

Corporate Responsibility Group Performance 2009/10

Future Homes

Helping people create sustainable,
affordable homes of the future



	<h2>Our products & services</h2> <p>Future Homes Goal: to enable sustainability in all our product and service categories</p>	Summary 03
	Product design 04	Packaging 07
	Timber 10	Chemicals 15

	<h2>Our stores & operations</h2> <p>Future Homes Goal: to ensure our stores and operations are efficient and sustainable</p>	Summary 20
	Climate change 21	Transport 26
	Sustainable materials & water 31	Waste 35
	Carbon footprint 41	

	<h2>Our customers</h2> <p>Future Homes Goal: to make it easy for our customers to create their homes in a sustainable way</p>	Summary 48
	Engaging our customers 49	

	<h2>Our people</h2> <p>Future Homes Goal: to engage employees to be champions of sustainability across our business</p>	Summary 53
	Employee engagement 54	Diversity 59
	Health & safety 64	

	<h2>Our community</h2> <p>Future Homes Goal: to use our sustainability strategy to create value for the benefit of our business and shareholders</p>	Summary 67
	Community investment 68	Group charity partnerships 75

	<h2>Our suppliers & partners</h2> <p>Future Homes Goal: to work with our suppliers, governments and other stakeholders to make sustainability easy and to find solutions to common sustainability problems</p>	Summary 78
	Suppliers 79	Government affairs 87

	<h2>Our economic growth</h2> <p>Future Homes Goal: to use our sustainability strategy to create value for the benefit of our business and shareholders</p>	Summary 89
	Business opportunity 90	Other economic issues 94

About this document

Note – the information in this PDF covers the Kingfisher financial year ending 30 January 2010. The PDF is updated on an annual basis at the end of May.

Data assurance



ERNST & YOUNG

The group data and charts in this PDF and the accompanying explanatory notes have been reviewed by Ernst & Young LLP, May 2010. Their Assurance Statement is available at www.kingfisher.com/cr_data_assurance

For more information

Visit www.kingfisher.com/cr for the full Corporate Responsibility Report





Future Homes Goal: to enable sustainability in all our product and service categories

Kingfisher is helping customers reduce the eco footprint of their homes by providing innovative and affordable eco products and services.



Summary

Highlights

4,000+

One Planet Home® products at B&Q UK

5,400+

Maison Éco products at Castorama France

77%

Volume of timber sourced from proven well-managed or recycled sources

Own-label

Developing a range of Group-sourced eco products

Chemicals policy

Conducted a Group-wide chemicals policy review

The issues

Find out about our progress on key issues relating to our products and services.

Product design	04
Packaging	07
Timber	10
Chemicals	15

Areas for improvement

- We need to set an ambitious longer-term timber target to ensure all our timber products are sourced from proven well-managed or recycled sources. In order to achieve this, we need to take action in challenging regions and discontinue products if vendors are unable to supply sufficient evidence of the forest source.
- Implement our new Group-wide chemicals strategy across all our businesses.

Future priorities

- Reduce the cost of eco products – making a wide range of eco products affordable for the mass market.
- Incorporate sustainability into the design of all our products and packaging, not just eco products.



La Maison Éco (Eco House)

Castorama France is rolling out the Maison Éco campaign. Information is provided throughout the store, including a special merchandising display at the store entrance, posters in aisles and labels on individual eco products.



Conserving water

Castorama France introduced this innovative eco toilet which is highly water efficient because water from the sink is reused to flush the toilet. This was one of the winners of the Castorama France eco product award to encourage supplier innovation.



Saving energy

In September 2009, B&Q UK doubled its range of energy-efficient lighting and launched its first dimmable energy-saving light bulb. With over 200 different varieties of bulb, this is believed to be the most comprehensive range of energy-efficient lighting in the UK.



Product design

Progress

Eco products

Around 25%¹ of carbon emissions come from the home. As one of the world's leading home improvement retailers, Kingfisher is in a unique position to help consumers make their homes more sustainable at lower cost.

Our two largest businesses have developed extensive eco ranges:

- B&Q UK's One Planet Home® range includes over 4,000 products
- Castorama France has over 5,400 Maison Éco (Eco House) products.

In 2009/10, sales of eco products totalled £1.07 billion – accounting for 10% of total retail sales across the Group, up from 7% the previous year (see more on eco product sales in the section on business opportunity, page 90). Our businesses run a variety of marketing campaigns to promote eco products (see more on eco marketing in the section on engaging our customers, page 49).

A new own-label eco brand has been created. We are now developing a range of Group-sourced eco products for the new brand. By using the Group's buying strength, we can drive innovation and reduce prices for customers.

A key challenge is to ensure that we use a credible and consistent definition of an eco product across the Group. There is currently no agreed industry-wide definition of an eco product and therefore we work with external partners, including the sustainability charity BioRegional, to ensure we adopt a robust approach. During 2009, we produced a Group definition of an eco product. We define a product as eco if it has either an eco function (i.e. it helps customers reduce their environmental impact) or it has specific environmental credentials, e.g. a credible eco-label such as the Forest Stewardship Council (FSC). We have identified six specific eco product categories:

- **save energy** e.g. energy-saving lighting, insulation, renewable energy technologies, energy-efficient appliances
- **save water** e.g. water butts, aerating taps and showers, water-efficient washing machines / dishwashers
- **conserve nature** e.g. bird feeders, bird and bat boxes, FSC-certified timber products, plants or seeds recommended by local wildlife organisations
- **grow your own** e.g. seeds (herb, fruit and vegetable), grow bags, propagators, peat-free compost, organic fertiliser / pest control
- **reuse and recycle** e.g. compost and recycling bins, products made of recycled materials, rechargeable batteries
- **healthy home** e.g. minimal VOC paint, eco cleaning products.

During 2009, we also worked with the sustainability charity BioRegional to produce additional guidelines for our businesses on the six eco product categories, including examples of products that can and cannot be included. These guidelines are designed to help our businesses evaluate which products meet the Kingfisher eco product definition. BioRegional also provided one-to-one guidance for three of our businesses (Brico Dépôt Spain, Castorama Russia, Koçtaş in Turkey) on how to apply the definition in practice. We recognise that we will need to regularly review and update our definition of an eco product to reflect the latest developments in standards, technology and sustainability.

Our two largest businesses have also worked with external partners to identify eco products. At B&Q UK every eco product is independently assessed by experts at BioRegional to check it has strong environmental credentials. Castorama France has worked with the environmental organisation WWF and the French Energy and Environment Agency (ADEME) to develop guidelines for buyers and suppliers.



Highlights

4,000+

One Planet Home® products at B&Q UK

5,400+

Maison Éco products at Castorama France

Own-label

Developing a range of Group-sourced eco products



Product design

Progress

Innovation is the life-blood of a retailer as modern consumers become more demanding. Over the past year, our businesses have worked closely with suppliers to develop new innovative eco products. For example, B&Q UK launched its first dimmable energy-saving light bulb and Castorama France has introduced an eco toilet with an inbuilt sink which is highly water efficient because the water from the sink is reused to flush the toilet. The dual toilet and sink was one of the winning products of the Castorama France eco product award which is designed to encourage supplier innovation. The award is run annually in partnership with WWF and the ethical consumer website ConsoGlobe, and over 7,300 votes were cast to select the winners in 2009.

Many of the eco products identified by our businesses are products which help customers to reduce their own environmental impact. However, we recognise that we also need to ensure that there are no environmental or social risks in the supply chain. Our definition of an eco product specifies that eco products should meet Kingfisher's CR policy requirements. The main areas of risk are associated with timber sourcing, chemicals and factory working conditions and we seek to address these through specific initiatives in these areas (see timber, page 10, chemicals, page 15 and suppliers, page 79). For example, B&Q UK requires suppliers of One Planet Home® products to reach agreed standards in its supplier assessment programme known as QUEST (see suppliers, page 79).

1 UK figure. Source: National Atmospheric Emissions Inventory (NAEI), produced for the government Department of Energy and Climate Change (DECC) and the Devolved Administrations by AEA.

Eco design

As well as developing specific eco ranges, we are also examining how best to incorporate sustainability principles into our wider product sourcing.

Last year we launched a new Group-led project to produce eco-design guidelines for buyers. Although the principle of eco-design is simple, the process of applying it to specific products is a complex task. In order to improve understanding, we have carried out environmental life-cycle assessments for seven popular products sold across our businesses (a hedge trimmer, kitchen worktop, oil heater, paintbrush, shower, light and wooden floor). We are now working to use this information to formulate specific guidance on eco-design for key product categories and will be working with vendors to trial these in 2010.

In addition, we are also working on specific initiatives on energy-efficient products (see below), sustainable timber sourcing (see timber, page 10), responsible use of chemicals in products (see chemicals, page 15) and packaging reduction (see packaging, page 07).

Energy-efficient products

In line with EU and national legislation, all of our European businesses have set targets to phase out the sale of incandescent light bulbs. In addition, B&Q China has also set a voluntary target to remove incandescent light bulbs by 2011. In September 2009, B&Q UK doubled its range of energy-efficient lighting across stores. With over 200 different varieties of bulb, this is believed to be the most comprehensive range of energy-efficient lighting in the UK. See news item on the Kingfisher website: *1 September 2009 – B&Q UK set to double energy efficiency light bulb range* at www.kingfisher.com/cr_news.

Our own-brand range of energy-saving light bulbs (developed by the Kingfisher Sourcing Organisation) is sold in B&Q UK and Castorama France stores.

B&Q UK has buying standards on energy-using products, water-using products and lighting. It is on track to meet its commitment for all domestic washing machines, dishwashers, electric cookers, fridges and fridge freezers to be classified as 'A' rated or above according to the EU energy standards by the end of 2010.



Product design

Progress

Kingfisher is working to comply with the Energy using Products (EuP) directive – a European framework for setting eco-design requirements for goods that consume energy. Our businesses sell a wide range of products that fall within the scope of the framework, including lighting, boilers and some household appliances. Other products will also be affected following the decision by the Commission to widen the scope to include Energy related Products (ErP).

The new European directive seeks to improve the energy efficiency of products by setting minimum performance standards for different product categories, known as Implementing Measures. We have established a working group, with representatives from across the Group, which focuses on compliance with the EuP directive including the technical requirements. We are also developing our internal systems, including our quality management tool, to assess products for compliance with the EuP standards.

We are engaging with regulators (e.g. the European Commission and Defra), our suppliers and external technical experts and testing houses to ensure the requirements of EuP are effectively implemented across our businesses. We have worked with the Energy Saving Trust (EST) in the UK to develop buyer guides to assist commercial teams on the practical requirements of the Implementing Measures.

Kingfisher has also worked with the EST to achieve the Energy Saving Recommended (ESR) accreditation for all compact fluorescent light bulbs sold under the B&Q and Screwfix brand name in the UK. ESR calls for a higher performance standard than EuP and also checks that there are consistent quality management processes in place.

Inclusive design

We seek to work with suppliers to develop products which are inclusive in their design, to meet the needs of disabled or vulnerable customers.

For example, B&Q UK has a *Can Do*[™] range of simple-to-use products, designed to make daily living easier for anyone who has a difficulty with their dexterity, vision or mobility. Castorama Poland sells a range of bathroom products that are specifically designed to be easily used by older and disabled people.



Packaging

Progress

We are committed to working with suppliers to minimise packaging and increase use of recycled, recyclable and compostable materials.

All our businesses have developed action plans to reduce the environmental impact of packaging and four of our businesses (B&Q China, B&Q UK, Castorama France and Screwfix) have eco packaging criteria for suppliers.

In our CR Report 2008/09, we set a target to gather Group-wide data on packaging used on own-brand products and also committed to developing a packaging optimisation target. The process of gathering packaging data is a complex task requiring input from many suppliers. Although we publish our CR data by 31 May each year, we require a longer time-frame to gather our packaging figures and will therefore provide an update later in the year once the data is available. The data for 2009/10 will cover our UK and French businesses (which account for 83% of the Group retail sales). During 2010, we will also further investigate ways to collect packaging data from our other businesses.

We need to ensure that we have accurate and reliable data before we can set a Group target. We will therefore seek to set a target in 2010 once our data is available from our UK and French businesses. Our two largest businesses (B&Q UK and Castorama France) have already set their own packaging reduction targets for own-label products:

- In 2009, B&Q UK signed up to a new Home Improvement Sector Agreement to achieve a 15% reduction in packaging by 2012 (from a 2007 baseline)
- Castorama France aims to achieve a 15% reduction in packaging by 2012 (from a 2009 baseline).

At B&Q UK a key focus over the past year has been to make packaging easier for customers to recycle through increased use of materials that are widely recycled. B&Q UK aims to make all own-label packaging recyclable by 2013 and to use 75% recycled content in own-label packaging by the same date. The company is rolling out a new on-pack recycling label for packaging developed by the UK retail industry.

Screwfix has continued to reduce transit packaging waste by extending the use of reusable delivery pallets. Over 97% of deliveries were on reusable pallets (by the end of 2009/10). The company has also introduced a new process for packing small mail order items to minimise packaging waste. This includes use of four different sized Jiffy bags (rather than cardboard boxes) for the smallest items.

Castorama France has focused on reducing packaging in three key product categories – flooring, lighting and curtains. Suppliers are asked to declare actions to reduce the environmental impact of packaging as part of the product sign-off process for own-label products.



Highlights

15%

Reduction targets for own-label packaging set by B&Q UK and Castorama France



Packaging

Targets

Target

Measure

own-brand packaging

Implement systems to measure the amount of packaging materials used on own-brand products by 31 January 2010.

Progress against target – 2009/10

Data

to be provided

The process of gathering packaging data is a complex task requiring input from many suppliers. Although we publish our CR data by 31 May each year, we require a longer time-frame to gather our packaging figures and will therefore provide an update later in the year once the data is available. The data for 2009/10 will cover our UK and French businesses (which account for 83% of the Group retail sales). During 2010, we will also further investigate ways to collect packaging data from our other businesses.

 **Some progress**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Packaging

Targets

Target

To be set

By May 2010, set a target to optimise packaging.

Progress against target – 2009/10

To follow

later in 2010

We need to ensure that we have accurate and reliable data before we can set a Group target. We will therefore seek to set a target in 2010 once our data is available. Our two largest businesses (B&Q UK and Castorama France) have already set their own packaging reduction targets for own-label products.

 **Some progress**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Timber

Progress

Sustainable timber sourcing

Our businesses sell a high volume of timber and products made from or containing wood. Therefore the choices we take regarding which wood products to stock can help protect the world's forest resources while reducing our impact on climate change. B&Q UK was one of the pioneers of sustainable timber sourcing, helping to set up the Forest Stewardship Council (FSC) in the early 1990s. Kingfisher is committed to building on this heritage by driving forward sustainable timber sourcing across the Group. Our long-term policy aim is to ensure all our timber is sourced from proven, well-managed forests or recycled sources. We recognise the key role that forests play as a carbon sink and therefore our work on timber is part of our overall strategy on climate change.

In 2009/10, 77% of the reported timber volume sold was from proven well-managed or recycled sources – up from 72% in 2008/09. This means that we have exceeded our target to achieve 75% from proven well-managed or recycled sources by 2010/11 a year ahead of schedule. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010.

The total volume of reported timber from proven well-managed or recycled sources is 4.7 million m³ roundwood equivalent (RWE). This is comparable to an estimated certified forest area of over 3 million hectares. The remaining timber is either from forests that are not yet independently certified or is timber with partial traceability or without full chain of custody.



Highlights

77%

Volume of timber sourced from proven well-managed or recycled sources

50%

Volume of timber from FSC-certified sources

3

million hectares of independently certified forestry¹

¹ Estimated conversion to hectares from the Kingfisher volume of roundwood equivalent (RWE). Calculation Source: UNECE/FAO Timber Section

Sustainable timber (% of reported timber volume sold from proven well-managed forests or recycled sources)



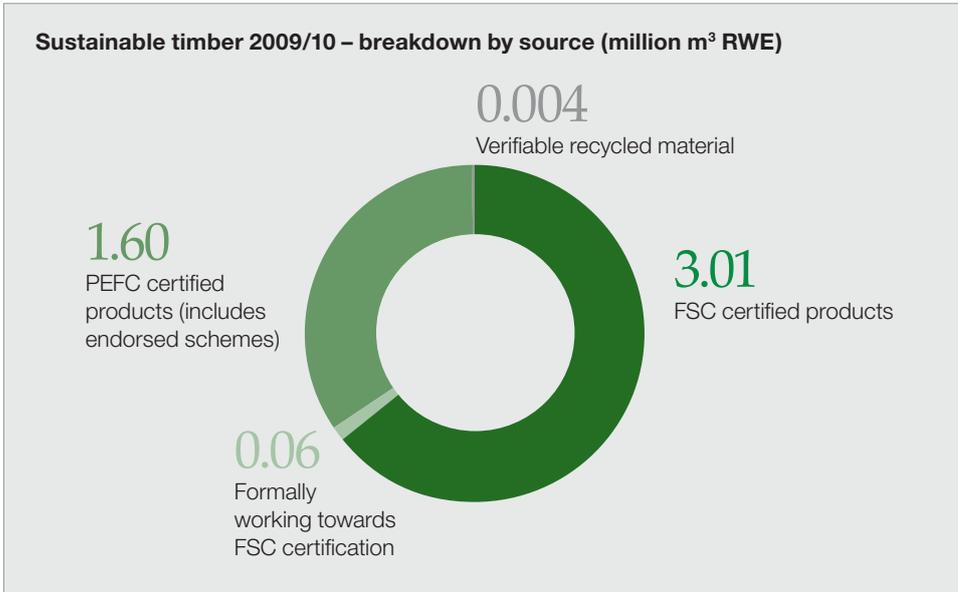
See timber data for explanatory notes to this chart, page 14.

As the most stringent globally applicable certification scheme, the FSC is our preferred choice. The volume of timber from FSC sources has progressively increased over the last three years – up from 45% in 2007/08 to 50% in 2009/10. The chart shows a breakdown of the timber by FSC and other certification / verification schemes.



Timber

Progress



See timber data for explanatory notes to this chart, page 14.

Our operating companies have action plans in place on sustainable timber sourcing, with most focusing on product-, species- and category-specific initiatives. A key focus is to discontinue product lines where suppliers are unable to provide sufficient evidence of the forest source. Five of our nine operating companies have received a Kingfisher internal audit on timber to check timber data and improve understanding of the Kingfisher timber policy requirements (as at the end of 2009/10).

During 2009, we introduced timber criteria into the Kingfisher quality management tool. This is a new online tool which is used to screen products to ensure they meet Kingfisher quality standards and is being progressively rolled out across the Group. The timber criteria embedded in this quality management tool will help ensure that only policy compliant timber will be approved.

Kingfisher’s timber adviser continues to provide support to our operating companies to help them set targets, implement action plans, engage with partners and run workshops / training sessions for buyers on sustainable timber sourcing. In October 2009, Kingfisher’s timber adviser participated in a roadshow in Brazil on timber sourcing, which was part of a series of events funded by the UK government Department for International Development. The delegation included representatives from The Forest Trust (TFT), the UK Timber Trade Federation and other UK timber companies / retailers. The roadshow included visits to forests and factories as well as meetings and seminars with partners and government officials.

Key initiatives within our operating companies during 2009 include the following:

- **B&Q UK** has increased the volume of timber sold from sustainable sources to 95% (up from 89% in 2008/09) and has set a new commitment to increase this to 100% by the end of 2010. A number of key product categories are now fully FSC certified or working towards FSC certification through a TFT project. This includes all timber used in kitchen carcasses and doors, as well as garden furniture. In September 2009, B&Q UK secured FSC certification for its entire supply of tropical plywood. This is a global first as historically it has been difficult to secure FSC certification for this volume of timber. B&Q UK also has chain-of-custody certification for all its stores for all products that carry the FSC and PEFC logos. This is one of the world’s largest multi-site chain-of-custody certification projects, covering over 300 stores and 17,000 product lines.



Timber

Progress

- **Castorama France** has also set new sustainable timber sourcing targets, including a requirement for all tropical timber to be FSC certified or working towards FSC certification. From 1 January 2010, no timber product containing tropical timber will be accepted unless it meets these requirements. In line with this target, the company increased the number of timber products in-progress towards FSC certification during 2009/10. The aim for 2012 is to have all timber sourced from forests verified to legal, social and environmental standards.
- **Brico Dépôt France** has increased the volume of FSC-certified timber in 2009/10. It has introduced a new timber policy and set a target for 90% of timber volume to be from sustainable sources by 2013.
- **Brico Dépôt Spain** has developed an action plan on sustainable timber sourcing. It aims to achieve 75% of timber volume from proven, well-managed sources by 2012 and has made considerable progress over the past year in driving forward progress. It has also worked with FSC Spain on a poster campaign to promote FSC certified timber.
- **B&Q China** has reduced its forest footprint through a range review which has led to a significant reduction in the volume of solid wood tropical timber and a rationalisation of the different types of timber species available in-store.
- **Screwfix** and **Castorama Poland** continue to maintain high levels of certified product and **Castorama Russia** has developed a detailed action plan to reach policy compliance.

Working in partnership

In early 2010, we formed the Timber Retail Coalition with major international retailers to support EU regulation to stamp out the import of illegal timber. Marks & Spencer, Carrefour and IKEA (all members of the European Retail Round Table) make up the other original members of the Coalition.

Kingfisher has also signed up to the Prince's Rainforests Project which aims to halt tropical deforestation. See www.kingfisher.com/cr_videos to view a video message from Kingfisher Chief Executive, Ian Cheshire, in support of the project and a video interview with B&Q UK's Chief Executive, Euan Sutherland.

Kingfisher has participated in the Forest Footprint Disclosure (FFD) Project, a new initiative backed by 35 financial institutions to help investors identify the impact companies have on forests and how they can reduce their impact. Kingfisher has been a long-standing supporter of greater transparency on timber sourcing (see government relations, page 87) and was one of the first companies to participate in this initiative. The Kingfisher Timber Adviser gave technical input to the drafting of the FFD report and understanding of certification issues.



Timber

Targets

Target

75%

proven well-managed by 2010/11

75% of timber volume sold to be from proven well-managed forests or recycled sources by 2010/11.

Progress against target – 2009/10

77%

proven well-managed – exceeding target

In 2009/10, 77% of the reported timber volume sold was from proven well-managed forests or recycled sources – up from 72% in 2008/09. This means that we have exceeded our target to achieve 75% from sustainable sources by 2010/11 a year ahead of schedule. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010.



