



Listening and responding

Wm Morrison Supermarkets PLC
Corporate Responsibility Report 2018/19

A person wearing a green short-sleeved uniform shirt is holding a wooden crate filled with fresh green cabbages. The person's hands are visible on the sides of the crate. The background shows other produce like yellow squash and red tomatoes in wooden crates.

Wm. MORRISON PRODUCE LTD

About this report

This is Morrisons 13th Corporate Responsibility Report. It reports on our corporate responsibility programme progress and activity from the previous financial year.

This Report should be read together with our 2018/19 Annual Report and Financial Statements, which can be found at: www.morrisons-corporate.com/investor-centre

Selected KPIs within this year's Report have been independently assured by our auditors PricewaterhouseCoopers LLP using ISAE 3000 (revised). The assurance statement can be found on page 41 of this Report.

Why corporate responsibility matters to Morrisons

It's about doing the right thing for our customers, colleagues, suppliers, shareholders, society and the environment. Doing so ensures we remain an efficient and competitive business.

Creating a meaningful corporate responsibility programme ensures transparency amongst our stakeholders 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 drop us a line at cr@morrisonsplc.co.uk

Our focus areas

Supporting British farmers



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Authenticity, provenance and safety



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Reducing, reusing and recycling plastic



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Reducing waste and emissions



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Reducing food waste



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Our colleagues



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Sourcing responsibly



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Supply chain working conditions



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We are foodmakers 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 group with 494 stores. 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, 12 million customers pass through our doors and shop online, and more than 100,000 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.



Farm to fork sustainability

How we create value

What we rely on

NATURAL RESOURCES

FINANCIAL RESOURCES

PHYSICAL RESOURCES

OUR EXPERTS

OUR PEOPLE

OUR SUPPLIERS

OUR COMMUNITIES

Our value chain

18

We own 18 fresh food manufacturing sites across the UK

75%

of store colleagues are from the local area



Buy



Make



Move



Sell



Consume

We work with thousands of suppliers both in the UK and internationally to source food commodities as well as finished products.

We set high standards for the products we buy to ensure they are sourced and produced responsibly, to a high quality with safety always in mind.

We're committed to buying fresh British produce where possible and directly from UK farmers and suppliers, contributing to the UK economy. We work with our suppliers to keep them sustainable.

Through our Wonky Veg range, we've relaxed cosmetic specifications on fresh fruit and vegetables helping suppliers to reduce on-farm waste.

We own 18 fresh food manufacturing sites across the UK, including our own abattoirs, where 8,000 skilled colleagues process and create the fresh products our customers see on our shelves.

Owning our own manufacturing sites gives us greater control of waste, makes the supply chain shorter and creates efficiencies, minimising our environmental impact and ensuring authenticity, provenance and safety of our products.

Products are moved through our national distribution network of 1,450 trailers from manufacturing sites to our stores.

Our stores are serviced by seven regional and one national distribution centres.

Through the use of state-of-the-art technology in our lorries, route optimisation, increasing trailer size and planning we are able to reduce miles and the environmental impact of our products and services, as well as getting fresh products into our stores faster.

Our skilled butchers, bakers, cheesemongers and fishmongers provide a unique Market Street experience for our customers, selling fresh British produce on our counters.

The specialists are on hand to advise customers on how best to store, prepare and cook the food we sell and will prepare only the amount that customers need, which helps to reduce food waste in the home.

Our store colleagues reflect the local community we serve, with 75% of colleagues from the local area. We support and train our colleagues to ensure they provide the best customer service and can build fulfilling careers within the organisation.

Our colleagues work hard to minimise waste every day. It makes commercial sense and we know that our customers really care about this too.

At the outset of any product design, detailed consideration is given to the lifecycle of a product and its packaging so that it is fit for purpose but also minimises materials, uses recycled content where possible and can be easily recycled.

We provide recycling facilities for our customers at the front of our stores and car parks and provide information on packaging to customers on how to reduce food waste in the home.

Any edible unsold food within our stores and sites is effectively redistributed to our partner organisations.

Listening and learning from our customers



“Listening and responding is what we do everyday as we continue to offer great value and quality products to our customers.”

David Potts
Chief Executive

The Morrisons turnaround is well on track with growth in sales, profit and customer satisfaction. This is underpinned by our core 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.

This core purpose guides everything we do. It is integral to our Corporate Responsibility programme, which is responding to the issues that matter most to our customers.

Our annual customer insight survey provides valuable feedback on corporate responsibility issues and helps us to shape our approach. The top three issues are unchanged from last year and demonstrate the fundamental and enduring importance to our customers of food safety, supporting British farmers, and reducing plastic waste. The full results of this survey can be found on page 6 of this Report.

Food safety is our paramount concern. Being both a fresh food manufacturer and a retailer means we have more control and traceability of our supply chain than our competitors. We're driving continuous improvements in food safety across our manufacturing operations through our Culture of Excellence audit programme, which has now completed its third year.

We remain committed to providing clear and accurate labelling to our customers so they can make informed choices that are right for them. We know just how important this is for customers who wish to avoid certain ingredients, which is why we have gone beyond current legislative requirements to ensure that all of our in-store produced products that are pre-packed contain allergy advice on the label. We've also developed new eLearning allergen modules for all colleagues in store.

'Reducing, recycling and reusing plastic' now forms one of our ten key focus areas for the Corporate Responsibility programme. Our ambition is to be a leading corporate in the fight to keep plastic in the economy and out of the environment, to be a beacon of good practice for other companies, and to help more and more customers live their lives with less reliance on plastic.

Over the last year, 9,000 tonnes of Morrisons branded plastic packaging has been eliminated or made widely recyclable. We removed 174m plastic produce bags for loose produce, replacing them with paper bags. We also introduced a paper carrier bag option to stores. This bag is sustainably sourced, made in the UK and has a lower carbon footprint than our reusable plastic bags. We estimate this move will avoid an estimated 1,300 tonnes of plastic a year.

We continue to be British farming's biggest direct supermarket customer. We sell 100% Morrisons branded fresh meat, milk and eggs in our stores. Our commitment to British farming was recognised at the 2018 Food and Farming Awards where we were awarded Retailer of the Year.

Our innovative For Farmers range, where part of the retail price goes directly back to farmers, has generated an additional £12m income for farmers since it launched in 2015.

In our stores, we continue to develop 'Morrisons Makes it' as a standalone brand, which is authentically British fresh food, made by our skilled team of food makers. We have 'Morrisons Makes it' fresh items across all of Market Street and have expanded our range of locally sourced products with another 140 local foodmakers selling their products in our stores.

Listening and responding doesn't stop at our survey. It's what we do everyday as we continue to offer great value and quality products to our customers. As a result, we have developed new and popular ranges over the last year such as our Too Good to Waste boxes, V Taste vegan range and Little Kitchen, our healthy and balanced children's ready meals.

Thank you once again to all colleagues for making this happen.

David Potts
Chief Executive

Listening to our customers

Listening and responding is central in helping to determine where we focus our responsible business work. For the fourth year running we asked our customers for feedback.

We ask for feedback from our customers on various responsible business issues. In early 2019, 4,000 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 also included three new issues: Helping farmers to reduce their emissions; selling vegan and plant-based products; and providing accessible environments for customers with additional needs.

The top 10 issues most important to our customers have remained relatively consistent with our 2017/18 survey results. Ensuring animal welfare and selling British products have moved up two places and trading fairly with suppliers moving up three places.

The top 10 issues that matter most to our customers



1
 “Maintain and improve where possible all present standards, keeping to honest labelling and environmental health standards.”
 Morrisons customer

2
 “The paper bags have been a great introduction, keep it up and continue decreasing the amount of unnecessary plastic particularly for fruit and veg.”
 Morrisons customer

4,000

regular customers were surveyed (7,001 2017/18)



Listening to our customers

The top issues



ENSURING FOOD SAFETY

Robust processes and clear labelling

Trust is really important to our customers. They expect us to be transparent with the products we sell, producing them to the highest standards. Following the recent Pret a Manger case on allergen labelling, customers rightly want clear and transparent labelling. They also want clear traceability back to source.



SUPPORTING BRITISH FARMERS

Working closely and supporting their businesses

Our customers are passionate about supporting British farming. They believe in the high production standards of British products, they want to support the local economy, reduce food miles and keep supply chains short and transparent. They care about British farming and they want the British farming industry to thrive.



REDUCING PLASTIC PACKAGING

Helping customers to live with less plastic

Customers want to see less plastic in our stores and on our products. They continue to be concerned with the environmental and health impacts of plastics and want us to do more.



ENSURING ANIMAL WELFARE

High standards within our supply chain

There has been increased scrutiny of practices in the meat and dairy sector in recent years. Our customers want to know that the meat and dairy products they buy have been produced to high animal welfare standards, where all farm animals are well cared for and treated with compassion throughout their lives. They are also concerned with animal testing on products.



SELLING BRITISH PRODUCTS

Increasing the amount of British products we offer

By buying homegrown products customers are reassured that it has been produced to high standards and they are supporting the British economy.



REDUCING PACKAGING WASTE

Using only what is necessary and recycling

Customers want it to be fit for purpose, recyclable and made from recycled material wherever possible. They want us to reduce the amount of packaging waste in our operations and in their homes.



TRADING FAIRLY WITH SUPPLIERS

A good working relationship

Customers want to know we are acting as a responsible retailer, treating suppliers fairly and with respect. They expect us to pay a fair price for the products we buy and ensure a good working relationship.



REDUCING FOOD WASTE

Ensuring good food is never wasted

Customers want us to reduce food waste and where possible redistribute edible surplus to those that need it. They want us to work with our suppliers to help them reduce farm waste, through process improvement or by selling new products such as 'Wonky Veg'. They are increasingly interested in 'nose-to-tail' eating. They also want us to help them reduce food waste in their homes.



SELLING LOCALLY SOURCED PRODUCTS

Supporting the local communities and businesses surrounding our stores

Our customers want us to stock their favourite local products and brands. They want us to source as locally as possible and give them the option to purchase products which support small suppliers and the local economy.



LOOKING AFTER EMPLOYEES

Happy, engaged colleagues provide great customer service

Customer service is driven by our colleagues. Providing them with the right training and support, treating them fairly and with respect has a positive impact on their engagement and their interaction with customers and ultimately the service they give our customers.



What we've achieved in 2018/19

CIWF Good Egg Award

for our free range egg commitment



45%

reduction in operational carbon emissions (2005 baseline)

£12m+

given to farmers through For Farmers range since launch in 2015

V Taste

vegan range launched



1,300

tonnes of plastic saved following the launch of our paper carrier bag



176m

plastic produce bags removed from stores



100%

fresh British Morrisons branded meat, milk and eggs sold in our stores

Retailer of the Year

Food and Farming Awards



£3.6m

raised for charity partner CLIC Sargent (2017/18: £3m)

3.4m

meals donated to charities and community groups through surplus food redistribution (2017/18: 1.5m meals)

£5.5m

donated to local causes through Morrisons Foundation (2017/18: £10m)

2.45bn

calories removed from Morrisons branded products

9,000

tonnes of plastic removed or made widely recyclable from Morrisons branded products



81%

recyclable Morrisons branded plastic packaging

140

new local food makers selling products in our stores

Understanding our changing world

It's important that we recognise and respond to the global challenges and trends that society faces.

From climate change and the finite resources of our planet upon which we all depend on, to the human rights of workers who produce the products we sell, we understand the role we can play as a responsible business to respond to these challenges.

Regulatory requirements

The EU Non Financial Reporting Directive requires companies to disclose relevant, useful information that is necessary to understand their development, performance, position and the impact of their activity. These include environmental; social and employee matters; respect of human rights; and anti-corruption and bribery matters. The Modern Slavery Act requires commercial organisations supplying goods or services to prepare and publish an annual Slavery and Human Trafficking Statement.

Business impact:

- Financial repercussions
- Reputational impact
- Stakeholder scrutiny and engagement

Climate change and resource scarcity

Climate change is a direct result of human activity, from population growth, demand and consumption patterns increasing emissions into the atmosphere. It is already affecting the way we live today, we see this through severe weather patterns, rising temperatures and sea levels causing food and resource scarcity and devastation to communities.

