



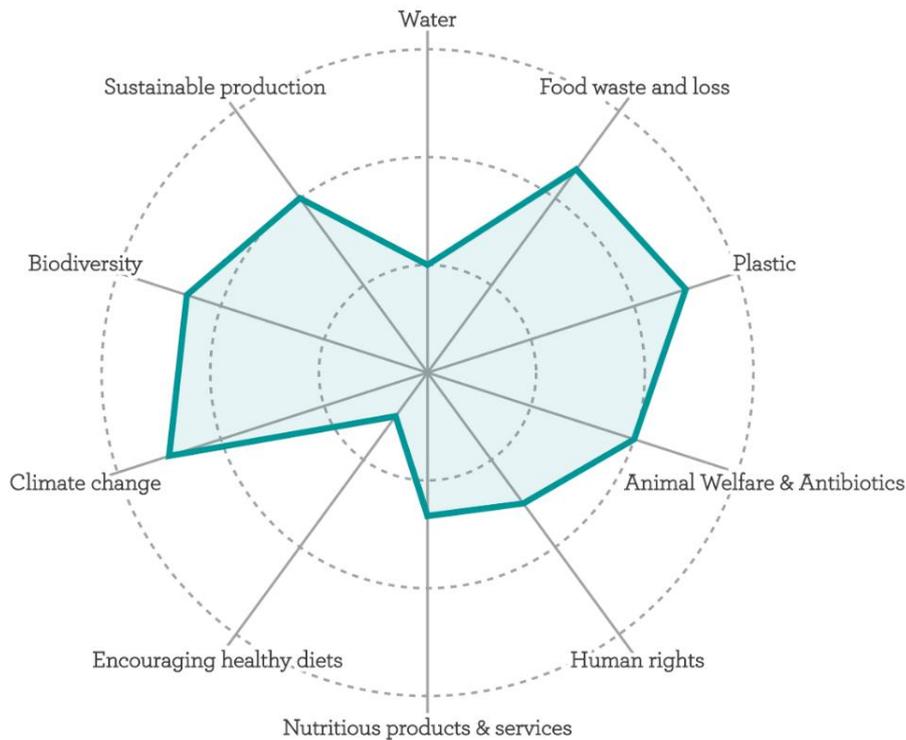
**PLATING UP
PROGRESS**



Morrisons

Analysis summary

(Scores closer to outer rings of spider diagram represent better performance)



Where progress has been made:

- Some progress shown on reducing unhealthy ingredients such as saturated fats, salt and sugar.
- Relatively strong own-brand data on palm oil and seafood.
- Relatively strong targets for food waste, recycling and plastics.

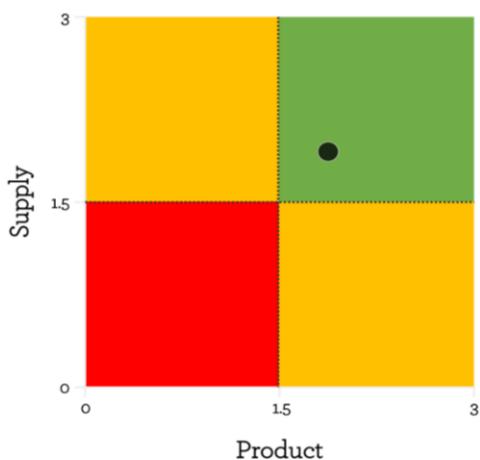
Where more needs to be done:

- Targets for healthy food are not yet comprehensive and remain focused on certain product categories (concerning salt, fat and sugar). No clear target for example for fruit & vegetables and for plant-based proteins.
- Scope 3 greenhouse gas emissions measurement and targets not yet formalised.
- Reporting on sustainably sourced soy is less comprehensive.
- Lack data on % of food sourced from producers using sustainable farming practices.
- Disclosure on water management in water-stressed regions is less advanced than other environmental issues.
- Not accredited living wage employer according to Living Wage Foundation.
- Human rights auditing of suppliers beyond tier 1 remains inconsistent.

Sector comparison:

Company	Nutritious products & services	Encouraging healthy diets	Climate change	Biodiversity	Sustainable food production	Water	Food waste & loss	Plastics	Animal welfare & antibiotics	Human rights
Aldi	Orange	Red	Yellow	Yellow	Green	Orange	Yellow	Yellow	Yellow	Yellow
ASDA	Orange	Red	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Coop	Orange	Orange	Green	Green	Green	Yellow	Yellow	Green	Yellow	Yellow
Iceland	Orange	Red	Yellow	Yellow	Orange	Red	Yellow	Yellow	Orange	Yellow
Lidl	Yellow	Red	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Orange	Yellow
Marks & Spencer	Yellow	Orange	Green	Green	Green	Yellow	Yellow	Green	Green	Yellow
Morrisons	Orange	Red	Green	Yellow	Yellow	Orange	Yellow	Green	Yellow	Yellow
Ocado	Orange	Orange	Yellow	Red	Yellow	Red	Yellow	Yellow	Red	Red
Sainsbury's	Yellow	Orange	Green	Yellow	Yellow	Green	Yellow	Green	Yellow	Yellow
Tesco	Yellow	Red	Green	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow
Waitrose	Orange	Red	Green	Green	Green	Orange	Yellow	Green	Green	Yellow

Product & supply chain risks & opportunities:



Morrisons scores marginally weaker on supply chain sustainability than healthy and sustainable products.

