Kingfisher PLC 'Teach-in' Event 2022

Kingfisher Speakers:

Thierry Garnier (TG), Chief Executive Officer

Maj Nazir (MN), Investor Relations Director

JJ Van Oosten (JJVO), Chief Digital and Technology Officer

Sienne Veit (SV), Product and Platform Director

Paddy Earnshaw (PE), Customer and Digital Director, B&Q

Marc Vicente (MV), E-commerce & Marketplace Director

Kate Seljeflot (KS), Chief People Officer

John Mewett (JM), CEO, Screwfix

Kathryn Thomas (KT), Head of Planet and Responsible Business Reporting

Chris Guest (CG), Climate Change Manager

Valéry Cussenot (VC), Director of OEB Quality, Planning and Brand Management

Nick Lakin (NL), Corporate Affairs Director

Q&A Speakers

Pam Liu (PL), Morgan Stanley

Richard Chamberlain (RC), RBC

Simon Irwin (SI), Credit Suisse

Adam Cochrane (AC), Deutsche Bank

Tony Shiret (TS), Panmure Gordon

Anne Critchlow (AnC), Société Générale

Warwick Okines (WO), BNP Paribas Exane

MN: Good afternoon, everyone, and many thanks for joining us at our teach-in event. A big welcome also to those who are joining us via webcast today. So for those that don't know me, I'm Maj, the IR Director here at Kingfisher, and I've been in the business since the start of 2019. So we're here today at the Tobacco Dock, a 200-year-old Grade 1 listed venue in East London; allow me to go off on a very small tangent for you with a few facts for those who enjoy history.

So, the current site is about two-fifths of its original size of 70 acres, and the barrel arched vaults that you saw on your way in are believed to have been built by prisoners of the Napoleonic Wars, storing all manner of goods that have been brought to London from across the world and that includes wool from Australia, rum, brandy, wine, animal skins and of course tobacco as well, brought over from Virginia. Commercial shipments stopped in 1968, and today it's used primarily for events. And it's the world's - so I'm told, it's the world's only Grade 1 listed workspace.

The event today is being audited and externally validated by the Carbon Footprint Standard to certify it as carbon neutral. Formal PAS 2060 carbon-neutral certification will be issued in due course.

Anyway, back to business. Today is a Teach-in event and the purpose is to step away from the day-to-day trauma of the capital markets, and give you some insights into two areas of our strategy that are key drivers of our long-term success – and two areas of our strategy that have made enormous leaps forward in three years. You’re also very used to seeing Thierry and Bernard at results events, and so we wanted to also showcase some of the incredible talent we have across our business. As we said in this morning’s stock exchange announcement, we’re not providing any material new financial information today and there is no financial update to give to you until our Half Year Results on 20 September.

In a moment, Thierry will introduce the agenda as well as my colleagues from Kingfisher. Many of you will have scanned one of the QR codes on your way in to receive a Delegates’ Information Pack where you can find a short welcome, today’s agenda, and bios for each of the presenters. For those on the webcast, all this information can be found on the right of your screen, and it’s also on our IR website.

During the coffee break and after the presentations, you'll get the chance to experience product demonstrations showcasing our Sustainable Home Products, and digital innovations such as our 'virtual reality' kitchen visualiser. You'll be able to speak to several of our colleagues, which we hope will provide valuable insights into those aspects of the business. Please note that anyone wearing a badge with their name in green is a Kingfisher colleague.

I also wanted to mention that many of the products we have used around the venue today will be donated to Hestia; they're one of the largest providers of refuges in London supporting victims of modern slavery, as well as women and children who've experienced domestic abuse. It's an incredible organisation. And Kingfisher's IR team will actually be volunteering at Hestia, at one of their sites in London later on this week.

So I trust you've all read the disclaimer here on slide three and I really hope you enjoy the afternoon and today's presentations. And just before we start, a couple of housekeeping points, firstly, on Q&A. There'll be an opportunity to ask questions at the end of each suite of presentations on e-commerce and responsible business respectively. Second, please ensure that your mobile devices are either muted or switched off.

And finally, just a word on safety. I've been asked to point out that there are no planned fire drills today. So if the alarm does sound, staff will immediately be on hand to guide you to the nearest fire exit. And that is quite enough from me.

I'm now going to pass you over to our CEO, Thierry Garnier.

TG: Thank you, Maj, and hello, everyone. Thanks to all of you for joining us today at Tobacco Dock and to everyone joining us through the webcast. We have decided with the teams to choose a less formal venue than usual today, to support an open dialogue and direct interaction on two very important pillars of our strategy. The setting will also allow you to interact with some of the outstanding members of the teams responsible for these two areas.

But before moving to the key topics of the day, I would like to take you all with me and look back at what has been achieved over the last three years.

Kingfisher today is very different to what it was in 2019. It is now a much stronger business, getting agile and innovative, taking advantage of new supportive trends in our industry and focused on growth opportunities. By early 2020, a whole new Group Executive team was in place and our new strategy, Powered by Kingfisher, was launched. And while managing the pandemic in parallel, we deeply transformed the company. We established new commercial and new technology operating models to support our banners. We created group centres of excellence in key areas, where it makes sense to leverage the power of the Group.

We moved rapidly to an e-commerce strategy with stores at the centre, which allowed us to fulfil over 90% of our e-commerce orders from stores and reach 18% sales participation last year. We launched our first e-commerce marketplace in the UK in a way that will be easily scalable to our other markets. Screwfix in France, has been launched online. We recently opened our first Screwfix distribution centre in France, and you will see our first stores in the coming months.

TradePoint's relaunch in the UK has driven plus 33% like-for-like sales progression in the past two years. The learnings from TradePoint success will help us capture more trade sales opportunity in all our other banners. Our own brand products are more than ever a key source of differentiation from our competitors. Their sales penetration has increased from 40% to 45% over three years. And that's just under £6 billion of sales.

We have also so far trialled 28 smaller format stores in the UK, in France and in Poland, with many important learnings for us. And we are building a track record with our shareholders of delivering every quarter on our commitments. Our focus on execution has made Kingfisher a much stronger business than in 2019, and as they say in this country “the proof is in the pudding” and for us the key proof is in market share. We have seen consistent gains in all key banners with a compound growth rate for sales of plus 10% in the past two years versus plus 4% for the market.

So let me now play you a short film on Powered by Kingfisher.

[Video – ‘Powered by Kingfisher’]

Kingfisher teams can be very proud of what they have achieved while managing the business highly efficiently during the pandemic. I'm personally very proud to be part of that team.

Moving to today's agenda, you are by now very familiar with Kingfisher’s strategic priorities. And so I will not spend time to cover this again in detail. Today's objective is to give some more detail on how we are progressing with our e-commerce and technology plans, and secondly, how we are delivering our responsible business agenda. The teams will do more detailed presentations in a minute.

But I wanted to share with you some more personal thoughts first. When we speak about e-commerce, I believe European retailers should look towards Asia to get a better understanding of future trends. I was fortunate enough to work in China for seven years. And was exposed 10 years ago already to the emergence of on-demand delivery, which now represents a major share of the market.

All leading world retailers were shocked in 2015 when Alibaba opened its first Hema grocery store concept called Freshippo in English. We saw 10,000 orders per day, smoothly picked in a relatively small store and delivered within 30 minutes in a three-kilometre radius. This fast delivery was only made possible because each store was also a mini fulfilment centre. The retail community at that time rediscovered the power of store picking, and it challenged their preconceived ideas about how far this operating model could go.

It was a revelation that by leveraging stores it was possible to deliver to more customers and faster. And this is how the store came back to the forefront of successful digital models. At Kingfisher, we believe in speed and in click-and-collect, and we believe that stores are an extraordinary and flexible asset to deliver on our digital journey.

And this is precisely how Kingfisher has managed to flex up and deliver up to 1.5 million orders per week at the peak of the pandemic, a much larger number than the majority of UK retailers and with very limited incremental CapEx. And this is allowing us today to follow demand levels and flex up or down without having invested more in costly and rigid large fulfilment centres.

But another important learning from China is the role that e-commerce marketplaces play. And this has challenges too about what is the right model for our home improvement retailer. More on this later.

And speaking now about Responsible Business practices. Kingfisher has been a pioneer in this area for more than 30 years. At Kingfisher, we believe a better world starts with better homes and we are committed to make better homes accessible to everyone. But beyond this, we wish to operate the business while doing the right thing. You will remember we decided to close our stores for several weeks at the start of the pandemic to keep customers and colleagues safe. We brought them back from furlough as quickly as we could. We repaid over £150 million received as part of the UK government furlough scheme and business rates relief. We also want our colleagues to be their true self at work and we are investing in a culture of trust, inclusion and diversity.

In 2020, we launched our first ever all colleagues share plan, reaching more than 9,000 participants. And we launch a new plan in H2 this year. All these actions have significantly improved colleague satisfaction. And our last survey puts Kingfisher in the top 10% of all retail businesses in the world.

On the critical matter of global warming, we are committed to tackle climate change by setting ambitious targets, both in the short and in the longer term. In the short term, we are on track to limit our carbon emissions in our operations in line with 1.5 degrees by 2025. In the long term, I am extremely proud to announce today this exciting news. We are now committed to reach net zero emissions in our operations by 2040. This is a very important commitment of Kingfisher that engages both our strategy and our teams for the long term.

Finally, we'll also illustrate today how Powered by Kingfisher works with our banners leading the game in everything related to customers, ranges, pricing, trading, while our Group functions power the banners with Own Exclusive Brands and technology. Given talent is scarce and technology is expensive, this is a way to leverage the scale of the Group to the benefit of our business.

And last but by no means least, the Group has helped us to build a new culture based on trust and key values such as agility, inclusion and curiosity. And speaking about curiosity, I'm sure you can't wait to meet the rest of the team. So let me first introduce Andy Cosslett, Chair of the Board. And Catherine Bradley, our Senior Independent Director.

From our Group Executive team, let me introduce Bernard Bot, our CFO, whom you already know well; John Mewett, the CEO of Screwfix; JJ Van Oosten, our Group Digital and Technology Officer; Kate Seljeflot, Chief People Officer; and Henri Solère, our Chief Offer and Sourcing Officer.

Let me introduce also representing the Digital team today and you see their picture on the screen. Sienne Veit, Paddy Earnshaw and Marc Vicente. And for the Responsible Business team, Kathryn Thomas, Chris Guest and Valéry Cussenot. Many more of our people are here today in this room, including those demonstrating our products and technologies, and they look forward to talking with you during the break and after the presentations.

So now, JJ, over to you.

[Video – ‘E-commerce’]

JJVO: What a wonderful video. And thank you also, Thierry. We have achieved so much as a team over the last three years. And believe me, there's a lot more to do in the coming few years. So my name is Jean-Jacques Van Oosten. Everybody calls me JJ. It's a lot easier for everyone, believe me.

I've been in the business for 2.5 years, and I've been doing this type of job for about 28 years now. It is the sixth time that I'm doing a digital transformation and the fifth time that I've been designing, building and scaling a marketplace.

What am I going to cover today? There will be six types of topics. The first one we will focus on why we believe, and I believe, that speed and choice are so important. We will then look at the last three years and what we have achieved. Then we will scale - we will go and dive in a little bit more in detail around - yes, we're going to dive a little bit more in details around what we have done in terms of technology.

We will go into the digital transformation and then we will go and speak about the profitability of our business, which is pretty important, as you expect. And then I will talk about the talent. Talent is important. You never achieve a digital transformation if you do not have the A-team. It is absolutely crucial. So go and spend a few minutes with me. I will take you along this little journey.

So speed and choice are key drivers of retail growth. 12 to 14 years ago, you could probably get something delivered within half an hour in most of the European cities, but it would cost you over £100. Today, it's across the whole of the Western world, most of those cities, you can get this delivered within a few minutes, half an hour, 60 minutes for a few euros, dollars or pounds.

And it has been the case for the last probably seven to eight years, Thierry, in China. So we believe this is very important, is a trend that will continue. In addition to that, our customers are telling us that choice is important for them. But if you zoom in really on what it means to have choice, it means two things.

First of all, of course, from a growth perspective, e-commerce has been the main driver at a compound annual growth rate of about 20%, 22% in the last three years. But marketplace is a model that's been growing twice as fast, and it's actually driving the entire online business. And Marc will show later on that two thirds of the online business is actually, across the world, is actually accounted for by marketplace model. So speed and choice are fundamental drivers for us.

So what have we achieved and where were we about three years ago? You have our various banners. You have some items over there around speed in orange and then in blue you have what we believe around choice and is powered by some data. It's fair to say when you look at this, this is an objective assessment that it was rather underdeveloped three years ago. Today, we have fast click-and-collect in all of our banners. We have full range available to all of our customers across all of our banners. We've launched a marketplace in the UK. We have clear plans being developed to go further, which Marc will talk about as well. And we are leveraging the data that we need to serve our customers better and make our business more efficient.

