



**KINGFISHER**  
**FUTURE HOMES**  
 CORPORATE RESPONSIBILITY  
 SUMMARY REPORT  
 2009/10

visit [www.kingfisher.com/CR](http://www.kingfisher.com/CR)  
 for our full-length web-based report.  
 This summary report is a brief overview.



**Ian Cheshire**  
Group Chief Executive  
Kingfisher plc

## A conversation with the Group Chief Executive

See our online CR Report for a video introduction from Ian Cheshire.

### What is Kingfisher doing to address climate change?

Kingfisher is in a unique position to address climate change because we can influence two very important groups of people, firstly our customers and secondly our suppliers. We can provide customers with products, services and information that will allow them to reduce their carbon footprint. We are also working with our suppliers to reduce climate change impacts in our supply chain.

### How are you helping customers reduce their eco footprint?

We're increasing our range of eco products across the Group and developing a Group eco brand. Consumers are looking for answers and solutions to complicated questions and we need to give them as much help as we can. It's quite clear there's the demand for eco solutions, but a lot of the time customers don't know where to start. I think we can play a key role in making it easier for customers. For example, B&Q UK is introducing eco shops within stores which bring all our eco products together in one place for the first time.

### How are you reducing the impact of your operations?

Our work on sustainability encourages us to think about every aspect of our business and how we can cut out waste. This also helps to lower cost and make us more efficient. So the fact that over the past year we've been able to reduce the total CO<sub>2</sub> equivalent from energy and transport by 8% and the amount of store waste disposed by 10% is a direct bottom-line benefit.

### How are you working in partnership with others?

We work with a range of partners, such as Forum for the Future and BioRegional, to help inform our thinking. We also engage with governments and participate in a range of networks to influence the wider sustainability agenda. For example, we have set up a Timber Retail Coalition with a number of other major retailers to address timber issues. In addition, I'm involved in the Corporate Leaders Group on Climate Change which is calling for stronger government action to tackle climate change.

### What are your priorities for the future?

There are two clear opportunities for the future. The first is to grow eco product sales. In 2009/10, we achieved over £1 billion of eco product sales – driven by initiatives such as Castorama France's Maison Éco and B&Q UK's One Planet Home®. The second opportunity is to provide eco installation services in customer homes, as government measures help to create new markets for home energy retrofits. We're now getting ready for a multi-billion pound eco services market that will be a big part of our future.

#### Future Homes strategy

Our Future Homes strategy ties in with our Delivering Value business plan by adding value in two key ways:

- Growing sales of eco products and services.
- Reducing costs through improved eco efficiency.

# About Future Homes



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. At the same time, we aim to make our own business more sustainable by reducing our environmental and social impacts.

This is what Kingfisher's Future Homes strategy is all about: helping customers, employees and suppliers make the homes of the future more sustainable and affordable. Our seven Future Homes goals set out our long-term vision on key issues. As part of our ongoing work with the independent sustainability experts Forum for the Future, we have started to set key milestones and long-term targets for the next ten years.



## Our customers

We help customers reduce the eco footprint of their homes and save money ...with good value products and services that are better for the home and better for the planet.



## Our employees

Our employees are the champions of sustainability across our business ...providing eco advice to customers and promoting change within our own operations.



## Our suppliers

We work with our suppliers and partners to embed sustainability throughout our supply chain ...driving the development of innovative and affordable eco products and services.

## Key strategic challenges

### Consistent standards

As an international business, we need to ensure consistent ethical and environmental standards across all countries we operate in. **Our response:** A comprehensive plan of sustainability actions that is delivered across the Group.

### Sustainable consumption

Sustainable consumption is one of the key global challenges of today. As a retailer, we can play a part in encouraging a shift towards more sustainable patterns of production and consumption. **Our response:** Development of extensive eco product ranges, new eco services and a research project to address the sustainability of our wider product offer.

### Sustainable timber

While Kingfisher is committed to sustainable sourcing of timber, we believe that regulation is needed to stamp out illegal timber in the wider marketplace as it distorts competition. **Our response:** We have formed a Timber Retail Coalition with other major retailers to support EU-wide regulation to curb illegally harvested timber.

# Our products and services



## 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.

## Highlights 2009/10

- B&Q UK's One Planet Home® range includes over 4,000 eco products and Castorama France has over 5,400 Maison Éco (Eco House) products.
- A new own-label eco brand has been created. We are now developing a range of Group-sourced eco products for the new brand.
- The volume of timber sourced from proven well-managed or recycled sources increased to 77% in 2009/10 (up from 72% in 2008/09), exceeding our target.

## 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.

▼ 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.



# Our stores and operations



## 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.

## Highlights 2009/10

- We have made good progress over the past year in reducing the environmental impact of our stores. For example, we have reduced our total CO<sub>2</sub> equivalent emissions from energy and transport by 8% and cut total store waste disposed by 10%. All our operating companies have action plans on energy, transport and waste.
- A range of green technologies have been incorporated into new stores at B&Q UK and Castorama France.
- B&Q UK has an ambition to reduce its direct CO<sub>2</sub> emissions by 90% by 2023 (from 2006/07). It has also set an interim target to achieve a 20% reduction by 2012/13 (from 2006/07) and has already cut emissions by 16%.

## 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.

➤ 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.



➤ 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.



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# Our customers



## 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.

## Highlights 2009/10

- B&Q UK is introducing eco shops within stores to promote its extensive range of One Planet Home® products and provide much-needed advice to customers.
- Castorama France is rolling out its Maison Éco (Eco House) campaign.
- Brico Dépôt Spain has launched the Eco Brico logo to promote eco products in-store.
- Brico Dépôt France has produced a guide for customers on eco-labels.
- Koçtaş in Turkey has run its first TV commercials to promote energy-saving light bulbs.

