

Today

Taking good care for tomorrow



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About Morrisons

Our vision is to be the 'Food Specialist for Everyone' and our 134,000 colleagues work hard to deliver freshness, value and service to over 10 million weekly customers.

With 425 stores, we are the UK's fourth largest retailer, as well as a top five UK food producer. Uniquely, we source and process most of the fresh food we sell through our own manufacturing and packing facilities, giving us close control over provenance and quality. We also prepare more food in-store than any other major UK food retailer.

'food specialist for everyone'

ABOUT THIS REVIEW

This document reports on progress in our CSR programme. It is complemented online at www.morrisons.co.uk/today. We have been managing our programme to a set of targets spanning three years, from 2007 to 2010. This Review also sets out targets for the future.

Visit www.morrisons.co.uk/today



For carbon reduction



'Excellent' rating for building environmental efficiency



Seafood, Off-licence & Forecourt Retailer of the Year, Store Manager of the Year



Availability, Service, Store Manager of the Year



Supermarket of the Year



Field Service Innovation of the Year



Wine Educator of the Year



Corporate partner



Welcome to Morrisons

Corporate Social Responsibility Review for 2009/10.

Our CSR programme is linked to our vision to be the 'Food Specialist for Everyone' and it demonstrates our commitment to acting sustainably, being integral to our management agenda, which is focused on long term sustainable growth.

As the 'Food Specialist for Everyone', we are different from our competitors. Our expertise helps us deliver fresher food, which is also great value. Being 'closer to source', we understand where food comes from; and we can talk with authority to our customers about the provenance and freshness of our food offer.

We view resource efficiency as integral to sustainability and delivering better value to our customers. Our approach to CSR recognises both responsibility and opportunity, enabling us to make a difference in ways that are good for the environment and good for business.

We have made considerable progress in meeting our challenging targets. Carbon emissions have been reduced by 56% better than we planned; there's much less waste going to landfill and we have cut packaging. We are also running our own farm, which is being used as a base for research projects looking at the sustainability of food supplies and the efficiency of agriculture. Our research will provide benefits to our business and will also strengthen our relationships with the farming community.

Morrisons Fresh Food Academy offers training and progression for all our staff, providing them with the opportunity to grow from shop floor to top floor and means we can deliver a more knowledgeable service to our customers.

CSR is embedded into our operations and plans. We do not claim to have all the answers but aim to do all we can to make a real difference by being both practical and persistent.

Many of the issues we address are wide ranging, complex and sometimes very challenging. Solutions may develop over the long term and they can sometimes prove elusive for a variety of reasons, including cost effectiveness, practical application, or they lack direct benefits. However, many projects and initiatives have come to fruition successfully to deliver tangible results that are making a real difference. I'm pleased to share some of these with you.

Our CSR programme is moving forward with targets covering a new three-year period from 2010–2013, which are outlined in this Review. We are focusing our efforts on the important areas that matter most to our business and those involved in it and where we can continue to have a positive impact in the future. Together, we aim to add value to our business and for our customers.

Today we're making a difference for tomorrow.

Sir Ian Gibson
Chairman

425 stores.

10_m
customers every week.

134,000
employees.

What CSR means to Morrisons

OUR APPROACH

Today we're making a difference for tomorrow. We acknowledge that the way we go about our business affects the world in which we operate. We believe we can build a sustainable business by helping to protect and nurture the valuable resources on which we all depend and achieve our commercial objectives.

MATERIAL ISSUES AND POLICIES

Processes are in place to capture and address the CSR issues that are material to our business and important to our stakeholders. The risks and opportunities of each issue are considered and assessed in terms of strategic and business impact. Those CSR issues considered most important are addressed through our programme.

We are doers, not talkers and we are taking practical action. Key material issues central to our CSR programme are:

- carbon management
- waste prevention
- health & well-being
- responsible and sustainable sourcing.

Policies which underpin our approach to responsible business practices are available on our website at www.morrisons.co.uk/today

HOW WE MANAGE CSR

We embed the principles of CSR into 'business as usual'. A Project Team of senior Group Directors oversees strategy, drives progress and reports to the Executive Board. Our programme is structured around three pillars – Environment, Society and Business. Each has a Steering Group, chaired by a senior Group Director from the Project Team. They focus on delivery to a set of targets, with the support of operational colleagues throughout the business.

STAKEHOLDERS

Our programme aims to address the material CSR issues our customers, colleagues, shareholders and other key stakeholders have raised with us. We engage with our stakeholders in a variety of ways including gaining insight through research, meetings, briefings, presentations and answering individual queries by letter, phone and email.

