

2023-24 Highlights

As a family-owned business that's been around for over 300 years, it is our responsibility to conduct business today in a way that truly considers the next 300. To that end, every day we seek to do the right thing by people and the planet. Our sustainability strategy at Fortnum & Mason is called Future Matters, and the actions and goals we set ourselves are all underpinned by our fundamental beliefs which sit over our core Future Matters pillars and inspire our teams to continue to deliver the extraordinary, every day:



We believe that positive action on all types of diversity and social mobility creates happier, engaged and more effective teams.



We believe that by growing alongside our producers and communities. we can help those we work with to thrive.



We believe that the more care we take in our sourcing, the more delicious the taste and greater the joy.



We believe that everything we do must be designed with circularity at the forefront. which in turn will reduce waste.



We believe that by reducing our emissions and those within our supply chain, we can protect and enhance nature and biodiversity.

We have three sustainability and social responsibility pillars: People, Product and Planet. These drive our commitment to doing more, more often to create long-lasting change, with the help of our suppliers, employees and customers.



PEOPLE

We will prioritise the wellbeing of our employees and workers in our supply chains.



PRODUCT

We will continuously improve the sustainability of our products and the care with which they are sourced, made and grown.



PLANET

We commit to Net Zero and a reduction in waste.

2023-24 Highlights



Listed here are a few key highlights from 2023-24

We were delighted to be once again appointed Royal Warrant holders by both His Majesty The King and Her Majesty The Queen, in recognition of high standards of quality and sustainability of the goods supplied to the Royal Household.

Our Net Zero Journey continued with <u>Planet Mark</u>. We reduced our Scope 1 and 2 emissions (market-based) by 7.4% absolute reduction and a 16.8% per employee reduction compared to the previous year (market-based).

We delivered our first sustainability supplier conference at the Royal Institute lecture theatre, where we engaged with and trained our suppliers on the collective actions required to progress towards a Net Zero future.

Our Sustainability Strategy Board chaired by our CEO continued to steer our ambition, drive delivery and ensure that our fundamental beliefs are embedded across the business.

For International Women's Day March 2024, we donated all proceeds from the sale of our Peruvian Single Origin Coffee, to fund the implementation of an irrigation system in Lambayeque, Peru supporting The Café Femenino Foundation, a non-profit organization established in 2004, working to enhance the lives of women and families in coffee producing communities.

Given the importance to Fortnum's and the complexity of the industry we reviewed our tea supply chains and were able to significantly reduce the number of gardens we buy from, helping to ensure we have ever closer relationships with those in our supply chains.

This work sets the foundations to allow us to start on our journey to roll out <u>SEDEX</u> (Supplier Ethical Data Exchange) to all tea gardens.

We redesigned the outer packaging of our hampers, resulting in 25% packaging weight reduction, 20% less volume, improving vehicle utilisation and storage space.

Our Future Matters Sustainability Network continued to play a crucial role in increasing the engagement for our people, inspiring them to make positive change.

We achieved 550+ volunteering hours throughout the business for our Charity Partners in both UK and Hong Kong.

Throughout 2023 and 2024, we donated the equivalent of 38,534 meals to The Felix Project.

Hundreds of our people were nominated for our Fortnum & Mason Values Awards, which recognise individuals who go above and beyond in exemplifying our core values.

Annually, we achieved a significant increase on our Social Value audit score due to our apprenticeships, Network Groups and commitment to our employees and communities.

In April 2024, we held our first Big Green Challenge week which was to educate, engage and inspire colleagues about our Future Matters Sustainability goals relating to the environment.

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01. Introduction

Fortnum & Mason was founded in St. James, London in 1707 by footman to Queen Anne, William Fortnum and his landlord Hugh Mason.

William Fortnum, the enterprising footman to Queen Anne, recycled and resold the half-used candle wax from the Royal Household. Admiring his entrepreneurial spirit, his landlord Hugh Mason set up shop with him and the rest is history.

This early example of recycling still acts as the catalyst to Fortnum's success.

From a single shop in Piccadilly, London, the business now comprises not only the flagship building - complete with five on-site restaurants - but also stores and restaurants in St. Pancras International, Heathrow Terminal 5, The Royal Exchange in the heart of the City of London and K11 Musea in Hong Kong.

Today we are a significant online business delivering to over 120 countries worldwide; a busy telephone ordering service; and a strong and growing international presence through our wholesale partners, plus the award-winning independent restaurant 45 lermyn St.

