

Food specialist for everyone



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Sustainable Retailing

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Agenda

- What would a sustainable retailer look like
- What does Morrisons look like
- Difficult choices
- Importance to customers
- Our approach
- Linked to vision
- Meeting customer expectations

Environment

- Carbon
- Waste
- Helping customers do their bit

Provenance

- Local
- Sourcing and welfare
- Sustainability

- Working with the Scottish Government



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What would a sustainable retailer look like?

- Close to producers
- Short supply chain
- Local sourcing
- Strong provenance and traceability
- Local food preparation
- Environmentally responsible – cutting carbon and waste



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Key facts

- Founded in 1899
- Public limited company in 1967
- Falkirk – First Scottish store opens 2000
- Joined the FSTE 100 in 2001
- Acquired Safeway in 2004
- Aberdeenshire abattoir (Turiff) acquired 2005
- 117,000 people employees – 12,000 in Scotland



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UK's fourth largest supermarket



- 10 million shoppers every week
 - Over 1 million in Scotland
- 375 stores across the UK
 - 51 in Scotland
- £13 billion business



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We make and prepare a wider range of food in-store than any other supermarket

The heart of Morrisons is Market Street, our fresh food market, where experts prepare freshly sourced produce everyday



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Closer to the source than any other food retailer

We source and process over 80%
of the fresh food that we sell
Through our own manufacturing
facilities, giving us close control
over provenance and quality.



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Award winning service and availability

The best customer service in the industry (winner Customer Service, Grocer 33 Awards 2006/7)

The best availability in the market (winner Availability, Grocer 33 Awards 2007)

Retail Week – Retailer of the Year 2008



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**Competitive prices and
hundreds of offers that
save our customers
money**

**SAVINGS
FOR YOU**



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Difficult Choices

Confusion good, bad, or any science

Conflict less packaging, or more
food waste?

Tension fuel or food?

We don't have all the answers!



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Importance to customers

When we look at how our customers judge whether we are responsible and ethical, we see that providing locally produced foods is top of the list

Drivers of Responsible & Ethical company: Morrisons Main Shoppers

Difference in score between top two Responsible & Ethical and not top two for Morrisons

Most important	↑	They provide locally produced foods	55%
		They take green issues seriously	53%
		They do their bit to reduce waste and packaging	51%
Least important		They make it easy for me to do my bit for the environment	46%
		They sell lots of British fresh food	45%
		They are involved with the local community	29%
	↓	They work closely with farmers and growers	28%

Our approach

Environment

Taking good care of our planet
Carbon, waste, sustainability

Society

Taking good care of shoppers and communities
Work, neighbours, living

Business

Taking good care as we go about our business
Sourcing, supply, engagement



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Linked to Group vision

“Food specialist for everyone”

Brand Value

Distinction

Fresh

Preparation in-store
Vertical integration in supply chain

Improved lead times
Understanding provenance

Value

Keeping costs low
Competitive prices

Value for full weekly shop
Great promotional offers

Service

Freshly prepared food
Helpful, qualified staff
Industry-leading availability

Right product available
Help customers with choices

Meeting customer expectations - Environment

In 2007

- Saved 115,718 tonnes of carbon
- 5% reduction in Group energy use
- Reduced own brand packaging by 7%
- Cut carrier bag use by over 110 million



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Meeting customer expectations - Waste

In 2007

- Over 10,700 tonnes less waste
- 72% of store waste recycled
- Saved 72,000 tonnes of transit packaging
- New 'Prepared for You' packaging saving 390 tonnes a year



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Helping customers to do their bit

- “Recyclopedia” packaging labelling scheme
 - National Recycling Award
- “Switching on to Switching Off” energy awareness campaign
 - Retail Industry Award
- 10 million reusable bag giveaway



100% recyclable/
compostable



Partly recyclable



Not recyclable



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Meeting customer expectations - provenance

Local

- Local fresh food preparation
- In season and local ranges
- First for 'regional' bread
- 500 dedicated Scottish products
- 100 Scottish Suppliers



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Slide 18

MOffice2 Scottish pic and how many suppliers
, 09/05/2008

Meeting customer expectations - Buying British

- 100% British fresh pork, lamb, beef, poultry, milk
- 75% of vegetables British throughout the year
- In season produce: first for 100% British fresh Spring Lamb



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Meeting customer expectations - Sourcing



Certification Mark



- Fresh fish counters: Marine Stewardship Council (MSC) certified
- 100% own brand tissue paper products Forest Stewardship Council (FSC) certified
- Sell only Fairtrade own brand roast ground coffee by end 2008

Welfare

- 100% own brand shell eggs: free range by 2010
- Largest, best value range of RSPCA Freedom Food poultry
- First retailer to sell Scottish RSPCA Freedom Food Organic Salmon



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Sustainability

- Protects and nurtures valuable resources
- Improves efficiency and effectiveness
- Gives opportunity for products and services



**Integral to the way we
do business**



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Working with the Scottish Government

- Helping shape “The future of food in Scotland”
- Investing in measures to help smaller suppliers overcome barriers to entry
- Joined up campaigns e.g. healthy eating messages
- Clear, consistent labelling – use of the Saltire



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Sustainable retailing

“By taking good care of what we do today, we can make a real difference for tomorrow.”



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