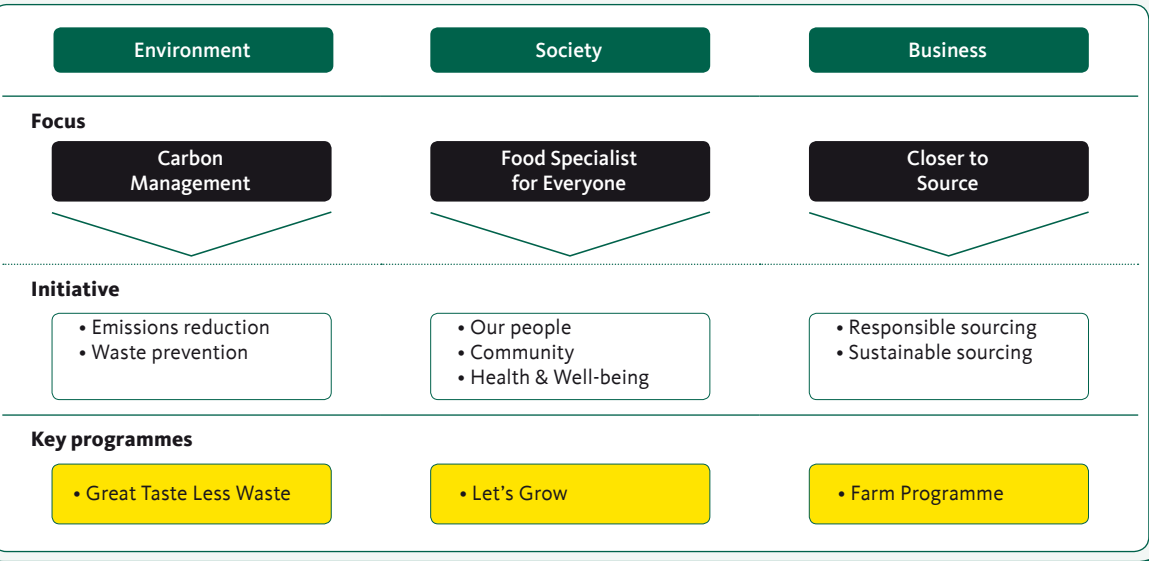
TODAY: TAKING GOOD CARE FOR TOMORROW

Our CSR programme is recognisable across the business and to our customers by the 'Today: Taking Good Care for Tomorrow' brand. To continuously improve our programme we are building on the solid foundation of the past three years to focus our efforts for 2010 onwards. To this end we have streamlined our objectives and targets to concentrate on further aligning the CSR programme with overall business goals and ensure the greatest commitment across the company.



Today: Taking Good Care for Tomorrow

Our CSR programme for 2010–2013 focuses our efforts and aligns them with overall business goals.



Performance and targets overview

Achieved today

Our CSR programme has been managed over a three-year time scale (2007–2010) and has operated towards achieving a set of targets in each of the three pillars. Highlights include:

Environment

Reducing our carbon footprint whilst growing the business in both retailing and manufacturing.

[See](#) more on page 8

Society

Launching our Fresh Food Academy to train over 100,000 colleagues.

The take-up of our 'Let's Grow' programme in schools across the country.

[See](#) more on page 14

Business

Our commitment to responsible and sustainable sourcing, including 100% British fresh beef, pork, lamb and poultry.

[See](#) more on page 20



Targets for tomorrow

We have set new targets for the next three years (2010–2013) and beyond. Here is an overview:

Environment: Carbon Management

Emissions reduction

30% by 2020 (2005 baseline).

Preventing waste

Zero waste to landfill by 2013.

10% reduction in packaging impact by 2012.

[See](#) more on page 9

Society: Food Specialist for Everyone

Our people

Deliver sector leading training and skills development.

Community

Support the development of fresh food know-how and cooking confidence.

Health & Well-being

Contribute to food education to support healthy balanced lifestyles.

[See](#) more on page 15

Business: Closer to Source

Responsible sourcing

Be a leading supporter of British farming.

Raise standards in the supply chain.

Sustainable sourcing

Positively influence sustainability within our supply chain.

Avoid harm to vulnerable natural land habitat and wild native species.

[See](#) more on page 21

Environment: We are focusing on cutting carbon and preventing waste. These closely linked issues are key material impact areas for our business.

OUR STRATEGY

Our strategy for environmental management focuses on cutting carbon and preventing waste. As one of the country's largest supermarket chains with stores, manufacturing and logistics operations, these environmental issues are material impact areas. Reducing our carbon footprint and our waste is an important part of running a responsible and commercially efficient business.

CUTTING CARBON

Our carbon footprint includes energy, waste, transport and refrigeration across our whole operation. This includes stores, offices, food manufacturing and packing facilities and distribution. We have worked hard to reduce our footprint and have succeeded in bringing

it below our 2005 baseline figure, despite the expansion of our business. Key areas where we have made savings include new refrigeration systems using more environmentally friendly gases, energy savings through technology and employee awareness campaigns and increased efficiencies in our logistics operation.

PREVENTING WASTE

Waste is a significant impact of our business, both financially and environmentally. We are committed to reducing waste throughout our direct supply chain. This means that we find ways to minimise waste during manufacturing, distributing and selling our products. Our unique, vertical integration business model supports this approach.



CUTTING CARBON KEY PERFORMANCE INDICATORS

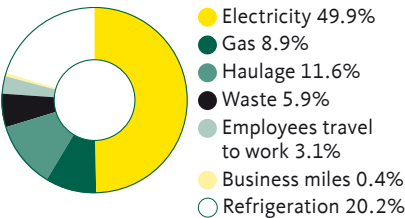
Since our 2005 baseline year we've made an absolute saving of over 240,000 tonnes of CO₂e. Despite significant growth over that time, our emissions remain on a downward trend.

Tonnes of carbon emissions (CO₂e)

2009	1,235,760
2008*	1,270,608
2007*	1,235,410
2006*	1,334,842
2005*	1,477,141

* Morrisons carbon emissions figures for 2005 to 2008 (inclusive) have been updated based on increased accuracy in the measurement and recording of electricity consumption. SKM Enviro (Environmental Consulting)

Emissions by type (Percentage %)



TAKING GOOD CARE FOR TOMORROW: CARBON MANAGEMENT

"Morrisons has shown a clear commitment to reducing its carbon emissions and gaining the Carbon Trust Standard is recognition of its achievements to date – it is important that we all strive to go further, as soon as possible. I am pleased to see that Morrisons is continuing to set itself challenging targets."

Tom Delay
Chief Executive – The Carbon Trust

30%

target to reduce carbon emissions by 2020 (2005 baseline).

Efficient stores

All new stores are now benchmarked under the BRE Environmental Assessment Method (BREEAM). This process helps us to build stores with a consistently high standard of environmental performance.

Our new Halifax store, for example, was given an 'Excellent' BREEAM rating.

