



**INTRODUCTION**

3 Introduction by Kate Swann

**GOVERNANCE AND ACCOUNTABILITY**

4 Management and accountability  
4 Benchmarking our performance  
5 Stakeholder engagement

**RESPONSIBILITY IN THE MARKETPLACE**

6 Customer focus  
7 Responsible sourcing  
9 Going forward and targets

**ENVIRONMENTAL MANAGEMENT**

11 Energy consumption  
12 Transport  
13 Waste management  
14 Carbon reporting  
14 Going forward and targets

**WORKPLACE PRACTICE**

16 Engagement  
17 Learning and development  
18 Diversity  
18 Health and safety  
19 Going forward and targets

**COMMUNITY IMPACT**

21 Benefit to local communities  
21 Promoting literacy  
23 The WHSmith Group Charitable Trust  
24 Products for charitable causes  
25 Going forward and targets

**VERIFICATION**

26 Verification

Welcome to WH Smith PLC's 2009 Corporate Responsibility Report.

This year, economic conditions have created an unprecedented environment for retailers. Throughout these challenging times, environmental and social issues continue to be a focus of the public's agenda. Climate change, sustainable forest sourcing and the conditions of factory workers remain public concerns. Effective management of these issues continues to be important to our business and our commitment to corporate responsibility (CR) remains strong. We operate a long-established programme to embed CR throughout our business, and believe that this approach to CR enables us to manage our social and environmental impacts, as well as the related risks and opportunities.

This report outlines the progress we made during 2008/09 in meeting the objectives we set last year. We define our responsibility under four key areas of business: responsibility in the marketplace, environmental management, workplace practice and community impact. During the year, I am pleased to report that we made progress in each area of our programme.

This year, we reduced our energy consumption, supporting better management of our carbon footprint and helping to reduce operating costs. We also reduced the carbon dioxide emissions associated with the transportation of our products to High Street stores. We are continuing to look for innovative ways to promote further environmental and operational efficiencies in our transport and logistics system. In addition, significant progress was made in our sustainable sourcing programme; and our community programme continues to grow, offering further support to the local communities in which we work. We recognise that there is still more to do and that our approach to CR must evolve. As such, we work to ensure that our programme remains relevant to the business strategy and provides a positive contribution to communities.

We are always working to improve our CR performance, and in doing so we aim to benchmark our programme against other leading UK companies. The annual Business in the Community Corporate Responsibility Index provides such an opportunity and, this year, we were delighted to retain the Platinum ranking.

Environmental and social issues have become a permanent part of the economic landscape. At WHSmith we will continue to manage our impact on society and the environment, while also exploring opportunities within CR to enhance our business performance.

**Kate Swann**  
**Group Chief Executive, WH Smith PLC**  
15 October 2009



At WHSmith, upholding corporate responsibility (CR) is both an important contribution to business development and a commitment that we make to our stakeholders. Our CR programme supports our business through greater risk management, identification of cost saving opportunities and positive brand association. Our commitment to stakeholders stems from our history of trading in the UK. For more than 200 years WHSmith has held a place in local communities, and today, more than ever, we are passionately committed to bringing our offer to those communities and meeting the public's expectations of our corporate responsibility.

#### MANAGEMENT AND ACCOUNTABILITY

At WHSmith, our CR programme is managed through four key areas of sustainable business: responsibility in the marketplace, environmental management, workplace practice and community impact. Accountability for each rests with named members of our Board, who in turn are supported by senior executives responsible for delivering our objectives. This practice ensures that our CR work is embedded throughout our organisation. We use a range of policies and standards, which we review periodically to ensure that they remain appropriate. Details of the relevant policies and the executives responsible for them can be viewed on our website at: [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk)

#### Identifying risks and developing key performance indicators

Every year we carry out a full review of our CR strategy, set business objectives and agree the focus of activity for the year ahead. As a part of this we map risks and opportunities, a process which is informed by legislative and consumer trends, as well as key environmental and social issues. Our executive team is fully involved in this process and the Board agrees the final strategy and future targets. The Risk Committee reviews our progress against these targets on a quarterly basis.

#### BENCHMARKING OUR PERFORMANCE

We participate in benchmarking exercises to ensure that our CR developments continue to grow and maintain momentum.

The annual Business in the Community (BiTC) Corporate Responsibility Index enables us to benchmark our performance against other leading UK companies. This year, in recognition of our sustained work in CR, we maintained our Platinum ranking.

WHSmith is also included in the FTSE4Good Index. This index considers the shareholder value gained by companies that meet globally recognised standards of corporate responsibility. Those standards are regularly reviewed and kept up to date to ensure that businesses stay on top of important social and environmental issues.

Every year we hold a 'Learning at Work' week. This event forms part of a national awareness programme sponsored by Campaign for Learning, a national charity which aims to create a passion for learning. This year we were joint winners of the 'LAW Day Award for Delivering Against the Business Plan', sponsored by Investors in People UK.

A case study of this event can be found on page 17 of this report.

We were also delighted to be recognised as one of Britain's top employers for women, by *Glamour* magazine.

Within the book industry, WHSmith was honoured by the British Book Industry Awards (BBIA) with the award for Chain Bookselling Company of the Year for our innovative partnerships to promote adult and children's books beyond core audiences.

We were also awarded Bookselling Company of the Year by the Bookseller Awards, and the Martina Cole General Retailer Award for the second year running.

WHSmith was ranked among the top 50 companies in the eyes of consumers in a study published by the Reputation Institute.

## STAKEHOLDER ENGAGEMENT

Our stakeholders play an important role in shaping our approach to CR. We engage with them regularly to hear their views and understand their expectations. We interact with the following groups:

STAKEHOLDER GROUP	VIEW AND EXPECTATION	WHSMITH'S ENGAGEMENT
<b>Customers</b>	Our customers expect that we will manage our business responsibly, and in doing so, we will offer a good range of products at good value. Customers also expect that we respond to their needs and concerns, changing our plans when required.	We regularly listen to our customers and respond to their feedback. We also conduct an independent customer satisfaction survey twice a year, across our estate, during our busiest trading periods. To ensure that we remain current with customers' changing needs, we conduct additional research as required.
<b>Investors</b>	Our investors expect continued creation of shareholder value through good profit performance, investment and cash management, and the assurance that WHSmith operates with good governance and sustainable business development strategies.	We engage with investors in one to one meetings to discuss specific elements of the business and our CR programme. We also communicate with shareholders through our results presentation, Annual General Meeting and investor relations department. We continue to participate in the Carbon Disclosure project.
<b>Trade Bodies and Government Departments</b>	Trade bodies and government departments expect that we will uphold our CR agenda, including managing our environmental impacts, responding to local communities and providing fair and family-friendly job opportunities. Government departments also consult our business on policies that affect our industry, such as the Carbon Reduction Commitment.	We are members of the British Retail Consortium and Business in the Community, working to address consumer, ethical and environmental issues that affect our industry. We also consulted with the Department of Energy and Climate Change over the development of new policies, such as the Carbon Reduction Commitment. We participated in a consultation on support for high streets with the Department of Communities and Local Government, the British Retail Consortium and Business in the Community.
<b>Non-Governmental Organisations (NGOs) and Charities</b>	NGOs expect WHSmith to take a leading role in CR issues, such as reducing carbon emissions, supporting sustainable forest sourcing and ethical trading. We work with numerous charities across the communities that we operate in. They expect WHSmith to understand their cause and support their efforts.	We regularly engage with various organisations, such as the Woodland Trust, the Employers' Forum on Disability and the Ethical Trade Initiative to improve our performance across our CR programme. As a brand, we champion literacy, working with the National Literacy Trust, and support Volunteer Reading Help.
<b>Suppliers</b>	Our suppliers expect fair business dealings with the opportunity to grow their business through our relationship.	We engage with our suppliers in a number of forums, including training programmes and one to one meetings. We work with key suppliers in Asia to improve health and safety standards and wider working practices.
<b>Employees</b>	Our employees expect to be treated fairly, offered secure jobs with training and the opportunity to develop their careers. They expect WHSmith to look out for their wellbeing, offering a safe work environment.	We communicate regularly with employees via e-newsletters and regular updates. We provide company-wide CR updates at our strategy briefings, and everyone is encouraged to feedback on our CR performance.

