

# Corporate responsibility

## Focusing on what matters

Making a positive contribution to society

Reducing plastic, minimising food waste and taking care of the environment

Respecting human rights and ethical trading practices



### Non-financial information statement

In order to comply with the requirements of the Companies Act 2006, sections 414CA and CB, we have discussed the following information in the places referenced below:

- information on environmental matters is shown in this section on pages 21 and 22;
- information on our colleagues is shown in Our colleagues section on pages 15 and 16 and as part of the Director's report on page 56;
- information on social matters is shown in this section on pages 21 and 22;
- our respect for human rights is set out in our Corporate governance report on page 38;
- our approach to anti-corruption and anti-bribery matters is set out in our Corporate governance report on page 38;
- our business model is described on pages 2 and 3;
- our principal risks, and how we manage them, are described on pages 24 and 25; and
- other non-financial key performance indicators are shown on page 1.

### Focusing on the issues that matter most

Our corporate responsibility programme ensures that we operate in a way that is right for our customers, colleagues, suppliers and shareholders while making a positive contribution to society and taking good care of the environment.

Our programme is underpinned by ten key focus areas, many of which are described and summarised in this section. These areas reflect the issues that really matter to our customers and our wider stakeholders.

For further information, please see our 2018/19 Corporate Responsibility Report which can be found at [www.morrisons-corporate.com/cr](http://www.morrisons-corporate.com/cr)

This section is a summary of some of our activity during the year.

#### Alignment to the UN Sustainable Development Goals

The UN Sustainable Development 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 only be realised with 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 have reviewed our focus areas and ensured we are aligned to the UN Goals where possible. As the use of the goals develops, we will adapt and stay aligned to best practice where possible.

#### 2018/19 highlights

##### Reducing, reusing and recycling plastic

Morrisons is 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.

As signatories to the Waste and Resources Action Programme (WRAP), and working in collaboration with other fellow signatories, our aim is by 2025 to:

- ensure that all Morrisons branded plastic packaging will be recyclable, reusable or compostable;
- ensure that we have 30% average recycled content across all plastic packaging; and
- eliminate problematic or unnecessary single-use packaging through redesign, innovation or alternative (re-use) delivery models.

In the short term, we have targeted problematic plastic materials for our own-brand and Market Street products.

We are working with our suppliers so that:

- the use of mixed polymers (multi-layers) will be avoided wherever possible unless necessary for food safety reasons; and
- problematic packaging materials that cannot be easily recycled through kerbside collections are avoided where suitable alternatives exist.

For more detail on how we are making it easier for our customers to reduce and recycle the plastic they use, see the 'Reducing plastic' case study on page 10.

##### Reducing our food waste

We are committed to providing food we are proud of and wasting as little of it as possible. We take an active approach to use more of what we buy. With a vertically integrated fresh UK food chain we are able to drive efficiency from farm gate, through our supply chain, to our customers.

As part of our work with WRAP and the Institute of Grocery Distribution, we are now aligned to UN Sustainable Development Goal 12.3 to reduce our operational food waste by 50% by 2030.

We continue to sell varieties of 'Naturally Wonky' produce in our stores and online. In addition, we have now introduced 'Naturally Wonky' veg boxes to our online customers, and these include carrots, onions, potatoes, and parsnips as well as a minimum of three additional seasonal produce items. These boxes offer great value and are designed to help feed a family of four for a week. For more details on our 'Naturally Wonky' range, see page 11.

## Corporate responsibility continued

# Focusing on what matters

In our stores, we have introduced 'Too Good to Waste' boxes, which contain a mixture of fresh fruit and vegetables that have just passed their Display Until dates but are still perfectly good to eat. These boxes are sold at a discounted rate.

We continue to run our unsold food programme, which enables stores to donate any edible surplus food to local community groups of their choice. Since the programme began in 2016, our stores have donated over five million unsold food items.

Within our manufacturing sites and distribution centres, we continue to work with Company Shop and the national charity FareShare to redistribute two million meals that would have otherwise been wasted.

### Supporting British farmers

We support the British farming industry by maintaining our 100% British on fresh seasonal fruit and vegetables where possible as well as fresh beef, lamb, pork, chicken and turkey. Keeping supply chains short and efficient helps to improve environmental performance.

We work closely with our primary fresh producers helping them to be profitable, affordable and sustainable. We host dedicated primary supply chain working groups, inviting farmers across all key product groups to discuss current issues and challenges that we might address collaboratively.

In early 2018, we acquired Chippindale Foods Limited, a leading supplier of free range eggs, enabling us to work closely with egg farmers to support a sustainable supply chain, hen welfare and high quality eggs. As a result of this acquisition, we have now committed to selling only shell eggs from cage-free production systems by 2022 and using only cage-free ingredient eggs in all own-brand products by 2025.

