

Appendix 9

Corporate Compliance and Responsibility Committee - Terms of Reference

1. Membership
 - 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Corporate Compliance and Responsibility Committee. The Committee shall be made up of at least three members being a combination of both executive and independent non-executive directors together with such representatives of the senior management of the Group as shall be invited to join the Committee from time to time.
 - 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisors may be invited to attend for all or part of any meeting, as and when appropriate.
 - 1.3 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
2. Secretary
 - 2.1 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.
3. Quorum
 - 3.1 The quorum necessary for the transaction of business shall be two both of whom shall be Main Board directors. Attendance may be either in person or by telephone or video conferencing facility. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
4. Frequency of Meetings
 - 4.1 The Committee shall meet at least three times a year at appropriate times in the Group reporting and review cycle and at such other times as required.
5. Notice of Meetings
 - 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of external auditors if they consider it necessary.
 - 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
6. Minutes of Meetings
 - 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7. Annual General Meeting

7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

8. Remit

8.1 The specific topics or areas of interest/concern within the remit of the Committee are set out in Schedule 1. In each case, the Committee will work up with the relevant management, who have responsibility for the disciplines or activities concerned, a proportionate programme of reporting to the Committee.

9. Duties

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

9.1 Corporate Compliance

The Committee shall review and challenge where necessary:

9.1.1 whether the Company has followed appropriate compliance policies and procedures and ethical and governance standards and taken appropriate action and made appropriate judgements, taking into account, where relevant, the views of the external advisors; and

9.1.2 all reports on the Company from those charged with assurance reporting and review and monitor management's responsiveness to the findings and recommendations of such reports.

9.2 Policy & External Communication

The Committee shall review:

9.2.1 the clarity of disclosure in the Company's annual CSR report and other annual reports and the context in which statements are made;

9.2.2 any material written communication (including email) between relevant regulators, professional bodies and community interest groups, charities and other stakeholders and the Company which is drawn to the attention of the Committee by the Company Secretary or any member of the Committee;

9.2.3 all material information presented with the financial statements, such as the Strategic Review and the Directors Report (insofar as it relates to the governance and compliance matters); and

9.2.4 the Company's stance and approach to gender and racial and sexual diversity issues, developments and trends. The Committee will monitor and keep under review the Company's policies, procedures and standards on such matters and whether the Company has followed those policies, procedures and standards and taken appropriate action and made appropriate judgements, taking into account, where relevant, the views of external advisors.

The Committee shall:

9.2.5 oversee the selection process for new advisors relating to matters within its remit and, if an adviser resigns, investigate the issues leading to this and decide whether any action is required;

9.2.6 oversee the relationships with such external advisors including (but not limited to);

- approval of their remuneration and that the level of fees is appropriate for the scope of the work undertaken;
- approval of their terms of engagement, including any engagement letter and the scope of the work to be undertaken;
- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the advisors and the Company (other than in the ordinary course of business);
- agreeing with the Board a policy on the employment of former employees of the Company's advisors, then monitoring the implementation of this policy;
- monitoring the advisors' compliance with relevant ethical and professional guidance;
- assessing annually the advisors' qualifications, expertise and resources and the effectiveness of the external advisory process which shall include a report from the external advisors on their own internal quality procedures;
- seeking to ensure co-ordination with activities of the Internal Audit department; and
- considering the risk of withdrawal of any of the Company's present advisors from the market;

9.2.7 develop and implement a policy on the supply of external advisory services, taking into account any relevant ethical guidance on the matter.

9.3 GSCOP

The Committee shall:

9.3.1 review and approve the annual report on compliance with the Groceries Supply Code of Practice ("the code") and summary to be included in the Company's annual report. Oversee compliance with the code, including (but not limited to):

- reviewing and monitoring significant disputes with suppliers with regard to the code; and
- requesting (if considered appropriate) and reviewing periodic reports from the Code Compliance Officer on compliance with the code.

9.4 Whistleblowing

9.4.1 The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in matters falling within the Committee's remit, noting the possible overlap

with the work of the Audit Committee. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

10. Reporting Responsibilities

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings as appropriate on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.

11. Other

The Committee shall:

- 11.1 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 11.2 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 11.4 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as appropriate;
- 11.5 oversee any investigation of activities which are within its terms of reference;
- 11.6 review and monitor the standards of behaviour (and policies and procedures which support these standards) of the Company, its directors and employees to ensure that appropriate standards of ethical behaviour are upheld by the Company throughout its activities and operations;
- 11.7 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 11.8 review regularly the adequacy and effectiveness of the Company's anti-money laundering systems and controls including any reports from a Money Laundering Reporting Officer (if appointed);
- 11.9 review regular reports from the Competition Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function; and
- 11.10 work and liaise as necessary with all other Board committees.

12. Authority

The Committee is authorised by the Board:

- 12.1 to seek any information it requires from any employee of the Group in order to perform its duties;

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- 12.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference;
- 12.3 to instigate, at the Company's expense, special projects or investigations relating to any matters within its terms of reference; and
- 12.4 to call any employee to be questioned at a meeting of the Committee as and when required.

Schedule 1

Part 1

Specific Health and Safety Topics/Review Areas

- Implementation of the Company's Health and Safety policy, directions of the Board and approved Health and Safety plans.
- Delivery of Health and Safety by the Health and Safety Management System through Health and Safety arrangements, risk assessment and employee engagement.
- Reporting of Health and Safety performance in relation to training activity; the impacts of business change; external drivers such as new or changed legislation or events in the wider community; significant incidents; accident trends and enforcement actions.
- Review of Health and Safety performance in each of the key operating areas of the business (probably once a year, unless otherwise directed).

Part 2

Specific Competition Compliance Topics/Review Areas

- Ongoing Office of Fair Trade (OFT), Competition Commission and other competition authorities.
- Competition compliance regime including:
 - training;
 - communication; and
 - regular updates and reviews.
- Grocery Supply Code Of Practice compliance regime.

Part 3

Specific Corporate Governance Topics/Review Areas

- UK Corporate Governance Code compliance.
- Awareness of developments in governance trends and policies.
- Oversight of approach to be taken to governance developments.
- Oversight of Group structures and procedures.
- Review of Board/Board Committee structures and evaluation processes (in liaison with Chairman of Nomination Committee).
- Legal and regulatory compliance.
- Approach taken on key legal issues/cases to ensure appropriate stance is observed.

Part 4

Specific Corporate Responsibility Topics/Review Areas:

- Identification, tracking and input into relevant Government, quasi-governmental and regulatory initiatives and developments;
- The Group's approach to the discharge of responsibilities to staff, customers, the general public, governmental bodies and authorities and other interested shareholders;
- Community relations;
- Environmental plan compliance, targets and performance;
- Ethical trading;

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- Cyber security and data protection;
- Food safety;
- Compliance with Trading Standards;
- Sustainability, environment and corporate responsibility;
- Loss prevention;
- Reputation;
- Money laundering;
- Drugs and alcohol policy;
- Corporate affairs;
- Media policy; and
- Political donations.