**BOARD ACCOUNTABILITY:**

Kate Swann, Group Chief Executive

**EXECUTIVE ACCOUNTABILITY:**

Stephen Clarke, Managing Director – High Street

**RELEVANT POLICIES:**

Ethical Trading Code of Conduct  
Forest Sourcing Policy  
Marketing Code of Practice  
Quality Commitment to our Customers

**Our commitment**

As one of the UK's leading retailers, we recognise our responsibility in the marketplace. WHSmith is committed to the standards of best practice within our industry, keeping the customer at the heart of our business and sourcing our products responsibly.

**CUSTOMER FOCUS**

Our customers are central to WHSmith, and we regularly take time to understand their needs. Over the last year, our engagement highlighted the importance of choice, value for money and good quality of products.

**Product choice**

It is important that we offer our customers choice through our product range. As part of our desire to provide choice, we offer customers the opportunity to purchase products with reduced environmental impact and those that support charitable endeavours. We recognise the environmental impact from the books that we sell, and this year we improved our offer of electronic book readers and electronic books. We also continue to offer stationery products made of recycled content, such as lever arch files, notebooks and A4 paper. Our partnerships provide opportunities for customers to support a specific charity. This year we worked with charities, such as the Breast Cancer Awareness Campaign, through the sale of specific stationery products, and Children's High Level Group through donations made with the sale of J.K. Rowling's *Tales of Beedle the Bard*. We also continued to offer our 'Adopt an Animal' range of charity Christmas products, as well as our range of charity Christmas cards.

**Value for money**

In the current economic climate, value for money is higher than ever among customers' priorities. In response, we have directed significant effort to meet this need. We increased the space dedicated to promotions through the year. We also launched our Privilege Club this year, enabling customers to sign up for a monthly e-mail with specific vouchers and offers. Our offer programme is regularly refreshed with new products.

**Quality commitment**

We have a responsibility for the products we sell. We abide by our Quality Commitment to Customers to ensure that these products are safe, fit for purpose and meet legal standards. Additionally, the till points in all of our stores operate a strict system of 'product prompts' to remind staff to check that customers are of an age appropriate for the product they are buying. Specific emphasis is placed on cigarettes, craft knives, DVDs and aerosols. To support this work, staff are trained twice yearly to ensure compliance with this aspect of our code.

**Responsible retailing**

Our Marketing Code of Practice sets out the standards we follow in our promotional activity, marketing and advertising. We are committed to honest marketing, and never describing products in a misleading manner. We take special care to uphold this policy when marketing products to children.

**Improving access for customers**

It is our aim to improve the service we provide to our disabled customers, in compliance with Disability Discrimination Act (DDA) legislation. Our rolling programme of capital improvements has this year included a number of installations of customer service lifts, automatic doors and hearing loops. We have also invested in new evacuation chairs for disabled customers, as part of our fire protection programme. We regularly review individual stores and make improvements as necessary, such as constructing a new entrance or installing internal ramps. During the year we upgraded the level of information that is available to all our customers about each of our stores on our new corporate website. This information includes details about the access features of all our stores, for example whether they have automatic doors and customer lifts. Lastly, we continued to train our store staff with training guides designed and printed by the Employers' Forum on Disability specifically for WHSmith.

We also recognise the importance of internet shopping for our customers who are less mobile. As such, we work to ensure customers' access to WHSmith products by our online business WHSmith Direct. As a mark of success, WHSmith.co.uk was awarded No. 1 for usability in the Web Credible 2008 report.

**RESPONSIBLE SOURCING**

**Forestry**

As a leading retailer of books and stationery products, we recognise the environmental impact of the paper and wood used to make our own brand products. As such, it is our continuing objective that all virgin (i.e. non-recycled) material used in our products is from known, legal, well-managed and credibly certified forests.<sup>1</sup>

All prospective and ongoing suppliers are required to complete a pre-order questionnaire, asking for detailed information on the forest sources intended for own brand products. Our compliance teams then assess the information to decide whether an order can be placed. Over the year we worked to improve the methodology used when assessing timber and paper sources. We request suppliers to provide information on the tree species and origin, even if the timber or end product is FSC/PEFC certified. We also maintain a policy not to accept any species included in the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Our major suppliers of own brand paper and wood-based products provide information on products they supplied to us during the previous 12 months. The resulting report enables us to identify the risks in our supply chain, such as timber that might be sourced from contentious areas. The report also highlights suppliers that are making good progress in their own forest sourcing management and who we can work with to introduce new sustainable products.

For our 2008 survey, we achieved 94 per cent (2007: 90 per cent) coverage of our supply base. The volume of material from recycled sources and certified forests<sup>1</sup> improved to more than 55 per cent (2007: 41 per cent). This outcome was a result of greater engagement with our suppliers and guidance on responsible forest sourcing. More specifically, we worked closely with specific suppliers that were providing products from lower grade wood. As a result, we were able to improve the wood grade and our level of material from recycled sources and certified forests.

In order to maintain or increase this level of improvement we will continue to actively engage with our paper and timber product suppliers. We provide UK and Asian suppliers with guidance documents explaining the risks around forest sourcing and also our responsible sourcing policies, and will continue to review sourcing alternatives as needed. In addition, we offer regular training to our UK buyers so that they better understand the requirements of our forest sourcing policy and their role in the process.

<sup>1</sup> Certified forests are managed in accordance with the requirements of specific certification bodies setting out the steps that must be taken to ensure the long-term sustainability of the forest. The certification schemes our suppliers use include the Forest Stewardship Council (FSC) scheme, Programme for the Endorsement of Forest Certification (PEFC) scheme and Sustainable Forestry Initiative (SFI). The approach taken by each certification scheme varies.

**Ethical trade**

We are committed to ethical trading by working with our suppliers to improve conditions for the workers in our supply chain. We will only place orders with reputable suppliers and manufacturers that are committed to working toward compliance with the conditions of our Supplier Code of Conduct and Human Rights policy. We work with our suppliers to bring about incremental change through a process of factory audits and an agreed plan for future improvements.

We have ethical and technical audit teams based in our Hong Kong office. These teams work in tandem to provide our factories with feedback that takes into account the entirety of our compliance standards. Additionally, the use of in-house auditors provides consistency across our auditing process.

Before an order is placed with a new supplier, our team will audit each factory to determine product quality, manufacturing processes, health and safety, treatment of workers and environmental conditions. During our ethical audits we meet with the factory management to discuss our findings and recommend necessary improvements. A corrective action plan is agreed, with a timetable for completion. We then continue to visit the factory, on a regular basis, to ensure compliance and provide support. The methodology for our audit programme is reviewed externally every two years, ensuring that our ethical audits remain in line with industry best practices.

We audit all our direct source suppliers, in Asia, on a two year schedule. This year, the team carried out 129 audits across several countries in Asia, including China.

**Beyond audit**

In addition to our audit programme, we continue to work in partnership with some of our larger China-based suppliers to support capacity building, including the promotion of better management systems and improved health and safety management. By working alongside factory management and personnel we are building stronger business relationships and supporting the development of better working environments for more than 1,500 factory workers.

**Case Study – Working with suppliers to improve health and safety standards**

In 2006 we began a programme, working with some of our largest China-based suppliers, to support improvements in health and safety management. The project is based on the Ethical Trading Initiative (ETI) health and safety project, which we had helped to develop through our membership of the ETI China working group.

The programme began with three factories and more than 1,300 workers. Working with the suppliers, our team and factory management determined specific areas where health and safety improvements were needed, and why better practice was necessary.

A baseline of health and safety standards was determined for each factory using interviews with management and questionnaire responses from workers. The data was analysed and action plans and benchmarks for improvement were agreed with factories. Regular follow up visits have been made to check on progress and review the plans.

Over the year the programme expanded to include more than 1,500 factory workers and two new suppliers. Examples of health and safety improvements include: implementation of occupational health and safety committees with employee representatives; training in chemical identification and handling; improvements in machine safety; better air quality and lower noise pollution and first-aider training.

In addition to its ethical foundation, this programme has a business benefit for WHSmith and our suppliers. By understanding the management and capabilities of our larger suppliers, we have increased our understanding of strengths and weaknesses in our supply chain. Our engagement also supports stronger and longer-term relationships. Our suppliers have the opportunity to build their health and safety management skills and build their confidence in involving workers on such issues.

Looking forward, we will continue to expand the number of suppliers in this programme. The progress of our project and best practice recommendations will be shared at our Asian supplier conference in Spring 2010.