We take a long-term view of our business activities and always focus on delivering what is right for the long-term sustainability of the business, both in terms of our social and environmental responsibilities.

Fiercely proud of its heritage and traditions but equally committed to progress. Fortnum's is well positioned to meet the requirements of today's business and those of its key stakeholders too.

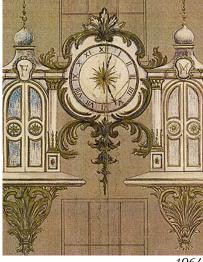








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O1. The Fortnum & Mason Family

Fortnum's is a family business. We are passionate, ambitious and take care of our guests, customers, partners and each other. To ensure we're all aligned, we have three very simple core values that we follow:







A key factor in what makes Fortnum's so special is the extraordinary, talented, motivated and diverse people that create the Fortnum's family. They are critical to the development, creativity and sustainability of our business and therefore we invest in them, their environment and their welfare.

From an employment perspective, our key employment principles are as follows:

Equality & Diversity

We wholeheartedly believe in the power of diversity and are committed to equal pay. We are fortunate to welcome a very diverse workforce, employing more than 60 nationalities, with members of our team ranging from 17 to 90 years of age. We employ a very healthy distribution of men and women across the company at all levels, as highlighted in our most recent Gender Pay Gap Report. We create development opportunities for all and believe passionately in investing in and stretching our own talent. Our internal Diversity & Inclusion employee network continues to support positive change across the business.

Staff Engagement

Employee engagement is central to our success.

We believe in our people having a great employee experience, ensuring we provide them with a pleasant working environment, opportunities to grow and reach their potential and a culture where they feel supported and valued.

From listening to our employees, we know they are keen to be updated on business performance and key projects and we ensure that this information is cascaded through all teams in the business in a variety of ways. We also provide forums for colleagues to ask questions directly to our senior management, which provide us with vital insight to act upon. From how we communicate with our people, to the training and learning opportunities we offer them, to our ways of working, we regularly ask for feedback and their bright ideas and act on their suggestions.

O2. The Fortnum & Mason Family



Continuous Learning

All employees receive training on their arrival within the company. They are supported and encouraged to develop their own skillset, both to enhance their performance and to help them to gain greater self-confidence and awareness. Coaching and development is offered to many of our people, and we also provide regular opportunities for team members to share their careers, experiences and skills to the benefit of others, as we nurture a culture of continuous learning.

Benefits & Rewards

All staff are paid a fair wage for the work they do which is regularly monitored against the general market rate.

Every eligible member of the team qualifies to be part of our bonus scheme that is dependent on company performance against a target. In addition to pay, other benefits are offered to all staff, including a pension scheme (with company contributions up to 10% of salary), free life assurance, interest-free travel loans, access to an employee assistance programme and generous staff discounts.

There are also Long Service Awards and other benefits including a paid day's holiday for each person's birthday every year and a day for volunteering.

Recognition and Celebration

The Fortnum & Mason Values Awards were launched in 2018 – this awards scheme is to recognise those colleagues who have excelled in demonstrating our core values. Throughout the year, everyone is given the chance to nominate their colleagues, or a team, who have gone above and beyond in living our values. In 2019, we launched our Exceptional People Awards. Held annually, they celebrate the outstanding endeavours and achievements of our people across three core categories: exceptional service, pioneering & positive change and outstanding contribution.



O2. The Fortnum & Mason Family

Healthy Workplace

The health and welfare of our teams is important and we ensure fresh healthy meal options are available in all of our stores. In our Piccadilly store, we have a subsidised restaurant for employees, Café 181 which has its own chef and supporting team, and provides not only delicious and nutritious food cooked on a daily basis, but a popular and engaging space for colleagues to meet and socialise during the working day.

Developing the Talent of Tomorrow

We launched the Apprenticeship scheme in 2016 ensuring we help support and develop the talent of tomorrow. We benefit from freshthinking, open-minded people from a rich diversity of backgrounds engaging in our apprenticeships programme, and intend to continue to grow the number enrolled annually as we seek to maximise the opportunities we can offer new talent: no mean feat for a family led business of our size, but we believe it's a necessary investment if we're to see our business and our people thrive.

Social Contribution

We continue to improve both the accuracy of measuring and the contribution of our business in terms of Social Value. Our partners, Planet Mark, calculated that per employee our contribution to social value amounted to £1,634 per employee or 0.7% of turnover.

In conclusion: though much has been achieved, we recognise that it is both the small and the large scale things that are done every single day that fundamentally make a difference to our collective future in 300 years' time. We are committed to doing more to ensure that we're conducting business properly.