Business impact:

- Security of food supply
- Loss of food quality through changing climate patterns
- Food price inflation
- Loss of livelihoods for Morrisons suppliers
- New markets
- Changing buying habits

Population growth and urbanisation

The world's population is expected to reach over nine billion people by 2050. It is also predicted we will see a shift in the way the world lives, moving from rural areas in favour of urban. These changes could have potential impacts environmentally, socially and economically.

Business impact:

- Food security
- Increased agricultural production
- Industrial adaptation
- Pressure on finite resources
- Price increases
- Greater number of customers
- Increase in store openings

Human rights

As a business, we are accountable for ensuring that the human rights of the people that make and sell our products are protected. This includes fair working conditions, health and safety in the workplace, equal treatment and respect for the diverse communities in which we operate.

Business impact:

- Reputational impact
- Exploitation of vulnerable workers in our supply chain
- Liability for illegal activity

Increasing transparency

Our stakeholders rightly expect us to be transparent about how we operate. They want access to our policies on topical issues and information on how strategic decisions are made and how we are responding to business challenges.

Business impact:

- Reputational impact
- Stakeholder scrutiny and engagement
- Change in productivity

Demand for responsible goods

Customer awareness and demand for responsibly made goods continues to grow. It's our responsibility to ensure that the decisions we take about how we operate and where we buy from are made with care. It's about taking responsibility for as many stages of the production and supply chain as we are able to control or influence.

Business impact:

- Poorly managed supply chains and management systems
- Illegal activity
- Security of supply
- Poor quality goods
- Greater transparency

Data security

Customer and colleague privacy is extremely important. They rightly want to know exactly what kind of information we collect and how it's used. It's important that we are transparent about the data we keep, and the policies and procedures we have in place in order to ensure information security.

Business impact:

- Legal repercussions
- Reputational impact
- Poorly managed management systems
- Cost implications
- Robust management systems

Working towards a global agenda

Collaboration is the key to ensuring sustainable change.

Why is it important?

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. 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 our focus areas and ensured we are aligned to as many Goals as possible. As the use of the Goals develops we will adapt and build connections so that we stay connected to best practice where possible.



Our focus areas

- Communities
- Our colleagues



Our focus areas

- Helping British suppliers
- Sourcing responsibly



Our focus areas

- Helping British suppliers
- Sourcing responsibly



Our focus areas

- Helping British suppliers
- Sourcing responsibly
- Healthy customers
- Communities



Our focus areas

- Reduce carbon and waste



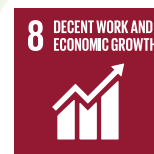
Our focus areas

- Healthy customers
- Reduce carbon and waste
- Reduce food waste
- Sourcing responsibly



Our focus areas

- Authenticity, provenance and safety
- Our colleagues
- Healthy customers



Our focus areas

- Supplier working conditions
- Our colleagues



Our focus areas

- Helping British suppliers
- Sourcing responsibly
- Reduce carbon and waste



Our focus areas

- Our colleagues



Our focus areas

- Communities
- Our colleagues
- Supplier working conditions



Our focus areas

- Helping British suppliers
- Sourcing responsibly
- Reduce carbon and waste



Our focus areas

- Our colleagues



Our focus areas

- Reduce carbon and waste
- Reduce food waste

Our Corporate Responsibility strategy

This Report provides details on our progress against our ten key focus areas, the challenges and opportunities and how we are aligning to our customer insight survey results and towards a global agenda.

Supporting British farmers



Working with our suppliers to keep them competitive, profitable and sustainable.

p12

Authenticity, provenance and safety



Traceability and integrity of the products we buy.

p14

Reducing, reusing and recycling plastic



NEW

Changing the way we use plastics on our products and in our operations.

p16

Reducing waste and emissions



Reducing operational impact and creating efficiencies.

p18

Reducing food waste



Following the food waste hierarchy to reduce, reuse and recycle.

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Looking after our colleagues



Train, engage and retain our people to provide great customer service.

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Sourcing responsibly



Working with our suppliers to improve how they source their products with sustainability in mind.

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Supply chain working conditions



Protection of workers' rights and good relationships with suppliers.

p26

Helping customers to live healthier lives



Helping our customers to make healthier choices.

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Supporting local communities



Supporting causes that matter to our customers and colleagues.

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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.

It's important that we support suppliers to create affordable and high quality products for our customers. 100% fresh Morrisons branded meat, milk and eggs are sourced from British farms.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

CIWF Good Egg Award



£12m

Donated to farmers through For Farmers range

(2017/18: £9m raised)



100%

British own brand fresh meat, milk and eggs

Retailer of the Year at the Food and Farming Awards

All own brand fresh shell eggs will be cage free by 2022 and ingredients by 2025



Our approach

We buy animals and whole crops direct from British farmers.

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

"We are delighted that Morrisons will be investing in Arla UK 360 across its entire Arla milk supply meaning around 200 farmers will benefit from their additional support."

Arthur Fearnall
Board of Directors, Arla



UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 2 SUPPORTING BRITISH FARMERS (2017/18: 2nd)
- 4 ANIMAL WELFARE (2017/18: 6th)
- 5 SELLING BRITISH PRODUCTS (2017/18: 7th)
- 9 SELLING LOCALLY SOURCED PRODUCTS (2017/18: 9th)
- 17 REDUCING ANTIBIOTICS IN FARMING (2017/18: 12th)
- 24 HELPING FARMERS TO REDUCE ON-FARM EMISSIONS NEW

Supporting British farmers

continued

2018/19 activity

Morrisons farming programme

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.

Local Foodmakers and regional ranges

Our Local Foodmakers campaign searches for the best local suppliers and their products to stock in our stores. This allows customers to buy more local food which is made within 35 miles of their local store. The campaign has introduced 140 new Local Foodmakers and 680 new products to Morrisons stores across the UK.

We continue to promote regional ranges from South West beef to Yorkshire pork and Welsh lamb to Scottish mackerel. We have opened business opportunities for breeds and farm areas as part of our Best ranges including Hampshire pork, Dartmoor lamb and 'Bee Friendly' Yorkshire eggs. We worked with Traditional Norfolk Poultry to launch a new Marbury Red turkey for Christmas 2018.

Red Tractor standards

All Morrisons branded fresh meat and milk is assured to Red Tractor standards which is the largest food standards scheme in the UK covering animal welfare, food safety, traceability and environmental protection. We are also members of the Red Tractor Boards for Poultry and Produce, contributing to the ongoing development of standards for these species.

360 scheme

We are the first retailer to sign 100% of our fresh milk supply to Arla UK's 360 scheme, committing to supporting high standards in animal welfare, environmental management, staff development and business resilience. The programme includes veterinary support and mentoring as well as delivering best practice standards in grazing, recycling of farm waste and using artificial intelligence in animal care.

Sponsorship

For the second year running, we supported #Farm24 online and through our social media channels. This year the event received over five million impressions on the day in its aim to increase awareness of the British farming industry.

Antibiotic use in farming

The UK livestock industry has reduced the amount of antibiotics it uses by 40%. In our own supply chain, as of 2019, no pigs coming to our abattoirs for our fresh pork range have received a 'critically important antibiotic'; other species groups only use 'critical' antibiotics as a treatment of last resort. We monitor antibiotic use in all species groups.

We stand by the Responsible Use of Medicines in Agriculture Alliance's definition of routine use of antibiotics and have asked our supply chain to ensure they are not routinely using antibiotics when they are not needed.

We are members of the British Retail Consortium's working group on antimicrobial resistance and the IGD's Strategic Steering Group for controlling antibiotic use in the food supply chain.

Shorthorn beef

The British Shorthorn was once a protected rare breed. We found from our research that the meat eating quality of this breed was high. By offering to pay a premium for the British Shorthorn, this encouraged farmers to invest in it. Shorthorn beef is now well established in our 'Best' range and we continue to work with the society to grow breed numbers. We met a large group of our Shorthorn producers in Autumn 2018 to work through the challenge of antibiotic recording and measurements for the sector.

Animal welfare

Environmental enrichment

Environmental enrichment materials help animals and birds express their normal rooting and nesting behaviours. We have started research trials in the broiler and laying hen sector to explore which enrichment materials would work better for birds, in what quantities and why.

We have upgraded our bolt-on audits for Red Tractor Pork to include a requirement to provide more enrichment materials above the current Red Tractor standard.

Dairy beef

Working with farmers, we process reared dairy bulls through our abattoirs, preventing calves being killed at birth or exported live for continental veal markets. We have placed over 20,000 cattle on farm since the scheme started in 2016. We are taking part in a best practice project for dairy beef rearing with the Royal Agricultural University and run a 'best practice' birth to finish working group with our milk supplier, Arla, calf company Buitelaar, Woodheads and Morrisons.

Recognition

Our activity to promote, support and strengthen British farming was recognised by our receiving 'Retailer of the Year' at the Food and Farming Awards at the House of Commons in November 2018. We received a 'Good Egg Award' from Compassion in World Farming in June 2018 for our work in bringing forward our commitment to only use eggs from hens not grown in cages. We also moved into Tier 2 in the 2018 Business Benchmark for the Farm Animal Welfare survey.

PROMOTING BRITISH FARMING

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

Supporting British farming contributes to the UK economy, it means we're closer to source allowing us to secure the best suppliers creating brand integrity and trust amongst our stakeholders.



WHAT'S NEXT

Continued environmental enrichment work into 2019-20

Relaunch of regional ranges

Continued Local Foodmaker events

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 expectation for quality and value. We must source from suppliers we know and trust, providing clear transparency and traceability back to source.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

All labels on our pre-packed in-store produced products contain allergy advice on the label (excluding single ingredient unprocessed meat)



3rd year of Culture of Excellence programme in manufacturing

5,000+ supplier visits by our 'at source' produce experts

Our approach

We set high standards for our own brand suppliers, manufacturing sites and stores to ensure the delivery of safe and legal products that meet the demands of our customers.

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

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 1** ENSURING FOOD SAFETY (2017/18 1st)
- 15** ACCURATE PRODUCT LABELLING (2017/18: 16th)

4th year below FSA's retailer target on campylobacter levels



Allergens training rolled out to all colleagues in store

Ensuring food safety, quality and provenance

continued

2018/19 activity

Traceability to farm

Every fresh Morrisons branded meat product can be traced back to source. Unique codes on packs refer to the manufacturing site where it was processed and the farms that supplied the livestock.

Campylobacter

Since 2013, we have been working hard to reduce campylobacter levels in fresh own brand chicken. We have worked with our suppliers to implement a detailed Campylobacter Action Plan which has successfully reduced campylobacter levels in our chickens.

Overall for 2018 only 0.4% of our chickens had the higher levels of contamination from a total of 498 chickens tested.

International 'at source' teams

We have a team of 'at source' produce experts helping us to work more effectively with farmers in Spain, Chile, Holland, South Africa and Peru. In 2018/19, our 'at source' team conducted over 5,000 supplier visits.

Recipe management

All Market Street recipes are being entered onto Morrisons' Recipe system. As well as improving the control of recipes, the system increases the robustness of the process to ensure allergens present are correctly declared on product labels. It also provides nutritional content and full ingredients lists for each product.

The Food Industry Intelligence Network (FIIN)

We are active members of the expert Technical Steering Group which evaluates the 'big picture' of all participant's testing activity, addresses the vulnerability of specific categories and issues formal recommendations for increased vigilance.

In 2018, we responded to FIIN recommendations to up-weight our surveillance testing of organic products, oils, rice, wine and coffee.

Acrylamide

Acrylamide is a chemical substance formed when starchy foods, such as potatoes and bread, are cooked at high temperatures above 120°C. We have updated our Technical Policy for Acrylamide Control, to reflect legislation that came into force in April 2018, and have verified that affected suppliers comply with the new standards. We have worked with stakeholders in Market Street and Cafe to ensure we are meeting legal duties and can show that acrylamide levels are as low as reasonably achievable.

