



Net Positive

**REDESIGNING OUR BUSINESS
FOR POSITIVE IMPACT**

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Kingfisher plc is Europe's largest home improvement retail group and the third largest in the world, with 1,000 stores in eight countries in Europe and Asia, and sales of nearly £11 billion.



Net Positive



Net Positive is a new approach to doing business. To succeed, business must do more than minimise its negative impact – it must be designed to have a positive impact on the world.

At Kingfisher, we help millions of people each week to improve their homes. As a leading international retailer we have the scale and capability to create not just better homes and better lives, but also a better planet.

In practice, Net Positive means not just preventing deforestation, but working towards net reforestation. It means helping create homes that go beyond zero carbon to become generators of their own energy. It means innovating new business models, products and services that are net positive by design. It means working in communities to equip people with the fundamental practical skills of making and mending. In each of these four priority areas, and across the business, we will transform the way we operate to become Net Positive by 2050.

It is a big ambition. For many years we have worked to become more sustainable and with Net Positive we are setting our sights even higher. We have established clear milestones and will report regularly. We know that it's a constant journey and aim to make progress every day through the actions of colleagues and customers.

Net Positive will be good for our business. It will enable us to secure the resources that we use, unlock new opportunities and to drive growth. We believe this big goal will inspire people in our business – and has the power to be the catalyst for collaboration in the wider world of our partners and the industry at large.

Today, the system is broken: the use of resources worldwide is outstripping supply. Leadership for the future means having the resolve to envisage new approaches and take people with you. For us, that means going Net Positive.

Foreword



IAN CHESHIRE
Group Chief Executive,
Kingfisher plc

We cannot deliver on our core purpose of helping people make better homes without Net Positive.

At Kingfisher we have set ourselves the big ambition of transforming the way we operate to become Net Positive.

It is well recognised that the world's natural resources are under pressure. It already requires three planets worth to maintain the pattern of consumption we're accustomed to in the Western world. The expectation and aspiration that people in emerging economies have to experience a similar lifestyle, coupled with a rising global population and its growing demands for energy, will only increase that pressure. It is clear that things need to change radically.

Many businesses today, including Kingfisher, have committed themselves to demanding targets to adapt to these realities – and that's no mean feat. Yet overall the focus and public debate has become dominated by the effort to minimise damage, to reduce negative impact. We've decided that our ambition should be to go beyond achieving zero impact and commit to making a positive contribution in the world.

Kingfisher is Europe's largest home improvement retailer. We have a presence in eight countries with 1,000 stores. That means millions of people come to us every week because they want to improve their homes – and a person's home is at the very centre of their life. That's why we say that Kingfisher is all about giving people better homes and better lives. We think that in today's world – and certainly in the future – it will simply not be possible to be better without being more

sustainable. We cannot deliver on our core purpose of helping people make better homes without this.

We have a strong foundation to build on. B&Q was a founder of the Forest Stewardship Council in the 1990s and now, in 2012, WWF France has rated Castorama and Brico Dépôt as two of the three best French retailers for their timber programmes. With Net Positive, we are setting our sights even higher.

Our plan is focused on four priority areas, where we believe we can have the greatest impact. We know where we are headed with an aspiration for what we want to achieve by 2050:

- **Timber:** we create more forest than we use.
- **Energy:** every Kingfisher store and every customer's home is zero carbon or generates more energy than it consumes.
- **Innovation:** every Kingfisher product will enable a more sustainable, and ultimately Net Positive lifestyle.
- **Communities:** every Kingfisher store and location supports projects which build local communities or equip people with skills.

Securing supply of essential natural resources is a shared problem for businesses, our customers and society at large.

Net Positive will future-proof the business against risk. It will enable us to secure sustainable supplies of the vital resources our business depends on. It will help us to serve the growing new market in domestic energy efficiency and regeneration. It establishes the context for innovation which can save costs and generate new opportunities.

In communities, we will help to equip people with the practical skills and confidence they need to make and mend – in a way which mirrors our efforts inside the business to repair, recycle and re-use materials in the way we operate. We can see how to make a positive contribution to building better communities wherever we operate and, at the same time, foster our future customer base.

