

Kingfisher International Products Limited

Strategic report

For the year ended 31 January 2021

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal Activities

Kingfisher International Products Limited (the "company") operates as an offer and procurement company on behalf of the Kingfisher plc group of companies (the "Group"). The company also holds Intellectual Property Rights relating to Kingfisher Group brands.

Business Review

The profit for the year ended 31 January 2021, after taxation, amounted to £90,855,000 (2020: profit of £11,073,000). The profit for this year was primarily due to the company's income increasing due to higher levels of services provided and a lower level of expenditure incurred due to the Pandemic.

Net Assets at year end were £197,983,000 (2020: £107,238,000). This is predominantly composed of intangible assets for £3,460,000 (2020: £6,823,000), net amounts owed by Group undertakings for £229,226,000 (2020: £110,612,000) and outstanding amounts owed to third parties of £23,952,000 (2020: £15,263,000).

Principal risks and uncertainties

The company is a wholly-owned subsidiary of Kingfisher plc. From the perspective of the Directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Kingfisher plc and its subsidiaries which provide a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, and a description of the principal risks and uncertainties facing the business can be found on pages 40 to 46 of the Kingfisher plc 2020/21 Annual Report and Accounts.

The impact of Covid-19 on our operations, our colleagues and in the communities where we operate has been significant throughout 2020 and into 2021. The evolving and ongoing risks related to this pandemic have been proactively addressed by management and regularly reviewed by the Board.

Financial risk management

The company operates as an offer and procurement company within the Group, and as such is exposed to a variety of financial risks which include interest and foreign exchange risk, liquidity and credit risk.

As part of the Group, these risks are managed centrally by Group Treasury, which has in place a Board approved treasury policy and a risk management programme that ensures the impact of such risks are minimised. Further information on the Group's financial risk management policies can be found in note 25 of the Kingfisher plc 2020/21 Annual Report and Accounts.

Key performance indicators

The Directors of the company manage the company's operations on a Group basis and so the Directors of the company believe that analysis using key performance indicators (KPIs) for the company, other than the above as Profit Before Taxation and Net Assets disclosed as KPIs above, is not necessary for an understanding of the development, performance or position of the business of the company. The Group's development, performance and position is discussed in the Kingfisher plc Annual Report and Accounts which does not form part of this report.

Kingfisher International Products Limited

Strategic report (continued)

For the year ended 31 January 2021

S.172(1) and stakeholder engagement statement

The Directors are fully aware of their responsibilities to promote the success of the company in accordance with Section 172 (s172) of the Companies Act 2006 (the Act). When making decisions, Directors have regard to the interests of stakeholders relevant to the company. As well as the likely consequences of any decision in the long term, the desirability of the company maintaining a reputation for high standards of business conduct, and employee interests where appropriate. They also fulfil their responsibilities through Kingfisher's highly developed framework, which includes but is not limited to Kingfisher plc Group policies, business principles and the Kingfisher Code of Conduct.

As is normal for companies that are part of a wider Group of entities, such as Kingfisher International Products Limited, day-to-day management of the company is delegated to executives who, in turn, engage management in setting, approving, and overseeing execution of the business strategy and related policies. The Board of Kingfisher International Products Limited reviews financial and operational performance and legal and regulatory compliance pertinent to any decision they are taking.

The purpose of Kingfisher International Products Limited is to act as an offer and procurement company within the Kingfisher Group of companies. As well as its affiliates in the wider Kingfisher Group in which it operates, the company's key stakeholders are its workforce, its suppliers and national and international external regulators of product safety. While there are cases where the Board judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Kingfisher Group means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social, and other issues than by working as an individual company. Please see pages 63 to 69 of the 2020/21 Kingfisher plc Annual Report and Accounts for details of operational and Group-level stakeholder engagement with the company's stakeholders as well as those of the Kingfisher Group regarding issues to which the Directors must have regard.

During the period we received information to help us understand the interests and views of the company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG (environmental, social and governance) matters and the outcomes of specific pieces of engagement (for example, the results of customer and supplier surveys and focus groups). As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of our stakeholders' concerns and to comply with our s172 duty to promote success of the company for the benefit of its members as a whole.

Set out below are some specific examples of the Board's approach to stakeholder engagement and how that engagement has influenced the Directors of Kingfisher International Products Limited decisions during the year.

Colleagues

- Regular communication using a mix of channels to encourage two-way dialogue; in addition, leader vlogs, Yammer updates, online townhalls, and use of Microsoft Teams.
- Training, learning and development opportunities for all colleagues, adapted for remote working.
- Regular performance check-ins and online or face-to face development for all colleagues.
- Engagement surveys and listening groups such as the Kingfisher Colleague Forum (KCF) and retail banner colleague forums.
- Union dialogue where appropriate.
- We are developing Group Diversity and Inclusion principles and we are training our senior colleagues to model inclusive leadership behaviours.
- Our Wellness Framework helps support colleagues to look after their mental, physical, social and financial health.

Kingfisher International Products Limited

Strategic report (continued)

For the year ended 31 January 2021

S.172(1) and stakeholder engagement statement (continued)

Suppliers

- Engaging suppliers with Kingfisher's Code of Conduct and Responsible Business strategy.
- Supplier ethical risk assessment and audit.
- Registration on Sedex, the online supplier data exchange, for Goods For Resale (GFR) suppliers.
- Ethical audits of high-risk production sites.
- An EcoVadis assessment, the sustainability ratings platform, for spend with new Goods Not For Resale (GNFR) suppliers above £75,000.
- A Vendor Engagement Assessment via an online tool, for spend with GNFR suppliers between £5,000 and £75,000 to screen for things such as business integrity, data protection, information security, and ethical practices.
- Factory and site visits.
- Conducting risk-based anti-bribery and corruption due diligence.
- Reviewing our approach to human rights.
- Supplier conferences on topics of significance.
- We report our payment practices under the UK Government's Duty to Report Requirements.

Regulators and Government

We engage with the governments and regulators in each of our key markets and with the EU, both directly and through our trade associations. This includes attending events hosted by governments, responding to consultations, and participating in parliamentary inquiries. The company also regularly engages with regulators and government departments, including in the UK, the Registrar of Companies, the Financial Conduct Authority (FCA), the Financial Reporting Council (FRC), the London Stock Exchange, and the Information Commissioner's Office on matters of statutory or regulatory compliance.


Further, Kingfisher has membership of trade associations, including the British Retail Consortium, Confederation of British Industry, The European DIY Retail Association, the French DIY retail association, the Polish retail employers' organisation, and EuroCommerce on matters of industry importance. A full list will be available in the Responsible Business report, which will be published later in 2021.

Future developments

In March 2021, we signed a franchise agreement with the Al-Futtaim Group to expand Kingfisher into the Middle East, with a first step being the opening of two B&Q-franchised stores in Saudi Arabia in autumn 2021. The stores and support office functions will be fully operated and staffed by the Al-Futtaim Group.

The company also opened a European distribution centre in Summer 2021, based in the Netherlands. This distribution centre holds Kingfisher 'own exclusive brands' and distributes to all retail banners, starting as a proof of concept in 2021/22, with a view to expanding in the future.

Approved by the Board and signed on its behalf by:

DocuSigned by:

BDE2D492B3B1414...
JJ Smith

Director

28 October 2021