Achieved / On track



Target achieved or on track to meet target (assessment based on past performance)



Some progress, but further work required to achieve the target



Target not achieved or no/little progress to date



Timber

Data

Key performance indicator

	Unit	2006/07	2007/08	2008/09	2009/10
Reported timber volume sold from proven well-managed forests or recycled sources	% of timber volume sold	69%	71%	72%	77%

Detailed data

Sustainable timber sourcing

	Unit	2006/07	2007/08	2008/09	2009/10
Total timber volume sold	Million m ³ roundwood equivalent (RWE)	5.15	5.86	5.43	6.05
Reported timber volume sold from proven well-managed forests or recycled sources	Million m ³ RWE	3.57	4.18	3.90	4.68

Sustainable timber sourcing by category

	Unit	2006/07	2007/08	2008/09	2009/10
Reported timber volume from proven well-managed forests or recycled sources					
FSC certified products with a full chain of custody	Million m ³ RWE	2.36	2.61	2.56	3.01
	% of timber volume sold	46%	45%	47%	50%
Formally working towards FSC certification	Million m ³ RWE	0.08	0.04	0.04	0.06
	% of timber volume sold	1%	1%	1%	1%
PEFC certified products (includes endorsed schemes) with a full chain of custody	Million m ³ RWE	1.12	1.53	1.29	1.60
	% of timber volume sold	22%	26%	24%	27%
Verifiable recycled material	Million m ³ RWE	0.019	0.007	0.004	0.004
	% of timber volume sold	0.4%	0.1%	0.1%	0.1%

Notes:

- We include the following in our definition of proven well-managed forests or recycled sources:
 - Forest Stewardship Council (FSC) certified products with a full chain of custody
 - Programme for the Endorsement of Forest Certification (PEFC) certified products with a full chain of custody (includes endorsed schemes)
 - Formally working towards FSC certification, i.e. working with partners as part of an independent verification scheme to demonstrate progress towards FSC certification – The Forest Trust (TFT) projects, WWF Global Forest & Trade Network (GFTN) members, Rainforest Alliance (SmartStep) participants
 - Verifiable recycled material.
- The data is reported in volume sold (m³) of roundwood equivalent (RWE), using RWE conversion factors from the environmental organisation WWF.
- Data was collected from operating companies and joint ventures which account for 96% of the Group turnover in 2009/10 (97% in 2008/09, 97% in 2007/08, 99% in 2006/07).
- Data from B&Q UK, Castorama France and Brico Dépôt France covers all products containing timber. The data from the other operating companies covers products made entirely from timber or containing a high volume of timber.
- Products are counted as FSC and PEFC only if suppliers have proof of chain-of-custody certification.



Chemicals

Progress

Chemicals policy review

An extensive range of chemicals, both natural and man-made, are used in many of the products on our shelves. We recognise that there is increasing concern about the potential of some chemicals to accumulate and persist in the environment, leading to possible health implications for people, animals and plants. Our aim is to ensure that the products we sell do not adversely affect human health or have a detrimental impact on the environment.

During 2009, Kingfisher carried out a review of its chemicals policy and strategy to take account of the recent changes to chemicals legislation and the views of our wider stakeholders. A new draft policy has been developed which will be signed off and implemented in 2010. The new policy will be more closely aligned to the EU chemicals legislation, but will also go beyond EU legislative requirements to demonstrate our commitment to eliminating chemicals of concern from our products.

The policy review involved consultation with around 25 stakeholders from across the business. It also included an evaluation of external opinions, the regulatory situation and competitor actions.

Our Steps programme requires each of our businesses to put in place an ongoing programme to engage with suppliers on the use of chemicals of concern. This is a Steps 'policy target' requirement and needs to be achieved by our operating companies by 31 January 2011 (Brico Dépôt Spain and Castorama Russia have an extra year). Kingfisher's European businesses have already developed vendor engagement programmes on chemicals – in line with the EU regulatory requirements. Our other businesses have all developed chemical action plans. During 2010 our target and approach to monitoring progress on this issue will be further revised following the introduction of a new chemicals policy.

Complying with EU chemicals regulations

The EU regulation on REACH (Registration, Evaluation and Authorisation of Chemicals) identifies Substances of Very High Concern (SVHCs). The regulations basically require us to identify SVHCs in products we are responsible for, and ensure the chemicals we use have been registered and authorised for use in the EU market. In the long term, the EU plans to encourage a phase-out of SVHCs where viable alternatives exist.

A number of our businesses are already working to go beyond the regulations by putting in place action plans with suppliers to substitute or eliminate certain SVHCs in products. For example, Kingfisher has worked with Hozelock, a supplier of water irrigation systems, to agree an action plan to remove SVHC from their products within 12 months – a change that will also benefit the whole market.

With many thousands of products, it is a huge data collection task for our operating companies to contact every supplier to ask about chemicals in products. We are taking a risk-based approach, focusing on priority product categories such as paint, adhesives, sealants and garden chemicals. To help our businesses with this data collection task, we have developed a Group solution to manage REACH and other quality and CR related requirements that apply to our products. The Kingfisher quality management tool is a new online tool which is used to screen products to ensure they meet Kingfisher standards and is being progressively rolled out across the Group. The chemicals criteria ensure that products will only be approved if they comply with the EU REACH requirements.



Highlights

Chemicals policy

Kingfisher conducted a Group-wide chemicals policy review



Chemicals

Progress

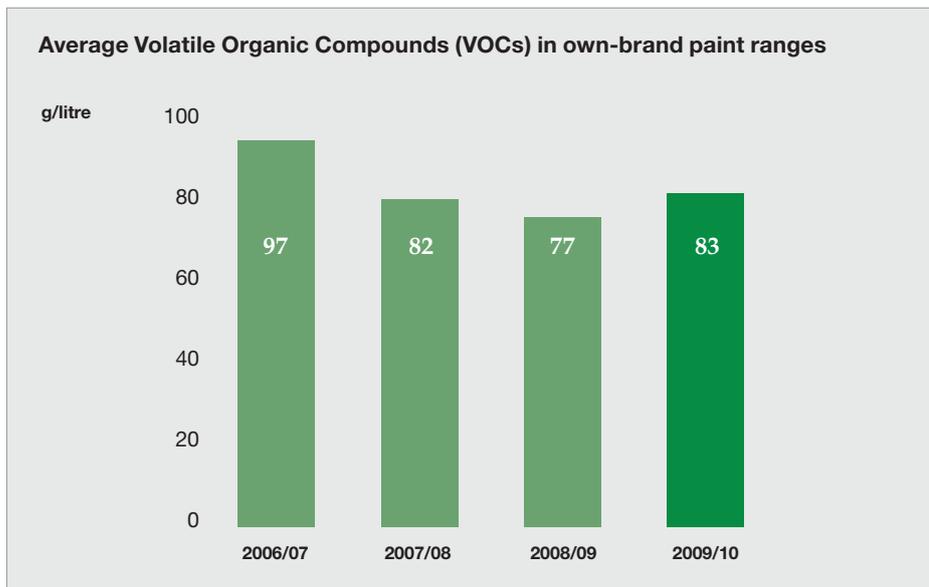
The REACH regulations present particular issues for the Kingfisher Sourcing Organisation (KSO) which buys products directly from factories across South-East Asia, India, South America and Eastern Europe. With a supply base of nearly 950 factories, most of which are located outside the European Union, it is a significant amount of work for the KSO to gain detailed information regarding the chemicals used in the products they procure. The Kingfisher quality management tool is used to verify the chemical composition of products. The KSO works with suppliers to find alternatives if any SVHCs are found in products. Testing of products is also conducted using a risk-based approach.

In order to raise awareness of REACH through its supply chain, the KSO has developed a website for vendors which sets out the REACH requirements and includes a range of support materials. The KSO has also run seminars on REACH for suppliers.

Kingfisher has a REACH / Chemicals Working Group which brings together representatives from across our operating companies to develop strategy, share information and find solutions to technical issues. It holds monthly conference calls and meets on a quarterly basis. We also have regular meetings with other retailers and key suppliers to exchange views. In the UK and Republic of Ireland, we engage with the Environment Agency and enforcement authorities on our strategy and to anticipate possible changes in the regulations.

Paint

We measure the level of volatile organic compounds (VOCs) in own-brand paint ranges. The average VOC content (g/litre) in paints sold has increased by 8% in the past year. However, this increase is mainly due to commercial, rather than environmental factors. In 2009/10, thinners such as white spirit, which have a relatively high VOC content, accounted for a higher proportion of the overall sales of own-brand paint ranges.



See chemicals data for explanatory notes to this chart, page 19.



Chemicals

Progress

B&Q UK has been working for a number of years to reduce volatile organic compounds (VOCs) in paints, dating back to 1995 when the company developed a VOC labelling system which was subsequently adopted by others in the industry. The average VOC of the paints sold now is considerably lower than ten years ago. For example, all B&Q's Colours wall paints are minimal VOC, meaning they are practically VOC free. Collaboration with paint suppliers has also resulted in the development of water-based paint technologies, particularly for glosses.

Nanotechnology, the science of tiny particles, is an emerging technology with the potential to bring significant benefits. However, the technology may also introduce potential risks for human health and the environment and has been the subject of growing debate, with calls for greater regulation. Some of the products that we sell, such as paints, incorporate nanotechnology. We seek to engage with suppliers to ensure that nano materials in products do not present a risk.

Promoting eco alternatives

B&Q UK has been working with partner organisations on alternative materials for some of its core products, e.g. a project is underway with York University's Green Chemistry Department to identify whether agricultural waste such as wheat stalks can be used to manufacture MDF boards. The aim of this project is to eliminate formaldehyde and move to an entirely bio-based product. The company is also collaborating with the REACH Centre at Lancaster University on a study of chemicals in the interior environment.

Castorama France announced a number of new initiatives in 2009:

- Garden chemicals – it has committed to promoting natural gardening and to stop promoting certain pesticides
- Eco glues – it is working with suppliers to develop eco glues, and aims for 25% of glues to meet eco criteria by 2012
- Chemicals in textiles – it is planning to develop Oeko-Tex Standard textile ranges (which limits the use of certain chemicals)
- Formaldehyde-free wooden panels – it has set a target for all wooden panels to be formaldehyde free by 2012
- Eco cleaning products – it aims to double its range of eco cleaning products between 2009 and 2012.



Chemicals

Targets

Target

Chemicals

vendor engagement by January 2011

All operating companies to have an ongoing programme to engage with suppliers over the use of chemicals of concern (identified on Kingfisher's Chemical Action List) by 31 January 2011.*

** This is a Steps 'policy target' requirement and needs to be achieved by our operating companies by 31 January 2011 (Brico Dépôt Spain and Castorama Russia have an extra year).*



Target achieved or on track to meet target (assessment based on past performance)



Some progress, but further work required to achieve the target



Target not achieved or no/little progress to date

Progress against target – 2009/10

Europe

achieved

Our European businesses have already developed vendor engagement programmes on chemicals – in line with the EU regulatory requirements. Our other businesses have developed chemical action plans. During 2010 our target and approach to monitoring progress on this issue will be further revised following the introduction of a new chemicals policy.



Some progress



Chemicals

Data

Key performance indicator

	Unit	2006/07	2007/08	2008/09	2009/10
Average Volatile Organic Compounds (VOCs) in own-brand paint ranges	g/litre	97	82	77	83

Note:

- Data on VOCs was collected from operating companies and joint ventures which account for 90% of the Group turnover in 2009/10 (90% in 2008/09, 100% in 2007/08, 94% in 2006/07).



Future Homes Goal: to ensure our stores and operations are efficient and sustainable

Kingfisher is committed to leading by example and is therefore working to minimise the carbon footprint of its stores and operations through initiatives on energy, transport, waste and water.



Summary

Highlights

8%

Reduction in total CO₂ equivalent emissions from energy and transport

10%

Reduction in store waste disposed

Eco stores

A range of green technologies incorporated into new stores at B&Q UK and Castorama France

The issues

Find out about our progress on key issues relating to our stores and operations.

Climate change	21
Transport	26
Sustainable materials & water	31
Waste	35
Carbon footprint	41

Areas for improvement

- Improve the way we measure and address our indirect (i.e. scope 3) carbon emissions, including the impact of third-party transport fleets.
- Increase the use of renewable and low carbon solutions, working with partners to overcome current technical constraints and high costs.
- Embark on further work to reduce water use if we are to meet our target for all businesses to demonstrate improvements in water efficiency by next year.

Future priorities

- Develop a long-term 'zero carbon' strategy.
- Build all new stores to high sustainability standards – incorporating use of cutting-edge low-carbon and environmental technologies.



Lights switch-off

On 27 March 2010, Castorama France and B&Q China switched off all external lights across stores during the 60-minute Earth Hour period, a campaign initiated by the environmental organisation WWF. Castorama France also donated hundreds of candles for the switch-off event at the Eiffel Tower.



Renewable energy

In February 2009, a 2MW wind turbine became operational at the distribution centre in Worksop which supplies approximately 30% of the building's energy. B&Q UK aims for all energy use in new stores to be 'zero carbon' from 2012.

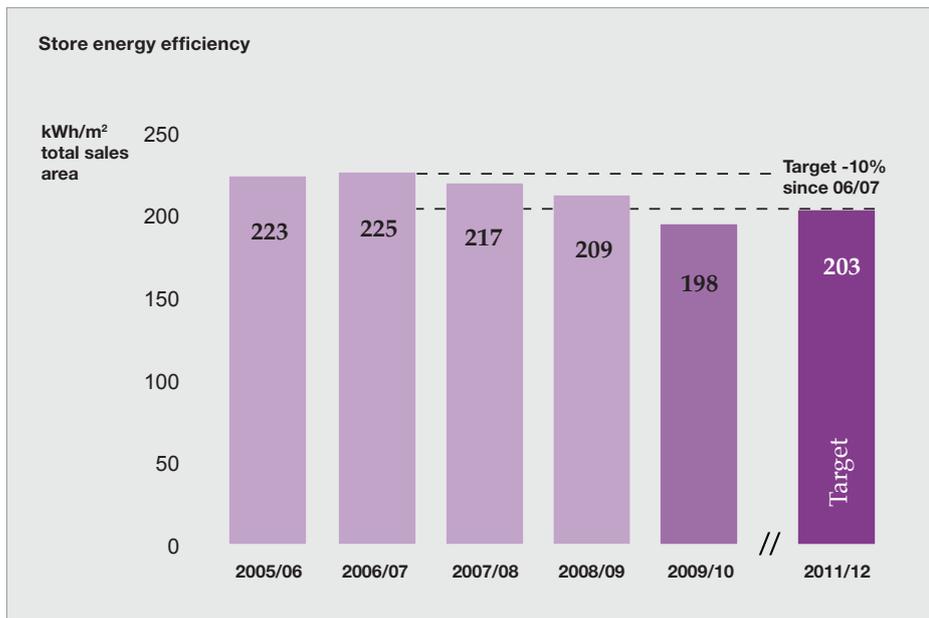


Climate change

Progress

Energy efficiency

Our target is to reduce our store energy use (kWh/m² total sales area) by 10% by 2011/12 (from the 2006/07 baseline). We have achieved a 12% improvement since 2006/07 (and a 5% improvement over the past year), thereby meeting our target ahead of schedule. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010.



See climate change data for explanatory notes to this chart, page 25.

In order to work out our carbon footprint, we convert energy use figures into CO₂ emissions. Our CO₂ equivalent from store energy per m² of total sales area has fallen by 15% since 2006/07 (and 9% over the past year). These figures differ from the energy efficiency figures because CO₂ emission factors vary by country due to differing energy mixes used for generation.

All our operating companies have energy action plans to drive further progress. We promote the exchange of best practice on energy efficiency through Group Property meetings (attended by the Property directors from our operating companies). For example, the property team in Castorama Russia has received guidance from B&Q UK on ways to improve the energy efficiency of store lighting.

A number of our businesses also use sophisticated energy monitoring systems to enable them to benchmark energy efficiency across their stores and identify potential areas for improvement. B&Q UK sends out monthly performance league tables to regional managers to encourage improvement. Screwfix installed automatic metering systems across its Trade Counters (stores) during 2009. Castorama France is rolling out a new energy and water monitoring system (to be completed by the end of May 2010) and is training store security managers to monitor efficiency. Koçtaş in Turkey has used detailed energy data to prioritise investment in energy-saving initiatives.



Highlights

12%

Reduction in store energy use per m² of total sales area since 2006/07, meeting our target ahead of schedule

Zero

Carbon objectives set by B&Q UK for 2012 (new stores) and 2023 (existing stores)

20,000

Leaflets on climate change distributed to Castorama France's employees and customers



Climate change

Progress

A key focus area has been to reduce electricity used for store lighting. For example, B&Q UK rolled out a half-lighting solution across 40 stores in 2009, following a trial in 2008. This involved the installation of photocells and a dimming system which switches to half lighting when there is sufficient daylight. These initiatives have been carefully designed to not compromise the store ambience or health and safety requirements. B&Q China had put in place more efficient store lighting across 28 of the 41 stores by the end of 2009. Screwfix has installed movement sensors for lighting in certain areas of the Stafford distribution centre, which are expected to save £40,000 per year in energy costs.

At Koçtaş in Turkey, solar reflective ceramic paint has been applied to the roofs of six stores – leading to energy savings of around 20% per store. This energy-saving initiative is now included in the building specification for new stores.

Low-carbon energy

Improving our energy efficiency is an important first step in reducing our overall carbon footprint. However, we will need to switch to lower carbon energy sources in order to achieve more ambitious carbon reductions in the future. Although there have been some advances in renewable energy technologies over the past few years, they generally require significant investment upfront and have a long payback period. Across the Group, we have incorporated a number of different renewable energy technologies into new stores (which has been partly driven by planning regulations), but there has been limited roll-out of renewables across our existing estate.

B&Q UK aims for energy use in all new stores to be 'zero carbon' from 2012 and for all electricity for existing stores to be 'zero carbon' by 2023. It has committed to achieving this through energy efficiency measures and use of renewable energy (either generated on-site or purchased from a dedicated off-site source which must represent new renewable energy). The company's store in New Malden, Surrey (which opened in January 2009) incorporates a range of green technologies including solar thermal water heating, 108 underground boreholes for heating and cooling, rainwater harvesting and a green roof. In February 2009, a 2MW wind turbine became operational at the distribution centre in Worksop, which supplies approximately 30% of the building's required energy. The company has incorporated plans for biomass heating into the new head office building (opening in 2011) and is carrying out a study with the Carbon Trust into the feasibility of extending biomass technologies across existing stores.

Castorama France has set an objective to cut carbon emissions from new stores by 50% by 2012 (compared with average carbon emission levels across the estate during 2009). The store in Corneilles-en-Parisis, near Paris (which opened in 2008), incorporates a range of renewable energy technologies including more than 2,000m² of solar panels, an underground heat pump system for heating / cooling and a rainwater collection system. The store's overall energy performance is 31% better than the regulatory standard for commercial buildings. The plans for a new store in Quimper, south-west Brittany (due to open in 2011) include solar panels and a green roof for the building yard.

Brico Dépôt Spain has installed solar thermal water heating at seven of its 16 stores, in line with national legislation. At Brico Dépôt France, new stores also have solar thermal water heating, including those in Strasbourg, Pamier, Cesson and Rodez. Castorama Poland has a ground source heat pump at one store and is considering installing this technology in other stores. Koçtaş in Turkey has conducted a feasibility study into use of solar photovoltaic panels and plans to incorporate a ground source heat pump into the new store at Fethiye (opening in 2010).



Climate change

Progress

Climate change risks

In 2008, we worked with the Carbon Trust and Enviros on a study to formally identify the key climate change risks and opportunities for our business, including regulatory, physical and other risks / opportunities.

The continuing increase in energy prices is one of the key climate change risks for Kingfisher and we seek to minimise costs through our work to improve energy efficiency. The amount spent on energy during 2009/10 was approximately £72 million (0.7% of the Group turnover).

Governments around the world are also increasing regulation to deliver progress against carbon reduction targets. For example, in the UK, the Carbon Reduction Commitment Energy Efficiency Scheme began in April 2010. We have registered to participate in this carbon trading scheme, which is expected to provide a further financial incentive for us to make energy reductions. In France, our businesses are also working to comply with new regulations which set specific requirements for improving the energy efficiency of new buildings.

We have also identified physical risks to our business associated with changes in the weather and rising sea levels. These impact on our operations in three main ways: physical impacts on our stores (e.g. flooding), changing customer demand for certain products (due to changes in the climate) and the impact on our supply chain (e.g. sourcing of raw materials, production and transport). Our approach is to manage these risks through specific measures such as flood mapping and strategic sourcing strategies. In early 2010, we signed up to a climate change risk atlas which helps our businesses identify climate change risks in specific regions and locations.

As well as seeking to minimise risks, we are working to maximise business opportunities from the growing market for energy-saving products (see business opportunities, page 90).

We participate in the annual Carbon Disclosure Project (CDP) questionnaire and our response includes further details on how we are addressing key risks and opportunities. Visit www.cdproject.net.

Raising awareness of climate change

B&Q China and Castorama France have participated in Earth Hour, a global campaign organised by the environmental organisation WWF, to encourage people across the world to switch off their lights for one hour and help raise awareness of climate change. During the March 2010 Earth Hour campaign, both B&Q China and Castorama France switched off all external lights across stores during the 60-minute period. Castorama France donated hundreds of candles for the switch-off event at the Eiffel Tower (used to illuminate the number 60 in front of the tower). A leaflet for employees about Earth Hour was also produced by Castorama France (see employee engagement section for further details, page 54).

In the run-up to the international climate change talks in Copenhagen in December 2010, Kingfisher signed the Copenhagen Communiqué, calling on international leaders to agree a strong framework on climate change. Kingfisher's Chief Executive, Ian Cheshire, took part in TV and radio interviews to raise the profile of the Communiqué. A number of our businesses, including B&Q China and the Kingfisher Sourcing Organisation, wrote to suppliers to encourage them to sign up. Castorama France also worked with WWF to publish a leaflet on climate change for employees and customers, with 20,000 copies distributed.

Ian Cheshire also helped launch a new campaign to persuade British companies to stop wasting energy. The 'Best Advice' campaign aims to encourage businesses to cut their energy use through a carbon survey conducted by the Carbon Trust.



Climate change

Targets

Target

10%

Reduction by 2011/12

Reduce store energy consumption per m² of total sales area by 10% by 2011/12 (against the 2006/07 baseline).

Progress against target – 2009/10

12%

Reduction – exceeding target

We achieved a 12% reduction since 2006/07, meeting our target ahead of schedule. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010.

All operating companies have energy action plans to drive forward improvement.