All the Kingfisher businesses are developing their Net Positive plans to respond to these four priorities. Of course, there are many other areas of our operations where we are adapting to become ever more sustainable and we will keep up momentum on them. They all play their part in Kingfisher being able to make a positive impact in the communities and countries where we work.

We cannot pretend to have all the answers about how we will deliver on our long term goal. But we believe it is a bold aspiration that our people will get behind – and that gives us confidence we are heading in the right direction. We know that applying our ingenuity to create new business models will be essential to our future success – and that many other people are concerned about the same things we are concerned about.

From the outset, we want to work collaboratively with our suppliers and our partners across the industry, in government, in communities and the not-for-profit sector. We are acutely aware that becoming Net Positive cannot be achieved unilaterally by us, or any one business. Securing supply of essential natural resources is a shared problem for businesses, our customers and society at large. So in setting out our ambition, we are also initiating a dialogue with all our stakeholders about the journey to Net Positive.

We have our sights set on 2050. We understand that we have a very long way to go but we have already taken the first few steps. There will be milestones along the way and, for each of the four priorities, we have set targets for 2020. Our intention is to track our progress and report annually.

In the future, those who thrive will be the ones who can imagine the future and make changes to avoid the pressures that are already building. That means we have to start now and commit to a new approach to doing business. That is what Net Positive is all about for Kingfisher.

Foreword

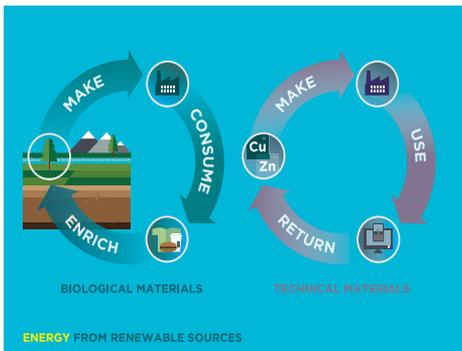


ELLEN MACARTHUR
Chair of Trustees,
Ellen MacArthur Foundation

When I sailed around the world I learnt the definition of the word finite. Aboard a boat what you have with you is all you have, which is exactly the same as our status quo on land. So, if you're dependent on increasingly expensive resources, you might think that the solution is to use less and use it more slowly. That buys you time but it doesn't solve the problem. You need to think about things in a different way.

Today, speaking to business leaders, I realise that they are well aware that materials are getting more scarce, more expensive and that their prices are becoming more volatile and that this presents some real challenges to their long-term growth. Therefore there is a real wave of new businesses looking for solutions which will involve creating innovative ways of operating and systemic change.

In the Foundation we are working towards a circular economy: one where growth is decoupled from the consumption of finite resources. It represents a shift from the linear model where you take something from the ground, make something out of it and eventually throw it away, towards a circular model where you design for disassembly and for future cycles of the



Credit: The Ellen MacArthur Foundation



products, components and ultimately raw materials that sit within products. In our recent report, which we published with analysis from McKinsey, we outlined a US\$630bn opportunity for Europe alone in adopting that new model.

Kingfisher's B&Q brand was a founding partner of the Foundation and we're delighted that they are taking a lead on a Net Positive approach to business. We look forward to continuing our partnership with them, and helping to deliver on the ambition for Kingfisher and the wider business community.