At Fortnum's, 80% of the food that we sell is under the Fortnum & Mason label. This means that we have full control over who makes it, what it is and how it is made. Suffice to say, we only source the highest quality ingredients for our products.

We work closely with our suppliers to develop products that are as natural as possible, using quality ingredients without using unnecessary additives or chemicals.

Only the highest quality proprietary products make it into Fortnum's.

Our Food Buying Principles are:



Quality

We provide our customers with the besttasting food by ensuring that we use only the finest ingredients and production methods. Our rigorous quality control procedures and standards of traceability ensure that our products are of the highest quality and always reach our customers in peak condition.



Product provenance, authenticity and integrity

Provenance and authenticity of origin are key to our buying philosophy. We source our food products from the best suppliers we can find. Suppliers are expected to comply with all regulations and codes of practice that are applicable to their business – for example, we have been GM (Genetic Modification) free since 2002 and no longer use palm oil in our Hospitality or Own Label Retail Food products.

Additionally, wherever possible, we always try to source the majority of our fresh foods from within the UK.



However, some artisan products or specific breeds can only be sourced from outside the UK, where the same sourcing and buying principles apply.



Seasonality

We provide our customers with a range of products that reflect the growing seasons.

This philosophy extends to our recipe-based products and menus, and not just our fresh produce. We also develop products for the major British celebrations, British traditions and the leisure activities of our customers. We focus on in-season British produce, not only to ensure the highest quality, but to minimise transport impacts and our carbon footprint.

These buying principles are applied to our key food and drink ranges in the following way:

Tea

At Fortnum & Mason, we are members of the Ethical Tea Partnership (ETP). The ETP was founded by a coalition of tea companies with a shared concern to understand supply chain risks. Today, the ETP is a global membership organisation catalysing long-term, systemic change, to benefit everybody who works in tea – especially people in tea-producing regions.

In addition, we aim to visit all our tea suppliers every three years. Where this is not possible, we will rely on third party audits to ensure compliance with our strict sourcing policies.



Coffee

Our coffee supplier is committed to developing long-term sustainable supply arrangements with the world's best producers, providing a fair economic return for those farmers, suitable living and working conditions for their employees and protection for the natural environment. By contracting forward and paying a fair price, we help our farmers to afford basic healthcare, education, and housing for their employees and families.

Not only is the quality of the coffee of paramount importance, but we only source coffee from producers or producer groups where there is a transparent and documented commitment to the continual improvement of social and environmental conditions on the coffee farms and estates.



Biscuits

The majority of Fortnum & Mason biscuits are made in the UK from the finest ingredients using traditional baking methods. They are produced to the Grade A of the British Retail Consortium (BRC) Standard that covers Hazard Analysis and Critical Control Point (HACCP) system which considers quality management, factory environment standards, product and process control, as recommended by the Food Standards Agency.



Honey

Honey is a key and growing product group for Fortnum & Mason and with the bee population under threat, we made the decision to make our own small contribution to protecting the bee population in the UK, by positioning our own hives on the roof of our Piccadilly store. Our bees have a radius of around three miles, which encompasses St. James's Park, Green Park and Buckingham Palace, as well as any number of private gardens.

These gardens are often planted with a dazzling array of exotic flowers, which means that our honey's flavour is quite unpredictable, and changes with every crop. Our honey has proved extremely popular - so much so, that these rather exclusive bees have created a waiting list for their produce. We have also installed our hives in other prominent locations – including St. Pancras Station and on the roofs of London art galleries.



Fish

We ceased selling wet fish from our store during 2015 and we don't sell wild retail salmon on counter or prepack. Our retail salmon is sourced in line with our Animal Welfare Standard.

Additionally, we ensure that any fish used adheres to the <u>Marine Conservation</u>
<u>Society</u> fish rating guidelines, whereby we will only select fish rated 1 or 2 (Amber or Green).



Caviar

All our caviar carries full CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) accreditation stating where the caviar is from, thus giving us full traceability and is regularly DNA-tested to confirm the source.

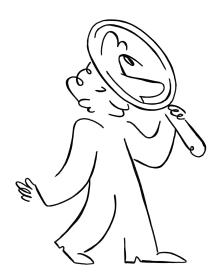
We do not source wild caviar, we have many farmed caviar alternatives to offer choice to our customers.