 **Achieved / On track**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Climate change

Data

Key performance indicator

	2005/06	2006/07	2007/08	2008/09	2009/10
Store energy efficiency (kWh/m ² of total sales area)	223	225	217	209	198

Detailed data

	2005/06	2006/07	2007/08	2008/09	2009/10
Stores					
Store energy use (GWh)	1,000	1,042	1,072	1,126	1,094
CO ₂ equivalent from store energy use (tonnes)	369,764	395,550	409,130	430,941	399,864
CO ₂ equivalent from store energy use (kg CO ₂ equivalent/m ² of total sales area)	82.4	85.3	83.0	79.8	72.3

Dedicated distribution centres

	Unit	2006/07	2007/08	2008/09	2009/10
Distribution centre energy use (GWh)	u/a	u/a	u/a	72	57
CO ₂ equivalent from distribution centre energy use (tonnes)	u/a	u/a	u/a	30,488	23,309

Offices

Office energy use (GWh)	u/a	u/a	u/a	31	31
CO ₂ equivalent from office energy use (tonnes)	u/a	u/a	u/a	12,227	11,235

Total energy use (stores, dedicated distribution centres, offices)

Total energy use (GWh)	u/a	u/a	u/a	1,229	1,182
CO ₂ equivalent from total energy use (tonnes)	u/a	u/a	u/a	473,656	434,408

Notes:

- In 2009/10, 66% of energy used was from indirect sources (electricity) and 33% was from direct sources (e.g. natural gas, gas oil, diesel, LPG).
- Total sales area includes internal and external sales areas.
- We have gathered data on store energy use for the past five years. In 2008/09, we extended the scope of our data collection to include energy use in dedicated distribution centres and offices.
- Data was reported from all our operating companies and joint ventures. However, some estimates have been made for Castorama Russia and Castorama Poland in 2008/09.
- We report environment data for the Kingfisher financial year (1 February 2009 to 31 January 2010). However, some of our businesses did not receive energy data for the last month of the financial year before the deadline for our CR Report. Therefore, in such cases we have included data for the 12 month calendar year (this includes B&Q UK store energy data in 2009).
- u/a – unavailable
- See our carbon footprint for more information on our CO₂ equivalent emissions and our calculation methodology, page 41.

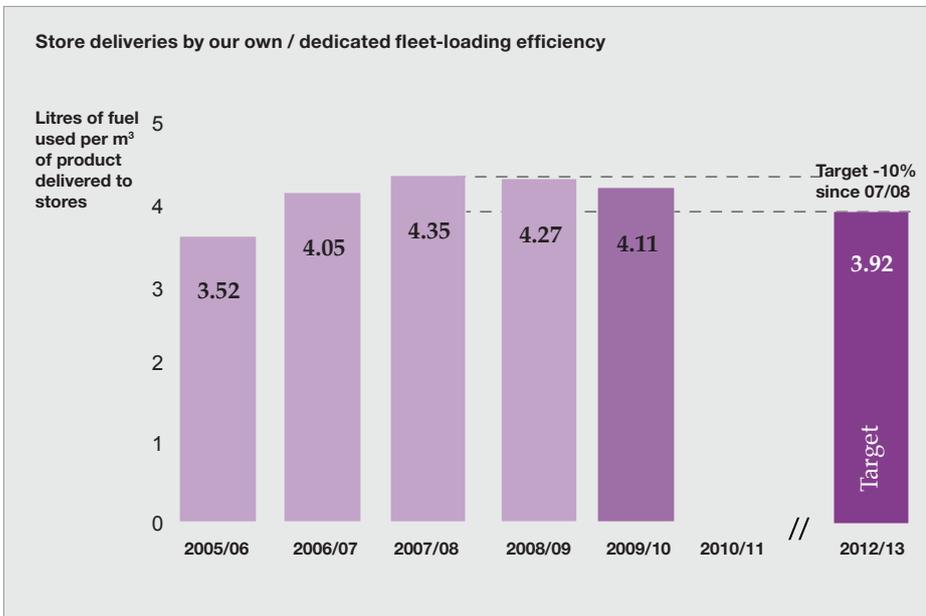


Transport

Progress

Store deliveries

Our target is to achieve a 10% reduction in litres of fuel used per m³ of product delivered to stores by our dedicated product delivery fleets by 2012/13 (against the 2007/08 baseline). We have achieved a 6% reduction since 2007/08 (and a 4% reduction over the past year). The target applies to our businesses which have dedicated fleet vehicles (B&Q UK, Castorama France and Screwfix). Our other businesses use third-party non-dedicated contractors for store deliveries. Some deliveries are also made to stores directly by suppliers.



See transport data for explanatory notes to this chart, page 29.

Our UK businesses, B&Q UK and Screwfix, account for 93% of Group fuel use. They have a range of ongoing measures in place to minimise fuel consumption, e.g. route planning software, modifications to lorries to reduce wind resistance and driver training on fuel-saving techniques. At B&Q UK, new initiatives over the past year have included a decrease in the speed at which the fleet can travel to reduce fuel use, and the introduction of 110 double deck trailers to maximise the load carried per vehicle. A further 90 double deck trailers will be rolled out in 2010. These measures have helped to achieve a 6% reduction in litres of fuel used per m³ of product delivered by the B&Q UK fleet over the past year. During 2009, Screwfix has upgraded the automatic gear boxes on lorries to improve fuel efficiency. It has also worked with its transport contractor to introduce new loading equipment to maximise vehicle fill for the home delivery vans.

During 2009, Castorama France asked fleet contractors to sign up to the French Energy and Environment Agency (ADEME) charter on reducing CO₂ from transport. This requires them to set targets and action plans to reduce their environmental impact. The company is also working to increase deliveries via rail or water. For example, the logistics centre in Chartres, near Paris, is connected to the railway network and has been located close to the river port in order to reduce reliance on road haulage. The use of rail and shipping alternatives has helped to save the equivalent of around 500 truckloads per month.

Over the past two years, our businesses have progressively rolled out new vehicles with cleaner engines, and 100% of vehicles now meet the Euro 4 air emission standard or exceed it (93% in 2008/09; 54% in 2007/08).

Highlights

6%

Reduction in litres of fuel used per m³ of product delivered to stores since 2007/08

110

Double deck trailers introduced by B&Q UK – reducing litres of fuel used per m³ of product delivered

Car sharing

Website for customers and employees launched by Castorama France



Transport

Progress

A number of our operating companies, including B&Q China, Brico Dépôt France, Castorama Poland and Koçtaş, work with suppliers to consolidate deliveries to stores through use of cross-docking facilities. Action plans to reduce the environmental impact of haulage are in place across all our businesses (including those with dedicated fleets and those that use third-party non-dedicated fleets).

In order to understand our carbon footprint, we gather data for most of the transport activities we directly influence, including dedicated fleet deliveries to stores and customer homes, third-party non-dedicated fleet deliveries to stores, and imports by sea and air arranged by the Kingfisher Sourcing Organisation (see carbon footprint data, page 46). In the past year, the total volume of products transported via our dedicated store delivery fleet vehicles has fallen, which has also contributed to a reduction in fuel use and our scope 1¹ CO₂ equivalent emissions from haulage.

A key challenge for the future will be to quantify the carbon footprint associated with the transportation of products into our stores and distribution centres which does not fall under our direct control. A number of our operating companies already have some initiatives to reduce total mileage, e.g. through backhauling, increasing supplier deliveries into regional distribution centres (rather than central distribution centres) and some local sourcing.

Travel plans

Castorama France aims to encourage customers and employees to use greener transport alternatives including car sharing, walking, cycling and public transport. The company worked with the environmental organisation WWF to launch a car-sharing website in January 2010 (www.castorama.fr/covoiturage). It enables users to enter their journey details and match up car drivers and passengers. The website is aimed at both employees and customers and allows users to search by specific Castorama stores. The service is run in partnership with the national car-sharing service at www.covoiturage.fr and information on journeys is shared across both sites. To encourage cycling, the company is providing bike shelters in new stores.

B&Q UK has a Travel Plans policy which encourages employees to travel to work by alternative means. Most new stores are required to adopt formal Travel Plans in order to meet planning consents, although a number of stores do this on a voluntary basis. In total, around 40 stores in the UK have an active Travel Plan, as does B&Q's central office (known as the Store Support Office). In late 2009, B&Q UK rolled out a 'Responsible Travel Guide' to all the other stores to encourage alternative modes of transport across the entire store estate.

Business travel

In 2009/10, we collected data for the first time on CO₂ equivalent emissions from business travel by road. We also record data on CO₂ equivalent emissions from air travel and have achieved an 18% reduction over the past year, due to initiatives within a number of our businesses to reduce air travel. For example, Brico Dépôt France's travel policy requires employees to take trains instead of planes for short journeys (i.e. trips of less than 2 hours 30 minutes). B&Q UK has a target to achieve a 50% cut in flights within Great Britain by 2012.

B&Q UK also has a CO₂ emissions cap for company cars and provides a financial incentive to promote car sharing (employees are entitled to a passenger allowance for each additional employee sharing the same business trip with them).

1 The WRI / WBCSD Greenhouse Gas Protocol identifies three categories of greenhouse gas emissions: scope 1 (direct emissions), scope 2 (energy indirect emissions i.e. electricity) and scope 3 (other indirect emissions). See our carbon footprint data for further details of the three categories, on page 46.



Transport

Targets

Target

10%

Reduction by 2012/13

Achieve a 10% reduction in litres of fuel used per m³ of product delivered to our stores by our dedicated delivery fleets by 2012/13 (against the 2007/08 baseline).

Progress against target – 2009/10

6%

Reduction

We have achieved a 6% reduction since 2007/08.

At B&Q UK, new initiatives over the past year have included a decrease in the speed at which the fleet can travel to reduce fuel use, and the introduction of 110 double deck trailers to maximise the load carried per vehicle. Screwfix has upgraded the automatic gear boxes on lorries to improve fuel efficiency.

 **Achieved / On track**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Transport

Data

Key performance indicator

Store deliveries by our own / dedicated fleet vehicles

	2005/06	2006/07	2007/08	2008/09	2009/10
Loading efficiency (litres of fuel used per m ³ of product delivered to stores)	3.52	4.05	4.35	4.27	4.11

Detailed data

Store deliveries by our own / dedicated fleet vehicles

	2005/06	2006/07	2007/08	2008/09	2009/10
Diesel (thousand litres)	13,364	18,010	19,965	17,336	14,956
CO ₂ from diesel (thousand tonnes)	36	48	53	46	40
Distance travelled (thousand km)	43,483	56,411	64,559	56,353	48,293
Volume delivered (thousand m ³)	3,801	4,445	4,594	4,063	3,641
Vehicles (number)	294	273	305	266	288
Vehicles meeting Euro 4 or higher standards (% of vehicles)	0	0	54	93	100
Fuel efficiency (km travelled per litre of fuel used)	3.25	3.13	3.23	3.25	3.23

Notes:

- Transport data covers deliveries from distribution centres to stores made by Kingfisher's dedicated fleets. In 2009/10, three operating companies had dedicated fleets – Screwfix (100% of store deliveries), B&Q UK (approximately 70%) and Castorama France (approximately 25%).
- We have used the CO₂ emission factors for transport published by the UK government (DEFRA).
- Castorama France has estimated data on diesel from distance travelled.
- See carbon footprint for data on CO₂ emissions from home deliveries (dedicated fleet) and third-party non-dedicated fleet deliveries, page 46.



Transport

Data

Business travel

	2005/06	2006/07	2007/08	2008/09	2009/10
Business travel by air					
Flights (number)	u/a	u/a	u/a	42,901	40,634
CO ₂ equivalent from business travel by air (thousand tonnes)	u/a	u/a	u/a	7	6
Business travel by road					
CO ₂ equivalent from business travel by road (thousand tonnes)	u/a	u/a	u/a	u/a	6
Business travel total (air and road)					
CO ₂ equivalent from business travel by air and road (thousand tonnes)	u/a	u/a	u/a	u/a	12

Notes:

- We have gathered Group data on business travel by air for the past two years (2008/09 and 2009/10) and business travel by road for the past year (2009/10).
- Data on business travel by air was collected from operating companies and joint ventures which account for 88% of Group turnover in 2009/10 (89% in 2008/09).
- Data on business travel by road was collected from operating companies and joint ventures which account for 84% of Group turnover in 2009/10.
- We have used the CO₂ equivalent emission factors for transport published by the UK government (DEFRA).
- The number of flights comprises 18,853 short-haul flights, 19,470 medium-haul flights and 2,311 long-haul flights.
- In 2008/09, data on CO₂ equivalent emissions from business travel by air was calculated from the number of short-haul, medium-haul and long-haul flights (based on average distances for the three categories). In 2009/10, we used the same methodology except in our UK operations (B&Q UK, Kingfisher corporate head office and Screwfix), where we calculated the data from the actual passenger-km travelled for short-haul, medium-haul and long-haul flights (which gives a more accurate CO₂ equivalent figure).
- u/a – data unavailable.



Sustainable materials & water

Progress

Eco stores

We aim to use materials and water in a responsible and efficient way and to seek sustainable alternatives where possible.

Our new store developments provide a good opportunity to test out new sustainability technologies and demonstrate our commitment to cutting our carbon footprint.

B&Q UK's design specification for new stores includes a range of sustainability criteria such as rainwater harvesting, solar thermal water heating, automatic roof vents (to allow natural ventilation) and natural refrigerants. For all new developments, B&Q UK aims to achieve an 'excellent' rating under the Building Research Establishment's Environmental Assessment Method (BREEAM). B&Q UK aims for all new stores to be 'zero carbon' from 2012 and has incorporated a range of green technologies into the store in New Malden, Surrey, which opened in January 2009 (see climate change, page 21).

Castorama France has also incorporated sustainability requirements into the design specification for new stores and set an objective to cut carbon emissions from new stores by 50% by 2012 (compared with average carbon emission levels across the estate during 2009). The store in Corneilles-en-Parisis, near Paris (which opened in 2008), has a range of environmental features including a rainwater collection system, more than 2,000m² of solar panels and an underground heat pump system for heating / cooling. The plans for a new store in Quimper, South-West Brittany (due to open in 2011), include a green roof for the building yard and solar panels. In 2010, the company plans to develop eco guidelines on store construction.

Our Group Property meetings promote the exchange of best practice on sustainability technologies for new stores.

Goods-not-for-resale

Our businesses purchase a range of goods-not-for-resale (GNFR) such as office supplies, uniforms, cleaning products and materials used in construction. In January 2010, Kingfisher issued GNFR Sustainable Purchasing Guidelines, which provide guidance for our businesses on how our CR and ethical sourcing policies should be integrated into purchasing decisions.

B&Q UK, Brico Dépôt France and Castorama France have now incorporated sustainability criteria into their GNFR procurement policies. At B&Q UK, a new supplier assessment procedure has also been introduced for GNFR suppliers.

Water use

Our total water use in 2009/10 was 1.5 million m³. Over the past year, a number of our businesses have improved their data collection systems on water use, enabling us to calculate our Group-wide store water efficiency for the first time this year. This is 264 litres per m² of total sales area. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010 and aim to set a Group-wide water efficiency target.



Highlights

Water

264 litres per m² of total sales area – 1st year we have calculated our Group-wide store water efficiency

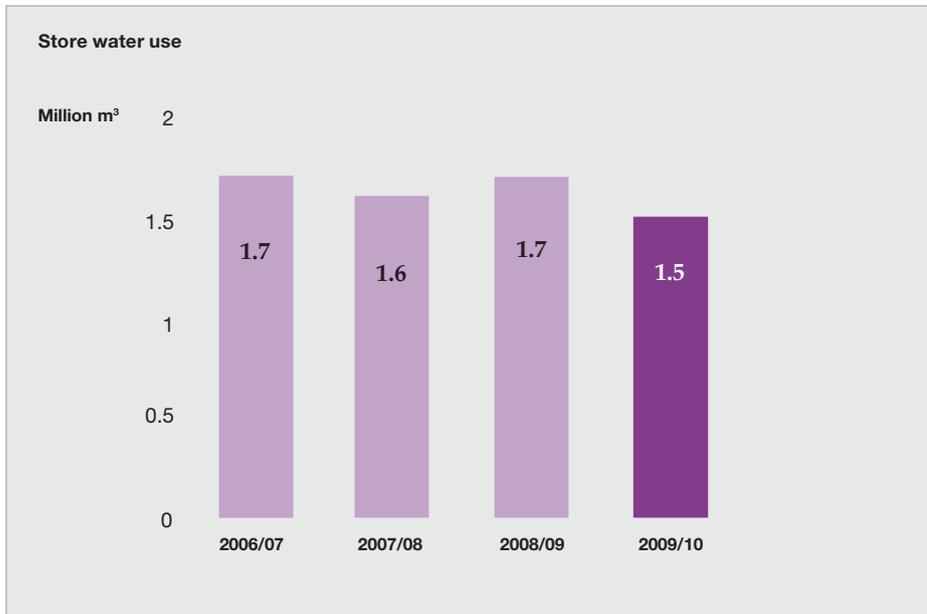
Eco stores

A range of green technologies incorporated into new stores at B&Q UK and Castorama France



Sustainable materials & water

Progress



See water data for explanatory notes to this chart, page 34.

Our Steps programme requires our operating companies to develop water efficiency targets and demonstrate improvement in efficiency by 31 January 2011 (note that Brico Dépôt Spain and Castorama Russia have an extra year). B&Q UK and Castorama France have already met these requirements. Eight of our nine businesses have water efficiency action plans to drive forward progress. Castorama Poland has not yet developed an action plan, but we will be working to ensure this is in place over the next six months.

- B&Q UK has a target to improve store water efficiency per m² of internal sales area by 10% by 2011/12, from a baseline of 2007/08. Although the total water consumption has increased since 2007/08, the company has achieved a 2% reduction since the baseline. The company is working to develop best practice guidelines for stores on water use. A questionnaire to identify examples of good practice has been completed by 172 stores.
- Castorama France has a target to improve store water efficiency by 10% by 2012, from a baseline of 2009. A new water monitoring system is being rolled out across all stores (to be completed by the end of May 2010) to help spot leaks faster and identify areas for improvement.

In stores with garden centres, the most significant use of water is for irrigation. B&Q UK has committed to reducing water use by installing rainwater collection systems in new stores. Five stores now have rainwater collection systems and the company put in place its first green roof (450 m²) at the new store in New Malden. A number of other operating companies are also trialling the use of rainwater collection systems.

At Koçtaş in Turkey, the hot climate means that water conservation is a key sustainability issue for the company. All new stores incorporate rainwater collection systems and waterless urinals.



Sustainable materials & water

Targets

Target

Water

improvements by 31 January 2011

All operating companies to develop water efficiency targets and demonstrate improvement in efficiency by 31 January 2011.*

Progress against target – 2009/10

2

2 out of 9 businesses achieved

B&Q UK and Castorama France have already met these requirements. Eight of our nine businesses have water efficiency action plans to drive forward progress.

 **Some progress**

** This is a Steps 'policy target' requirement and needs to be achieved by our operating companies by 31 January 2011 (Brico Dépôt Spain and Castorama Russia have an extra year).*

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Sustainable materials & water

Data

Key performance indicator

	2005/06	2006/07	2007/08	2008/09	2009/10
Store water efficiency (litres/m ² of total sales area)	u/a	u/a	u/a	u/a	264

Detailed data

	2005/06	2006/07	2007/08	2008/09	2009/10
Store water use (million m ³)	u/a	1.7	1.6	1.7	1.5

Notes:

- Store water data is collected from a combination of meter readings and cost.
- We have progressively extended the scope of our data collection. In 2009/10, data was collected from all our operating companies and joint ventures. In previous years, data was collected from operating companies and joint ventures which accounted for the following percentage of Group turnover: 69% in 2008/09, 72% in 2007/08, 70% in 2006/07. Estimates were made for the unreported element in previous years.
- We have reported store water efficiency for the first time in 2009/10. It is not meaningful to calculate this for previous years because the data included estimates.
- u/a – data unavailable.



Waste

Progress

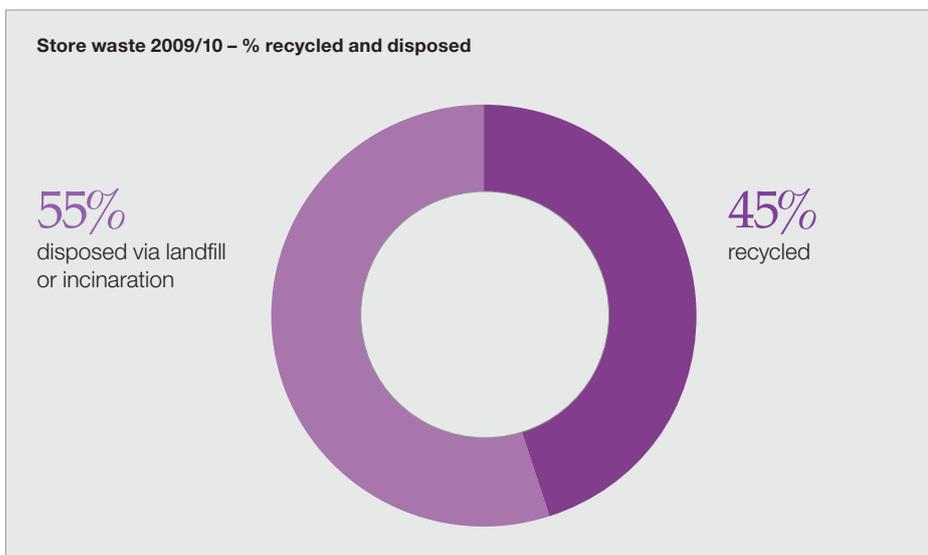
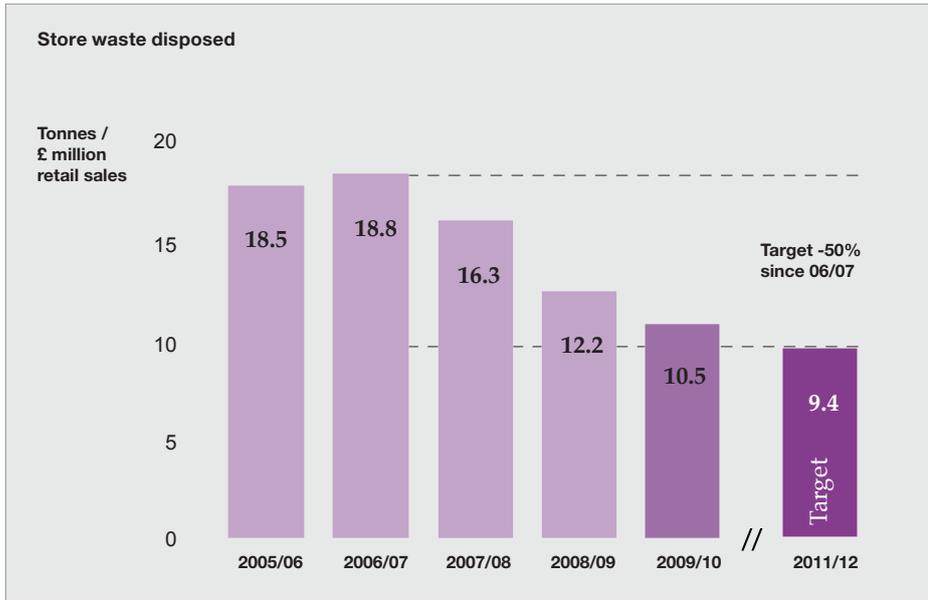
Store waste

We have reduced total store waste disposed by 10% in 2009/10, despite a 5% increase in sales¹. Our businesses recycled 45% of store waste, up from 38% the previous year.

