

Kingfisher 2020 Annual General Meeting

Shareholder Questions

Q: On Page 85 of the Annual Report, the Total Shareholder Return graph shows a ten-year return of c.35%. When and how, especially after recent decline, will this be rectified?

- As you have heard today from our CEO, Thierry, we have a strategy in 'Powered by Kingfisher' that we believe will create long-term shareholder value. Thierry and his team have already made a tremendous impact on the business and, along with the efforts from our colleagues across Kingfisher, their early actions on the new strategy have started to be reflected in our share price. Our share price was 206p when the total shareholder return analysis was calculated on 31 January 2020. Yesterday's closing price was 254p up 23% since. By comparison the FTSE 100 is down 15% over the same time frame.

Q: Please can you clarify future Total Shareholder Return graphs by quantifying the inflexions, as other companies do?

- The Total Shareholder Return graph on page 85 has been drafted in line with reporting regulations. Your feedback on this graph will be considered in the drafting of next year's Annual Report.

Q: When and how will foreign operations' profitability be improved (revenue, profit, return on capital employed)?

- We are working hard on improving the performance and competitive position of all our businesses. Outside of the UK, we have a very strong and profitable business in Poland. In France, the combination of Castorama and Brico Depot means we are a strong number two in the market, and we are working hard to improve our performance especially in Castorama France. I am pleased that we are already seeing the early benefits with like for like sales turning positive in Q4 of last year and into the current financial year (before the lockdown commenced in March). Our recent sales performance relative to the market in France has improved significantly, and so we are on the right path. Regarding some of our smaller operations, Iberia was profitable last financial year, we have a clear plan to bring Romania to break-even over the medium term, and we are progressing our exit from Russia.



Q: Instead of timorous withdrawal, or considered withdrawal, from countries such as Russia or Spain, what consideration and plans are there for:

- **success in these markets, and**
 - **more geographic diversification (such as in other poorer countries in Eastern Europe, like Bulgaria, or in the Balkans) and, if none, why the inertia?**
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- In relation to Iberia, with the new management team we have reviewed the original decision to exit Iberia and believe we can build a profitable, sustainable business under the Brico Dépôt banner. In normal business conditions, the business is profitable and not a burden on Group resources.
 - Regarding Russia, we are progressing our exit from this business.
 - Our primary focus is on improving the performance of our existing markets, where we have strong market positions on which we can build. We are however entering new markets where we see clear opportunities. For example, we opened our first Screwfix stores in the Republic of Ireland in the second half of last year, building on our successful online-only operation.

Q: What is the Company's dividend policy moving forward?

- As a Board we have had to take decisive action to reduce costs and secure our financial position. This included making the decision not to propose a final dividend for the 2019/20 financial year. We recognise the importance of dividends to shareholders and we are committed to considering future dividend payments as Covid-19 related impacts become clearer.

Q: How and when will Kingfisher plc switch procurement from China to more ethical, perhaps developing, countries?

- We source our products from all around the world. The products we source for our banners come from around 3,200 suppliers covering 61 countries. Asia Pacific represents 25% of the Group purchases and 37% of our supplier base. China is one of those Asia-Pacific countries and is an important country where we have built up long-term relationships with vendors who deliver good quality product at good value for our customers.
- It is also our commitment to make sure that, wherever we source from, it is sourced responsibly, reducing impacts on the environment and protecting workers and communities in our supply chain. In August, we will be publishing our annual Responsible Business Report which goes into some detail around how we source and the work we've done in the last year with our suppliers to do this. Actions include addressing excessive overtime issues with one of our garden furniture suppliers in China, training in Asia for how we can make plastics more sustainable, and our work with ceramics manufacturers in Turkey to develop their workers' skills for life.



Q: What prominence does Kingfisher plc give to marketing?