So we have achieved a few things. How have we achieved that? And I remember very well when we were sitting several weeks before the pandemic altogether, we had no idea we were going to have a confinement, obviously. And we took a very, very strategic decision. We said we will put our stores at the centre of the fulfilment model for e-commerce, not go in and build big DCs, distribution centres. And we went for it.

A few weeks later the pandemic started, and we flexed up extremely fast to 1.5 million orders per week being picked from the entire estate of our stores. And it's fair to say, yes, the processes were a little bit manual, but we believe in the motto ‘done is better than perfect’. A year later, we actually evolved, learnt a lot. Paddy will talk about the implementation of the concept - development of the concept and implementation of the digital hub stores, which are bigger stores. We have got more depth in terms of stock and a broader range as well that enable us to do very good store to home delivery.

Our business is a European business. Every brand is different, and every country is different. Poland is a world of lockers, 22,000 lockers. Every single Castorama Poland store has a Castomat fully integrated into the store and online as well. The French, they like to drive. That's where they are. And we established in every single 92 stores of Castorama a drive on the car park. The same in Brico Dépôt, 123 stores. And those processes, which were, yes, very manual and also paper-based, were completely digitalised on the colleagues’ app that they are using.

Then we gained momentum, and especially with Screwfix, John, we actually managed to go and deliver and create a proposition of click-and-collect within one minute. So you go on the app, you do the order. You can be in the store, on the car park, wherever you are. Within one minute it is ready. We also delivered the Sprint concept, which is a range of Screwfix available to our tradespeople, for you and I, within 60 minutes. For tradespeople, time is money. It's important.

For the kitchens, which is core of our larger box - a part of a larger box business, you can design new kitchens from pictures using your mobile or by scanning your room as well, which is using some special functionality of the iPhone 8 and above.

So we've done a lot. And we believe that we have embraced speed. What about choice now? Home improvement, and I was quite flabbergasted about this, is actually a world of choice. There's a lot of choice within home improvement in terms of SKUs. And our banners have got very large online traffic. At worst, we are in the top three in most of our countries. Quite often, we're number one in terms of traffic.

And a little bit of information there is that in the UK, for example, when you look at the online traffic of diy.com and Screwfix combined, we have more traffic than Amazon has in the same categories. So we have a lot of traffic.

In addition, when you speak to the customers, and we did speak to many of them, over 1,500, they are telling us that they would like to be at home. They don't like to be at home to do to wait for their orders. They would like to actually collect those orders from stores. And when they have a return, they would like to do this as well from a store perspective. They are also saying to us that they expect our brands like B&Q and Castorama to provide them with high-quality ranges and SKUs, not some products that may have a bit of a quality issues. So that's a perfect fit for us. We have the traffic. We have great brands, and our customers are asking for it.

In terms of choice, when you look across the world, they're shy of 200,000 merchants. And now we explain what a marketplace is in a minute. And in terms of range, there's more than 20 million SKUs available in home improvement on this planet.

Our five-year ambition, when we look at it versus some of our competitors. On the left-hand side here you have Allegro in Poland with 5.6 million. So they hover between three to five million. We believe that across our banner, we will have on average about four million SKUs in the next five years.

You can read the words on the slide, but at the end of the day, what is a marketplace? And maybe for some of you, it's obvious what I'm going to say. I apologise in advance. But it is very different than doing normal e-commerce. Yes, in normal e-commerce, you have millions of visits and customers coming to your website and you fulfil the orders through your stores, or some other players like to use DCs. And then you have a few hundred or maybe a few thousand suppliers, no more than that. And you have a range of SKUs of 35,000 to 100,000. It takes variants of colours, etc.

In a marketplace, you have all of these customers there, but on the other side, you have millions of SKUs. And those SKUs are provided by merchants, sellers. Those merchants and sellers are not suppliers. They are customers for us. So we have to establish a B2B business to make this successful. In the middle, we become operator. That means that we take the traffic and we meet the demand of that traffic, of those customers with the SKUs from those merchants.

From a business model perspective, we make money by taking a commission rate, which is on average in our industry between 10% and 15%. That's what a marketplace is. And we, as Kingfisher, power our banners there by making that faster and cheaper for our banners to do.

But it's not simple to do. And that's why I stopped a little bit at the beginning. There are various elements to do. There's an element of technology because when you have millions of customers and millions of SKUs, you can’t run your business from a spreadsheet. You need technology for this, and you need data as well. And our position back three years ago was probably - there was not probably, it was based on an e-commerce monolith platform. It's called ATG from Oracle.

And the ways of working were such that the banners had to write a telephone book of requirements, send that over to IT. IT will then try to go and build this. And by the time it would go in front of our customers or colleagues in the stores, you would probably be a little bit obsolete. In addition, the data itself was siloed. So you had data from the till, so an EPOS system, from supply chain, from finance. It was not horizontally looked at, and that is problematic. So we had to break down this monolith and Sienne will talk about this. And I know I always have my little props. I promise that.

And you break a monolith by building Lego bricks. And those Lego bricks can be like a search functionality, or it can be like a payment functionality, but they need to be Lego bricks. And with Lego bricks you can build lots of things, different formats, different offers. You can iterate very fast as well. We are not there yet in 2019. And that led us to have from a speed perspective, we could not offer same-day, next-day or named-day to our customers.

From a technology perspective, it was difficult to scale. A very important element on the omnichannel player is to have one single view of customers, one single view of orders, one single view of inventory. Those three elements are essential to actually create an omnichannel experience.

So what we have done since then is that we've invested in some key capabilities. On the left-hand side, we have some core assets. I've mentioned them, brand, stores, traffic and some core behaviours, which Kate will leverage on. Those behaviours are on agility, curiosity, being professional. It's extremely important for us. Those omnichannel enablers, one view of customers, one view of stock, one view of orders. Screwfix had that in their DNA, but we did not have in the other banners, so we had to create this.

It's the only way for you to provide a frictionless, seamless experience to customers, whether they are in stores on the mobile or in a call centre. And we had to invest in engineering, and we will carry on to invest in engineering such as we will then be able to have more Lego blocks.

We also had to go and look at partnerships, because in the past I had to build a marketplace completely handcrafted. Today, we were lucky. We scanned around the world, and we did a very detailed assessment and we found Mirakl as a key software provider, quite mature with good functionalities that enable us to actually do all the onboarding, all the catalogue management, all the exchange of information between the merchants and our customers and ourselves. That's important.

So it did leverage, it did actually create quite a lot of good things. Some of them are around customer experience. By combining all these capabilities or core assets and engineering, we improved our Web NPS by 40 points. It's not insignificant. From Screwfix, we had many downloads of the new app, but you can buy downloads. You just spend money on Google Store, on the App Store. The key question is, are your customers engaged or not, do they use the app?

There's a KPI there which is monthly average user, MAU. And I can tell you that Screwfix with its millions of downloads has got eight-fold more engagement compared to some of their competitors. That is significant. In addition, there is improvements and novelties, innovation in terms of customer propositions. Click-and-collect express lane. It sounds simple, but simple things are difficult to do, believe me. It's a frictionless experience for customers. They love it, especially when you look at the NPS that we get out of it. And we launched a new marketplace as well. So yes, it is difficult to do. We've done a lot of work on this. We invested in our capabilities, and we are on a good momentum.

Now there is an additional question, which Bernard always asked me. Is it worth it? Well, I've done this six times, the sixth times, and we are very – have a very different starting position.

Across all of our banners, on average, across the Group, our gross margins are 37%. That's a very, very good starting position. Believe me, I worked in Germany on the grocery business, it’s quite different.

90% of our e-commerce orders are picked from stores, so we are leveraging existing assets. And most of those orders are click-and-collect, so customers go to our stores to collect, which means net-net that the contribution margin of our e-commerce business is very attractive. And we're very pleased with that. But you can already feel that level of energy in this need to continuously create new things. Well, we will add new lines of income like the marketplace. That's a commission-based business. There is no working capital. It's pretty attractive.

We will start to monetise our traffic as well. That's a very important thing. When you go online, you can often see sponsored link or sponsored ad. These types of business requires ad-tech, advertisement technology investment, and is very, very attractive. We will do that as well.

Subscription goes without saying. It's a very attractive business as well. And also, we will - leveraging our data, we will be able to have smart pricing on deliveries. So all in all, it’s pretty good. I mentioned it at the beginning. It is very much dependent on the quality of your talent. I mean, you can write a strategy. We can all do that. But at the end of the day, it is the speed of implementation and the quality of implementation that makes a difference. And the single most important element is to have the A-team, a high-calibre level of talent. And I made absolutely no compromise on this.

And that's why we recruited some top talent coming from these quite prestigious companies, because we have a good story to tell them and we live it every day around data, e-commerce, digital marketing, engineering, and they are coming, and they are with us. One of the talents that we have is sitting here and is Sienne Veit. Sienne, would you like to come?

SV: Hello, everyone. I'm Sienne Veit. Thank you, JJ. I'm the Group Product and Platform Director, and I joined two years ago. And I've been in retail and mobile for over 20 years. I've worked at John Lewis and M&S for six years each, building and growing omnichannel applications for customers and colleagues. I've also worked at Samsung and Sony, where I learned a lot about mobile device ecosystems. And I'm here today to talk about how we've unlocked agility, speed and scale across our e-commerce platform.

But first, I will talk about what we mean by product in an e-commerce context. Then I'll move on to discuss how we were building our e-commerce platform, capability across eight key areas using Lego blocks for speed. I will then show how this approach has worked for marketplace and also how we leverage experimentation for speed. And finally, I'll give an overview of our plans to build new value through data.

So, as JJ mentioned, during lockdown we saw that small, highly motivated teams could deliver scale and speed of change very quickly when we needed to enable fulfilment from our stores rapidly and at scale. From then on, we've moved to using a product approach to delivering technology change on our digital platforms. Unlike projects, where you deliver change for day one and then you move on and the team disbands. In a digital world, a product is a continuous source of value for a business that needs ongoing development and optimisation to keep pace with change, both in customer behaviours and the wider change in technology within the market. And we need to do this in order to continue to deliver value efficiently for a business like ours.

Many retailers like Wal-Mart, Carrefour, Tesco and IKEA have used a product approach. And they used this to deliver value faster but also - it drives innovation that powers growth. And we found this to be a key accelerant to our delivery of value. And we did this by making three key changes.

Firstly, on the left-hand block, we created cross-functional teams with all of the expertise that they needed to solve the problem right from the start. All of the skills and the stakeholders are there, and they addressed the problem and they ensured that we prioritised the right things and that we build them in the right way. And we do this in standing teams. And this means that we build sustainable capability and ownership, which over time further unlock speed.

Secondly, in the middle block, speed has also been achieved by breaking down our monolithic e-commerce platform into components like Lego blocks. You can make a fire engine from this. You can make a post box from this, or you can make a telephone box. You don't need new blocks. You just have to build a proposition from the same box. This means that our teams can work in parallel. It reduces risk of change, and change can be smaller and more frequent. We also use cloud technologies to scale for our peak days and also to power the dynamic data that we need to drive our business growth in an efficient way.

And then, thirdly, on the right-hand block, we've also leveraged a framework used by Google, Apple and Amazon to create highly aligned teams. And this is called the North Star Framework, and Objectives and Key Results or otherwise known as OKRs, where the North Star is the ultimate destination and the OKRs are the leading indicators of how you're going to deliver that outcome. These also help us to prioritise our work according to customer and commercial value, and it's aligned to our strategic outcomes. And along the way, we use data to check that we're on track to deliver that value. And if not, we can easily pivot in an agile way.

As part of our agile transformation, we created eight core domains with all the processes, products and teams aligned to these domains, and they serve our web, app, in-store and contact centre touchpoints. And they are: browsing and finding products, so that our customers can easily search for and navigate to the things that they need and make the right choices; marketplace, which Marc is going to talk about later; account, basket and checkout, so that customers can create profiles, pay and get their goods; payment, super important and ever changing; order management, which is how we route our customers from the available stock the store to them, whether that's click-and-collect or home delivery; and picking, store orders and operations so that our colleagues can efficiently pick those orders in a store; and fulfilment, which is how we connect all of our logistics, warehouses and stores together. And finally, our new domain of data, so that we can create new sources of value.

We have consolidated our teams into knowledge capability groups around these domains to further unlock speed. And we've also invested in skills embedding engineering, architecture, design, test and product skills into stable and continuous teams, who develop deep knowledge of their domain and deep knowledge of the banner, customer and commercial problems to be solved within them. And within each domain, you'll see we use a range of best-in-breed software like Mirakl for marketplace and Marxent for 3D design and planning, which we'll be able to see in the expo area.

And alongside this, we build our own technology to power our banners with the capability they need to create customer propositions in an efficient way by reusing capability, which also drives speed to market.

