



Food we're all proud of

Wm Morrison Supermarkets PLC
Corporate Responsibility Report 2019/20



About this report

This is Morrisons 14th Corporate Responsibility Report. It reports on our corporate responsibility programme progress and activity from 2019/20

This Report should be read together with our 2019/20 Annual Report and Financial Statements, which can be found at: www.morrisons-corporate.com/investor-centre

Why corporate responsibility matters to Morrisons...

It's important that we listen and respond to the issues that our customers and wider stakeholders care about. Doing so ensures we remain a sustainable, efficient and competitive business.

Creating a meaningful corporate responsibility programme ensures transparency and adds value to our business.

If you would like to comment on our corporate responsibility programme, the report itself or any of the issues we highlight, please email: cr@morrisonsplc.co.uk

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Top three challenge

This icon is used throughout this report to denote the top three challenges we face.

Our focus areas

Supporting British farmers

p13

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Top three challenge

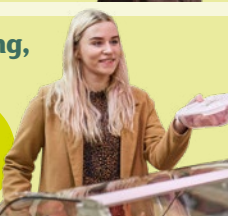


Removing, reducing, reusing and recycling plastic

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Top three challenge



Tackling climate change

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3

Top three challenge



Ensuring food safety, quality and provenance

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Reducing food waste

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Looking after our colleagues

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Sustainable sourcing

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Respecting human rights

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Helping our customers to live healthier lives

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Supporting the communities we serve

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Selected KPIs within this Report have been independently assured by our auditor PricewaterhouseCoopers LLP using the International Standard on Assurance Engagements 3000 (Revised).

We are food makers and shopkeepers

We are a British born and bred, value-led grocer. We have grown from a market stall to the UK's fourth largest supermarket. We're both food makers and shopkeepers, which makes us different from our competitors.



Our focus on fresh food is supported by our 'farm to fork' business model. We buy many of our fresh products directly from farmers and fishermen, process through our own manufacturing sites and abattoirs and distribute through our own network, the only British supermarket to do so. This gives us more control over the provenance and quality of the food we sell in our stores. We have more skilled specialists on hand to prepare fresh food in store than any other retailer, with over 9,000 fully trained craftspeople including butchers, bakers, fishmongers and cheesemongers.

Every week, around 12 million customers pass through our doors or shop online, and more than 98,000 colleagues across the business work hard each day to deliver a great service. Our aim is to give our customers more of what matters to them, offering great quality food at low prices.

Established in
1899

98,000+
colleagues

9,000
trained butchers,
bakers and fishmongers

12m
customers each week

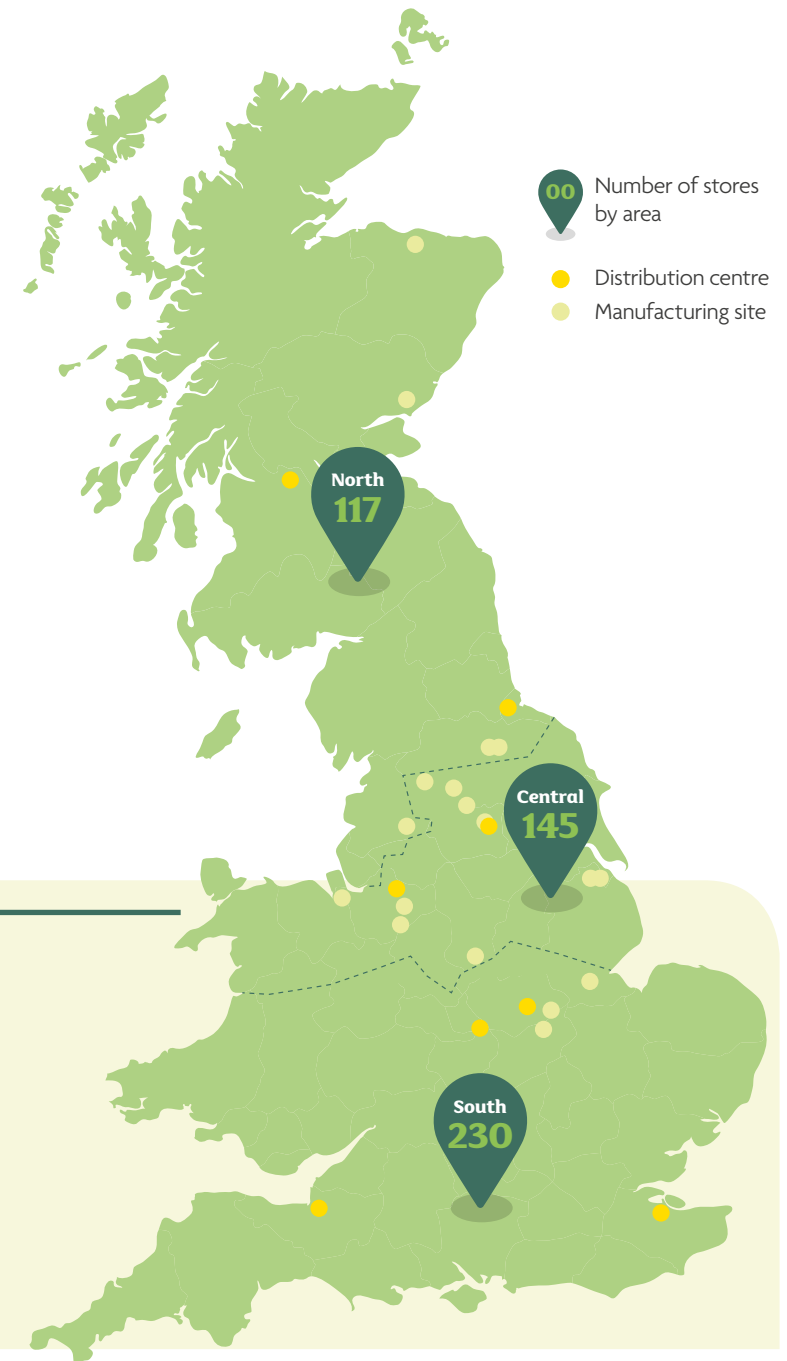
0.8%
like-for-like sales

£408m
underlying profit before tax

18
manufacturing sites

8
distribution centres

492
stores



Our business model

Resources and relationships

Customers

- Around 12 million customer transactions every week

Colleagues

- Over 98,000 friendly and skilled colleagues, supported by a high quality management team

Sites

- 492 conveniently located supermarkets
- 18 manufacturing sites, eight distribution centres and an increasing digital presence

Brand

- A well-loved brand becoming more relevant and accessible to more customers
- Online delivery service available to over 90% of British households
- Stores across Britain giving the brand national reach

Financial strength

- A strong balance sheet, with a largely freehold estate, low debt and a net pension surplus
- Continued generation of significant and sustainable levels of free cash flow

Our business is different in many ways...

Food maker

Our food making skills provide customers with products that are fresh, good quality, great value, and made by us



We are a diverse team, united by our ways of working and our food maker and shopkeeper credentials

- Over half of the fresh food we sell we make ourselves
- Every day, our skilled food makers on Market Street make fresh food for our customers
- We make fresh food in our manufacturing sites across the UK
- Our automated production lines increase productivity and efficiency, and reduce waste
- We work with our suppliers to carefully source the products we don't make ourselves

Distributor

By controlling the whole supply chain, we know where our food comes from and can provide our customers with what they want, when they want it



Our national distribution network moves the food we make and buy

- Our stores are serviced by seven regional distribution centres and one national distribution centre
- This network supports our growth through other channels
- Technology simplifies the links between sites and stores

Wholesaler

Through stores, manufacturing, online and our wholesale partners, we can leverage our brand to achieve meaningful and sustainable capital light growth



We are a wholesaler, providing products to retail partners and wholesale customers

- We aim to make our brands more popular and accessible, and to increase volume through our existing assets
- We leverage the strength of our brands and manufacturing capability to deliver good quality products at great value
- We have the Safeway brand which we provide for wholesale partners

Retailer

Understanding our customers powers the decisions we make. Customers love our brand and see us as competitive and locally relevant



We sell the products we make and buy, in our stores and online

- Listening informs the improvements we make
- We have a Morrisons price list, providing good quality fresh food and great value
- Our shopkeepers care deeply about service
- Our 'More' Card helps us to understand and serve our customers better, by tailoring offers for them
- Over 90% of British households now have access to our online offer, and we continue to expand our 'reach'

...delivering through our seven priorities...

- 1 To be more competitive
- 2 To serve customers better
- 3 Find local solutions
- 4 Develop popular and useful services
- 5 To simplify and speed up the organisation
- 6 To make the core supermarkets strong again
- 7 Naturally digital

...and supported by our five ways of working

- 1 Customers first
- 2 Teamwork
- 3 Freedom in the framework
- 4 Listening and responding
- 5 Selling, controlling costs, growing profits and removing waste

Outcomes

Customers

- An improving shopping trip informed by listening
- More customers, buying more from us, more often
- Customers can get what they want, when they want it

Colleagues

- Engaged and motivated colleagues
- Colleagues sharing in the success of the business
- A fair day's pay for a fair day's work

Suppliers

- Establishing lasting relationships
- Working together with simplified terms
- Ways of working that comply with the Groceries Supply Code of Practice

Shareholders

- A strong balance sheet
- A cash generative business with low levels of debt
- Strong financial performance and returns

Community

- Making a positive contribution to society
- Respecting human rights and ethical trading practices
- Supporting good causes and helping people in times of need

Environment

- Removing, reducing, reusing and recycling the plastic we use
- Reducing food waste
- Supporting British farmers to be more sustainable
- Tackling climate change

What we've achieved in 2019/20



£15m

raised for farmers
through For Farmers
range



Sustainable Food and
Farming Award at the
Good Farm Animal
Welfare Awards 2019

Operational
science-based
target launched



Increased loose
fruit and veg ranges
extended to 62 stores



Free in-store
meeting spaces for
community groups

100

rapid electric vehicle
charging points installed
in our stores

3.4m

meals donated to
FareShare since 2017

40

V Taste vegan
products
launched



2.6bn

calories removed from
Morrisons own brand
products



400

popular products now
with front of pack
recycling logos

9.6%

reduction in Morrisons
own brand plastic
packaging (2017 baseline)

Black plastic removed
from all Morrisons own
brand packaging

Chief Executive's introduction



“We are committed to ensuring we continue to make a positive impact on wider society and the environment, with the ambition to make it easier and affordable for our customers to live their lives more sustainably.”

David Potts, Chief Executive

We continue to live our purpose ‘to make and provide food we’re all proud of where everyone’s effort is worthwhile so more and more people can afford to eat well’. A key part of the purpose is ‘food we’re all proud of’, this underpins what we do from a corporate responsibility perspective. We are committed to ensuring we continue to make a positive impact on wider society and the environment, with the ambition to make it easier and affordable for our customers to live their lives more sustainably.

We are already seeing the effects of climate change in global society, it’s important that we take action within our operations and supply chains to reduce our own impact. Our ambitious plan is to reduce Morrisons emissions footprint by 33% by 2025, 53% by 2030 and to achieve net zero emissions by 2040. These are science-based targets developed with the help of the Carbon Trust. We’re already making good progress in our own operations against our targets, achieving a reduction of 28% in 2019. We’re now working to set a similar target for our indirect emissions including supply chain, products and services. We have also agreed a series of new commitments to strengthen our position on a number of environmental issues linked to the sourcing of key commodities such as soy, beef, palm oil and timber.

For the fourth year, we asked our customers to take part in our annual customer insight survey. We increased the number of customers taking part in the survey from 4,000 to 5,000 as well as ensuring the sample better reflects our overall customer demographic. The top three issues our customers care about remain the same – ensuring food safety, reducing plastic packaging and supporting British

farmers. We have continued to make good progress on our commitment to remove, reduce, reuse and recycle the plastic on our products and in our business. We’ve removed problematic plastics such as black and expanded polystyrene from our products and increased the number of stores with plastic-free fruit and vegetable aisles. As a result of our efforts, in 2019 we were awarded Business in the Community’s Environmental Sustainability Award.

It’s important that when moving away from plastic, we consider the overall environmental impact of our decision. We worked with environmental consultants, WRAP, to analyse our move to increase the amount of loose fresh fruit and vegetables we sell in our stores. The results from the analysis showed that many customers said they prefer to purchase loose where practical as they can buy the exact quantities they need, helping to reduce food waste in the home.

We’re providing further investment into the British farming community through our Farming Apprenticeship Fund, attracting younger talent to the industry. The £2m fund will help to provide a solution to the current skills shortage within farming and provide young people with new career opportunities.