Potential risks:

- Reputation & supply risk for deforestation exposure from branded products and for soy especially
- Reputation risk for supply chain human rights
- Policy action on unhealthy food
- Reputation risk for unhealthy food

Potential opportunities:

- Sales growth for plant-based foods

Key investor asks should be:

- Set targets for sales of healthy food as a proportion of all food, for fruit & veg, and for plant-based proteins.
- Include scope 3 greenhouse gas emissions in overall climate change targets.
- Extend deforestation reporting beyond own-brand products.
- Improve reporting for certified sustainable soy and % of producers using sustainable farming practices.
- Improve mapping of sourcing from water-stressed regions and management of water resources in those regions.
- Gain accreditation with Living Wage Foundation or pay and disclose that equivalent wage levels are paid.
- Report on human rights auditing of global suppliers beyond tier 1.

Detailed analysis and data sources:

Theme	Company commitments and data (in public domain unless specified)	Score & P/S	Data source & further information
Health & Nutrition			
<i>Nutritious products & services</i>			
Target for sales-weighted % increase in menu/ products meeting agreed nutritional standard	Total reformulation: 2.6bn calories, 642t tonnes sugar and 71.8t tonnes of salt were removed from 275 own brand products. Provide sales-weighted data towards 20% sugar reduction across key products. 92% of own brand products are compliant to the 2017 salt targets. Provide reduction data for calories on some products.	● P	Corporate report
Target for increase in fruit & veg as % of food procurement	2018 launched 'V Taste' vegan range: initially launched with 18 products covering fresh and frozen meal solutions, looking to grow 'V Taste' further throughout 2019/20. Run on multisave promotions, dedicated bays in stores as well as a dedicated vegan section on Morrisons.com where customers can easily locate products and current offers. 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%. 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.	● P	Corporate report
Target for % of protein procurement from animal & plant-based foods	2018 launched 'V Taste' vegan range: initially launched with 18 products covering fresh and frozen meal solutions, looking to grow 'V Taste' further throughout 2019/20. Run on multisave promotions, dedicated bays in stores as well as a dedicated vegan section on Morrisons.com where customers can easily locate products and current offers. 2018 dairy alternatives: ten dairy alternative milk and cheese products, aim to introduce more flavoured non-dairy milk, yoghurt and cheese alternatives in 2019/20. Company feedback: Offer over 40 V Taste vegan products; also continue to roll out vegan logos on eligible Own Brand products with over 800 vegan endorsed products with a vegan logo on front of pack to help customers following a plant-based diet to clearly identify these products.	● P	Corporate report
<i>Encouraging healthy & sustainable diets</i>			
Company strategy for infant and young child nutrition	This year we are relying on the ATNI UK Supermarket Spotlight % score for the same topic. ATNI score: 0%.	●	ATNI Supermarket Spotlight 2020
Company strategy for promoting healthy choices through in-store promotions	This year we are relying on the ATNI UK Supermarket Spotlight % score for the same topic. ATNI score: 13%.	●	ATNI Supermarket Spotlight 2020
Company strategy for responsible marketing	This year we are relying on the ATNI UK Supermarket Spotlight % score for the same topic. ATNI score: 0%.	●	ATNI Supermarket Spotlight 2020
Company strategy for intuitive nutrition labels	This year we are relying on the ATNI UK Supermarket Spotlight % score for the same topic. ATNI score: 33%.	● P	ATNI Supermarket Spotlight 2020

Theme	Company commitments and performance in the public domain	Score & P/S	Data source & further information
Environment			
<i>Climate change</i>			
Target for scope 1 & 2 emissions reduction (Science-based target)	Target: 30% reduction in operational carbon emissions (2005 baseline). CDP: Achieved 45% operational carbon reduction by 2020 (2005 baseline) target two years ahead of schedule. We are now working with the Carbon Trust as consultants to set a science-based target.	●	Corporate report CDP
Target for scope 3 emissions reduction (Science-based target), specifically food in supply chain	2020 update (corporate report May): We are in the process of working with carbon trust to establish a scope 3 emissions baseline for our total business which will include all purchased goods. From this we will then get scope 3 targets in place. In addition to this work on scope 3 we have established a target for zero emissions in our UK agricultural supply chain for 2030. The scope of this will relate to farms producing the raw material for Morrisons products e.g. fresh fruit and veg or pork in sausages. <i>For the purposes of this assessment, we are including commitments for scope 3 and agricultural emissions for Morrisons owned supply line (which are technically not scope 3 but are clear agricultural emissions).</i>	● S	Corporate report CDP