So we've moved from the monolithic Oracle commerce - e-commerce engine called ATG, which JJ referenced, to a position where over half of our capability has now been created in components outside of ATG and most of which are cloud-based. They have dynamic data capability. With a monolith, even small front-end changes, like changing a button, have to be made all the way through the stack. But by creating a light front-end, design components enable our banners to express their customer experience however they like. And within the middle layer, we're creating new capabilities to unlock our customers' needs, as technology evolves.

And the benefits of this approach outlined on the right are as follows. We're able to reuse and remix these components to offer our banners flexibility in how they manage the delivery of their customer propositions with the advantages of economies of scale and speed to market. We can make smaller change faster and with less risk and with less cost. And we can swap out components as new technologies offer better capability or our needs change. And we can optimise them within centres of excellence to ensure that we benefit from the diversity of knowledge across our banners.

Here's an example of how we've used this approach for marketplace. Marketplace has created two new capabilities. One is a front-end capability. So you'll see here there's a third-party product, a barbecue, which I think everyone should get this summer is fulfilled by Swan, which is a merchant new to our platform. And on the right-hand side is our merchant hub, where we can onboard our new merchants.

And you can see we - how we have reused our existing capabilities. These are the black box. So for example, we didn't need to recreate a product catalogue because we already had that solution. But we've also created new capabilities. These are the green blocks, first for B&Q, but ultimately we can reuse these capabilities for other banners such as Castorama France and Castorama Poland.

And these capabilities are merchant recruitment, which has a range of new capabilities to easily onboard merchants and at a scale with automation built in, which Marc is going to talk about; a merchant hub, where we can manage our interactions with our merchants and also enable them to create customer-facing content about their business. And then at the centre, the Mirakl platform embedded into our e-commerce platform, and that enables our merchants to upload catalogues, set up shops, create sales and manage their products and make them available at prices and promotions that they set.

We also create value faster by leveraging new technologies like A/B testing or multivariate testing. This is a process by which you can deploy multiple different iterations of an experience with real life customers and see what they actually do and then measure the benefit of that. And you can do this to a proportion of your traffic. And then you can also measure key impacts. By doing this, we enable ourselves to learn fast and we make change much smaller and lighter before we roll out features to 100% of our traffic. We're also able to quantify the benefits of the investment in the changes we make.

In this example here on the left-hand side, we have a customer, we know their store, but we don't know anything else about them, which means we can't serve up their home delivery options. And so we wanted to use automatic geolocation so we could attach customers not just to their local store, but also to their home delivery postcode. And this means we can give them a really accurate idea of stock and availability for both home delivery and click-and-collect from their local store or digital hub.

By doing this, on the test on the right, you can see we've made - we've reduced errors. And we've increased conversion. And this is laddered up to over £3 million in value for each of our banners. This shows how small changes executed well can have a big impact. And this is just one of many optimisations we're making across the end-to-end journey to improve our experience for customers and make an impact on growth from these.

Another example is that we use rapid prototyping and experimentation to innovate quickly and test new ideas. Prototyping means you can create something on paper. It's fast. It's light. You don't have to invest in engineers. They're expensive and scarce. And in this example, we wanted customers to be able to scan items in a store and add them to their basket and then transfer that basket to a self-checkout so they can have convenient self-service in their store journey without having to unload their items from the trolley onto the till.

So we created a prototype and we tested it in store within six weeks and then we rolled it out to two stores. And the success of these early trials has given us the confidence to embed this capability in our core customer apps, which will soon be available in B&Q, where they have rolled out self-checkouts across the majority of stores. The same capability can then be reused for Castorama France and Castorama Poland once their self-checkouts are fully rolled out.

We also have significant opportunities through our investment in data and we have lots of customer data. We have more than six million new identifiable customers, up 28% since the pre-pandemic levels. And as JJ mentioned, 1.25 billion visits across our e-commerce sites. And we're using this data to create new sources of growth and to power our profit. And by harnessing data, we can grow sales through personalisation, targeting customers better, and we can encourage our customers to exchange their data in return for relevant communications, rewards and offers which we can then use to drive sales. And even more so with our most frequent trade customers.

By optimising our space and range, we can optimise for availability across campaigns and seasons and drive efficient picking in stores. And then by leveraging data science capabilities and market understanding, we can ensure that we manage our markdowns and pricing and clearance to drive profit. The work we're doing to enable end to end supply chain visibility will ultimately unlock real-time stock and demand optimisation. And this will lean our supply chain driving further efficiency and ultimately drive value through availability, working capital efficiency and stock health. And this value go straight back into our business.

And we can also create new sources of value by monetising the data that we have for suppliers, for our marketplace to create new products and also to create intellectual property. It's been a fantastic two years during which we've fundamentally changed our ways of working our technology stack. And we've robustly focused our teams on our customers and the commercial challenges that our banners face. We're delivering more than ever at greater speed.

And now I'm going to hand over to my colleague, Paddy Earnshaw, who's going to talk about speed and convenience.

PE: I was going to use a Lego block as a clicker, which would have been awkward for everyone concerned. Good afternoon, everyone. I'm Paddy Earnshaw, the Customer and Digital Director at B&Q. And I run the e-commerce business as well as managing customer data, customer proposition and marketing communications. I joined the business in 2019, having previously worked in private equity and venture capital backed organisations, including Travelex, Worldpay and as a founder of Doddle, the logistics technology business.

It's no surprise that customers want more control than ever around the delivery element of their e-commerce transactions. And the stats speak for themselves. Mintel highlights that over 40% of consumers will abandon their baskets if the options provide for fulfilment are not convenient enough. The potential to differentiate as a retailer using certainty and speed as levers to win in fulfilment are hallmarks of modern e-commerce businesses. And over the last few years, Kingfisher has significantly redesigned its store operating model to accelerate its capabilities around e-commerce fulfilment.

It's a shift to better leverage the use of a fundamental strength for Kingfisher. Our store estates are 1,500 shops. And there is no one size fits all approach across the banners. Each one focuses on giving its customers more control and more convenience around fulfilment that suits their needs. And today, I'm going to share more depth on how we fulfil our orders and the benefits to both our customers and the business with these changes. And to highlight the shift in operating model now with stores firmly at the heart of e-commerce, B&Q moved from a predominantly led distribution centre fulfilment operation in 2019 to one whereby the vast majority of e-commerce orders now come out of the stores.

The focus on speed and convenience has led to a range of fulfilment options being offered, giving customers unparalleled choice within the home improvement sector, with over 90% of all of our orders being fulfilled from store now.

Click-and-collect is the most popular choice for our customers. And by relying on stores, we can deliver this proposition quickly, we can differentiate from the competitor set and we can adapt by local market. By way of an example, we fulfil click-and-collect parcels in under one minute at Screwfix and big and bulky items within the hour at B&Q. We're all accustomed to drive through for food and beverage. And in France, Brico Dépôt and Castorama are serving this dry format with 90% of orders fulfilled in this way.

Lockers too offer significant opportunity to enhance control for customers, whilst driving operational efficiencies. Casto Poland innovating for the Group with CastoMat, 91 sets of lockers installed across each store as other banners follow fast. Innovation lies even further up the fulfilment journey with self-checkout tills now available across the estate. And for those even more comfortable taking control, we have the option for customers to ‘Scan & Go’, as Sienne highlighted, a feature we see in supermarkets most commonly.

Our banners have also embraced the opportunities that our store network offers to enhance speed and convenience for customers wanting home delivery. On the left, I've outlined today's options for home delivery, and to the right, the improvements we've made for our customers since 2019. As background to these improvements, our home delivery proposition is now powered by 54 digital hubs within B&Q, 25 hubs at Casto France and every store in Casto Poland, Brico Romania and Iberia, fulfilling to customers’ homes.

The hubs are distributed across each geography, giving national coverage to customers for products ranging from small parcels to our bigger and bulkier items. One area of significant improvement has been the speed by which we can fulfil home delivery orders. Screwfix being our ‘best-in-class’ now fulfils parcel sized orders, same day. To be more precise, in under one hour, as JJ mentioned, a world leading mark.

Bigger items and more complex projects have seen significant propositional improvements, too. Customers can now receive their orders next day, or when it comes to showroom orders, like a new kitchen or bathroom on a specific day chosen to suit the customer. For the trade and bigger DIY projects, delivery to site is an important opportunity to offer real convenience. B&Q delivers those bulkier items. A one-ton bag of sand, for example, with a next day lead time.

As a guide, the products fulfilled centrally are typically showroom products, kitchens, bathrooms, as well as products fulfilled directly by vendors through our marketplace and dropship ranges. As we've seen the percentage of orders picked from store increase, we've also seen more than a 40-point improvement in our customer satisfaction scores across the business. The business has become more agile in its ranging too. Over two thirds of the B&Q total assortment is available for home delivery from stores, the same being the case in our Casto branches.

Our hubs also unlock an improved customer proposition for smaller stores with a fulfilment network to draw upon. As an example, our Twickenham store ranges 14,000 lines but has access next - to next day click-and-collect for over 27,000 products.

This shift in operating model to enable our hubs to become the local distribution centre has also driven operational enhancements. Retail units predominantly built for walk-in shoppers have been transformed to offer multi-channel capability with fulfilment. The changes to hubs give the bigger box operations a new lease of life to operate in a hybrid fashion, serving both walk-in customers as well as delivering to those living locally.

As you can see on the left-hand side of the slide, repurposing space in store has enabled them to serve as a micro distribution centre. Our dark store clusters our top 2,000 e-commerce lines, together, which, coupled with enhancements on our colleague handsets, has seen a 20% improvement in pick time as well as improve store stock accuracy. All of this is core to enabling pack and ship operations to be run from our hubs. The loading bays now have specific areas adjacent to the store to allow a home delivery order to be loaded to our own van fleet or third-party logistics partner like DPD.

It's worth noting we now have dedicated click-and-collect desks across all stores, and NPS in this channel has improved across all banners. This dedicated space also future proofs the way for marketplace products to be available through click-and-collect. Our store network puts stock in locations close to customers for speed of access, whether it be takeaway, click-and-collect or home delivery and is already set up to handle the vast array of different home improvement product types, sizes and weights.

Store fulfilment is economically efficient as its set up is less capital intensive than central fulfilment centres. There's no need for significant additional stock investment as the stock is already there. We also don't need to invest in new space. We created this by optimising our existing store layouts without the additional need to invest in new racking and equipment, as most of its in store already.

By adapting our larger stores to incorporate fulfilment capabilities, we've avoided the fixed cost challenges associated with traditional distribution centre models that Thierry mentioned in his introduction. Few retailers can offer fulfilment from a local store for a home improvement project that might include a pack of screws, a power tool, fence panels, some bags of cement, and a one tonne bag of aggregate. And we see this ability to handle anything locally from a parcel to a project as a key differentiator in our proposition.

Kingfisher is also innovating in the space of fast fulfilment with our recent launch of Screwfix Sprint. Time is arguably the most precious commodity for consumers. And there has been significant growth in this send it now sector. Let's take a quick look at how Sprint is served to our customers.

[Video – 'Screwfix Sprint']

PE: The adoption of Sprint, as highlighted on the left of the slide, continues to drive new customer growth. And it's increasing the numbers of users on the Screwfix app on a daily basis. The Sprint service is delivering an NPS of 45, with over 40% of the Sprint customer cohort returning to use the service again last month. And the service has grown organically, marketed only through our own channels and without meaningful spend on customer acquisition. It's a good example of our desire to launch new products and services quickly with a better done than perfect mentality in this very fast changing space of fulfilment.

To the right-hand side, our ambition is to accelerate the adoption of Sprint. We'll be increasing our coverage across the UK with 37 new stores being added this month. Our customers shopping on desktop and mobile web will soon be able to take advantage of the service, too, further growing its penetration in the trade market.

Launching enhancements like Sprint for the marketplace doesn't happen overnight and developments in our operating model at a local level are operationally intensive to land. They involve multiple teams and have recently taken place at the same time as delivering unparalleled growth. Over recent years, the banners have benefited significantly from having our Group functions leaning in to accelerate existing plans and develop the platforms to build upon for future growth.

Within the business, we rely heavily on these centres of excellence to keep innovating and deliver the change, allowing banners to differentiate in a very competitive space. By means of an example, we've been - we've seen significant support to improve the experience for both customers and colleagues.

A significant step that Marc will talk to you next has been the addition of our marketplace to the e-commerce platform. The model will help leverage our significant traffic by offering even greater choice for customers. Our fulfilment technology is more agile than ever. Improvements to platforms mean we maximise our van fleet utilisation with capacity management tools for filling vans and route mapping logic when dropping at customers' homes.

Enhancements to carrier management services will soon allow us to partner with multiple third parties by region, allowing for choices of fulfilment route to be made on price and speed. And our enhancements also offer invaluable support to colleagues in store. As I mentioned, developing the user experience across the handsets in store optimises colleague productivity and gives us more control of inventory than we've had in the past. Our ability to update stock levels in real time at shelf being a good example of this.