Foie Gras

The essence of our Future Matters work is a commitment to take more steps every day that make a difference to the future of our planet and people. As a result, one of the changes we have made is to cease selling foie gras and replaced it with Foie Régal, where the geese are naturally fed and free to roam.





Meat, Poultry & Eggs

We work closely with our suppliers to ensure that all livestock is reared to certain welfare standards, to guarantee the highest quality of meat and livestock products are obtained. The 'Five Freedoms' form the core of our animal welfare standards set out by the Animal Welfare Committee). Additionally, our buying principles extend as follows:

- All our whole eggs sold are free range, and we never buy on the open market;
- Our chicken, geese and turkeys are free range;
- We buy outdoor bred pork (Primal Meat);
- We buy PGI certified Welsh lamb;
- All of our game comes from BGA (British Game Assurance) assured shoots.



04. Fashion, Beauty & Home Buying Principles

We take great pride in providing our customers with a range of premium quality fashion, beauty and home products. We have developed our own ranges that account for around 40% of our sales in this category, while the remaining 60% are proprietary brands of the highest quality. This offer provides our customers with often hand-crafted alternatives to those available from other retailers.

Our buying principles are in line with those we apply to our food ranges. We work closely with our suppliers to ensure where possible that the materials used in the manufacture of our fashion, beauty and home products are traceable where possible, and socially and ethically-sourced. We review our supplier's policies and practices on an individual basis and expect them to adhere to our high standards and the following principles:

Quality

We provide our customers with luxury products by ensuring that we use only the best materials and production methods. We work with the most-skilled producers and always try to promote traditional and artisan methods of production. We also work with our direct suppliers to apply quality control procedures.

Sustainability

We promote sustainable and environmental practices throughout the supply chain. We do not support the rearing of animals for the sole purpose of using their skins. We do not sell real fur and we work with our suppliers to ensure that they do not use endangered or threatened animal species, fauna or flora. Suppliers must comply with C.I.T.E.S (Convention on International Trade in Endangered Species of Wild Flora and Fauna) to ensure that international trade in specimens of wild animals and plants do not threaten their survival.



Ethical and Environmental

We work with our suppliers to ensure their commitment to best practice on all issues, such as protecting the environment, animals, human rights and renewable resourcing, to deliver ethical quality goods. It is our aim to promote and implement progressive sustainable practices across the fashion design, sourcing and manufacturing supply chain. None of our beauty products are tested on animals.

Craftmanship

We are committed to showcasing and conserving crafts in all its forms and have introduced Fortnum & Makers, an exhibition at our Piccadilly store, featuring some of Britain's most accomplished creators and makers, who are keeping a craft tradition alive through their work. We are giving exclusive access as to not only who the makers are, but how they make, so that our customers can also Meet the Makers.



05. Supply Chain Engagement

Selection & Sourcing

We champion artisan products and work closely with our producers and suppliers to ensure we source the highest-quality products, while maintaining full traceability. Building long-term relationships with our suppliers is important to us, and a number of these relationships span many decades.

Ethical & Environmental

We enjoy very direct relationships with our suppliers and regularly assess whether they take an environmentally responsible and ethically sound approach to sourcing their product, and equally whether their worker welfare standards meet our broader requirements. Many of our suppliers are small too, so often, we will work collaboratively with them, extending our advice and contacts to their benefit.

Modern Slavery Statement

Fortnum & Mason is committed to ensuring that there is no slavery, human trafficking or child labour in our supply chains. We work with organisations such as the Ethical Tea
Partnership (ETP) to ensure that suppliers adhere to the agreed principles, and if any suppliers fail to reach our standards then we will terminate our relationship with that supplier.



Communication

We work directly with our supply base, and through regular meetings and visits we ensure that the standards that we set are maintained.

Many of our suppliers are small, artisan operations with limited resources and we therefore offer them assistance in achieving our standards, and work with them to ensure that they place a priority on their own CSR objectives.

This is extended to all supplier compliance documentation, ensuring that our supplier's CSR ambitions and strategies are captured both upfront, when we initially consider working with them, but also form a major dimension of our partnership with them going forwards. A good example of this is the upskilling and engagement sessions we have with suppliers and Planet Mark, culminating in a bi-annual supplier conference.



06. The Environment

Environmental Policy

An English brand with a global outlook; we consider ourselves very fortunate to have forged relationships with some of the finest producers across the world, proudly showcasing their craft and products. But with great global outreach comes even greater global responsibility. The way the world is changing is always front of mind. We don't have all the answers but we're unwavering in our pursuit of positive environmental change, both on a domestic and global scale. We continue to put our waste to use, reduce our energy and water usage and increase our recycling and composting facilities to ensure we take a lead in decreasing our reliance on the planets resources and to clean up the impact we leave behind.