Our five-year target is to reduce store waste disposed per £ million retail sales by 50% by 2011/12 against the 2006/07 baseline. We have achieved a 44% reduction since 2006/07 (and a 14% reduction over the past year).

This improvement has been driven by waste reduction initiatives at our UK and French businesses. Brico Dépôt France and Castorama France have helped to save a combined total of over €3 million (£2.7 million) in 2009/10 through reduced waste disposal costs.

¹ Sales figures are from the Kingfisher Annual Report 2009/10 and calculated at reported exchange rates.



Highlights

10%

Reduction in total store waste disposed in 2009/10

45%

Of store waste recycled in 2009/10 – up from 38% the previous year

84%

Reduction in the number of single use carrier bags at B&Q UK (from a baseline of 2007), equating to 37.5 million individual bags saved

See waste data for explanatory notes to these charts, page 40.



Waste

Progress

Examples of waste reduction initiatives:

- **B&Q UK** has set a target to reclaim, recycle or compost 90% of waste (by weight) by 2012, and aims for no more than 2% of waste (by weight) to be sent to landfill by 2020. To encourage increased recycling, it has removed traditional skips in over 170 stores and replaced them with 1,100 litre wheelie bins. It aims to remove traditional skips from all stores by January 2011. During 2009, the company extended the range of materials it recycles by putting in place new recycling routes across stores for green waste and MDF/treated timber.
- **Brico Dépôt France** aims to achieve a 75% recycling rate by 2012. Initiatives to minimise waste and increase recycling helped to achieve financial savings of €1.4 million in 2009/10. In early 2009, new recycling facilities were introduced across stores. The e-learning tool for employees on sustainability covers waste and recycling. Specific objectives on waste management have been linked to store managers' bonuses. See more about these waste initiatives in the Brico Dépôt France video at www.kingfisher.com/CR_videos.
- **Castorama France** has set a target to increase its recycling rate to 80% by 2012. The company has significantly improved recycling rates over the past two years – from 20% in 2007/08 to 47% in 2009/10. Specific targets on waste segregation have been incorporated into performance reviews and bonus systems for store controllers. In 2009/10, the company saved over €1.6 million as a result of initiatives to reduce waste disposed. See further details in the Castorama France video at www.kingfisher.com/CR_videos.

Moving forward, we now need to work to replicate such initiatives across other Group businesses. During 2009, Castorama Russia set its own ambitious target to achieve an 80% recycling rate by 2012. To help achieve this, it is working to put in place new store recycling facilities, including cardboard bailers.

Plastic bags

In response to environmental concerns surrounding the habitual use of plastic bags within the retail sector, we have set a Group target for all our operating companies to implement measures to reduce the environmental impact of single-use carrier bags by 31 January 2011. We collected Group-wide data for the first time in 2009/10 on usage of plastic bags so we can track progress on this issue. There were around 26.1 million single-use bags distributed in 2009/10.

Seven of our nine businesses now offer a fabric bag for life or reusable plastic bag and a total of around 5.1 million were distributed in 2009/10. Of the remaining two businesses, Koçtaş in Turkey plans to introduce a bag for life in 2010 and Screwfix will not be offering any bags at its Trade Counters (stores) once current stocks expire.

Three operating companies have stopped giving away free plastic bags in-store (Brico Dépôt France, Castorama Poland and B&Q China). In China, this is a legal requirement and plastic bag usage has fallen by around 85% since a fee was introduced in June 2008.

By the end of 2009, B&Q UK had reduced the number of single-use carrier bags by 84% (from a baseline of 2007), equating to 37.5 million individual bags saved. It offers a number of reusable alternatives including a large 'bag for life', a wallpaper bag, and a car boot liner. All profits from the reusable bags are donated to B&Q UK's Job Done! skills for schools programme, to help educate children in basic DIY skills.

A number of our businesses have also switched to lower environmental impact materials for plastic bags. In early 2010, B&Q UK introduced a standard carrier bag made of 100% recycled plastic to further reduce the environmental impact of bags still requested by customers. At Castorama France, the free bags in-store are biodegradable and compostable (made of potato starch).



Waste

Progress

Product disposal

Our European operating companies comply with the EU Directive on Waste Electrical and Electronic Equipment (WEEE). Our UK businesses have joined compliance schemes which fund the provision of local authority collection points for recycling electrical and electronic equipment. All UK stores have introduced take-back facilities for customers to return used batteries, in line with the legal requirements which came into force in January 2010.

The other European businesses also have collection points in stores for customers to return WEEE, in accordance with regulations.



Waste

Targets

Target

50%
reduction by 2011/12

Reduce store waste disposed per £ million retail sales by 50% by 2011/12 against the 2006/07 baseline.

Progress against target – 2009/10

44%
reduction

We have achieved a 44% reduction since 2006/07 (and a 14% reduction over the past year).

This improvement has been driven by waste reduction initiatives at our UK and French businesses. Brico Dépôt France and Castorama France have helped to save a combined total of over €3 million (£2.7 million) through reduced waste disposal costs.

 **Achieved / On track**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Waste

Targets

Target

Reduce impact

of carrier bags by January 2011

Implement measures to reduce the environmental impact of single-use carrier bags in all operating companies by 31 January 2011.

Progress against target – 2009/10

7

7 out of 9 businesses achieved

Seven of our nine businesses now offer a fabric bag for life or reusable plastic bag and a total of around 5.1 million were distributed in 2009/10. Of the remaining two businesses, Koçtaş in Turkey plans to introduce a bag for life in 2010 and Screwfix will not be offering any bags at its Trade Counters (stores) once current stocks expire.

Three operating companies have stopped giving away free plastic bags in store (Brico Dépôt France, Castorama Poland and B&Q China). In China, this is a legal requirement.

A number of our businesses have also switched to lower environmental impact materials for plastic bags. In early 2010, B&Q UK introduced a standard carrier bag made of 100% recycled plastic. At Castorama France, the free bags in-store are biodegradable and compostable (made of potato starch).

 **Achieved / On track**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Waste

Data

Key performance indicator

Store waste disposed

	2005/06	2006/07	2007/08	2008/09	2009/10
Store waste disposed (tonnes / £ million retail sales)	18.5	18.8	16.3	12.2	10.5
Total store waste disposed (thousand tonnes)	143	156	148	124	112

Detailed data

Store waste recycled

	2005/06	2006/07	2007/08	2008/09	2009/10
Store waste recycled (thousand tonnes)	54	53	61	74	91
Store waste recycled (% of total waste generated)	27%	25%	29%	38%	45%

Store recycling - breakdown of materials recycled

	2005/06	2006/07	2007/08	2008/09	2009/10
Wood (thousand tonnes)	27	25	28	34	40
Cardboard / paper (thousand tonnes)	20	21	24	24	28
Plastic (thousand tonnes)	2	2	3	3	3
Metal (thousand tonnes)	2	2	1	1	2
Other (thousand tonnes)	3	3	5	12	18

Carrier bags

	2005/06	2006/07	2007/08	2008/09	2009/10
Single-use carrier bags (million)	u/a	u/a	u/a	u/a	26.1
Reusable bags / bag for life (million)	u/a	u/a	u/a	u/a	5.1

Notes:

- Waste disposed includes non-hazardous and hazardous waste to landfill and incineration. It excludes building rubble / waste.
- We have progressively extended the scope of our data collection. In 2009/10, data was collected from all our operating companies and joint ventures. In previous years, data was collected from operating companies and joint ventures which accounted for the following percentage of Group turnover: 88% in 2008/09, 94% in 2007/08, 58% in 2006/07, 76% in 2005/06. Estimates were made for the unreported element in previous years.

Notes:

- We collected Group-wide data on carrier bags for the first time in 2009/10.
- Our businesses generally record the number of bags distributed to stores during the year (which may be slightly different to the number used by customers during the year).
- u/a – data unavailable.



Carbon footprint

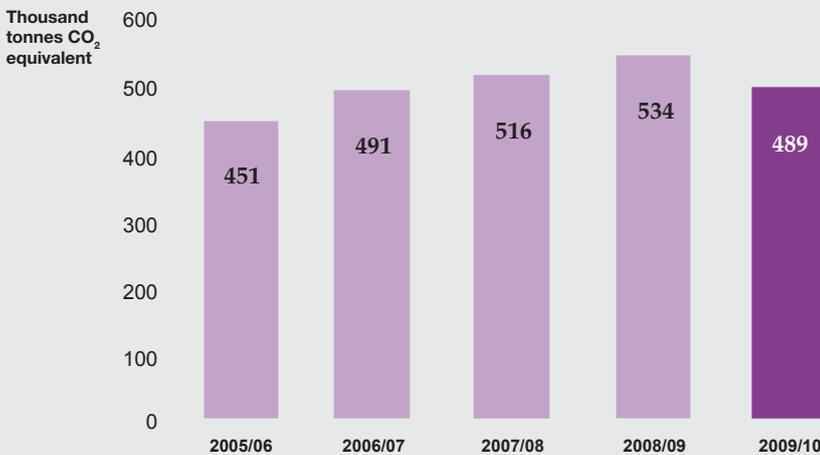
Progress

Direct carbon footprint

Our total carbon dioxide (CO₂) equivalent emissions from energy and transport (scope 1 and 2¹) have decreased by 8% in 2009/10. This has been mainly due to initiatives to reduce energy use (see climate change, page 21). Our total CO₂ equivalent emissions are now at the same level as they were in 2006/07 despite a 26% growth in sales².



Carbon footprint: Kingfisher carbon dioxide (CO₂) equivalent emissions from energy and transport (scope 1 and 2)



See carbon footprint data for explanatory notes to this chart, page 46.

We also measure CO₂ equivalent emissions relative to sales, which gives an indicator of our performance in the context of business growth. Our five-year target is to reduce CO₂ equivalent emissions from energy and transport per £ million retail sales by 20% by 2011/12 against the 2006/07 baseline. We have now achieved a 22% reduction from the 2006/07 baseline, meeting our target ahead of schedule. This has been partly driven by improvements in energy efficiency but also partly due to our strong sales growth in the period. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010 and will seek to establish a more stretching target which is not linked to our sales growth in order to more accurately reflect our actual environmental performance.

¹ The WRI / WBCSD Greenhouse Gas Protocol identifies three categories of greenhouse gas emissions: scope 1 (direct emissions), scope 2 (energy indirect emissions i.e. electricity) and scope 3 (other indirect emissions). See our carbon footprint data for further details of the three categories.

² Sales figures are from the Kingfisher Annual Report 2009/10 and calculated at reported exchange rates.

Highlights

8%

Reduction in total CO₂ equivalent emissions from energy and transport in 2009/10

9%

Reduction in CO₂ equivalent from store energy use per m² of total sales area in 2009/10

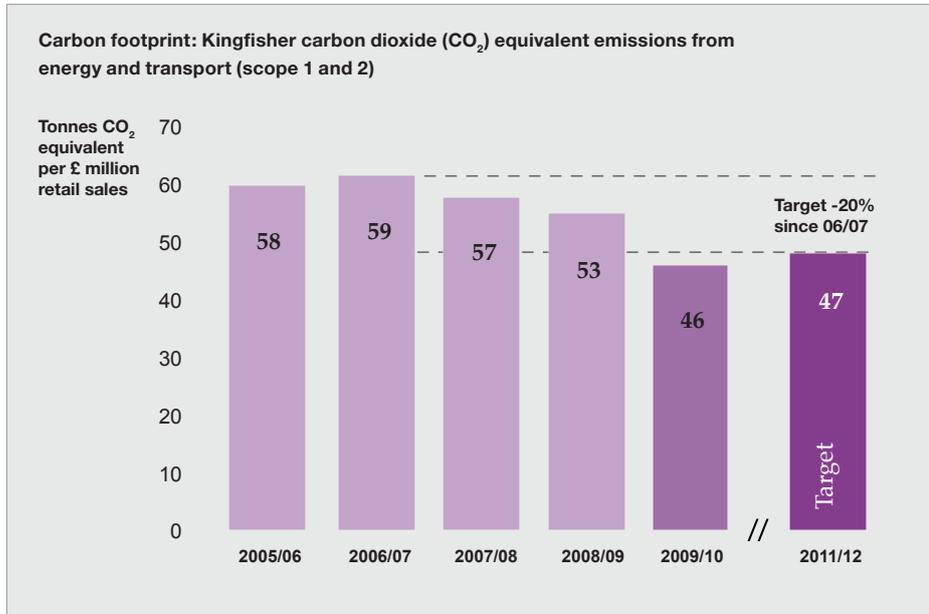
90%

B&Q UK has an ambition to reduce its direct CO₂ emissions by 90% by 2023 (from 2006/07)



Carbon footprint

Progress



See carbon footprint data for explanatory notes to this chart, page 46.

In accordance with its strategy to become a One Planet Living® business, B&Q UK has an ambition to reduce its direct CO₂ emissions by 90% by 2023 (from 2006/07). It has set an interim target to reduce direct CO₂ emissions by 20% by 2012/13 (from 2006/07) and has calculated that it has already achieved a 16% reduction. The B&Q UK target covers direct CO₂ emissions from store energy, transport (haulage and business travel), waste, water and effluent. In 2009, Castorama France worked with the French Energy and Environment Agency (ADEME) to identify and measure its carbon footprint. Following this project, it set a target to reduce its total carbon footprint by 20% over a three-year period (2009-2012).

Our dedicated store delivery fleets account for 8% of our total CO₂ equivalent emissions from energy and transport. There has been a 6% improvement in the efficiency of our dedicated store delivery fleets (litres of fuel used per m³ of product delivered to stores) since our transport target baseline of 2007/08 (see transport, page 26). The total CO₂ equivalent emissions from this source have fallen by 17% since 2006/07 (and 13% over the past year) which is also due to a reduction in the total volume of products transported via dedicated delivery.

We also calculate our carbon footprint arising from other indirect activities (i.e. scope 3 emissions¹, including waste, water use and effluent, business travel, third-party non-dedicated fleet deliveries and exports arranged by the Kingfisher Sourcing Organisation). Over the past year, we have cut CO₂ equivalent emissions from waste by 10% (see waste, page 35) and business travel by air by 14% (see transport, page 26). In 2009/10, we extended the scope of our data to include business travel by road. The CO₂ equivalent emissions from third party non-dedicated fleets have increased due to a greater volume of products delivered via this route.

¹ The WRI / WBCSD Greenhouse Gas Protocol identifies three categories of greenhouse gas emissions: scope 1 (direct emissions), scope 2 (energy indirect emissions i.e. electricity) and scope 3 (other indirect emissions). See our carbon footprint data for further details of the three categories.



Carbon footprint

Progress

In 2009/10, we emitted a total of around 613,000 tonnes of CO₂ equivalent (i.e. scope 1, 2, 3¹) – equivalent to the annual CO₂ arising from energy use in around 108,000 UK households³.

Our key focus to date has been on reducing the carbon emissions from our own operations. We recognise that we also need to look beyond our own operations to the impacts associated with the sourcing of our products and customer use of our products (see section below on carbon footprint in our supply chain).

Kingfisher and B&Q UK have signed up to the UK's 10:10 campaign to reduce emissions in 2010. Visit the 10:10 website for more information

Carbon footprint in our supply chain

The following table summarises the main sources of CO₂ equivalent emissions arising from our business.

Kingfisher's suppliers	Kingfisher's own operations	Kingfisher's customers
<ul style="list-style-type: none"> – Sourcing of raw materials – Manufacture of products – Haulage – distribution of products to Kingfisher 	<ul style="list-style-type: none"> – Buildings – stores, distribution centres and offices – Haulage – distribution / transportation of products – Business travel and staff commuting 	<ul style="list-style-type: none"> – Use and disposal of Kingfisher's products – Customer transportation from stores to homes

Our key focus is on reducing the impact of our own operations. However, we also recognise that we can play an important role in influencing suppliers and customers to cut carbon emissions associated with the sourcing and end-use of our products. Our eco product ranges include a wide range of products designed to help customers save energy, e.g. low-energy lighting, insulation, renewable energy technologies and energy-efficient appliances (see product design, page 4).

Our businesses source thousands of products through a complex supply chain and we therefore need to find a way of prioritising our efforts by identifying the areas in our supply chain with the greatest carbon footprint. In 2010, we aim to review the feasibility of calculating CO₂ emissions in our supply chain, in line with UK government guidance on how to measure and report on greenhouse gas emissions.

At Group level, we have carried out environmental life-cycle assessments for seven popular products sold across our businesses, which seeks to quantify the carbon footprint and other environmental impacts associated with production, distribution, use and end-of-life of the products. Eco-design guidelines will be produced on ways to reduce these impacts (see product design, page 4).



Carbon footprint

Progress

In November 2009, a research project was launched with the British Council in China to start to address the carbon footprint in our supply chain. The project is a collaboration between Kingfisher, B&Q UK and B&Q China and involves students from seven universities across the UK and China. Three specific pieces of research are planned to commence in 2010 (one in the UK and two in China):

- In the UK, research will be conducted into the feasibility of replacing virgin plastic with recycled materials in one of our key product lines.
- In China, one of the projects is to engage with two of our major suppliers on the carbon footprint associated with their products and packaging; the other is to review and improve the eco product range in China to help customers reduce their impact on climate change.

B&Q UK participated in a project run by the UK government Department for Business, Innovation and Skills (BIS) and the Carbon Trust aimed at encouraging UK-registered manufacturing suppliers to sign up to a free Carbon Trust online seminar on ways to save energy. B&Q UK contacted 25 suppliers of which five participated in the online seminars during December 2009 and January 2010.

1 The WRI / WBCSD Greenhouse Gas Protocol identifies three categories of greenhouse gas emissions: scope 1 (direct emissions), scope 2 (energy indirect emissions i.e. electricity) and scope 3 (other indirect emissions). See our carbon footprint data for further details of the three categories, page 46.

2 Sales figures are from the Kingfisher Annual Report 2009/10 and calculated at reported exchange rates.

3 This is calculated assuming 5,684 tonnes of CO₂ arise from energy use in an average UK household. Source: UK government Department of Energy & Climate Change: Act on CO₂ Calculator – Data, Methodology and Assumptions Paper, Version 2.0, November 2009.



Carbon footprint

Targets

Target

20%

Reduction by 2011/12

Reduce CO₂ emissions from energy and transport per £ million retail sales by 20% by 2011/12 (against the 2006/07 baseline).

Progress against target – 2009/10

22%

Reduction – exceeding target

We achieved a 22% reduction from the 2006/07 baseline, meeting our target ahead of schedule. This is partly driven by improvements in energy efficiency but also partly due to our strong sales growth in the period. We are working with the independent sustainability experts Forum for the Future to develop new targets in 2010 and will seek to establish a more stretching target which is not linked to our sales growth in order to more accurately reflect our actual environmental performance.

 **Achieved / On track**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Carbon footprint

Data

Key performance indicator

	2005/06	2006/07	2007/08	2008/09	2009/10
Carbon footprint: Total Kingfisher carbon dioxide (CO ₂) equivalent emissions from energy and transport – scope 1 and 2 (thousand tonnes)	451	491	516	534	489
Carbon footprint: Kingfisher carbon dioxide (CO ₂) equivalent emissions from energy and transport – scope 1 and 2 (tonnes per £ million retail sales)	58	59	57	53	46

Detailed data

Carbon footprint: Kingfisher carbon dioxide (CO₂) equivalent emissions from energy and transport (scope 1 and 2)

	2005/06	2006/07	2007/08	2008/09	2009/10
Scope 1 activity – direct CO₂ equivalent emissions					
Buildings: fuel consumption, e.g. gas and oil (thousand tonnes)	68	71	72	81	75
Haulage: own / dedicated fleet deliveries from distribution centres to stores (thousand tonnes)	36	48	53	46	40
Haulage: home deliveries by own / dedicated fleet (thousand tonnes)	12 E	13 E	15	14	14
Total scope 1 activity (thousand tonnes)	116	132	140	141	129
Scope 2 activity – indirect CO₂ equivalent emissions from electricity					
Buildings: electricity (thousand tonnes)	335	359	376	393	360
Total scope 2 activity (thousand tonnes)	335	359	376	393	360

Notes:

- E – estimated data. We have progressively extended the scope of our data and have made estimates for the years where we did not collect data to enable a like-for-like comparison over our five-year reporting period (the estimates are based on the first year that data was collected).
- Our data on buildings' fuel consumption and electricity covers stores, dedicated distribution centres and offices for 2008/09 and 2009/10. In previous years, we collected data for stores only and we have made estimates for offices and dedicated distribution centres (based on data for 2008/09).
- The data is reported in line with the WRI / WBCSD Greenhouse Gas (GHG) Protocol, which identifies three categories of greenhouse gas emissions: scope 1 (direct emissions), scope 2 (energy indirect emissions i.e. electricity) and scope 3 (other indirect emissions).
- The majority of data is for greenhouse gas emissions – referred to as CO₂ equivalent – which includes carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), except where indicated below. We have used the CO₂ equivalent emission factors published by the UK government (DEFRA), except for waste (see details below).
- The CO₂ emission factors for electricity vary by country due to differing energy mixes used for generation. We have used the 'five-year rolling average' emission factors for each country. The international electricity data is for CO₂ only (since DEFRA do not publish a CO₂ equivalent factor).
- CO₂ from gas is calculated using the gross calorific value.



Carbon footprint

Data

Carbon footprint: Other indirect climate change emissions (scope 3)

	2005/06	2006/07	2007/08	2008/09	2009/10
Scope 3 activity – other indirect CO₂ equivalent emissions					
Buildings: waste (thousand tonnes)	55	60	57	48	43
Buildings: water use and effluent (thousand tonnes)	1 E	1	1	1	1
Business travel: air (thousand tonnes)	6 E	6 E	7 E	7	6
Business travel: road (thousand tonnes)	5 E	5 E	5 E	6 E	6
Haulage: third-party non-dedicated fleet deliveries from distribution centres to stores (thousand tonnes)	10 E	11 E	12	10	22
Haulage: estimated imports arranged by overseas sourcing offices (thousand tonnes)	53 E	57 E	62	47	46
Total scope 3 activity (thousand tonnes)	130	140	144	119	124

Carbon footprint total (scope 1, 2, 3)

	2005/06	2006/07	2007/08	2008/09	2009/10
Total CO ₂ equivalent – scope 1, 2, 3 activity (thousand tonnes)	581	631	660	653	613
Total CO ₂ equivalent – scope 1, 2, 3 activity (tonnes per £ million retail sales)	75	76	73	65	58

Notes (continued):

- The emissions from waste disposed are calculated using a CO₂ emission factor of 384.52 kg CO₂ per tonne of waste disposed – to be consistent with our methodology last year. This is higher than the DEFRA factor of 81 kg CO₂ equivalent per tonne of waste disposed. We have not calculated the CO₂ saved from waste recycled, because emissions factors are not available for open-loop recycling (DEFRA only provide emission factors for closed-loop recycling).
- The CO₂ from water covers both CO₂ from water use and CO₂ from effluent. We have estimated the volume of effluent from the volume of water used.
- Where we use haulage via third-party non-dedicated fleets, data is collected for 88% of operating companies by turnover.
- For further details on the scope of data collection, see sections on climate change, page 25, transport, page 30, waste, page 40, sustainable materials and water, page 34.