We hit a milestone with our charity partnership with CLIC Sargent; so far we’ve raised an incredible £11 million for young lives facing cancer. We’re now aiming to raise £15 million by the end of the partnership in February 2021. This will allow us to open a new CLIC Sargent Home from Home in Manchester – meaning more families will be able to stay together when facing cancer treatment.

All of what we do is through teamwork. I wanted to add a personal thank you to all colleagues who help to make this happen.

David Potts, Chief Executive

Zero

**net emissions by 2040
target launched**

Key global challenges

It's important that we recognise and respond to the global challenges that society faces. As a retailer and manufacturer sourcing products both locally and internationally, we can play a key role in making positive change to address these issues.

Climate change



Climate change is already affecting the way we live today, we see this through severe weather patterns, rising temperatures and sea levels with global greenhouse gas (GHG) emissions now at their highest levels in history.

Climate change can impact our business in a number of ways including security of food supply, price inflation, impacts on economies and disruptions to communities.

How this relates to Morrisons

It makes good business sense to reduce GHG emissions as it not only minimises these threats but it can also deliver efficiencies, operational cost savings and create new market opportunities. Stakeholder pressure for businesses to act continues to grow, with customer awareness of climate change at an all-time high.

How are we responding

In 2019, we launched our science-based operational carbon reduction target. This ambitious and stretching target will see us reduce emissions by 33% by 2025, 53% by 2030 and net zero emissions by 2050.

We are now working with the Carbon Trust to also set a science-based target for our indirect or scope 3 emissions.

p17 Read more on what we're doing to address climate change

Human rights



Global food supply chains are complex and complicated, relying on millions of workers to produce the food we sell to our customers.

Challenges exist throughout these supply chains, which can make it difficult for workers to access their rights and often disproportionately impact those with additional vulnerabilities including migrants, women and small scale farmers.

How this relates to Morrisons

As a business, we have a responsibility to respect the internationally recognised human rights of the people who make and sell our products. This includes fair working conditions, health and safety in the workplace, gender equity and respect for the diverse communities in which we operate.

How are we responding

Our Ethical Trading Policy and Code establish key requirements for all suppliers, and details our process to identify, prevent and mitigate risk. We actively monitor compliance through an extensive third party audit programme and provide support for suppliers when issues are identified.

We also work in collaboration with civil society organisations and multi-stakeholder initiatives to understand where adverse impacts could occur and identify opportunities for improvement.

p27 Read more on what we're doing to protect human rights

Waste



The linear model of take, make and waste is no longer working for business or the planet.

It's important we're moving towards a circular economy; removing, reducing, reusing and recycling where possible. This can create innovation and new market opportunities.

How this relates to Morrisons

Reducing waste makes sense not only from an environmental perspective, it also ensures efficiency throughout our operations.

Our customers want us to do more to help them live their lives with less plastic, providing alternatives as part of their shopping experience with us.

How are we responding

We're taking responsibility for the plastic we use, by 2025 all own brand plastic packaging will be recyclable, reusable or compostable. We will also reduce own brand plastic packaging by 50%.

We've also introduced a number of initiatives in store and online including bring your own container, increased loose fruit and vegetable areas and the introduction of paper grocery bags.

p15 Read more on what we're doing to reduce plastic waste

Listening to our customers

Every year, we ask our customers about the issues that matter most to them. This valuable insight helps to shape our Corporate Responsibility programme and subsequent activity, ensuring it remains focused on the most material issues to our business.

↑ Up ↓ Down — No change

2018/19 top 10 issues results		2019/20 top 10 issues results	
1	Ensuring food safety	1	Ensuring food safety —
=2	Reducing plastic packaging	2	Reducing plastic packaging —
=2	Supporting British farmers	3	Supporting British farmers —
4	Ensuring animal welfare	4	Reducing packaging waste +2 ↑
5	Selling British products	5	Ensuring animal welfare -1 ↓
6	Reducing packaging waste	6	Reducing food waste +2 ↑
7	Trading fairly with suppliers	7	Protecting natural habitats, woodlands and forests NEW
8	Reducing food waste	8	Selling British products +3 ↓
9	Selling locally sourced products	9	Addressing climate change NEW
10	Looking after employees	10	Tackling modern slavery and human trafficking +4 ↑

5,000

customers were asked to complete our online survey in early 2020

In early 2020, 5,000 customers were asked to complete our online survey. In the exercise, customers were shown several sets of statements and with each set they are asked to select the options they consider to be the most and least important. This provides each statement with a score out of 100 based on its importance.

This year, we reviewed the list of issues in our survey to ensure that we are using customer friendly language. We've also included 'lowering pesticide use in farming' as we've seen a growing interest in the issue over the last financial year.

We have also balanced the age group of respondents to ensure the sample is reflective of our typical customer base.

The top three issues our customers care about have remained the same for the last three years – ensuring food safety, reducing plastic packaging and supporting British farmers.

Ensuring food safety

We take food safety very seriously and adhere to high standards and strict procedures.

p19 Further information can be found on page 19

Reducing plastic packaging

We're reducing own brand primary plastic packaging by 50% and ensuring when it is used it's recyclable, reusable or compostable.

p15 Further information can be found on page 15

Supporting British farmers

We are committed to selling 100% fresh British meat, milk and eggs.

p13 Further information can be found on page 13

Sustainable Development Goals

The UN Sustainable Development Goals officially came into force in 2015. The Goals universally apply to all and aim to end all forms of poverty, fight inequalities, and tackle climate change on a global scale by 2030. These Goals can't be realised without participation from all sectors including business.









We recognise the importance of these Goals and the true value of collaboration in order to create change.

At Morrisons, we want to address these global challenges in a meaningful way that is relevant and aligned to our business strategy. We've reviewed the focus areas of our strategy and ensured we are aligned to as many goals as possible.

Our corporate responsibility programme is currently aligned to the majority of SDGs excluding goals 15, 16 and 17.

Further information on the Sustainable Development Goals can be found at www.globalgoals.org








Sustainable Development Goals continue on page 9.

SDG	How we make a positive contribution	New Highlights
	Supporting charitable causes through the Morrisons Foundation. Supporting and training our colleagues whilst ensuring a fair day's pay.	£3.6m raised through The Morrisons Foundation. Increased rate of hourly pay for frontline store colleagues from £8.70 to £9.00 per hour.
	Making it affordable for our customers to eat healthier, quality foods. Reducing food waste by redistributing surplus food to those that need it. Helping our customers to reduce food waste in the home. Working with British farmers to help to keep them resilient and profitable whilst promoting sustainable farming production.	10% of fresh fruit and veg is on promotion at any one time throughout the year. Too Good to Go app launched in stores. £50,000 donated to support The Prince's Farm Resilience programme.
	Supporting our colleagues through our wellbeing toolkits. Helping our customers to live healthier lives by providing affordable healthy food choices. Ensuring the food we sell to our customers is produced to the highest standards of safety.	2.6 billion calories removed from own brand products. 'My Wellbeing' site launched for colleagues to help with mental, financial, physical and social wellbeing.
	Promoting diversity and inclusivity and supporting and training our colleagues. Donating to charitable causes through The Morrisons Foundation.	7,300 books donated to schoolchildren through World Book Day. Top 30 in the Social Mobility Employer Index.
	Improving our talent and gender balance while increasing female representation in senior positions throughout our business.	'Women in Morrisons' events launched. Increase in female store managers from 7% to 20%.
	Working to reduce the amount of plastic we use, to ensure that it doesn't leak into the marine environment. Operational efficiency of the water we use.	9.6% reduction in own brand primary plastic packaging (2017 baseline). Automated water meter readings installed in sites and stores. Operational water target to be reviewed in 2020/21.
	Operational carbon reduction initiatives, targets and investments. Offering lower carbon services and products to our customers in our stores.	Continued roll out of voltage optimisation units. 100 Electric Vehicle charging points installed in stores.
	Promoting diversity, inclusivity and supporting and training our colleagues. Ensuring workers rights across our supply chain.	150 colleagues joined degree apprenticeship and graduate programmes. First UK supermarket to join Slave-Free Alliance initiative.

Sustainable Development Goals

continued

Further information on the Sustainable Development Goals can be found at www.globalgoals.org

SDG	How we make a positive contribution	New Highlights
	Reducing operational and supply chain carbon emissions.	Science-based scope 3 target in development. 28% reduction in operational carbon emissions (2017 baseline).
	Respecting human rights in the supply chain. Helping our customers to eat affordable, quality food. Supporting charitable causes through The Morrisons Foundation. Promoting diversity, inclusivity and supporting and training our colleagues.	47 varieties of our Naturally Wonky fruit and veg range are available across the year. First UK supermarket to join the Slave-Free Alliance.
	Reducing waste and carbon emissions. Helping our customers to eat affordable and more sustainable diets.	99% operational waste diverted from landfill.
	Reducing, reusing and recycling the plastic we use. Reducing food waste throughout our operations, in our supply chains and in customers' homes. Ensure operational waste is recycled and reprocessed. Help our customers to live more sustainably through responsible consumption and disposal of the products we sell.	13% reduction in operational food waste (2016 baseline). New environmental commitments established for our Nutmeg clothing range.
	Reducing, reusing and recycling the plastic we use. Reducing food waste throughout our operations, in our supply chains and in customers' homes. Ensure operational waste is recycled and reprocessed. Help our customers to live more sustainably through responsible consumption and disposal of the products we sell.	83% own brand primary plastic packaging is recyclable. 792 tonnes of surplus food redistributed to good causes.
	Sustainable sourcing of the fish and seafood we sell. Working to reduce the amount of plastic we use, to ensure that it doesn't leak into the marine environment.	Continued support of the Ocean Disclosure Project. Water fountains installed in stores providing customers with access to free drinking water.
	Promoting sustainable agricultural production through the farming programme. Responsible sourcing of key commodities.	New enhanced palm oil, deforestation and soya policies launched.

Behind the scenes: stakeholder engagement

Engaging with our stakeholders enables us to identify issues and opportunities and respond to changing needs.

Stakeholder	Examples of how we listen	What they care about
Communities	Letters, enquiries and surveys, local news, social media, local government and council engagement.	Our communities want us to be an active neighbour, to support the causes that matter to them and make a positive difference through acting responsibly and thoughtfully.
Customers	Customer listening groups, sales of products, customer insight survey, social media and correspondence.	We know that customers recognise that sustainability issues are important. They want us to make it easier for them to be supportive through healthier and more responsible buying habits, without additional cost. Results of our customer insight survey can be found on page 7.
Colleagues	Colleague Your Say forums, internal communications, Your Say surveys, colleague social media platforms and Corporate Responsibility initiatives.	Our colleagues care about how we look after them, from their progression within the business to their engagement. They want to be treated equally and be rewarded by their commitment.
Government and regulators	Formal enquiries and correspondence, meetings, trade associations, social media and visits.	Government expect Morrisons to positively contribute to a number of their environmental and societal agendas, engage with formal enquiries and adhere to legislation.
Investors	Enquiries, surveys, Annual General Meeting and meetings.	Investors scrutinise our activity on a range of environmental and social measures as well as financial performance, to ensure risks are limited, new market opportunities are explored and the business is resilient to change.
Non-Governmental Organisations (NGOs)	Enquiries, surveys, collaborative projects, visits, meetings, blogs and social media.	NGOs care about the impact we have on the environment and society. They ask us to make changes to the way we operate to help address a particular topical issue.
Suppliers	Conferences, meetings, visits, audits and surveys.	Suppliers want to feel supported by Morrisons. Working closely with our buying teams to create good quality products for our customers. They want a relationship built on mutual trust and respect.



Behind the scenes: governance

Corporate governance facilitates effective, entrepreneurial and prudent management that delivers long-term success. It is driven by the leaders of a company who come together regularly. They operate within established values to determine strategy as distinguished from the day-to-day operational management.

Our corporate responsibility programme is formally incorporated into our governance structures.

Governance Structure



Implementation measures and performance are reported to the Executive Committee which is chaired by our Chief Executive. The Executive Committee is responsible, amongst other matters, for the development and implementation of our strategy, financial performance, reporting and control, risk management and the development of corporate policies and procedures for the Group. The central commitments and KPIs for the corporate responsibility programme are managed on an ongoing basis under the stewardship of relevant Executive Committee Directors who are assessed alongside their wider performance as part of their Professional Development Review.

Development and progress in our sustainability agenda are reported to the Corporate Compliance and Responsibility Committee (CCR). CCR members include selected Executive Committee Directors, Non-Executive Directors as well as the company's Chairman. The CCR meets regularly during the year and performs an oversight, monitoring and advisory role for key areas of corporate governance and development, including health and safety, environment, competition, regulatory ethical compliance and corporate responsibility.