The banners are accountable for the trading performance of the business, but we all share the goal of improving conversion across our e-commerce channel. Site load speed improvements, surfacing stock inventory at a local level to customers, and the ability to track abandoned baskets in checkout are only a few of the ways we've improved performance. And let's not forget trading the business hard, too. We've developed promotional capabilities that allow online exclusive sales. Targeted promotions can be delivered for specific customer cohorts to enhance relevance, all the more important when we know that 90% of all of our shoppers start their journey online with us.

It will be no surprise that those customers who shop online and in-store with us continue to be our most valuable with both higher frequency and higher spend per annum. Our focus on enhancing the customer proposition, as I've described, is unwavering. And at the end of the day, a thriving e-commerce business helps our whole business to grow.

I'm delighted to now hand over to Marc to share more on the Kingfisher marketplace.

MV: Thank you, Paddy. How are you all? Everyone is okay? Hopefully I am allowed not to use the Lego bricks myself for this time, so I'm going to get started.

Good afternoon, everyone. My name is Marc, and I joined Kingfisher one year ago as a Group Marketplace and E-commerce Director. My previous experiences include being COO for Rakuten in Europe and also COO for Cdiscount.com, which is a leading e-commerce and marketplace player in France and where I went through the process of building and scaling several marketplaces.

Today, I would like to cover for you how our marketplace business model operates and what is our future ambition. As you have already seen today, and as our qualitative research highlighted, the single biggest driver for customer preference is choice. And the marketplace will be an additional layer within our supply strategy that we will - that it will strengthen our customer proposition.

In the core of our strategy and for the top search products, we have our own and well-known exclusive brands whose range go up to 25,000 SKUs. Then our first-party suppliers and brands give us access to a larger selection of top in class brands across many categories, which can go up to 60,000 SKUs. Next to this, the marketplace will allow us to take our proposition to another level with millions of products, first within the existing categories, and second, exploring new ones within the home improvement universe.

We are aware that marketplaces raise questions about cannibalisation. And I would like to address this topic as we speak. The marketplace model will drive digital growth, and in fact we do not expect any significant cannibalisation to be generated due to the following points.

First, marketplace - marketplaces offer more SKUs, which maximise our content and therefore our organic positioning in search engines, or best known as SEO optimisation. These brings more clients who will end up buying more third-party, but also first-party products. In other words, our marketplace, instead of cannibalising our business, will expand it.

Second, we are focused on products and categories that are complementary to our own exclusive brands in a way that they support each other. And finally, in the marketplace, we will target product ranges with more potential in the long tail development. For example, lighting, where the number of available products is huge, as you are combining technical specifications with different materials and also design elements all together.

We are also convinced that extended choice for our consumers with along the advanced search and personalisation engines will help us offer for each consumer the more suitable product. The marketplace will enhance our data capabilities because of its volumes, which we will be able to use to benefit consumers.

For all of you to have a proper context, our marketplaces operate as B2B2C platforms. Sellers have access to a portal where they list their products and offers, manage their orders, interact with clients from diy.com and follow their statistics. They can also connect their portal to their own platforms through a battery of APIs, which work as online pipes that facilitate a lot of the seller interaction with the consumers.

On the other hand, when this - when those consumers, for example, go to diy.com, they can access or enhance supply that combines first-party and third-party products out of an embedded and well-integrated experience. That's how we offer to our consumers not only more choice, but more curated choice without sacrificing quality. Therefore, the marketplaces are about powering sellers as much as they are about empowering consumers all together and combined.

Marketplaces have been growing fast for a long period of time, and this trend remains very robust within the digital retail, across markets. We believe that they represent a significant opportunity to accelerate our own growth. So allow me to share with you a few facts that I believe are quite relevant.

First, marketplace retailers are growing twice as fast as traditional e-commerce players up almost up to 50% growth year-on-year in 2021. Second, marketplaces are not a segment within a strong potential, but a reality that already generates 64% of all the retail e-commerce transactions worldwide. In some markets, such as China, this is up to 90% already. And third, Amazon has shown a clear path for success within the last 20 years, adopting their marketplace model embedded within their sites and going up to 65% of marketplace participation, while both third-party and first-party product sales have grown significantly during this period.

Since we are talking about growth, and as you already know, we roll out the B&Q marketplace in March this year, which is focused on leveraging our online traffic, the strong brand awareness and the store network across the UK that we have. We are actually very happy with its performance, taking into account that it has been active only for four months. Today, we already offer around 50,000 SKUs across nine selected home improvement categories such as Wallpaper, Lighting or Decoration. And our ambition is to reach four million products across our core categories and new ones that we were going to develop next.

In marketplaces, it's very important to generate healthy competition between sellers so that the consumers benefit from it. From the very beginning, we built a marketplace that is well connected with our stores. As we know, this is a key asset for us. For consumers who want to return their products, they can choose to ship them directly to the - to our sellers or they can simply and easily return them in our stores. And in the near future, in fact, within the coming months, we are also going to offer click-and-collect options from marketplace products directly in our stores, which you will understand is a unique feature that shows how a marketplace can become stronger out of an omnichannel proposition, something that we can target, thanks to our store network of course.

We believe we have all the key assets to develop a very successful marketplace in B&Q within the next coming years. B&Q and also our future marketplaces will be all powered by Kingfisher to benefit from the synergies and accelerate their growth. This will happen through the following key pillars.

First, our strategic partnership with Mirakl, which is our marketplace back-end platform to power and manage our sellers. This is a leading solution that top leading retailers have adopted across multiple industries such as Macy's, Kroger or Decathlon. We have carefully selected it and we are sure actually it will help us to move fast into our next steps.

Second, our international presence, which we will utilise to build a pan-European proposition for sellers to easily list their SKUs in all our marketplaces, which will help us to scale rapidly. We want to become one of the most attractive marketplaces for sellers to operate into.

And third, building a top in class international team of marketplace experts across the Group and the banners, which are already working together today with a common North Star to build a leading home improvement marketplace.

Perhaps just let me give you an example on how these teams have started building capabilities that will enhance our future scalability. By aiming to reach millions of products in the near future while being fully committed to offer a very robust and curated experience to our consumers, we have implemented a sophisticated process to manage sellers quality across the entire life cycle. That works as conversion funnel.

For this, we are using top CRM and operating B2B tools into the market such as Salesforce. Before we even consider onboarding a seller, we assess our prospects fit to make sure that we only work with the best partners. Not only seller, not any seller in fact is actually allowed in our marketplace. This part is important since there are thousands of potential home improvement sellers into the market that we need to choose.

Then during the recruitment and onboarding process, sellers go through a due diligence process for us to conclude if they are qualified enough. At the end, we want to establish that they are capable to offer an excellent service to our consumers. And finally, once they are already active, we monitor their performance in real time, taking the right actions when needed to again secure top experience to our consumers. We follow metrics such as response rate, time to ship or cancellation rate. Thanks to this process, our sellers' quality today is as good as the one we offer ourselves.

And all this happens out of an automated process that we have created, and that will allow us into the future to collaborate with thousands of sellers that will list, as I did mention before, millions of products.

Finally, and as I mentioned before, our future ambition is to build a leading home improvement marketplace operator that will reach 40% of participation overall total digital sales. We will for sure keep you updated about the progress that we were going to do within the next coming years. Our plan for success will go through four key stages.

First, and as you have already seen, rolling out our first marketplace at B&Q, where we will take learnings for the future and utilise our home improvement leading position and the stores network into the UK to grow fast.

Second, take learnings working in an agile way and scale out of the new categories that we will develop, where we actually maximise as well our margins. The marketplace model is not only very attractive for us to drive growth, but also financially, since we expect take rates to go between 10% and 15% while we benefit from low consumer acquisition costs, thanks to our brands. This is a major strength for us in front of pure players, which need to spend years and years investing a major proportion of their budgets in acquiring consumers.

In the third stage, we will start rolling out and ramping up our marketplace capabilities in new banners and markets such as France, Poland, Spain or Portugal. Each of these countries will benefit from the scalable platform and operations that we are already building. They will be - they will all be actually powered by Kingfisher to move fast as we reach the four million products that I presented before.

And four, we are then going to start developing B2B services for our sellers. Sellers need support in order to collaborate with marketplaces and to be successful, support managing their catalogues with their shipping, taking care of the clients, managing currency exchange and so on. This represents a new large opportunity for us to develop B2B services for our sellers, such as fulfilment for customer shipping or advertisement to enhance the product visibility. This will help us monetise our marketplace, generate higher engagement from our sellers and consequently grow faster.

As a summary, the marketplace model is one of the key sources of growth within the retail e-commerce and we are stepping into it. We are confident we will be able to utilise our strengths, like our existing customer base, store network to accelerate our growth through this marketplace model. We have an ambitious plan to become a leading player and rolling out our future marketplaces across several markets very soon. And we are talking about a very profitable model out of its commissions and future B2B services that we will be able to start developing soon. Its growth, its profit, its innovation. And I hope you are all as excited as we are about this new part of the journey that we are taking.

Thank you very much.

MN: And now I think we're pretty close to a well-earned coffee, everyone. But just before we do that, we’re going to invite JJ, Sienne and Paddy back onto stage for a quick 15-minute Q&A. And I promise coffee is available afterwards.

JJVO: Thank you, Maj.

MN We're going to alternate the questions from left to right. And I'm going to start with Pam.

JJVO: Hello, Pam.

PL: Thank you very much. This is Pam Liu from Morgan Stanley. I have two questions, please. First, on the marketplace or on the progress on e-commerce so far. So you're doing really well with leveraging third-party technology provisions and services, which enable you to make all of this wonderful progress in the technology proven assets light and really fast way. But my question is, can I put another argument here, which is there's absolutely nothing that can be done to prevent your competitors from adopting the same sort of technology and services. And therefore, if, let's say, in a number of years from here, all of the things you do become a somewhat industry standard, what is Kingfisher’s unique selling point? What is your differentiation that helps maintain the advantage that you have so far?

The second question is, if there is a very convincing USP, then how do I imagine the future business model of Kingfisher? Should I expect, for example, if I can be blue sky thinking all transaction items to move on to marketplace, so you don't have to take stock risk and all your location become showroom service centre to provide higher value product and services, and therefore quite a dramatic shift of your business model? Thank you.

JJVO: Thank you for those two questions. So around the first one is quite interesting what you are saying. It could be one could say, okay, it's going to be the same for everyone and we're just jumping on the bandwagon. The reality is actually quite different. In my experience, it is often to do with the speed and quality of your implementation that depends on the team. And I know I'm preaching my own chapel here, but it's not many markets on the planet and it's extremely important to have the top talent there to go and help you to do this. There is no other Marc in the UK, for example.

I think that we've got fantastic brands. We are - in the UK, we have a lot of traffic. I explained that to you before as well. Compared to others where they will have to invest into this, even pure players. It is extremely expensive for them to acquire this type of traffic. And if you combine the stores that we have, where we will be able to actually offer additional services for click-and-collect and for speed of delivery, that requires a lot of CapEx.

And we already have those. And I think the combination of having very good talent, a very focused strategy, as well as excellence in execution and leveraging those core assets, I think will enable us to be hopefully, I'm saying, because I don't want to be arrogant, a bit of humility here, pretty good.

On the second question, do you want to answer that one, Marc?

MV: Perhaps before we go to the second question, just to highlight on the first one. We believe we have quite unique strengths ourselves. When you look at the awareness of our brands, the existing clients, as JJ mentioned, that we already have in place, the fact that we are building a platform that will be easily scalable across multiple countries where we already have our presence in the same way. This is actually quite unique. And on top of that, if you have the operational capability that JJ mentioned, I think we can be very successful in building this model for ourselves.

PE: On the second question about future casting, which is always quite a difficult question to try and answer in terms of how you differentiate when everyone's the same. I think that the store model ultimately has to leverage its core asset, which is flexibility, and ultimately customers will drive how we have to set our business up. There will always be a need for essential items to be sold. There will be a need for customers to want to come and touch and feel items. So it's a good provocation to suggest that there might be essential items just to be delivered.

But the reality is that there will always be a need for customers to come and ask questions as well, all of which can be done online for sure. But there's a proportion of customers that will still want to come and visit stores. They will want to understand what that will do for their project, how that will help them fix a broken sink, a leak, etc.

So I think that the key is that we're flexible for our customers and that we keep our stores as flexible in their layout and as agile as possible in the way that we match customer needs.

JJVO: Thank you, Paddy. If I look - now, if I take the helicopter and I really look around the planet of what's going on and I try to answer your question strategically. Stores are key assets, that's pretty clear for speed and everything else that we have. But when I look at the way that store will probably evolve in the next decade or so, and I just have a look at Wal-Mart and what they're doing over there, where they actually try to automate some part of those stores using quite advanced robotics in there, which is a goods to man. And with reduced CapEx, it's quite low CapEx on this. This is where you probably will go and see things going on in the future.

That means that the stores will, yes, be an environment into which you can get some inspirations for some of your key products - projects that are kitchens, etc., but it will also be highly effective and that is where the trends are going.