Future Homes Goal: to make it easy for our customers to create their homes in a sustainable way

We are encouraging our customers to create sustainable homes through eco marketing campaigns and provision of specialist advice and information.

Summary



Highlights

Eco shops

B&Q UK is introducing eco shops within stores to promote its extensive range of One Planet Home® products

La Maison Éco

Is being rolled out in Castorama France

Eco champions

Castorama France has introduced an eco champion award for the best eco product sales team

Eco Brico

Brico Dépôt Spain launched an Eco Brico logo to promote eco products in-store

Eco-labels

Brico Dépôt France has produced a guide for customers on eco-labels

TV adverts

Koçtaş in Turkey has run its first TV commercials to promote energy-saving light bulbs

The issues

Find out about our progress on key issues relating to our customers.

Engaging our customers

49

Areas for improvement

- Help make sustainable choices easy for customers by providing simple and clear information and advice in an increasingly complex area.
- Develop eco marketing strategies across every operating company, which are tailored to local markets.

Future priorities

- Help to change customer purchasing habits through effective marketing of eco products.
- Dispel the widely held view that eco products are always more costly. In particular, we need to communicate effectively the long-term financial savings from certain eco products such as energy-efficient light bulbs and appliances.



Eco shops within stores

B&Q UK is introducing eco shops within its stores to provide a one-stop shop for customers looking for eco products, information and advice. In the first phase, B&Q's flagship stores in New Malden and Sutton are piloting the full eco shop concept. In a further 44 stores, B&Q is pulling together all its key energy-saving products into one zone within the store.



Engaging our customers

Progress

Marketing eco products

Across the Group we have a number of high-profile marketing drives to boost sales of eco products, including B&Q UK's One Planet Home® and Castorama France's La Maison Éco campaigns. In 2009/10, sales of eco products totalled £1.07 billion – accounting for 10% of total retail sales across the Group (up from 7% the previous year).

We are developing a Group own-label range of eco products which will be progressively rolled out. By using the Group's buying strength, we are driving innovation and reducing prices for customers.

B&Q UK is introducing eco shops within stores in 2010 to promote its extensive range of One Planet Home® products. These will provide a one-stop shop for customers looking for eco products, information and advice. In the first phase, B&Q's flagship stores in New Malden and Sutton are piloting the full eco shop concept. In a further 44 stores, B&Q is pulling together all its key energy-saving products into one zone at the front of the store so customers can easily find everything they need to start slashing their energy bills and reduce their carbon footprint. In addition the company has launched a new eco section on its website (www.diy.com/eco) which allows customers to view and shop for One Planet Home® products. The company is also introducing qualified eco advisers in stores (see employee engagement, page 54).

Castorama France is rolling out the Maison Éco campaign to promote its extensive range of eco products to customers. Information is provided throughout the store – including a special merchandising display at the store entrance, posters in aisles and labels on individual eco products. The company's website includes a Maison Éco section where customers can purchase the full range of eco products online. In order to help motivate employees, Castorama France has introduced an eco champion award for the best eco product sales team.

Brico Dépôt Spain has launched the Eco Brico logo to identify eco products in-store and worked with the Forest Stewardship Council (FSC) Spain on a poster campaign to promote certified timber.

Brico Dépôt France and Koçtaş have developed their own energy-saving logos to enable customers to identify energy-efficient products easily. Koçtaş in Turkey has run its first TV commercials to promote energy-saving light bulbs.

B&Q China has promoted its own-brand range of energy-saving light bulbs by offering a free bulb to customers bringing back their old traditional light bulb.

A range of effective price promotions have been run during 2009. For example:

- Brico Dépôt France's offer on energy-saving spiral light bulbs led to a 30% increase in sales
- B&Q UK ran a three-month price promotion on insulation – leading to a five-fold increase in sales, with 1 million rolls sold at £1. It has sold enough materials to insulate 577,000 homes in the past year.

Information and advice

A key focus for us is to provide information and advice to customers on simple, low-cost solutions that help them reduce the environmental impact of their homes and save money. Some eco products, e.g. energy-saving light bulbs, do cost more but can in fact help consumers save money in the long term. Therefore providing information and guidance is a priority to help change consumer habits.

B&Q UK is introducing City & Guilds qualified 'eco advisers' and 'eco experts' across stores and plans to have over 1,700 qualified eco advisers in place by September 2010 (see employee engagement, page 54). An eco-action calculator is also available on the B&Q UK website (www.diy.com/eco) as well as specific calculators to work out savings from energy-saving lighting and water-efficient products.



Highlights

Eco shops

B&Q UK is introducing eco shops within stores to promote its extensive range of One Planet Home® products

Eco champions

Castorama France has introduced an eco champion award for the best eco product sales team

577,000

B&Q UK has run regular price promotions on insulation, selling enough materials to insulate 577,000 homes during 2009



Engaging our customers

Progress

Castorama France continues to run a series of workshops for customers on how to save energy in the home. These workshops are part of the weekly 'Casto-stages' training courses held for customers in stores every Saturday morning. Around 1,500 people have attended the sessions over the past two years (2008-2009). In addition, an energy efficiency CD-rom is given to customers, enabling them to calculate energy consumption in their homes and find alternative products to reduce their impact. The Maison Éco section of the website contains an interactive eco house with ideas and information on eco solutions.

Brico Dépôt France has produced a guide on the different types of eco-labels found on products, which is available in stores.

Ian Cheshire, Kingfisher's Group Chief Executive, is leading the 'We Will If You Will' initiative (together with Fiona Reynolds, Director General of the National Trust). This is a UK programme aimed at encouraging the mass mobilisation of individuals towards more sustainable lifestyles. It brings together businesses, NGOs and government to deliver change across five themes – the food I eat, the way I run my home, the stuff I throw away, the things I buy and how I get around. Visit www.wewillifyouwill.org for more details.

Eco services

Our businesses can also help customers create more sustainable homes by providing eco services such as home eco audits, eco installation services and eco finance packages.

As part of its trial of eco shops within stores, B&Q UK is offering some new eco-installation services including boiler and solar thermal water heating installations. The company is also trialling 'home eco audits' to help homeowners understand the measures they can implement to cut their home's environmental impact and running costs.

The B&Q UK store in Sutton has been selected as a partner by the UK government in a trial of a new financing scheme for home energy efficiency improvements, known as Home Pay As You Save (PAYS). The government is providing a combination of grants and interest-free loans to 100 households in Sutton to help finance home energy makeovers and B&Q UK is working in partnership with Sutton Borough Council and BioRegional to deliver the energy efficiency improvements. B&Q will carry out a full energy assessment of the Sutton homes involved in the trial, to understand where the owners might be best able to reduce their energy consumption e.g. by improving levels of insulation, increasing draught proofing and introducing solar hot water systems. B&Q will also provide the eco installation services to deliver the improvements.

Market research

We have set a target to research customer attitudes on the environmental / social impacts of retail in all the markets we operate in by 31 January 2011 (in line with the timescales in our Steps programme). Six of our nine businesses (B&Q UK, B&Q China, Brico Dépôt France, Castorama France, Castorama Poland and Castorama Russia) have conducted customer surveys on environmental and social issues. Kingfisher also includes a CR questionnaire on its website.

The research shows there are market opportunities for extending our range of eco products. For example, B&Q commissioned three major pieces of qualitative market research in 2009 to explore customers' changing attitudes to the environment and their homes. The research included in-store interviews, in-home interviews and focus groups in New Malden and Nottingham. It found that customers are becoming more aware of environmental issues and the research has shaped B&Q UK's approach to communicating and developing its eco marketing strategy. A new market research survey in France is underway and will be completed later in 2010. A survey conducted in Russia in August 2009 also found high levels of customer awareness, with over half of the respondents considering the environment when purchasing appliances or home improvement products.



Engaging our customers

Progress

In early 2009, The Future Foundation – a consumer and business trends think-tank – was commissioned by B&Q UK to examine what the future holds for the home improvement industry over the next 40 years. One of the key findings was that increasing numbers of people are turning gardens into functional areas rather than ornamental spaces, with over a quarter of British people growing their own fruit and vegetables, and 36% planning to do so in the next few years. In early 2010, B&Q UK launched a new campaign to promote gardening and its Grow Your Own products, in partnership with the gardening celebrity Alan Titchmarsh. Throughout the growing season, regular expert tips and advice from Alan will appear in a range of in-store leaflets, materials and online at www.diy.com/eco.

Responsible marketing

We need to ensure that the claims our businesses make about the environmental or social benefits of a product are accurate and honest. We have a CR Responsible Marketing Policy Standard and Guidelines for our businesses.

Customer satisfaction

Our businesses conduct regular customer satisfaction surveys and have procedures in place to respond to customer enquiries, suggestions and complaints.

Store accessibility

Our Steps programme requires our businesses to include criteria on accessibility for disabled customers and employees within their store design specification.

A range of specific products are also available to help meet the needs of disabled or vulnerable customers (see product design, page 4).

Safe use and disposal of products

Our businesses include safety labels on products such as solvents and paints to provide guidance on and encourage safe use and disposal.

Our European businesses also provide guidance for customers on how to return waste electronic and electrical equipment (WEEE) for recycling. For example, Screwfix provides detailed information on such recycling procedures in its catalogue and on its website.



Engaging our customers

Targets

Target

Research

Customer attitudes by January 2011

Research customer attitudes to environmental / social impacts of retail in all markets we operate in by 31 January 2011.*

Progress against target – 2009/10

6

6 out of 9 businesses achieved

Six of our nine businesses (B&Q UK, B&Q China, Brico Dépôt France, Castorama France, Castorama Poland and Castorama Russia) have conducted customer surveys on environmental and social issues. Kingfisher also includes a CR questionnaire on its website.



Achieved / On track

** This is in line with the timescales in our Steps programme.*



Target achieved or on track to meet target (assessment based on past performance)



Some progress, but further work required to achieve the target



Target not achieved or no/little progress to date



Future Homes Goal: to engage employees to be champions of sustainability across our business

We need to engage each and every employee on our sustainability journey – so they can provide expert advice to customers on eco products and help achieve change within our own stores and operations.



Summary

Highlights

1,700

Qualified eco advisers to be in place in B&Q UK stores by September 2010

Environment Champion

In every B&Q UK store to help promote awareness of sustainability among their colleagues

Around 35%

Of employees at Brico Dépôt France completed the sustainability e-learning module in the four months after it was launched

Eco product training

B&Q China has incorporated information on eco products into product training for store employees

Annual objectives

At Group level, CR objectives (linked to bonus payments) are set annually for the Executive Directors and members of the Retail Board

Age diversity

B&Q UK has continued its long-established policy of promoting age diversity, with 28% of employees over the age of 50

The issues

Find out about our progress on key issues relating to our customers.

Employee engagement	54
Diversity	59
Health & safety	64

Areas for improvement

- We achieved a 2% reduction in our employee lost-time accident rate in 2009/10. However, this was below our target of a 5% annual reduction and we therefore need to focus on ways to improve performance next year.
- Incorporate CR objectives into performance reviews for relevant senior management across the Group.

Future priorities

- Ensure all employees are fully trained to provide the most up-to-date advice to customers on eco products and play their part in integrating sustainability across the company.
- Implement actions to attract and retain women at senior levels in the Group.



Brico Dépôt France e-learning

Brico Dépôt launched a new e-learning sustainability training module in 2009, which includes a quiz and a store tour to engage employees to deliver change. Around 35% of the workforce completed the module in the four months after it was launched.



Employee engagement

Progress

Eco advisers

We need to engage each and every employee to encourage them to become champions of sustainability. Our colleagues, like our suppliers and customers, are on a journey with us to achieve a more sustainable way of living.

A key focus is to provide eco training for sales teams so they can offer advice to customers on eco products.

- B&Q UK is introducing City & Guilds qualified eco advisers in stores to help guide customers on how to minimise the environmental impact of their homes and save money. It plans to have 1,700 qualified eco advisers in place by September 2010. The eco advisers have a Level 2 Diploma in Retail Skills (selling eco products). Within the new 'eco stores within stores' at Sutton and New Malden, the company has also introduced eco experts who are qualified to offer in-store and at-home eco consultations and provide homeowners with an Energy Performance Certificate. In early 2009, a new One Planet Living® e-learning module was launched and is completed by new employees as well as Environmental Champions. A total of nearly 5,800 employees had completed the module by the end of 2009.
- Castorama France has a series of e-learning modules for store teams on sustainability issues including eco decoration, eco gardening, energy saving in the home and eco construction. Over 400 employees had completed one of the e-learning modules by the end of 2009. The company has also launched an eco champion award for the best eco product sales team. During 2009, over 500 teams entered the new award, with five teams selected as winners.
- Brico Dépôt France launched a new e-learning sustainability training module in 2009. This includes a number of interactive elements such as a quiz and a store tour to engage employees to deliver change. Over 2,650 employees (around 35% of the workforce) completed the sustainability module in the four-month period after it was launched. It is also developing a cartoon comic strip on eco living designed to provide insight – in an appealing form – into the simple ways in which everyone can make a difference.
- B&Q China has incorporated information on eco products into the product training for store employees.

Internal communications on sustainability

To raise awareness of CR issues, the Kingfisher CR team works closely with the internal communications department to promote messages across the Group, e.g. via the intranet, newsletters and other specific communication initiatives. A CR update for employees will be produced during 2010.

Kingfisher's CR team also provides guidance, training sessions and workshops on CR issues for Group businesses. In 2009, new guidelines were produced on how to define an eco product (see product design, page 4) and sustainable purchasing for goods-not-for-resale (see sustainable materials and water, page 31). We also issued our ethical buyer training package to our businesses (see suppliers, page 79). CR representatives from Kingfisher's operating companies attend the CR Steering Group twice a year to share best practice. There are also a range of other working groups that cover specific sustainability issues such as energy and chemicals.

We have set a target for our businesses to include information on environmental and social issues in employee induction programmes by 31 January 2011, in line with the requirements in our Steps programme. Six of our nine businesses have already achieved the target (B&Q China, B&Q UK, Brico Dépôt France, Castorama France, Koçtaş and Screwfix).



Highlights

1,700

Qualified eco advisers to be in place in B&Q UK stores by September 2010

27

Eco messages broadcast during 2009 on the Casto TV channel screened in stores across Castorama France

Around 35%

Of employees at Brico Dépôt France completed the sustainability e-learning module in the four months after it was launched



Employee engagement

Progress

At B&Q UK, every store has an Environmental Champion to help promote awareness of sustainability among their colleagues. The Champions have a dedicated section on the intranet where a regular newsletter is posted. Since February 2010, B&Q UK has included 'Eco tips' in the bi-monthly magazine for employees, 'Talking Shop', and in regular bulletins.

Castorama France has appointed a store manager to champion environment issues in each region. An environmental newsletter is published for employees (five editions were produced in 2009) and an eco message is included in the monthly broadcast for the Casto TV channel (shown in stores). There were 27 of these eco messages in 2009, covering a range of topics such as energy saving, recycling and alternatives to car travel. In March 2010, a leaflet was produced for employees about the Earth Hour campaign and key actions the company is taking to reduce its impact on climate change. This was distributed to employees with their payslips.

As part of its store revamp programme, B&Q China has provided training for employees on environmental issues including energy, resource use and waste management. An annual competition is run to reward stores that have demonstrated the greatest progress on CR.

Incorporating CR objectives into managers' performance reviews

At Group level, CR objectives (linked to bonus payments) are set annually for the Executive Directors and members of the Retail Board. The CR objectives are tailored to their individual responsibilities.

A number of our businesses have also incorporated CR objectives into performance reviews. At Castorama France, waste and recycling targets have been linked to bonus systems for store controllers. At Brico Dépôt France, store managers have been set a number of specific CR objectives which are connected to bonuses (covering waste management, employee diversity and employee development).

Other training and development

We place significant emphasis on the training and development of employees, with around £19 million invested in formal employee training in 2009/10. A total of 948,000 training hours were provided – an average of 12 hours per employee.

During 2009, B&Q UK invested £1 million in improving the skills of its store teams and over 17,000 employees have gained a City & Guilds qualification since March 2009. B&Q UK now has the largest number of employees with City & Guilds qualifications in the retail sector. The company is rolling out new aprons and badges to its store teams so customers will know they are being served by a qualified expert. In September 2009, B&Q UK launched its Showroom Academy, a new training school devised to improve skills of showroom employees. Investment in the Academy totalled around £2 million.

In 2009, the majority of employees (approximately 91%) received a formal performance appraisal and review.

Kingfisher runs a number of senior management programmes to attract and retain the best international talent. The Kingfisher Talent Group (KTG) seeks to promote 'rising stars' within the business.

The employee turnover rate has fallen from 28% in 2008/09 to 20% in 2009/10. This improvement is partly due to changes in employee reward schemes at B&Q UK, including the introduction of a monthly bonus for store teams (see B&Q UK – employee engagement, www.kingfisher.com/CR_BandQUK). The lowest employee turnover rates among operating companies were within Brico Dépôt France (11%) and Castorama France (9%).



Employee engagement

Progress

Communication and consultation

Kingfisher seeks to promote good internal communication across the Group through its Kingnet intranet site, its internal newsletter and other specific communication initiatives.

Measuring employee engagement allows us to quantify how well we are maximising the talent within our organisation. In 2008, Kingfisher rolled out the Gallup Q12 survey – a globally recognised means of measuring employee engagement – to more than 1,300 leaders across the Group. In the November 2009 leadership survey, we achieved an overall score of 4.23 out of 5 – achieving a ‘statistically significant increase’ of 0.28 since the November 2008 survey (when measured on a like-for-like basis). This improvement was driven by a number of targeted programmes across the business to boost employee engagement.

Last year also saw B&Q UK, which pioneered the Q12 process within Kingfisher, record its highest-ever score of 4.26 out of 5, a figure that Gallup considers ‘world class’. In recognition of continued improvements in employee engagement, B&Q UK has, for the fourth year running, been awarded the Gallup Great Workplace Award. B&Q remains the only UK business to have received this award.

Within the Gallup survey, B&Q UK tracks employee attitudes towards its environmental commitment, achieving a rating of 4.49 out of 5 in the latest survey in November 2009 (above the overall rating of 4.26).

Human rights

Kingfisher has a policy standard on employee human rights which sets out our commitment to support and respect human rights, in line with the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) conventions and the UN Global Compact principles.

We recognise the right and freedom of choice of our employees to belong to a recognised trade union without pressure or influence from the business, and to bargain collectively where this is allowed within national law. In line with national regulations, all employees in France, Spain and India are covered by collective bargaining arrangements. In total this amounts to around a quarter of all our employees. The Kingfisher European Forum, set up in 2003, briefs and consults with employee representatives on pan-European issues.

Pay and benefits

Kingfisher encourages employees to become shareholders in the business. We have a UK ShareSave Scheme and an International ShareSave Plan which is available for eligible employees overseas. There are around 6,300 employees in the ShareSave Schemes (at 31 January 2010).

Across its international businesses, salary levels are competitive within local markets and healthcare and performance-related bonus schemes are available to some employees.

The Group operates defined benefit and defined contribution pension schemes for its employees, some of which are required by local legislation. The Board’s policy is to encourage pension fund managers to engage with companies on environmental, social and governance considerations where possible.



Employee engagement

Targets

Target

Inductions

to cover CR by January 2011

Include information on environmental and social issues in employee inductions by 31 January 2011.*

Progress against target – 2009/10

6

6 out of 9 businesses achieved

Six of our nine businesses have already achieved the target (B&Q China, B&Q UK, Brico Dépôt France, Castorama France, Koçtaş and Screwfix).



Achieved / On track

* This is in line with timescales in our Steps programme.



Target achieved or on track to meet target (assessment based on past performance)



Some progress, but further work required to achieve the target



Target not achieved or no/little progress to date



Employee engagement

Data

Detailed data

Training

	2006/07	2007/08	2008/09	2009/10
Training hours (number)	1,233,000	1,367,000	1,282,000	948,000
Training hours (number per employee)	17	16	15	12

Employee turnover

Employees who left (number)	21,700	25,200	23,100	15,900
Rate of employee turnover (%)	29%	30%	28%	20%

Notes:

- Training data covers formal training courses and excludes on-the-job training.
- Data on training per employee is calculated using the total headcount average over the year (not full-time equivalent employees).
- Data on training for 2009/10 covers businesses which account for 90% of the Group turnover (data for previous years covered all businesses).

Notes:

- Data on employee turnover is calculated using the total headcount average over the year (not full-time equivalent employees).



Diversity

Progress

How we manage employee diversity

We aim to treat employees with dignity and respect, and to value the skills and experience that people from diverse backgrounds can bring to our business. Our Steps programme requires all our operating companies to meet the following criteria in order to achieve the 'policy target' level of progress: to conduct training on equality and diversity, to implement procedures to ensure recruitment processes are fair, to demonstrate initiatives to implement their diversity and equality policy, and to monitor the diversity profile of job applicants, new recruits and promoted employees. These criteria need to be achieved by our businesses by 31 January 2011 (note that Brico Dépôt Spain and Castorama Russia have an extra year). B&Q UK, Brico Dépôt France and Castorama France are already in compliance with all the 'policy target' criteria. We have Diversity Guidelines to help our businesses meet the Steps requirements and to manage diversity within the context of different national legislation and cultures.

B&Q UK has a well-established diversity programme and has already achieved the 'leadership position' within Steps. A key focus for B&Q UK has been to promote a culture of equal opportunities. For example, each store has a Diversity Champion to help raise awareness of diversity issues and Diversity Champion Days are held to share best practice and ideas.

In 2009, Castorama France entered into new agreements with trade unions on gender equality and disability, and has developed specific action plans and targets on these issues. A short film on the company's commitment to promote diversity, featuring interviews with store employees, was broadcast on the Casto TV channel (shown in stores).

Gender

In 2009/10, women accounted for 41% of total employees, 29% of managers and 16% of Board members. A number of operating companies are working to attract and recruit women by providing flexible working arrangements.