Horizon scanning

We maintain an active horizon scanning programme. Since January, this scrutiny has identified issues in the industry including fraudulent treatment of low grade tuna to upgrade its visual appearance, illegal pesticides in tea, celery leaf in parsley and undeclared sugar addition to apple juice. This has allowed us to determine our exposure to the issue and take corrective action.

Safe and legal compliance in store

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.

Culture of Excellence

We ran the Culture of Excellence Audit programme for the third year in manufacturing to access our current food safety and quality culture and drive continuous improvement.

Audits were completed at all 18 manufacturing sites with a 10% increase in colleague engagement seen from 2017 to 2018 and the overall score increasing year on year from 71 to 72%.

All sites are now working on their 2019 action plans to further improve their site's food safety and quality culture.

BRC Standard Version 8 which launched 1st February 2019 now also includes a clause covering food safety culture and sites are required to be taking action to improve. Having been auditing, measuring and putting actions in place to drive improvement since 2016 our sites are in a great place to demonstrate compliance to this new clause.

Morrisons Supplier Microbiology Forum

Our group of food safety experts, brought together from of our supply base and our own in-house expertise, have continued to share best practices, identify industry issues and emerging microbiological risks.

The forum has developed several valuable guidance documents for our suppliers on practical food safety, including determination of safe shelf lives and on maintenance and monitoring of factory hygiene, which have been well-received by our supplier base.

ALLERGEN INFORMATION

We have seen significant increased awareness of allergens amongst our customers and colleagues as a result of the high profile Pret a Manger case in 2018.

All of our in-store produced products that are pre-packed contain allergy advice on the label (excluding single ingredient unprocessed meat). We have developed a new eLearning module for our stores on Allergens and Unauthorised ingredients.

We have also developed a new simplified procedure for managing allergens which has been introduced into store staff rooms. Within our Bakery department, 'What Good Looks Like' modules have been introduced to help prevent mis-labelling incidents.



2019/20 AND BEYOND

All Morrisons Market Street products, made in store will be entered on to the recipe management system

Continued work to reduce campylobacter levels

Reducing, reusing and recycling the plastic we use

Plastic has many useful properties across a number of industries. In food retail, it can play an important part in protecting and prolonging the shelf life of a product, helping to significantly reduce food waste.

However, we know our industry needs to urgently change the way it produces, uses and disposes of plastic. By 2050, there will be more plastic in the ocean than fish. Stakeholder pressure to act on plastic continues to grow. The Government's recent 25 year Environmental Plan and Waste and Resources strategy has a clear focus on plastic waste and producer responsibility.

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 2** REDUCING PLASTIC PACKAGING (2017/18: 3rd)
- 6** REDUCING PACKAGING WASTE (2017/18: 4th)
- 18** ENCOURAGING RECYCLING (2017/18: 15th)

OUR COMMITMENTS AND PERFORMANCE SUMMARY

PEFC certified reusable paper carrier bag launch announced



176m
plastic produce bags removed

600
tonnes of unrecyclable polystyrene removed from Morrisons branded products

9,000
tonnes of plastic removed or made widely recyclable



81%
Morrisons branded plastic packaging is recyclable by weight



Our approach

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

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.

"Morrisons' work to reduce plastic is a great example of how well the company is serving its stakeholders and contributing to the UK Plastics PACT."

Marcus Gover
CEO, WRAP

Reducing, reusing and recycling the plastic we use

continued

2018/19 focus

Over the last year, 9,000 tonnes of Morrisons brand primary packaging has been removed or made widely recyclable.

UK Plastic PACT

Morrisons was a founder member of the UK Plastics PACT, a collaborative commitment which joins up all stakeholders in the plastics system – businesses, Government, local authorities, environmental organisations, and the wider public to ensure that all plastic packaging will be recyclable, reusable or compostable by 2025. Within the Plastics PACT we are active members of Single Use Plastics, Citizens Engagement and Reporting working groups.

Details of our Plastics PACT commitments can be found on page 35.

Reducing the amount of plastic we use on our products

25% reduction by 2025

We announced our target to reduce own brand primary plastic packaging by 25% by 2025 against a 2017 baseline. We will achieve this through a variety of methods including packaging optimisation, 'right-weighting' or removal of unnecessary materials and innovation as well as concentrated and compressed packaging. In 2018/19, we achieved a 5% like-for-like reduction in plastic use.

Removing problematic plastics

We have removed expanded polystyrene across all Morrisons branded food and drinks products. During 2019, we will continue to phase out remaining black plastic, expanded polystyrene and rigid PVC across all our products.

We no longer sell boxed plastic straws or provide free plastic drinking straws to our customers in our cafes or barista bars. This has removed over 65m plastic straws from our stores. We're working with Morrisons

branded suppliers on suitable alternatives to plastic straws on cartons.

In 2018/19 we trialled increasing the number of loose fruit and vegetables on Market Street in three stores. Working with WRAP and Defra, we've analysed the overall environmental impact of this initiative. In addition to this trial, we've also have removed plastic wrap from fresh swede, British summer season cucumbers, asparagus and rhubarb.

Tackling marine litter

Abandoned, lost and discarded fishing gear constitutes around 10% of all marine litter and continues to be a challenge for the fishing sector. We continue to be supporting members of the Global Ghost Gear Initiative which is helping to understand this issue and are engaging with stakeholders to help understand how we can introduce best practice in our supply chains.

HELPING OUR CUSTOMERS TO REDUCE AND RECYCLE

Recycling information

Currently, 81% of Morrisons branded products are recyclable by weight. 'Widely Recycled' Morrisons branded products have increased by 3%. We have also seen a reduction in 'Recycle with carrier bags at larger stores' by 3% following our decision to remove single use carrier bags from our stores. For a full breakdown of our plastic use, please refer to page 35 of this Report.

It is a requirement that all own brand packaging must now carry On Pack Recycling Label (OPRL) labelling to help our customers to easily identify what can and can't be recycled. We've also introduced new front-of-pack recycling logos for plastic packaging suitable for products that can either be recycled at kerbside or at recycling points in store.



Carrier bags

Alongside the removal of the 5p plastic carrier bag, which has removed 192m plastic bags per year, in early 2019 we also announced the launch of our paper carrier bag option. These bags are 100% PEFC accredited, suitable for reuse and can ultimately be recycled at kerbside.

Loose produce paper bags

We have removed plastic bags for loose fruit and vegetables and replaced them with paper bags in all stores. This removes 174m plastic bags, which is the equivalent of 269 tonnes of plastic.

Reverse vending machines

We are trialling reverse vending machines for plastic bottles and drinks cans in three of our stores. Customers receive Morrisons More card points or can choose to donate the cash alternative to our charity partner, CLIC Sargent for each container brought back.

Reuse and refill

To help our customers reduce single use plastic on Market Street, customers are able to bring their own reusable containers to our Butchery and Fishmonger counters.

We are trialling an initiative where customers can use refillable/reusable containers at our Nuts, Seeds and Dried Fruit in two stores.

We offer customers the option to refill their water bottles in our stores and have installed drinking fountains into our new stores to make this even easier. We promote this service in our stores and on the mobile app, Refill.

#LeedsByExample

We were part of a behaviour change initiative called #LeedsByExample, which aimed to increase recycling of on-the-go food and drink packaging in the city of Leeds. Findings from this initiative will be shared with Government to see how the most successful elements can be replicated into other UK cities and towns.

External recognition

Morrisons was ranked the best for recyclable packaging by the consumer group Which? following an investigation into the recyclability of plastic packaging at supermarkets.

In July 2018, The British Growers Association published a survey on the packaging of fresh produce in UK food retail. The survey used data from British Grower's Produce View market intelligence survey providing an independent overview of fresh fruit and vegetable packaging type by category and retailer. Findings from this survey revealed Morrisons over-trades in loose compared to its share of the market.

Morrisons was placed 2nd out of 10 UK supermarkets in a survey conducted by the Environmental Investigation Agency and Greenpeace on supermarket plastics. The survey, believed to be the largest ever conducted among UK retailers, ranks supermarkets based on the volume of single-use plastic packaging they put into the market, their targets to reduce plastic packaging, and their approach to tackling plastic pollution across their supply chains.

WHAT'S NEXT?

Continued removal of problematic plastic to complete target

Reduction of unnecessary plastic

To increase visibility of OPRL on our products

Increase recyclability and recycled content in our products

Reducing operational general waste and carbon emissions

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

It's important that we minimise environmental risks to our business, protect natural capital and create efficiencies. As a food maker it is also important that we show respect and value for the food we serve to our customers, whilst operating efficient supply chains.

OUR COMMITMENTS AND PERFORMANCE SUMMARY



99.5%

store waste diverted from landfill

45%

reduction in operational carbon emissions (2005 baseline)

Energy efficient fridge doors fitted in new and refurbished stores

UN Sustainable Development Goals alignment



Continued rollout of CO₂ refrigeration

Customer insight survey 2018/19 ranking

- 5** REDUCING PACKAGING WASTE (2017/18: 4th)
- 15** ENCOURAGING RECYCLING (2017/18: 15th)
- 21** REDUCING OUR CARBON FOOTPRINT (2017/18: 18th)

Voltage optimisation and LED lighting rollout



Our approach

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.

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

“Corporates have a significant role to play on climate change. It’s good to see that Morrisons have taken a long term view and are now looking to align their carbon emissions to climate change by following a science based pathway.”

Mark Reynolds
Carbon Trust

Reducing operational general waste and carbon emissions

continued

2018/19 activity

Voltage optimisation and LED

We are rolling out voltage optimisation units and LED lighting upgrades across retail, logistics and manufacturing. We have installed voltage optimisation units at 46 stores where we are achieving approximately 4% savings in electricity consumption. We have also upgraded lighting from fluorescent to LED or improved lighting control in 46 stores. Additionally, LED lighting is upgraded through our store fresh look programme.

Refrigeration

34 stores across the estate now have fridges fitted with doors to reduce energy consumption, with estimated energy savings of around 30-40%. We will continue to rollout fridges with doors in new and refurbished stores where possible. Alongside fridge doors, we replaced full refrigeration with more efficient equipment in 21 stores as part of our store refurbishment programme. We also have 26 stores with full CO₂ refrigeration.

Shelf edge technology

We have installed shelf edge technology in five of our stores. Devices are fitted to open fronted fridges, one of the largest energy using appliances in store. The device is an aerodynamically-profiled blade drawing the cold air curtain back into the fridge, reducing cold-air spill, energy consumption and improving aisle temperatures. We are expecting energy savings of between 10 – 15% through the use of this technology. Trials are in place to monitor the success of this technology with the view to installing across our estate.

Trim control

We have installed trim heat control boxes to our frozen cases in six stores, with a plan to rollout to a further 200 stores in 2019/20. 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.

Remote monitoring

We have set up two remote functions to control energy usage across our refrigeration and heating ventilation and air conditioning systems in retail. The teams use real-time data and asset alarms to solve issues quickly, have close control of performance and usage and trial new ways to save energy. This allow us to move towards predictive maintenance and remove wasted effort for our colleagues.

Logistics

Within logistics, we are undertaking a number of activities designed to reduce the distance we travel and the fuel we burn while delivering food to our stores.

These initiatives include:

- **Trip reduction:** By increasing the use of Double Deck trailers and maximising the vehicle fill on our Extended Length trailers we have been able to reduce the number of trips we make to stores to deliver the same volume. We continue to be the largest operator of extended trailers in the UK and are actively seeking partners who operate similar assets to support our operations.
- **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.

- **New fleet investment:** This year we have replaced 50 units with the latest Euro 6 technology, these new units have shown a much-improved miles to the gallon. Over two thirds of the fleet is now equipped with this latest technology.
- **Network efficiency:** Between sites, we have awarded the transport operations for our National Distribution centre to Eddie Stobart Ltd. Working in partnership we have been able to increase the efficiency of inter-depot transport leading to better use of trucks and trailers on the roads.

Waste in stores

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.