**BUSINESS
IN THE
COMMUNITY**

STEPHEN HOWARD
Chief Executive,
Business in the Community

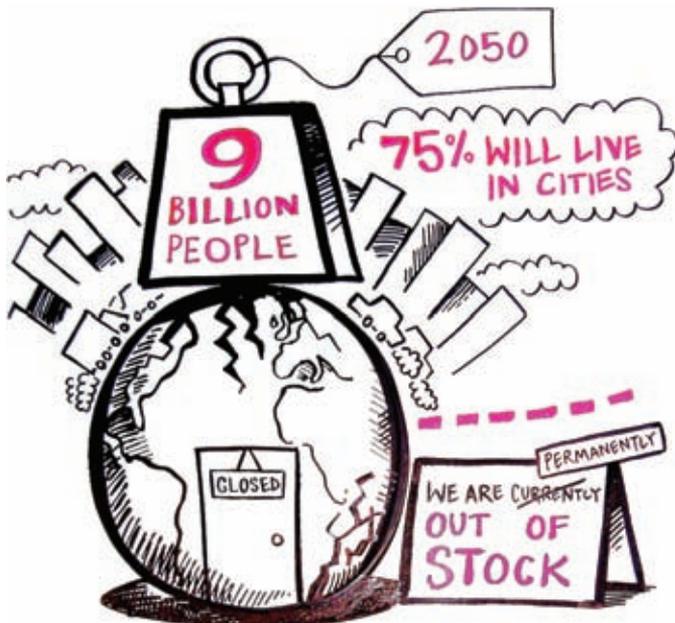
Business in the Community (BITC) is an extensive network of businesses connected by their desire to promote responsible business practice. When we look at the global mega-trends that are rapidly and radically changing the operating environment for business, it's evident that many business models need to adapt. Many companies are making good progress: using less water, producing less waste, reducing carbon emissions. In BITC, we see improvements being achieved

all around us and we applaud them. Yet it is also increasingly clear that as well as incremental improvements, we need transformational, bolder solutions, and to show that there are commercial returns for the businesses that do this.

We encourage business leaders to step outside of their day job in order to look much further ahead and 'backcast' from there, rather than only forecast from today. The role of leadership is to recognise the challenge; what makes exceptional leadership, in our experience, is spotting the opportunities for their business in this new context.

So we respect the leadership Kingfisher is showing in this regard. They are pioneers in a small but growing group of businesses who are committing to acting as catalysts to transformational change in business and in communities around the world.

This is new territory. No one has all the answers and no one can respond on their own. For companies setting off on this road, suppliers, customers, governments and industry sectors as a whole all have a contribution to make. Therefore it's particularly welcome when businesses take a collaborative approach, as Kingfisher is doing, to solving big problems and to achieving ambitious goals. We look forward to helping Kingfisher on their journey to becoming a Net Positive business.



Our Net Positive approach



Redesigning our business for positive impact

We have set ourselves an ambition: to transform the way we operate to become a Net Positive business. Over the coming years we will use the capabilities of our business to contribute positively to some of the big challenges in the world.

We have identified four pillars that are central to achieving our ambition to becoming Net Positive: Timber, Energy, Innovation and Communities. These four pillars are the areas where we – as a major international home improvement retailer – have a significant impact and can therefore genuinely contribute positively. They also align with material threats and opportunities for our business.

Identifying these four pillars allows us to concentrate our efforts where we can make the greatest difference – and in each pillar we commit to being Net Positive by 2050. For each pillar we have articulated a vision for the world, an aspiration for Kingfisher's positive impact by 2050 and a 2020 target against which we will measure our progress.

In addition, we will manage our performance against 50 Foundations targets across our whole business to allow us to identify gaps and problem areas in our journey to becoming Net Positive.

The graphic above shows our Net Positive approach in brief.