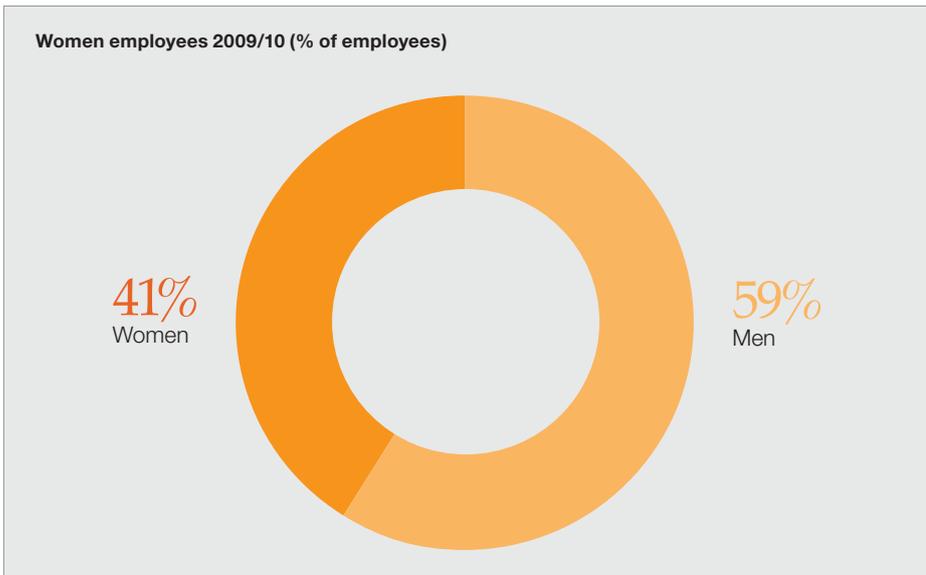
Highlights

28%

Of B&Q UK employees over the age of 50 – significantly above the Group average of 13%

200

Employees at Castorama France received training on disability issues. Volunteers across all stores to support implementation of the disability action programme

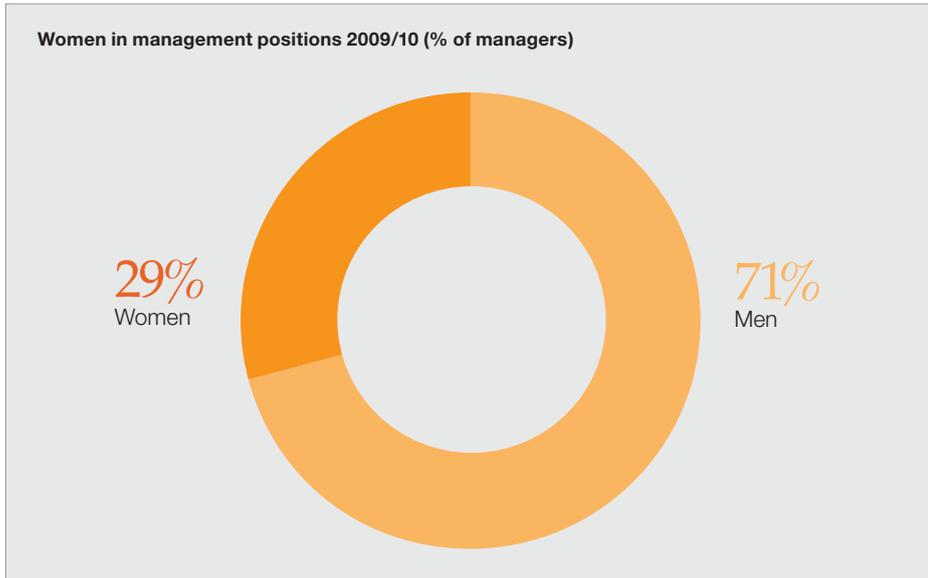


See diversity data for explanatory notes to this chart, page 63.



Diversity

Progress



See diversity data for explanatory notes to this chart, page 63.

We recognise that we need to do more to attract and retain women at senior levels. Our two largest businesses have started to take steps to understand and address the imbalance. Castorama France has a Gender Equality Committee and works closely with trade unions on diversity issues. The proportion of women in management positions at Castorama France has progressively increased over the past five years, from 24% in 2005/06 to 32% in 2009/10.

At B&Q UK, job sharing is facilitated via the Job Share Register which is available online. B&Q UK has been listed in the Times / Aurora list of Top 50 Places Where Women Want to Work for four consecutive years. In 2009, B&Q UK was included in the Working Families list of Top 20 Employers.

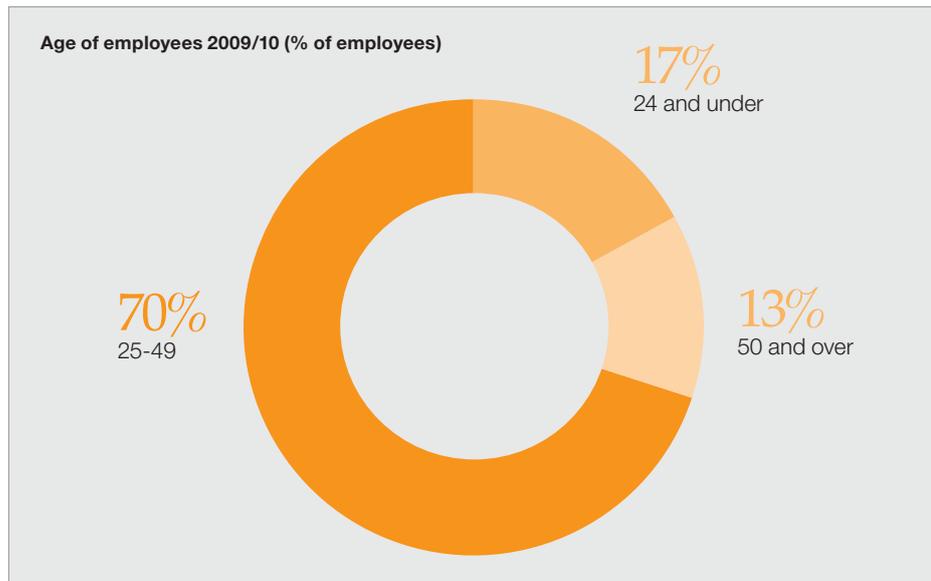


Diversity

Progress

Age

B&Q UK has continued its long-established policy of promoting age diversity, with initiatives such as a flexible retirement policy to encourage the employment of people over 50. In 2009/10, 28% of B&Q UK employees were over 50 – significantly higher than the Group average of 13%.



See diversity data for explanatory notes to this chart, page 63.

Disability

In 2009/10, the proportion of employees with a declared disability was 2%. At Castorama France, around 200 employees have received training on disability issues and volunteers are in place across all stores to support implementation of the disability action programme. B&Q UK provides placements for disabled people who are looking to enter mainstream employment, in conjunction with the government’s WORKSTEP scheme.

Ethnic minorities

We report data on ethnicity for the UK only. We are not able to provide a Group-wide figure because it is illegal in some countries (e.g. France) to ask employees to declare their ethnicity and also because the definition of an ethnic minority is not straightforward in certain countries. The proportion of UK employees who declared they were from an ethnic minority is 10%. This is in line with the 8% of adults who are from ethnic minorities (UK Census 2001).

B&Q UK recognises that multilingual employees can also better serve customers who do not speak English as a first language and encourages employees to wear badges to indicate the additional languages they speak.

As well as promoting diversity within our own workforce, we also work with suppliers to create products which are inclusive in their design, to meet the needs of disabled or vulnerable customers (see product design, page 4). We also seek to ensure that our stores are accessible for both employees and customers with disabilities (see engaging our customers, page 49).



Diversity

Targets

Target

Training

On diversity by January 2011

Provide training at all operating companies on equality and diversity by 31 January 2011.*

Progress against target – 2009/10

4

4 out of 9 businesses achieved

Four of our nine businesses (B&Q UK, B&Q China, Brico Dépôt France and Castorama France) have ongoing training programmes on diversity. For example, B&Q UK includes diversity training within induction courses for store employees and has Diversity Champions in stores. At Castorama France, around 200 employees have received training on disability issues.

 **Some progress**

** This is a Steps 'policy target' requirement and needs to be achieved by our operating companies by 31 January 2011 (Brico Dépôt Spain and Castorama Russia have an extra year).*

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Diversity

Data

Key performance indicator

	2005/06	2006/07	2007/08	2008/09	2009/10
Men in management positions (% of managers)	76	75	73	73	71
Women in management positions (% of managers)	24	25	27	27	29

Detailed data

	2005/06	2006/07	2007/08	2008/09	2009/10
Gender					
Total employees – men (%)	60	60	60	59	59
Total employees – women (%)	40	40	40	41	41
Men on the Board (% of Board members)	u/a	u/a	u/a	83	84
Women on the Board (% of Board members)	u/a	u/a	u/a	17	16
Age					
Employees 24 and under (%)	21	18	21	17	17
Employees 25-49 (%)	66	69	66	70	70
Employees 50 and over (%)	13	13	13	13	13
Disability					
Employees who have declared a disability (%)	2	2	2	2	2
Ethnic minorities – UK only					
Employees who have declared they are from an ethnic minority (%)	7	8	8	10	10

Notes:

- Data is for full-time equivalents, as at the year end.
- Data on Board members includes the Kingfisher Group Board, the Kingfisher Plc Board and the Boards of our individual operating companies.
- Data for ethnic minorities is for the UK only. The data for 2005/06 to 2008/09 covers all our UK operations (B&Q UK, Kingfisher corporate head office and Screwfix). The data for 2009/10 is not available for Screwfix, which will be reviewing its data collection processes next year.



Health & safety

Progress

Kingfisher's Group policy and standards on health and safety are based on International Labour Organization (ILO) requirements. A Group-wide health and safety review is conducted on an annual basis and includes a review of compliance with the Group standards as well as local regulatory requirements. The review in March 2009 shows a strong level of compliance – with all operating companies meeting local standards and eight of our nine operating companies achieving full compliance with the Group standards. The exception is Castorama Russia which is working to meet Group standards during 2010. There were no health and safety prosecutions during 2009/10.

The increased focus on health and safety across the Group has driven a reduction in employee lost-time accidents (i.e. major and over three-day accidents). We have achieved an 11% reduction in the lost-time accident rate since 2007/08. However, most of this reduction (9%) was achieved in 2008/09, following the introduction of our Group health and safety standards. There was a 2% reduction in 2009/10 – less than our target of a 5% annual reduction. We strive to improve performance year on year and will continue to work towards a 5% annual reduction target in 2010/11.



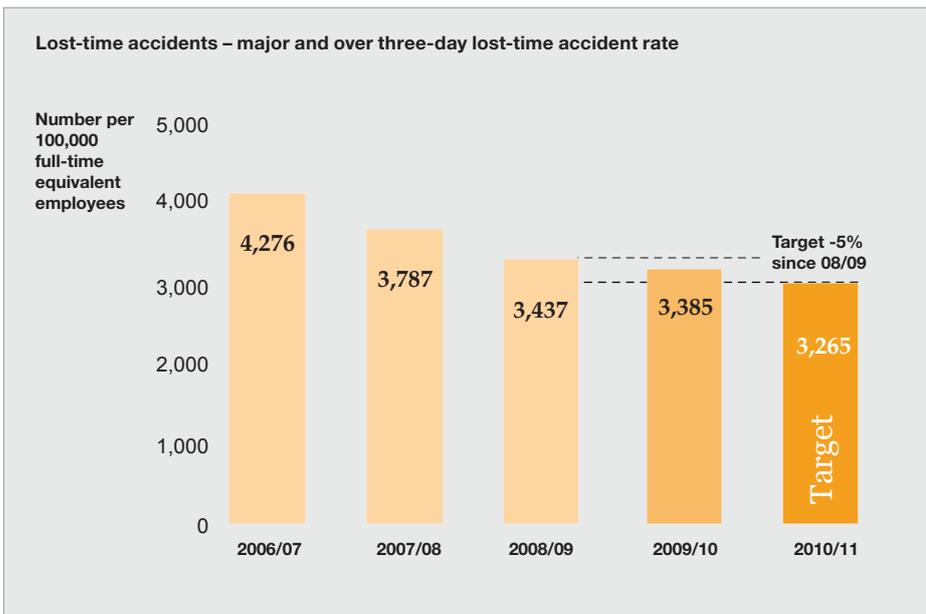
Highlights

11%

Reduction in the total lost-time accident rate since 2007/08

8

Eight of our nine operating companies have achieved compliance with Group health & safety standards



See health & safety data for explanatory notes to this chart, page 66.

There are some significant variations in accident rates across the Group. This is partly due to differences in legislation, mandatory accident reporting requirements and health and safety cultures across countries. The accident rates are highest in France and Spain where companies are required to report and claim accidents through insurance / social security systems.

In 2009/10, the total lost-time accident rate in the UK (B&Q UK, Screwfix and Kingfisher corporate head office) was 1,373 per 100,000 full-time equivalent employees – significantly below the Group average of 3,385.

A number of our businesses have developed new health & safety initiatives during 2009. For example, B&Q UK is implementing a programme to remove stock that is stored above a certain height (top stock) and has completed this across 95% of stores (by the end of 2009). In China, there has been a full review of operational safety as part of the store revamp programme, which has led to a substantial reduction in the accident rate.

This section covers performance on employee health and safety. We also report on major customer health and safety incidents in the section on governance and ethics, www.kingfisher.com/CR_FutureHomes.



Health & safety

Targets

Target

5%
reduction per year

Achieve a 5% annual reduction in the total lost-time accident rate (major and over three-day lost-time accidents).

Progress against target – 2009/10

2%
Reduction

The increased focus on health and safety across the Group has driven a reduction in lost-time accidents (i.e. major and over three-day accidents). We have achieved an 11% reduction in the lost-time accident rate since 2007/08. However, most of this reduction (9%) was achieved in 2008/09, following the introduction of our Group health and safety standards. There was a 2% reduction in 2009/10 – less than our target of a 5% annual reduction. We strive to improve performance year on year and will continue to work towards a 5% annual reduction target in 2010/11.

 **Not achieved**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Health & safety

Data

Key performance indicator

	2006/07	2007/08	2008/09	2009/10
Total lost-time accident rate – major and over three-day lost-time accidents (number per 100,000 full-time equivalent employees)	4,276	3,787	3,437	3,385

Detailed data

Work-related employee accidents

	2006/07	2007/08	2008/09	2009/10
Fatalities				
Work-related fatalities (number)	1	2	0	0
Accident numbers				
Major accidents (number)	78	67	72	94
Over three-day lost-time accidents (number)	2,482	2,461	2,248	2,165
Total accidents – major and over three-day lost-time accidents (number)	2,560	2,528	2,320	2,259
Accident rate				
Major accident rate (number per 100,000 full-time equivalent employees)	130	100	107	141
Over three-day lost-time accident rate (number per 100,000 full-time equivalent employees)	4,146	3,687	3,330	3,244
Total lost-time accident rate (see KPI section above)				

Notes:

- Operating companies have used their own country-specific regulatory definition of what constitutes a major accident.
- Over three-day lost-time accidents include all work-related accidents or injuries to employees that lead to absence from work, or inability to do their usual job, for over three days. They exclude major accidents or injuries. Data in France and Spain includes accidents on the way to work - in line with local regulations.
- In 2009/10, data was collected from all our operating companies and joint ventures. In previous years, data was collected from operating companies and joint ventures which accounted for 99% of Group turnover.
- The accident rate is calculated per 100,000 full-time equivalent employees.



Future Homes Goal: to be a good neighbour in all the communities we serve

We want to help create lasting improvements and benefits in the communities we serve.



Summary

Highlights

£941,000

Invested in charity/ community projects in 2009/10

£374,000

Raised by employees for charity partners through store collections and other fundraising initiatives

20,600

hours were spent by our employees volunteering in the local community

The issues

Find out about our progress on key issues relating to our community.

Community investment	68
Group charity partnerships	75

Areas for improvement

- The total community investment has fallen in 2009/10. We therefore need to develop a strategic approach for managing the overall level of community contributions.

Future priorities

- Develop strategic community partnerships across all our businesses that are aligned with our Future Homes strategy.



Screwfix fundraising

Screwfix embarked on a new community partnership with the male cancer charity, Everyman. A number of employee fundraising initiatives have been organised, including two sponsored walks and sales of charity T-shirts and hats, raising £26,700 during 2009.



China decoration services

B&Q China introduced a range of new installation and decoration services in 2009 and has offered some of these services free of charge to disadvantaged people to help improve living conditions in local communities.



B&Q UK skills programme

B&Q UK recognises that the younger generation are not learning DIY skills in the ways previous generations used to, and is seeking to address this skills gap with the introduction of a programme for schools called Job Done! This is aimed at 11-14 year olds and has been designed in conjunction with school teachers, students and parents.



Community investment

Progress

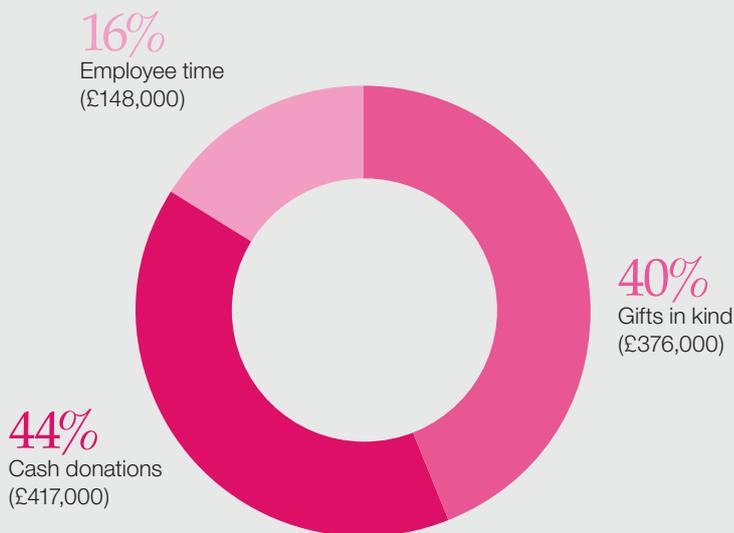
Inputs / investment in the community

We want to help create lasting improvements and benefits in the communities we serve. Our focus is on community partnerships and programmes that align with our Future Homes strategy.

We made contributions to charity / community projects worth an estimated £941,000 in 2009/10 – equivalent to 0.2% of pre-tax profits. This included cash donations (£417,000) and gifts in kind (£376,000 – retail cost). Support was also given through the donation of time by employees (£148,000). Our overall level of community investment has fallen in 2009/10, partly due to a number of one-off donations the previous year in response to specific events. During 2010, we will work on developing a strategic approach for managing the overall level of community investment.



Community investment 2009/10 (total £941,000)



See community data for explanatory notes to this chart, page 74.

Kingfisher has a Group Charities Policy Standard to encourage charitable and community giving which brings benefits to local communities. We also have Community Investment Guidelines which are designed to help our businesses initiate and implement local partnerships. Our Steps programme sets out specific criteria for operating companies on community investment and store neighbours.

Kingfisher's corporate head office has a charity policy standard available for download at www.kingfisher.com/cr_policies, in line with the group charities policy and has developed a number of charity partnerships which have been in place since 2006 (see charity partnerships, page 75).

Highlights

£941,000

Invested in charity / community projects in 2009/10

20,600

Work hours spent on community volunteering activities in 2009/10

£374,000

Raised for charity partners through fundraising in 2009/10



Community investment

Progress

Over three-quarters of the total gifts-in-kind are made by B&Q UK. The B&Q One Planet Living Grant® offers between £50 and £250 of B&Q materials to schools, community groups and charitable organisations. Since 1997 the grant programme has supported more than 10,000 community projects. To celebrate B&Q UK's 40th birthday, 40 One Planet Living® Awards were also given during 2009 (with one programme receiving £10,000 worth of products, four winning programmes granted £5,000 and 35 programmes awarded £2,000). In 2009/10, £147,600 worth of products (valued at retail price) were donated through the grants and awards programmes.

In addition, our businesses help raise money for charity partners through store collections and other fundraising initiatives. In 2009/10, a total of £374,000 was raised for charity. In the UK, employees donated another £134,000 to charity through payroll giving. Kingfisher's corporate head office has a charity committee which has initiated a number of fundraising events such as a quiz, sweepstake and cake sale in aid of Sports Relief.

A number of cause-related marketing campaigns have also been run during 2009. For example, B&Q UK has sold paddling pools in aid of its charity partner NSPCC / Children 1st / ISPCC, raising more than £32,000. In November 2009, B&Q UK sold three products (Pudsey fleece blanket, cushion and storage box) in aid of the BBC Children in Need, raising over £23,000.

Our employees spent around 20,600 work hours volunteering in the local community in 2009/10. Kingfisher's corporate head office enables and encourages employees to take a day off work each year for community activities.

Examples of community programmes in 2009:

- B&Q China introduced a range of new installation and decoration services in 2009 and has offered some of these services free of charge to disadvantaged people to help improve living conditions in local communities
- B&Q UK has developed a new skills programme for schools Job Done! which aims to teach DIY skills to school children – see www.kingfisher.com/cr_news for more details
- Brico Dépôt France has set up a partnership with La Fondation Abbé Pierre. A bag for life was introduced in April 2009, with proceeds going to the charity. A new process has also been introduced to enable stores to donate unwanted products to charity
- Castorama France donated €10,000 to Save the Children to support the earthquake relief efforts in Haiti in January 2010
- Screwfix embarked on a new community partnership with the male cancer charity, Everyman. A number of employee fundraising initiatives have been organised including two sponsored walks and sales of charity T-shirts and hats. In 2009/10, the company donated £63,000 to Everyman and employees raised a further £26,700 through fundraising.

Outputs / benefits of community contributions

We aim to ensure that our community activities are focused on projects that deliver real benefits for the business, our employees and local communities. We therefore seek to evaluate formally the impact of key community projects on an annual basis through qualitative and quantitative evidence. In 2009/10, Kingfisher corporate head office and B&Q UK evaluated community projects which accounted for 21% of the Group's total community investment. The table provides some examples of the evaluation results.