MN: Thank you. Let's go to Richard, please.

RC: Thank you. Richard Chamberlain, RBC. Can I ask a couple of questions on marketplace? What - first of all, what percentage of your returns are currently made to stores or roughly? And then if you were to sort of scale the offer to different markets in time, how much local adaptation do you think would be required? Presumably you'd need a very different set of - somewhat different set of brands for each market.

JJVO: I think I will - on the adaptation part, I will take that one and then I will go into a little bit on the returns. And then, Marc, please help me to go into bring it the full picture of pallets of colours that we have in there.

You know, it is pretty clear that we have - we are a European retailer. We have different formats. And there's not many retailers across Europe who are successful with different formats. It is a fact. But how do you actually implement this marketplace in a pan-European model is a key thing. And what Marc has been explaining early on is that you will have a common backbone in here onto which you can plug in a B&Q, plug in a Castorama Poland, plug in a Castorama France. But also with our merchants we will be able to go, and we already build all of this to be very attractive because they love to do cross-border trading.

So they had to, at one click, they onboard the catalogue, they onboard the commercial contracts. And when they do it for one banner, it will be automatically available for other banners. And it's up to the banners, as I said in my presentation, to decide the type of customer propositions that they will have. And when you have a catalogue of four million SKUs, maybe you don't have to have four million SKUs for each of the banners. Maybe they pick and choose what they want.

On the return perspective, we have no more returns, as Paddy mentioned.

JJVO: There is no more returns than on the first party part of business. It is quite manageable. It is very, very different than the fashion business. Very different.

RC: Thank you.

MN: So we go to Simon and then Adam, please.

SI: Hi, it's Simon Irwin from Credit Suisse. Can you just talk a bit about - a bit more about how customers are using Sprint at the moment? I mean, £5 is, what, 15 minutes of someone's time? So if you're a customer, I can't understand why you wouldn't use it. What's to stop you ordering £1,000 worth of stuff every day and you're effectively just saving them an enormous amount of time, when at the moment they're actually helping you by coming to the depot and collecting it themselves. So you - might you have to bring in some kind of variable charging scheme if it really takes off?

MN: Shall we pass that to John Mewett, the CEO of Screwfix.

JM: Great question. So I think if you look who's using Sprint, it's mostly tradespeople. And the adoption in London is higher than anywhere else, which you'd expect because the drive times are further. With regards to increasing the charge, I think we're pretty okay because the average order value on a sprint order is significantly more than on a click-and-collect order, so when people are bringing it to them, and the model is scalable.

So we've got some customers who are using the service over 10 times a week, and I think it will grow. And I think if we look forward, we have a very strong competitive advantage because we've already got the stores down. So the drive - 95% of the UK population within 20 minutes at one of our stores. So our ability to offer this, leveraging our existing in-store colleagues who pick the order for them, it's exactly the same as a click-and-collect order. The only difference is, rather than the customer pick it up, a last mile driver picks it up. So it's pretty scalable and we're really excited by it, and customer feedback is really positive.

MN: Super. Thank you. Thank you. We go to Adam next.

AC: Hi. It's Adam Cochrane at Deutsche Bank. A question on marketplaces. As a ballpark, I tried to do a quick back of the fag packet. Can we get to 50 million of EBIT from the marketplace over the next couple of years? So maybe 10 million to 15 million coming through each year over the next couple of years? And then secondly, on your point about cannibalisation, I'm assuming you've made some assumption of cannibalisation. Can you just walk me through, are you truly ambivalent in cash profit terms, whether somebody orders from the marketplace or from your own brand or from a first-party brand? Thanks.

JJVO: Thank you so much. I think on your first question, you need to also understand that we launched this four months ago and that we're looking to it with a keen eye and it's growing pretty well. And that there are things that I cannot obviously share with you. This is one of them. There are things that we're doing in there and it is normal. We're not doing this just for the fun, obviously. And I'm sure you'll be delighted.

On the rest of your question, Marc, do you want to go in?

MV: Yes, absolutely. So regarding cannibalisation, as I mentioned before, we truly believe that the right approach for us, which have been being very successful in other marketplaces, is creating an onion with different layers, in terms of our supply proposition.

There is a lot of products in - across a lot of multiple categories that we can bring in from the marketplace that actually can help us grow. And this is actually something that we can actually only do through the marketplace. And at the same time, what we need to take into account is that marketplace - this marketplace for sure, it has huge potential to be highly profitable out of the - as we mentioned before, the commissions that go up to from 10% to 15% and the multiple services you can add to the top of that. That is where we are focused right now today. For more details into this, for sure, we will need to wait a little longer, because as JJ says, we have been operating only for four months.

JJVO: But, Adam, it's a question that I was expecting, to be honest. It reminds me of - with all due respect, and we can have some discussion outside as well, obviously. But many years ago when we started in different business, the e-commerce in the grocery business, many people were asking me about cannibalisation. That was probably a valid question, to be honest.

Over here, it is quite different. Having done this now five times, what you are seeing is that because you actually have far more relevant choice for your customers, you naturally built your traffic online through SEO. It's very, very important. And because we already have a lot of traffic, the traffic that is already looking for this type of products is going to come to us an acquisition rate, which is quite interesting, and it actually helps also your first-party product and also with OEB product in significant way because we have more traffic.

And what is very different is actually the cake becomes bigger, not smaller when you do a marketplace.

AC: Just on the financials, you've given some targets with regards to GMV in the presentation. And is it fair to assume that there is a, on a revenue 25% plus EBIT margin for marketplace on those sales targets over time?

MN: Well, what we've said is there's a 10% to 15% take rate on marketplace GMV, and then we'll let you use your imagination in terms of the drop-through from there. But we haven't specifically guided on the number.

AC: Okay. Thanks.

MN: Tony Shiret. Let's go.

TS: Just a couple of questions. First of all, on the data aggregator, Mirakl. Why are you only using one? Most marketplaces tend to use a variety of them to maximise the amount of their customers who can come on to your marketplace so [inaudible] in works. It's - and why is it - you're using a French company but not one notably at the forefront of marketplace as far as I'm aware.

Second, the strategy seems to be an existing customer strategy. You don't talk much about customer acquisition cost. Can we assume that there will be a sort of limitation on the amount of marketing spend as a percentage of sales because you're effectively increasing the productivity of your existing customer base rather than focusing on new customers? That's it.

JJVO: Yes, so I think that on Mirakl. To be honest, they are aggregators, which is different than Mirakl, aggregators like ChannelAdvisors, Lingo and others are companies which are taking many motions, taking their catalogues. They aggregate that, but you can't connect this easily into your own e-commerce platform.

The fact that Mirakl is quite different, it provides you with a full suite of management - of managing a marketplace, with the flows of products and also the financial parts. There are not many on the planet available. We had a very good scan of all of this, including in the US. And the company like IZBERG and others.

And Mirakl by far was the best. And France is actually far more competitive from a marketplace perspective. They have far many more marketplaces than in the UK, for example.

MN: And final question, I think.

PE: Sorry, there was a second question, though, about the cost of acquisition. Just to touch on that, I think that the most fundamental strength that I've seen running the e-com business for diy.com is the strength of our organic traffic. We have a significantly higher proportion of organic traffic than a number of other retailers, and I think that by adding further choice, the expectation is that we capture the market by ultimately making diy.com the destination.

Of course, there's a natural CTS that will flow through to balance the spend that we need to grow the marketplace. But it is a key strength of ours. And I think it touches on Adam's point about how you see the marketplace working, which is at the end of the day, the fights outside of the box, it's not inside. The cannibalisation, of course, is a question we ask ourselves around first-party, third-party. But the reality is that we have to be in the market for choice to take the bigger prize, which is market share and traffic share.

JJVO: And we are going to take this to further levels of performance, obviously with detailed cohort analysis, acquisition costs, retentions, cohort analysis. And we'll bring automation to this to actually make that scalable and relevant to every single customer.

MN: I'm going to take one more question and then we’re going to take a break. And that's Anne.

AnC: Thanks. Anne Critchlow from SG. How does your reliance on in-store picking leave you with staff intensity in store? Have you had to recruit more staff for this, or have you just redeployed? I'm just wondering how this exposes you to wage inflation, both now and in the future. And I know, JJ, you talked a bit about automating perhaps these stores in the future for automated distribution. But would that be very expensive given the number of stores? I mean, is that realistic and what's the timeframe?

JJVO: I think on the automation side, it's probably something that is much further down the line, to be honest. But you are seeing it in other countries already. Even in China, they have an automation system in the grocery business, Hema, which is quite low CapEx and enables you to grow things quite fast. But that's for us, it's a little bit further down the line.

On the other questions, to be honest, of in-store picking and the labour that we have, what we do is what is very interesting is that the important thing in there is the stock file accuracy when you have got a store picking model. Because the thing that customers do not like is to make an order and not having the goods available for them and they do not like to have substitutions. So they want to have that specific DeWalt drill, for example, not something else.

So we spent quite a lot of time in working together across our functions from the commercial teams, the logistics teams and also the supply chain similar to ops teams to look at all the processes, all of the processes, as well as the rituals on a daily basis to make sure that we would continue to improve our stock file accuracy. It was not a bad starting position, but it needs to be very, very good to make this work properly. Otherwise, what you have is an inflation of cost because people are trying to go and find where the stock is, etc.

So we have made some massive, massive improvement in there. And our normal takeaway business or normal business actually benefits from it as well. Of course, when you will increase your participation rates, at one stage, you will need to go and increase you - the level of people that you have in the stores, especially in the store, in the digital hubs. Paddy?

PE: I think just to finish on that, I think what we have seen is we've seen tenure increase by having a different career path and a different route for colleagues to be able to choose a different type of retail environment in a different retail career. We've actually seen some efficiencies because there's less turnover of colleagues and that retention is certainly adding to the attraction of running this multifaceted approach in stores.

MN: Alright. Ladies and gents, I think we've earned a coffee at that point. So let's take a break. We'll reconvene very shortly after 4.00. Thanks very much, guys.

[Break]

MN: Thanks for coming back. Now delighted to welcome the second part of the afternoon, which is the Responsible Business suite of presentations. And we have my favourite person in the whole world, Kate Seljeflot, our Chief People Officer.

KS: Good afternoon. I'm Kate Seljeflot. I joined Kingfisher in 2020. Prior to this, I was Chief People Officer at Costa Coffee and I held senior roles at Diageo and Shell before that. I lead on our human resources and responsible business strategies.

For the next part of today's event, we're going to be bringing to life our responsible business plan with a deep dive on three key elements of this. Firstly, I'll outline our human capital strategy focused on how we engage our 80,000 plus colleagues and create a culture which supports them to deliver the best possible outcomes for our customers. Next, I'll be joined by Kathryn and Chris, who will give you an overview of the planet pillar of our strategy outlining our plans around carbon reduction and becoming forest positive. Valéry will then walk us through the way we're growing our range of Sustainable Home Products, helping our customers to live greener, healthier lives and to save energy.

And we're all particularly pleased to be doing this on the day that we've announced our new net zero commitment and published our Responsible Business Report.

Let me kick off with some context. As a business, Kingfisher has a strong heritage in responsible business and sustainability. B&Q published their first responsible timber policy as far back as 1991. And in 1993, they became a founding member of the Forest Stewardship Council. In 2018, Screwfix opened their first net zero energy store, and we had our first science-based carbon reduction targets approved in 2019.

We launched our partnership with the homeless and housing charity, Shelter, in 2017, and now have charitable foundations and partnerships with leading charities in all our banners raising millions of pounds to help tackle bad housing. This is a really powerful vehicle that drives colleague pride and customer engagement while making a real difference on the ground.

Today, our responsible business strategy is built around four key priorities, which consider the positive impact we can make on society. For our colleagues, our goal is to become a more inclusive company, breaking down barriers to employment and progression. This is underpinned by targets to increase representation of women and to deliver five million hours of skills for life learning by 2025.

For the planet, we aim to help tackle climate change by reducing carbon emissions from our business, products and supply chains. As Thierry announced earlier, in addition to our science-based carbon reduction target for 2025, we now aim to achieve net zero on our Scope 1 and 2 emissions by 2040. We also intend to become ‘Forest Positive’, creating more forests than we use by 2025.

For our customers, we aim to make greener, healthier homes affordable with an ambitious goal for 60% of Group sales to be from our Sustainable Home Products by 2025. These are those products, which help customers live more sustainably, whether it's energy saving appliances or low flow taps.

And for our communities, we fight to fix bad housing, donating our products, our expertise, funding, and time to help people whose housing needs are greatest. While we won't discuss this in detail today for time reasons, our goal is to help two million people by 2025. I also wanted to highlight that it's really important that we remain committed to helping the people of Ukraine and those in Eastern Europe impacted by the ongoing conflict.

These four priorities are underpinned by our responsible business fundamentals. These cover those areas, which we commit to managing responsibly, but where we don't set a leading target, for example, waste management.