Features of the store include:

- A solar wall which will use sunlight to save energy and around 76 tonnes of CO₂e a year
- Energy efficient Combined Heat and Power systems that generate part of the store's on site electricity, as well as heating
- Intelligent lighting control systems
- Water saving measures save an estimated 280,000 litres of water a year
- The first fully LED-lit petrol station in Europe
- Energy efficient measures installed in refrigerated food storage areas to reduce CO₂e by 242 tonnes a year.

45%

saved on electricity costs at our Halifax petrol station by using LED lighting.



Efficient manufacturing

Supplying Morrisons stores, our Farmers Boy factory in Bradford employs around 1,500 people packing bacon and cheese and manufacturing sausages, pies and fresh and cooked meat products.

As our carbon reduction programme covers all of our operations, manufacturing is another focus area for energy efficiency. For example, over the last year through improvements to plant and machinery at Farmers Boy we have saved the equivalent of around 830 tonnes of carbon emissions.



830

tonnes saved in CO₂e from manufacturing.

Efficient logistics

We opened our largest distribution centre in the UK at Sittingbourne, in Kent. It serves over 65 stores, ensuring goods are delivered fresh and in excellent condition.

The positioning of the site and subsequent logistics efficiencies it brings to our network will cut 22 million kilometres of travel per year by the end of 2010.

17,000

tonnes of CO₂e saved per year from logistics efficiencies.



Efficient refrigeration

The greatest savings in our carbon footprint have come from an innovative approach to improving, upgrading and developing our refrigeration systems. We have invested almost £100 million on improving the efficiency of our refrigeration over the last three years.

We are moving to alternative refrigerants, such as CO₂, which has a much lower environmental impact.

We have more CO₂ refrigeration systems than any of our competitors, installing them in all our new stores and replacing older systems across the business.



Winner of Cooling Industry Award for Field Service Innovation of the Year for our refrigerant replacement programme.



KEY PERFORMANCE INDICATORS

Store waste analysis

Calendar year	Recycled/diverted from landfill (tonnes)		Landfill (tonnes)		Total waste (tonnes)	
2009	145,953	77%	42,690	23%	188,643	100%
2008	137,867	73%	50,509	27%	188,376	100%
2007	134,378	72%	53,395	28%	187,773	100%
2006	142,000	72%	56,500	28%	198,500	100%

Waste per store

Calendar year	2009		2008		2007		2006	
	422 stores 447 tonnes per store		382 stores 493 tonnes per store		375 stores 501 tonnes per store		368 stores 539 tonnes per store	
Recycled material	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%
Cardboard/paper	109,685	75	112,787	82	111,286	83	119,000	84
Plastics	8,261	6	7,608	6	8,436	6	13,000	9
Other recovered	28,008	19	17,472	13	14,656	11	10,000	7
Recycled total	145,954	77	137,867	73	134,378	72	142,000	72
Waste to landfill	42,690	23	50,509	27	53,395	28	56,500	28

* Shaded area above is all material that is recycled.

TAKING GOOD CARE FOR TOMORROW: WASTE PREVENTION

We are building on the success of our waste prevention and management programmes. We have set two challenging targets to commit to further progress.

0%

store waste direct to landfill by 2013.

10%

reduction in the environmental impact of own brand packaging by 2012.

Packaging reduction initiatives

Our packaging reduction programme reduces own brand packaging whilst also ensuring that fresh food will be kept at its best to prevent waste. By January 2010, we met the target we set in 2007 to reduce own brand packaging by 15%.

The effect was that, by 2009, we had reduced our own brand packaging by 17,155 tonnes compared to 2006. Some recent examples include:

- **Own brand milk** – all fresh milk bottles supplied to Morrisons now contain 10% recycled high density polyethylene (HDPE). This equates to around 800 tonnes per annum of material that has been diverted from landfill and recycled.
- **Pre-packed cheese** – changes to the wrapping of our Stilton, Blue Shropshire and sliced Cheddar together saved 34 tonnes per year.

- **Ready meals** – we re-launched our ready meal ranges including Eat Smart, Traditional, Italian and Indian. As part of the re-launch the pack sleeves have been redesigned saving around 90 tonnes of packaging a year.
- **Apple and pear bags** – the fruit is now packed into horizontally sealed bags, saving 82 tonnes of packaging a year.
- **In-store produced sandwiches** – we have reduced the amount of cardboard used in the packaging, saving 22 tonnes a year.
- **Vine ripened tomatoes** – by using lighter trays made from recycled material we have saved 83 tonnes of packaging a year.

17,155

tonnes of packaging removed by 2009.



Great Taste Less Waste

As well as cutting waste in our operations we have gone a step further by launching our Great Taste Less Waste campaign. The aim of the campaign is to help our customers reduce food waste in the home and save money.

Over 8.3 million tonnes of food and drink waste is generated each year. The cost of the avoidable waste is around £680 for each family household and the equivalent of 20 million tonnes of CO₂e (around 2.4% of all greenhouse gas emissions in the UK).*

The campaign includes:

- **Helpful storage advice:** 'Best Kept' stickers have been introduced on fresh produce to show clearly how best to keep produce in the home so that it lasts longer and tastes better. This is supported with advice through the greengrocer, butcher and fishmonger departments of Market Street.

- **The Morrisons 'Packaging Laboratory: Keep it Fresh' test:** we test which fresh produce needs packaging protection to prevent damage and therefore waste – and which do not. Food waste is reduced and Morrisons customers can trust that packaging is only ever there to add freshness and value, and not as an unnecessary environmental burden.
- **Information to help end the confusion between 'best before' and 'use by' dates:** 55% of customers throw food away before they need to.
- **'More meals for your money':** useful recipe ideas, including advice on how to make the most of leftovers, communicated through the Morrisons magazine, website and recipe cards available in-store.