We have a business owner for each Corporate Responsibility commitment and KPI. These contacts are typically Senior Management or Management levels within the business and are responsible for day-to-day activity and progress. They work alongside our stakeholders to ensure we are effectively managing the issues that matter to our business. Each contact is required to provide updates to the Group Corporate Services – Corporate Responsibility team and their relevant Executive Committee Director.

Our corporate responsibility strategy

Our ten key focus areas

This Report sets out our ten key focus areas for our programme. New and existing commitments are in place to ensure we're delivering positive change year-on-year.

Our focus areas reflect the material issues that really matter to our business and our customers.

Within our ten key focus areas, we have identified three major challenges that we believe are the most important and relevant for our business to act on. We did this by looking at current industry activity, stakeholder interest and concern, global sustainability activity and trends.

Our purpose 'To make and provide food we're all proud of where everyone's effort is worthwhile so more and more people can afford to enjoy eating well' is at the heart of what drives us as a business every day.

Our corporate responsibility strategy reflects our purpose. It's about going beyond profit, ensuring we're making a positive contribution to wider society through the food we make, buy and sell.



Supporting British farmers

We know our customers care about buying affordable British products. British farming is also essential to our business as it keeps supply chains short and efficient.

1

Top three challenge



Our approach

100% of our fresh own brand meat, milk and eggs are British. We buy and process animals and whole crops directly from British farmers – the only UK retailer to do so.

Owning our own abattoirs, manufacturing and packing facilities enables us to utilise the whole animal and all of the crop, meaning farmers get a fair price and we're reducing waste.

Our Farming Programme works with producers to promote profitable, responsible farming through collaboration and supply chain initiatives.

For example, we work with innovative and progressive farmers, who not only lead the way in planting wildflower strips to help grow bee numbers, our vital natural pollinators, but also by working with us through Chippindale Foods which has helped us deliver 100% free range shell eggs for our customers five years ahead of target.



www.morrisons-farming.com

Left: We launched a £2m farming apprenticeship fund to encourage a new generation of farmers into the industry.

Our commitments and performance

100%

British own brand fresh meat, milk and eggs

£15m

donated to farmers through For Farmers range

£2m

Farming Apprenticeship Fund launched



Sustainable Food and Farming Award

100%

free range across own brand fresh shell eggs

Tier 2

in Business Benchmark on Farm Animal Welfare survey

Zero

UK farming emissions on own brand farms by 2030

Supporting British farmers

continued



Supporting British farming

We continue to sell 100% fresh British own brand meat, milk and eggs in our stores throughout the year.

We buy directly from 3,500 British farmers and growers and we're the only retailer with our own livestock buyers. This gives us unique insight into the issues affecting farm production.

Our farming programme covers a broad range of issues to keep British products competitive and farm businesses sustainable. We meet supply chain farming groups in each sector regularly to discuss practical issues affecting suppliers and their concerns for the future.

3,500

We buy directly from 3,500 British farmers and growers

Farming Apprenticeship Fund

As an employer who pays the apprenticeship levy, we have the option to transfer up to 25% of our annual apprenticeship levy funds to other levy-paying or non-levy-paying employers. We were keen to use this transfer funding to support employers within our supply chain to help address the skills issues facing the farming community and provide vital opportunities for people to get on to the career ladder.

As a result, we launched a £2m farming apprenticeship fund to encourage a new generation of farmers into the industry. This fund helps to address the British farming industry's recruitment challenge, where previously there has been difficulty in attracting young talent. The programme provides apprentices with the industry knowledge required in order to grow produce for food manufacturers and retailers. The programme includes broad based agricultural skills training from a recognised training provider, mentoring and support and retail placements as well as development of an understanding of customer attitudes to British sourcing, farming and animal welfare.

Sustainable Food and Farming Award

Morrisons was named as the corporate winner of the Sustainable Food and Farming Award at the Compassion in World Farming Awards 2019 for our bee-friendly free range eggs product, Morrisons Farmers Favourite. The Sustainable Food and Farming Award recognises businesses that are taking steps to produce meat, dairy and eggs in ways that protect, improve and restore wildlife and the environment.

"Morrisons British sourcing policy, initiatives such as the Farming Apprenticeship Scheme and supporting the farming industry's efforts to achieve net zero, all demonstrate their strong and clear commitment to back British farming."

Minette Batters, NFU President

Our free-range egg manufacturing site partners with the charity Bumblebee Conservation Trust to ensure that egg farmers are committed to bee conservation, planting an acre of wildflower meadow for each laying hen range. The scheme has so far seen 57 acres of bee-friendly pollen and nectar rich habitat planted across the UK, and has seen an increase in bee numbers on these farms by up to 55%.

Guaranteeing a market for dairy bull calves

We now guarantee a market for all male calves born on Morrisons own brand dairy suppliers' farms, preventing them from being killed at birth or being sold on to continental veal markets. Our new policy requires farmers to rear the bull calves to a certain weight until 15-40 days of age, at which point they will be bought by beef-rearing company, Buitelaar. Farmers will be paid market price for the calves, with additional premiums given to farms meeting key health indicators, as well as additional payments for certain breeds of calves.

In addition, we've committed to buying calves born on farms under bovine tuberculosis restrictions. We're also running a trial to rear the offspring of Jersey and Channel Island breed cows, where male calves are typically smaller with less market value.



Farm 24

For the third year running, we supported Farmers Guardian's #Farm24 online campaign aimed to highlight British agriculture.

We supported the initiative through our digital channels as well as 100 in-store events. The campaign was supported by a host of celebrities this year including James Martin and Sara Cox. The event received over 160 million impressions and reached over 37 million people in its aim to increase the awareness of the British farming industry.



What's next?

Working with our farmers to achieve Net Zero for agriculture emissions at least by 2030.

Continuing to develop opportunities for skills and succession in farming through the apprenticeship levy and The Prince's Farm Resilience Programme.

Introducing and implementing additional welfare standards for the fresh chicken we sell.

Removing, reducing, reusing and recycling plastic

We have a responsibility to do the right thing for our customers. It's important we're moving towards a circular plastics economy model; removing, reducing, reusing and recycling where possible.

2

Top three challenge



Our approach

Our ambition is to be a leading corporate in the fight to keep plastic in the economy and out of the environment; to be an example of what good looks like to other corporates and to help more and more customers live their lives with less reliance on plastic.

By 2025, all own brand primary plastic packaging will be recyclable, reusable or compostable. We will also reduce own brand primary plastic packaging by 50%, extending our previous commitment.



www.morrisons-corporate.com/cr/policy/plastics

Our commitments and performance

9.6%

reduction in own brand primary plastic packaging (4.8% year on year reduction)

83%

own brand plastic packaging is recyclable



Business in the Community's Environmental Sustainability Award

Zero

problematic black plastic and expanded polystyrene used on our own brand primary food and drinks products

30p

increased price of reusable plastic bag to encourage reuse

1 million

fewer plastic bags sold per week than 2018/19

2nd

ranked for the second year running in the Greenpeace Supermarket Plastic Survey

Left: Customers can take their own containers to any of our Butcher, Fishmonger and Deli counters in stores, helping them to reduce their plastic use.

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Removing, reducing, reusing and recycling plastic

continued

Removing and reducing the plastic we use

Reducing the amount of plastic we use is important to us and our customers. In 2019, we used 9.6% less plastic packaging on Morrisons products than 2017, our baseline year, equivalent of 5,327 tonnes (4.8% reduction to 2018).

This has been achieved through a variety of measures, examples include removing more than 30 million trays from fruit and vegetables and in the british summer season removing packaging from products like cucumbers, asparagus and rhubarb. We've extended the range of loose fruit and vegetables on Market Street in all of our stores and in 62 stores have introduced dedicated areas for this, offering up to 127 loose varieties of fresh fruit and vegetables, delivering more than 150 tonnes of plastic savings.

We've reduced an additional 3,500 tonnes of plastic waste throughout our operations by reducing, removing and improving recycling. Examples include removing plastic transit packaging for fish saving over 800 tonnes of plastic and replacing 280 tonnes of plastic bubble wrap used to protect our fruit and vegetables with ribbed recycled paper sheets.

1,200

tonnes plastic ready meal trays made recyclable and made from 85% recycled plastic bottles and trays

Encouraging reuse

We support customers to move from single use to reuse models. We encourage customers to bring their own containers to our counters and during the year extended this to include our Deli counters. We launched a reusable string produce bag in stores, made from 100% unbleached and untreated recycled cotton and have introduced products such as aluminium straws and refillable household cleaning products.

In addition to the introduction of our PEFC certified reusable paper bag, we have also increased the price of our plastic bags for life from 20p to 30p to encourage customers to reuse and not repurchase. This equates to an annual reduction of 55 million plastic bags or over 2,100 tonnes.

489

refill points in our stores and cafés where customers can refill their own reusable water bottle

Helping our customers to recycle

Using less plastic is our first priority, but where it is required, we are committed to making it recyclable. In 2019, 83% of our own brand primary plastic packaging was recyclable by weight, up from 81% in 2018.

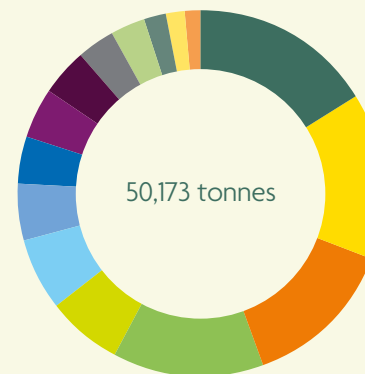
We removed all problematic hard to recycle plastics from our own brand primary packaging. This included expanded polystyrene and black plastic packaging. All our own-brand ready meals, 1,200 tonnes, moved from black plastic to 100% recyclable trays made from 85% recycled content.

Front of pack 'recycle me' and 'recycle in store' logos now feature on 400 popular Morrisons products, which account for over 500 million items sold per year. These logos were designed to help customers to easily recognise products that can be recycled at home or in store.

Own brand plastic packaging footprint

This graph represents our own brand plastic packaging footprint by category.

We are committed to reducing own brand plastic packaging by 50% by 2025 (2018 baseline).



- 16% Fruit and veg
- 15% Water and drinks
- 14% Milk
- 13% Meat and fish
- 7% Other
- 6% Market Street counters
- 5% Bakery and cakes
- 4% Cleaning products
- 4% Grocery products
- 4% Cooked meats, deli and cheese
- 4% Ready meals
- 3% Frozen foods
- 2% Salads, sides and dips
- 2% Health and Beauty
- 1% Sweets and crisps

Recognition

We were awarded the Environmental Sustainability Award for our work on plastics reduction at the 2019 Business in the Community's Responsible Business Awards.

For the second year running, we were ranked second in the UK supermarkets league table on plastic activity in the 'Checking Out on Plastics II' report by the Environmental Investigation Agency and Greenpeace.

Sponsor of the category Mark Vale, President, UK, Ireland and Nordics, UPS said: "Morrisons have challenged the norms within their industry; their leadership is providing sustainable solutions across a variety of different ranges."



What's next?

Working with our manufacturing sites, pack houses and suppliers to deliver a 50% reduction in own brand plastic packaging.

Working with partners to introduce innovative reuse, low plastic and plastic free packaging solutions.

Trial to remove plastic carrier bags from some stores.

Tackling climate change

Climate change significantly affects our business through its impacts on agricultural yields, food prices and supply.

3

Top three challenge



Our approach

Reducing our impact is part of good shopkeeping. It makes sense not only from an environmental perspective, but it also ensures efficiency throughout our supply chain and operations.

We have a range of projects to deliver greenhouse gas emissions savings throughout our supply chain, from field to fork.

We were the first major supermarket to be awarded the Carbon Trust Standard in 2008 based on a range of activity at the time which we continue to this day.



www.morrisons-corporate.com/cr/corporate-responsibility/carbon

Left: A range of initiatives across the business are driving the reduction in emissions.

Our commitments and performance

28%

reduction in operational carbon emissions achieved

Zero

net emissions by 2040 target launched

100

electric vehicle charging points installed in our car parks

Zero

UK farming emissions on own brand farms by 2030

99%

store operational waste diverted from landfill

Tackling climate change

continued

Operational carbon reduction

We announced our plan to reduce Morrisons operational emissions by 33% by 2025, 53% by 2030 and net zero emissions by 2040 (2017 baseline).

Our science-based targets were developed with the help of the Carbon Trust, a not-for-profit company that provide specialist support to help businesses reduce their emissions.

In 2019/20, we achieved 28% reduction in operational carbon emissions against a 2017 baseline.

We are working with the Carbon Trust to establish baseline data for our scope 3 emissions, which includes purchased goods and services in our supply chain.