Finally, I wanted to summarise our approach to governing our responsible business plan. Our board formally reviews this plan annually supported by our Responsible Business Committee, which is chaired by one of our non-execs and met three times last year. As a Group Executive we own the overall strategy, and we track delivery against key milestones. Each banner board is then accountable for the development of their local plans, and they are supported in this by Group centres of excellence, as well as various decision-making fora, including the Group Investment Committee and our Climate Committee.

And for this structure, enabling mechanisms include the work of our internal audit and risk functions and also our leadership incentives. 25% of our newly launched long-term incentive plan relates to ESG measures.

Let me now turn to our plans focused on our colleagues and our culture. Back in 2020, when we set out to create the People plan to enable Powered by Kingfisher, the context we found was very mixed. We had strong, proud banner cultures with depth of traditional retail expertise, but at the same time a misaligned banner Group operating model, which resulted in a lack of trust, leadership churn and slow centralised decision making. Thus, we needed to address four key areas.

Firstly, embedding an operating model, which empowers our banner teams to respond in an agile way to the diverse needs of their different customers. Ensuring that critical customer-facing decisions are made by those closest to our customers. And then selectively investing in Group teams, where value is created by leveraging our scale or providing specialist expertise.

Next, dialling up several pivotal aspects of our culture, notably its agility and its inclusivity. And on maintaining focus on ensuring that our 80,000 plus colleagues remain highly engaged in our ambition and the role they play in its realisation.

Thirdly, investing in the capabilities we need to fuel our growth, in particular, around e-commerce, digital, technology and product design and innovation. And finally, in line with our responsible business strategy, working to ensure that our teams at all levels reflect the diversity of our customer base.

The team have brought some of these to life for you already this afternoon. You've heard about the capability that's been injected into our digital teams, as well as the agile test and learn approach that we're deploying to mobilise our marketplace strategy.

Before I talk to these in any more detail, I just wanted to bring our workforce to life for you. The map you can see shows total colleagues employed in each of our banners as of June this year. We also have teams in our Asian, European and Turkish sourcing offices. We have our shared service centre in Krakow and our corporate office here in London. Our workforce is diverse, employing individuals from 151 nationalities. Over 40% of our colleague base are women, and approximately 38% of our managers are women, an increase of almost 3 percentage points since 2019.

We're a significant employer of young people with over a third of our workforce aged under 30. But we're also multigenerational. We employ almost 5,000 colleagues aged over 60. And importantly, we're really fortunate to have significant tenure. 56% of our store colleagues have worked with us for over three years. Indeed, 27% have over 10 years' service. We're really proud of the experience, customer insight and knowledge that this represents.

Returning to our people plan, I'm going to touch only briefly on the first element, our operating model, as the major changes in this area in commercial, technology and our Group teams are largely complete. We've updated you before on the fundamental rebalancing of our commercial operating model undertaken in 2020. This has acted as an important enabler of the market share gains that we've seen over the past two years, as our banner teams have reconnected with local vendors to strengthen and extend their ranges, respond with pace to changing market conditions, improve availability, and set pricing and promotion strategies, which enable them to trade with agility against local competitors.

In parallel, our offer and sourcing teams continue to innovate through the development of specific owned brands for our different retail banners, as well as the extension of existing ranges. Collaboration across the commercial model has improved significantly, enabling the teams to take a much longer-term view on our customer proposition. The evolution of our technology operating model and the creation of our Group Centres of Excellence have been outlined earlier by JJ and the team.

While our operating model provides the foundations, it's through our culture that we really aim to differentiate ourselves. We place strong emphasis on creating the conditions for our teams to deliver for our customers, and we use colleague engagement as a key metric to track our effectiveness. Our colleague eNPS, calculated in just the same way as customer NPS, in 2021 was 48, which puts us in the top 10% of our retail benchmark.

Now hot off the press, I do now have our 2022 data, but as these results have not yet been communicated internally, it probably wouldn't be appropriate to share them with you today. What I can tell you, however, is that I'm really delighted with the further progress we've delivered. We’re very clear that high engagement translates directly into the service that our colleagues provide for our customers. We can see first-hand the relationship between our eNPS and the increasing customer NPS that we've seen over the past couple of years. And in one of the tightest labour markets in decades, strong colleague engagement and thus retention clearly also directly benefit our bottom line.

At the heart of our approach to engagement lies a deeply rooted commitment to listening to our colleagues, creating an environment where they can be truly open and acting on their feedback. We do this through a range of mechanisms. These are both formal. For example, our Kingfisher Colleague Forum, which brings banner representatives together twice a year with our CEO and our designated non-executive, Catherine. And these mechanisms are also informal through our Affinity networks, our social channels, and the regular town halls which enable us to stay connected to colleague sentiment.

Staying on culture, we've identified the key cultural strengths we consider critical to delivering Powered by Kingfisher. These are summarised in the leadership behaviours, which we launched earlier this year. We're still refining our approach to tracking these, but you can see an encouraging baseline from our colleagues survey in each area. We've created a new leadership development strategy aimed at helping our senior leadership team embed these behaviours.

We recently brought this team together for an event centred on building trust and exploring how to increase agility. Events planned for later this year include a ‘hackathon’ around customer centricity, an international learning safari and a two-day retail academy to stimulate our leaders' curiosity.

And before I move off culture, I just wanted to touch on our colleague proposition as we believe this is another critical enabler of our strong engagement. For our core workforce, our store teams, we position our pay competitively against the retail benchmarks in the relevant countries, and we've invested to maintain this position. For example, in the UK, we've increased our basic rate by 17.4% in B&Q and 16.2% in Screwfix since 2019.

We also place strong emphasis on colleagues' total package with an award-winning pension scheme and benefits, including colleague discount and our 1+1 colleague share ownership plan. This translates into colleague retention, which is in line with or better than the relevant local benchmarks for our sector and a proposition that enables us to hire at scale and pace. For example, the current vacancy rate in B&Q is below 1% and our average time to hire is 22 days, which positions us comfortably ahead of our peers.

At more senior levels, we emphasise the link between pay and performance for our senior leadership team at on target levels of performance over 40% of their total reward links to short- and long-term results.

The final element of our proposition is our approach to learning and careers. And this takes me to the next pillar of our plan capability. We've highlighted already today the criticality of investing to grow our organisational capability. Starting with our leaders, we've made new appointments to just over 30% of our most senior leadership roles since 2019. Of these, approximately two thirds have been external appointments, bringing new skills and sector experience into the business.

We've stabilised leadership churn with average tenure within this Group at over 5.5 years, voluntary attrition less than 5% and an eNPS of 73.

Moving to our functional capability priorities. You've already heard about the step change we're creating in digital and technology. This is replicated for other strategic areas, for example, within our supply and logistics teams, as we transform our fulfilment model. As a significant youth employer, our apprenticeship programmes are vital in building our pipeline. Our French banners lead the way with over 2,000 apprentices currently employed in our business.

In Screwfix, our Trade Up programme provides a framework to support our Group, our store growth strategy with over 70% of our store management roles being filled internally and over 80% of our apprentices moving roles upon completion of their apprenticeship. In total, we've provided over 3.95 million hours of skills for life since 2019 and are on track to reach our target of five million hours by 2025. And our colleagues consider our approach a real differentiator, scoring 8.3 out of 10 satisfaction, which puts us in the top 5% of the retail benchmark.

Finally, I'd like to summarise our approach to creating a more diverse and inclusive organisation. Just as our ‘Powered by’ strategy aims to create strength from the differences in our banners, we believe there is true power in the diversity of our colleague base that creating a diverse and inclusive organisation will help us better serve our customers. And to achieve this, we're working on multiple fronts.

Firstly, to increase diverse representation across our leadership team and to enrol each of our leaders as an ally for this change. Next, in building an inclusive culture, understanding how we can ensure that each of our colleagues feels able to be themselves at work. In addition, we're starting to consider both the customer shopping experience and our ranges through a diversity lens, including actions, for example, to support our disabled customers.

Our early career programmes are also important enablers of our diversity strategy, which we plan to amplify further. And it's really important to be clear that our diversity and inclusion plans are locally defined and owned, and this is critical as the landscape varies considerably from country to country.

Let me share a little more colour. Firstly, on representation. Last year, we set goals to increase the percentage of women in management and senior leadership roles by 2025. This is an important milestone to focus efforts on the required transformation. To achieve this, we're taking proactive steps to retain our existing female leaders and have fully revamped our recruitment processes. For example, we now use 50-50 balance shortlists for all external leadership appointments.

In France, we're piloting a development programme for a cohort of high potential female talent to accelerate their readiness for leadership roles. I mentioned allyship. All our senior leaders have undertaken an immersion in inclusive leadership, representing over 3,000 hours of learning and discussion. Where it's possible to do so, we also set targets beyond gender. For example, in the UK, we're launching a census in September to collect additional personal characteristic data, including ethnicity. We hope that this will enable us to set improvement targets, as well as gain further insight into the actions required to increase representation.

Turning to inclusion and to give you a flavour of some of the work we've mobilised. We've created 16 affinity networks focused on understanding and improving the experiences of diverse colleagues. They've commissioned research, organised education and awareness building activities and helped to shape policy development. For example, our Gender Network produced a set of guidelines to support women through the menopause, and the LGBTQ+ network helped write our gender expression and identity policy, which we launched last month as part of our Pride celebrations.

Other actions to build understanding include a reverse mentoring programme currently being experienced by the top 35 leaders in B&Q. We created our Inclusion and Diversity Forum to help our banners learn from each other as they embed their plans. And we're confident that sharing our successes and learning from our mistakes will help us to accelerate our progress.

I'd now like to play a quick film to let some of our colleagues tell you themselves about the impact this work is starting to have.

[Video – 'Inclusion & Diversity']

KS: So we're still at the early stages of our journey around diversity and inclusion. But I feel really optimistic about the momentum and the commitment we're building across all parts of Kingfisher.

With that, I'd now like to hand over to Kathryn and Chris, who are going to introduce the next section focused on the 'Planet' pillar of our Responsible Business Plan. Thank you.

[Video – 'Planet']

KT: Hello, and good afternoon. I'm Kathryn. I've been with Kingfisher since 2019. I work in the Group Responsible Business team, heading up the team that oversees the delivery of the 'Planet' pillar of our strategy and our non-financial reporting.

Prior to joining Kingfisher, I worked in sustainability, consulting and auditing for 10 years, supporting some of the world's largest businesses, such as Nestlé, Unilever and Asda, Wal-Mart to manage, mitigate and report on their social and environmental impacts.

Myself and my colleague Chris are here to talk to you today about our planet commitments, and we have an exciting new target to share with you. Thierry and Kate announced that earlier and we'll go into the detail.

So at Kingfisher, we want to play our part in protecting our planet for today and for future generations. It's a commitment that goes back over 30 years, and it encompasses every aspect of our business from the products we sell to how we run our retail banners. And within the ‘Planet’ pillar of our strategy, we have commitments in two key areas, becoming ‘Forest Positive’ and tackling climate change. And it's the climate change element of the pillar, we’ll spend a bit more time on with you today.

Before we go into the detail, a little bit on the history. We set our first climate change target in 2007, and since then we've kept increasing our ambition. And we're now committed to achieving our science-based carbon reduction targets. And in 2021, we became a founding member of the Race to Zero’s Breakthrough Retail campaign.

We're also focusing on forests because wood and paper is found in many of our products. B&Q was a founding member of the Forest Stewardship Council and we've been working on sourcing our wood and paper responsibly since the early 1990s. And it's still a top priority. And all of these commitments are really integrated throughout our business.

We have an overarching commitment to be ‘Forest Positive’ by 2025, and this includes three key elements: responsibly sourcing through ensuring that the wood and paper we sell is certified to FSC, PEFC or is from recycled sources. Currently, we're at 87% and we have a target to be 100% certified by 2025.

We're working to ensure that the other materials we sell do not contribute to deforestation, and we're also working on reforestation and supporting sustainable livelihoods through the Rainforest Alliance Forest Allies Initiative, of which we are a founding member and through local banner-led initiatives. And all of this contributes towards being forest positive by 2025.

We also have key climate change targets in place. Our 1.5-degree science-based targets were approved by the Science-Based Target initiative last year. And these cover Scopes 1, 2 and 3, and we're on track to achieve these by 2025. And we're announcing today that we have set a new and exciting target, which commits us to net zero for Scope 1 and Scope 2 by 2040. The term net zero means achieving a balance between the carbon emitted into the atmosphere and the carbon removed from it over a set time period.

This target is a really big milestone for Kingfisher because it commits us to ending our impact on the climate for our own operations by 2040, and it's the culmination of hard work and planning from teams across the business. So we are delighted to be able to announce that to you today. Shortly, I'll hand over to Chris, our climate change manager, to talk you through the target and the steps we will take to deliver it.