* Source: WRAP: Household Food & Drink Waste Report, November 2009.

Visit www.morrisons.co.uk/GreatTasteLessWaste



Carrier bags

Since 2006, we have reduced our standard carrier bag usage by the equivalent of 631 million bags. This has been achieved by an active reduction policy, offering our customers alternatives at the checkout, reusable bag giveaways and making our carrier bags lighter. Our alternatives include: a small and a large size durable, reusable shopping bag; our Charity of the Year reusable bag; our reusable wine carrier made of recycled PET plastic bottles and a jute shopping bag.

A focus for us is on ensuring that all of our colleagues in-store are aware of the alternatives available to the standard carrier bag and the environmental protection that they offer and that our customers are made aware of the choices available.

631_m

carrier bags have been saved since 2006.

Environment performance overview

Achieved today

We have made significant improvements against our targets for 2007–2010. Here is an overview of our achievements:

	Target	Update	Progress
Cutting carbon			
Energy efficiency and performance	Reduce carbon footprint cumulatively by 36% by 2010 (saving of 533,304 tonnes, based on 2005 emissions).	Cumulative saving of 56% (831,943 tonnes) since 2006 or an absolute saving of over 240,000 tonnes.	✓
	Reduce Group energy use by 8% per square metre by 2010 (based on 2005 emissions).	Reduced by 5.2% compared to 2005. Not achieved due to new manufacturing facilities, higher volume of production and increase in store numbers.	✗
Refrigeration management	Replace HCFCs with HFCs by the end of 2010.	146 stores completed (72% of total programme).	⊕
	Extend CO ₂ refrigeration system technology to five stores in 2008.	20 stores completed and 20 more scheduled for 2010.	✓
	Apply new heat reclaim technology to 40 stores by the end of 2008.	Technology installed into 45 stores by the end of 2009.	✓
Water conservation	15% reduction in water use by 2010 (saving of 686,592 cubic metres, based on 2005 baseline).	19.4% reduction (886,640 cubic metres).	✓
Transport efficiency	Save 8% of our haulage CO ₂ e by 2010, through mileage reductions and increased efficiencies.	8% reduction compared to 2005.	✓
	Reduce road kilometres travelled per pallet of stock by 6% by 2010.	11.7% reduction compared to 2006.	✓
	Achieve an 8% reduction in empty road miles travelled.	22.8% reduction compared to 2006.	✓
Preventing waste			
Optimisation	Volume of waste to landfill reduced by 50% by 2010.	34% compared to 2005 baseline (68% of total target). Will achieve target by end of calendar year 2010.	⊕
Reduction	Use 15% less own brand packaging by 2010.	15.6% reduction of 17,155 tonnes compared to 2006 baseline.	✓
	Reduce environmental impact of standard plastic carrier bag use by 25% by end of 2008.	39% reduction (the equivalent of 631m bags).	✓
	Provide information and advice to help customers reduce their own food waste. Continue to support WRAP's 'Love Food Hate Waste' campaign.	Developed 'Great Taste Less Waste' campaign. Co-ordinated advice given on planning, storage and preparation of food, publicised through our store magazine, on-line and in-store recipes, using leftovers.	—
Recycling	Increase the proportion of recycled available store waste from 72% to 80% by 2010.	77% achieved in 2009 compared to 2006 baseline. Will hit target of 80% by the end of calendar year 2010.	⊕
	Continue to extend recycling labelling to all of our own brand products, where space allows.	All own brand packaging includes Recyclopeda logo where space allows. Moving to 'On Pack Recycling Label' scheme.	✓
	Increase recycled content of standard plastic carrier bags to 25% by end 2008 and 50% by 2010.	9% recycled content. Ongoing development and trials to ensure durability and ability to reuse re-engineered bags with 25% recycled content.	—

 Achieved
  Not achieved
  On target
  Ongoing

Next steps

Targets for tomorrow

We have consolidated our environment targets for 2010–2013 to focus on areas that matter most and where we can have a positive impact.

Carbon management	Target	Commitment
Emissions reduction	30% absolute reduction (CO ₂ e) by 2020 (2005 baseline).	Contributing to creating a low carbon economy: • Refrigeration efficiency – Convert to CO₂ (natural refrigerant) – Install Heat Reclaim technology – Implement store refrigeration energy efficiency programme – Investment in technology to reduce direct emissions. • Energy efficiency – Roll out Combined Heat & Power (CHP) to new stores, where efficient to do so – Further development of renewable energy sources and projects – Explore Fuel Cell technology – Improve lighting in-store. • Resource efficiency – Conversion of waste to energy through Anaerobic Digestion (AD) – Increase HGV trailer utilisation – Increase haulage by rail – Continue carbon awareness programme.
Waste prevention		
Diversion of store waste from landfill	Zero waste direct to landfill from stores by 2013.	• Collection and processing back of store waste through a national waste management framework. • Diversion of supply chain waste for processing through Anaerobic Digestion. • Minimising waste from our own supply chain.
Reduce the carbon impact of our packaging	Reduction in carbon impact of our packaging by 10% by the end of 2012.	• Packaging to be 'best fit for purpose', considering: – weight saving – type of material – recycled content – recyclability.
Enabling customers to reduce food waste	Further development of 'Great Taste Less Waste'.	• Research, development, packaging, storage and cooking advice.



Society: We focus on supporting our vision to be the 'Food Specialist for Everyone' and taking good care of our colleagues, shoppers and communities.

OUR STRATEGY

We are passionate about fostering knowledge and skills about food amongst our colleagues and customers. We do this through an industry leading training programme for colleagues which is reflected in the shopping experience for customers in our stores.

We also support local causes that reflect community need and raise significant funds for charity.

BRINGING THE BEST OUT OF OUR PEOPLE

We train our people at all levels of the business. To support this we launched the Morrisons Academy in 2009. It delivers a range of training and development that brings the best out of our people at all stages in their career.