2018/19 store waste and recycling breakdown

Material	Tonnes
Card	102,921
Confidential paper	535
Mixed plastics	6,797
Animal by-product (ABP)	4,357
Light tubes	1
Oil	4,002
Other recyclables	3
Diverted trade waste	55,725
Total recycled/reprocessed waste	(99.5%) 174,341
Landfill	(0.5%) 1,003
Total waste produced	175,344

SCIENCE-BASED TARGET

We need to take urgent action on climate change.

According to the UN, without significant action the increase in the world's average surface temperature is likely to surpass 3 degrees centigrade this century.

We are already seeing the effects of climate change in every country. Oceans are warming, snow and ice have diminished and sea levels have risen. As a result, we continue to see extreme weather conditions, loss of biodiversity and wildlife and increases in food insecurity typically affecting the world's poorest regions.

Our stakeholders want us to continue to reduce our impact and align to science-based metrics. Following the success of our reduction target to reduce operational carbon emissions by 30% by 2020 (2005 baseline), which has seen a reduction of 45%, we have been working with the Carbon Trust to set a science-based target.

A carbon emissions target is defined as science-based if it is in line with the scale of reductions required to keep global temperature increase well below 2°C compared to pre-industrial temperatures. We believe that setting a science-based target to reduce our direct emissions creates a meaningful

way to reduce operational impact and demonstrates our commitment to contribute to the global goals set out in the Paris Agreement in 2015 to keep a global temperature rise this century well below 2 degrees above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees.

From a business case perspective it also makes sense, as it builds resilience for our business, creates efficiencies and drives innovation.

We will announce further details of our new target on our website later in the year.

NEXT STEPS

Science based target launch

Continued CO₂ refrigeration installation

Improved supplier relationships: control over usage and trialling new ways to reduce consumption

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.

By building smarter supply chains we reduce avoidable food waste. As a food retailer, our stakeholders expect us to act on food waste by following the food waste hierarchy of prevention, optimisation, recycling, recovery and, as a last resort, responsible disposal.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

7,710
tonnes surplus food
redistributed since 2016/17
(2018/19: 3,553 tonnes)

We will reduce
operational
food waste by
50% by 2030
(2016 baseline)

£330,000
Donated to food
redistribution charities
(2017/18: £250,000)



Our approach

We are committed to providing food we are proud of with the minimum wasted so that our customers enjoy eating quality fresh food at great value.

We have to take an active approach to use more of what we buy and consequently the management and reduction of associated waste is our responsibility.

By having a greater degree of control over more of our fresh UK food chain through our vertical integration model, we believe we are also able to drive efficiency from farm gate through our more direct supply chain to our customers.

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

8 REDUCING FOOD WASTE (2017/18: 5th)



250+
Farmers
supported
through
Naturally
Wonky range

Too Good to Waste
boxes launched

Total unsold food
products donated through
stores since 2016/17

5.1m
(2018/19: 3.4m)

"Two million meals donated to FareShare since 2017 is a testament to Morrisons commitment to tackling food waste and fighting food poverty. The food from Morrisons, particularly their fresh fruit and vegetables, makes a world of difference to charities on the frontline, supporting some of the most vulnerable people in our community."

Lindsay Boswell
Chief Executive, FareShare

Reducing food waste

continued

2018/19 activity

Helping farmers to reduce on-farm waste

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 33 varieties of Naturally Wonky fresh fruit and vegetables to over 700,000 customers per week.

In 2018, we sold over 40m packs of Naturally Wonky, which is the equivalent of 1,200 tonnes per week.

Supporting UN Sustainable Development Goal 12.3

We have set a target to reduce operational food waste by 50% by 2030. This target supports the UN Sustainable Development Goal 12.3 target of halving global food waste by 2030 as well as WRAP's Courtauld 2025 Commitment to reduce food and drink waste arising in the UK by 20%.

Measuring store food waste

Working with third party data analysts, Valpak Limited, we have developed a methodology to accurately record food wasted in our stores by weight. 14,023 tonnes of food was recorded as waste in 2018/19.

Since 2016/17, we have seen a 13% reduction in food wasted in stores. We have improved our methodology for calculation of our store operational food waste by weight, through greater visibility of accurate product line and packaging information. Further information can be found on page 36 of this Report.

Food as sales (tonnes)	3,911,799
Food wasted excluding donations (tonnes)	14,023
Percentage of food wasted compared to sales	0.36%
Unsold food donated (units)	1.7m

TOO GOOD TO WASTE BOXES

We launched a 'Too Good to Waste' box in stores, selling fresh fruit and vegetables just past 'Display Until' date but still perfectly edible.

Each one kilogramme box is filled with a mix of fresh fruit and vegetables and sells at a discounted price of just £1.



Cafe food waste measurement

We are working with Winnow to trial their state-of-the-art technology in 30 of our customer cafes. This allows us to accurately capture food wasted, providing real-time data, allowing colleagues to forecast and recognise food waste trends, ultimately helping us to drive down waste. We are also trialling this technology on our Market Street counters in one of our stores.

Free fruit for kids

In 2018 we launched our Free Fruit for Kids initiative in our stores, to prevent unsold fruit being thrown away. The scheme means that fruit, which is still ripe and of good eating quality does not go to waste.

Every week we give away 40,000 pieces of fruit that is within its 'Display Until' date window but is at risk of not being sold, this equates to two million pieces of fruit a year across all stores.

Company Shop

We work with Company Shop to redistribute surplus products from our supply chain, manufacturing sites, online spokes and distribution centres to be sold in their discount stores. Since 2016/17, we've redistributed 4,800 tonnes to Company Shop.

Donating surplus food to charities

FareShare is the UK's leading food redistribution charity, supplying to their network of over 9,000 charities. Since 2017, we've redistributed over 2m meals, the equivalent of over 800 tonnes, to FareShare through our manufacturing and wholesale operations.

The Bread and Butter Thing are a food redistribution charity based in Manchester helping to provide low-income families with a provision of fresh food.

We work with The Bread and Butter Thing through our online, wholesale and manufacturing operation.

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 5.1m unsold food products, the equivalent of over 2,000 tonnes.

The Morrisons Foundation support

The Morrisons Foundation donated over £330,000 to food redistribution organisations, helping them to purchase fridges, vans and equipment to help them utilise more surplus food.

Helping customers to reduce waste

Last year we launched Eat Fresh boxes online, these boxes provide pre-portioned ingredients to create a range of recipes for two to four people, reducing unnecessary waste at meal times. The Eat Fresh boxes are available across the UK selling 2,500 meals per week.

We continue to support WRAP's Love Food Hate Waste campaign throughout our social media channels, which focuses on the most wasted products in the home.

2019 AND BEYOND

Food waste reduction roadmaps

Measurement of food waste across manufacturing and distribution centres

Continue to increase the amount of surplus food redistributed

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 COMMITMENTS AND PERFORMANCE SUMMARY

76%
colleague
engagement
score

Colleague wellbeing
toolkits launched

Google communities
colleague platforms
launched

**My Performance
plans**
launched to support
colleague development



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.

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 10** LOOKING AFTER OUR COLLEAGUES (2017/18: 8th)
- 23** DIVERSITY AND EQUALITY IN THE WORKPLACE (2017/18: 17th)
- 31** EMPLOYEE VOLUNTEERING (2017/18: 28th)



500
fresh food
apprenticeships
launched

"I'd definitely recommend Morrisons Apprenticeship scheme. It has given me the knowledge and skills for my job, which I'm fortunate enough to pass on to my customers."

Charlie Woodward
Fishmonger Apprentice

Looking after our colleagues

continued

2018/19 activity

Fair day's pay

During 2018, we listened hard to our colleagues' views on a fair day's work. In our 'Your Say' survey, 71% of colleagues told us they receive a fair day's pay for a fair day's work, 22% ahead of the retail industry benchmark provided by a third party survey.

During the year we again improved our market competitive rate of pay for our front-line store colleagues, increasing from £8.50 per hour to £8.70 per hour. We also took the opportunity to invest further in the 6,000 team managers who run our in-store departments, introducing a performance driven pay award to replace the previous flat rate, and increasing their maximum bonus opportunity.

New operational structures

We introduced our new store management structure early in the year. The structure is simpler, with broader team manager roles which are designed to provide better support and guidance to our front line colleagues. By changing the structure we removed around 1,500 management roles and reinvested in front-line colleague hours.

Of those affected by the structure change, we retained the skills and experience of over 800 colleagues in other roles. Towards the end of the year we invested in technical and behavioural training, to further raise the capability of our store management teams.

'Customers First' training

Customers First colleague training was launched to improve customer experience across our stores. The success of the first cohort of 15 Customers First stores completing their My Job programme in 2018 and early results showing an uplift in customer satisfaction scores and decrease in complaints.

Apprenticeship training

In early 2019, we announced our intention to create an additional 500 apprenticeships in butchery, bakery and fishmongery in our stores throughout the year. This is in addition to the 10,000 craft skilled colleagues already in our stores.

Google Communities

We launched Google Communities to help colleagues access information and updates specific to their roles, sharing ideas and celebrating success. We now have over 60 Google Community platforms on a broad range topics from produce, butchery and fish to plastics, women in Morrisons and business improvement training.

My Performance

We launched an online system to track performance objectives, colleague feedback and reviews for all salaried colleagues. Progress is formally reported on, reviewed and tracked twice a year through the regular performance management cycle.

Wellbeing tools

Our wellbeing toolkit is now available on MyMorri, our online colleague platform. It features information and practical advice on four key areas of wellbeing: mind, body, social and life events, and financials. There is also a section on line manager guidance to help and support team members who are experiencing difficulties in this area.

Women in the workplace

During the year we launched our 'Leading with Respect' training, to better equip line managers with the skills to create the right environment.

In addition, we have continued to work on improving our talent and gender balance.

During the year, we employed 57,611 females and 46,019 males, increased the overall proportion of female store managers to c.20% and maintained the proportion of female regional managers at over 26%.

We are particularly proud of the work we have done to increase female representation at senior levels. This has been recognised in the November 2018 Hampton Alexander report with Morrisons shown as the fifth best performer in the FTSE 100. At the end of the 2018/19 financial year, our Leadership Team included 16 female members, representing 28% of its total composition.

Gender pay gap

In our latest gender pay gap reporting, we declared women's mean hourly rate is 14.5% lower than men's, with the median hourly rate 12.2% lower. Our ambition is for all our colleagues to have the opportunity to develop, progress and grow. As we continue to build a broader stronger Morrisons, we will better balance the number of men and women across our business and throughout our work levels.

The full gender pay report can be found [here](#).

Supporting our diverse colleagues

We continue to celebrate and promote the diversity of our colleagues.

Our LGBT+ colleague network continues to grow. In 2018/19, the community represented Morrisons at various Pride events across the country.

We have also established a Black, Asian and Minority Ethnic listening programme to understand how we can better support and create opportunities for these colleagues.

YOUR SAY



Listening and responding to our colleagues remains a priority.

This year we continued to work with colleagues through our 'Your Say' forums in every store and site, with local representatives getting directly involved in improving their place of work. At our national 'Your Say' forum, colleagues from across the business came together with members of the Board including Non-Executive Directors and some of the Leadership Team to discuss some of the opportunities to improve Morrisons.

In our annual 'Your Say' survey we heard from more than three-quarters of all our colleagues, achieving a strong overall engagement score of 76%. There were some particularly strong scores: on colleagues understanding how their role contributes to the success of Morrisons (89%); and feeling trusted to do their job in a way that puts customers first (89%).

2019/20 FOCUS

- Work life and wellbeing plan in development
- BAME listening programme to be continued
- Shift management system to be rolled out to all stores
- Pulse survey insights

Sourcing responsibly

Increasing global demand and pressure for key commodities can lead to poorly managed supply chains, degradation of land, illegal logging and the destruction of natural habitats and ecosystems.

We must improve supply chain transparency and conserve the natural capital we're dependent on.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

All Morrisons branded bananas are Fairtrade or Rainforest Alliance certified



Continued participation in Sustainable Fisheries Partnership's Ocean Disclosure Project



Our approach

We are committed to responsible sourcing and use supply chains which minimise environmental impacts associated with the production of raw materials.