But first of all, why is tackling climate change important to us? We're fortunate that the products we sell provide our customers with the opportunity to reduce their own emissions so we can really be part of the solution when it comes to tackling climate change. And we do this because of three key reasons.

Firstly, because it's the right thing to do. We have a stated commitment to lead our sector in responsible business, and we take our role in the wider retail sector very seriously. And we participate in industry working groups and initiatives such as the British Retail Consortium’s Climate Action Roadmap.

Secondly, we know that tackling climate change is important to our customers and our colleagues. More than 60% of people believe climate change should be of a very serious concern and 40% of UK adults have chosen to buy more sustainably.

And finally, because it presents us with a market opportunity. Our homes account for 17-21% of global energy-related emissions, and our products can help to lower these emissions by improving energy efficiency and saving our customers money on their energy bills. And last year, over 10% of Group sales came from energy and water saving products. Shortly, Valéry will outline the scale of this opportunity for us as a business.

I've talked a little bit about the reasons why we're focusing on climate change. So now let's go into the detail. As a retailer, only a small proportion of our emissions, around 1%, comes from our own stores and other properties. This means that the vast majority of our emissions comes from the production, transportation use and disposal of our products. Nearly half comes from sourcing and manufacturing. 38% come from our customers use and disposal of our products.

So when we talk about climate impact, it's critically important that we consider how we are tackling emissions from our products, which Valéry will speak to you shortly. But whilst we recognise that our own impact is small, we really need to get our own house in order if we're going to be asking our suppliers and our consumers for help in tackling climate change.

Managing Scope 1 and Scope 2 is incredibly important. It's where we can be clear about the road map for achieving key targets, and it's absolutely where we need to start.

So now I'm going to hand over to Chris, our Climate Change Manager, to break down our existing climate change targets and go into the detail of how we're going to work to achieve our new net zero target for Scope 1 and Scope 2 by 2040.

CG: Thank you. Good afternoon, everyone. My name is Chris Guest, and I joined Kingfisher in December as the Group's Climate Change Manager. I've spent the past five years working with businesses to help them navigate the challenges and the opportunities presented by climate change. The companies I've worked with include names such as Google, Porsche, Bunzl and

ASOS. And most immediately prior to joining Kingfisher, I led the Scottish Government's business engagement strategy for COP26.

Over the next five slides, I will take you through our progress in reducing emissions from our own operations, our ambitions for the future, and what these ambitions mean for how we transport our products and how we heat and power our buildings.

At Kingfisher, we are already delivering on our commitment to tackle climate change. Since 2016, we've reduced our operational emissions known as Scope 1 and Scope 2 by nearly 25%. And this puts us on track to meet our 2025 target, which, as the graph shows, requires us to reduce our emissions by 38% overall. Also by 2025, we will reduce our Scope 3 emissions from a production and use of our products by 40% on a £1 million of turnover basis. Valéry will talk about our Scope 3 emissions in the next session.

Collectively, our emissions targets are known as science-based targets. This is because the Science-Based Targets initiative, which Kathryn referenced, is an international - which is an international collaboration of leading NGOs, has validated our targets as being sufficiently ambitious to help limit global warming to 1.5 degrees Celsius. This places us amongst a small number of large retailers to have such ambitious short-term emissions reduction plans.

It is also important to state that we are reducing emissions whilst continuing to grow our business. In the time it has taken us to reduce our Scope 1 and Scope 2 emissions by nearly 25%, we have reduced our emissions intensity by nearly 36% on a £1 million of sales basis. This demonstrates how financial and environmental performance have historically gone hand in hand for Kingfisher.

However, as Kathryn stated, we are committed to leading the sector in responsible business practices. Therefore, as referenced by Thierry earlier today, we are delighted to announce our commitment to net zero across our own operations by the end of 2040. Our commitment is fully aligned with the criteria set by the Science Based Targets initiative. This requires us to reduce our Scope 1 and Scope 2 emissions by nearly - by at least 90% and to offset our residual emissions from that point onwards. This also commits us to meeting the UK's and the EU's legally binding net zero targets 10 years ahead of time.

We will take a phased approach to delivering net zero, enabling us to adapt to external changes in policy and technology. Our phased approach means that between now and 2025 we will be focused on the execution of our existing plans to meet our 1.5 degrees Science Based targets.

In the second half of this decade, we will trial and begin to deploy the technologies that will be key in driving deep emissions reductions across our business. This will allow us to complete the decarbonisation of our buildings by 2035 and to do likewise for our dedicated delivery fleets by 2040. And from this point onwards, we will claim net zero through compensating for our residual emissions. And this means that unlike many companies, we now have highly ambitious and science-based emissions targets for both the near and the long-term, committing us to ending the impacts of our operations on the climate.

Just before I hand back to Kathryn, I want to provide more detail on exactly how we're going to deliver these plans for both our logistics and then on my final slide, our built environment.

So if I start with logistics, it's really important that we do not just wait for zero emission, heavy-duty vehicles to become commercially viable. We have to start reducing emissions now. So we're already making widespread use of low carbon fuels and taking steps to improve our fuel efficiency, where possible. And in B&Q, we have already begun trialling the use of electric home delivery vehicles.

But looking ahead, we aim to roll out low emission fuels across all vehicles in the UK by 2026 and in our other markets by 2030. And we will be doing so whilst continuing to work with suppliers to prepare for the eventual electrification of our fleets. This will enable us to electrify most of our home delivery vehicles by 2035 and our long-haul store delivery vehicles by 2040. And where technology allows, we will look to go even further, even faster.

So finally, we are already making really strong progress in reducing emissions from how we heat and power our buildings. We've achieved this through large scale investment in energy efficiency, through low carbon heating solutions such as air source heat pumps, through a purchase of renewable electricity, and through the installation of onsite renewables.

Looking ahead, we will move to secure, affordable and long-term zero carbon electricity supplies across key markets. We will also transition away from gas heating, typically starting with our smaller store formats before tackling our larger stores and distribution centres, allowing us to complete the decarbonisation of our estate by 2035.

So in summary, this is an ambitious and managed approach to our net zero transition. It will be driven through our banners, each of which have our own targets to deliver, and this will ensure that climate action continues to be hardwired through our organisation.

I will now hand back to Kathryn to explain how we communicate progress against our responsible business strategy.

KT: Two final slides from me. We published our Responsible Business Report today and detailed data appendix. You can find these on our website. The report really brings to life how we're progressing against our responsible business strategy, and it includes lots of amazing stories and case studies from across the business, as well as the detailed data on progress against targets.

We know that the reporting landscape is changing, particularly with upcoming introduction of new mandatory reporting frameworks from the UK and the EU. And we are actively engaging with policymakers and standards setters to ensure we are fully prepared to report against these in the future.

For now, we're using voluntary reporting frameworks and standards that we feel are most material to our business and help to drive clarity for external stakeholders. We also submit data actively to investor questionnaires such as the CDP, and we're proud to score an A-minus, which puts us in the Leadership category.

Our performance is benchmarked through passive ratings like MSCI, where we receive the highest rating of AAA and Sustainalytics, where we rank first out of the home improvement retail industry. You can see some of the other scores in the slide. As a rule, we score very well, but we’re constantly working to improve our disclosure.

A final slide for me. Hopefully this has given you a flavour of the planet pillar of our Responsible Business strategy, a little bit of history, our long reaching commitments and key targets and how these will be achieved. We are incredibly passionate about these topics and the whole business is working really hard to become forest positive and to tackle climate change.

And so now after a short video, I’d like to invite Valéry up onto the stage to talk about the ‘Customers’ pillar of our Responsible Business strategy. So thank you for your time.

[Video – ‘Sustainable Home Products’]

VC: Good afternoon, everyone. So after Kathryn and Chris’ perfect English accent, you're going to experience my French accent for 20 minutes. Very exotic. Sorry about that. I'm Valéry Cussenot, and I'm responsible for sustainability agenda in Kingfisher offer and sourcing organisation. I've joined Kingfisher from Carrefour Group in 2004.

And in the next 20 minutes or so I will talk about products, I will talk about customers, about sustainability, in other words, Sustainable Home Product or SHP as we name it in Kingfisher. I will cover three main topics. First, what are Sustainable Home Products at Kingfisher? How do we define it? And some key facts and numbers about the SHP. Second topic, how it works and why this programme is different from similar initiatives in the industry? Third point, our ambition for the next three years and how are we going to deliver it?

But first of all, let's go back to the purpose of this programme and why it's important. As mentioned by Kathryn earlier and from all independent research, we know that homes have a major impact on the environment because of the energy, the water they use or because of the resources required either to build it or to maintain it.

As Kingfisher, we have a clear opportunity to help our customers to create greener, healthier homes. We are in a prime position to help our customers to lower the impact of their homes by making sustainable choices more accessible and more affordable to them. And this is the purpose of Sustainable Home Products in Kingfisher.

So now let's move to our second topic. How do we define SHP at Kingfisher? What is it? Sustainability can be a very complex topic. We wanted to have a simple definition for colleagues and for customers. Sustainable product at Kingfisher has a lower impact on the environment because of what they are or because of what they do. Let me illustrate this.

A product is sustainable because of its features, what it’s made of, recycled plastic, for example, or how it's made, low carbon manufacturing as another example, or a product is sustainable because of its benefits when the product help our customers to live more sustainably, for example, an efficient LED light bulb or a smart energy control system.

To be sustainable, a product need to meet at least one of nine sustainability attributes. Those nine attributes are: alternative materials; recycled materials; responsibly sourced material; low carbon manufacture; building biodiversity; protecting health; saving energy; saving resources and saving water. And you had those - eight of those nine attributes illustrates next door with a sample we've brought together.

Now let's review some key facts and numbers about SHP at Kingfisher. In 2021, 44% of Group sales came from Sustainable Home Products. And you can see some of the iconic product representative of each of the nine SHP attributes on the screen. It's not new. This is why we have reached this scale. It's a 14-year-old programme launched in 2008 in B&Q and extended across the Group in 2011.

We have therefore accumulated know-how and practice during all those years. It's not a niche. It's not the high-end proposition. SHP are accessible, mass market priced products that can make a genuine difference. 7.7% of all sales came from products that can help to save energy for customers. 8.2% came from products that are addressing health issues like air pollution and safety. 15.6% came from responsibly sourced material like this kitchen made from FSC certified sources with the full chain of custody, that enables the wood to be traced right back to the forest or recycling source.

Now how does it work and why this programme is so unique? We assessed each product using a set of guidelines that are verified externally by the NGO, Bioregional. Let me tell you a few words about Bioregional. It's one of a leading charity and social enterprise working in this space. They have been our partner on this project since 2008. They’re the one, for example, who have managed the sustainability agenda for the Olympic Games in London in 2012.

Bioregional checks each criteria of the guideline and either agrees, disagrees, or asks for more evidence before making the decision. Every criteria is evidence-based. For example, a water saving tap should have a flow rate of eight litres per minute at 3 bar pressure or less just to illustrate. The guidelines are updated every year as new technologies or material emerge. Our understanding of our impact on the environment also develops.

We published these guidelines in full in detail so that anybody can access them. Our customers can access the guidelines, as can our vendors, as can any NGOs or you in the room or investors and analysts. The annual reporting that gave us 44% figure is also verified by Bioregional, who check our assessment product per product. That process is also subject to annual external audit. SHP is closely connected to another key initiative launched in Kingfisher and described by Chris earlier, which is Scope 3 carbon reduction.

The more SHP product we sell, the lower is our Scope 3 footprint. 87% of our carbon emissions are related to a product. We have committed to reduce those emissions by 40% by 2025. The SHP programme links strongly to ambition to reduce our Scope 3 carbon emissions. The programme supports carbon reduction, working from both upstream and downstream to make improvement.

Let me illustrate this. When we switch from virgin plastic to recycled plastic as a material, it lowers the carbon footprint of our product. When we ensure that that wooden worktop is made from responsibly sourced food as opposed to contributor to deforestation, it results in a lower carbon footprint for that particular worktop. This is how products made for sustainability lower our upstream carbon emissions.

And when products are being used by our customer have better energy efficiency, better water efficiency, they also help to lower the carbon footprint of our product. This is how products for sustainable living lower or downstream carbon emissions.

Now let's focus specifically on saving energy, which is, of course, a key topic at the moment. More specifically, what is the traction we have with our customers? And what are we doing in this area?

First, we know from the marketing side there are plenty of insights, but as an example, 50 million people in the EU live in energy-poor homes, which means energy and money wasted on poorly insulated homes, lighting system that burn too much energy in daily use or heating systems that are not controlled to maximise its cost. To complete those market insights, we have recently conducted a customer survey across five markets. 47% of our customers are saying energy saving is important to them, customers see saving energy, and by default, money as an important driver of sustainability.