Community investment

Progress

Community evaluation 2009/10 – examples of benefits of community projects

Community partner / programme	Inputs 2009/10	Benefits
Kingfisher corporate head office		
<p>Action for Blind People, part of the RNIB Group – a UK national charity providing support for blind and partially sighted people. Partnership to support a mobile service now in its fourth year.</p>	<p>Cash donation of £10,000 to support two Mobile Units.</p>	<p>Community benefits</p> <ul style="list-style-type: none"> – Free mobile service which offers impartial advice and emotional support for people who are blind or partially sighted. – The two Mobile Units visited 100 locations and received 4,448 visitors during the year. The service reached a milestone of 90,000 visits since the partnership with Kingfisher began. – Nearly 400 people referred to other service providers to enable future help and support. – Introduced visits to a B&Q car park to reach customers who might be affected by sight loss. <p><i>“Kingfisher’s valued donation has enabled Action for Blind People to run its much needed Mobile Units, which offer vital advice and support to blind and partially sighted people across the UK.”</i> Chief Executive, Action for Blind People</p> <p>Business benefits</p> <ul style="list-style-type: none"> – Promotes greater understanding of disability issues across the business – important to Group CR agenda. – PR benefits through Kingfisher and B&Q UK logos fitted to the Mobile Units. – Benefit to B&Q UK customers from introduction of store visits.
<p>Community Payback London – a scheme organising community service for offenders (jointly run by the Metropolitan Police & the National Probation Service). Operates across all 32 London Boroughs. Partnership in its fourth year.</p>	<p>Cash donation of £5,000 towards the costs of tools to aid practical delivery of community projects.</p>	<p>Community benefits</p> <ul style="list-style-type: none"> – The scheme is perceived as a positive presence in local communities – helping to improve the local environment and people’s lives. – Increased opportunities for scheme participants, e.g. work opportunities in partnership with Islington Council. – Increase in capacity and spread of the scheme across London – monthly hours nearly doubled. <p><i>“The financial contribution from Kingfisher has influenced the development, growth and success of Community Payback since the partnership began.”</i> Metropolitan Police – Community Payback Project Manager</p> <p>Business benefits</p> <ul style="list-style-type: none"> – Supports community objectives in the locality where Kingfisher’s corporate head office resides. – The scheme purchases equipment from B&Q UK stores through B&Q UK’s procurement card scheme.



Community investment

Progress

Save the Children (StC) – support to the Greater China Children’s Forum to empower vulnerable children to participate in the UN Convention of the Rights of the Child (UN CRC) reporting process. Partnership since 2006.

£20,000 towards events and activities run by the Greater China Children’s Forum.

Community benefits

- Establishment of networks and to enable children’s voices to be heard.
- Child participation in the legal process promoted e.g. through a cartoon book illustrating the law on the protection of minors.
- Development of practical child-friendly tools to enable access and participation.

“Kingfisher’s initial funding of the rehabilitation centre for young people has led to a much bigger movement with the initiation of the Greater China Children’s Forum, empowering children from across China for the first time... Kingfisher should be very proud of their achievements for the children of China.”

Account Manager, Corporate Partnerships, Save the Children

Business benefits

- Meets strategic international CR objectives, in particular to address major social issues in the supply chain.
- Meets CR objectives on diversity through support of children from ethnic minority groups.

South African HIV / Wellness Clinic – a six-year partnership to provide primary healthcare and offer HIV counselling, free treatment and medication for forestry and factory workers.

£17,100 to support the mobile HIV / wellness clinic.

Community benefits

- The mobile clinic was visited by over 6,800 patients, bringing the total to 22,342 since 2003.
- Additional site visits led to a 25% increase in patients.
- The service continued to provide access to counselling and primary healthcare for people and communities most at risk from HIV.

“Before the mobile clinic started visiting us, we had to walk for kilometres to get to a clinic and wait in a long queue to be seen... we used to lose out on a full day at work. Now the clinic just comes to us.”

Mobile clinic patient

Business benefits

- Addresses CR and specifically health issues of major concern across the world, which affect all stakeholders.
- Strengthens local businesses, through improved health of workforce, which in turn leads to potential trade opportunities in the future.



Community investment

Progress

B&Q UK & Ireland

B&Q UK One Planet Living® award and grant schemes.

Product donation
£147,628 (retail price).

Community benefits

- 329 One Planet Living® grants awarded to community projects.
- 736 One Planet Living® award applications received; 40 community programmes awarded.
- 95% of projects report excellent or good satisfaction with advice from store contact.

Business benefits

- 56% of community projects made additional purchases at B&Q UK, with an average transaction value of £159.
- One community programme spent an additional £3,615 in-store as a result of receiving their grant.
- 80% of employees strongly agreed or agreed that taking part in grant projects increased their sense of pride in their work.

Corporate charity partnership with NSPCC/Children 1st/ISPC.

Fundraising £113,000.

Community benefits

- Fundraising in-store (which has also been rolled out to other corporate charity partners) has allowed a closer working relationship with local fundraising teams.
- The value of being able to collect outside a retail store is now well recognised by the charity.

Business benefits

- Undertaking first cause-related marketing activity across all 330 stores in UK and Ireland, raising £32,000 through sale of paddling pool
- Employees motivated to fundraise for the charity through a variety of activities including sponsored bike rides, payroll giving and football tournaments.

Scope of the evaluation

Kingfisher corporate head office charity partnerships – Formal feedback from charity partners and Kingfisher CR Team.

B&Q UK One Planet Living® grant scheme – Feedback from 75 community organisations and 61 employees.



Community investment

Targets

Target

Participation

Of employees in community projects by January 2011

All operating companies to demonstrate that they seek to engage employees in local community projects, e.g. through volunteering programmes, by 31 January 2011.*

Progress against target – 2009/10

5

5 out of 9 businesses achieved

Kingfisher's corporate head office and five operating companies (B&Q China, B&Q UK, Brico Dépôt France, Castorama France and Koçtaş) have formal programmes to engage employees in local community projects.

 **Achieved / On track**

**This is a Steps 'policy target' requirement and needs to be achieved by our operating companies by 31 January 2011 (Brico Dépôt Spain and Castorama Russia have an extra year). The target has been slightly revised since last year so it covers all types of employee engagement in local community projects, rather than just volunteering. This is because volunteering in company time is not generally conducted within French businesses, although wider engagement initiatives are carried out.*

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Community investment

Data

Key performance indicator

Community investment

	2005/06	2006/07	2007/08	2008/09	2009/10
Total community investment (£ thousand)	1,289	1,116	1,218	1,378	941

Detailed data

Community investment breakdown

	2005/06	2006/07	2007/08	2008/09	2009/10
Cash donations (£ thousand)	380	324	295	597	417
Gifts in kind (£ thousand)	823	628	691	596	376
Employee time (£ thousand)	88	164	232	185	148

Notes:

- Cash donations for 2009/10 include charitable giving of £283,000 and commercial initiatives in the community of £134,000.
- Gifts in kind for 2009/10 include retail product donations of £263,000 (valued at retail cost) and other gifts (including unsaleable goods donated to local communities) of £113,000. The data for unsaleable goods is an estimate made by individual stores.
- Employee time for 2009/10 includes management time of £54,000 and volunteering in company time of £94,000.



Group charity partnerships

Overview

Group charity partnerships

Kingfisher has a Group Charities Policy to encourage charitable and community giving which brings benefits to local communities.

Kingfisher's corporate head office has a Charities Policy Standard, available for download at www.kingfisher.com/cr_policies, in line with the Group Charities Policy. It has developed a number of charity partnerships, which have been in place for a number of years. The charities which are chosen are aligned to Kingfisher's Corporate Responsibility principles and values. The partnerships include both local projects (to our corporate head office location in the UK) as well as international projects in the Group's supply chain.

Our ongoing charity partnerships are evaluated every year (see community investment for key findings, page 68). At present, Kingfisher's charity partnership budget is fully allocated. However, we will add a notification on this page when we next review our charity partners.



Save the Children

Partnership with the world's independent children's charity to promote child rights and protection in China.

See more on Save the Children, page 76.



HIV/AIDS partnership

Partnership to provide primary healthcare and HIV counselling for forestry and factory workers.

See more on HIV/AIDS partnership, page 76.



Action for Blind People

Partnership to support a mobile service for blind and partially sighted people.

See more on Action for Blind People, page 77.



Community Payback

Local partnership with Community Payback London, part of the Safer Neighbourhoods programme.

See more on Community Payback, page 77.

In addition to our main charity partnerships, Kingfisher's corporate head office undertakes small-scale fundraising activities for other charities. Our employees are also able to take advantage of paid volunteering days, payroll giving and matched funding. Further details can be found in our corporate head office Charity Policy available for download at www.kingfisher.com/cr_policies.

Kingfisher's operating companies have their own charity policies and nominated charities. For more information on B&Q UK's charity policies and nominated charities please visit the B&Q UK website at www.diy.com.

See the community investment section for more details about the charity programmes across Kingfisher's operating companies, page 68.



Group charity partnerships

Save the Children

Our international charity partner is Save the Children

Save the Children is the world's independent children's charity. Around the globe, millions of children are still denied proper healthcare, food, education and protection. The charity works to get every child their rights. Visit www.savethechildren.org.uk for more details.

Kingfisher supports the Children's Emergency Fund (CEF) run by Save the Children as well as a number of projects in China (in conjunction with B&Q China).



Children's Emergency Fund

In times of natural disaster, conflict or political unrest, children are the most vulnerable and need help immediately. At any one time, Save the Children respond to up to 20 different emergencies around the world, many of which do not even make the headlines. The Children's Emergency Fund (CEF) enables Save the Children to respond immediately to emergencies without having to wait for appeal funds to roll in.

Protecting children to ensure a brighter future in China

Kingfisher is also supporting Save the Children's work to promote child rights and protection in China.

Kingfisher has helped to fund the Greater China Children's Forum run by Save the Children. The objective of the programme is to establish a range of child friendly mechanisms through which vulnerable children can participate in the United Nations Committee on the Rights of the Child (CRC) reporting and evaluation process. Children are rarely asked for their opinion when a decision is made, even when it affects them. Save the Children works to uphold children's rights as outlined in the UN Convention on the Rights of the Child, and helps others to respect them too. The aim of the programme is to help children understand the law and their rights as children.

The main activities include the establishment of children's committees at both a local and national level. Since February 2007, there have been many local meetings and five national Children's Committee meetings. A key focus has been to increase the participation of migrant and ethnic minority children. A cartoon book was produced to illustrate the law on protection of minors, and work was undertaken to promote child-participation in the legal process. Representatives from the National Children's Committee attended the 17th International Congress on Child Abuse and Neglect.

"Kingfisher's initial funding of the rehabilitation centre for young people has led to a much bigger movement with the initiation of the Greater China Children's Forum, empowering children from across China for the first time... Kingfisher should be very proud of their achievements for the children of China."

Account Manager, Corporate Partnerships, Save the Children

HIV/AIDS partnership

Kingfisher is supporting a project in South Africa on HIV/AIDS. The initiative is co-ordinated by a local consultancy (TLC) and run in cooperation with the government.

Around five million people in South Africa are infected with HIV/AIDS. As well as the terrible human suffering, this also has business implications – the cost of HIV is estimated at 11% of payroll in low skilled industries.

Kingfisher is helping to sponsor a mobile clinic which visits factory workers and their families in the KwaZulu-Natal region of South Africa. This offers voluntary and confidential HIV testing, counselling and treatment as well as primary health care to workers at participating factories. The clinic also benefits the factories as employees do not need to take so much time off work to see a doctor. In 2009, the clinic saw over 6,800 patients. Over 22,000 people have visited the clinic since it was first set up in 2003. Additional site visits in 2009 led to a 25% increase in patients.

"Before the mobile clinic started visiting us, we had to walk for kilometres to get to a clinic and wait in a long queue to be seen... we used to lose out on a full day at work. Now the clinic just comes to us."

Mobile clinic patient





Group charity partnerships

Action for Blind People

Our UK charity partner is Action for Blind People

Action for Blind People is a dynamic national charity helping blind and partially sighted people in all aspects of their lives. The charity directly supports blind and partially sighted people, their friends and families across England, challenging inequality and transforming lives through a range of practical services. This means getting people into jobs, sorting out their housing problems, helping them get a holiday, enabling blind kids to play sports and providing information in the heart of communities. Action for Blind People believes that blind and partially sighted people should have the same quality of life as anyone else.



Improving the quality of life of everyone we meet

Kingfisher is supporting a Mobile Sight Loss Information vehicle unit that travels to the heart of local communities around the UK, providing free and impartial advice and information. The vehicle travels around 10,000 miles and receives over 3,000 visitors a year.

Visit www.actionforblindpeople.org.uk for more details.

Community Payback

Our London-focused charity partner is Community Payback

Community Payback is a joint operation between the Metropolitan Police Service, London Probation and 32 local authorities. The scheme, which forms part of the Safer Neighbourhoods programme, is a new approach to rehabilitate offenders serving community orders.

Offenders do unpaid work, supervised by London Probation staff and police officers in a bid to repay their local community.

As part of Community Payback, offenders tackle quality-of-life crimes and issues which have been identified by people living and working in the area as the concerns most affecting their daily lives and feelings of security. It also provides offenders with essential life skills – helping to prevent them from becoming involved in any further offences.

Kingfisher’s donation goes towards new tools and equipment which enables the London Community Payback scheme to expand numbers of hours worked on projects in London.

“The financial contribution from Kingfisher has influenced the development, growth and success of Community Payback since the partnership began.” Metropolitan Police – Community Payback Project Manager

For more information about Community Payback and the Safer Neighbourhoods programme, please visit:

www.london-probation.org.uk

www.met.police.uk/saferneighbourhoods





Future Homes Goal: to work with our suppliers, governments and other stakeholders to make sustainability easy and to find solutions to common sustainability problems

We work with a range of partners to promote sustainability across our supply chain.

Summary



Highlights

760

Individuals in our supply chain attended ethical / environmental training sessions in 2009/10

541

Ethical audits conducted by the Kingfisher Sourcing Organisation in 2009/10 (including all new factories)

Timber coalition

Kingfisher formed a Timber Retail Coalition with other retailers

Energy retrofits

B&Q UK has been selected as a partner in a flagship government trial to deliver whole-house energy retrofits in Sutton

Research project

Blanchard with the British Council in China to start to address the carbon footprint in our supply chain

The issues

Find out about our progress on key issues relating to our suppliers and partners.

Suppliers

78

Government affairs

87

Areas for improvement

- Engage with suppliers to drive innovation in eco products and sustainable business practice.
- Improve our data collection processes so we can analyse data within the context of our overall supply base.

Future priorities

- Focus on compliance with ethical standards in our indirect supply chain, i.e. second-tier suppliers and beyond.
- Engage further with government and other partners on ways to deliver home energy retrofits which contribute to European carbon reduction targets.



Environment partnership project

During 2009, the Kingfisher Sourcing Organisation in Asia took part in the Hong Kong-Guangdong Cleaner Production Partnership Programme, a government-backed initiative to reduce energy use and emissions in factories.



Suppliers

Progress

Our approach to ethical sourcing

Customers want quality, innovative products at affordable prices, but not at the expense of the welfare of workers or the environment. We are committed to working with suppliers to improve labour and environmental conditions in our supply chain.

In 2009, we conducted a strategic review of our approach to ethical sourcing and identified three key focus areas: managing risk, building capacity and preparing for the future. We recognise that supplier ethical assessments are an important tool for managing risk in our supply chain, but we need to go beyond this to achieve real change. We are working to build capacity in our supply chain by developing knowledge and skills among our vendors and factories. We also seek to prepare for the future by taking a more holistic approach to environmental and social supply chain issues.

Following the review, a new 'at-a-glance' guide was produced which sets out the main actions to be taken in each key area. In addition, Kingfisher's Supply Chain Guidelines provide more detailed guidance and a range of tools such as a supplier prioritisation methodology and templates for conducting desktop assessments and on-site factory audits.

In order to achieve change, we need to ensure that our own commercial teams understand the risks and issues. We have set a target for all commercial teams to receive training on factory working issues by the end of January 2011. We have developed a training package for buyers, which was circulated to our businesses during 2009. Four of our nine businesses (B&Q China, B&Q UK, Brico Dépôt France and Castorama France) have put in place training programmes for commercial teams on factory-specific ethical and environmental issues.

Managing risk – supplier ethical assessments

Kingfisher's Code of Conduct for Factory Working Conditions available to download at www.kingfisher.com/cr_policies sets out standards on labour and environmental conditions in factories. The Code identifies nine minimum requirements (referred to as critical failure points) that factories must comply with. It also sets out additional standards that suppliers are expected to meet over time.

With a complex supply chain, comprising thousands of suppliers, we take a risk-based approach to assessing compliance with our Code of Conduct for Factory Working Conditions. We take into account a number of factors including the country risk, the product risk and sourcing relationships. Our high-risk product categories include:

- iron, brass and aluminium casting
- quarried products
- horticulture products
- leather tanning
- hand-made rugs and textile products or trinkets that require any hand painting, stitching, embroidery or embellishment.

In early 2010, we signed up to a human rights risk mapping tool which helps our businesses identify high-risk countries and regions.

A key priority has been to develop a robust ethical sourcing strategy for the Kingfisher Sourcing Organisation (KSO) which buys products directly from factories via an extensive sourcing network that covers South-East Asia, India, South America and Eastern Europe. In 2009/10, the KSO procured 12% of products sold across the Group, including own-brand and exclusive-brand products. The KSO has had a long-standing commitment to driving improvement in ethical standards across its supply base, introducing a revised ethical assessment programme in 2004 (see page 80).



Highlights

760

Individuals in our supply chain attended ethical / environmental training sessions in 2009/10

541

Ethical audits conducted by the Kingfisher Sourcing Organisation in 2009/10 (including all new factories)



Suppliers

Progress

In addition, our operating companies source products through suppliers (agents or manufacturers) – some of which also have their own complex supply chains. Our approach is therefore to engage with our direct suppliers to check they have their own robust processes for managing ethical and environmental risks associated with the products they source (see details below).

Over the next two years, we plan to work on incorporating a supplier ethical assessment module into the Kingfisher quality management tool. This is an online tool which is used to screen products to ensure they meet Kingfisher standards and is being progressively rolled out across the Group. The development of a new Group-wide tool for managing information on supplier ethical assessments will help to promote a consistent approach across our operating companies. It will also avoid duplication of audits where the same product is sold across more than one business.

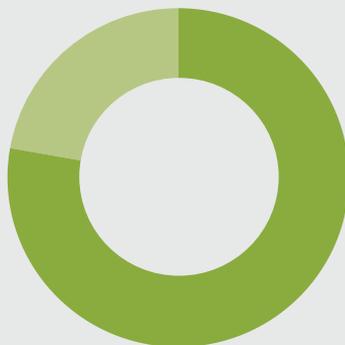
- **Supplier ethical assessment: Kingfisher Sourcing Organisation (KSO)** All new factories that supply the KSO are audited against the Kingfisher Code of Conduct for Factory Working Conditions and all critical failure points must be resolved before any orders can be placed. All factories are reassessed on a regular basis (at least once every three years). Factories must agree action plans if improvements are required and the plans must be implemented within specified time-frames. A five-tier grading system is used to encourage factories to progressively adopt higher standards over time.

In 2009/10, 541 factories that supplied products to the KSO were audited – these included first-time audits for all new factories used by the KSO and repeat audits for 44% of existing factories (in line with the two- to three-year re-audit cycle). The other existing factories will be reassessed within the next two years. 78% of the 541 factories that were audited were required to make improvements. A corrective action and improvement plan is required which must be implemented within an agreed time-frame. Following implementation of action plans in 2009/10, there was a significant improvement in grades – the proportion of factories achieving grades 1-4 (out of the factories that implemented their action plans) increased from 28% to 100%. A new factory cannot be activated (i.e. an order cannot be placed) until the corrective action and improvement plan is implemented and signed off. In 2009/10, 37 factories were not accepted as suppliers following audits (24 of these were due to failure to meet ethical or environmental standards).

**Factory action plans following audit by the Kingfisher Sourcing Organisation
2009/10 (% of factories assessed)**

22%

of factories assessed were not required to make improvements



78%

of factories assessed were required to make improvements through a Corrective Action and Improvement Plan

See suppliers data for explanatory notes to this chart, page 85.



Suppliers

Progress

– **Supplier ethical assessment: Kingfisher operating companies** In 2009/10, a total of 895 supplier / factory assessments were conducted. These included 646 on-site assessments and 249 desktop assessments (note – the number of desktop assessments excludes any suppliers / factories that received an initial desktop assessment prior to an onsite assessment). The data includes assessments conducted by B&Q China, B&Q UK, Brico Dépôt Spain, Castorama France, Castorama Poland, Koçtaş and Screwfix. Action plans on supplier ethical assessment have been developed at Brico Dépôt France and Castorama Russia.

Most of our assessments are of first-tier suppliers / factories (i.e. those who we directly source from). However, in some cases, we will also assess second-tier suppliers / factories where there is a risk of non-compliance with our standards.

Over the next two years, our work to incorporate a new supplier ethical assessment module into the Kingfisher quality management tool will provide an opportunity for us to review and improve our data collection processes and analyse data within the context of our overall supply base.

At B&Q UK, the key focus over the past year has been to audit suppliers of its One Planet Home® products. B&Q UK is a member of Sedex (Supplier Ethical Data Exchange), a web-based database which enables companies to store and share data on ethical audits. Over 140 suppliers are now linked to B&Q UK on Sedex.

Building capacity – training and partnership projects

We recognise that auditing compliance with our standards is only the first step towards improving conditions in our supply chain. We therefore also seek to engage more closely with suppliers through training and partnership projects.

Over the past few years, the KSO has focused on developing closer relationships with factories through a series of ethical sourcing workshops in China and India. We are pleased to report an increase in the number of factory managers attending ethical workshops run by the KSO – from 472 in 2008/09 to 651 in 2009/10. Kingfisher's Information Pack for Factory Managers is distributed at the workshops and includes a handbook, a series of CR fact sheets and guidance on workplace laws in China and India. Across the Group, a total of 760 individuals in our supply chain attended training sessions on supplier ethical and environmental issues.

The KSO also participates in partnership projects to deliver improvements in factories. During 2009, the sourcing office in Asia took part in the Hong Kong-Guangdong Cleaner Production Partnership Programme, a government-backed initiative to reduce energy use and emissions in factories.

The KSO nominated three factories to be involved in the project and received a commendation from the Environment Bureau of the Hong Kong Special Administrative Region and the Economic and Trade Commission of Guangdong Province for its efforts to encourage suppliers to adopt cleaner production. The KSO in Asia also worked with a factory on another environmental project organised by the Federation of Hong Kong Industries. The sourcing office in India has also helped finance environmental initiatives at a number of factories, including Forest Stewardship Council chain-of-custody certification and Oeko-Tex certificates for chemicals.



Suppliers

Progress

We recognise that there are some ethical and environmental issues associated with the sourcing of certain high-risk products which we cannot solve on our own. We therefore need to work in partnership with others in an effort to improve standards in these industries as a whole. For example, B&Q UK has continued to participate in the Quarry Working Group project run by Business Trading Ethically to develop labour and environmental standards for quarries.

Kingfisher is a member of the Local Resources Network (LRN), a group of companies and non-governmental organisations (NGOs) committed to working with locally based organisations to improve working conditions in factories and workplaces. It aims to capture and share expertise and to enable the transfer of good global practices among participants.