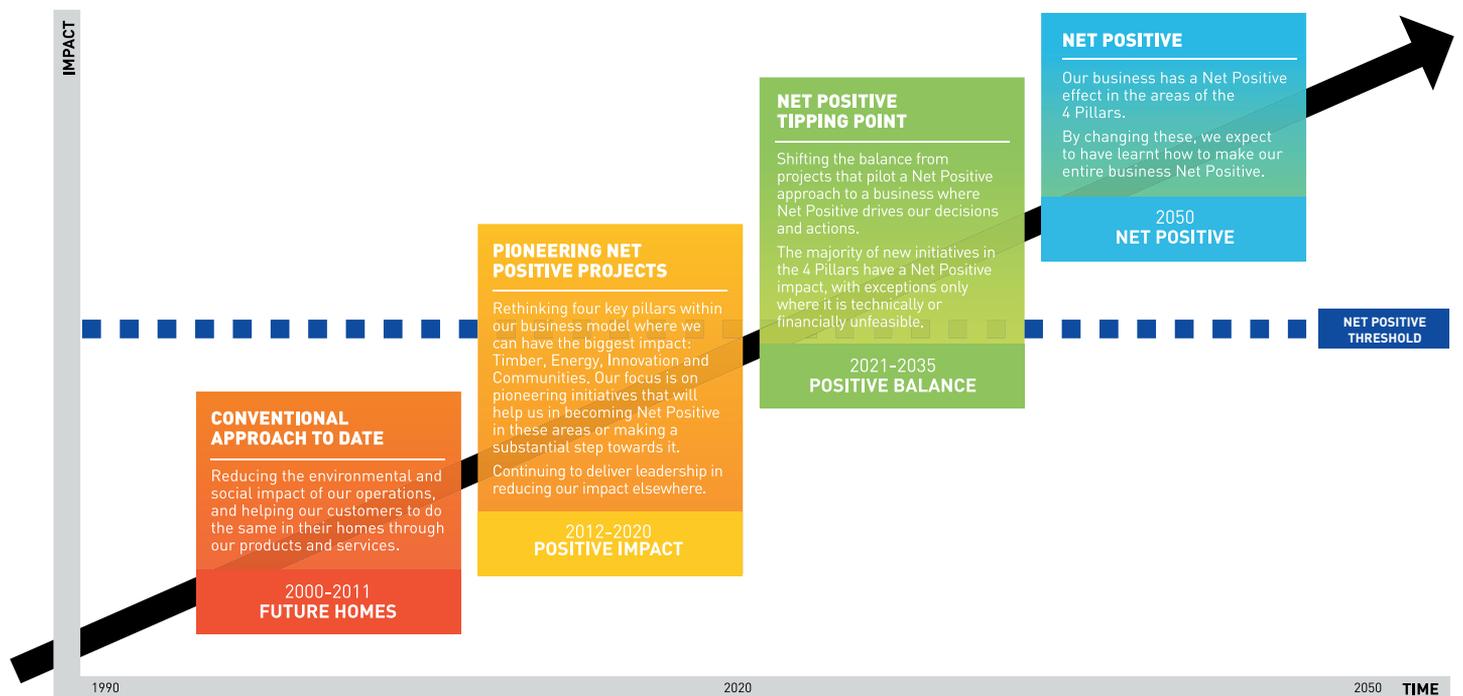
An ongoing journey

For many years we have worked to become more sustainable. Net Positive is a next step along that journey.

It is a long journey. Nearly 40 years is a long timeframe over which to set our Net Positive ambitions and we see distinct phases ahead of us.

This phased approach will allow us to ensure progress and to set realistic, achievable targets over shorter timeframes. Our first set of targets reach to 2020, some with 2015 milestones.

The very nature of a journey is that it has a starting point and a destination, but that the route taken may not be known. We start our journey with a clear plan in place, which sets out 2020 targets against four pillars and 50 Foundations. We do not have all the answers for how we will achieve our 2050 aspirations. No one could. However, we are confident that as we learn and progress we will understand how to expand this approach to make our entire organisation Net Positive.



Net Positive will be good for our business

Net Positive is fundamental to our purpose

As a major international specialist in home improvement we help millions of people make their homes better. Because 'home' is so central to people's lives, we're making their lives better. People's homes use substantial amounts of energy and raw materials to keep them warm and comfortable. This means that their homes can't be 'better' without being more efficient in the energy and resources that they use.

In the future 'better' will have to mean more efficient, so our Better Homes, Better Lives promise means having a positive impact on the resources, energy and skills that we and our customers use. Therefore, having a positive impact and moving towards Net Positive is a part of our promise to our customers.

Net Positive will help protect and grow our business

The world is changing. We can expect population to grow by an extra two billion to around nine billion by 2050. There is increasing pressure on natural resources, with a supply-demand gap of up to 40% on water by 2030⁽ⁱ⁾. And the global middle class is set to more than double by 2030, leading to increasing consumption⁽ⁱⁱ⁾.