And in Kingfisher, we are already playing an important part in helping our customer to navigate the challenge of high energy bills and changing energy landscapes. Today, 11,424 products sold at Kingfisher demonstrate our energy saving feature, and they represent 7.7% of our sales. We are currently developing new product and technologies to expand this high priority category. Screwfix is starting heat pumps. We are now exploring hydrogen boilers. These are some of the technologies that we will continue to develop expand in the next couple of years.

Our next point would be what are our ambitions or target, and how are we going to achieve this? Our target is to reach 60% of our sales from SHP product by 2025. To set this target, we have assessed the potential within each of our seven product categories against our SHP guidelines. We have as well identified two or maybe three main levers to deliver these ambitions.

First, we've built plans at category at our banner level to capture the potential that we have identified. Second point, our range reviews. We have also fully embedded SHP in our annual planning cycle, leveraging annual range reviews to land more SHP product in our stores and online.

I was mentioning a third lever. This third lever is, of course, our own brands. Own brand is another strategic priority in Kingfisher, as the question is, how do we leverage our OEB capability for SHP? Or own label products play an important part in this journey. We are more ambitious because we can control the full supply chain of our own branded products, including the design, the choice of materials, the manufacturing processes.

There are three main levers. First, our brands themselves. Sustainability is built as a standard for 42 owned brands. It's an eligibility criteria for each of our own brands. Second is a product design and development illustrated in the video you've seen just now. We built a sustainable thinking from the start. Sustainability criteria are embedded in the design of our OEB product, and I will develop this in more detail next slide.

And then the third lever is manufacturing process. SHP is also embedded in the material we select and in the selection of the factories. You will see we have brought some of those products next door that illustrate those capabilities that we have developed.

Now let's go a bit more in details seeing how do we link SHP, Scope 3 and product design. So as an example of what we've just discussed, the life cycle analysis of this tool shows how we can work on every aspect of these products life. With so much of its impact coming from the materials for the battery and charger, it makes sense to develop proposition where customers can share batteries between tools. Innovations like brushless motors that run cooler help to address the energy impact of using the tool, enabling more use between charging as well as helping the tool to last longer. And then finally, addressing the tools at end of life by developing a proposition of selling refurbished tool, not only addresses the impact of disposal, but helps to reduce demand for raw materials.

As a conclusion, we have a clear target, 60% of our Group sales from SHP by 2025. With the highest ambition on unbranded vendors and product, which is 70%. Customers are looking for ways to save money, energy and water. Sustainable Home Products meet customer needs and are affordable and accessible. The SHP programme links strongly to our ambition to reduce our Scope 3 carbon emission by 40% by 2025.

Thank you very much. And I'm now going to hand over too Maj.

MN: From your beautiful French accent to my English accent again. So we're going to go to another group Q&A. So I'm going to ask Kate, Kathryn, Chris to come back, please. And we're going to do about 15 minutes here. So questions. Let's go to Anne first, please.

AnC: Thanks. I wonder if you could talk a bit about supply chain responsibility? I mean, I accept that the risk of controversy is quite low for Kingfisher. But can you be reasonably sure that you don't have slave labour or child labour or illegal working practices in the supply chain? What's the auditing process?

KS: Valéry, do you want to take that one?

VC: So it's a very good question. So, of course, we have an extensive ethical - we have first an ethical policy. The ethical policy is applied across all vendors, OEB and non-OEB. We are asking all our vendors to register on one of the platforms, being either Sedex or Amfori, and to link as well or to register their factories.

Once the factories are registered, we identify the level of risk based on this factory using some international standards related to location and the type of industry, and then we audit the high-risk factories. What makes the difference is we have a higher expectation for OEB vendors, and we go beyond audit with our OEB vendors and factories looking for improvement of working conditions and so on in those particular vendors.

[unidentified speaker]:

Thanks very much and congratulations on your performance as number one in the sector. And it takes a lot of hard work and a journey that started a long time ago. So appreciate your insights. And the question I have is that when you look at the products you're assessing that you don't have in your product ranges today, and then you look at the products that are innovations within existing products, like the water hoses you show, with flow control. I'm interested in your sense what proportion of the 60% of sales in 2025/26 that are SHP are products that aren't currently in your ranges that are going to be new products? Just to get a sense of how everyone in this room and clients are investing in energy efficiency and how that's going to grow your SKUs or products that you're selling and your overall growth.

VC: So I would say that the way we have assessed the potential, we have not made very big assumptions on technologies that don't exist today. We've been very realistic. We assessed our potential based on what we know and technologies which are accessible, known from our vendors, known by our - known from ourselves. There's a bit of a gamble, of course, on a few product categories, such as how the technology for solar panel will develop or the hydrogen boilers will develop as well. But we remain within what we know and the technologies which are accessible.

Now specifically talking about heating efficiency. As I was telling you, 7.7% of our sales are coming from energy efficient products. We estimate that we can triple that in the next three years, knowing that in Kingfisher, not all the products we're selling have an energy efficient component. We're selling plasterboards. And they are not energy efficient, but we could triple that, like we could probably as well triple as well, the water saving products that we are distributing.

MN: Well, welcome. Who’s next? Go to Simon, please.

SI: Hi. It’s Simon Irwin from Credit Suisse. Two questions for you. Firstly, when it comes to housing stock, how much help are you getting from governments now? We've had a lot of talk in the past about green deals and things like that, which have been a bit of a disaster as far as we can tell. So is there any sign that governments are kind of getting themselves together and is that something that you can get your product development kind of stuck behind?

And the second question is just, is one out of nine - I know that's a minimum, but is that enough? Does it leave you vulnerable to being accused of greenwashing? I mean, put - you put brushless motors into a drill. Well, most drills have brushless motors. Does that really make it a green product?

MN: Can you come up, Nick?

NL: Yes, sure.

KS: Do you want to introduce yourself as well?

NL: Sure. Hi, I'm Nick Lakin. I'm Corporate Affairs Director at Kingfisher. So part of my remit is also speaking with governments around the energy efficiency policy. So just to answer that first question, I'd say it varies by country, but there are different examples. So if you look in France, there's an initiative called MaPrimeRénov that the Macron government put in, in the previous administration and they've now committed to do. And they're targeting 700,000 homes a year for energy efficiency retrofit.

At a pan-EU level, as part of the whole Green initiative that the European Commission are leading, there's a strong push across all member states for how do we do more of that. And obviously situations like Ukraine and the energy crisis has exacerbated that.

And then in the UK, you've got kind of more of a chequered history. So you've had some facets, some parts of energy programmes that work well, but fundamentally there is a lot more needed. And whenever you're speaking to any part of government or indeed the opposition, they all acknowledge that. There are a number of steps. And I think you can see in the next two to three years a substantial change there because fundamentally the housing inefficiency in this country needs massive change.

But to give you an example of the potential of what people are talking about from the Labour Party. The Labour Party have an aspiration talking about two million homes retrofitted a year. That's not going to be in year one, and that's going to be a build-up and requires a number of other steps as well. The Conservative government equally can see that they've got to do more in this space and the energy prices and where that's going to go in October is going to drive that further as well. So more to do in the UK, but also quite a lot of potential as well.

KS: Thanks, Nick.

VC: So I will give two answers to you - to your two questions. I mean, the first one you refer to anti-greenwashing legislations. We are fully aware about that, and we've worked on this with Bioregional making sure that all claims are legal. And we have also appointed a third-party to ensure that our attributes as well as the 350 customer facing claims that we have associated to those attributes are compliant to the anti-greenwashing legislation.

And the fact that our guidelines are available online is as well guaranteed we're giving to all our customers. And you would ask whether one attribute out of nine is sufficient. We have a scoring system, which have not developed today, but we have a scoring system where a sustainable product can be a B or A. And to be sustainable A, a product need to actually meet two or more of those attributes. And with sustainable A product represent more than a third of our SHP products.

Now, every year we review the guidelines. Every year, we actually make sure that our guidelines are more and more demanding and reflects the latest development in terms of legislation and in terms of capability. To illustrate that, about five years ago, a bulb being LED was enough to qualify it as SHP. Now, it's not good enough. LED bulbs need to be A-grade to be sustainable according to our guidelines.

MN: Excellent. Thank you. Warwick, please?

WO: Warwick Okines from BNP Paribas Exane. I don't think you've got Scope 3 targets beyond 2025. Could you just talk about when you might be able to give some and the difficulties of setting those targets? And particularly how the marketplace strategy would play into that? Would marketplace products be ignored like kind of out of scope for that or not?

VC: So talking about Scope 3, we might need another hour, Maj. Scope 3. First, we have already set a target of 40% reduction by 2025, which is in line with our commitment regarding the 1.5 degrees global warming. We have already achieved 20% reduction in the last few years, largely through energy efficiency of a product like kitchen appliances, LED bulbs, but also through alternative materials such as peat-free compost.

To go further, we need to have a very robust data model, and this is what we've done in the last four or five months with some third parties expert in this field which have helped us, such as Ricardo or Manufacture 2030, for example. And now we've built a data model covering the 1,600 product subcategories in Kingfisher. And from this data model, we are now in a position to identify what are the hotspots, what are the area of focus, therefore, to build the plans. And once the plans are ready, I guess we'd be in a position to announce a net zero target as well for Scope 3, which is coming.

KT: And just to answer your question on marketplace. So we're developing what the reporting will look like around marketplace. At the moment, it sits within our Scope 3 emissions, and we think that it's fairly immaterial. But obviously that will grow as the marketplace grows. There isn't a lot of guidance or standards out there at the moment for marketplace, so we're looking to see what other sort of best practice organisations are doing. Again, there's not a lot. But yes, we're developing that process at the moment.

MN: Very good. Can we go to Pam, please? Thank you.

PL: Hello. It's Pam Liu from Morgan Stanley. Two questions, please. Do Sustainable Home Products enjoy higher pricing and higher margin? And second question, just trying to understand the exact role you are playing here in driving more sustainable products. In only exclusive brand, I understand that you have a very direct role because you own the product, you design it, you manufacture it. But in terms of products sourced from suppliers, how much of it is you actively selecting more sustainable product versus manufacturers just making more sustainable products? And for background, I actually cover building construction and every company I cover is telling us that they're making more sustainable products. Thank you.

VC: You're welcome. So, first of all, talking about affordability. This device goes in the tap and help you to say 40% of water on the tap in your kitchen. It costs US$0.1 in a factory. Therefore, on the number of a product, the cost of the sustainability device or feature is immaterial. That means don't cost anything.

When there is a cost, when we're switching to an alternative material, if this alternative material cost more, we don't pass any premium for sustainability to our customers. They're going to pay the real cost of this sustainability feature. This is why we want to have - our SHP product need to be kept as affordable as possible.

Now you mention about what we're doing about OEB. What are we doing on non-OEB? About 45% of our non-OEB sales are from SHP products. And the guidelines are the same across all OEB and non-OEB. And the product validation and verification process is also the same. That means Bioregional is verifying both OEB and non-OEB products. So it's all our teams in banners who are selecting products from vendors who have sustainability attributes. That’s the first point.

And we have as well some partnerships, or some feedback, some of the biggest international brands we're working on, who are - once they understand our SHP projects and the guidelines associated to it, are pretty keen to either develop products or propose product that would fit those guidelines.

MN: Perfect. Any more questions at all? Team, thank you so much. Now I'm going to invite Thierry for some concluding remarks.

TG: Thank you, everyone. I would say, first of all, I'm very happy that all of you have been able to listen to those presentation and meet a large number of the team. I think personally, it makes me very proud to listen to all of you. And I hope you feel the same and seeing that Kingfisher is becoming a very strong, agile and innovative company. So I'm very impressed by those speeches and by the quality of the team. And that's probably the first personal take listening one more time to this afternoon.

I would like as well to thank all of you for taking the time to join us today and for your comments and your questions. And I would like to thank again all the other Kingfisher colleagues.

On our e-commerce and digital plans, I would like you to leave this meeting recognising that we have a clear strategy based on proven customer proposition. We are resolved to rely on stores. We have seen that on store assets to increase speed and focus on click-and-collect. And we have chosen to increase choice for marketplace. We are now progressing quickly on a journey to make our technology fully agile, while in parallel developing new key initiatives such as Sprint, marketplace, new apps.

And we have attracted and recruited talented professionals, some of them, again, you have met today to lead this journey for Kingfisher.

Now, with regards to Responsible Business, I hope we reinforced the message that we want to be true to Kingfisher's pioneer legacy. Responsible Business has been placed at the core of our strategy, and we will continue to do the right thing for the planet, for our customers, colleagues and communities. This is reflected in the new ambitious commitment we are making today on net zero for operations by 2040 and on 60% sales penetration of Sustainable Home Products.

Thanks to the incredible dedication of our colleagues. We continue to deliver our strategic priorities ahead of schedule. And this is reflected in our market share gains.

Looking forward, our investment for growth, our continued strong execution and new demand drivers in our industry give us confidence in the significant long-term growth opportunity for our Group. Thank you again, all of you, for listening and being with us. And now please join Andy, Bernard, myself, and the rest of the team for some food and drinks. Thank you, everyone.