### Making a positive difference to local communities

Community champions across all our stores and sites continue to play an active role in their communities. In total, they have arranged donations of over £500,000 worth of our products to good causes in 2018. This year, we re-launched our school tour programme for primary school children and local community groups to help inspire the next generation of food makers and shopkeepers.

This year we have increased community champion hours in a number of stores which has enabled an expansion of community activity. We have also introduced a number of community rooms in our stores, which are dedicated spaces for local community members to use free of charge for meetings, events and get-togethers.

We have also completed the installation of defibrillators in all of our stores and sites, in partnership with St John Ambulance and the Morrisons Foundation. These devices can be the difference between life and death in the event of cardiac arrest.

### Promoting charity work and colleague involvement

We understand the importance of supporting charities and good causes that are close to the hearts of our colleagues and customers. During the year, we have raised over £3m for our national charity partner CLIC Sargent. This money is being used to provide support for young cancer patients and their families, for example through financial grants, a place to stay for free close to cancer treatment centres, and specialist nursing teams.

Our colleagues and customers also raised over £600,000 for the Marie Curie Daffodil Appeal, over £2m for the Poppy Appeal and more than £100,000 for the Disasters Emergency Committee's Indonesian Tsunami Appeal. Furthermore, fundraising in our stores also generated over £5m for local charities and good causes.

### Supporting the Morrisons Foundation

The Morrisons Foundation has now donated more than £25m to charities and good causes since its launch in February 2015. Grants have been awarded to 1,400 local charities supporting a wide range of causes across England, Scotland and Wales. In addition, more than 1,200 colleagues have received match funding for their chosen charities – a collective £1.2m boost to their fundraising.

### Reducing our carbon emissions

In 2008, Morrisons became the first major supermarket to be awarded the Carbon Trust standard. The standard recognises a number of environmental initiatives, including our range of programmes that aim to deliver carbon savings throughout our supply chain.

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

Our drive to reduce energy use across the estate has enabled us to reach our target of reducing operational carbon by 30% by 2020 – two years earlier than expected. In fact, we achieved an overall absolute reduction of 34% in 2017/18.

We are now developing a science-based carbon target for our operations, focusing on scope 1 and 2 emissions in the immediate term. For further details on our science-based target, please see our 2018/19 Corporate Responsibility Report which can be found at [www.morrisons-corporate.com/cr](http://www.morrisons-corporate.com/cr)

### Group greenhouse gas emissions for year ending 31 December<sup>1</sup>

Emission source	2005/06 Baseline year	2017/18 Prior year	2018/19 Current year	Change vs baseline
<b>Combustion of fuel and operation of facilities</b>				
Natural gas	99,039	165,798	163,152	65%
Haulage	144,497	107,792	114,499	(21%)
Business miles	41,656	31,985	31,823	(24%)
<b>Fugitive emissions</b>				
Refrigerant	502,358	183,248 <sup>2</sup>	130,318	(74%)
<b>Energy purchased for own use</b>				
Electricity	767,748	503,237	392,805	(49%)
<b>Other</b>				
Staff travel	1,680	1,300	837	(50%)
Waste	66,000	47,553	43,633	(34%)
Online deliveries	–	15,747 <sup>2</sup>	15,835	–
<b>Total</b>	<b>1,622,978</b>	<b>1,056,660</b>	<b>892,902</b>	<b>(45%)</b>
Intensity ratio: kg CO <sub>2</sub> e per sq ft gross internal area	53.9	28.7	23.5	(56%)

<sup>1</sup> The information above is taken from our Group Carbon Footprint, prepared internally and independently verified by Jacobs. We have reported for the calendar year 1 January to 31 December in order to remain consistent with our historical footprint reports. We have used the Government's Environmental Reporting Guidelines (2013) to prepare these numbers, and the emissions factors from the UK Government GHG Conversion Factors for Company Reporting (2018). These guidelines state the baseline year should be recalculated if there have been structural changes that would significantly impact on the organisation's base year figures. For this year, we have revised our historical emissions figures given the acquisition and disposal of a number of sites and revisions to carbon conversion factors. The Group Carbon Footprint includes all major sources of carbon emissions from the operation of the Group's supermarkets, manufacturing and distribution sites and operation of its haulage fleet. Some minor exemptions include our Hong Kong office which deals with energy locally, a number of distribution sites operated by third parties who are responsible for the energy and carbon, and five sites which have fuel oil (less than 0.5% of the total footprint).

<sup>2</sup> Prior year amendment of Refrigerant emissions was due to data duplication and Online Deliveries emissions due to reclassification of footprint boundaries.