of an ETI/Ashridge University research project on modern slavery.

Suppliers

We have shared our strategies with a wide range of suppliers setting out our expectations and looking for collaborative opportunities. For example, at our Waitrose supplier conferences, Waitrose's Commercial Director emphasised the Company's responsible sourcing priorities. We have also provided advice to suppliers on how they can improve their ethical trading plans.



Collaborative groups

Here is a summary of the groups that we contribute to.

- ETI Accountability Advisory Group
- BRC Responsible Sourcing Group
- BRC Ethical Labour Working Group
- ETI Vietnam Furniture Suppliers Working Group
- ILO Better Work Programme
- Stronger Together
- Moroccan Strawberry Group (Oxfam and the ETI)
- ETI Thai Seafood Working Group
- ETI Peruvian Fruit and Vegetable Working Group
- ETI Vulnerable Workers Working Group
- Waitrose Foundation Boards in Ghana, Kenya, South Africa
- ETI Italian Tomato Project
- Supplier Ethical Trade Forums in Spain
- Project Issara
- DFID Youth Engagement Programme South Africa
- Fast Forward
- Bangladesh Accord
- Gangmasters Licensing Authority
- UNICEF Child's Rights Training Programme

Relevant policies

Human rights statement

Personnel policies

- Anti-bullying and harassment
- Diversity and inclusion
- Equal opportunities
- Grievance policy
- Information security policies
- Performance appraisals policy
- Whistleblowing

Customer policies

- Customer information assurance policy
- Data protection policy
- Data retention policy

Supply chain

- Responsible Sourcing Code of Practice
- Procurement policies



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Transparency in supply chains guidance

Modern Slavery Act

Organisation's structure, its business and its supply chains	See Annual Report and Accounts and pages 6, 8 and 9
Policies	Pages 1, 15, 16 and 21
Due diligence	Pages 15 and 16
Risk areas	Pages 6, 13 and 14
Steps taken	Pages 13 and 14
Effectiveness of steps	Pages 13 and 14
Training and capacity building	Pages 13 and 14

UN Guiding Principles Reporting Framework Index

A1	What does the Company say publicly about its commitment to respect human rights?	This report Human Rights Statement Annual Report and Accounts Responsible Sourcing Code of Practice
A2	How does the Company demonstrate the importance it attaches to the implementation of its human rights commitment?	This report Annual Report and Accounts
B1	Statement of salient issues	Pages 12, 13 and 14
B2	Determination of salient issues	Pages 5, 6, 8 and 10
B3	Choice of focal geographies	Pages 8, 9, 10 and 11
C1	Does the Company have any specific policies that address its salient human rights issues and, if so, what are they?	Page 21
C2	What is the Company's approach to engagement with stakeholders in relation to each salient human rights issue?	Page 20
C3	How does the Company identify any changes in the nature of each salient human rights issue over time?	Pages 5, 6, 8 and 10
C4	How does the Company integrate its findings about each salient human rights issue into its decision-making processes and actions?	Page 19
C5	How does the Company know if its efforts to address each salient human rights issue are effective in practice?	Throughout report
C6	How does the Company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	Pages 15 and 16