Carbon Trust

standard accreditation
since 2008

Energy saving initiatives

We've carried out a number of energy saving initiatives in stores with a combined total estimated saving of 24,623,196 kWh. Initiatives included LED lighting replacement, voltage optimisation programme and freezer door heater control roll out.

We continued to roll out voltage optimisation units and LED lighting upgrades across retail, logistics and manufacturing sites. We have installed voltage optimisation units in stores where we are achieving approximately 4% savings in electricity consumption.

A number of our stores across the estate now have fridges fitted with doors to reduce energy consumption, with estimated energy savings of around 30-40%.

We have installed trim heat control boxes to our frozen cases in a selection of stores in 2019. Trim heaters have been fitted to frozen food cabinets of both full and half glass door cabinets. The heaters reduce power consumption when installed, reducing the demand for heat around the frozen glass doors.

Zero UK farming emissions on own brand farms by 2030

Emissions from UK farms currently amount to 10% of UK GHG emissions.

While we support the National Farmers Union's aim to encourage the UK agriculture sector to be net zero by 2040, by working with a smaller group of progressive farmers, we think we can respond to society's need for action and so have set a more challenging target of net zero from our UK agriculture chain by 2030. This will be achieved through working with farmers and supporting the increase of on-farm productivity, farmland carbon storage and renewable energy utilisation.

Efficient logistics

Our logistics network has continued to undertake a number of activities designed to reduce kilometres travelled and the fuel consumed while delivering food to our stores.

These initiatives include:

Longer semi-trailers – Increasing store deliveries that are carried out using longer semi-trailers which helps to increase loads.

Increased pallet sizes – Reducing the number of pallets required to service each site.

Driving styles – By using our vehicle telematics system we have improved the average miles to the gallon of our drivers by reducing harsh braking, acceleration and engine idling time.

Operational waste

We aim for zero waste direct to landfill in our stores. We operate a strong reduction and recycling programme treating waste as a resource and work with our waste contractors to maximise reprocessing.

2019/20 store waste and recycling breakdown

Material	Tonnes
Card	96,651
Confidential paper	123
Mixed plastics	6,672
Animal by-product	12,827
Light tubes	1
Oil	3,708
Other recyclables	36,400
Total recycled/reprocessed waste	156,382
Landfill	1,161
Total waste to landfill	0.74%



What's next?

Scope 3 science based target to be set.

Working to engage suppliers through farming programmes to reduce on-farm emissions.

Ensuring food safety, quality and provenance

It is a priority that our products and services meet stringent food safety and legal standards. This significantly reduces risk and meets customer expectations for quality and value.



Our approach

All of our own brand manufacturing sites must meet our food manufacturing standard and maintain certification against the British Retail Consortium Global Standard for Food Safety, which is internationally recognised.

We conduct approval audits to ensure suppliers meet our food safety standards before supply commences and hold routine audits to monitor ongoing compliance.

Our retail food safety systems are designed to meet all legal requirements and take account of industry guidance and codes of practice.

 www.morrisons-corporate.com/cr/policy/food-safety

Left: All colleagues working in food preparation areas have an externally accredited food safety qualification and we regularly audit our stores to ensure standards are being met.

Our commitments and performance

New

'Keeping Acrylamide Low' procedure launched for Market Street and café products



Food Safety primary authority award

Zero

crop samples exceeded safe pesticide use

5,013

supplier visits through our 'at source' produce team

Contents	Strategy and approach	Our focus areas	Performance summary	Assurance
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Ensuring food safety, quality and provenance

continued

Collaboration and engagement

We are working with the Food Standards Agency (FSA) on Regulating our Future, which is a strategy to improve the way food businesses are regulated. The current model of food inspections is one size fits all. The FSA wants a flexible, risk-based approach that is fit for the future and takes into account the changes in the food industry, such as online retailers and food delivery services.

Allergens and recipe management

We continue to embed Natasha's Law requirements into our rigorous product testing. Natasha's Law was introduced to protect allergy sufferers from risk of allergens, requiring all food businesses to include full ingredient's labelling on pre-packaged foods.

As well as improving the control of recipes, we utilise our recipe management system to increase the robustness of the process to ensure allergens present are correctly declared on product labels.

Pesticides

Suppliers to Morrisons must submit proposed pesticide usage to our expert service provider and pesticide consultants before supply. This ensures that every crop and country is risk assessed against the following criteria: environmental impact, operator safety, consumer safety and risk of illegal residues.

Compliance to our requirements is monitored through our technical teams supported by our pesticides monitoring programme.

Pesticides considered as posing an unacceptable risk are not permitted to be used. On this basis we declined the approval of a pesticide on 605 occasions in 2019/20.

Morrisons pesticide monitoring programme is targeted at crops and countries where pesticide residues are most likely to be found.

A total of 387 samples were analysed in 2019. 37.5% had no detectable residues. 61.2% had residue detections within safe and legal limits and 1.3% of samples had a residue that exceeded the EU legal limit, but below the acute reference dose. 0% of samples exceeded the limit deemed to cause consumers potential harm.



This compares favourably with the corresponding 2018 annual UK official monitoring, which showed 3.8% of samples with a residue level in exceedance of the EU legal limit.

Produce growers supplying fruit and vegetables to Morrisons must undergo annual audits to maintain Global GAP and Red Tractor Assurance within the UK or Organic certification. These farm assurance programs evaluate growers against Good Agricultural Practice standards and are based on the principle of Integrated Crop Management. This encompasses prioritisation of non-chemical based methods of disease and pest control within agricultural systems, minimising the use of chemical methods of control.



0%

of crop samples analysed for pesticide residue in 2019 exceeded the limit deemed to cause the consumer potential harm

Acrylamide

When starchy foods are baked, fried, grilled, toasted or roasted at high temperatures (usually above 120°C) a chemical substance is formed called 'acrylamide' which has been linked to some forms of cancer.

We've launched an in-store procedure 'Keeping Acrylamide Low' for the products we sell in our cafés, canteens and on Market Street.

What's next?

Continued testing of pesticides on our own brand fresh produce.

Continue to embed Natasha's Law requirements into processes.

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Reducing food waste

Around a third of all the world’s food produced is either lost or wasted from farm to fork. This creates economic loss, food insecurity and subsequent impacts on climate.



Our approach

As a fresh food manufacturer and retailer, we are able to control a greater proportion of our supply chain, effectively managing our waste.

We buy whole crops and animals from farms where possible and process them through our sites. Within our manufacturing, we can rework and repurpose surplus food, creating new market opportunities.

In our stores, we operate a strong waste and markdown procedure to ensure we keep food waste to a minimum.

Our in-store Market Street specialists are on hand to help our customers to reduce food waste in the home, providing cooking and storage tips. We also offer a large range of loose fruit and vegetables so customers can buy the exact quantities they need.

 www.morrisons-corporate.com/cr/policy/food-waste

Left: Gadbrook, our fresh vegetable manufacturing site, redistributing surplus potatoes to charity, The Bread and Butter Thing.

Our commitments and performance

- 13%**
reduction in store operational food waste (2016 baseline)
- New**
Too Good to Go initiative launched in stores
- 250+**
farmers supported through our Naturally Wonky range
- 47**
varieties of Naturally Wonky sold across the year
- 3.4m**
meals redistributed to FareShare
- 1.8m**
unsold food products redistributed from stores to local community groups

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Reducing food waste

continued



Too Good to Go

We're working in partnership with Too Good to Go to give customers the opportunity to buy Market Street products just past their best before date at a discounted price. The magic boxes of products typically worth around £10 is discounted to £3. Since the initiative launched, we have sold over 37,000 magic boxes through the app.

37,000

Too Good to Go magic bags sold in 2019

Measuring and reducing operational food waste

At Morrisons, we are committed to reducing operational food waste by 50% by 2030 (2016 baseline). Working with third party data analysts, Valpak Limited, we have developed a methodology to accurately record food wasted in our stores by weight. 13,665 tonnes of food was recorded as waste, out of date or damaged in 2019/20. Since 2016/17, we have reduced food wasted in stores year-on-year.

For 2019/20, we have also started to record wasted ingredients from products produced in store, which accounted for a further 977 tonnes. We are working with our manufacturing and distribution centres to better measure and prevent food waste.

Surplus food redistribution

We continue to work with the national charity FareShare to redistribute edible surplus food within our manufacturing and distribution sites. Since 2017, we have redistributed 3.4m meals to FareShare.

We're also working with Manchester-based charity The Bread and Butter Thing. The Bread and Butter Thing is a community led charity that provides access to discounted food to families struggling to get by in socially deprived areas of Greater Manchester.

Since 2018, we have redistributed 860,364 meals to The Bread and Butter Thing. We are also increasing our support through surplus donations during 2020/21 to help them expand their operations nationally.

Through our unsold food programme, we continue to work with 450 local community groups to redistribute edible surplus that can't be sold in our stores.

Since the programme began in 2016, we've donated six million unsold food products.



Naturally Wonky

We support over 250 farmers through our Naturally Wonky range, helping them to reduce on-farm waste. Wonky fruit and veg occurs for a number of reasons such as poor weather conditions. Products will have been selected from farmers' crops because they are mis-shapen, have skin blemishes or growth cracks, or are much smaller or larger than average. We sell 47 varieties of Naturally Wonky fresh fruit and vegetables to over 700,000 customers per week.

In 2019, we sold over 45,000 tonnes of Naturally Wonky.

45,000

tonnes of Naturally Wonky fruit and vegetables sold in 2019

Increasing loose fruit and vegetables and reducing food waste in the home

To help our customers to live their lives with less plastic, we've increased the number of loose fruit and vegetables we sell.

We worked with environmental consultants WRAP to understand the overall environmental impact of this move. Their analysis showed that 72.5% of customers preferred to buy loose as it helped them to buy the correct size, condition or quantity therefore reducing food waste in the home. Further information on this analysis can be found [here](#).



What's next?

Measurement of food waste in tonnes in manufacturing and distribution centres. Implement recommendations from WRAP's Retailer Survey helping to reduce food waste in the home.

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Looking after our colleagues

The success of Morrisons is dependent on recruiting, developing and retaining the right people. It's important that our colleagues reflect the communities in which we operate, and feel safe, supported and engaged to enable great customer service.



Our approach

Our people are at the forefront of everything we do. Recruiting and retaining the right people means we deliver our strategic objectives and provide excellent customer service.

At Morrisons we aim to create long term partnerships by giving colleagues the time, qualifications and support needed to grow and develop their skills.

 www.morrisons.jobs

Left: Our specialist Market Street colleagues offer customers great choice and welcome advice on the food we make and sell.

Our commitments and performance

77%

colleague engagement score

800

retail colleagues completed the 'Pathway' programme

Highest

participation in colleague Your Say survey at 79%

Top 50

in the Social Mobility Employer Index for the second year running

250

colleagues placed on craft apprenticeship schemes

7%

increase in female store managers

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Looking after our colleagues

continued

Working with purpose

We have proposed a new structure in stores with a flatter management team of much broader manager roles. These roles take end-to-end accountability for their department areas including stock, systems, shelf-edge and pricing disciplines, as well as providing their colleagues with full line manager help and support.

While the new structure will mean changes to our current management teams, it will, along with investment, create over 4,000 new colleague roles. This will ensure we have the right hours on the shop floor, and more pairs of hands, to serve our customers better. In turn this will allow our managers to concentrate on helping colleagues to identify and remove the barriers they face, solving business problems together.



Training and development

During the year, over 250 colleagues were placed onto craft apprentice schemes in butchery, bakery and fish. This number is in addition to the 45 colleagues who took up apprenticeships in areas as diverse as floristry, abattoirs and food science.

Our degree apprentice and graduate programmes continue to play an important role in attracting young talent and create a pipeline for management roles. This year, over 150 colleagues started on these schemes, with one in three joining through our ‘Generations’ campaign, which provides priority assessment for friends and families of existing colleagues.

We also expanded our ‘Morrisons in schools’ programme, partnering with almost 400 schools, as we work locally to offer opportunities and support social mobility.

We were pleased to be recognised as the Top Retail Employer for school leavers for the second year running in the ‘All About School Leavers’ award scheme, and have again been placed in the top 30 in the Social Mobility Employer Index.

Colleague wellbeing

We have a dedicated online wellbeing hub available to all colleagues, which includes a variety of tools and resources relating to mental, physical, social and financial wellbeing which is updated frequently.

We also have a calendar of wellbeing campaigns running throughout the year relating to specific wellbeing topics; previous campaigns have included supporting our colleagues during the menopause, stress and mental health awareness and staying healthy at work.

Additionally, we also partner with the Retail Trust, our Employee Assistant Programme provider, who are available for colleagues to contact them 24/7, providing confidential advice and support.

