

# Retail:

## an interview with Boots

**I**n this regular feature, we will focus on how organisations across different industries approach energy management. In this issue, we are exploring the world of retail with Sophie Longmate, Energy and Carbon Reduction Manager at Walgreen Boots Alliance.

Boots is the UK's leading pharmacy-led health and beauty retailer with over 2,500 stores in the UK, ranging from local community pharmacies to large destination health and beauty stores. Boots UK is part of the Retail Pharmacy International Division of Walgreen Boots Alliance, Inc, the first global pharmacy-led health and wellbeing enterprise.

### What does energy management mean for Boots UK?

As a responsible business, we know that it's important to work on a wider scale to help tackle energy issues. We champion change towards a low carbon economy and have an EnergyCare program through which we deliver our energy management and reduction strategy across our business.

As part of our EnergyCare program

we are committed to a 30 percent reduction in our carbon footprint by 2020 (compared to a 2005 baseline). As members of the Prince's May Day Network, we are part of a network of businesses committed to working collaboratively to tackle climate change, helping to build a sustainable future for our planet.

At Boots UK, we have invested in our own energy generation since 1915 when our first Combined Heat and Power (CHP) Plant was constructed at the Island Street site in Nottingham. Fast forward to today and we still follow this same principle through our highly efficient CHP energy centre at our site in Beeston which generates the majority of the energy for our 300 acre Nottingham Support Office, logistics and manufacturing site. Our other sites, stores and warehouses across the UK use 100 percent certified green electricity (excluding landlord supplies).

We are strongly committed to energy reduction, however this isn't about simply investing in the latest technology; it's about having great insights and information and using this to invest wisely in real solutions that will work for our c.2,500 stores. Since 2009, we have invested over

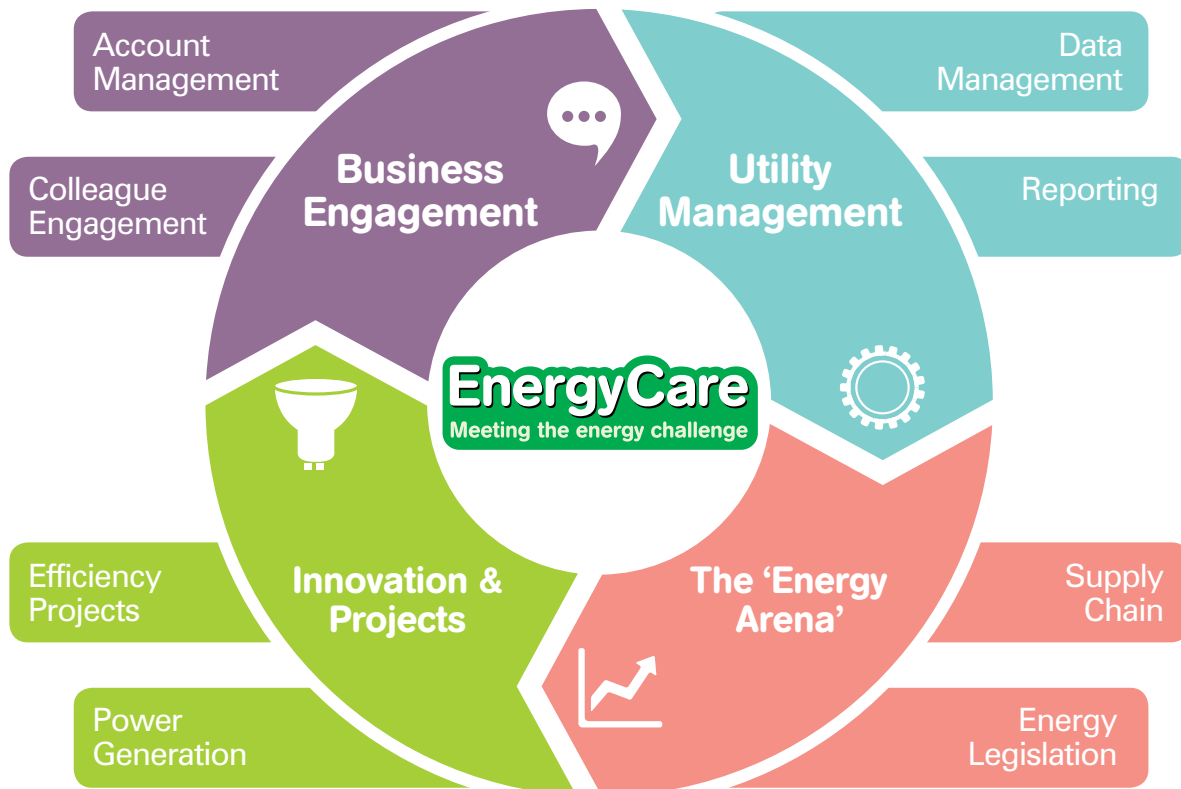
£20 million in technology to reduce energy consumption in stores, for example by replacing inefficient lighting with LED (light emitting diode) technology. We've also taken learnings from our stores which champion low carbon technology and using the information from the trial technologies installed, we make the best investments through improvements in the heating, ventilation and air conditioning (HVAC) systems and utilise automated building management systems, for example, to increase control of energy consumption.