## 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.

▼ 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.

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# Our people



## 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.

### Highlights 2009/10

- B&Q UK is introducing City & Guilds qualified eco advisers in stores – it plans to have 1,700 eco advisers in place by September 2010. Every store has an Environment Champion to help promote awareness of sustainability among their colleagues.
- Brico Dépôt France launched a new e-learning sustainability training module (see image below).
- B&Q China has incorporated information on eco products into product training for store employees. It also runs an annual competition to reward stores that have demonstrated the greatest progress on CR.
- At Group level, CR objectives (linked to bonus payments) are set annually for the Executive Directors and members of the Retail Board.
- B&Q UK has continued its long-established policy of promoting age diversity, with 28% of employees over the age of 50.

### 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 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.



# Our community



## 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.

### Highlights 2009/10

- We made contributions to charity/community projects worth an estimated £941,000 in 2009/10. In addition, employees raised £374,000 for charity partners through store collections and other fundraising initiatives.
- Our employees spent around 20,600 work hours volunteering in the local community.
- B&Q UK launched a new skills programme for schools called Job Done! which aims to teach DIY skills to school children.

### Area 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 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.



◀ 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.

# Our suppliers and partners



## 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.

### Highlights 2009/10

- The Kingfisher Sourcing Organisation conducted 541 ethical audits in 2009/10 (including all new factories).
- We seek to improve ethical standards in our supply chain through training and partnership projects. In 2009/10, 760 individuals in our supply chain attended ethical/environmental training sessions.
- A research project was launched with the British Council in China to start to address the carbon footprint in our supply chain, involving students from seven universities across the UK and China.
- B&Q UK has been selected as a partner in a flagship government trial to deliver whole-house energy retrofits in Sutton.
- We also engage with policy-makers at European level. For example, we have formed a Timber Retail Coalition with other major international retailers and members of the European Retail Round Table.

### 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.

▼ 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.



# 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.

### Highlights 2009/10

- 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).
- B&Q UK has launched home eco audits and eco installation services at stores in Sutton and New Malden.
- Our initiatives to reduce energy and waste also help to create value for our business by minimising costs. For example, our French businesses saved €3 million during 2009/10 through waste reduction initiatives.

### 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.

▼ 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.

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# Assurance

We aim to ensure that the information in our CR Report (both this summary report and our full-length web-based report) is accurate, material and responsive to stakeholder concerns. We have therefore put in place three types of assurance to help us achieve this.

## Stakeholder Panel

Our CR Report is subject to an annual review by an independent Stakeholder Panel of CR experts. Members of this year's Panel were:

**Mallen Baker** (Chair)  
Business Respect

**Seb Beloe**  
Henderson Global Investors

**Craig Bennett**  
University of Cambridge Programme for Sustainability Leadership

**David Brunt**  
AkzoNobel

**Jo Daniels**  
Business in the Community

**Tom Ironside**  
British Retail Consortium

**Paul Skehan**  
European Retail Round Table (ERRT)

## Data assurance

Our Group CR data has been independently reviewed by Ernst & Young.



## Internal audit

As part of our overall assurance process, Kingfisher's internal audit team conducts reviews of specific aspects of our CR programme.

The statements from the Stakeholder Panel and Ernst & Young can be found on our website [www.kingfisher.com/CR\\_Assurance](http://www.kingfisher.com/CR_Assurance)

# Key performance indicators

	2007/08	2008/09	2009/10
<b>Our products and services</b>			
<b>Timber:</b> Reported timber volume sold from proven well-managed forests or recycled sources (% of timber volume sold)	71%	72%	77%
<b>Our stores and operations</b>			
<b>Carbon footprint:</b> CO <sub>2</sub> equivalent emissions from energy and transport (thousand tonnes)	516	534	489
<b>Energy:</b> Store energy efficiency (kWh/m <sup>2</sup> of total sales area)	217	209	198
<b>Transport:</b> Dedicated fleet efficiency (litres of fuel used per m <sup>3</sup> of product delivered to stores)	4.35	4.27	4.11
<b>Waste:</b> Store waste disposed (tonnes/£ million retail sales)	16.3	12.2	10.5
<b>Waste:</b> Store waste disposed (thousand tonnes)	148	124	112
<b>Our customers</b>			
<b>Eco product sales:</b> Total value of sales of eco products (£ billion)	u/a	0.67	1.07
<b>Our people</b>			
<b>Health and safety:</b> Total lost-time accident rate – major and over three-day lost-time accidents (number per 100,000 full-time equivalent employees)	3,787	3,437	3,385
<b>Diversity:</b> Women in management positions (% of managers)	27%	27%	29%
<b>Our community</b>			
<b>Community:</b> Total community investment (£ thousand)	1,218	1,378	941
<b>Our suppliers and partners</b>			
<b>Factory audits:</b> Number of factories which supply the Kingfisher Sourcing Organisation that had on-site ethical audits	433	411	541
<b>Our economic growth</b>			
<b>Business opportunity:</b> % contribution of eco products to total sales	u/a	7%	10%

The KPIs on this page have been reviewed by Ernst & Young LLP, May 2010.

See our full CR Report online ([www.kingfisher.com/CR](http://www.kingfisher.com/CR)) for the Ernst & Young Assurance Statement and the explanatory notes about the data.



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Kingfisher's full CR Report is available at:  
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