Here in the UK, we are working on our purchasing practices to alleviate any unintentional stress on factories, which might prevent suppliers from complying with our Supplier Code of Conduct. Our internal systems that manage the timeline to purchase products have been updated. We also improved the critical path for seasonal products to ensure the ethical audit takes place at a specific point in the purchasing process. In support of these changes, our buyers regularly participate in training workshops to understand their role in ethical trading. Our buyers are now taking a more active role, talking to suppliers about issues beyond ethical trade such as pressures caused by our processes.

#### **Engaging with UK suppliers and agents**

Our own brand supply chain has many strands, including suppliers based in the UK that manufacture products in Asia. Over the year we worked to incorporate the Asia-based factories of these UK suppliers into our audit programme. In order to better manage this portion of our supplier base, we now work more closely with these UK suppliers to understand this element of our supplier base.

#### **Ethical Trading Initiative**

WHSmith is a member of the Ethical Trading Initiative (ETI). The ETI is an alliance of companies, Non-Governmental Organisations and trade unions which supports the rights of workers in supply chains. Our Supplier Code of Conduct is based on ETI's own base code, and we work in concert with them to meet our joint goals. More specifically, we participate in the ETI General Merchandiser Caucus and China Forum in the UK, and the China Corporate Caucus, in Hong Kong, forums where members can learn and share their experiences.

This year we undertook a review of our ethical trading programme with the help of the ETI Secretariat, members (Oxfam, CAFOD) and Ergon Associates. This process involved a thorough review of the work undertaken by our buying, quality, ethical audit and corporate responsibility teams. We were able to identify our strengths, as well as areas for improvement. We also gained valuable insight and support for our new initiatives.

#### **GOING FORWARD AND TARGETS**

In the coming year, we will continue to meet our responsibilities within the marketplace. Customer service will remain a focal point. We will expand our systems to ensure the availability of products in store, and make certain that customers are offered significant choice from our product ranges. Our responsible sourcing programmes will also grow as we implement more capacity building initiatives for our suppliers.

	2008/09 TARGETS		PROGRESS	2009/10 TARGETS
<b>Ethical Trading</b>	<p>Continue focused engagement work with key suppliers to help them understand the benefits of improved labour standards. Aim that five suppliers improve their ethical audit performance rating.</p> <p>Install a new integrated management tracking system at our Hong Kong Office to improve the monitoring and evaluation of factory audits.</p> <p>Initiate buyer training in the UK with regard to ethical sourcing and forest sourcing policies.</p>	<p>→</p> <p>✓</p> <p>✓</p>	<p>Over the year we continued our focused engagement with suppliers. As a result, the lowest ranked suppliers decreased by 11 percentage points, and 32 suppliers improved their ethical audit rating. However, we did not succeed in supporting five suppliers to improve their ethical audit rating into a higher rank.</p> <p>The new management system was implemented, resulting in improved monitoring and evaluation of factory audits. The ethical audit team now has greater access to factory information and records of improvement.</p> <p>Over the year, buyers in the UK participated in two training sessions. Going forward, buyers will take a more active role in responsible sourcing.</p>	<p>Expand the supplier engagement programme to target significant breaches. Engage with five new factories.</p> <p>Begin a sub-contractor review process in India, focusing on homeworkers.</p> <p>Continue to support WHSmith's ethical sourcing policies and targets by building on the buyer training programme.</p>
<b>Engagement</b>	<p>Begin a rolling 24-month audit programme to assess labour standards at all UK FOB suppliers and agree action plans for improvement as required.</p>	<p>✓</p>	<p>The ethical audit team implemented the 24-month audit programme to assess labour standards at all UK FOB suppliers. The team is on track to complete UK FOB factory audits at the end of FY 2009/10.</p>	
<b>Forestry</b>	<p>Increase the amount of own brand paper and timber product sourced from recycled sources and certified forests to 45 per cent.</p> <p>Initiate training for Asian sourcing office with regard to forest sourcing policies.</p>	<p>✓</p> <p>✓</p>	<p>The amount of own brand paper and timber sourced from recycled sources and certified forests increased to more than 55 per cent.</p> <p>The training was delivered in October 2008 to the sourcing office in Hong Kong.</p>	<p>Increase the amount of own brand paper and timber product sourced from recycled sources and certified forests to more than 60 per cent.</p>
<b>Products and Marketing</b>	<p>Continue to introduce products with environmental or charitable benefits.</p>	<p>→</p>	<p>We continued to offer a range of products with environmental and charitable benefits, including a better offer of electronic readers, and a consistent range of jute bags, charity affiliated stationery products and others.</p>	<p>Continue to introduce products with environmental or charitable benefits which support the commercial strategy.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved



WTPL/Steve Highfield



**BOARD ACCOUNTABILITY:**

**Robert Moorhead**, Group Finance Director

**EXECUTIVE ACCOUNTABILITY:**

**Simon Marinker**, Managing Director – Travel Retail and High Street Operations

**RELEVANT POLICIES:**

Environmental Policy

**Our commitment**

We understand that environmental protection is an important issue for our customers, employees and other stakeholders, as such we are committed to minimising the impact of our operations and products.

**ENERGY CONSUMPTION**

We factor good environmental management into our drive for operational efficiency. The increasing cost of energy has highlighted an immediate concern as well as an indication of future environmental costs. In response, we are working to be as resource efficient as we can. Careful review of energy use in our stores, offices and distribution centres supported our strategy to reduce operating costs and our carbon footprint.

In 2007, we set a progressive energy target to reduce consumption by 15 per cent per square foot by August 2010. During the first year of this target we were unable to make a significant improvement in our energy consumption. As a result, this year we applied more concerted efforts. Our energy management and store operations teams worked together to determine where energy efficient equipment was needed and how to reduce the energy consumption of store lighting without diminishing the customer experience. We also created an Energy Committee of people across the business. During the year we implemented new energy awareness campaigns, an energy reduction competition for store staff, we continued staff training and upgraded the Energy and Environment section of our intranet.

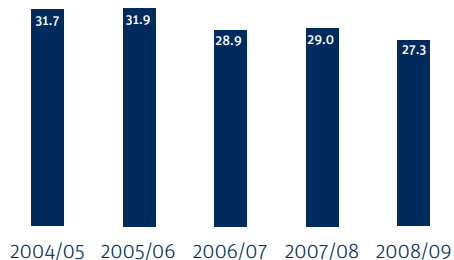
**Helping stores to reduce energy**

Energy to heat and light our stores is one of the greatest contributors to our carbon footprint and environmental impact. As we continue to open new stores and contend with high energy prices, we also recognise the business impact of poor energy management.

A number of our stores have a Building Management System, which centrally controls store temperatures and when the lights are switched on. This year, new control systems were installed in several sites in order to promote better energy management. Additionally, more energy efficient air conditioning plants were installed to replace less efficient models.

As energy management is a part of operational efficiency, store managers are responsible for energy costs within their profit and loss accounts. To help our stores manage this cost, we are fully utilising the Automated Meter Reading (AMR) system installed in nearly all of our High Street stores. This system enables us to monitor, both in store and at our central office, the energy consumption of individual stores throughout the day. The consumption patterns from AMR reports can identify when lights are left on overnight or where thermostats are incorrectly set. These reports are regularly analysed and sent to stores for review. The AMR reports have been extremely valuable in the company's successful drive to reduce energy use.

**ENERGY CONSUMPTION – KWH PER SQUARE FOOT**



**TRANSPORT**

With more than a thousand stores across the UK and associated stock deliveries, our fuel consumption and corresponding emissions is a focus for us. The rising cost of fuel also imposes greater operating costs, which can impact the way we do business.

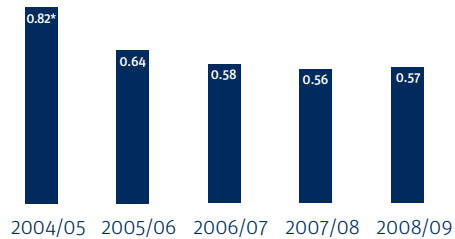
This year, we continued to improve fuel efficiency and reduce carbon dioxide emissions from the transportation of our products. These initiatives build on our focus of efficient store delivery scheduling and reducing the number of packages moved. Last year, we changed the way that we pick stock for stores, using a new system to increase the fill capacity of each tote and limit the amount of 'fresh air' we transport around the UK. Building on this, we improved our container consolidation method to reduce the number of packages that needed to be moved, and thus, the number of truck loads we placed on the road. The result of this work was 175,000 fewer packages moved to our High Street stores. While we hoped to create greater consolidation, we believe that this is the optimal level for our logistics system.