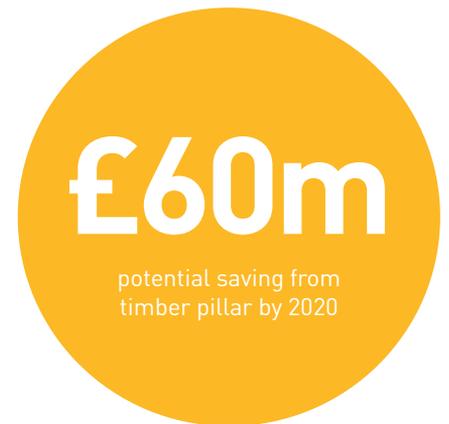
Net Positive will see us restoring and replenishing resources, allowing us to secure the resources that we use and to mitigate the risks attached to rising costs.

Net Positive is a platform to innovate new business models, products and services, allowing us to unlock new opportunities and to drive growth.

Each Net Positive pillar has a measurable business benefit

Over the next pages we detail each of the four pillars for our Net Positive approach. We will show how each area is tightly linked with business goals in a measurable way:

- Hitting our timber targets and implementing our strategic plans could help us save £60m by 2020;
- Our approach to energy will enable us to tap into a fast-emerging €70bn European market for in-home energy efficiency;
- Our innovation will help us tap into a US\$630bn per year cost-saving opportunity across Europe;
- Our community programme will galvanise hundreds of thousands of new potential customers equipped with the skills of making and mending.



The need for collaboration

We believe that Net Positive has the power to be the catalyst for crucial collaborations.

The challenges that Net Positive is designed to help us tackle are faced by Kingfisher and society at large. They are challenges that cannot be solved by reducing any single company's negative impacts. Collaboration across our supply chain, the business world, the public sector and wider society is necessary for a future in which business is a positive contributor to society. It is the means by which we as businesses will be able to secure supply of the resources that we all use. Collaboration is crucial to tackling these systemic problems and will be a distinctive characteristic of our approach.

Meanwhile, as a company with businesses in eight countries, we know the importance of operating as one team – we can only succeed by working effectively with our colleagues across the entire business. Our Net Positive aspirations are no exception. Every colleague can help contribute towards these targets in their actions every day.

To foster new and existing relationships, both within our business and beyond, we will convene regular Net Positive Conversations to focus on how to develop and build Net Positive approaches to business. We believe that Net Positive is a big goal with the power to be the catalyst for crucial collaborations across our industry and beyond.

We are pleased to recognise some of the key partnerships that we have already established across a number of sectors. With these collaborations we have made significant progress that we could not have achieved alone.



Note: FSC, TFT and PEFC are working with Kingfisher brands including B&Q, Castorama and Brico Dépôt

Timber



Forests around the world play a vital economic, environmental and social role. Yet despite global measures to tackle deforestation, we are still losing forest at an alarming rate: between 2000 and 2010, about 5.2 million hectares were lost, net, per year across the globe⁽ⁱⁱⁱ⁾.

This pressure on timber supplies means that by 2020 wood prices could increase by 30-75% and there may be global shortages of 10-30%^(iv).

Wood is in approximately one third of Kingfisher products, and altogether we need a forest area roughly equivalent to the size of Switzerland each year. That's why it's critical for Kingfisher, and the world at large, that we play our part in improving the forests and woodland that we use for timber - and ultimately drive global net reforestation.

What's more, achieving our 2020 target and strategic plans could save the business between £45 million and £60 million by 2020 alone^(v).

VISION

Global net reforestation

ASPIRATION

Kingfisher creates more forest than it uses

2020 TARGET

100% responsibly sourced timber and paper in all our operations

Our plans

Our aspiration is that by 2050 we help to create more forest than we use. We are working on a Net Positive impact measure for timber. This will focus on the positive impacts of independent certification on the forests from which we source, and the amount of forest and woodland area created and improved as a result of our actions.

In the current phase of our journey to Net Positive, our 2020 target is to secure 100% responsibly sourced timber and paper in all our operations.

