

Our values in action

Our people are our most valuable asset and our success relies on our people delivering great service to our customers each and every day.

Our aim is to attract, motivate and develop skilled people to ensure that Morrisons becomes the food specialist for everyone.

At the end of 2006, Morrisons conducted its first colleague attitude survey (Climate Survey) which showed that whilst we had strengths in a number of areas, we could still improve. In 2007, we set out a programme of activity designed to support the business optimisation and growth agenda, focused on four areas: **Values, Leadership, Talent** and **Performance**. We have implemented a structured set of policies in each area.

Values

Our values define what we expect of our employees and what our customers can expect from us. This year has seen a large scale education programme to fully integrate these values into every day behaviours at Morrisons. In total, over 120,000 employees have taken part in the interactive Vision and Values workshops. Additionally, every new employee experiences our Vision and Values programme as part of their induction. Focusing forward, we want to ensure that our values sit at the heart of everything we do by integrating them into our recognition programmes and education frameworks.

Leadership

Great leadership is critical to us 'bringing the best out of our people'. We involved a cross section of senior managers in a number of steering groups, who helped shape how our values could be mapped onto our leadership agenda. A set of leadership profiles, outlining leadership styles and what leadership actually looks like in action, was one of the primary outputs of this exercise.

Our leadership development initiatives, such as the 'Leading the Morrisons Way' programme, aim to further develop and enhance the future of our business and senior leadership careers.

Talent

We strongly believe that everyone has talent and we actively look to develop people from within to meet the growing demands of the business.

The Fresh Food Academy, launched in 2009, will strengthen Morrisons position as the UK's leading proponent of retail craft food skills; skills which help people build a career, and help Morrisons further increase the quality, value and service we provide to our customers. Over the coming year, as part of its store expansion, Morrisons will create 5,000 new jobs. The jobs will be created across the business in a variety of positions including butchery, fishmonger and bakery. The Academy will play a key role in developing people in these roles.

The Fresh is Best programme focuses on engaging and training managers around consistently delivering market leading availability, product presentation and quality, preparing the freshest product, maintaining standards, reducing wastage and giving great selling and service. By demonstrating what 'good and fresh' is we are helping managers to maintain and improve standards.

The 'I Want a Fresh Start' campaign, launched in 2008, completely redefined our approach to attracting and recruiting fresh talent into the business. Our new dedicated recruitment website, www.iwantafreshstart.com, allows candidates to apply online for careers at Morrisons. National advertising has raised the profile of Morrisons as an

124,000

employees across the business

Our values

Can do
Getting things done

Fresh thinking
Always looking for new and better ways of doing things

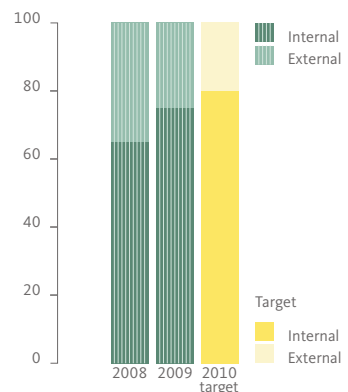
One team
Working well together

Great selling and service
We love to sell and serve

Bringing the best out of our people
We're constantly learning and looking to improve on where we are

Great shopkeeping
Setting high standards in all areas of the business

Ratio of internal versus external appointments (%)



By engaging and training our employees, we aim to retain our talent and increase the ratio of internal appointments within management.



employer, evidenced by the high interest and number of applications for our management positions. Our revised attraction strategy has, so far, resulted in over 4,500 applications and the appointment of 50 key retail managers.

Performance

Setting clear expectations sets the benchmark for a high performing culture. In this respect we have started a general role evaluation programme across the business to enhance career advancement. The output of workshops held across all sectors of the business is being used to create 'live documents' that give greater clarity around role requirements, and how we expect people to focus not only on what they deliver but also on how they deliver it.

Communication is also playing a key role in the delivery of our high performance culture. In November 2008, we launched Gimme 5 briefings to strengthen our communication across the business and create a more committed and productive workplace. These are five minute, face-to-face monthly departmental briefings and are based on messages cascaded down through the business, starting with Marc Bolland. Colleagues are encouraged to ask questions and provide feedback on the topics covered.

Employee relations

Morrisons is an equal opportunities employer. Equal opportunities are offered to all, regardless of race, colour, nationality, religion, sex, marital status, disability or age.

The Group gives full and fair consideration to applications for employment made by people with disabilities. The policy is to offer equal opportunity to all disabled candidates and employees who have a disability, or who become disabled during the course of their employment. A full assessment of the individual's needs is undertaken and, where practical, modifications are made to the work environment or business practices in order to assist those with disabilities.

All candidates and employees are treated equally in respect of recruitment, promotion, training, pay and other employment policies and practices. All decisions are based on merit.

Employee engagement

Engaged and involved employees are important to the success of our business and values. Employees are encouraged to give their opinions through the Climate Surveys. The Climate Survey conducted at the end of 2008 covered all colleagues across all areas of the business, seeking opinion on a range of areas such as job satisfaction, team environment and management. From the survey we have identified four key indicators of engagement centring on employee pride, loyalty, satisfaction and commitment. These key indicators have provided us with a summary of the progress and shows a net improvement of 12% from our last survey. We will continue to track these four areas in our next Climate Survey.

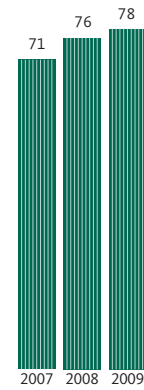
Other ways in which we involve our employees are through the development and communication of the Values principles, and through the Gimme 5 briefings where employees are encouraged to give feedback. All employees participate in either the Profit Share Scheme or Management Bonus Plan, ensuring that everyone feels a part of the challenges and successes of the organisation.

Our employee turnover rate has improved and our employee stability has risen 2% to 78%. Moreover, some 33% of our employees have been with us for at least five years, with 164 celebrating 25 years service in 2009. This is a clear sign that we create an environment where colleagues feel proud to work for us.

Key Performance Indicators

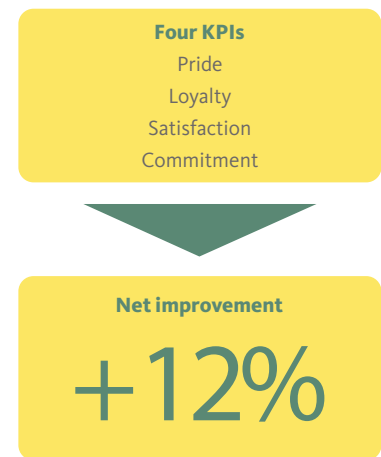
Employee stability*

(%)



In 2008, we conducted an employee satisfaction survey to assess our progress against our four KPIs. We are pleased with our overall improvement in performance and we recognise there is even more we can achieve.

Climate survey results



Four of the KPIs in our colleague attitude survey focus on engagement. These show a net improvement of 12%.

* Employee stability is measured as the percentage of employees who have been with us for over one year.