We remain committed to reducing the carbon dioxide emissions related to our transport system.

Unfortunately, this year our performance fell short of our target to reduce the carbon dioxide emissions per package moved. Over the year we experienced an overall increase in the number of packages that we moved, in spite of a reduction of packages moved to our High Street stores. Going forward, we will utilise different transport methods to improve our performance.

We increased our collaborative work with a small number of other retailers to share store deliveries to some of our more remote stores in Cornwall and Scotland. We are currently working with several companies, including Matalan, Argos and GlaxoSmithKline to reduce our fuel consumption, associated costs and traffic on rural roads. Next year, the programme will expand to include more partners. The result of our initiatives reduced the need for daily stock deliveries to some of our stores and, consequently, reduced carbon dioxide emissions per package moved.

**CARBON DIOXIDE EMISSIONS PER PACKAGE MOVED\* (KG PER SKIP)**



\* In 2007/08 we revised the way we calculate our carbon dioxide emissions per packaged moved to incorporate more accurate data for the number of totes we use across our High Street and Travel stores. In 2007/08 this information was applied to 2005/06, 2006/07 and 2007/08.

**Case study – Collection Service**

We recognise the financial and physical cost of poor environmental management. In response, we are regularly looking for ways to improve the way we operate and promote greater efficiency. Our Collection Service is a prime example of this approach. Using spare capacity within our store delivery fleet, which would otherwise come back empty between stores and our distribution centres, we are able to collect stock directly from suppliers.

This initiative offers our suppliers and our business significant benefits, such as more cost effective transport solutions, one point of contact for stock bookings and queries, better integration of suppliers into our supply chain as all proof of deliveries are now held centrally and, consequently, the development of closer working relationships. Building on the success of last year, we grew our Collection Service from 12 suppliers to 29. Over the course of the year we saved more than 294,900 miles and 430 tonnes of carbon dioxide.

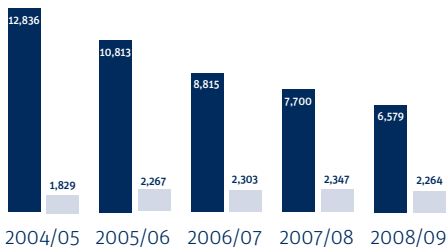
We recognise that our approach to transport must be flexible and evolve to drive even greater efficiencies. As a result, we will be expanding our logistics system to incorporate rail transport, and the use of a new distribution centre to support fewer miles and carbon dioxide emissions associated with our products. The results of these changes will be discussed in next year's report.

**WASTE MANAGEMENT**

The majority of the waste generated by our business is product packaging in the form of cardboard and plastic shrink wrap. This year, we faced uncertain commodities markets, creating difficulty for recycling schemes. In spite of these problems, we were able to support a good level of recycling while reducing our High Street waste to landfill by 15 per cent, and Group waste to landfill by more than 1,000 tonnes. While we are proud of this performance, we recognise that there is more to do and waste will continue to be an area of focus.

**TOTAL GROUP WASTE ARISING (TONNES)**

Tonnes of waste – ■ Landfilled ■ Recycled



We also maintained our recycling programme at our Swindon site. Stations to collect plastic and glass bottles, cans, newspapers and magazines are located throughout head office, and supported by staff.

**Reducing packaging**

Excessive packaging is an increasing concern of consumers and environmental stakeholders at large. We share this concern as unnecessary packaging represents a triple cost to our business: the cost of the packaging, paying for it to be transported to our distribution centres and stores and the waste disposal costs once the packaging is discarded.

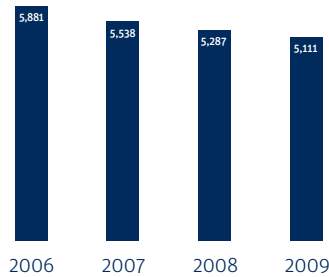
Each year, we are required to report the quantity of the packaging we handle to the Environment Agency and ensure that a set percentage of this material has been recycled, through payment of a packaging levy. This percentage is known as our 'packaging obligation'.

This year we are reporting a slightly amended packaging indicator, moving from annual 'packaging obligation' to reporting 'total packaging handled'. The first is the figure that we are obliged to recycle under government legislation, based on government recycling targets that change from year to year. The second figure better reflects the flow of packaging through our business – being the total of all consumer packaging on our products, packaging we buy for use and the transit packaging on our imports – all of which are under our control.

The graph shows that the total packaging handled in our business has fallen steadily in recent years. This change results partly from a shift towards smaller items as our Travel business has expanded, but also from policy actions we have taken. For example this year's figure shows a fall of 3% from last year, principally resulting from a reduction in our use of plastic carrier bags in store.

**TOTAL PACKAGING HANDLED**

Tonnes



**Reducing carrier bags**

We are committed to reducing the environmental impact of our plastic carrier bags. This year, we reduced the number of carrier bags that we used by 35 per cent. Across the whole of our business our staff habitually ask customers whether they need a bag, this simple procedure supports greater awareness of carrier bag reduction. We also continue to take a more active approach, implementing our Think Twice campaign in new regions of our High Street estate and across all of our Travel stores. Customers can now choose to pay 1p for a single use bag or buy a good quality reusable bag, made from 100 per cent recycled materials. Profits from the sale of bags are donated to the Woodland Trust.

The "Say No to a Bag and Yes to a Tree!" campaign in association with the Woodland Trust enabled the Trust to plant 10,000 trees throughout the UK. This environmental campaign not only helped to reduce the number of bags going into landfill, but also created new woodland for people and wildlife to enjoy, and over the next 100 years will lock up and store 2,000 tonnes of carbon dioxide.

While we reduce the number of carrier bags in circulation, we are also working to reduce the environmental impact of those that are used. In support of this effort, we designed a carrier bag made of 30 per cent recycled plastic. This bag is now a standard in our stores, and we offer a range of reusable bags. For 6p we offer a reusable plastic bag and we offer a selection of jute shopping bags.

**Helping our customers to reduce waste**

We want to make it easy for our customers to reduce their environmental impacts. As such, we offer customers recycling facilities to return Christmas cards and their empty inkjet cartridges. In doing so, we proudly support the work of the Woodland Trust and the recycled inkjet cartridges support a donation to Tommy's, the baby charity.

This year we worked on reducing our direct mail and paper waste associated with product vouchers. By launching our Privilege Club, customers can sign up to receive product vouchers through a monthly email. The move to digital communication, rather than paper-based media, has supported a year-on-year reduction of direct mail activity.

*Woodland Trust Christmas Card Recycling Scheme*

We work in partnership with the Woodland Trust to raise the profile of recycling among our customers. During January, customers across Scotland, England and Wales can take their old Christmas cards into our stores for recycling. This year, we were one of four UK retailers to collect Christmas cards, with our customers helping to recycle more than 59 million cards or 1,171 tonnes. The proceeds from the recycled cards raised money to support tree planting and preserve woodland across the UK.

**WHSmith's partnership with the Woodland Trust**

We have developed a long-term partnership with the Woodland Trust, supporting the Trust's work for the past eight years. The Trust is the UK's leading woodland conservation charity dedicated solely to the protection of our native woodland heritage. Since its foundation in 1972, the Trust has grown to care for and protect more than 1,000 sites across the UK, covering 20,000 hectares. By acquiring woodland sites, the Trust protects woodland from the threat of development pressure or unsympathetic management and offers the space for public enjoyment. The Trust also uses its considerable experience to promote forestry conservation causes among the government and public.

"I would like to say a well deserved thank you to staff and customers at WHSmith who help make our annual Christmas Card Recycling Scheme such a great success! Your efforts are vital to the scheme's longevity and popularity, which is testament to WHSmith's hard work and support each year. I would like to say a huge 'thank you' from everyone at the Woodland Trust. Your efforts have helped create woodland which communities across the UK will visit and enjoy for generations to come." *Sue Holden, Chief Executive of the Woodland Trust*



**WOODLAND TRUST**

Registered charity number: 294344

*Supporting Tommy's through inkjet cartridge recycling*

For a number of years, WHSmith has offered our customers the opportunity to recycle their old inkjet cartridges when they come into our stores to buy a replacement one. As well as helping to reduce household waste, for every cartridge recycled, a donation is made to Tommy's charity, which funds medical research into the causes of premature birth, stillbirth and miscarriage.