Preparing for the future

We seek to keep up to date with new developments and understanding on ethical sourcing issues and to regularly review our strategy in the light of the evolving agenda. During 2009, we started to research issues in our supply chain for which we do not currently have Group policies, including new and emerging topics. The research covers a range of issues including palm oil, peat and animal welfare and will lead to the development of responses on these subjects. We have also set up a working group (with representatives from Kingfisher, B&Q UK and the KSO) to conduct a research project during 2010 into wages and overtime in our supply chain.

B&Q UK has also committed to working in partnership with key direct/domestic suppliers to set new standards on supplier engagement by 2012. It is developing these standards through two projects with suppliers – one sector-specific project which aims to identify ways to improve factory working conditions in a challenging sector, and one cross-sector project which aims to identify best practice on key supplier ethical and environmental issues.

We are also working to extend our strategy to cover other issues, including carbon emissions in our supply chain (see carbon footprint, page 41), water footprinting and eco-design (see product design, page 4).



Suppliers

Progress

Supplier relations

Kingfisher aims to work in partnership with suppliers to deliver long-term mutual growth. Kingfisher's Code of Conduct (available to download at www.kingfisher.com/cr_policies) provides guidance for employees on supplier relationships and sets out the Group's commitment to treat suppliers with respect at all times.

We do not impose standard payment terms on suppliers but agree specific terms with each of them, and then pay in accordance with those terms. Kingfisher is a holding company and therefore has no trade creditors. On average, the Group's suppliers are paid within 45 days.

B&Q UK has committed to the Prompt Payment Code devised by the government Department for Business, Innovation and Skills (BIS) and the Institute of Credit Management (ICM). It is aimed at supporting small businesses and is intended to prevent unfair alteration of terms and late payments, particularly in the current economic climate.

B&Q UK has a stated corporate objective to improve working capital, and payment terms make a key contribution to this. The company aims to work with vendors to agree payment terms that achieve the corporate objectives of both parties. B&Q UK also seeks to work collaboratively with suppliers that come under financial difficulties to resolve any issues and to ensure continuity of supply.

During 2009, B&Q UK introduced a number of new initiatives to improve communication and collaboration with vendors. These include:

- The Key Partner Forum – the Chief Executives of a group of B&Q's top vendors are invited to a meeting twice a year at B&Q, attended by the B&Q Board. The company shares its strategy on the direction of the business and responds openly in a question and answer session.
- The Quarterly Business Review programme – business review meetings are held quarterly with the most significant vendors, across all product categories. The meetings are attended by senior commercial management and vendors have the opportunity to raise issues and agree plans to resolve them.
- The V12 Vendor engagement survey – the 'Let's Talk' survey is sent to the top 100 vendors by spend. Vendors respond anonymously to questions. The survey was conducted twice during 2009 (April and September) and the process is managed by a third party.

Analysis of the supplier survey results from 2009 show that vendor engagement increased by 4.5% during the year. Feedback was received on a range of issues such as long-term planning and communication.



Suppliers

Targets

Target

Training

for commercial teams by January 2011

Embed the Group-wide supplier / factory assessment process by training all Kingfisher commercial teams on factory working issues by 31 January 2011.*

** This is a Steps 'policy target' requirement and needs to be achieved by our operating companies by 31 January 2011 (Brico Dépôt Spain and Castorama Russia have an extra year).*

Progress against target – 2009/10

4

4 out of 9 businesses achieved – 2009/10

We have developed a training package for buyers, which was circulated to our businesses during 2009.

Four of our nine businesses have put in place training programmes for commercial teams on factory-specific ethical and environmental issues. They are B&Q China, B&Q UK, Brico Dépôt France and Castorama France.

 **Some progress**

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date



Suppliers

Data

Key performance indicator

Total factory audits – Kingfisher Sourcing Organisation

	2005/06	2006/07	2007/08	2008/09	2009/10
Number of factories that had on-site audits to monitor compliance with Kingfisher's Code of Conduct for Factory Working Conditions. See note 1	604	644	433	411	541

Detailed data

Training workshops – Kingfisher Group

	2005/06	2006/07	2007/08	2008/09	2009/10
Number of individuals within the supply chain (e.g. factory managers) attending workshops on factory working conditions or supply-chain environmental issues	230	210	170	770	760
Number of Kingfisher employees attending workshops on factory working conditions or supply-chain environmental issues	100	190	270	370	500

Factory audits – Kingfisher Sourcing Organisation

	2005/06	2006/07	2007/08	2008/09	2009/10
Factories					
Total number of factories that supply products to the Kingfisher Sourcing Organisation	u/a	897	854	908	949

Factory action plans required

Factories that were audited during the financial year that were required to make improvements through a Corrective Action and Improvement Plan	367 (61% of factories assessed)	477 (74% of factories assessed)	389 (90% of factories assessed)	307 (75% of factories assessed)	424 (78% of factories assessed)
------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------

Notes:

- Note 1: The number of on-site audits is for factories that supply products to the Kingfisher Sourcing Organisation. All new factories were audited and repeat audits were carried out for 44% of existing factories (in line with the two- to three-year re-audit cycle). In 2009/10, an additional 37 factories received on-site audits but were not accepted as suppliers (24 of these were not accepted for specific ethical or environmental reasons).
- Note 2: This includes factories that implemented action plans within an agreed time-frame and those that did not. Factories that fail to implement their action plan within the agreed time-frame are given an extension of three months (based on the assessment date), and then a full reassessment is carried out if the actions are not completed within a specified period. A new factory cannot be activated (i.e. an order cannot be placed) until the corrective action and improvement plan is implemented and signed off.
- u/a – unavailable



Suppliers

Data

Factory action plans agreed

Factories that were audited during the financial year that put in place an agreed action plan to be completed within a specified time-frame (% of factories assessed)	345 (57% of factories assessed)	464 (72% of factories assessed)	385 (89% of factories assessed)	303 (74% of factories assessed)	410 (76% of factories assessed)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------

Factories that were audited during the financial year that were scheduled to put in place an action plan early in the following financial year (in line with agreed timescales set by the KSO)	22 (4% of factories assessed)	13 (2% of factories assessed)	4 (1% of factories assessed)	4 (1% of factories assessed)	14 (3% of factories assessed)
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------	----------------------------------	---------------------------------	---------------------------------	----------------------------------

Factory action plans implemented

Factories that implemented action plans during the financial year (number of factories). See note 2	281	369	336	287	374
-----------------------------------------------------------------------------------------------------	-----	-----	-----	-----	-----

Notes:

- Note 1: The number of on-site audits is for factories that supply products to the Kingfisher Sourcing Organisation. All new factories were audited and repeat audits were carried out for 44% of existing factories (in line with the two- to three-year re-audit cycle). In 2009/10, an additional 37 factories received on-site audits but were not accepted as suppliers (24 of these were not accepted for specific ethical or environmental reasons).
- Note 2: This includes factories that implemented action plans within an agreed time-frame and those that did not. Factories that fail to implement their action plan within the agreed time-frame are given an extension of three months (based on the assessment date), and then a full reassessment is carried out if the actions are not completed within a specified period. A new factory cannot be activated (i.e. an order cannot be placed) until the corrective action and improvement plan is implemented and signed off.
- u/a – unavailable



Government affairs

Progress

Introduction

Working with national governments and the European Union is hugely important to our business as it helps to protect what we do as well as enhance opportunities to grow the business further. Our Government Affairs strategy is incorporated into our overall Future Homes sustainability strategy. We engage extensively with policy-makers and regulators to promote the adoption of legislation and government incentives which help drive the market for sustainable home improvement products and services and benefit our customers and employees.

Working with external networks

We engage with governments directly and through a range of UK and European trade associations. We are also involved in a number of groups and forums which enjoy dialogue with government on specific sustainability issues such as climate change.

For example, through our participation in the UK and EU Corporate Leaders Group on Climate Change, we continue to call for more robust government policy measures on climate change and a framework to deliver real change.

Through the European Retail Roundtable (ERRT), we also participate in the European Retail Forum, a focal point for driving forward the EU's agenda on sustainable consumption and production. The Forum aims to reduce the environmental impact of the retail sector and its supply chain, promote more sustainable products and better inform consumers about green purchasing opportunities.

Our operating companies around the world participate in a number of trade associations and networks. For example, Castorama France and Brico Dépôt France are members of the DIY industry association, the Fédération des Magasins de Bricolage (FMB), which works with the government on a range of issues. Brico Dépôt France has represented the FMB on a government-led working group on carbon labelling for construction products which has provided feedback on proposed carbon labelling regulations.

Priority areas

To meet our Government Affairs objectives we have identified several priority public policy issues, which are linked to our overall business strategy to deliver value across the company. They include:

- 1. **Home energy retrofitting** – The UK government's Low Carbon Transition Plan, launched in 2009, sets out a wide range of carbon-saving measures that can be undertaken by homeowners and includes 'Pay as You Save' (PAYS) – a financing scheme for whole-house energy retrofits.

We have been working with government on this issue and B&Q UK has been selected as a partner in a flagship government trial to deliver whole-house energy retrofits in Sutton (see business opportunity). We have also been contributing to the Conservatives' retrofit scheme, the 'Green Deal'.





Government affairs

Progress

- 2. **Timber** – In early 2010 we formed the Timber Retail Coalition with other major international retailers (Marks & Spencer, Carrefour and IKEA – all members of the European Retail Round Table). The Coalition is calling for the European Council and Parliament to agree a regulation to stamp out the import of illegal timber to the EU. The right regulation, based on due diligence and backed up by an appropriate compliance and enforcement regime, will ensure a level playing field for all retailers, and help to end the damaging and destructive practice of illegal logging.

We are committed to driving forward sustainable timber sourcing across the Group and to spreading best practice in all of the markets in which we operate. This goal is an ambitious one, and we realise that a long journey is involved. But significant progress is being made across the business (see timber), and we continue to press governments to ensure the legislation is in place to make this goal achievable.

- 3. **Carbon Emission Reduction Target (CERT)** – The UK Carbon Emissions Reduction Target (CERT) places obligations on energy suppliers to deliver measures to help households reduce energy use and CO₂. It is aimed particularly at vulnerable and low-income households. Through the programme, B&Q UK receives subsidies from energy suppliers to enable them to sell energy-efficient products, e.g. loft insulation, at discounted prices.

The current CERT (which comes to an end in 2011) provides an important incentive to drive action to reduce carbon emissions. The extension of CERT is vital to keep the UK on track to meet the challenging targets set out in the government's 'Low Carbon Transition Plan'. We are engaging with government on their future plans and welcome the initial proposal (published in March 2010) to continue to include the DIY sector in this scheme.



Our economic growth

Future Homes Goal: to use our sustainability strategy to create value for the benefit of our business and shareholders

We are working to increase sales of eco products and seek new business opportunities, e.g. home energy audits and eco installation services.



Summary

Highlights

£1.07 billion

Eco product sales in 2009/10 – accounting for 10% of total retail sales across the Group

New services

B&Q UK has launched home eco audits and eco installation services at stores in Sutton and New Malden

€3 million

Saved by our French businesses through waste reduction initiatives during 2009/10

The issues

Find out about our progress on key issues relating to our economic growth.

Business opportunity	90
Other economic issues	94

Areas for improvement

- Measure the financial contribution and value of sustainability to the business.
- Ensure financial investment decisions on energy and waste saving measures take into account wider benefits to the business, our reputation and the environment.

Future priorities

- Seek new business opportunities in the growing market for eco installation services.
- Engage further with mainstream investors to encourage them to consider the business benefits of sustainability when making investment decisions.



New eco services

As part of its trial of eco shops within stores, B&Q UK is offering some new eco-installation services including boiler and solar thermal water heating installations. The company is also trialling 'home eco audits' to help homeowners understand the measures they can implement to cut their homes' environmental impact and running costs.

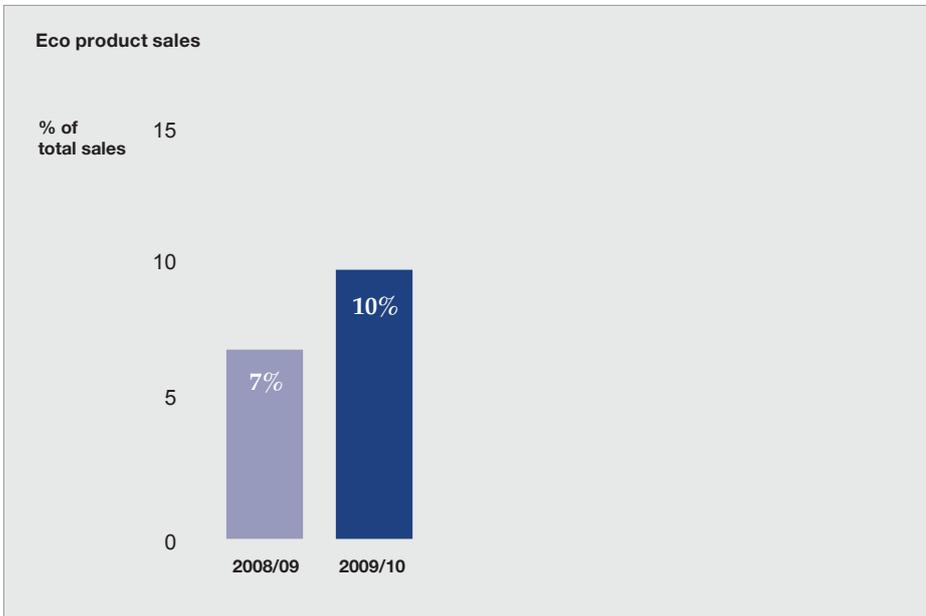


Business opportunity

Progress

Sales of eco products and services

Increasing sales of eco products can directly contribute to our business growth targets. In 2009/10, sales of eco products totalled £1.07 billion – accounting for 10% of total retail sales across the Group, up from 7% the previous year. This has been due to a number of factors including an increase in the range of eco products we stock (see product design, page 04) and effective marketing campaigns to drive up sales (see engaging our customers, page 49). The application of a new Group-wide definition of an eco product has also helped our businesses to provide more accurate data on the number of eco products they stock. Our aim is to increase eco product sales year on year to achieve our goal of being the customer choice for sustainable home improvement products and services in our markets.



See business opportunity data for explanatory notes to this chart, page 93.

With many governments around the world committing to long-term carbon reduction targets, new legislation is helping to create a growing market for products and services that deliver home energy efficiency improvements. For example, in the UK the government has set ambitious targets to cut carbon emissions – aiming for a 30% reduction by 2020 and an 80% reduction by 2050 (both from 1990 levels). To help achieve this, it has developed a strategy to improve the energy efficiency of 26 million homes and is introducing a range of incentives and legislation, e.g. the trial of an energy efficiency financing scheme (Energy Pay As You Save) and the introduction of feed-in tariffs for renewable energy generated by households. The low-carbon retrofit market in the UK is estimated at £3.5–£6.5 billion a year (source: *Green Building Council Report to Government*, October 2008). In France, the government has introduced grants for home energy-saving measures. Our legal and CR department has been engaging with policy-makers to back measures which will help to drive change in the market (see government affairs, page 87).

We are working to maximise the business opportunities in the growing market for home energy efficiency improvements. For example, a new own-label eco brand has been created and we are now developing a range of Group-sourced eco products for the new brand. By using the Group's buying strength, we can drive innovation and reduce prices for customers. In the current economic climate, consumers need to make their budgets go further and we can help them do this by providing affordable eco products which help them save energy, water and resources in their homes.

Highlights

£1.07 billion

Eco product sales in 2009/10 – accounting for 10% of total retail sales across the Group

Eco services

B&Q UK has launched home eco audits and eco installation services at stores in Sutton and New Malden

Action plan

20 point action plan in place at Castorama France to increase eco product sales



Business opportunity

Progress

In 2009, Castorama France developed a 20-point action plan to increase sales of eco products. It is rolling out its Maison Éco campaign across stores to promote its extensive range of eco products to customers and has also introduced an eco champion award for the best eco product sales team. See Castorama France engaging our customers for further details, www.kingfisher.com/CR_CastoramaFrance.

B&Q UK is also working on a range of new measures to maximise business opportunities. These include the introduction of eco shops within stores and qualified eco advisers (it plans to have 1,700 qualified eco advisers in place by September 2010). The B&Q flagship stores in Sutton and New Malden are piloting the full eco shop within stores concept. In a further 44 stores B&Q is pulling together all their key energy-saving products into one zone at the front of the store. At the stores in Sutton and New Malden, the company is also trialling home eco audits and new eco services such as boiler and solar thermal water heating installations. This move into eco services offers potential new areas of growth for our business.

The B&Q UK store in Sutton has also been selected as a partner by the UK government in a trial of the new Energy Pay As You Save financing scheme for home energy efficiency improvements. This gives local Sutton households the opportunity to invest in low-carbon technologies in their homes with no upfront cost. B&Q believes that such financing schemes will play an important part in driving the market for home energy makeovers and would like to see the extension of such incentives. See B&Q UK engaging our customers for further details, www.kingfisher.com/CR_BandQUK.

With government and business customers increasingly adopting sustainable procurement policies, there are growing opportunities to use our CR credentials to win new trade contracts. For example, B&Q UK's commitment to sustainable timber sourcing – including achievement of full chain-of-custody certification for FSC and PEFC products – has been an important strand of the company's commercial strategy for winning and retaining trade contracts.



Business opportunity

Targets

Target

Increase

eco product sales

Target for 2009/10: Increase eco product sales year on year.

New target for 2010/11: Grow sales of eco products to £1.11 billion (a 4% increase).

-  Target achieved or on track to meet target (assessment based on past performance)
-  Some progress, but further work required to achieve the target
-  Target not achieved or no/little progress to date

Progress against target – 2009/10

£1.07 billion

eco product sales

In 2009/10, sales of eco products totalled £1.07 billion – accounting for 10% of total retail sales across the Group, up from 7% the previous year. This has been due to a number of factors including an increase in the range of eco products we stock (see product design, page 04) and effective marketing campaigns to drive up sales (see engaging our customers, page 49). The application of a new Group-wide definition of an eco product has also helped our businesses to provide more accurate data on the number of eco products they stock.

We have set a revised target for 2010/11 to continue to grow eco product sales to £1.11 billion in 2010/11 (a 4% increase). This was developed following consultation with our main businesses and takes into account their individual targets and action plans.

 **Achieved / On track**



Business opportunity

Data

Key performance indicator

	2008/09	2009/10
Eco product sales (% of total sales)	7	10

Detailed data

	2008/09	2009/10
Eco product sales (£ billion)	0.67	1.07

Notes:

- In 2009/10, data was collected from all our operating companies and joint ventures. In 2008/09, data was collected from operating companies and joint ventures which accounted for 97% of the Group turnover.
- The data is collected in accordance with Kingfisher's Group definition of an eco product. Products are included that have either an eco function (i.e. they help customers reduce their environmental impact) or they have specific environmental credentials e.g. a credible eco-label such as the Forest Stewardship Council (FSC). See product design for further details of our Group eco product definition, page 04.



Other economic issues

Progress

Attracting ethical investment

Investors are increasingly interested in our ethical and environmental performance and the positive contribution this can make to our business. We seek to communicate with both mainstream and socially responsible investment (SRI) funds through SRI investor roadshows, one-to-one meetings and by responding to a range of questionnaires. We met with 14 investment firms during our SRI roadshows held in London and Paris in January and February 2010. Kingfisher's Chief Executive, Ian Cheshire, participated in a panel discussion at the Pensions 8 Summit in October 2009 focusing on ways to enhance engagement with the mainstream investment community on sustainability issues.

Kingfisher continues to be included in the FTSE4Good and Dow Jones Sustainability Indexes (DJSI) – two of the main SRI indices. See www.kingfisher.com/cr_investor_ratings for details of how we are performing in ethical investment ratings.

Reducing costs

Our focus on minimising energy and waste also helps us to save money. For example, waste reduction initiatives in our French businesses have helped to save a combined total of over €3 million (£2.7 million) in 2009/10 through reduced waste disposal costs.

We also recognise that we need to make upfront investments in energy-efficiency and other sustainable technologies to achieve our carbon reduction targets and reduce costs. When making investment decisions, we need to factor in the long-term financial payback of our investment in sustainability and also the reputational benefits. Our businesses are investing in a range of energy efficiency improvements. For example, B&Q UK is investing £2.3 million in 2010/11 to improve the energy efficiency of lighting across 37 more stores.

As well as investing in improving energy efficiency, we will need to switch to lower carbon energy sources in order to achieve more ambitious carbon reductions in the future. Although there have been some advances in renewable energy technologies over the past few years, they generally require significant investment upfront and have a long payback period. A number of our businesses have started to trial a variety of different renewable energy technologies, although the relatively high cost means there has been limited roll-out (see climate change, page 21).

In the UK, we have registered to participate in the Carbon Reduction Commitment Energy Efficiency Scheme, which began in April 2010. This carbon trading scheme will provide a further financial incentive to make energy reductions.



Highlights

€3 million

Saved by our French businesses through waste reduction initiatives during 2009/10

14

Investment firms attended our SRI roadshows in London and Paris in January and February 2010



Other economic issues

Progress

Tax governance

Kingfisher is aware of its responsibilities to its many stakeholders and understands the importance of being transparent and accountable through all its communications, including those regarding tax. Kingfisher adopts a responsible and transparent approach to managing its tax obligations, which aims to maximise shareholder value while proactively controlling the costs of doing so within the confines of the law. Kingfisher has local personnel responsible for tax in place in all of its operating jurisdictions who work closely with the Group tax function which is centrally managed and overseen by the Group Tax Director.

The Kingfisher Group Tax Policy prescribes stringent minimum standards to be applied in relation to tax matters by all personnel across the Group, which are governed by the local Finance Directors and the Group Tax Director. The local Finance Directors are responsible for reporting all tax risks to the Group Tax Director and together they manage such risks.

Cash value added

Cash value added (£2,410 million in 2009/10) is the value of sales less the net cost of goods, services and assets. The table in the data section shows the distribution of the cash value added and helps to give a snapshot of how the company has created wealth for stakeholders. Employees gained the largest share (52%), followed by government (10%) and then shareholders (5%).



Other economic issues

Data

Detailed data

Consolidated cash value added

	2008/09	2009/10
Cash value added (£ million)	1,902	2,410
Cash value distributed to stakeholders (%)		
Employees (wages, salaries and retirement costs)	60.7%	51.8%
Government (taxes and social security costs)	15.3%	9.6%
Shareholders (dividends)	6.6%	5.2%
Lenders (interest)	4.9%	2.6%
Community investment (cash donations)	0.0%	0.0%
Total cash value distributed to stakeholders	87.6%	69.2%
Cash retained within the business (%)	12.4%	30.8%

Notes:

- The above figures are reported on a continuing operations basis only.
- Cash donations were £417,000 in 2009/10 and £597,000 in 2008/09 (but appear as 0.0% in the table due to presentation of data to one decimal point). In addition, Kingfisher's community contributions also included gifts in kind and employee time. See community investment for further details, page 68.