Today, 86% of Group timber product sold (by volume) is from proven well-managed sources, which include FSC, PEFC, TFT, Rainforest Alliance and WWF GFTN. Over 50% of our products are FSC certified. In 2011, B&Q UK reached its target of buying 100% of its timber products – over 15,000 in total – from responsible sources, making B&Q the first major retailer of its size to reach this landmark. The challenge before us is to take this achievement across all of our Operating Companies.

The Group and our Operating Companies will also be involved in a series of forest projects designed to secure local sustainable supply by supporting national timber sectors and local communities and reduce carbon miles associated with imported product.

Challenges and opportunities

Collaboration

Whilst sourcing sustainable timber in high volumes helps to drive demand for responsible forest management, we have learnt that a responsible sourcing policy alone will not ensure sustainable sources of supply for our businesses. We need to collaborate with others around the world so that we can create a secure future supply of this important resource.

Traceability

There is an opportunity to maximise the potential of cutting-edge technology to improve traceability within the supply chain. This can inform strategic planning, while also providing information to empower customers in their decision making.

Other forest impacts

To ensure that none of the products in our supply chain are linked to deforestation we must understand and manage our wider forest footprint. In practice, this means going beyond our timber sourcing programme to ensure that we are also sourcing responsibly other materials that may have derived from forest areas, such as leather, oils, peat, cork and charcoal.

2011/12 progress

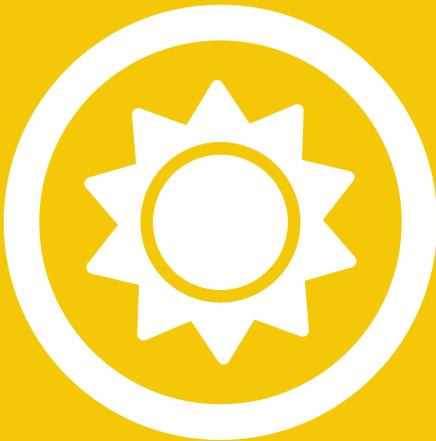
86% of reported timber products sold (by volume) is now responsibly sourced. To demonstrate a leadership position on timber, we are planning to extend our work on responsible sourcing to cover all timber and paper we use, from our packaging right the way through to the timber we use in construction.

Case study



- Brico Dépôt Spain is working to **regenerate a cork forest** that has recently been damaged by forest fire.
- Staff from four Brico Dépôt Spanish stores around Valencia assisted with the distribution of bat boxes in the 1,000-hectare cork forest within a national park.
- This regeneration will help protect the supply of FSC-certified cork from adjacent woodlands and attract important biodiversity back to the area.
- The commercial team plan to use this cork in the production of insulation panels for sale in Brico Dépôt stores.

Energy



The global demand for energy is set to increase by 40-50% between 2007 and 2035^(vi). At the same time sources of fossil fuels are becoming more limited and there is a pressing need to reduce greenhouse gas emissions. In this context, safe energy provision will remain one of the single biggest challenges of our time.

These dynamics will affect the prices that both we and our customers pay for energy, and could ultimately affect the security of energy supplies.

Being in the business of home improvement we are well placed to help our customers reduce their own energy usage, save money and have more comfortable homes. In fact, 27% of UK emissions arise from energy use in the home^(vii). That's why it's critical for Kingfisher, and the world at large, that we accelerate growth in the market for super energy-efficient products and the tools and materials needed for eco-retrofits and microgeneration projects.

This will give us access to a large new market for in-home energy efficiency, worth around €70bn across our key European markets by 2020^(viii).

We will also reduce the costs of running our company's operations and mitigate against the risk of rising costs by lessening our energy dependence.

VISION

All homes are zero carbon or net generators of energy

ASPIRATION

Every Kingfisher store and customer's home is zero carbon or generates more energy than it consumes

2020 TARGETS

- 38 TWh of energy saved for customers
- 45% reduction in energy intensity of our property

Our plans

Our aspiration is that by 2050 every Kingfisher store and every customer's home is zero carbon or generates more energy than it consumes. We are working on a Net Positive impact measure for energy. This will focus on the amount of renewable energy generated by our customers and the amount of renewable energy generated by our business.