It is our policy to operate in compliance with all relevant environmental legislation. We also aim to continually improve our environmental performance and minimise the impact of our activities by regularly reviewing our environmental policy. This will allow us to:

- Prevent pollution.
- Reduce our carbon footprint.
- Minimise the consumption and wastage of natural resources as far as reasonably and economically practicable.
- Ensure that consideration is given to purchasing environmentally sustainable products and services as well as considering service partners' environmental credentials in the selection process.
- Encourage the use of travel options that minimise environmental impact.

Carbon Management

We recognise that our operations create carbon emissions and that this has a detrimental effect on the environment.

It is our aim to take action to minimise these emissions and to use energy from renewable sources where possible. All employees and suppliers are also made aware of their environmental and social responsibilities.

The main contributor to our carbon emissions is our electricity usage (Scope 1 &2). Since 2011, we have been certified by The Carbon Trust. In 2022, we chose to move forward on our journey with Planet Mark and we have recently achieved our year three certification. We have taken action to reduce emissions through a number of energy efficiency initiatives and investments and continue on a journey to Net Zero.

We are continuing to work on carbon reduction projects to identify further energy savings and set further carbon reduction targets. The achievement of the Planet Mark certification enables us to communicate and reinforce energy-saving initiatives to our employees and suppliers. We encourage suggestions of energy-saving ideas through 'The Hive Extra', our weekly newsletter sent to our managers and our weekly publication, 'The People Newsletter' sent to all employees and our sustainability champions in our Future Matters Network.

In 2023/24, we are working on internal and external engagement programmes to begin data collection for our Scope 3 carbon measurement allowing us to baseline and then set further robust targets (Scopes 1 & 2).

06. The Environment

Waste Reduction

We are continuously reducing our environmental impact through waste reduction with the policy of reduce, reuse or recycle where possible. We recycle all plastic, glass, paper and cardboard and utilise surplus food waste for useful purposes. We also passionately believe in zero waste to landfill, an objective we have held since 2011. As a result, any remaining waste is processed for use as industrial aggregates or to generate electricity. In addition, our packaging is known for its keepability, with the iconic Hamper a great example of a Fortnum's sustainable product. We are revisiting those products where this is not the case, however, and ensuring that recyclable or reusable packaging is secured for all new products developed.









07. The Community

Charitable Giving

Fortnum & Mason supports a number of charities both in the local community and nationally.

We support paid volunteering days for each of our employees, and our teams have given much of their time and worked with our various charity partners.

We have ongoing partnerships with three key charitable bodies:

The Felix Project: a London charity working with food suppliers and charities to reduce food waste and food poverty. The charity collects food from supermarkets, wholesalers and other food suppliers – food that is fresh and nutritious but cannot be sold for various reasons. Felix deliver this food free of charge to charities which provide meals, snacks or food parcels for their clients, including the elderly, the homeless, people with mental health issues, refugees and asylum seekers and vulnerable families and children. Felix simply want to see good food go to good causes. Throughout 2023 & 2024, Fortnum & Mason donated 38,534 meals to The Felix Project, and we continue to look at ways in which we can support their efforts, including offering our people the opportunity to volunteer for them, either individually or as a team. Additionally, our teams are working with Feeding Hong Kong, which redistributes food surplus to food charities and community programmes in Hong Kong.

The Enham Trust: a disability organisation that works with 7,500 individuals each year throughout the South, giving them independence, choice and control in the cornerstone areas of their lives; housing, care, work and skills development. Several years ago, Fortnum & Mason placed its tea gift packing with Enham to provide employment opportunities for disabled staff.

<u>Centrepoint</u>: is our current employee charity of the year and we have been working with them since January 2021. Centrepoint provides housing and support for young people regionally in London, Manchester, Yorkshire and the North-East and through partnerships all over the UK. Their aim is to give homeless young people a future and end youth homelessness by 2037.

Local Charities

We support around 50 charities each year with donations of money or goods to their fundraising activities.

Local Organisations

As the original corner shop, Fortnum's recognises the value of participating in the local community and takes an active role in doing so. We support the St James's Conservation Trust in their work to preserve the character and heritage of St James's. We are also members of Heart of London, London First and The Jermyn Street Association and we actively engage in and support activities and developments to promote the West End as a responsible and world-class shopping destination.