We work with our suppliers to improve the transparency, social and environmental performance of our supply chain and ensure they are meeting our high sourcing standards. We encourage and promote responsible practices and a longer term view.

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 11** RESPONSIBLY CAUGHT FISH AND SEAFOOD (2017/18: 11th)
- 12** FAIR WAGES FOR FARMERS AND GROWERS IN DEVELOPING COUNTRIES (2017/18: 23rd)
- 13** PROTECTING FORESTS AND NATURAL HABITATS (2017/18: 14th)

3 out of 3 trees in WWF's Timber Scorecard
3/3



Sourcing responsibly

continued

2018/19 focus

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.

Before sourcing any fish or seafood for use in our products, we assess the supply chains we want to work with to ensure they meet the standards that underpin our commitment to responsibly sourced production working with sustainable, well managed fisheries that are certified to a standard recognised by the Global Sustainable Seafood Initiative (GSSI) or with supply chains committed to supporting necessary improvements where challenges are identified.

Supporting improvement in seafood sourcing

While many wild caught sources are certified to standards recognised by the GSSI, many still require further improvement. This can be further support required for collection of data to help better understand the stock status of a fishery, or improving the management controls of the boats catching the fish.

Formal fishery improvement programmes provide a platform for collaboration of the fishing sector, the supply chain and relevant scientific experts to help identify and work through these challenges.

We continue to support Project UK Fisheries Improvement, coordinated by the Marine Stewardship Council, which has been working with six major UK fisheries over the past three years and are proud to have supported the expansion of this work to two more vital UK fisheries including:

- North Sea plaice and lemon sole, demersal trawl, beam trawl and seine;
- Channel scallops, dredge;
- Western and Channel monkfish, demersal trawl, beam trawl and gill net;
- Southwest crab and lobster pots
- Nephrops, North Sea, West of Scotland and Irish Sea, demersal trawl and creel; and
- King scallops, North Sea, West of Scotland and Irish Sea mechanical dredge.

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 - <https://oceandisclosureproject.org/companies/morrison>

Farmed seafood

The growth in production of farmed seafood, most notably prawns and salmon, continues to play an increasingly important role in global production and makes up around half of the supply of all the fish and seafood we sell. Independent oversight of the production systems, the farms, hatcheries, feedmills and processing sites plays a valuable role in the management of our supply chains with over 99% of our own suppliers certified to schemes like GlobalG.A.P, Aquaculture Stewardship Council or Global Aquaculture Alliance Best Aquaculture Practice.

Soy

We are members of the Roundtable on Responsible Soy (RTRS), which is a certification scheme to help prevent the environmental impact of unsustainable soy production. We are also signatories to Cerrado Manifesto Statement of Support (SoS), a group which aims to work with key stakeholders to achieve better protection of forests in the Cerrado.

We are also working alongside other retailers and are also developing our own policy to support the sustainable use of soya in animal feed, as well as product formulation.

Palm oil

All own brand products containing palm oil and derivatives must be sourced through a RSPO certified supply chain system of either segregated or mass balance systems. Palm kernel oil and derivatives used in own brand products must be covered through a RSPO certified supply chain system with RSPO Credits as a minimum.

Timber

During 2018/19, 78% of wood and wood derived products were Forest Stewardship Council (FSC) certified, approved alternatives or recycled in own brand household and beauty products, and 72% FSC, approved alternatives or recycled in own brand home and leisure products.

BANANAS

We've redesigned our banana supply chain and are now directly sourcing 50% of our conventional bananas from growers in Costa Rica, Colombia and Ecuador.

Working with NGO, BananaLink, on this project we have ensured that each of our growers have enhanced levels of social responsibility and environmental sustainability in accordance with BananaLink's recommendations and are independent and family owned businesses.

We aim to source 80% of our bananas through this supply chain model by 2021.

We have increased sales of Fairtrade bananas across our organic range by offering customers with a smaller value sized pack, providing customers with a direct comparison to our standard banana range. This has resulted in +15% transactions year to date.



2019 AND BEYOND

Revision of seafood sourcing policy

Development of soy sourcing policy for Morrisons branded products

Continue to monitor compliance to palm oil policy

Ensuring fair working conditions for workers in our supply chain

Our customers expect us to take responsibility for fair working conditions in our supply chain, protecting workers' rights and maintaining good relationships with our suppliers.

We work collaboratively with our suppliers, competitors and external stakeholders to drive positive change throughout our operations.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

Supported the launch of the Responsible Car Wash Scheme

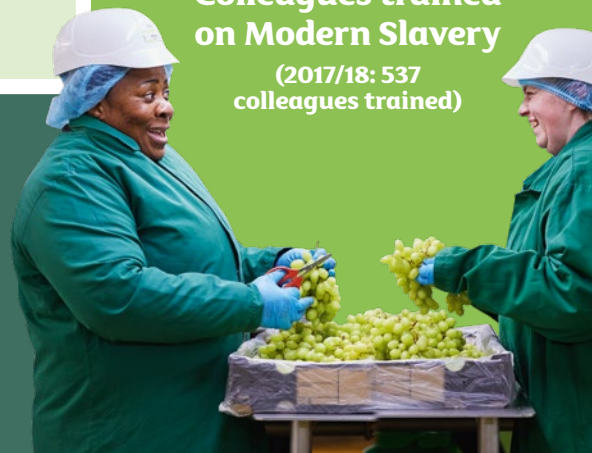


Achieved full membership of the Ethical Trading Initiative



870

Colleagues trained on Modern Slavery
(2017/18: 537 colleagues trained)



Publication of Nutmeg tier one factory list

Our approach

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

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.

“Over the course of its Foundation Stage Membership, Morrisons has shown commitment to the ETI Base Code and its implementation, improving conditions within its supply chains, and active involvement with the ETI Secretariat. This is a testament to their hard work and commitment to ensuring workers' rights around the globe.”

Peter McAllister
Executive Director, ETI

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 7** TRADING FAIRLY WITH SUPPLIERS (2017/18: 10th)
- 13** RESPECTING HUMAN RIGHTS IN THE SUPPLY CHAIN **NEW**
- 15** TACKLING MODERN SLAVERY AND HUMAN TRAFFICKING (2017/18: 13th)

Ensuring fair working conditions for workers in our supply chain

continued

2018/19 focus

Supply chain transparency

In 2018 we published our tier one Nutmeg factory list on our corporate website. Increasing transparency will enable us to build a better picture of key risks in our supply chains. Going forward we will continue to work with Nutmeg suppliers to map out second tier production sites.

Modern slavery and forced labour

Modern slavery and forced labour are issues of increasing global concern and continued to be a key priority for our business. Please see [here](#) for our updated Modern Slavery Act Statement 2018/19.

A further 333 colleagues in our People, Corporate Services, Manufacturing and Logistics teams completed a modern slavery awareness eLearning module, taking the total number of colleagues trained to 870. We also trained an additional 142 Commercial colleagues on Ethical Trading and Modern Slavery Awareness.

Morrisons has committed to support the Apparel and General Merchandise Public and Private Protocol,

working together with other retailers and Labour Market Enforcement Bodies to protect vulnerable and exploited workers in apparel and general merchandise supply chains.

Hand car washes were identified by the Department of Labour Market Enforcement as a priority risk for forced labour and exploitation. Morrisons operates twelve franchised hand car wash operations in store car parks, with plans to expand in 2019. We collaborated with other UK retailers and regulatory bodies including the GLAA and Environment Agency to develop and launch the Responsible Car Wash Scheme open to all hand car wash operations. Accredited status will ensure sites operate legally and responsibly, allowing customers to make an informed choice about which provider they wish to use.

We also formalised our membership of the Mekong Club, a Hong Kong based anti-slavery partnership and signed their Business Pledge Against Modern Slavery. Our Global Sourcing team in Hong Kong meet regularly to discuss improvements to our regional strategy and are developing a training programme for our colleagues and suppliers for implementation in 2019/20.

Collaborative working

Our Ethical Trading team travelled to Puglia, Italy with LDH (La Doria), a key supplier of our tomato products. We witnessed the tomato harvest and canning process and reviewed La Doria's sourcing structure and social responsibility programme. We also spoke with farmers and representatives from La Doria to discuss how best practice can be promoted in the Italian tomato supply chain. We plan to visit our suppliers again in 2019 to understand the challenges faced by Italian growers, focusing on responsible recruitment practices.

Through our sponsorship of Stronger Together, we continue to work in collaboration with other UK supermarkets to build awareness of modern slavery and improve outcomes for victims. In 2018 we supported the expansion of their programme into South Africa and are active members of the project Steering Group. 62 workshops were held across major fruit and wine growing regions and over 150 employees from Morrisons suppliers benefited from attending these sessions.

In January 2019 we increased support for suppliers in the lower tiers of our supply chain by joining the Food Network for Ethical Trade (FNET). FNET is a collaborative initiative which brings together major UK supermarkets and over 30 large UK food suppliers to improve human rights in global supply chains through a common approach to managing ethical trade. The initiative provides tools, support and guidance for our tier one suppliers to assess risk in their global ingredient supply chains and take ownership for driving improvement.

We collaborated with other UK supermarkets, ETI, the Fresh Produce Consortium and suppliers to fund and develop an online training programme for UK farmers and processors to improve standards and safety of accommodation for temporary and seasonal workers. The programme will be launched in early 2019 and supported by colleagues in our Produce Technical Team. This initiative was nominated in the Best Collaborative Effort category at the 2019 Sedex awards.

We are one of ten core member organisations of the Indirect Procurement Human Rights Forum. As a group we aim to protect and respect the human rights of workers in our indirect procurement supply chains including labour provision, waste management, cleaning and catering services. In 2018 we focused on increasing transparency of these supply chains by improving the capability of the Sedex platform. We contributed to revisions of the current self-assessment questionnaire (SAQ) to make it more relevant to service providers, ahead of its launch in late 2019.

ETHICAL TRADING INITIATIVE MEMBERSHIP

We are now full members of the Ethical Trading Initiative (ETI), a leading UK alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.

This follows two years of work to demonstrate our commitment to successfully implementing an effective ethical trading programme in our business and supply chain. This is a significant milestone for Morrisons and brings us more closely in line with our direct competitors.

We are active members of several key working groups including: Vulnerable workers in Italian Agriculture; UK Caravan Accommodation Standards; Modern Slavery; and Thailand. We also support projects in Peru and South Africa through representation by our colleagues from our At Source Technical team.

2019/20 FOCUS

Build internal capacity to manage incidents of modern slavery and provide positive outcomes for victims

Increase visibility and oversight in the lower tiers of key supply chains

Review and update our Ethical Trading Policy and Supplier Handbook

Making it easier for 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. We continue to be challenged by the Government, media and consumer groups to improve the nutritional profile of our products. Providing our customers with healthier options and reformulating our products reflects the social need of our customers.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

V Taste
vegan range
launched



613
tonnes sugar removed
from Morrisons
branded products

2.45bn
calories removed from
Morrisons branded products



Little Kitchen
range launched

LITTLE KITCHEN

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 15** ACCURATE PRODUCT LABELLING (2017/18: 16th)
- 22** SELLING HEALTHY PRODUCTS (2017/18: 19th)
- 29** SELLING VEGAN AND PLANT BASED PRODUCTS **NEW**

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.

“Children aged four to six years old have different nutritional requirements to toddlers and may not be quite ready to eat the same meals as mum and dad. It can be tricky for parents to know what to feed their children during this transitional stage so we’ve launched the Little Kitchen range to give them a hand.”

Joanne Watson
Morrisons Little Kitchen Buyer

Making it easier for our customers to live healthier lives

continued

2018/19 focus

Morrisons brand nutrition reformulation

Following the publication of the Government's Childhood Obesity Plan in 2018 we updated our Morrisons branded nutrition policy to support the Government's ambitions to promote healthier choices for children.

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

In 2018/19, 2.45bn calories, 613.6 tonnes of sugar and 13.8 tonnes of salt were removed from Morrisons branded products.