Your Say

It is important that colleagues feel valued and that they share in the success of the business. We closely listen to the feedback in this area in our Your Say surveys and forums. In 2019, we achieved a colleague engagement score of 77%, an increase of 1% from 2018/19.



Diversity

In 2019, we launched an online Diversity Calendar which includes details of a number of events throughout the year, aimed at raising awareness and educating each other about different cultures and communities. We also run a number of diversity and inclusion groups across our business including Women in Morrisons, Black, Asian and Minority Ethnic and LGBT+. These groups are designed to support colleagues as well as create opportunities for them to get on at Morrisons.

Women in business

Over the last few years, we have seen our proportion of female store managers increase from 7% to around 20%, female buying managers and senior buying managers increase from 44% to 55%, and female members of our leadership team increase from 17% to 33%.

In our continued support of women in the workplace, we launched two new development programmes in 2019. Two national ‘Women in Morrisons’ events took place across three different regional venues in the UK. A total of 593 women colleagues from Retail, Manufacturing, Logistics and Hilmor House attended. Each event was sponsored by one of our senior leaders. The events consisted of Guest Speakers as well as developmental activities.

55%

Female buying managers and senior buying managers – an increase from 44%

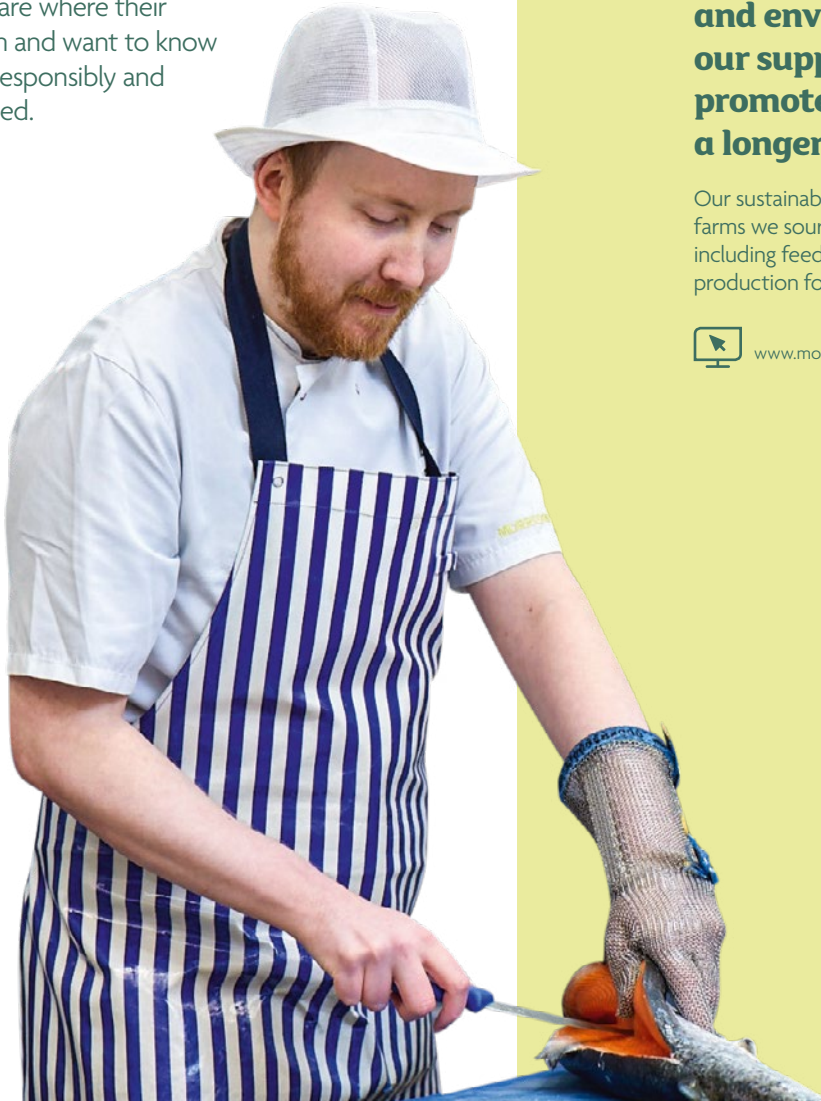
What’s next?

Continued implementation of work life balance initiatives.

Embed proposed new structure in stores.

Sustainable sourcing

Our customers care where their food comes from and want to know that it has been responsibly and sustainably sourced.



Our approach

We work with our suppliers to improve the transparency, social and environmental performance of our supply chain. We encourage and promote responsible practices and a longer term view.

Our sustainable sourcing policy covers primary production on farms we source from both locally and internationally, from inputs including feed use on livestock farms to outputs including palm oil production for manufactured products in our own brand ranges.



www.morrisons-corporate.com/cr/corporate-responsibility

Left: All the fresh fish and seafood on our Market Street fishmonger counters is responsibly sourced.

Our commitments and performance

New

palm oil commitments launched

New

soya sourcing policy launched

Zero

deforestation by the end of 2025

100%

of viscose used in Nutmeg clothing will be sourced from responsibly managed forests and produced using closed loop manufacturing

100%

of the cotton used in Nutmeg clothing will be in line with the Better Cotton Initiative by 2025

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Sustainable sourcing

continued

Seafood

Sourcing responsibly caught fish and seafood continues to be an important consideration for our customers and a priority for our business. Our commitment to the Sustainable Seafood Coalition codes of conduct underpins our approach which, at its heart, prioritises care for the environment, fish and workers in our supply chains.

As part of our support for the Ocean Disclosure Programme we continue to publish a transparent map and list of all our wild capture sources which breaks down the status of each fishery. Further information on the Ocean Disclosure Project can be found [here](#).

Palm

To strengthen our position on the sourcing of sustainable palm oil used as an ingredient in own brand products, we have revised our current palm oil sourcing policy.

The new policy now requires:

- all palm oil and palm oil derivatives used in own brand food and drink products to be sourced from Roundtable on Sustainable Palm Oil (RSPO) certified segregated supply chains by 2021.
- own brand non-food products to be sourced from RSPO certified segregated supply chains by 2023.



- all own brand products containing palm kernel oil and palm kernel oil derivatives to be sourced from RSPO certified segregated supply chains by 2023.
- all palm oil, palm kernel oil and derivatives used in own brand products must be sourced from suppliers that do not contribute to global deforestation.

We're also working with third party data analysts, 3Keel to ensure more accurate capture of palm oil and palm kernel oil used as an ingredient in our products.

100%

palm oil used in our own brand food products will be sourced from RSPO segregated supply chains by 2021

Timber

In own brand household & beauty products 92% of wood and wood derived products were Forest Stewardship Council (FSC) certified, approved alternatives or recycled. In home & leisure 76% of own brand products were FSC or recycled.



Soy

For a number of years we have been members of the Roundtable on Responsible Soy, a multi-stakeholder initiative which promotes the responsible production of soy.

In 2018, we became signatories to the Cerrado Manifesto Statement of Support – committing to support efforts to halt forest loss associated with agricultural commodity production and to working with industry, producers, governments and civil society to protect globally important natural landscapes within a framework of good governance and land planning policy.

We are working with our own brand suppliers to help them to overcome the challenges associated with soy supply chains and are engaged with The UK Roundtable on Sustainable Soy – a collaboration between the UK Government and industry which helps to address supply chain challenges and supports a commitment to source soya that is legal and cultivated in a way that protects against conversion of forests and valuable native vegetation.

Deforestation

We are committed to responsible sourcing and look to use supply chain systems which minimise the environmental impact associated with the production of key commodities.

We've launched a zero deforestation policy. This means we will not take products from areas which have been deforested or converted after 2018. Whilst effective immediately, we will work with our suppliers to ensure our own brand products are 100% compliant by 2025.

We will specifically concentrate on areas of higher risk for deforestation and conservation, including the Cerrado and Amazon biomes in Brazil and the Gran Chaco in Argentina.

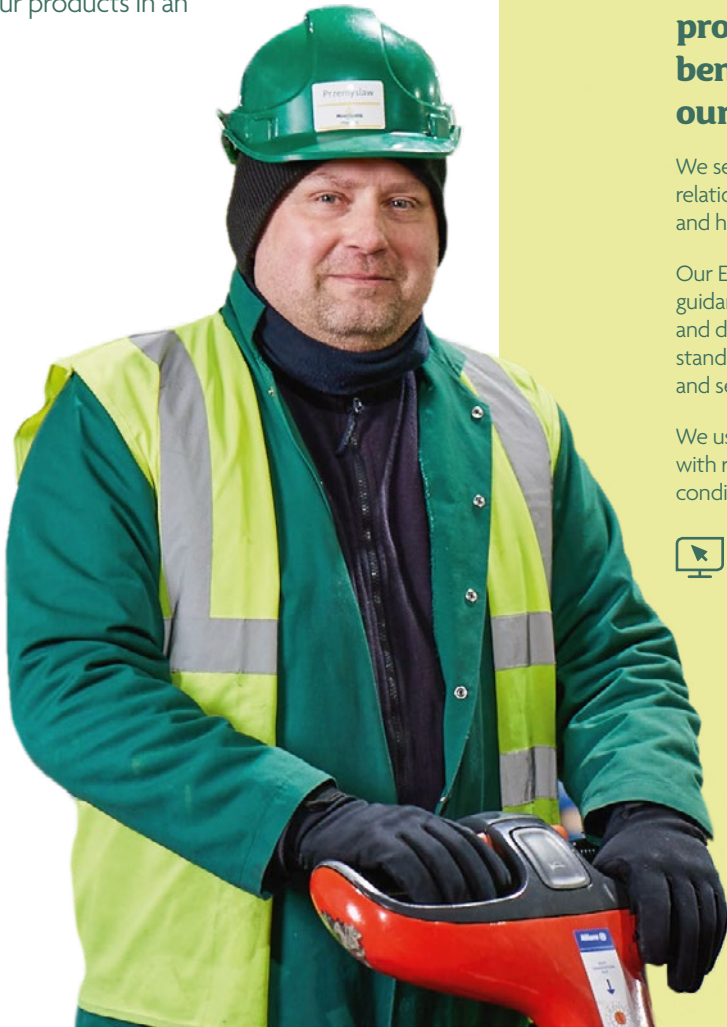
The deforestation policy will be over-arching and include sub-policies on palm oil, soya, beef, timber and paper. Compliance to and reporting of these sub-policies will be shared on our website.

What's next?

- Implement our revised fisheries policy in 2020/21 including a greater concentration on fish health and welfare measures.
- Work with key suppliers to consider alternative sources of feed for fish to reduce the number of wild fish used in production.

Respecting human rights

At Morrisons we recognise the responsibility that we share with our suppliers to buy, produce and sell our products in an ethical manner.



Our approach

We strongly believe that when human rights are respected and ethical standards are consistently delivered, this can improve worker wellbeing, productivity and quality, which benefits both our suppliers and our customers.

We seek to develop long-term, mutually beneficial trading relationships with suppliers based on the principle of fair, open and honest dealings at all times.

Our Ethical Trading Code sets out key rights for workers, including guidance on wages, working hours, safe and hygienic conditions and discrimination. Compliance with the Code is part of our standard terms of supply and applies to all providers of goods and services.

We use our reach and influence to engage our supplier base with research and data gathering projects to improve working conditions globally.

 www.morrisons-corporate.com/cr/ethical-trading

Left: We work closely with our manufacturing sites to ensure our colleagues are trained to identify modern slavery in the workplace.

Our commitments and performance

80
delegates from UK growers trained by the Gangmasters and Labour Abuse Authority (GLAA) on modern slavery awareness

42
strategic supplier reviews conducted

1st
UK supermarket to join the Slave Free Alliance initiative

1,000+
colleagues will receive modern slavery awareness refresher training in 2020

20
training workshops delivered to internal colleagues

3
Ethical Trading Initiative Working Groups actively supported

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Respecting human rights

continued

Collaboration

Collaboration with external partners continues to play a key role in our approach to addressing human rights risk in our supply chains. The issues we face are complex and our leverage to influence meaningful change on our own can be limited.

We added our support to a number of initiatives in 2019 including the Spain Ethical Trade Forum (SETF), Responsible Recruitment Toolkit, Centre for Child Rights and Corporate Social Responsibility and the Slave-Free Alliance. The SETF in particular presents a great opportunity for Morrisons to work with suppliers, competitors and NGOs on issues in the Spanish agricultural sector and empowers growers to drive improvement.

With the support of retailers and suppliers, the initiative hosts regional grower forums to share resources, training and guidance and promote a common approach to improving labour standards. Morrisons colleagues from the UK and Spain attended their annual conference in Murcia, where growers presented activity undertaken in 2019 including the creation of best practice guidance for accommodation standards and case studies for promoting worker wellbeing and engagement. We intend to build on this relationship further in 2020 and will sit on the initiative's Governance Group for the next year.