**CARBON REPORTING**

We calculate our Group carbon dioxide emissions (from both transport and energy) using recommended Department for Environmental Food and Rural Affairs (DEFRA) conversion factors available at our financial year end. This year Group carbon dioxide emissions totalled 62,594 tonnes, a decrease of 4.75 per cent from last year's emissions of 65,719 tonnes.

Our recycling of paper and cardboard waste resulted in saving 431 tonnes of carbon dioxide emissions, had that waste been sent to landfill. Additionally, our reduction in carrier bag consumption represents an approximate saving of 280 tonnes of carbon dioxide.

**Carbon Reduction Commitment (CRC)**

We are preparing for the CRC, the UK's mandatory climate change and energy saving scheme, due to start in April 2010. It is central to the UK's strategy for improving energy efficiency and reducing carbon dioxide emissions, as set out in the Government's Climate Change Act 2008. It aims to reduce carbon emissions in large non-energy intensive organisations by 1.2 million tonnes of carbon by 2020.

Over the year we participated in consultation workshops and roundtables on the CRC, speaking directly with officials from the Department of Energy and Climate Change. We also worked internally to create an Energy Committee of people across the business, and detailed analysis of our carbon dioxide emissions from energy consumption.

**GOING FORWARD AND TARGETS**

In the coming year, we will continue to reduce the energy consumption of our stores, distribution centres and offices. We will embark on a more efficient approach to our transport system, utilising a new distribution centre in Birmingham and the inclusion of rail transport. We will also pilot new methods of recycling.

	2008/09 TARGETS		PROGRESS	2009/10 TARGETS
<b>Energy</b>	<p>Implement actions arising out of the store trials work to reduce energy consumption, continuing to target a 15 per cent reduction by August 2010.</p> <p>Further develop store and area reporting of the Automated Meter Reading system to drive reductions in energy consumption across the store estate.</p>	<p>→</p> <p>✓</p>	<p>Energy consumption was reduced by 6 per cent.</p> <p>A new suite of 'exception reports' began production in February 2009. A full programme of energy saving initiatives, centred on the Automated Meter Reading system, was delivered to stores.</p>	<p>Continue to reduce energy consumption, targeting a 15 per cent reduction by August 2010 from 06/07 levels.</p> <p>Build on the communication and reporting process with area managers, create further incentives to drive reductions in energy consumption through the store estate.</p>
<b>Transport</b>	<p>Reduce carbon dioxide emissions per package moved by 5 per cent.</p> <p>Reduce the number of packages moved by 4 per cent through container consolidation.</p>	<p>✗</p> <p>✗</p>	<p>Carbon dioxide emissions per package delivered increased to 0.57kg, 1.4 per cent more than last year.</p> <p>175,000 fewer packages were moved to our High Street stores, equating to 2 per cent reduction in the number of packages moved through container consolidation. This target was not met as greater than 2 per cent consolidation did not result in a further reduction of vehicles on the road.</p>	<p>Reduce carbon dioxide emissions per skip by 3 per cent.</p> <p>Increase the number of suppliers involved in our Collection Service.</p>
<b>Waste and management</b>	<p>Ensure that at least 28 per cent of Group waste is recycled during 2008/09.</p>	<p>✗</p>	<p>26 per cent of Group waste was recycled.</p>	<p>Ensure that 30 per cent of Group waste is recycled during 2009/10.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved

**BOARD ACCOUNTABILITY:**

**Kate Swann**, Group Chief Executive

**EXECUTIVE ACCOUNTABILITY:**

**Anthony Lawrence**, Group Human Resources Director

**RELEVANT POLICIES:**

Code of Business Conduct  
Suite of employee policies  
Health and Safety Policy

**Our commitment**

The quality of any business depends strongly on its people. At WHSmith we are committed to providing all of our employees with learning opportunities to help them develop their careers, and ensure employees feel engaged in the business and its priorities.

**ENGAGEMENT****Engaging with our staff**

Everyone at WHSmith is responsible for delivering our strategy, so we understand the importance of regular communication about business performance, sharing both challenges and successes. We do this through clear communication cascaded through team briefings, large employee events, intranet sites and regular e-newsletters.

Our executive directors carry out monthly briefings to the senior management team, providing updates on business performance and an opportunity for questions. This information is then communicated out to all head office employees by directors and senior managers. In addition, every quarter, more informal meetings are held over breakfast, where a small group of staff, chosen at random at both our Swindon and London offices meet with one of our directors to discuss any subject they wish. Our staff value the opportunity to meet the executive team informally to discuss the business, as this comment shows:

"It was great to be able to ask a director questions in a relaxed environment that meant everyone felt they could be open and honest, and were getting a straight answer." *Design executive, Product and Packaging.*

We circulate a fortnightly e-newsletter in head office and distribution centres that contains articles on business activity, staff recognition and new recruits, policy updates and store promotions and events. Across the year we hold strategy briefings for head office and store employees, briefing on our progress and the launch of new initiatives, as well as covering other topics including corporate responsibility. Once a year, conferences for stores are held to communicate messages that are pertinent to the running of WHSmith stores. These conferences offer detailed information on products and the direction of the business.

**Living our values**

We share four key business values: Customer Focus, Drive for Results, Value Our People and Accountability.

**WHSmith values**

To keep these values alive among our teams, we celebrate the success of our colleagues who demonstrate these values on a day-to-day basis, through our head office 'Values in Practice' or 'VIP' scheme. Launched in 2004, this successful programme is an opportunity for any member of our team to nominate colleagues who have set a leading example in demonstrating the values. Each month a VIP nominee is selected as 'VIP of the Month' by the executive team as an example of how to live our values. Each nominee's story is published in our staff newsletter and the VIP winner is rewarded with free tea or coffee for a month, a special VIP mug and three extra days' holiday. We also celebrate the achievements of our store staff through several awards programmes. During November, December and January, we run



the WHSmith Store Heroes scheme. The scheme recognises hundreds of employees based on their accomplishments at work. We also support an Annual Store Awards programme, recognising the Most Improved Store, Store of the Year, Store Manager of the Year and Area Manager of the Year.

**Valuing our people**

We recognise that people’s lifestyle patterns are changing and so we offer our employees a range of benefits aimed at promoting a good work life balance. Our ‘School Starter’ scheme grants working parents half a day’s paid leave to take their child to their first day at school. We offer phased retirement plans to allow employees to voluntarily reduce their working hours as their retirement date approaches. ‘V-Time Working’ enables employees to voluntarily reduce their working hours for a defined period, to cope with life changing events and in so doing reduce the levels of stress they face. In addition, all our head office staff with 100 per cent attendance during a six-month period are rewarded with an additional day’s holiday.

All WHSmith employees enjoy access to a variety of benefits, including pension and share save schemes, staff discount on WHSmith products plus a range of voluntary benefits and discounted goods and services, such as insurance, travel, health, leisure and retail.

**LEARNING AND DEVELOPMENT**

At WHSmith, we recognise the value of learning and development (L&D) to support employee satisfaction and promote a knowledgeable workforce. Not everyone learns the same way, and we wish to ensure that all employees have equal access to the L&D opportunities offered in the business. To meet this challenge, we offer employees training courses to cover specific areas identified in performance reviews and topical training guides that can be applied in day-to-day work with the support of line managers. The head office Learning and Development intranet site is an essential tool for the programme, ensuring that our employees have easy access to L&D resources and opportunities including workshops and master classes, ‘Bitesize Learning Packs’ on a range of topics and the ‘Growing your Career’ site which provides a step by step guide to driving your personal development. During the year, 58 head office workshops and master classes covered more than 20 topics with 450 places filled. Topics included ‘Developing your Leadership Skills’, ‘Interpersonal Impact’, ‘Coaching’, ‘Presentation Skills’ and a range of ‘PC Skills’.

For employees who prefer book based learning, our Learning Library, with more than 1,500 titles, continues to be a popular source of self-development information for employees across the business.

**Case study – Learning at Work week**

Every year we hold a ‘Learning at Work’ week. This event forms part of a national awareness programme sponsored by Campaign for Learning, a national charity which aims to create a passion for learning.

This year, the event was significantly expanded to include store staff, as well as head office employees. A series of 33 master classes took in our head offices, 30 Supplier Training sessions took place across our large stores, and 11 Learning Voice Conferences took place across stores and two for the distribution management teams. As an example, Chief Executive, Kate Swann ran a master class on ‘Leadership’, which was attended by 50 employees, and Simon Marinker, Managing Director – Travel and High Street Operations, ran the Learning Voice Conference on ‘Being a Successful manager’ with 60 store management teams attending.