RELAUNCH OF COUNTED RANGE

In January 2019 we launched our new Counted to replace our Eat Smart healthier ready meal range.

We changed our nutritional policy to be more reflective of current nutrition advice regarding the composition of a healthier diet. We improved the design so customers can clearly see the calorie contents of each product. Each meal in the Fresh or Frozen range has fewer than 450 calories and products are low in fat with limited additional sugar and salt. So far the range is performing well with sales +18% year on year.



Little Kitchen range

We launched our new 'Little Kitchen' range replacing our previous 'Just for Kids' range. The range is developed for children aged four to six years old and supports responsible nutrition credentials placing strict limits on salt, saturated fat and sugar and encouraging the use of five-a-day within the product formulation. All products have been taste approved by children. Purchases of Little Kitchen support our charity partner CLIC Sargent through an annual donation.

Fresh Ideas

We launched our new 'Fresh Ideas' brand in fresh meal solutions. Every product in the range supports a positive nutritional claim of either high in protein or fibre and supports a five-a-day claims wherever possible.

We also launched four new 'Fresh Ideas' breakfast pots to help our customers enjoy a nutritious breakfast on-the-go. The range also includes vegan and vegetarian options.

Eat Smart new endorsed policy

We updated our Eat Smart criteria to ensure only products that fit within the UK Government Eatwell Guide will carry the Eat Smart endorsed logo on pack.

Labelling

We remain committed to our clear front-of-pack multiple traffic light labelling on Morrisons branded products. We updated our front-of-pack multiple traffic light colours inline with industry best practice to ensure clear and consistent labelling.

We also continued to provide calorie labelling in our customer café's.

Demand for vegan and plant-based foods

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.

'V Taste' vegan range

In 2018, we launched 'V Taste' vegan range. The range initially launched with 18 products covering fresh and frozen meal solutions. We are looking to grow 'V Taste' further throughout 2019/20.

Promoting plant-based eating

We continued to run our 'V Taste' vegan range on multisave promotions.

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%.

Dairy alternatives

We launched a range of ten dairy alternative milk and cheese products in late 2018. The range covers non-dairy milks such as almond non-dairy milk as well as flavoured soya drinks. We aim to introduce more flavoured non-dairy milk, yoghurt and cheese alternatives in 2019/20.

On-pack labelling on vegan products

We updated the labelling of more than 300 Morrisons branded products to help customers easily identify which products are vegan at shelf-edge. This work will be continuing throughout 2019 and any new products that meet our vegan guidelines will carry a vegan logo on pack.

Free fruit for kids

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

Eat Fresh boxes

We launched our Eat Fresh online delivery boxes for two to four people, which include pre-portioned ingredients and meal kits. The Eat Fresh boxes can be tailored to include healthier choices, recipes under 550 calories as well as vegan and vegetarian options.

2019 FOCUS

V Taste range to be expanded

Continued own brand reformulation

Making a positive difference to the communities we serve

Our stores play an active and positive role in their local community.

Doing so helps us support causes close to the hearts of our colleagues and customers.

OUR COMMITMENTS AND PERFORMANCE SUMMARY

£3.6m
 Raised for charity partner
CLIC Sargent
 (2017/18: £3.4m)



Defibrillator rollout
 in stores and sites
 now complete

Quieter Hour
 launched

£5.5m
 Grants donated to charities
 through Morrisons
 Foundation



Our approach

We use our position at the heart of local communities to raise millions of pounds for charity every year.

“The support from Morrisons colleagues and customers has been amazing. The money raised has helped us provide a range of services to young cancer patients and their families including vital grants to help with the additional costs of cancer, and a new team of nurse educators to train healthcare professionals in caring for children with cancer.”

Joanna Hancock
 Head of Corporate Partnerships
 CLIC Sargent

UN Sustainable Development Goals alignment



Customer insight survey 2018/19 ranking

- 25** GOOD CAUSES IN THE COMMUNITY (2017/18: 22nd)
- 28** RAISING MILLIONS FOR CHARITY (2017/18: 26th)

Making a positive difference to the communities we serve

continued

2018/19 focus

CLIC Sargent and charities

In 2018/19 we raised £3.6m for our national charity CLIC Sargent, the UK's leading charity for children and young people with cancer, taking the total to over £7m raised in two years. In 2018 collections in our stores raised £2m for the British Legion Poppy Appeal, £600,000 for the Marie Curie Daffodil Appeal, £167,000 for the DEC's Indonesian Tsunami Appeal and £90,000 for Children In Need. Community Champions in all our stores and sites provided product donations and helped raise money for thousands of local charities and good causes.

QUIETER HOUR

We've worked with the National Autistic Society (NAS) and local community groups to create 'Quieter Hour' on Saturday mornings in our stores. Quieter Hour aims to make the store environment quieter and calmer for customers with autism.

This includes dimming the lights, turning off any music and removing tannoy announcements.



Morrisons Foundation

The Morrisons Foundation continues to support charities making a positive difference in local communities. In the last year the Foundation donated over £5.5m in grants to more than 440 charity projects across England, Scotland and Wales. The majority of the Morrisons Foundation's donations were awarded to charities close to a Morrisons store, supporting our aim to make a positive contribution to the communities we serve. In addition to grant awards, the Foundation also provided match funding of more than £325,000 to boost the funds that Morrisons colleagues raise for their chosen charities.

Dementia research programme

Over the last three years we've donated £750,000 to University College London to help fund a new Dementia Research Centre. The centre will lead national and international efforts to find effective treatments and improve the lives of those with dementia.

Foodmaker & Shopkeeper Tours

Last year we introduced new store tours to inspire the next generation of foodmakers and shopkeepers. The sessions are hosted by our Community Champions and are designed to educate and engage primary school children about how supermarkets work and where food comes from. Children meet our trained Market Street experts, taste some of products and take part in a quiz to test their new found knowledge.

Beach cleans

In response to customer concerns about plastic pollution, teams of our colleagues volunteered to take part in litter picks in their area. The largest activity took place at Blackpool and Filey beaches where teams of around 60 colleagues were led by the SeaLife Centre and Yorkshire Wildlife Trust respectively.

Disaster Emergency Committee

In late 2018, a tsunami struck the Indonesian island of Sulawesi. As well as destroying tens of thousands of homes, at least 2,100 people were killed and 4,400 were seriously injured. We supported the Disaster Emergency Committee's appeal and together Morrisons colleagues and customers raised £167,319 to help donate food, shelter and sanitation to provide relief to the affected communities.

Buy One Donate One sanitary protection initiative

We launched an initiative to donate 250,000 sanitary products to women in period poverty in partnership with food redistribution charity FareShare. We donated a pad for every pack of own brand sanitary protection bought in store and online. The products were delivered to FareShare to distribute to charities and community groups supporting women and girls, through its network of 21 regional centres.

Community rooms

As well as providing support through fundraising and donations, we also want to play an active role in our communities by introducing free Community Rooms in some of our stores. In 2018 we introduced six Community Rooms, with more scheduled for 2019. The rooms are popular with charities and community groups and have been used to host health classes, local residents' meetings and MP's surgeries.

Defibrillators

In 2018/19 we completed the installation of defibrillators in all of our stores and sites. This was done in partnership with St John Ambulance following a donation from the Morrisons Foundation. Over the past year our colleagues and customers have saved 21 lives using the defibrillators and the initiative has won the Workplace Heroes category at St John Ambulance's national Everyday Heroes awards. The lifesaving units also help people in our communities too as the defibrillators are registered with local ambulance services. This means that the ambulance call handler can direct the public to our store if that's where the nearest defibrillator is located.

BEYOND 2020

Extended partnership with CLIC Sargent

Continued donations through
Morrisons Foundation

Ongoing engagement with our stakeholders

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

STAKEHOLDERS	HOW WE LISTENED	WHAT OUR STAKEHOLDERS CARE ABOUT	EXAMPLES OF ENGAGEMENT
Communities	Council correspondence, letters and surveys, local news, social media.	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.	<ul style="list-style-type: none"> £5.5m donated to local community groups through Morrisons Foundation Quieter Hour introduced in stores for customers with autism Community rooms established for local community group use in stores Colleague beach cleans organised near to coastal stores
Customers	Customer listening groups, sales of products, customer insight survey, social media, 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.	<ul style="list-style-type: none"> Helping customers to reduce their plastic by removing plastic bags for produce, offering more loose fresh fruit and veg to customers, paper carrier bag introduced V Taste vegan range launched Free fruit for kids rolled out across all stores Eat Fresh boxes launched to help customers manage food in the home
Colleagues	Colleague Your Say forums, internal communications, Your Say surveys, colleague social media platforms, CR 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.	<ul style="list-style-type: none"> Store programme for women in leadership launched My Performance online tool for every colleague Your Say forums established Over 500 Craft Apprenticeships launched
Government and regulators	Formal enquiries, meetings, trade associations, social media, visits.	Government policy implemented through legislation, regulation and, increasingly, sector specific voluntary agreements which forms the back drop to our operational activity.	<ul style="list-style-type: none"> Working with DEFRA and WRAP to provide insight for Government's Environmental Plan to increase loose fresh fruit and vegetables Providing written evidence to Government on progress against UN Sustainable Development Goals
Investors	Enquiries, surveys, Annual General Meeting, meetings.	Investors scrutinise our activity on a range of environmental and social measures as well as financial performance, to ensure investment risks are limited.	<ul style="list-style-type: none"> Completion of Carbon Disclosure Project for carbon Responding to investor enquiries on sustainable supply chains and science based targets
Non-Governmental Organisations (NGOs)	Enquiries, surveys, collaborative projects, visits, meetings, blogs, 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.	<ul style="list-style-type: none"> Responding to Greenpeace's survey on plastics activity Working with environmental communications charity, Hubbub, on their initiative to increase recycling in the city of Leeds Working with food redistribution charity, FareShare, to increase surplus redistribution in our manufacturing sites
Suppliers	GSCOP, conferences, meetings, visits, audits and surveys.	We trade with companies all around the world and our challenge is to ensure that their operation is aligned with our values, policy and responsible business practices. Through our terms of trade, monitoring processes, technology, supply chain management, certification and auditing we work hard to ensure compliance.	<ul style="list-style-type: none"> Searching for the best local suppliers as part of Local Foodmakers initiative Supporting #Farm24 event to promote British farming Working with 250+ farmers to reduce on-farm waste through Naturally Wonky range
Industry	British Retail Consortium (BRC) working groups, IGD working groups, industry conferences, collaborative projects.	We know the positive impact working collaboratively as an industry can have to help tackle the issues that affect our society and environment. In some cases, joining forces is the only way to create meaningful change.	<ul style="list-style-type: none"> Working with industry to reform the way we use plastics through UK Plastics PACT IGD Food Waste Task and Finishing Group to establish a food waste reduction road map for the food industry Working with industry to improve sustainability of soy supply chains

Embedding sustainability into our business

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.

Executive Committee

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 (subject to the overall supervision by the Main Board), 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 (PDR).

Corporate Compliance and Responsibility Committee

Development and progress in our sustainability agenda are reported at the highest level to the Corporate Compliance and Responsibility Committee (CCR).

The CCR meets at least three times a 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.

Corporate Responsibility commitments and KPI owners

Across the business we have a key contact for each commitment and KPI.

These contacts are responsible for day-to-day management 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 Corporate Responsibility team and their relevant Executive Committee Director.

“At our store we take corporate responsibility very seriously. It’s part of business as usual, whether it’s reducing our energy, removing unnecessary food waste, keeping our colleagues happy and motivated or working with local charities and food banks through our Community Champion activity.”

Morrisons Store Manager

“We are encouraged to put forward ideas to make our workplace better, it can be anything from colleague engagement to reducing waste or energy.”

Morrisons Manufacturing colleague

Store Managers

Morrisons CR agenda is embedded in a Store Manager’s operational activity in a variety of ways.

For example, stores are measured on their waste and markdowns as a percentage of sales, and water and energy use as profit and loss. Responsible business strategy is communicated to Store Managers via training, Internal Communications and retail operations.

Store Managers provide feedback on their performance centrally via reports, surveys and data management systems.

