

Strategy Delivery

Marketplace: Operate a responsible supply chain and develop ethical trade

CHALLENGES	RISKS	OPPORTUNITIES
<p>Supply Chain Partnerships: 80% of UK shoppers expect businesses to constantly check their suppliers are acting responsibly towards the environment.¹</p> <p>Developing a sustainable business requires the full involvement of all our suppliers of branded products and goods not for resale.</p>	<ul style="list-style-type: none">- Reputational risk of partnering with suppliers who do not share our values and principles, e.g. not adhering to the Bribery Act- Unable to fulfil our Corporate Responsibility objectives if our suppliers are not committed to implementing more sustainable practices	<ul style="list-style-type: none">- Make a positive contribution towards securing the long-term sustainability of our suppliers- Enable us to meet our medium and long-term Corporate Responsibility objectives
<p>Encourage Sustainable Behaviour: The economic downturn has not dented customers' desire to minimise their impact on the environment and their spend on ethical products.²</p>	<ul style="list-style-type: none">- Reputational risk through perceived lack of interest or understanding of customers' environmental concerns and needs- Difficult to fulfil our Corporate Responsibility objectives if our customers are not willing to adopt more environmentally sustainable lifestyles	<ul style="list-style-type: none">- Make a positive impact in our communities by helping them to adopt more sustainable lifestyles and save money- Build customer loyalty- Increase our sales of environmentally friendly products
<p>Local Sourcing: Customer demand for locally sourced products is growing - it supports local economies and reduces transport miles.³</p>	<ul style="list-style-type: none">- Not meeting customer expectations regarding availability of locally sourced products in our stores- Commercial pressure to sell cheaper imported products will supersede the Corporate Responsibility commitment	<ul style="list-style-type: none">- Enhance reputation as a business which supports local suppliers and the local economy in which it trades- Reduce transport miles

¹ IGD ShopperVista Environmental Sustainability 2011

² YouGov Sixth Sense Ethical Living Research 2011

³ YouGov Sixth Sense Food Provenance 2012

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Environment: Reduce our negative and increase our positive impact on the environment

CHALLENGES	RISKS	OPPORTUNITIES
<p>Carbon Reduction: An increasing need to monitor and reduce carbon emissions due to regulation, media and public scrutiny and increasing energy prices.</p>	<ul style="list-style-type: none">- Reputational risk through perceived lack of intent and / or action leading to a potential loss of sales- Increased operational costs due to climate change levies- Increased operational costs due to increasing energy prices	<ul style="list-style-type: none">- Improve the energy efficiency of our properties- Focus on reducing direct emissions as well as seeking ways to tackle indirect emissions via suppliers- Reduce operational costs
<p>Waste Prevention: 2% of UK business profits are lost through the inefficient use of resources.¹</p> <p>The concept of waste as a valuable resource to be reused means we need to move beyond waste reduction to actively eliminating waste from the supply chain.</p>	<ul style="list-style-type: none">- Rising general business costs- Negative customer and other stakeholder perception if no targets are set	<ul style="list-style-type: none">- Work collaboratively across the supply chain to rethink waste, reducing and designing it out of our business- Embed our waste prevention plan throughout the business- Reduce operational costs
<p>Preserve Natural Resources: The world population is consuming 50% more natural resources globally than the planet can sustainably produce.²</p>	<ul style="list-style-type: none">- Rising raw material costs- Reputational risk through perceived lack of engagement with addressing the issue of finite resources- Scarcity of supply	<ul style="list-style-type: none">- Help to ensure security of supply for the long term- Encourage innovative and creative approaches to reducing our dependency on and use of natural resources- Reduce operational costs

¹ The Department for Environment, Food & Rural Affairs

² WWF's Living Planet Report 2012

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Community: Work with our communities to help them to improve their sustainability and wellbeing

CHALLENGES	RISKS	OPPORTUNITIES
<p>Employability and Business Skills for Young People: 1.9m young people are growing up in households where no one works.¹</p> <p>One in six 16-24yr olds in England are NEET's² and at 11.5% the West Midlands has the second highest share of this group.¹</p>	<ul style="list-style-type: none">- The economic prospects of young people will impact upon our future profitability- A lack of young talent in our business- Ethical responsibility to engage with the NEET's² agenda for the good of the Society and future prosperity of our communities	<ul style="list-style-type: none">- Increase our young talent at entry and graduate level- Help young people gain employability skills = grow our own talent and improve the employability prospects of our future customer base- Create and grow our Apprenticeship programmes
<p>Obesity: 33% of UK children, our future workforce and customers, are overweight or obese.³</p> <p>Obesity costs UK businesses over £2.1bn per year in employee sick days and premature deaths.⁴</p>	<ul style="list-style-type: none">- Reputational risk of not engaging with this issue- Commercial pressure to sell less healthy food & drink will supersede the Corporate Responsibility commitment	<ul style="list-style-type: none">- Make a positive impact by committing to be directly involved in this issue- PR & Marketing to take the message to a wide audience- Engage our employees through volunteering
<p>Food Poverty: 128,000 people in the UK visited food banks in 2012.⁵</p> <p>It's predicted that 500,000 people in the UK will need help from a food bank by 2016.⁵</p>	<ul style="list-style-type: none">- Reputational risk of not engaging with this issue- Shoplifting / theft- Health and well being of our local community	<ul style="list-style-type: none">- Make a positive impact within our communities- Engage our employees through volunteering- Reduction in crime

¹ Department for Education Feb 2012 ² NEET's: 16 – 24 year olds Not in Education, Employment or Training ³ National Child Measurement Programme Sept 2012 ⁴ National Audit Office 2001 ⁵ Trussell Trust April 2012

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Workplace: Engage and develop our employees while rewarding their efforts and achievements justly and fairly

CHALLENGES	RISKS	OPPORTUNITIES
<p>Health & Wellbeing: 131m working days were lost to sickness in 2011 with the majority due to musculoskeletal disorders and work related stress.¹ The cost to industry equates to £3.1bn per year.¹</p>	<ul style="list-style-type: none">- Business: reputation and non compliance re Corporate Manslaughter legislation, cost of claims and lost time- Employees: loss of trust in and engagement with the business, loss of work time and pay, trauma of incidents, ability to work	<ul style="list-style-type: none">- Reductions in sick days and associated costs- More engaged and productive employees- Higher employee retention- Help towards becoming an Employer of Choice
<p>Attract & Retain Talent: More than a third of employees plan to leave their current employment once the recession ends resulting in recruitment and lost productivity costs of £63bn for UK organisations.²</p>	<ul style="list-style-type: none">- If we fail to attract and retain talent we will find it harder to serve our customers well and achieve our vision- Costs of recruitment and lost productivity	<ul style="list-style-type: none">- Retaining talent makes sound financial sense- Build employee engagement, commitment, morale and productivity- Enhance creativity and innovation
<p>Diversity & Inclusion: Operating successfully and for the long term in areas with socially diverse customers requires a workforce that reflects the communities it serves.³</p>	<ul style="list-style-type: none">- Reputational risk of not engaging with or promoting diversity and inclusion- Failure to attract and retain the best people- Our diverse customer base will feel alienated from us	<ul style="list-style-type: none">- Attract and retain the best people from a wide "talent" pool- Broad skills and knowledge base- More adaptable business- Better understanding of our customers' needs

¹Office for National Statistics May 2012

²Chartered Institute of Personnel Development Research (CIPD) 2012 ³CIPD