This year we were honoured as joint winners for Campaign for Learning’s ‘LAW Day Award for Delivering Against the Business Plan’, which itself was sponsored by Investors in People UK.

“We are delighted to recognise WHSmith’s achievement with this award. Learning at Work Day is all about promoting the long-term benefits of learning for business and employees. WHSmith’s event perfectly captured the ethos of Learning at Work Day and successfully provided learning activities that will have a long lasting positive impact on the company.” *Tricia Hartley, Chief Executive of the Campaign for Learning.*



We are keen to develop our future managers from within WHSmith and so we work to ensure there is a pipeline of talent available for all managerial roles. We hold regular succession planning meetings for store, head office and distribution centre staff, where we identify those individuals who have the ability to develop themselves and our business.

The Fast Track Academy programme ran for the 5th consecutive year. The programme prepares a small group of high potential candidates to be future business leaders. In the coming year, this programme will expand to up-skill and develop a broader audience of high potential candidates.

We also provide L&D opportunities for our store staff, growing our talent from within. 'Next steps @WHS' develops our sales assistant population, enabling them to advance into supervisor roles. This programme includes book based learning with skill development, as well as training sessions and workshops to ensure that delegates are ready for the role of a supervisor.

We also offer employees a suite of Foundation Learning Guides to support learning in our key store departments such as Books and Stationery. There are also guides to support the development of in-store operational and technical skills.

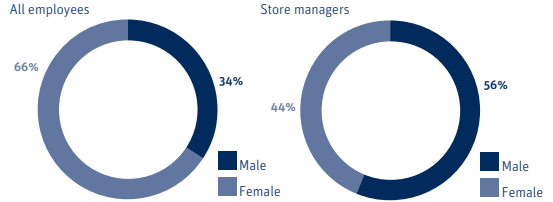
This year, our succession planning programmes for stores enabled 72 supervisors (76 per cent of course delegates) and 79 managers (79 per cent of course delegates) to be upskilled in their current roles or promoted into new roles.

To keep our L&D opportunities relevant to the needs of our team, we periodically review our entire suite of training courses. This year we conducted a full review of our head office training programmes and subsequently we will continue to offer a suite of training workshops to support individuals develop in their current role and help them prepare for their next role. With master classes proving to be a popular learning medium we will be providing business relevant and topical one hour master classes seasonally around core themes such as 'Enhancing your Career Development'. We will be building new intranet site pages to support line managers with developing their teams, as well as publishing new and fresh learning resources for all individuals wishing to drive their own personal development.

**DIVERSITY**

WHSmith's commitment to equality and diversity through its policies, practices and procedures means that all employees are given equal and fair treatment. This applies to recruitment and selection, terms and conditions of employment, promotion, training and development opportunities and employment benefits. In order to ensure that we fulfil our commitment, we have systems in place to map the diversity profile of our workforce. Over the year we improved our monitoring of the diversity data on our staff, improving the visibility of the equal opportunities section in the application process. We also implemented a new recruitment management system that will allow us to easily manage and monitor our performance.

**DIVERSITY PROFILE**



**Case Study – The Female Friendly Stationer**

This year WHSmith was honoured as one of the 'All-time Best Places to Work', by *Glamour* magazine. According to a survey by *Glamour*, WHSmith tops the list as a female friendly employer. WHSmith's appreciation of working parents and the need to support a work life balance led to this award. Specifically, *Glamour* notes our offer of a child care voucher scheme, flexible working policy and an on-site nursery at our Swindon head office, making WHSmith a great place for women to work.

**HEALTH AND SAFETY**

Our Board is committed to maintaining high standards of health and safety. The management team, supported by professional safety advisers, monitors key safety performance indicators and an annual report detailing trends, performance and recommendations is presented to the Board. The business also has a properly constituted Health and Safety Committee that comprises employees, management, trade union representatives and professional safety advisers.

This year, we continued our efforts to reduce the number of reported incidents, with the total number of reportable accidents falling by 1.5 per cent. Maintaining this trend is an ongoing area of focus over the coming year.

We monitor all incidents at our sites so that we can understand the cause and identify any trends. Our target is to reduce all reportable accidents by 10 per cent of 2004 levels, by 2010. While we are on track to meet this target, this year we experienced an increase in reported minor accidents. This increase is due to an extensive effort to ensure that all stores are reporting all accidents, however minor.

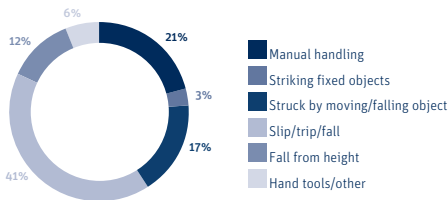
We continue to benchmark our health and safety performance against our peers to ensure that we improve our approach in line with best practice. We do this through analysing their published performance against our own and also through collaborative working via the British Retail Consortium's Risk and Safety Policy Advisory Group, which meets quarterly to compare data and share best practice.

**Accidents and injuries**

	2009	2008	2007	2006	2005
Major injuries	13	16	16	22	22
Injuries resulting in more than 3 days' absence from work/hospitalisation	53	51	53	48	57
<b>All RIDDORs*</b>	<b>66</b>	<b>67</b>	<b>69</b>	<b>70</b>	<b>79</b>

\* Reportable under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations

**ACCIDENTS BY TYPE 1 SEPTEMBER – 31 AUGUST 2009**



**Case study – Health and Safety training**

The Group Safety team continues to provide ongoing training programmes for staff in stores that provide 'modular' training programmes, focusing on key risk issues, including, manual handling, slips and trips and fire safety. In addition, the team runs monthly training courses for the Travel business store staff on food hygiene. Health and Safety remains a core training topic, covered for new managers in the MDP programme that is run quarterly. Also, this year, the team ran an extended series of national training courses on our Health and Safety policies and procedures for all new managers joining WHSmith through the acquisition of UNS hospital stores.

**Employee wellbeing**

This year, employee wellbeing was promoted through our Healthy Living campaign. During the year there were two sessions organised at the Swindon head office, enabling employees to get a full 'health MOT,' checking cholesterol, blood pressure and other issues of health. We also expanded our range of fitness related employee benefits.

**Preparing for flu pandemic**

Swine flu threatens to have a significant impact on the UK's workforce in the coming winter months. In order to prepare for this possible disruption to business, the Group risk team created our Pandemic Flu Business Continuity Plan to support the business in the specific incident of a swine flu outbreak. Communications have been issued to all staff regarding the actions to take in the event of a staff member contracting the virus, and regarding good hygiene precautions to be followed at all times.

**GOING FORWARD AND TARGETS**

In the coming year, employees will be offered a greater range of L&D opportunities. Succession planning will continue to be a focus, supporting the development of internal talent. Our diversity programme will also expand, initiating a new course of training for line managers.

	2008/09 TARGETS		PROGRESS	2009/10 TARGETS
<b>Learning and Development</b>	<p>Carry out a full review of existing suite of programmes for head office to ensure effective development of internal talent.</p> <p>Continue to implement solutions to raise awareness of learning and development across the whole business and work with line managers to increase their accountability for improving performance.</p>	<p>✓</p> <p>→</p>	<p>The review was carried out, and new programmes were determined. Next year, more master classes will be held and new intranet pages will be constructed.</p> <p>58 head office workshops and master classes held. The Fast Track Academy ran for the 5th year. Next Steps @WHS was delivered to the sales assistant population.</p>	<p>Identify and actively promote a wider variety of learning portals.</p> <p>Design and implement specialist L&amp;D solutions for line management in head office and distribution centre populations.</p>
<b>Succession Planning</b>	<p>Implement a graduate programme across head office.</p>	<p>✓</p>	<p>The programme was implemented and three graduates joined the company.</p>	<p>Increase year-on-year graduate intake by 30 per cent.</p> <p>Ensure that there is a pipeline of talent available for supervisor, store manager and area manager positions. Drive success rates to 85 per cent.</p> <p>Deliver an Academy for senior managers in head office with the potential to progress into bigger roles.</p>
<b>Diversity</b>	<p>Introduce a new recruitment management system and implement actions arising.</p>	<p>✓</p>	<p>The new system was introduced in February 2009. The system supports good data monitoring.</p>	<p>Implement a company-wide diversity training programme.</p>
<b>Engagement</b>	<p>Implement resourcing and training solutions to raise WHS brand awareness for internal and potential employees.</p>	<p>✓</p>	<p>Web access to WHSmith's recruitment opportunities was improved. Use of the website and increased brand awareness was experienced with existing employee and external audiences.</p>	<p>Strengthen two-way communication between employees and executives.</p>
<b>Health and Safety</b>	<p>By 2010, overall reportable accidents to be 10 per cent of 2004 levels.</p>	<p>→</p>	<p>Major accidents reduced by 19 per cent compared with last year.</p>	<p>By 2010, overall reportable accidents to be 10 per cent of 2004 levels.</p>