- As yesterday's trading update shows, the business is showing strong sales growth across all markets and has been for several months now. It is worth noting that we saw improvements in our like for like sales in Q4 2019, in February 2020, and up to mid-March all across our markets. That showed our new "powered by Kingfisher" strategy, which starts with the customer and is all about distinct retail banners addressing diverse customer needs, is showing early results. Examples of developments on the ground include, a new trading approach with new trading events and a return to kitchen installations for B&Q.
- Our strategy involves us having a balanced, simpler local-group operating model that gives each of our banners the freedom to engage with their customers and drive sales. Each of our banners has a Marketing Director who drives that. From the Group, we have centres of excellence who work with these directors to support them and share knowledge and best practice in common areas including e-commerce, digital journey, data, store concepts, services, and service platforms.

Q: Following the favourable reception to this question at last year's AGM. I could not find in the Annual report any progress report on the audit of company vehicles and their fuel source. the proposal was to publish each year a count of all Kingfisher owned vehicles, in each size class, from in-store cherry pickers and fork lift trucks to cars, vans, HGVs giving numbers in each class fuelled by Fossil fuel and by electric and others, A similar audit of premises heating cooling and lighting could also be added.

- In 2015, we made a public commitment tackle climate change by setting science-based carbon reduction targets through the Science Based Targets initiative (SBTi).
- The SBTi is a collaboration between CDP, the United Nations Global Compact, the World Resources Institute and the World Wildlife Fund for Nature. It defines best practice in science-based target setting, and independently assesses and approves companies' targets to ensure they align with climate science.
- Our targets were approved by the SBTi in early 2019 and cover the full scope of our business (from our own operations to our suppliers and products in use):
 - Reduce emissions in our own operations (property and transport) by 22% in absolute terms by 2025 compared to 2016/17.
 - This is based on current business plans, as well as opportunities for future emissions reductions, taking into account how our business is likely to evolve its transport fleet and property portfolio.
 - We have already reduced our carbon emissions by 18% against a 2016/17 baseline
 - Reduce emissions from the supply chain and customer use of our products by 40% per £million turnover by 2025 compared to 2017/18.
 - This aligns with our current plans around sustainable products and by reducing emissions associated with materials such as cement, plastic and peat.
- These targets build on the progress already made by Kingfisher to cut our environmental footprint, including sourcing 100% renewable electricity for our UK operations.



Q: Why has Kingfisher not signed up to the RE100 commitment to have 100% renewable energy in all its operations?

- We actively purchase renewable power for all our stores, distribution centres and offices in the UK and Romania. However, in some of our other countries, the market conditions make committing to a group-wide renewable power target challenging.

Q: What are your plans for improving non-executive representation on the Board?

- Through the Nominations Committee we keep the composition of the Board under review to ensure it continues to reflect the skills, experience, and diversity to remain effective as the Company's strategy and our external environment evolves.
- Ahead of the proposed election and re-election of each Director at today's AGM, the Board, led by the Chairman, considered each of the directors skills and commitment and concluded that each of them makes positive and effective contributions to the meetings of the Board and the Committees on which they sit. This view was supported by feedback received following the completion of the externally facilitated board effectiveness evaluation conducted during the year and, discussed in more detail in the Annual Report and Accounts.
- During the year, we focussed on succession and recruitment for the roles of CEO and CFO. Thierry Garnier, previously CEO of Carrefour Asia, was appointed as Kingfisher's Group CEO and joined the business in September. Bernard Bot, previously CFO of Travelport Worldwide, was appointed as Kingfisher's Group CFO and joined the business in October.
- We were pleased to announce in late June that Tony Buffin, currently CEO of Holland and Barrett, has been appointed as a non-executive director and will be joining the board in December.
- Finally, as part of the Board's regular talent and succession planning process, we anticipate retirement within the non-executive membership of the Board. Noting Mark Seligman's exemplary tenure will reach 9 years in January 2021, a decision has been made to launch the succession process for the position of Senior Independent Director. Further announcements on this will be made during the year.

Q: Please can you avoid future AGM's clashing with other corporate events?

- As part of our planning process for the AGM we endeavour to avoid the same date as other corporate events. However, clashes are unfortunately not always avoidable.
- We will continue to take this into account when scheduling future Kingfisher AGMs.