Through our Academy training structure, over the last year our Retail Skills Programme has provided training for over 20,000 colleagues.

Over 16,000 people received career development training through our Management Development Programme. This approach helps us to 'grow our own' talent. In the last two years, for example, we've promoted over 800 colleagues from the shop floor to supervisory or management positions, together with an additional 200 colleagues to senior manager positions, such as Store General Manager. Around 30% of our top management started life on the shop floor.

Another great example of investment in skills is how we train over 100 people each year to be qualified wine advisers. In 2009, our approach was recognised by the Wine & Spirit Education Trust with the Riedal Trophy for Educator of the Year, and we were the first UK company to win the award.

HEALTHY BALANCED LIFESTYLES

We aim to support our customers to make informed choices in our stores and encourage understanding of what contributes to a healthy, balanced lifestyle. We label all applicable own brand foods with GDA (guideline daily amounts) and provide customers with information about healthy eating.

We have met the Food Standards Authority targets on salt in over 90% of categories, removed artificial colours from food products and we are making good progress removing artificial flavourings. Having also removed hydrogenated fats from own brand food, we are now focused on reducing saturated fats as part of the process to continually improve our products.

BEING NEIGHBOURLY

In 2009, we raised over £1.8 million for Cancer Research UK in addition to around £1 million for other local and national causes. Our Let's Grow programme is taking food knowledge and an excitement about where food comes from to community grass roots through children in schools. We also supported local environment projects through CSV's Action Earth programme and recognised Community Champions through the Sunday Mail Great Scot Awards.



SOCIETY TODAY

Over the past year we have achieved all our targets and have demonstrated our commitment to bringing the best out of our people and supporting the community.

+1_m

training days provided for Morrisons people in 2009.



30%

of senior management are colleagues who started on the shop floor.



TAKING GOOD CARE FOR TOMORROW: FOOD SPECIALIST FOR EVERYONE

Over the next three years we will continue to focus on delivering sector-leading training and skills development. We will also support the development of fresh food knowledge amongst our colleagues and in the community.

100,000

colleagues will be trained to a nationally recognised qualification by 2011.

Fresh Food Academy



The Morrisons
academy
Fresh Food



“What Morrisons is doing is changing the whole culture of this industry so that everybody who starts at the company will have the chance of promotion and a qualification... Morrisons is therefore leading the way in the whole of the retail trade.”

The Prime Minister
Rt Hon Gordon Brown MP, 22 October 2009

Through our Fresh Food Academy we are enhancing the craft food knowledge, food safety and customer service skills of our people.

We are on track to train 100,000 colleagues to QCF Level 2 by 2011 through our Retail Skills training programme. Ours is the biggest programme of its kind in the UK and provides employees with tailored training leading to a nationally recognised qualification.* Over 20,000 of our people will have completed their training by Spring 2010.

Our ambition doesn't stop there and by 2013, building on our extensive company wide training and development programme, we intend to have introduced clear career paths for all of our people, demonstrating the practical application of developing talent within the business.

The Prime Minister, Gordon Brown, visited our Head Office in 2009, to present qualification certificates to some of the first employees to complete their training, following the successful pilot we ran in six of our stores.

* The Qualifications and Credit Framework (QCF) replaces the National Vocational Qualification (NVQ).

OUR VALUES

Our values are at the heart of everything we do, defining what we expect of each other and what our customers can expect of us as we aim to deliver our vision of being the 'Food Specialist for Everyone'.

CAN DO

Can do is about making things happen. It's about getting the job done and delivering results.

It's about being positive and rising to a challenge.

ONE TEAM

One team is about working together to reach a common goal.

It's about keeping our promises, building trust and respect, and valuing each other's contribution.

BRINGING THE BEST OUT OF OUR PEOPLE

Bringing the best out of our people is about developing ourselves and those around us.

It's about constantly learning so we can improve the way we work and the experience we give our customers.

GREAT SELLING AND SERVICE

Great selling and service is about delivering a great experience for our customers.

It's about sharing our knowledge and know-how and always striving to do better.

GREAT SHOPKEEPING

Great shopkeeping is about setting high standards and taking care of every detail.

It's about having pride in our work and making quality our top priority.

FRESH THINKING

Fresh thinking is about finding new and better ways of working.

It's about greater awareness, asking questions and coming up with bright ideas that give us the edge.

Visit www.morrisons.co.uk/today

Craft Skills Apprenticeships

Our policy on developing young talent is evident by our Craft Skills Apprentice Programme which provides participants with practical, on the job traditional craft skills. We train more bakers, butchers and fishmongers than any other retailer, with 325 people completing their training last year.

This offers our recruits the potential for long term career development and benefits our customers with specialist advice being on hand on our Market Street counters.

“I’ve always had an interest in working in the bakery, and achieving a qualification was an added bonus for me. It has been really useful, I have learnt so much and enjoyed every minute.”

Sean Boyer
Leeds Merrion Centre store

Bakery Apprenticeship

Sean Boyer is from the Leeds Merrion Centre store where he has worked for a year. Originally part-time in the Beers, Wines and Spirits section, Sean decided he wanted to continue to develop his skills within Morrisons and gain further qualifications.

The scheme offers apprentices training in the in-store bakery alongside tuition at a leading Craft Bakery College. This includes how to make fresh bread with traditional recipes and techniques combining the art of modern baking with hands-on experience.

With fresh bread made from scratch in-store and over 90 variations there is a great deal to learn. At college, apprentices concentrate on both theory and skills development. This is put into practice in-store under the supervision and guidance of the Bakery Manager.



Raise a Smile

‘Raise a Smile’ is the Morrisons brand under which we raise money for charity. Our campaign for our Charity of the Year in 2009, Cancer Research UK, has resulted in our most successful charity fundraising year and by January 2010 we had reached £1.8 million.