<i>Biodiversity</i>			
Target for zero net land-use conversion through company's reliance on palm oil as a product or an ingredient.	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. Company feedback: updated data due in 2020. No plans to extend beyond own-brand. Palm oil: 100% RSPO, 99% mass balance or segregated. Kernel derived: 100% RSPO, 100% RSPO, 89% mass balance or segregated.	● S	Corporate report CDP
Target for zero net land-use conversion through company's reliance on soy as in animal feed.	Members of the Roundtable on Responsible Soy (RTRS) & signatories to Cerrado Manifesto Statement of Support (SoS). Working alongside other retailers and are also developing our policy to support the sustainable use of soya in animal feed, as well as product formulation. Company feedback: updated data due in 2020. No plans to extend beyond own-brand. 2019 Soy footprint in animal feed for fresh proteins calculated as 227,881 tonnes of which 12,817 can already be evidenced as deforestation free.	● S	Corporate report CDP
Target for zero net land-use conversion through company's reliance on beef.	All fresh beef is British sourced beef. Company feedback: South American beef features in a few of our highly processed products, notably corned beef. Given the risks of land clearance associated with ranching we have regularly engaged with our suppliers to ensure controls are taken and our supply chains are not complicit in Deforestation of the amazon rainforest. In the past year we have visited our supplier in country and continue to keep under close review our approach to sourcing south american beef.	● S	Corporate report CDP
<i>Sustainable food production practices</i>			
Target for % of wild-caught or farmed fish & seafood certified to higher sustainability standards	Support the work of Project UK for six UK fisheries to achieve Marine Stewardship Council certification by 2018. 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. Source ODP: Number of wild-caught species used - 57 % volume from certified fisheries - 73 % volume from a FIP - 8 Number of farmed species used - 16 % volume from certified farms - 99 Farmed fish: 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.	● S	Corporate report
Target for % of products produced under sustainable production practices and monitoring.	Various projects: 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. 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. Bee Friendly Farms initiative Morrisons Farms: work with universities and other research institutions in the UK to understand best practice in animal production and make practical advice available to farmer suppliers. All research is led by experts, but ideas come from many sources: from the farmers themselves, from people in our own business and from our own farm.	● S	Corporate report
<i>Water use</i>			
Target for water use reduction in operations	CDP: Planning to introduce a target or goal within the next two years. As water data improves, we are in a stronger position on setting water targets. These will be developed and then set in the next 3 months through the help of Waterscan and communicated this year.	●	Corporate report
Target for reducing % of food sourced from water stressed regions.	CDP: We are planning to introduce a risk assessment process within the next two years Water currently presents a risk to P&L and to the security of our	● S	Corporate report

	supply chain. We plan to increase oversight of these risks in order to find mitigating solutions. This will be on the agenda within the next year, we have made huge progress over the last 6 months.		
<i>Food waste</i>			
Company has policy to help customers reduce food waste of purchased products	Launched Eat Fresh boxes online, 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.	● P	Corporate report
Target for % reduction in operational food waste.	Will reduce operational food waste by 50% by 2030 (2016 baseline). 13% reduction in store operational food waste since 2016/17. 7,710 tonnes surplus food redistributed since 2016/17 (2018/19: 3,553 tonnes) Total unsold food products donated through stores since 2016/17 5.1m (2018/19: 3.4m)	● P	Corporate report
Target for % of suppliers being engaged to reduce food waste in supply chain	Support over 250 farmers through Naturally Wonky range, helping them to reduce on farm waste. Sell 33 varieties of Naturally Wonky fresh fruit and vegetables to over 700,000 customers per week. In 2018, sold over 40m packs of Naturally Wonky, which is the equivalent of 1,200 tonnes per week.	● S	Corporate report
<i>Plastics</i>			
Target for % plastics packaging that is recyclable.	81% - Morrisons branded plastic packaging is recyclable by weight 600 tonnes of unrecyclable polystyrene removed from Morrisons branded products. 9,000 tonnes of plastic removed or made widely recyclable	● P	Corporate report
Target for reducing single-use plastics without creating a food waste risk	25% reduction by 2025, own brand primary plastic packaging (2017 baseline). 2018/2019: achieved a 5% like-for-like reduction in plastic use. 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.	● P	Corporate report
<i>Animal welfare & antibiotics</i>			
BBFAW tier position or Target for % of animal products certified to high animal welfare standards.	Ranked tier 2 company in Business Benchmark on Farm Animal Welfare.	● S	BBFAW 2019
Target for zero supply chain use of antibiotics as a prophylactic or growth promoter	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.	● S	Corporate report

Theme	Company commitments and data (in public domain unless specified)	Score & P/S	Data source & further information
<i>Social Inclusion</i>			
Company recognises the need for a real liveable wage for all employees	2018: improved market competitive rate of pay for 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.	●	
Target for % of supply chain engaged to ensure human rights and labour rights, beyond tier one.	Tier1 suppliers: Nutmeg factory list on corporate website. Going forward will continue to work with Nutmeg suppliers to map out second tier production sites. Membership of the Mekong Club, a Hong Kong based anti-slavery partnership and signed their Business Pledge Against Modern Slavery. 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.	● S	