- ✓ Achieved
- Ongoing
- \* Not achieved



Picture supplied by National Literacy Trust (also on front cover)



#### BOARD ACCOUNTABILITY:

Kate Swann, Group Chief Executive

#### EXECUTIVE ACCOUNTABILITY:

Anthony Lawrence, Group Human Resources Director

#### RELEVANT POLICIES:

Community Engagement Policy

#### Our commitment

As a long-standing member of many local communities, we are committed to having a positive impact in the areas in which we operate. We value our community programme as an important tool through which we can support local communities. We encourage our employees to support good causes and give their time to participate in fundraising activities. As a leading bookseller and stationer, we focus our investment on education and life-long learning, notably through our partnership with the WHSmith Trust.

#### BENEFIT TO LOCAL COMMUNITIES

With more than 200 years of trading, WHSmith has become a valued part of many local communities. We hold a place on 90 per cent of the most significant high streets in Great Britain. As a result, we recognise the role of our business to local communities, especially in times of economic uncertainty. Over the course of the year we opened nine new stores in High Street and 51 new stores in Travel, including 11 new stores in hospitals. In doing so, we were able to support the vibrancy of these locations.

#### PROMOTING LITERACY

##### Encouraging summer reading

This is the fifth year that we worked in collaboration with the WHSmith Trust and the National Literacy Trust (NLT) on a summer reading project. The project forms part of the NLT's Reading is Fundamental programme (RIF), which aims to promote a love of reading among children in disadvantaged areas, and gives them the chance to choose and keep new books for themselves. The WHSmith Trust Summer Read campaign was developed to encourage children to keep reading during the long summer holidays, a time when literacy levels often fall. The children are typically from deprived communities where book ownership levels are low.

**National  
Literacy  
Trust**

The National Literacy Trust is an independent charity that changes lives through literacy. The NLT aims to build a society in which everyone has the reading, writing, speaking and listening skills that they need to fulfil their own, and ultimately, the nation's potential.

In 2009 we worked with the NLT's RIF programme to host 140 events reaching more than 3,000 children across 18 locations. In total, more than 6,200 books were given to children. The RIF team provided volunteer coordinators with training on how to run a successful project, and a specially-designed RIF/WHSmith handbook for each of the locations. Coordinators were given advice to help them order a selection of age-appropriate books for children to choose, along with ideas for hosting exciting events that ensure the children have a memorable experience when they receive their books.

This year, the events took place during July, August and September and were held in libraries, housing estates, play schemes and other community settings up and down the country, where children from disadvantaged backgrounds were invited to attend two events, receiving a free book at each one. At these events children are read stories, do arts and crafts, choose books to keep and also receive a goody bag with WHSmith gift vouchers.

"We are delighted to be working with the WHSmith Trust to support children to develop an enjoyment of reading over the summer holidays. In its 5th year, the WHSmith Trust Summer Read programme reached more than 3,000 children living in areas of disadvantage across the UK." *Caroline Phythian-Sence, Programme Manager, Reading Is Fundamental, UK*

Each year feedback is collected from the play schemes, supporting improvements in the programme to meet the needs of the children. When commenting on the changes this year, *Francesca Cardone, Spark Blaenymaes Centre, Swansea* said,

"There appears to be more enthusiasm during the events and children are more excited about choosing a book. This year, they took more time in making a decision about a book.... Although staff assisted it seems [the children] have developed more awareness...."

**Other comments about the programme included:**

"The WHSmith [Trust] Summer Read provided a great opportunity to engage with hard to reach families and promote the enjoyment of sharing books together. They really appreciated the gifts of bags, vouchers and books and several were also introduced to library services for the first time." *Cathy Moore, Ardwick Library, Manchester*

"Everyone involved in our distributions thinks the WHSmith [Trust] Summer Read is fabulous. Everyone is amazed at the quality and variety of books and the children really can't believe that they can have a free book and then keep whatever they choose forever and ever." *Moir Foster, Kirkton Kids Club*

The Summer Read is an excellent opportunity to offer volunteering opportunities to our staff. This year's Summer Read event was officially launched by Chief Executive, Kate Swann, at an adventure playground in Swindon. In addition to Kate's visit, staff from our head office and local stores attended other events to meet the children and take part in story reading and helping the children to choose their books.



**Case Study – Assessing the benefit of summer reading**

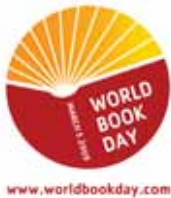
To better measure the benefit of the WHSmith Trust Summer Read programme, and our impact through the programme, we funded a piece of research to compare attitudes towards reading of the children who participated with those who did not. It appears that those children who participated in the WHSmith Trust Summer Read have more positive attitudes toward books, toward book-related spaces, in particular bookshops and the library, and noted greater confidence in what they are able to read (e.g. short chapter books and long chapter books without pictures). Although the results from this small study are descriptive, and the causal effects of the WHSmith Trust Summer Read on these children's attitudes were not verified statistically, the different attitudes between the groups of participating and non-participating children is worth noting.

Of the children surveyed, 35 per cent of those participating in the WHSmith Trust Summer Read stated that they read a book with someone in their family over the summer, whereas only 5.7 per cent of non-participating children said that they read a book with someone in their family. When asked about reading novels, 48.6 per cent of participating children responded that they read novels every day, whereas only 35.4 per cent of non-participating children made the same statement.

**Reach out and read**

This year, WHSmith partnered with Volunteer Reading Help (VRH) to support literacy through a new avenue. We recognise that the earlier parents and carers become involved in their children’s reading development, the more profound the results. However, due to a variety of obstacles, such as language barriers or low confidence in reading, involvement can be a struggle. We are partnering with VRH to support training for parents and carers, through a programme called Reach Out and Read (ROAR). This training programme provides parents with the advice, skills, guidance and assistance they need to be successful reading coaches at home. The training sessions will take place during Autumn 2009, and the results will be reported in next year’s report.

**Supporting World Book Day**



World Book Day was designated by UNESCO as a worldwide celebration of books and reading, and is marked in more than 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. World Book Day aims

to give every child the opportunity to choose a book of their own and to promote the enjoyment of reading. WHSmith has been supporting World Book Day for many years. 5th March 2009 marked this important day and many of our High Street stores helped local children celebrate by organising events and activities promoting the fun of reading.

We promoted the event in more than 400 of our stores, and 203 held events that were attended by local school children and included fun things to do such as story telling, treasure hunts, author appearances and behind the scenes tours of our stores. In some cases, we visited local children at their schools to promote World Book Day.

**Case Study – South Shields**

Our store in South Shields was one of several WHSmith teams that offered store visits to local school children. As part of World Book Day, children are given book vouchers to purchase a book of their own. The team at South Shields discovered that language barriers and other obstacles prevented children at one local school from visiting the WHSmith store to choose their free book. In response, the South Shields team worked with the local school to arrange special school trips to the store where staff were on hand to help the children select their free books.

**THE WHSMITH GROUP CHARITABLE TRUST**

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

The Trust has two principal objectives that focus its activities:

- To support the local communities in which WHSmith staff and customers live and work; and
- To support education and life-long learning, helping people of any age to achieve their educational potential.



We encourage our employees to be actively involved in their local communities and many of our staff are personally involved in work across their communities. To support and encourage staff involvement, the Trust matches employee fundraising and volunteering up to £1,000 and team fundraising up to the value of £2,000. In 2008/09 the Trust made 34 grants worth £20,046 to employees in support of both national and local charities.

Each year, the Trust also runs a Christmas Giveaway where staff can apply on behalf of any charity they are involved with. This year 94 applications were received by the Trust from both store and head office staff. Each charity nominated received £250, resulting in over £22,000 being donated to charities ranging from Cancer Research UK, Guide Dogs for the Blind Association, Kent Air Ambulance Trust, Children’s Hospice Southwest as well as many other local charities.