“We have been overwhelmed and delighted with the tremendous response from both staff and customers at Morrisons to the ‘Raise a Smile’ campaign.”

Paul Farthing
Director of High Value Relationships
at Cancer Research UK



£1.8^m

raised for Cancer Research UK.

*end Jan 2010





22,500

schools registered for the Let's Grow programme in 2009.

500,000

children have watched an episode of Farm Camp, the children's TV series on CITV.



Let's Grow

The Let's Grow programme is now into its second year and we've been helping even more children to get growing. Over 22,500 schools registered in 2009, with over 60% of all primary schools and 40% of all secondary schools in the UK actively taking part.

We have increased the resources available on the Let's Grow website. Lesson plans for each key stage of the curriculum are now available. This will help teachers and schools be prepared when their new equipment for the 2010 growing season arrives, including 100,000 packets of seeds, 10,500 bags of compost and 600 wormeries.

Visit www.morrisons.co.uk/LetsGrow

FARM CAMP

In 2009, we sponsored Farm Camp on CITV, a programme showing children how meals get to their plates, from making sausages to collecting free range eggs, by taking nine children away from their city comforts and placing them on a working farm for two weeks. To date, nearly half a million children have watched an episode of Farm Camp and over 70,000 people have accessed the website launched in conjunction with the TV series.

"Farm Camp has opened my eyes to see where the food we eat comes from."

Chevonne
aged 10

Society performance overview

Achieved today

We have continued to deliver against our society targets this year. Here is an overview of our achievements:

	Target	Update	Progress
Bringing out the best in our people			
Engaged and committed workforce	Continue to increase colleague stability, focusing on engagement and involvement.	Consistently improved. Staff retention increased from 71% to 84% and staff turnover decreased from 41% to 20%.	—
	Ensure our values are applied consistently across the organisation, engaging our colleagues in this process.	Employee communications package ('Fresh News'), colleague survey and other communication processes structured around our vision and values.	—
	Continue to focus on training, development and promotion to further improve retention. Align our industry leading training and development programmes with coaching our colleagues to achieve our aim of 'Bringing the best out of our people'.	In 2009, we delivered over 1 million training days involving over 70,500 colleagues.	—
	Further reduce our accident rate by 25% between 2007 and 2012.	Achieved a 27% reduction comparing 2007 and 2009.	—
Be neighbourly			
Community relations and supporting good causes	Choose and support a Charity of the Year for national fundraising, aiming for at least £1m donated each year.	Over £1.8 million raised for Cancer Research UK in 2009/10.	✓
	Continue to donate to local and national causes and support communities by giving to good causes that reflect local need.	Over £1 million raised and donated to local charities and national appeals including Children in Need, Comic Relief and the Haiti Appeal in 2009/10.	—
Healthy, balanced lifestyles			
Quality, choice and value for all	Provide industry leading standards of customer service.	Achieved recognition through industry awards. Received Supermarket of the Year in 2009 (for the 2nd year running).	—
Providing clear, easy to understand information for our customers' informed choice	Achieve GDA labelling for the remaining 25% of relevant own brand foods by the end of 2008.	100% of relevant food labelled.	✓
Nutritional policies and advice	Formulate all new own brand products in line with FSA (Food Standards Agency) guidance on salt, to meet FSA 2010 target early.	Formulations across 90% of categories completed in line with guidance.	⊕
	Continue to implement the 'Task 21' scheme as part of our approach to responsible drinking. Introduce a new alcohol policy. Continue to develop a wider lower alcohol range in line with current permitted legislations.	'Task 25' implemented in June 2008. Further development of a wider range of low alcohol drinks.	—
	Provide information to customers about healthy eating. Join the British Nutrition Foundation for help in the achievement of providing healthy eating information.	Joined BNF in 2008. Morrisons customer magazine and website provide information. Ongoing development of our healthy eating product range and nutritional policies are now embedded in product development.	—
	Remove artificial flavourings and colourings from own brand products.	On target to be achieved by summer 2010.	⊕

✓ Achieved ✗ Not achieved ⊕ On target — Ongoing

Next steps

Targets for tomorrow

We will continue to focus our activity on three key areas: Our People, Community and Health & Well-being, bringing together many of our current initiatives.

	Target	Commitment
Our people		
Delivering sector leading training and skills development	100,000 colleagues trained to nationally recognised qualification by 2011.	• Further develop Fresh Food Academy to provide nationally recognised qualifications, apprenticeships and skills training programmes. • Build colleague stability and retention through engagement with vision and values. • Application of our values across the business.
Community		
Supporting the development of fresh food know-how and cooking confidence	Develop the 'Let's Grow' scheme to increase participants' skills and knowledge.	• Build food skills knowledge by enabling practical experience and sharing expertise and advice.
	Support national and local good causes for community benefit.	• Establish 'Raise a Smile' brand to encourage support for charity fundraising. • Contribute to initiatives that benefit the communities we serve.
Health & Well-being		
Contributing to food education to support healthy, balanced lifestyles	Develop nutritional policies and adopt best practice to provide useful and relevant advice and information for customers.	• Develop and provide information to help with education on what we eat and drink. • Give support and guidance for achieving healthy, balanced lifestyles to customers and colleagues. • Manage policy development and implementation for own brand products on health and nutrition issues related to matters such as salt and saturated fat reduction.



Business: We focus on being ‘Closer to Source’.
We work closely with our suppliers using the principles of responsible and sustainable sourcing to underline our approach to business.

OUR STRATEGY

We value the resources on which we depend to carry out our business. We work closely with farmers and producers to source the products we sell in a responsible and sustainable way.