We take energy management and reduction very seriously; it helps to enable the success of our collective business plan and allows us to have a holistic management of energy and carbon. Our integrated energy reduction strategy fits within our overall business objectives.

To develop this holistic energy management approach, we consider the principle drivers and influencers that necessitate an integrated strategy.

### We group them into four main areas of influence:

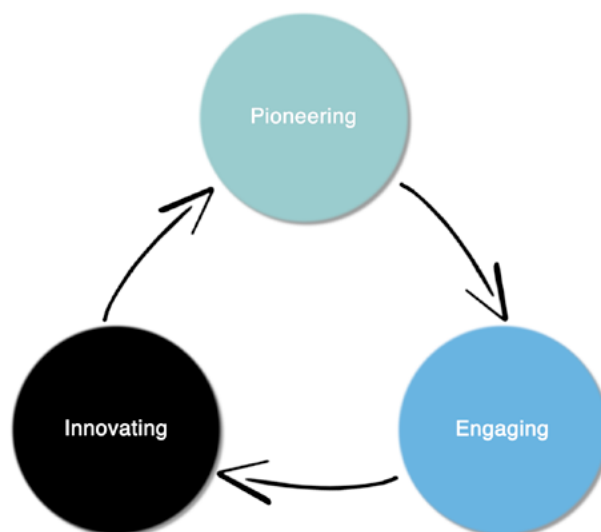
The Energy Arena	Business Engagement	Innovation & Projects	Utility Management
<ul style="list-style-type: none"> <li>• Legislation Compliance- new policy and regulations</li> <li>• Changing operations and services</li> <li>• Security of supply</li> <li>• Mandatory Carbon Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Accreditations</li> <li>• Stakeholder Engagement</li> <li>• Employee Engagement</li> <li>• MayDay Target 30% by 2020</li> <li>• Customer expectations</li> </ul>	<ul style="list-style-type: none"> <li>• Changing business models requiring more energy e.g. refrigeration/food</li> <li>• Stores consuming energy</li> <li>• Retrofit of a large estate, with aged buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Rising Energy Costs</li> <li>• Carbon Reduction Commitment liability</li> <li>• Carbon taxes CCL, EU ETS and others.</li> <li>• Identification of savings on bills</li> <li>• Supply chain savings</li> </ul>



## How does Boots UK deal with energy management?

Our energy management approach is to focus on leading the energy and demand reduction strategy. This ensures the mitigation of possible business risks such as instability with the future economic market within the UK and EU, including the current changes within the Department of Energy & Climate Change (DECC) and policy/taxation changes thus allowing us to ensure continuity of supply to our stores and business.

Following on from our four main areas of influence (The Energy Arena, Business Engagement, Innovation & Projects and Utility Management) we then centre our activity around three key workstreams focusing on CO<sub>2</sub> reduction; these interdependent pillars create a robust and practical approach, to allow us to holistically manage energy and carbon.



Pioneer	Engagement	Innovation
Boots UK will play its part in developing a low carbon economy and lead the debate on energy and carbon reduction.	Engage our people to care about the environment, giving them the tools and information to make a difference.	Revolutionising investment strategies and implementation of energy savings opportunities enabling us to use energy more efficiently.
Utility Management		
These three key workstreams are <b>underpinned</b> by our excellent energy processes, supply chain and data integrity. Our data collection enables our success in pioneering, engaging and innovating our stakeholders, colleagues and stores. This means that we can ensure our operational responsibilities are upheld allowing us to focus on our strategic direction through the three workstreams.		

## What challenges does Boots UK face to continuously improve energy management?

Over the many years since the EnergyCare Program launched, we have ensured the delivery of the strategy and the delivery of initiatives to reduce energy. We have had great success with this however we continuously look at further ways we can continue to significantly reduce our consumption. It is vital to ensure:

- Continuity of supply which will positively affect store trading and business, avoiding innovation investment stagnation.
- Energy reduction is taken control of, keeping up with the energy market and retail sector, rather than being reactive to external factors for a positive future.
- Understanding is shared about why we need to reduce energy across all colleagues; therefore having clear

accountabilities, backed up with effective data and reporting.

- Energy being a hidden cost within the business, a holistic view on energy management needs to be taken, for example, decisions should be made based on more than the lowest unit cost.

Therefore going forward as part of our continuous improvement, we focus on sustained colleague engagement, monitoring of the estate and continued roll out of LED's whilst establishing further investments into targeted CO<sub>2</sub> reduction. This also ensures we align with DECC's forward focus on demand reduction rather than renewable energy generation.

We want to ensure we remain known as the energy experts within retail through our continued EnergyCare program to reduce our energy and carbon emissions whilst ensuring we align with our overall business objectives and our trusted Boots brand.