Twice a year, the Trust makes a grant of £5,000 to a small charity local to our head office in Swindon. The money is funded from the proceeds of our charity shop based at our Swindon office and the organisation chosen to receive the grant is voted for by our head office staff. The first of these grants was awarded to Stoke Mandeville Hospital’s Cancer Care and Haematology Fund. The second grant was awarded to Children’s Southwest Hospice.



**WHSmith Community Awards**

The WHSmith Community Awards is our way of recognising the contribution that store teams make to support their local schools and charities. This year, following a nominations process, 20 teams from around the UK each received an award of £500 to donate to their nominated school or charity. Of these, three won special Gold, Silver and Bronze prizes for making significant charitable work and contribution to their local communities.

Our Teeside Park store was awarded the Gold award for their work with Zoë’s Place Children’s Hospice, St. Bede’s Primary School and Pallister Park Primary School. The store’s team leader describes their contribution to Zoë’s Place:

“... Our most rewarding activities this year have been with Zoë’s Place. We have taken part in numerous charity events from cake bakes to bungee jumps, raising over £700 in store. Also with the help of the WHSmith Trust we have set up a reading library within the centre, sponsored and replenished by the store.

Taking our learnings from last year, we found that the staff and management became closer through our charity work in schools. The store and company are looked upon with pride as the staff are given the chance to do things they would not normally get to do.”

Also winning prizes were the South Shields store, winning Silver for the team’s work with Marine Park Primary School, and our store in Ayr, winning Bronze for the team’s support of Holmston Primary School and several local charities.

**PRODUCTS FOR CHARITABLE CAUSES**

In addition to the fundraising activities of our staff, we have for many years supported good causes through product sales. As well as providing charities with a financial contribution, the product sales also raise consumer awareness of the work these organisations do and help them to gain new supporters. Christmas is a time when many of our customers like to give presents that also benefit charities. This year our sales of charitable Christmas cards and calendars raised £122,019 for six charities, which were chosen by our employees to receive support. These charities included Help the Hospices, Leukaemia Research, KIDS, Multiple Sclerosis Society, the Stroke Association and the Pituitary Foundation.

We continued to support the Born Free Foundation with our Christmas ‘Adopt an Animal’ range. We also support charities all year round with the sale of products, such as the Breast Cancer pink filofax, and by giving customers the opportunity to buy charity pin badges at the till, including Variety Club Gold Hearts, Breast Cancer Pink Ribbons and British Legion Poppies.

**Case Study – The Born Free Foundation**

The Born Free Foundation is an international wildlife charity, devoted to compassionate conservation and animal welfare. Over the past six years WHSmith has become the largest retailer of Born Free’s animal adoption boxes, which help to protect endangered species and improve animal welfare worldwide. This year, Will Travers, Chief Executive Born Free, presented WHSmith Chief Executive, Kate Swann, and Managing Director – High Street, Stephen Clarke, with a special thank you to WHSmith for its support and for helping the charity raise much needed funds.

“The animals can’t thank WHSmith, but I certainly can. The funds raised from the sales of the adoption boxes have made a real tangible life changing difference to animals in need.”

*Will Travers, Chief Executive of Born Free*

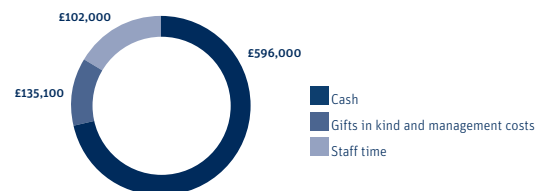


**MEASURING OUR COMMUNITY INVESTMENT**

We set and achieve an annual target to invest at least one per cent of our pre-tax profits in support of charities and community projects. We use the London Benchmarking Group’s (LBG) reporting model to calculate our community contributions which provides a standardised way of managing and measuring corporate community engagement.

The chart below presents a breakdown of our community contributions, using the LBG reporting model. We measure the direct contributions we make to the community, in the form of cash donations, gifts in kind and also staff time and management costs.

**WHSMITH COMMUNITY INVESTMENT 2008/09**





### GOING FORWARD AND TARGETS

In the coming year, we will continue to support the local communities in which we operate. In addition to strengthening our role on the UK's high streets, our hospital stores will become more active in their local communities. We will continue our work to promote literacy, widening our approach to support adults and children who are less confident readers.

	2008/09 TARGETS		PROGRESS	2009/10 TARGETS
<b>Promoting Literacy</b>	<p>Continue partnership with WHSmith Trust and the National Literacy Trust to promote literacy.</p> <p>Develop a new community programme, or extend the scope of the Summer Read, to enable our hospital stores to make a positive contribution within the hospital environment.</p>	<p>✓</p> <p>✓</p>	<p>Partnership continued working with the National Literacy Trust to promote summer reading at 140 events, across 18 UK locations, with approximately 3,100 children participating.</p> <p>A new community programme, supporting parents and carers to read with their children, was developed with Volunteer Reading Help.</p>	<p>Continue to work in partnership with the WHSmith Trust to promote literacy.</p> <p>Promote and develop our partnership with Volunteer Reading Help, supporting literacy and further connections in local communities.</p> <p>Extend World Book Day events to our hospital stores, and develop a wider community programme to encompass hospital sites.</p>
<b>Charity Products</b>	<p>Continue to identify new products or promotions that support charity partners.</p>	<p>→</p>	<p>We maintained our range of products and promotions to support charity partners, and supported a bounce-back promotion with the British Heart Foundation.</p>	<p>Continue to identify new products or business opportunities through our CR approach.</p>
<b>Community Investment</b>	<p>Continue to invest 1 per cent of pre-tax profits in the community, through donations of cash, employee time and gifts in kind.</p>	<p>✓</p>	<p>More than 1 per cent of pre-tax profits invested in community projects.</p>	<p>Continue to invest 1 per cent of pre-tax profits in the community, through donations of cash, employee time and gifts in kind.</p>

- ✓ Achieved
- Ongoing
- ✗ Not achieved

## VERIFICATION OF WH SMITH PLC'S 2009 CORPORATE RESPONSIBILITY REPORT

### Objectives

Acona Ltd was engaged by WH Smith PLC to provide an independent review of its 2009 Corporate Responsibility (CR) Report and provide assurance that:

- Quantitative data are materially accurate and are supported by robust data collection systems and processes.
- Qualitative statements can be supported by evidence and properly represent activity across the company.

### Responsibility

The information and statements contained within the report are the responsibility of WHSmith. This statement is the responsibility of Acona Ltd and represents our independent opinion of the content of the report.

### Methodology and scope

In performing our work we adopted the following approach:

- Desk-top evaluation and detailed analysis of the raw data used to construct the report, including comparisons with previous years.
- Review of internal and external documents relating to CR management, including policies, procedures and stakeholder comments, particularly ensuring that evidence was made available to support substantive comments and claims made in this report.
- Detailed interviews with staff involved in compiling the report to test the accuracy of the data and underlying processes.

This review was undertaken during October 2009 and covered WHSmith's operations within the UK for its financial year 2008/09.

### Opinion

The data, and inferences drawn from them, and substantive statements are materially accurate and supported by a range of evidence from internal and external sources. Inaccuracies identified during the verification process were rectified and the report was amended accordingly. It is our opinion that the report succeeds in presenting an accurate picture of CR activity in WH Smith PLC.

### Acona Ltd

Acona Ltd is an independent consultancy, based in London but with staff all over the UK. We have broad expertise and advise large, mainly corporate, clients on the full range of social, environmental and ethical matters. All of our team have extensive experience in the field and biographical information can be found on our website – [www.acona.com/cr](http://www.acona.com/cr)

Acona has provided consultancy support to WH Smith PLC during the year under review including advice on reporting. Acona is independent from WH Smith PLC, and is impartial from the organisation's major stakeholders. WHSmith's business with Acona represents less than 5 per cent of the company's revenues. This review was undertaken by members of our team who were not involved in advising on the structure or content of this report.

We welcome feedback on this report. If you have any comments regarding this report or any aspect of WHSmith's corporate responsibility work, please contact:

**Head of Corporate Responsibility**

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Tel: 01793 616161

For more information on our corporate responsibility work, or if you would prefer to email us with your comments, please visit our website at [www.whsmithplc.co.uk/cr](http://www.whsmithplc.co.uk/cr).