In the current phase of our journey to Net Positive, our 2020 target is to help our customers to save 38 terawatt hours of energy over the period to 2020. This amount of energy is equivalent to the annual energy consumption of 2.3 million UK homes – or all of the houses in Scotland. We also have a target for our own energy usage, aiming for a 45% reduction in the energy intensity of our property by 2020.

Already, we sell £2.2 billion worth of products with eco credentials, equating to 20% of the Group's sales. Taking a Net

Positive approach we aim to grow this to 50% by 2020.

Our plans complement government initiatives. B&Q UK has worked with the UK government on the Green Deal – an initiative which aims to cover 14 million homes in the UK – to help them understand customer behaviour and the effective use of incentives to ensure maximum uptake of the Green Deal. Energy efficiency is also increasingly important in our other key markets. For example, we already supply energy efficient and microgeneration products and services to customers in France, Spain and Poland. Kingfisher is also working with the European Union on its endeavours to make European households as energy efficient as possible.

In our own property, we have already achieved a significant improvement in energy intensity over the past five years. We originally set a target to achieve a 10% reduction in the energy intensity (kWh/m²) of our stores by 2011/12, from a 2006/07 baseline. We have achieved a 21% reduction, exceeding our target.

Challenges and opportunities

Behaviour change

Central to our efforts on energy is the need to raise customer awareness and encourage behavioural changes. Based on our experience of delivering energy efficiency in the home, we have gleaned key insights into how customers respond to offers and incentives to become more energy efficient at home. Experience tells us that customers respond positively both to the chance to save money on their energy bills, as well as when the hassle is taken out of renovation, such as having the loft cleared by a third party. In addition, the trials that we have run with the UK Cabinet Office provide strong evidence that appealing to customers' desire to avoid loss – in this case losing money on their energy bills – and by framing our eco-offer in terms of cost savings, acts as a powerful incentive for uptake.

Uptake across markets

Given differing structural incentives, regulatory frameworks and consumer attitudes, our ambitions around energy will be more resonant in some of the markets where we operate than in others. We want to reach a level of consistency across the Group on energy saving products and services and so we will work in less developed markets, with a view to sharing our insights on what works – and what doesn't – in our existing and new offers. This will require a conversation with governments and administrations, including the European Union, as well as demonstrating the tangible benefits of energy efficiency to our customers whatever market they are in.

2011/12 progress

In 2011, we have estimated that our customers saved 2.5 TWh of energy through the use of our energy efficient products and services. In the UK, we have committed to two years of investment, each at around the £10m level, to build our Future Homes business. This will offer installed home energy retrofits and help to significantly increase the number of energy-efficient homes we create. In the past year we have achieved a 10% reduction in the carbon intensity (CO₂e/m²) of our property portfolio from a 2010/11 baseline.

Case study



- B&Q bought a 100-year-old, three bedroom end of terrace house near Southampton – to refurbish it and to see what the challenges were in transforming it into an **Eco Home** fit for the next century.
- The home incorporates a range of cutting edge energy saving measures including radiators incorporated into the skirting boards to ensure the even distribution of heat.
- The home's energy hub is situated in the garden and enables B&Q to control exactly how the home's renewable energy is generated.
- The house, which acted as a test-bed for innovative energy saving materials and products, won this year's Environment and Energy Award for renewable innovation and has seen a 72% reduction in the home's energy usage since all the measures were installed.

Innovation



It is estimated that the global population is using the renewable resources of 1.5 planets^(ix). Meanwhile, the annual cost of solid waste management globally is projected to rise from US\$205bn to US\$375bn by 2025^(x).

Figures like these lead to a growing recognition that our global consumption is not sustainable – either for society or for businesses within it. We need to shift from a world in which we take, make, dispose to one where we repair, recycle, re-use.

At Kingfisher we can work through our supply chain to help switch to more renewable materials and to develop ‘closed loop’ systems – systems and processes designed to remove waste and create value in what otherwise might be wasted.

The products and services we offer can help people improve their homes and their lives, in ways where waste is designed out.

