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13 CLIMATE ACTION

Concerned SDG(s): 13, 14

Company name: Wm Morrisons Supermarket PLC

Industry: Retail

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CHALLENGE



Corporate Responsibility of Morrisons is viewed as a starting point regarding how the company defines value and to whom. The extent of considering <u>value</u> more broadly than financial profit is challenging for them. It needs to consider how to measure value on relationships, an engaged workforce and nature's resources or natural capital, for example. It also needs to consider whether to look at value from the perspective of investors only or to consider the value it is adding from a broader stakeholder perspective. This information should be shown in the company's integrated report. The most important role of assurance of an integrated report, beyond the role currently fulfilled by financial audit and sustainability assurance engagements, is to provide user with information which allows an assessment of the degree of confidence to which these statements can be relied on. That is, to what extent is the organisation working to maximise value creation according to its own definition? To what extent is it balancing short, medium and long term thinking? To what extent is it really consciously considering trade-offs between the capitals? There are six capitals, including the familiar, financial, and the less familiar, manufactured, intellectual, human, social and relationship, and natural capital. These are the questions that should have answers in to an organisation's integrated report and integrated thinking. What are the <u>next steps</u> we need to take to maximise long term value creation (broadly defined) for all our stakeholders?

Challenges addressed by the best practice of Morrisons to why corporate responsibility matters for their business sustainability. It's about doing the right thing for their customers, colleagues, suppliers, shareholders, society and the environment. Doing so ensures they remain an efficient and competitive business. Creating a meaningful corporate responsibility programme ensures transparency amongst their stakeholders and adds value to the business.

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CHALLENGE

Morrisons offer examples of sustainability reports that identify material contextual issues on a whole of business basis. The Morrisons Corporate Responsibility Report includes the list of stakeholders and the company steps in 2017/18 to involve staff in the final prioritization of material issues. They plan to develop this process linking it to risk and strategy 'Fix, Rebuild and Grow' turnaround. Ongoing engagement with their stakeholders identifies customer trust and communities as its top two "stakeholder issues."

In 2017, BBC's Blue Planet demonstrated the detrimental harm leaked plastics can have on the marine environment and its contribution to climate change. In 2018, they announced a commitment that by 2025 all own brand plastic packaging will be recyclable, reusable or compostable. As signatories to WRAP's UK Plastics PACT, they will work in collaboration with WRAP, other signatories and the industry so that together, by 2025, they aim to: eliminate problematic or unnecessary single-use packaging through redesign, innovation or alternative (re-use) delivery models; ensure that in their packaging they have 30% average recycled content across all plastic packaging.



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PRACTICE



In last year's Corporate Responsibility Report introduced their core purpose; as food makers and shopkeepers to make and provide food they are all proud of, where everyone's efforts are worthwhile so more people can afford to enjoy eating well. This is a guiding principle that helps to shape their approach to all that they do. Listening and responding is also central in helping to determine where they focus their responsible business work. Over the past three years asked their customers for feedback on the issues they really care about. The top three were 'ensuring food safety', 'supporting British farmers' and 'reducing plastic packaging'.' (The survey results are published in Morrisons Corporate Responsibility Report page 4 2017/2018).

Food safety is central to making and providing food, whether that means achieving greater control over complex issues such as campylobacter, or culture of excellence in manufacturing, it is always part of what they do. Morrisons are UK farming's biggest customer but also closer than ever to farmers through their expanding manufacturing businesses. In addition to their existing 16 manufacturing sites, these new parts of their business will create more direct relationships with producers, improving quality and efficiency and helping to lower costs for their customers.

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PRACTICE

Plastic packaging has been the standout emerging environmental issue of 2017/18. They are doing the right thing by removing or reducing problematic plastic and packaging where possible. They are making progress by removing the single use carrier bag, plastic straws and plastic stem cotton buds - all of which help to make a real difference. Also, they are committing their full support to the UK Plastics PACT, which, through industry collaboration with Government, will transform the UK plastic packaging sector and tackle plastic pollution. Throughout 2018 and beyond, customers have started to see more positive changes in stores and online as they continue to rethink their strategy on plastic packaging. This will be achieved through a balanced approach so that Morrisons do not inadvertently undermine the work they have done to reduce food waste and emissions or create other sustainable business issues.

Surplus food redistribution continues to be a focus for Morrisons. To address this, they have extended their partnership with national redistribution charity, Fare Share, and hit a milestone of 140,000 meals redistributed through this partnership alone in just nine months. In addition, they have maintained their activity at their stores working with over 400 community organisations, redistributing in total over 3.4 million surplus food products from their stores by the financial year end. Morrisons reported carbon emissions figures since establishing a baseline in 2005, when they set a target to reduce them in absolute terms by 30% by 2020. This target was hit early 2017/18 where they have already reached a 34% reduction. As Morrisons move forward, so does best practice in how to tackle big issues. Looking ahead, this means that Morrisons new reduction strategy will be science-based and linked to global targets aimed at limiting temperature rises.

Morrisons is adopting the SDGs and working towards a global agenda collaborating with key stakeholders to ensure sustainable change. Why this is important? The UN Sustainable Development Goals officially came into force in 2015. The 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't be realised without participation from all sectors including business. At Morrisons, they recognise the importance of these goals and the true value of collaboration in order to create change. Morrisons' management want to address these global challenges in a meaningful way that is relevant and aligned of their business strategy. They have reviewed focus areas and ensured they are aligned to at least one goal where possible. As the use of the goals develops Morrisons aim to adapt and build connections so that the business stays connected to best practice where possible.

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BENEFITS



Benefits of eliminating plastic packaging, reduce carbon emissions, general plastic and packing, operational waste, water pollution, food wastage. Alignment of Morrisons focus areas to the SDGs have benefited the company.

Helping British suppliers - They are aware that their customers care about buying affordable British products. British farming is also essential to their business as it keeps supply chains short and efficient. It's important that Morrisons support suppliers to create profitable, affordable, high quality products for their customers.

Authenticity, provenance and safety - It is a priority that Morrisons products and services meet all food safety and legal standards. This significantly reduces risk and meets customer expectation for quality and value.

Sourcing responsibly - Increasing global demand and pressure for key commodities can lead to ill-managed supply chains, erosion of land, illegal logging and the destruction of natural habitats and ecosystems. Morrisons ensure that their supply chains remain sustainable and that they conserve the natural capital they are dependent on.

Reduce carbon and waste - By building smarter supply chains Morrisons reduce avoidable food waste. Morrisons follow the food waste hierarchy of prevention, optimisation, recycling, recovery and, as a last resort, responsible disposal. This reduces environmental risk, creates efficiencies and is important for a range of Morrisons stakeholders.

Supplier working conditions- Customers expect Morrisons to take responsibility for fair working conditions in their supply chain, protecting workers' rights and maintaining good relationships with our suppliers. Morrisons work collaboratively with their suppliers, competitors and external stakeholders to drive positive change throughout their operations.

Reduce food waste Healthy customers - The UK consumes more sugar, saturated fat and salt and less fruit, vegetables, fibre and oily fish than is recommended. As a food retailer, Morrisons must provide healthier choices to their customers. Morrisons continue to be challenged by the Government, media and consumer groups to improve the nutritional profile of their products. Providing their customers with healthier options and reformulating Morrisons products reflects the social need of their customers.

Communities - Morrisons stores play an active and positive role in their local community. Doing so helps Morrisons support causes close to the hearts of their colleagues and customers.

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