SOURCING RESPONSIBLY

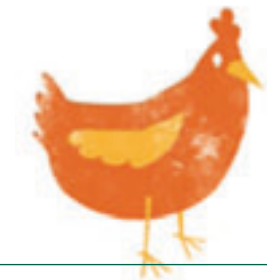
We operate an Ethical Trading Code with which all suppliers must comply. This is supported by a risk-based audit programme. We also audit suppliers according to the Fair Working Conditions (FWC) auditing initiative.

In order to further support our farming suppliers we have launched the Morrisons Farm Programme, with the core aim of helping to develop a sustainable British farming industry.

We are committed to sourcing food in a responsible way, supporting animal welfare, RSPCA Freedom Food policies and standards, free range, Fairtrade and organic products, 100% British fresh meat, as well as sourcing all of our standard own brand milk regionally.

SOURCING SUSTAINABLY

We must play our part to secure the resources which we depend on now and will continue to need in the future. All fresh fish sold is compliant with our sustainable sourcing policy and we are committed to tackling difficult issues such as the sustainable sourcing of palm oil and soya. We operate a policy to ensure that all timber-based products that we use or sell are sustainably sourced or made from recycled material.



BUSINESS TODAY

We have a long track record in supporting the British farming industry and have extended this commitment with our Farm Programme and British sourcing initiatives.

100%

of our own brand eggs are free range.



100%

of our own brand standard milk is sourced regionally.



TAKING GOOD CARE FOR TOMORROW: ‘CLOSER TO SOURCE’

Our CSR programme is closely aligned with our business objectives and a crucial part of this is working in partnership with our supply chain.

“We have a good, close working relationship with Morrisons and talk practicalities on a daily basis – what we require and what they require too. This helps us provide them with the perfect product.”

John Molyneux
Asmall House Farm, Lancashire
Supplier of Brussels sprouts to Morrisons since 1983

Championing British farming

At Morrisons we recognise that farming is the foundation to the provision of quality fresh food. We believe we are closer to farmers than any other major supermarket and we work hard to nurture these mutually beneficial relationships. Central to this has been the development of a major new initiative – the Morrisons Farm Programme.

The Farm Programme involves a series of different activities with the core aim of working with farmers to develop a commercially and environmentally sustainable British farming industry.

MORRISONS FARM RESEARCH

Farmer led research is at the heart of the programme and Morrisons is currently supporting ten projects, all with a clear aim of offering tangible commercial and environmental benefits at farm level.

To help us we are working with some of the leading Universities and research organisations in the UK. Areas currently being investigated include the use of renewable energy options such as windmills or photovoltaic panels to cut electricity usage and costs on dairy farms, plus the development of a new, lean beef product for our customers.

FARM GROUPS

Communication is a central part of the Farm Programme and Morrisons is developing a network of farmer groups covering beef, lamb, pork, poultry, milk, cheese and eggs.

These groups have been critical in helping determine the focus of the Farm Programme and also give us a way of providing information to the wider farming community.

We are continuing to improve our dedicated Morrisons farming website. This is an easy and cost-effective way for farmers to keep up to speed on our varied farm-related activities. It also has a facility to allow livestock farmers who supply our processing plants to download information on the all important carcass specification.



THE MORRISONS FARM AT DUMFRIES HOUSE

In what we see as a natural next step, Morrisons has established our own farm at Dumfries House, in Ayrshire, Scotland.

Work is underway to restore the land and buildings and we have invested in herds of Aberdeen Angus and Shorthorn cattle and a flock of Scotch mule sheep. Our aim is to drive best practice in economically and environmentally sustainable farming. The lessons we learn will be shared with fellow farmers, helping forge even better relationships with suppliers and building on our role as the leading supermarket championing British farming.



“The Scottish Government welcomes Morrisons further investment in Scotland. This is a significant tribute to the outstanding reputation of our farmers and quality of our produce.”

First Minister of Scotland
Rt Hon Alex Salmond MSP MP

Visit www.morrisons.co.uk/Fresh-Food/The-Morrisons-Farm-at-Dumfries-House

Fair Working Conditions

In January 2008, we first partnered with Fair Working Conditions (FWC) to conduct ethical audits of a sample of supplier companies in China. Two years later, with 188 supplier reviews completed in 14 countries, the initial pilot project has today become central to our commitment to promote best employment practices and support our Ethical Trading Code throughout our worldwide supply chain.

The FWC initiative has proven extremely positive for the vast majority of participating suppliers, delivering clear benefits for their employees. Where issues are found our preferred approach is to work with suppliers to resolve them on an inclusive basis. Suppliers who observe best standards now receive formal recognition.

Improvements achieved under the FWC programme include better working hours and improved wages. The audit is designed to go further than picking up compliance issues and assesses the workforce's general health and satisfaction. In this way, FWC is able to identify and resolve specific issues of concern at each site.

More details can be found at www.fairworkingconditions.ie



“An important and valuable process for suppliers and ensures peace of mind for the retailer and final consumers.”

Carolina Wine Brands
Chile

Farming Trailer

In 2009, we travelled to various agricultural shows throughout the country including the Royal Highland show and Great Yorkshire show, to talk directly with farmers and customers.

The farming trailer provided farmers and customers with information on how we process, pack and distribute meat ourselves, including presentations by our buyers, along with cookery and butchery demonstrations.



“We have been really impressed by Morrisons improvement on animal welfare in the last two years. Morrisons has deepened their engagement with us and their internal commitment to the issue is clear. We’re really encouraged by this and will be here to support any work they are doing to demonstrate that better animal welfare can be incorporated into the value they offer their customers.”

Steve McIvor,
Director of Food Business, Compassion
in World Farming

100% British fresh meat

In November 2007, we were the first of the top four supermarket chains to commit to selling 100% British fresh pork and lamb all year round.

We met with key representatives of the industry and listened to their concerns, during what was a difficult time for British farming.