Site Managers

Site Managers are aware of the CR issues that are most prevalent for their site operations.

For example, health and safety, animal welfare, energy and waste are high on their agenda. Sites are required to report environmental data to the Environment Agency as part of their legal requirements. Health and Safety reporting is through line management and reported/collated by HR on site.

Responsible business strategy is communicated to Site Managers via training and Internal Communications.

Shop floor colleagues

Shop floor colleagues are asked to take part and drive Morrisons CR agenda through various internal initiatives and campaigns. For example, Energywise, unsold food to charity, community champion activity.

Site colleagues

Site colleagues drive Morrisons CR agenda through various on-site initiatives. For example, there are waste champions in every site that are responsible for removing unnecessary waste from their operations. Your Say forums are also in place to improve engagement and generate ideas for business efficiencies.

Our focus areas in detail

FOCUS AREA

ISSUE/TOPIC

AGREED COMMITMENT 2017/18

2018/19 UPDATE

Help British farmers to be sustainable, profitable and competitive



Food safety and animal welfare.

To roll out Red Tractor Plus standard across our fresh British pork by 2018.

Complete. Red Tractor Pork Plus completed. Approach being considered for other livestock sectors.

High quality, competitive British beef.

Establish Beef Shorthorn as the breed for our 'Best' range of beef in all stores by 2019.

Complete. Now established as business as usual.

Animal welfare.

All Morrisons branded fresh shell eggs will be from non-caged hens by 2025.

We have been awarded the Compassion in World Farming Good Egg award having announced that we will be cage-free for shell eggs by 2022 and ingredient eggs by 2025.

Integrated dairy beef supply chains.

To secure 10,000 dairy cattle per year through alliances with our milk processors and their farmers by 2018.

Integrated dairy beef chain well established within Woodheads. Working group set up between Arla, Buitelaar and Woodheads-Morrisons to establish best practice principles for raising dairy beef cattle.

Improving quality.

To establish a programme to improve eating quality of British fresh pork in stores by 2018.

Complete. Now established as business as usual.

Animal welfare.

Create a reference guide for all our pig farmers on environmental enrichment to improve animal welfare by 2017.

Complete. Now established as business as usual.

Create a reference guide for all our pig farmers on free farrowing to improve animal welfare by 2018.

Complete. Will be published on Morrisons Farming website in Summer 2019.

NEW: Refresh and communicate welfare policies and introduce measures/indicators for welfare issues.

All livestock species going into our fresh food supply now have key welfare indicators set against them for monthly reporting. Transparency introduced by publication of first Morrisons 'Farm Animal Health and Welfare' report.

Overuse/misuse of antibiotics in farming.

To establish monitoring of antibiotic use and continuous improvements in chicken, eggs and pork by 2017.

Antibiotic use monitoring in these sectors now business as usual.

NEW: Implement reduction policies across all species. Introduce measures and metrics for restricted Critically Important Antibiotics (CIAs), and the elimination of colistin and routine use.

As of 2019, no pigs coming to Woodheads for our fresh pork range have received a treatment of a critically important antibiotic (as defined by the EMA) or colistin.

We stand by the RUMA definition of routine use of antibiotics and have asked our supply chain to ensure they are not routinely using antibiotics.

NEW: Commit to publishing annual report on key health and welfare livestock outcomes on website.

NEW: Introduce and report on independently audited bespoke Morrisons standards for chicken and pork sectors.

NEW: 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.

NEW: Working with leading academics, commit to delivering practical research projects for broiler, laying hen and pork sectors. Focus: environmental enrichment to benefit livestock welfare.

Our focus areas in detail

continued

FOCUS AREA	ISSUE/TOPIC	AGREED COMMITMENT 2017/18	2018/19 UPDATE
Ensuring food safety, quality and provenance of our products 	Foodborne bacteria.	We will meet FSA targets on campylobacter levels year-on-year.	0.4% of Morrisons branded chickens tested contained higher levels of campylobacter. Met FSA targets for the fourth consecutive year.
	Provenance of international foods.	We will build closer working relationships with our growers through engagement with our international 'At Source' Technical team.	Over 5,000 supplier visits through international 'At Source' technical teams.
Reduce, reuse and recycle the plastic we use    	Plastic packaging.	By 2025, all own brand plastic packaging will be recyclable, reusable or compostable.	<p>81% own brand plastic packaging is recyclable by weight: 54,932 tonnes. We have improved our data to now include wholesale and online sales.</p> <p>67% widely recycled: 36,933 tonnes.</p> <p>14% recycle with bags at larger stores: 7,545 tonnes.</p> <p>9% check locally: 4,999 tonnes.</p> <p>10% not currently recycled: 5,447 tonnes.</p>
		<p>NEW: By 2025, we will reduce own brand plastic packaging use by 25% (2017 baseline).</p>	<p>2017/18 Morrisons branded plastic packaging (baseline): 55,356 tonnes.</p> <p>2018/19 Morrisons branded plastic packaging: 54,932 tonnes.</p> <p>Like-for-like reduction (excluding wholesale and online) of 5% in plastic use: 52,722 tonnes.</p> <p>Increased sales in online have contributed to 2018/19 overall plastic use.</p>





Our focus areas in detail

continued

FOCUS AREA	ISSUE/TOPIC	AGREED COMMITMENT 2017/18	2018/19 UPDATE																				
<p>Reduce operational waste and carbon emissions</p> 	Carbon emissions.	30% absolute reduction in operational carbon emissions by 2020 (2005 baseline).	<p>45% reduction in operational carbon emissions. Science-based target to be launched later in the year.</p>																				
<p>Reduce food waste</p> 	Measurement and reduction.	NEW: We will reduce operational food waste by 50% by 2030 (2016 baseline).	<table border="1"> <thead> <tr> <th data-bbox="1339 762 1585 783">Store operational food waste</th> <th data-bbox="1753 762 1816 783">2016/17</th> <th data-bbox="1910 762 1973 783">2017/18</th> <th data-bbox="2067 762 2136 783">2018/19</th> </tr> </thead> <tbody> <tr> <td data-bbox="1339 791 1541 812">Total food sales (tonnes)</td> <td data-bbox="1738 791 1832 812">4,097,841</td> <td data-bbox="1895 791 1989 812">4,041,575</td> <td data-bbox="2051 791 2136 812">3,911,799</td> </tr> <tr> <td data-bbox="1339 823 1547 844">Total food waste (tonnes)</td> <td data-bbox="1765 823 1805 844">16,141</td> <td data-bbox="1921 823 1984 844">15,253</td> <td data-bbox="2074 823 2136 844">14,023</td> </tr> <tr> <td data-bbox="1339 855 1541 876">Food waste as % of sales</td> <td data-bbox="1765 855 1805 876">0.39%</td> <td data-bbox="1921 855 1984 876">0.38%</td> <td data-bbox="2074 855 2136 876">0.36%</td> </tr> <tr> <td data-bbox="1339 887 1570 908">Surplus food donated (units)</td> <td data-bbox="1765 887 1805 908">2.3m</td> <td data-bbox="1921 887 1962 908">1.1m</td> <td data-bbox="2074 887 2136 908">1.7m</td> </tr> </tbody> </table> <p>13% reduction in store operational food waste since 2016/17. This has been achieved through a number of in-store measures including the introduction of Morrisons ordering, an automated stock management system as well as improvements in store markdown procedures.</p> <p>In 2018/19, we improved our methodology to measure store food waste by weight. Working with our Business Intelligence teams, we have better SKU level information which has further improved accuracy. For consistency, our 2017/18 store food waste by weight figures have been revised to reflect this.</p> <p>At present, a proportion of surplus food we record as waste is, in fact, utilised for meals in colleague canteens or distributed as colleague sales. A proportion of food waste on Market Street counters and café food waste is not currently captured in our figures but we are working to address this.</p> <p>Food 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.</p> <p>For a breakdown of store waste collected at the back of stores and its recycling, please refer to page 19 of this Report.</p> <p>In early 2019, we began a trial to segregate all operational food waste from stores and logistics sites to go directly to anaerobic digestion with the view to rolling this out across the estate.</p>	Store operational food waste	2016/17	2017/18	2018/19	Total food sales (tonnes)	4,097,841	4,041,575	3,911,799	Total food waste (tonnes)	16,141	15,253	14,023	Food waste as % of sales	0.39%	0.38%	0.36%	Surplus food donated (units)	2.3m	1.1m	1.7m
Store operational food waste	2016/17	2017/18	2018/19																				
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Our focus areas in detail

continued

FOCUS AREA	ISSUE/TOPIC	AGREED COMMITMENT 2017/18	2018/19 UPDATE												
Reduce food waste continued 	Redistribution.	We will double the amount of food redistributed by 2020 (2016 baseline).	<table border="1"> <thead> <tr> <th>Surplus redistribution</th> <th>2016/17 (tonnes)</th> <th>2017/18 (tonnes)</th> <th>2018/19 (tonnes)</th> </tr> </thead> <tbody> <tr> <td>Charities and local community groups</td> <td>796/1.8m meals</td> <td>645/1.5m meals</td> <td>1,460/3.4m meals</td> </tr> <tr> <td>Company Shop</td> <td>1,116</td> <td>1,599</td> <td>2,094</td> </tr> </tbody> </table> <p>7,710 tonnes redistributed since 2016/17 across stores, manufacturing sites, distribution centres, online spokes as well as supply chain. Surplus food donated by Morrisons branded suppliers to FareShare is not captured in these calculations. In 2018/19, we continued to develop our relationship with FareShare in eight of our manufacturing sites as well as through our wholesale operation.</p>	Surplus redistribution	2016/17 (tonnes)	2017/18 (tonnes)	2018/19 (tonnes)	Charities and local community groups	796/1.8m meals	645/1.5m meals	1,460/3.4m meals	Company Shop	1,116	1,599	2,094
	Surplus redistribution	2016/17 (tonnes)	2017/18 (tonnes)	2018/19 (tonnes)											
Charities and local community groups	796/1.8m meals	645/1.5m meals	1,460/3.4m meals												
Company Shop	1,116	1,599	2,094												
Customer food waste.	We will help to reduce the amount of food and drink our customers waste in the home.	We will continue to invest in My Job training, providing colleagues with the skills to do their job properly.	<p>Eat Fresh boxes launched online providing customers pre-portioned ingredients and recipes helping to reduce unnecessary waste at meal times.</p> <p>Continued support of WRAP's Love Food Hate Waste campaign.</p>												
Look after our colleagues 	Learning and Development.	We will continue to invest in My Job training, providing colleagues with the skills to do their job properly.	<p>We continued to roll out My Job Programmes across all business areas.</p> <p>In retail, 1,079 Senior Managers and 2,941 Team Managers attended role specific My Job Programme training. In addition to this, colleagues from our initial 15 'Customers First' stores attended My Job Programme training with a further 20 'Customers First' stores planned for 2019.</p> <p>The rollout of My Job training continued for all supply chain colleagues in 2018. My Job Trading looked at routines and practices to improve standardisation and we created a Buyer training plan to embed this.</p> <p>In manufacturing and logistics through My Job we will deliver bite-sized modules on performance management, commercial and financial awareness, health and safety culture and managing diverse teams.</p>												
		We will hold a career conversation with every colleague each year to establish their career aspirations and how we can support those aspirations.	We launched 'My Performance' online system to fully automate the mid and end of year review process. The new system includes a section called 'My Career' to help support conversations and to capture career aspirations. In 2019 we will launch a new Ways of Working toolkit hosted under My Performance with easy access to different tools to support colleague-led personal development.												
		We will deliver programmes across the business to enable colleagues to progress in their career.	<p>We launched a new Pathway programme for our work level five colleagues to progress to work level six, which is also a cross-team programme with colleagues from retail, manufacturing and logistics.</p> <p>We also encouraged our retail colleagues to apply for the Pathways programme using a new communications campaign, resulting in over 850 applications.</p>												