Training and development

Training and awareness continue to be at the forefront of our approach to identifying modern slavery and building our capacity to manage incidents in a way that supports positive outcomes for victims.

Through our sponsorship of Stronger Together and the Responsible Recruitment Toolkit we provide all our suppliers and their labour providers with access to free training, tools and resources, and will continue our support in 2020.

We also developed a bespoke modern slavery and labour exploitation e-learning workshop for all supervisors and managers in our manufacturing and logistics operations, supported by a face-to-face version for all hourly paid colleagues. This year we will focus on promoting awareness of salient human rights risks and the importance of responsible purchasing practice through the creation of a new e-learning training module for Commercial and Technical colleagues.

We have drafted an external incident management toolkit which will be circulated to all of our UK tier one suppliers in the first half of 2020. This document has been designed to share best practice and learnings from our own investigation experience, and reinforces our commitment to the Retailer Protocol for Handling Reported Cases of Modern Slavery in the UK Supply Chain.

Transparency

Our global supply chains are often complex which makes it difficult to obtain detailed information about workers, especially as we progress down to the lowest tiers. We use the Sedex platform to capture information on our suppliers and assess human rights risk, and have been working with other members this year to improve the quality of data gathered. We contributed to the development of a new supplier self assessment questionnaire, launching in 2020, that will enable us to access and report additional site level detail such as gender representation and presence of recognised trade unions. In 2020 we will continue to increase visibility of our supply chains by publishing details of our tier one food suppliers and all growers of Morrisons own brand tea.

Gender equality

Our Ethical Trading team attended the ETI's Gender Learning Series of training workshops, which are designed to share best practice on identifying and addressing gender based issues in global supply chains. This included a review of capturing effective data, incorporating worker feedback and cultural context, and good practice examples from businesses that have previously conducted successful gender-focused projects. Using the learnings from these sessions, and in light of the recent developments to the Sedex platform, we will update our risk assessment to identify where we should prioritise activity and allocate resources. To reaffirm our support for women in the workplace, Morrisons will also sign the UN Women's Empowerment Principles and review internal policies to ensure we are operating to best practice standards.

Slave-Free Alliance

In January 2020 Morrisons became the first supermarket to join the Slave-Free Alliance, a not-for-profit social enterprise operated by the charity Hope for Justice.

Slave-Free Alliance's goal is to achieve a world free from slavery, with all membership profits reinvested into global work preventing exploitation, rescuing victims, restoring lives and reforming society. Joining the Alliance builds on our existing commitment to address modern slavery risk in our business and supply chains and enables us to access expert advice, resources and guidance to build resilience and improve outcomes for victims. Further detail can be found in our annual Modern Slavery Statement.



What's next?

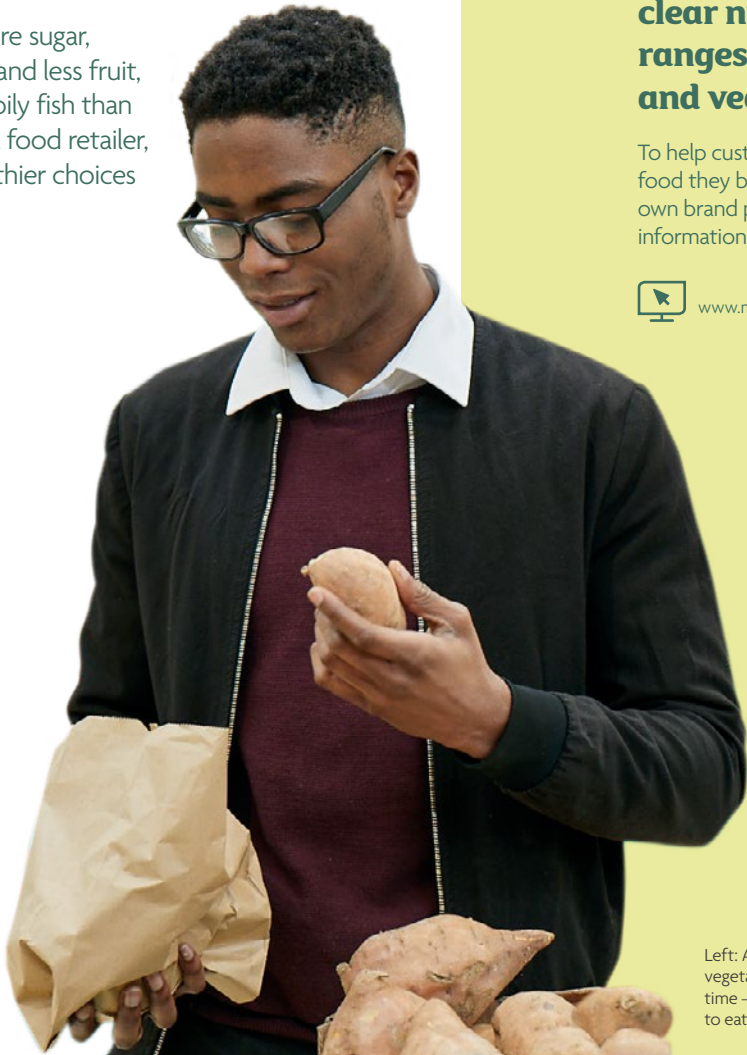
Publication of our tier one food suppliers.

Signing the UN Women's Empowerment Principles.

Undertake human rights impact assessments in our high risk supply chains.

Helping our customers to live healthier lives

The UK consumes more sugar, saturated fat and salt and less fruit, vegetables, fibre and oily fish than is recommended. As a food retailer, we must provide healthier choices to our customers.



Our approach

We are taking a range of measures to help our customers make healthier choices, including product reformulation, clear nutritional information, healthier ranges and strong promotions on fruit and vegetables.

To help customers make quick and informed decisions about the food they buy we have rolled out colour coded nutrition labels to our own brand pre-packed food and drink. In addition, we display calorie information on our customer café menus.



www.morrisons-corporate.com/cr/policy/healthy-eating

Left: At Morrisons, 10% of our fresh fruit and vegetables are on promotion across our stores at any time – to make it more affordable for our customers to eat healthily.

Our commitments and performance

40
V Taste vegan products launched

2.6bn
calories removed from own brand products

642
tonnes of sugar removed from own brand products

72
tonnes of salt removed from own brand products

Contents		Strategy and approach			Our focus areas		Performance summary		Assurance
Supporting British	Plastics	Climate change	Food safety	Food waste	Our colleagues	Sustainable sourcing	Human rights	Healthy customers	Communities

Helping our customers to live healthier lives

continued

Morrisons own brand reformulation

We continued to improve the nutrition profile of all Morrisons own brand products, which was underpinned by a comprehensive programme of reformulation to ensure delivery of salt and sugar targets and planning for calorie initiatives.

In 2019/20, 2.6 billion calories, 642 tonnes of sugar and 72 tonnes of salt were removed from 275 Morrisons own branded products.

We have made, or are making, improvements to our brands which support customers with healthier eating or specific dietary requirements.

Our 'Counted' range, which provides a calorie controlled alternative to our customers' favourite meals, launched in January 2019.

The range focuses on improved quality, new products, revised nutritional criteria and clearer on pack communication.

We have also extended our 'Fresh Ideas' brand, providing fresh and nutritious meals, meal components and 'on the go' solutions to help our customers enjoy eating well.

Eat smart 'Counted' range

Our 'Counted' range, which provides a calorie controlled alternative to our customers' favourite meals, launched in January 2019.

The range focuses on improved quality, new products, revised nutritional criteria and clearer on pack communication.

We have also extended our 'Fresh Ideas' brand, providing fresh and nutritious meals, meal components and 'on the go' solutions to help our customers enjoy eating well



Ready meal relaunch

We relaunched 64 nutrition improvements to Morrisons own brand chilled ready meals covering a number of popular cuisines including traditional, Italian, Chinese and Indian.

The reformulated products have over 679 million fewer calories, 9.1 tonnes less salt and 58.2 tonnes less sugar, and 37.7 tonnes less saturated fat in comparison to the previous range. Nutrition improvements also resulted in 17 traffic light improvements.

Vegan and plant-based alternatives

At Morrisons, we want to offer our customers a choice of products that suits their lifestyle choices. There is an increasing trend for people to reduce or remove animal products from their daily diets. As a result, we've seen a greater demand for vegan and plant-based alternatives in our stores.

We now offer 40 V Taste vegan products in our stores. We also continue to roll out vegan logos on eligible own brand products. We have dedicated bays in stores as well as a dedicated vegan section on Morrisons.com where customers can easily locate products and current offers.

We continue to run various promotions on thousands of fresh fruit and vegetables throughout the year through our Price Crunch campaign, reducing prices by an average of 18%.

We are working on growing our V Taste range and vegan alternatives in 2020 to broaden our appeal to more customers looking to reduce their meat and dairy consumption.

Free fruit for kids

All Morrisons stores offer free fruit to customers with children while shopping in our stores, helping them to get one of their five-a-day.

64

we relaunched 64 nutrition improvements to Morrisons own brand chilled ready meals covering a number of popular cuisines including traditional, Italian, Chinese and Indian

What's next?

Continue to make progress against Public Health England's request to reduce sugar content by 20% where feasible.

Continue to reduce calories, salt and sugar content across own brand products.

Making a positive impact to the communities we serve

Morrisons is committed to being a positive force in the communities we serve.



Our approach

We continue to source more locally produced food, which is good for our customers, the environment and local economies. We support local charities with donations and fundraising opportunities. We share our space with community groups who need a place to meet.

We strive to be there for the community in times of need, such as when flooding hit parts of south Yorkshire, fires engulfed moorland between Huddersfield and Manchester, or the Toddbrook Reservoir in Whaley Bridge failed. Our stores are at the heart of this activity. Arranging food parcels for people affected, replenishing the emergency services, and throwing open our doors to people who need help.

Community champions lead the way in building relationships with local charities and groups. Last year our community champions conducted fact finding tours for local school children, donated products to good causes, and redistributed unsold food to people in need. We continue to increase the hours available to our community champions and add to the number of stores which have community rooms – dedicated spaces for local groups to get together free of charge.

 www.morrisons-corporate.com/cr/corporate-responsibility

Left: Stores across the estate have been offering free meeting spaces to community groups'

Our commitments and performance

- £4m**
raised for charity partner CLIC Sargent
- £3.6m**
grants donated to charities through Morrisons Foundation
- £357,000**
donated in colleague match funding
- £606,000**
raised for the Marie Curie Great Daffodil Appeal
- £1.8m**
raised for the Poppy Appeal

Contents		Strategy and approach			Our focus areas		Performance summary		Assurance
Supporting British	Plastics	Climate change	Food safety	Food waste	Our colleagues	Sustainable sourcing	Human rights	Healthy customers	Communities

Making a positive impact to the communities we serve

continued

CLIC Sargent

Morrisons partnership with CLIC Sargent reached £11 million at the end of 2019/20 and, following consultation with colleagues, has been extended for another year. The final year will fund a new CLIC Sargent 'Home from Home' in Manchester – a free place for families to stay close to the Christie Hospital in the city, which is the largest cancer centre in Europe.

2019/20 saw growth in colleague engagement and increased support from suppliers, with multiple 'Every Pack Gives Back' campaigns taking place, as well as the launch of own-brand products benefiting the charity including an ice cream and a bag, designed by young cancer patients.

The partnership has funded over 7,800 grants for families facing the unexpected costs of cancer, a 'home comforts' scheme at CLIC Sargent Homes and a Nurse Educator programme to help improve young people's cancer care.



World book day

Morrisons Foundation donated 7,300 brand new books to schools nominated by community champions across England, Scotland and Wales. Working in partnership with the National Literacy Trust, the project offered 125,000 pupils the opportunity to enjoy a free bundle of books.

Amongst the well-known titles, each bundle contained a copy of The Story of Tracy Beaker by children's author Jacqueline Wilson, who was also an ambassador for the partnership. Supported by store colleagues, Jacqueline delivered a new book bundle to Shinewater Primary School in Eastbourne.

Communities invited to share our space

Stores across the estate have been offering free meeting spaces to community groups to help them save on the costs of hiring local venues.

The meet up areas in store cafés are booked through the store's community champion and have seen a number of groups established, from crafting sessions to young parents. In addition, 14 new community rooms were opened during the year to offer a dedicated space for groups to meet.

The well-used rooms are home to yoga sessions, language classes and charity meetings – and much else besides. New community rooms will be added to the estate throughout the year and can be found on each store's online page.

Buy one donate one sanitary protection

We built on our initiative to donate sanitary products to women in period poverty in partnership with Procter & Gamble. We donated a pad for every pack of own brand sanitary protection bought in store and online.