In March 2008, we reinforced our support by committing to selling only British fresh beef (all of our fresh chicken has been 100% British for many years).

We aim to confirm our strong relationship and commitment to British farmers whilst further helping to ensure a sustainable British supply chain and increase availability.

Morrisons, alone among the major supermarkets, processes over 90% of its fresh meat in-house. This involvement in the whole supply chain gives us close control of quality, provenance and speed from farm to fork.

More details on our animal welfare policies are available online.



Fish sourcing

Our fresh fish counters are certified under the Marine Stewardship Council (MSC) Chain of Custody traceability programme. This ensures that traceability is maintained throughout all stages of the supply chain, from certified fisheries through to the counter. We have a clear specification of our requirements when sourcing fish, which suppliers must adhere to. MSC certified species available on our fresh fish counters, when in season, include Cape Hake, Mackerel, Dover Sole and Wild Alaskan Salmon.

All fish on Morrisons fish counters is fresh and never previously frozen. We are the only major supermarket to label each fish on our fresh fish counters with its scientific name and catch method, as well as the area where the fish was caught.

The labelling scheme gives our customers key information on provenance and highlights the quality of the fish available to buy.

The Marine Conservation Society (MCS) Survey in 2009 found Morrisons to have a 'strong seafood sourcing policy' and the 'largest choice of sustainable seafood' (from their 'Fish to Eat' list). We will continue to work with organisations such as the MCS, MSC and with our suppliers to ensure best practice.

More details on our fish sourcing policy are available online.

100%

of our fresh beef, pork, lamb and chicken is British.

Business performance overview

Achieved today

We have made significant improvements against our targets for 2007–2010. Here is an overview of our achievements:

	Target	Update	Progress
Product stewardship			
Specification and traceability systems implementation	Continue to populate our new data system, to improve the efficiency of accessing information about our products.	Fully implemented and incorporated into business as usual.	✓
Food safety/quality standards	Enhance our product sampling and food safety testing programmes to ensure the continued quality, integrity and compliance of our own brand products, including those prepared in-store.	Surveillance programme implemented. No critical or major non-compliances to date. Incorporated into ongoing business practice.	✓
Supply chain integrity			
Fair and ethical trading standards	Continue to work on the implementation of our Ethical Trading Code (ETC).	Audit programme in operation, prioritised according to risk profile. Compliance with ETC standard practice for new suppliers and incorporated into standard conditions of supply.	⊕
	Continue with Fair Working Conditions auditing initiative to enhance and ensure compliance with our ETC.	Completed initial exercise of 188 audits on 127 sites in 2008/09. Small number of non-compliances addressed. Targeted programme to continue on an international basis.	—
Being a decent and loyal customer to our suppliers	Introduce a programme which enables support, expertise and opportunities to be shared with and between farming suppliers.	Farm programme launched in 2009. Dairy, beef, poultry and egg farming producer groups have now been established to share best practice.	—
Sourcing responsibly			
Sourcing principles/policies	100% of own brand shell eggs to be free range by 2010.	Completed.	✓
	Extend free range egg ingredient to own brand products in addition to our premium 'The Best' range.	100% free range egg ingredient in all ready meals, pasta, quiche, mini eggs, and scotch eggs. Planned introduction to sandwiches, salads and dips in 2010. 100% free range eggs used for freshly prepared foods in customer cafés.	—
Sourcing sustainably			
	All own brand fresh fish to comply with sustainable sourcing policy by 2010.	100% of fresh fish compliant with sustainable sourcing policy.	✓
	Strengthen our commitment to encourage the sustainable sourcing of palm oil and soya.	Confirm our commitment to responsible sourcing and reviewed all our products in line with our commitment.	—
Satisfaction of stakeholders			
Stakeholder engagement	Continue to engage positively with stakeholders, responding to them swiftly and efficiently.	Ongoing.	—

✓ Achieved ✗ Not achieved ⊕ On target — Ongoing

Targets for tomorrow

We will continue to focus our efforts in the business on initiatives that support our 'Closer to Source' strategy.

Responsible sourcing	Target	Commitment
Be a leading supporter of British farming	Establish applied farm research programme. Extend 100% British pledge.	• Implement Farm Programme initiatives. • Introduce more 100% British fresh lines. • Share research projects and experience from Morrisons Farm at Dumfries House with the farming industry.
Raise standards in the supply chain	500 own brand suppliers to achieve Morrisons 'Gold Standard' for quality of supply by 2013. 600 site audits for Ethical Trading Code compliance to be completed by 2013. Enhance animal welfare policies and auditing processes by 2013.	• Set a 'Gold' standard to identify leadership in quality of supply. • Apply auditing programme on a risk rated basis and using priority indicators. • Implement principle based 'Sourcing Code of Practice' with suppliers.
Sustainable sourcing		
Positively influence sustainability within our supply chain	We will work with our suppliers to ensure that 100% of the palm oil used in our own label products is sourced through a Roundtable for Sustainable Palm Oil (RSPO) recognised supply chain system by 2015.	• Through product specification and supplier auditing ensure procurement from sources able to be maintained in the long term, or able to regenerate with intervention, support and careful management.
Avoid harm to vulnerable natural land habitat and wild native species	No product/ingredient from areas subject to unregulated deforestation. Sustainable seafood policies to apply universally across all own brand ranges by 2013.	• No sourcing of raw materials or ingredients from areas of recognised ecological and environmental value and proven to be at risk of long term harm, for example, the Amazon rainforest. • Work with recognised, independent third parties and suppliers to gain independent certification and accreditation.

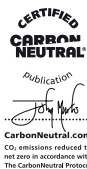


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To find out more about our approach
to CSR, our policies and targets and
view previous reports:

Visit www.morrisons.co.uk/today



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