Our focus areas in detail

continued

FOCUS AREA	ISSUE/TOPIC	AGREED COMMITMENT 2017/18	2018/19 UPDATE
<p>Look after our colleagues continued</p> 	Learning and Development. continued	We will maximise the potential of our apprenticeship levy to enable colleagues to gain new skills and progress in their career.	<p>We've successfully expanded our craft apprenticeships into Scottish and Welsh stores and continue to develop craft apprentices in English stores . In total, we now have 466 placements with plans to recruit a further 300 in September 2019.</p> <p>We've have recruited a further 17 Engineering Apprentices, 12 Finance Apprentices, 53 new Degree Apprentices and launched 17 apprenticeships in our Technology team, with a view to achieving similar numbers in September 2019.</p>
	Diversity.	Through our career programme, we will continue to progress a diverse range of colleagues reflective of the communities we serve.	<p>Increased the number of female store managers from 34 (7%) to 86 (18%) in 2017.</p> <p>Diversity working groups established in five key priorities: gender, culture, disability, parents and careers and LGBT+.</p>
	Engagement.	<p>We will continue to increase overall engagement through Your Say forums year-on-year.</p> <p>Your Say survey: Continued improvement scores on 'My manager helps and supports me' year-on-year.</p>	<p>Regular Your Say forums in place across the business with two national Your Say forums taking place providing colleagues with the opportunity to discuss their point of view to the Chief Executive and Group People Director.</p> <p>Response rates for the Your Say survey increased by 10% from 2016 with 81,294 colleagues completing the survey. Each business area improved overall engagement scores.</p> <p>The category relating to my manager and support improved from 67% to 70% and the questions "my manager helps and supports me" improved from 73% to 75%.</p>
	Wellbeing.	<p>In 2017, we will implement wellbeing calendars tailored to each divisional need.</p> <p>In 2017, we will establish a wellbeing programme tailored to specific challenges within each function.</p> <p>We will review colleague benefits to improve financial wellbeing by end of 2017.</p>	<p>Calendar was introduced in January 2017 and has been issued monthly to retail, manufacturing and logistics.</p> <p>Introduced Health Surveillance schemes across both manufacturing and retail.</p> <p>Physio provided to our sites to support colleagues to maintain attendance or return to work quicker.</p> <p>Introduced MyPerks online discount site to help our colleagues money go further.</p> <p>Introduced a new pension scheme to allow lower earners the option to save for retirement and also benefit from much improved life assurance cover.</p>
	Safety.	We will improve preventable colleague absence year-on-year.	Absence percentages have decreased in 2017 to 3.17%, previous year was 3.54%. Trialled preventative physio in retail for colleagues with musculoskeletal problems.

Our focus areas in detail

continued

FOCUS AREA	ISSUE/TOPIC	AGREED COMMITMENT 2017/18	2018/19 UPDATE
Source responsibly 	Seafood.	<p>Maintain seafood policies and improvement projects to reduce the environmental and social impacts of the seafood we buy.</p> <p>Support the work of Project UK for six UK fisheries to achieve Marine Stewardship Council certification by 2018.</p> <p>Revision of seafood sourcing policy.</p>	<p>Policies maintained as well as continued support of a variety of improvement projects and academic research on social and environmental impacts.</p> <p>Continue to support the work of Project UK. We have extended our support to an additional two fisheries as part of this initiative. The original six fisheries are expected to receive certification in 2022.</p> <p>Expected to be complete in 2019/20.</p>
	Palm oil.	<p>Continue to monitor compliance to policy requirements that all palm oil and derivatives used in Morrisons branded products are Roundtable on Sustainable Palm Oil (RSPO) certified.</p>	<p>Annual updates provided to the RSPO as part of Annual Communication of Progress which can be found at: https://rspo.org/members/acop</p>
	Timber.	<p>All timber and timber derived products must be third party certified sustainable.</p>	<p>78% of wood and wood derived products were Forest Stewardship Council (FSC) certified, approved alternatives or recycled in Morrisons branded household and beauty products and 72% FSC, approved alternatives or recycled in Morrisons branded home and leisure products.</p>
Supplier working conditions 	Modern Slavery.	<p>Increased resilience in Morrisons manufacturing and logistics sites.</p> <p>Develop and roll out updated and revised, bespoke Modern Slavery toolkits in our UK supply chain.</p>	<p>Two modern slavery threat assessments conducted by anti-slavery charity Hope for Justice (HFJ) at Morrisons Derby manufacturing site and Morrisons Latimer Park logistics site with one more booked for 2019 at Morrisons Gadbrook manufacturing site. In 2019 we will work in collaboration with HFJ to create and deliver action plans to address any vulnerabilities in our manufacturing and logistics sites.</p> <p>We also funded a pilot of independent Stronger Together performance assessments at a number of our key UK suppliers and will assess suitability for use in Morrisons manufacturing in 2019.</p> <p>Expansion of internal existing modern slavery toolkit: worked in collaboration with the People, Loss Prevention and Business Continuity teams to develop modern slavery policy for colleagues, management guidance and a labour exploitation and modern slavery incident response guide. Incident response guide was positively reviewed by both Gangmasters and Labour Abuse Authority (GLAA) and Hope for Justice.</p> <p>In 2019 we will review and improve our approach to grievance mechanisms and access to remedy. We have also signed up to the Retailer Protocol for Handling Reported Cases of Modern Slavery in the UK Supply Chain created by the BRC, GLAA and Stronger Together and communicated this to our suppliers. This protocol encourages suppliers to share details of modern slavery and forced labour incidents in their business and confirms that we will support them throughout with no negative effect on our trading relationships.</p>

Our focus areas in detail

continued

FOCUS AREA	ISSUE/TOPIC	AGREED COMMITMENT 2017/18	2018/19 UPDATE
Supplier working conditions continued  	Modern Slavery. continued	Publish our second annual statement in line with the requirements of the Modern Slavery act. Modern slavery awareness & capacity building for smaller UK producers.	We published our second Modern Slavery Statement in May 2018. Morrisons were subsequently ranked joint second in a review of FTSE 100 company compliance with the Act by the Business & Human Rights Resource Centre. Our latest statement will be available on our corporate website in May 2019. We supported the development of a new Stronger Together training module on Good Practice in Handling Cases of Forced Labour and will recommend this to our UK supplier base in 2019. We also commissioned a workshop for UK flower growers on modern slavery risk and regulatory compliance, which was delivered in January by the GLAA.
	Helping our customers to live healthier lives      	Obesity.	Supporting the following actions of the Government's Childhood Obesity Plan: <ul style="list-style-type: none"> Public Health England's reformulation agenda: <ul style="list-style-type: none"> Working towards 20% sugar reduction in 10 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
Supporting local communities    	Charity partnerships.	Raise at least £2.5m each year for charity partner CLIC Sargent.	£3.6m raised - a record breaking year.
	Colleague/customer fundraising.	Support important campaigns including Poppy Appeal, Children In Need, Marie Curie Daffodil Appeal and Walking With The Wounded. Respond quickly to opportunities to support other causes close to the hearts of our colleagues and customers.	Poppy Appeal – £2m - a record breaking year; Children In Need – £89,000; Daffodil Appeal – £600,000; Walking With The Wounded – £28,000. Disaster Emergency Committee Appeals for Indonesian Tsunami – £165,000.
	Local community engagement.	Continue to make a positive difference in local communities by donating over £7.5m in grant awards through the Morrisons Foundation. 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.	£5.5m donated to hundreds of charities across England, Scotland and Wales. £300k+ in match funding.
		Use the positive sentiment generated by grant donations to engage with the media and strengthen relationships with local communities.	235 pieces of positive news coverage relating to Morrisons Foundation donations.

Independent Limited Assurance Report to the Directors of Morrison (WM) Supermarkets plc

The Board of Directors of WM Morrison Supermarkets PLC (“Morrison’s”) engaged us to provide limited assurance on the information described below and set out in Morrison’s Corporate Responsibility Report 2018/19 for the 52 weeks ended 3 February 2019.

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 3 February 2019 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 43 and 44 entitled ‘KPIs Assured and Basis of Preparation’ in Morrison’s Corporate Responsibility Report 2018/19 (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 2018/19.

Selected Information	Reporting Criteria
Selected information consists of the 4 KPIs on pages 43 and 44 entitled ‘KPIs Assured and Basis of Preparation’ of the Corporate Responsibility Report 2018/19.	The reporting criteria as included on pages 43 and 44 entitled ‘KPIs Assured and Basis of Preparation’ of the Corporate Responsibility Report 2018/19.

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’, 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 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 Morrison’s is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure nonfinancial 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 3 February 2019.

Independent Limited Assurance Report to the Directors of Morrison (WM) 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 group 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;
- performed analytical procedures related to the Selected Information;
- 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 2018/19.

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 2018/19 for the 52 weeks ended 3 February 2019, 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
Leeds

20 May 2019

KPIs assured and Basis of Preparation

The following KPIs have been prepared for the 52 weeks ended 3 February 2019.

KPI

BASIS OF PREPARATION

1. 81% own brand primary packaging was recyclable by weight

- Percentage figure represents Morrisons branded primary packaging placed on to the market during 2018/19 financial year sold in 494 stores as well as in-house purchasing figures for Morrisons branded packaging.
- 'Primary packaging' is defined as packaging placed on to the market that a Morrisons customer will take home.
- 'Recyclable' is defined by UK On Pack Recycling Label scheme as:
 - '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' PE Wrap/Film/Bags.
- 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.

Exclusion

Gibraltar store is excluded from this report.

2. Store operational food waste by weight, 14,023 tonnes in 2018/19 against the baseline 2016/17 result of 16,141 tonnes

Data represents food and drink wasted in all 491 stores during 2016/17 and 494 stores in 2018/19 financial years.

Material type

The scope of the calculation includes both edible and inedible parts, e.g. avocado including stone and skin.

Data sources

Food and drink wasted via handheld terminals (HHT) recorded as 'waste - out of date' (option 1 on HHT) and 'waste - damaged' (option 2 on HHT).

Breakdown data is provided to our third party data analysts, Valpak, from our Business Intelligence data and IT teams for analysis

Calculations

Valpak analyse each individual product line removing the weight of packaging for each product leaving a weight for food and drink. The weight of the packaging is based on their existing calculations they hold for own brand packaging data.

Destinations

At present, a proportion of surplus food and drink that is wasted via HHTs is used in colleague canteens and in colleague sales. Food and drink 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 19 of this Report.

Categories included

- Ambient, Dairy and Frozen
- Chilled
- Fresh

Exclusions

A proportion of food and drink wasted in cafés, staff canteens, operational waste at counters and salad bar are excluded in this calculation. Surplus food and drink that has been donated to local community groups.

KPIs assured and Basis of Preparation

continued

KPI	BASIS OF PREPARATION
3. 5.1 million products donated to local community groups through Morrisons unsold food programme	<p>Data represents cumulative donations of 5.1m as 2016/17 2.3m, 2017/18 1.1m and 2018/19 1.7m financial years.</p> <p>A single 'product' is defined as an item or multiple items packaged together as follows:</p> <ul style="list-style-type: none"> • A single product which is sold in our stores with a price per unit, for example a mango. • A multi-pack, for example a pre-packaged bag of apples. • A package of multiple items, for example a punnet of strawberries. • Multiples of loose produce of the same type packaged into one bag, for example loose onions.
4. All labels on our pre-packed in-store produced products sold during 2018/19 contain allergens advice	<p>Claim represents in-store produced Morrisons branded products made on Market Street counters. Categories of 'Market Street' products included: Products purchased directly from wholesalers and re-packaged (e.g. cheese); and products produced in-store using ingredients purchased from wholesalers (e.g. pizza).</p> <p>Exclusion Single ingredient unprocessed meat.</p>

Management's Statement

The Directors of Wm Morrison Supermarkets PLC are and shall be responsible for this Management's Statement and for reporting the four KPIs as at 3 February 2019 in accordance with the reporting criteria set out on page 43. 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

20 May 2019



Wm Morrison Supermarkets PLC

Hilmore House, Gain Lane
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Visit our website:
www.morrisons-corporate.com/cr

Our 2018/19 Annual Report and
Financial Statements can be found at:
www.morrisons-corporate.com

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