The products were distributed to charities and community groups supporting women and girls through key partners like The Bread & Butter Thing, and over the course of the year we donated over one million sanitary products.

7,800

grants given to families affected by cancer

7,300

books donated as part of World Book Day

Beach cleans

In 2018 response to customer concerns about plastic pollution, we launched a programme where teams of our colleagues volunteered to take part in litter picks on beaches close to their area.

We continued in 2019, helping to remove litter and also raise awareness. We extended the programme to cover other areas including canals to allow more participation.



What's next?

End the four-year CLIC Sargent partnership on a high with £15m raised.

Increase charity match funding to £500,000.

Add to the number of community rooms in store.

Our focus areas in detail

Focus Area	Commitment	2019/20 update
Supporting British farmers 	All Morrisons branded fresh shell eggs will be from non-caged hens by 2025.	Achieved Five years ahead of schedule in shell eggs. Ingredient eggs on track to be compliant by 2025.
	Refresh and communicate welfare policies and introduce measures/indicators for welfare issues.	Achieved Including refreshed bespoke audit for fresh pork and new standard for fresh chicken. Efforts recognised by BBFAW (Business Benchmark for Farm Animal Welfare).
	Implement reduction policies across all species. Introduce measures and metrics for restricted Critically Important Antibiotics (CIAs), and the elimination of colistin and routine use.	Achieved CIAs restricted across all products and prohibited in the fresh pork supply. Colistin not allowed in any a Morrison's product. Surveys of antibiotic use in fresh dairy, beef, lamb, pork, chicken and egg products completed.
	Commit to publishing annual report on key health and welfare livestock outcomes on website.	Achieved
	Introduce and report on independently audited bespoke Morrisons standards for chicken and pork sectors.	Achieved
	Commit to regularly updated progress on removal of routine use of antibiotics and removal/reduction of critically important antibiotics for human health in livestock sectors.	Achieved See above.
	Working with leading academics, commit to delivering practical research projects for broiler, laying hen and pork sectors. Focus: environmental enrichment to benefit livestock welfare.	Achieved Reports completed for broilers, laying hens and pork sectors. More work to continue in this important area in 2020/21.
	NEW Additional welfare standards for Morrisons branded fresh chicken.	
Removing, reducing, reusing and recycling plastic 	2025, all own brand plastic packaging will be recyclable, reusable or compostable.	83% Own brand primary plastic packaging is recyclable by weight. 75% Widely recycled. 8% Recycle with bags in larger stores. 2% Check locally. 15% Not currently recycled.
	REVISED COMMITMENT 2025, we will reduce own brand primary plastic packaging by 50%.	9.6% Net like-for-like reduction in own brand primary plastic packaging (2017 baseline).
	NEW 2025, 100% of the polyester used in Nutmeg clothing will be from recycled sources.	
	NEW 2025, 100% of plastic packaging used on Nutmeg clothing will contain recycled content.	
	NEW 2025, 100% of plastic packaging used on Nutmeg clothing will be recyclable.	

Our focus areas in detail

continued

Focus Area

Tackling climate change



Commitment

Reduce operational carbon emissions by 33% 2025, 53% in 2030 and by 100% in 2040 (2017 baseline).

2019/20 update

28% reduction in operational carbon emissions.

Group greenhouse gas emissions for year ending 31 December 2019

Emission source (Scope 1)	2017/18 Baseline Year	2018/19 Prior Year	2019/20 Current Year	Change vs baseline	Change vs 2018/19
Combustion of fuel and operation of facilities					
Natural Gas ¹	166,154	156,348	141,572	15%	9%
Haulage ²	135,029	141,002	139,164	(3%)	1%
Company Cars ³	1,791	1,828	2,140	(19%)	(17%)
Fugitive Emissions					
Refrigerant	183,207	130,281	85,039	54%	35%
Energy purchased for Own Use (Scope 2)					
Electricity ⁴	456,682	362,706	311,954	32%	14%
Total	942,863	792,165	679,869	28%	14%
Intensity Ratio: Tonnes of CO ₂ e per m ²					
GIA	0.356	0.296	0.252	29%	15%
Underlying Energy Use (MWh)					
Electricity	1,299,017	1,281,330	1,220,479	6%	5%
Natural Gas	902,207	849,900	770,039	15%	9%
Haulage	508,955	453,654	455,917	10%	(0%)
Company Cars	7,308	7,402	2,866	61%	61%
Total	2,717,487	2,592,286	2,449,301	10%	6%

1 Data taken from most recent invoice data which includes subsequent adjustments for rebilling; re-baselining of site inclusions/exclusions; and adjustments to the way data is apportioned across the year to ensure ongoing consistency.

2 Haulage data includes well to tank emissions which takes into account the extraction and transportation of fuel bringing reporting in line with our science based targets.

3 Company car data does not include scope 3 – employee commuting.

4 Transmission and distribution, electricity excludes scope 3. Data taken from most recent invoice data which includes subsequent adjustments for rebilling; re-baselining of site inclusions/exclusions; and adjustments to the way data is apportioned across the year to ensure ongoing consistency.

NEW Net zero UK agriculture emissions on own brand farms 2030.

Our focus areas in detail

continued

Focus Area	Commitment	2019/20 update																									
Ensuring food safety, quality and provenance	We will meet FSA targets on campylobacter levels year-on-year.	Achieved Continue to monitor campylobacter levels as part of business as usual.																									
	We will build closer working relationships with our growers through engagement with our international ‘at source’ technical team.	5,013 international ‘at source’ supplier visits conducted during 2019/20.																									
Reducing food waste	We will reduce operational food waste by 50% by 2030 (2016 baseline).	<table><tr><th>Store operational food waste</th><th>2016/17</th><th>2017/18</th><th>2018/19</th><th>2019/20</th></tr><tr><td>Total food sales (tonnes)</td><td>4,097,841</td><td>4,041,575</td><td>3,911,799</td><td>3,986,312</td></tr><tr><td>Total food waste (tonnes)</td><td>16,141</td><td>15,253</td><td>14,023</td><td>13,665</td></tr><tr><td>Food waste as % of sales</td><td>0.39%</td><td>0.38%</td><td>0.36%</td><td>0.34%</td></tr><tr><td>Surplus food donated (units)</td><td>2.3m</td><td>1.1m</td><td>1.7m</td><td>1.8m</td></tr></table>	Store operational food waste	2016/17	2017/18	2018/19	2019/20	Total food sales (tonnes)	4,097,841	4,041,575	3,911,799	3,986,312	Total food waste (tonnes)	16,141	15,253	14,023	13,665	Food waste as % of sales	0.39%	0.38%	0.36%	0.34%	Surplus food donated (units)	2.3m	1.1m	1.7m	1.8m
	Store operational food waste	2016/17	2017/18	2018/19	2019/20																						
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	Food waste as % of sales	0.39%	0.38%	0.36%	0.34%																						
	Surplus food donated (units)	2.3m	1.1m	1.7m	1.8m																						
		For 2019/20, we have also started to record wasted ingredients from products produced in store, which accounted for a further 977 tonnes.																									
	We will double the amount of food redistributed by 2020 (2016 baseline).	Achieved 792 tonnes redistributed in 2019/20.																									
	We will help to reduce the amount of food and drink our customers waste in the home.	Working to implement WRAP’s recommendations from 2019 Retailer Survey to ensure effective on-pack messaging to help customers reduce food waste in the home.																									

Our focus areas in detail

continued

Focus Area	Commitment	2019/20 update
Looking after our colleagues	We will continue to invest in My Job training, providing colleagues with the skills to do their job properly.	Achieved We have continued to invest in digital training tools for colleagues, expanding our colleague platform 'MyMorri' to include additional resources.
	We will hold a career conversation with every colleague each year to establish their career aspirations and how we can support those aspirations.	Achieved
	We will deliver programmes across the business to enable colleagues to progress in their career.	Our internal talent progression programme 'Pathways' continued through 2019. This programme is designed to support colleague's progress between work levels.
	We will maximise the potential of our apprenticeship levy to enable colleagues to gain new skills and progress in their career.	150 colleagues enrolled on to degree apprentice and graduates programmes, 250+ colleagues enrolled onto craft apprenticeship schemes.
	Through our career programme, we will continue to progress a diverse range of colleagues reflective of the communities we serve.	Women: We have seen our proportion of female store managers increase from 7% to around 20%, female buying managers and senior buying managers increase from 44% to 55%, and female members of our leadership team increase from 17% to 33%. Black Asian Minority Ethnic (BAME): BAME colleague network launched to support colleagues with any at-work barriers as well as opportunities to progress. LGBT+: LGBT+ network already well established. Morrisons colleagues attended various Pride events throughout the year.
	We will continue to increase overall engagement through Your Say forums year-on-year.	77% colleague engagement score, an increase of 1% from 2018/19.
	Your Say survey: Continued improvement scores on 'My manager helps and supports me' year-on-year.	'My Manager helps and supports me' score increased by 3% from 68% in 2018 to 71% in 2019.

Our focus areas in detail

continued

Focus Area	Commitment	2019/20 update
Sustainable sourcing	Maintain seafood policies and improvement projects to reduce the environmental and social impacts of the seafood we buy.	Maintained
	Revision and enhancement of seafood sourcing policy.	Achieved and communicated to suppliers
	All timber and timber derived own brand products must be third party certified sustainable.	FSC certification now at 92% for household & beauty and 76% for home & leisure
	NEW Own brand food and drink products to be sourced from RSPO certified segregated supply chains by 2021. Own brand non-food products to be sourced from RSPO certified segregated supply chains by 2023.	
	All own brand products containing palm kernel oil and palm kernel oil derivatives to be sourced from RSPO certified segregated supply chains by 2023.	
	All palm oil, palm kernel oil and derivatives used in own brand products must be sourced from suppliers that do not contribute to global deforestation.	
	NEW 100% of the viscose used in Nutmeg clothing will be sourced from responsibly managed forests and produced using closed loop manufacturing by 2025.	
	NEW 100% of the cotton used in Nutmeg clothing will be in line with the Better Cotton Initiative by 2025.	
	NEW Zero deforestation by the end of 2025.	
	NEW Soya sourcing policy including targets to control conservation and deforestation.	

Our focus areas in detail

continued

Focus Area	Commitment	2019/20 update
Respecting human rights	Increased resilience to modern slavery and labour exploitation in Morrisons manufacturing and logistics sites.	<ul style="list-style-type: none"> Commissioned the anti-slavery charity Hope for Justice to conduct assessments at three of our sites, identifying opportunities to improve our existing processes to address modern slavery risk in our business. All corrective action plans have now been completed. Became the first UK supermarket to join the Slave Free Alliance initiative, providing additional support during the investigation of suspected cases and improving outcomes for victims. Engaged with regional police Modern Slavery & Human Trafficking Teams (MSHTs) to support intelligence sharing and tailor action plans. Reviewed and updated our internal Modern Slavery Toolkit, including new management protocols and the provision of resources in multiple languages. Created a bespoke e-learning module for supervisors and managers.
	Increase visibility and oversight in the lower tiers of key supply chains.	<ul style="list-style-type: none"> Our Nutmeg business engaged with suppliers to map their tier 2 supply chain and identify key sub-contractors. Completed an exercise to map all suppliers of ingredients into Morrisons manufacturing operations. These suppliers will be required to join Sedex in 2020 and share information required to enable a more detailed risk assessment. Created and trialled an online site reporting tool to be used by Technical Managers during farm and site visits to report any human rights or worker welfare concerns. The trial will be reviewed during the first half of 2020 ahead of a wider roll out.
	Building capacity and supporting development in our high risk supply chains.	<ul style="list-style-type: none"> Commissioned additional GLAA training workshops on modern slavery awareness and GLAA licensing. Over 80 delegates from our UK suppliers and growers attended these sessions. Shared Mekong Club guidance on forced labour risk with our suppliers in China. Actively participated in ETI working groups on: <ul style="list-style-type: none"> Improving social dialogue in Latin American agriculture. Vulnerable migrant workers in Italy.
	NEW Increase transparency in our supply chain by publishing details of our tier one food supply chain, including data on gender and access to worker representation.	
	NEW Demonstrate our commitment to promoting gender equity in our business operations by becoming a signatory to the UN Women's Empowerment Principles.	
	NEW Adopt a proactive approach to due diligence by commissioning and undertaking three human rights impact assessments in high risk supply chains by 2023.	

Our focus areas in detail

continued

Focus Area	Commitment	2019/20 update
Helping our customers to live healthier lives	Supporting the following actions of the Government's Childhood Obesity Plan: Public Health England's reformulation agenda: <ul style="list-style-type: none"> • Working towards 20% sugar reduction in ten food categories by 2020 (2015 baseline). • Working towards 20% sugar reduction in milk based drinks by 2021 (2017 baseline). • Compliance to salt targets (76 categories). • Working towards 20% calorie reduction by 2024. Nutrition labelling: <ul style="list-style-type: none"> • Supporting the provision of calorie labelling in the out-of-home setting. • Supporting transparent front of pack nutrition labelling on pre-packed food and drink. 	Total reformulation: 2.6bn calories, 642 tonnes sugar and 71.8 tonnes of salt were removed from own brand products.
	Raise at least £2.5m each year for charity partner CLIC Sargent.	£4m raised in 2019/20.
	<ul style="list-style-type: none"> • Support important campaigns including the Poppy Appeal, Children In Need, Marie Curie Daffodil Appeal and Walking With The Wounded. 	£600,000 raised for the Daffodil Appeal. £1.8m raised for the Poppy Appeal. £77,000 raised for Children In Need.
	<ul style="list-style-type: none"> • Respond quickly to opportunities to support other causes close to the hearts of our colleagues and customers. 	£60,000 raised for the Disasters Emergency Committee Cyclone Idai Appeal.
	Continue to make a positive differences in local communities by donating grant awards through The Morrisons Foundation.	£3.6m donated to hundreds of charities across England, Scotland and Wales.
	Support the causes our colleagues care about by donating £250,000+ in match funding to the charities closest to their hearts through The Morrisons Foundation.	£357,000 in match funding.
	Use the positive sentiment generated by grant donations to engage with the media and strengthen relationships with local communities.	441 pieces of positive news coverage relating to Morrisons Foundation donations.

Independent Limited Assurance Report to the Directors of Wm Morrison Supermarkets PLC

The Board of Directors Wm Morrison Supermarkets PLC (“Morrisons”) engaged us to provide limited assurance on the information described below and set out in Morrisons’ Corporate Responsibility Report 2019/20 for the 52 weeks ended 2 February 2020.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the 52 weeks ended 2 February 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information on pages 42 to 45 entitled ‘KPIs Assured and Basis of Preparation’ in Morrisons’ Corporate Responsibility Report 2019/20 (the “Selected Information”).

The Selected Information and the Reporting Criteria against which it was assessed are summarised in the table below. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Corporate Responsibility Report 2019/20.

Selected Information	Reporting Criteria
Selected information consists of the 4 KPIs on pages 42 to 45 entitled ‘KPIs Assured and Basis of Preparation’ of the Corporate Responsibility Report 2019/20.	The reporting criteria as included on pages 42 to 45 entitled ‘KPIs Assured and Basis of Preparation’ of the Corporate Responsibility Report 2019/20.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which is at least as demanding as the IESBA Code Parts A and B and which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Morrisons is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 2 February 2020.

Independent Limited Assurance Report to the Directors of Wm Morrison Supermarkets PLC

continued

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of Morrisons' management, including the Corporate Responsibility (CR) team and those with responsibility for CR management and CR reporting;
- obtained an understanding of the design and operation of the controls in place in relation to the collation and reporting of the selected information, including controls over third party information (where applicable);
- made enquiries of relevant company management, personnel and third parties;
- considered the significant estimates and judgements made by management in the preparation of the selected information;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and in relation to a number of sites to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

Morrisons' responsibilities

The Directors of Morrisons are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Corporate Responsibility Report 2019/20.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Morrisons.

This report, including our conclusions, has been prepared solely for the Board of Directors of Morrisons in accordance with the agreement between us, to assist the Directors in reporting Morrisons' corporate responsibility performance and activities. We permit this report to be disclosed in the Corporate Responsibility Report 2019/20 for the 52 weeks ended 2 February 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Morrisons' for our work or this report except where terms are expressly agreed between us in writing.



PricewaterhouseCoopers LLP
Chartered Accountants
London

11 May 2020

KPIs assured and Basis of Preparation

The following KPIs have been prepared for the 52 weeks ended 2 February 2020.

KPI	Basis of Preparation
1. Greenhouse Gas (GHG) emissions of 679,869 t CO₂e, comprised of CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆ emissions, during the calendar year of 2019. Of which Scope 1 GHG emissions of 367,915 t CO ₂ e Scope 2 GHG emissions of 311,954 t CO ₂ e	<ul style="list-style-type: none"> • Scope 1 emissions relate to the combustion of natural gas (kWh), transport fuel (litres), diesel (litres) and fugitive emissions resulting from the use of refrigeration and air conditioning equipment (kilograms). • Scope 2 emissions relate to purchased electricity (kWh). • The organisational boundary of the 2019/20 footprint is aligned with the Greenhouse Gas (GHG) Protocol 'Operational Control' approach under which a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control. • Operational control is defined as any operation over which the Group has the full authority to introduce and implement its operating policies. • Where subsidiaries, sites or joint ventures are deemed not to be under operational control of the Group or are not material to the Group, their energy and fuel usage have not been included within the scope of the GHG emissions reported. • CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆ emissions are measured. NF₃ emissions are not included in the organisational boundary. • Accuvio is the third-party software provider which has been used to consolidate the carbon data and apply emissions factors. It has been used to calculate the final Scope 1 and Scope 2 GHG emissions. • CO₂e emissions for the Group have been determined on the basis of measured or estimated energy and fuel use, multiplied by the relevant emission factors from the Calculated GHG emissions consisting of the combined Scope 1 and Scope 2 emissions within the organisational boundaries of the Group. The source of the emissions factors is from the following sources: <ul style="list-style-type: none"> – https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019 – https://www.unenvironment.org/ozonaction/gwp-odp-calculator – https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2018/AIB_2018_Residual_Mix_Results_v1_1.pdf – https://www.ipcc.ch/site/assets/uploads/2018/02/ar4-wg1-chapter2-1.pdf – https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019 • Emission sources included in the scope of GHG emissions reported which are deemed material to the Group include: <ul style="list-style-type: none"> – Electricity consumption. – Gas consumption. – Refrigeration – static sites and haulage. – Transportation (vehicles under operational control of the Group) – haulage, staff travel, business miles and delivery. <p>Emission sources not included in the scope of GHG emissions reported, as they are not deemed material to Group, include the Hong Kong office only.</p>

KPIs assured and Basis of Preparation

continued

KPI	Basis of Preparation
1. Greenhouse Gas (GHG) emissions of 679,869 t CO₂e, comprised of CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆ emissions, during the calendar year of 2019. Of which Scope 1 GHG emissions of 367,915 t CO ₂ e Scope 2 GHG emissions of 311,954 t CO ₂ e continued	<p>The following assumptions have been made when calculating the following source of emissions:</p> <p>Electricity</p> <ul style="list-style-type: none"> Where actual electricity use for any operation or period of time is not available, an estimate of usage is made based upon the best available information (i.e. applying an average across a similar period). <p>Transportation – Haulage</p> <ul style="list-style-type: none"> All haulage data is attributable to Morrisons distribution activities. Kilometre per litre conversion is based on Morrisons own fleet and applied to contractors where litre reports are not available. <p>Refrigerants</p> <ul style="list-style-type: none"> Refrigerants data is based on data obtained from the third-party supplier. <p>Natural Gas</p> <ul style="list-style-type: none"> Gas consumption has been based on invoiced amounts, but where data for a period of time is not available, an estimate of usage is made based upon the best available information (i.e. applying an average across a similar period). <p>Transportation – Business Miles</p> <ul style="list-style-type: none"> Business mileage is obtained from the third-party car leasing company based on actual mileage claims submitted by employees. Kilometre per litre conversion is based on an 'unknown car' average applied by Accuvio to the inputted business mileage. The emissions from business miles excludes air and rail travel. <p>Adjustments</p> <p>To ensure all asset disposals and acquisitions, relevant to scope 1 and 2 emissions have been taken into account, the energy team conduct an annual review of the Morrisons estate, at the time of compiling the annual carbon footprint, in partnership with the Morrisons estate management team. If an asset disposal or acquisition has an effect on a prior year's consumption an adjustment is made accordingly.</p>

KPIs assured and Basis of Preparation

continued

KPI	Basis of Preparation
2. 14,642 tonnes of operational retail food wasted excluding unsold food items donated in 2019/20 financial year.	<p>Data represents food and drink wasted in all 492 stores during 2019/20 financial year.</p> <p>Material type The scope of the calculation includes both edible and inedible parts, e.g. avocado including stone and skin.</p> <p>Data sources Food and drink wasted via handheld terminals (HHT) is recorded as either 'waste – out of date' (option 1 on HHT) or 'waste – damaged' (option 2 on HHT). This wastage data is provided to Valpak from our Business Intelligence data and IT teams for analysis. Valpak is our third party data analyst who apply weights to wasted products.</p> <p>Calculations Valpak analyse each individual product line using the product description to identify the product weight. Morrisons technical systems, Morrisons Create and Morrisons Recipe, were used to validate and where necessary correct these product weights. For loose produce sold by weight, the wasted amount recorded is the sales value. To calculate food waste weight for these products, the March 2020 retail price has been used, rather than price as at the time the product was wasted.</p> <p>Destinations A proportion of surplus food and drink that is wasted via HHTs is used in colleague canteens and in colleague sales. Food waste is placed in waste bins at the back of stores and is collected by waste contractors to go to anaerobic digestion, composting, controlled combustion and, as a last resort, landfill. For a breakdown of store waste collected at the back of stores and its recycling, please refer to page 21 of this Report.</p> <p>Categories included:</p> <ul style="list-style-type: none"> • Ambient • Fresh <p>Exclusions A proportion of food and drink wasted in cafés, staff canteens and third-party franchises are excluded in this calculation. Surplus food that has been donated to local community groups or sold through the "Too Good to Go" app has also been excluded.</p>
3. 82.85% of Morrisons own-brand primary plastic packaging is recyclable, being products that have been sold in 492 stores and online for the 2019 calendar year and wholesale during 2019/20 financial year.	<ul style="list-style-type: none"> • Recyclability is calculated by dividing the tonnes of recyclable tonnes of own-brand primary plastic packaging to calculate a percentage by total tonnes of own-brand primary plastic packaging. • 'Primary packaging' is defined as packaging placed on to the market that a Morrisons customer will take home, including packaging relating to products produced in store. • 'Recyclable' is defined by the UK On-Pack Recycling Label scheme as: <ul style="list-style-type: none"> – 'Widely recycled' - Used when 75% or more of local authorities have kerbside collection facilities for that packaging type in their area; or – 'Recycle with bags at larger stores' – For Polyethylene Wrap/Film/Bags. – Recyclability is calculated by multiplying sales volumes of all own-brand products with primary plastic packaging by the packaging weight for all products classified as 'widely recycled' or 'recycle with bags at larger stores'. • Where the exact material of an element of plastic packaging was not known, recyclability has been allocated using the known proportions of recyclability for that type of packaging. • Where data over the colour of a packaging layer is not available, an assumption is made that the colour is that of the most common recyclability for that type and material composition.

KPIs assured and Basis of Preparation

continued

KPI	Basis of Preparation
4. 50,173 tonnes of Morrisons own-brand primary plastic packaging generated in 2019 calendar year. This is a reduction of 9.6% from the baseline 2017 calendar year.	<ul style="list-style-type: none"> Data represents all Morrisons own-brand primary plastic packaging sold through till sales at all 492 stores and online for the 2019 calendar year and wholesale sales volumes during 2019/20 financial year. This tonnage is compared as a percentage reduction from the tonnage of primary, own-brand plastic packaging from the 2017 calendar year, adjusted to account for changes in own-brand sales volumes between the two periods. 'Primary packaging' is defined as packaging placed on to the market that a Morrisons customer will take home, including packaging relating to products produced in store. Data is recorded in the RMS system as part of sales volumes recorded. Breakdown data is provided to our third-party data analysts, Valpak, from our Business Intelligence data and IT teams for analysis. Valpak analyse each individual product line. The weight of the plastic packaging is based on the calculations they hold for own brand packaging data. This weight is multiplied by the sales volumes for each product.

Management Statement

The Directors of Wm Morrison Supermarkets PLC are and shall be responsible for this Management Statement and for reporting the four KPIs as at 2 February 2020 in accordance with the reporting criteria set out on pages 42-45. In doing so we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of the four KPIs that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria for measuring and preparing the four KPIs and applied them consistently;
- presented information, including the criteria, in a manner that provides relevant, reliable, comparable and understandable information; and
- measured and reported the 4 KPIs based on the reporting criteria.



Steven Butts
Head of Corporate Responsibility
On behalf of Wm Morrison Supermarkets PLC

11 May 2020



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Our 2019/20 Annual Report and
Financial Statements can be found at:
www.morrisons-corporate.com

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