Across Europe there is a US\$630bn per year cost-saving opportunity by 2025 to be had through harnessing closed loop approaches^(xi). Taking this radically different approach will also guide our development of innovative new products and services.

VISION

Creating and using products wastes nothing

ASPIRATION

Every Kingfisher product will enable a more sustainable, and ultimately Net Positive lifestyle

2020 TARGET

1,000 Kingfisher products with closed-loop credentials

Our plans

Our aspiration is that by 2050 every Kingfisher product will enable a more sustainable, and ultimately Net Positive lifestyle. We are working on a Net Positive impact measure for innovation. This will focus on the value created or increased, either for Kingfisher or in the supply chain, through regenerating, reusing or repairing materials.

In the current phase of our journey to Net Positive, our 2020 target is to sell 1,000 Kingfisher products with closed-loop credentials.

Our focus on developing new technologies, business models and creative ways to re-use resources builds on our strong track record in eco-product innovation. It involves partnerships and collaboration with other businesses and institutions. For example, over the past year we have been exploring how materials can be re-used to preserve resources and increase their value. This work into closed loop products is being undertaken with the Ellen MacArthur Foundation, of which we are a founding partner.

We do not yet have all the answers around how to achieve our aspiration, and we aim to use our commitment to Net Positive as a spur to innovation in products, services and processes across the Group.

Challenges and opportunities

Factors outside of our control

We recognise that succeeding in our aspiration requires changes in how our customers use our products and services. Any closed loop cannot stop at the point when we sell a product or service and, therefore, achieving our target lies outside of our complete control. So we must also be innovative in how we seek to influence the way our products and services are used by our customers and how, at their end of life, they can be re-used, remade or repaired.

Customer demand for new models

It is a big challenge to engage customers who fall outside the 'ready converted' minority who are keen to adopt new approaches. However we believe that the strength of our retail brands and making it easier for customers – potentially more financially attractive as well – could all play a part in enabling these new models to become more mass market.

Space to experiment

This pillar demands that we are willing to experiment with products, services and models that fall outside traditional business planning parameters. Opportunities arise when we are prepared to break new ground – and already we are seeing some success with ventures such as Les Troc'heures (which is featured as a case study in our communities pillar).

2011/12 progress

We have embarked on a number of closed loop trials, and are working closely with the Ellen MacArthur Foundation on these. We are also seeing success with products such as Clean Spirit which, for the same price as traditional white spirit, creates virtually no toxic waste in use.

Case studies



- Our sourcing organisation KSO, with support from BioRegional, has launched an **eco-product innovation competition** with suppliers.
- The objective is to work with suppliers to stimulate eco-innovation.
- Around 80 product proposals have been received and reviewed by KSO and BioRegional so far. Awards are due to be selected and presented in November 2012.



- In Spring 2011 B&Q, in partnership with the Ellen MacArthur Foundation, launched a nationwide competition to find a group of bright young things to form its very first **Youth Board** and help B&Q to re-think its business model.
- The Youth Board, mentored by the B&Q Board, was made up of nine young people who were given an insight into big business and given the chance to shape B&Q.
- The Youth Board presented their findings to Dame Ellen MacArthur, the entire B&Q Board and the Group Chief Executive Ian Cheshire in the summer.
- Ian Cheshire commented that 'the perspective you have when you are 16-18 is full of possibility because you've got this invincible confidence in the future... The Youth Board has proved that we can get new insights and a new sense of direction from this type of activity'.

Communities



In the communities where we operate, we have seen a decline in the fundamental practical skills of making and mending. In a recent survey, over half of B&Q's customers said they lacked confidence to complete their DIY jobs^(xii). When these skills are lost, people are less able to re-make, repair and re-use what they use. Without these skills, their way of living is more expensive and more resource-intensive.

In addition, based on recent RSA research with which B&Q was involved, we know that the average spend of customers who know a business positively contributes to their community is double that of those who think it makes no such contribution^(xiii).

That is why it is important to us, and to the world at large, to equip people with the fundamental practical skills of making and mending.

We want to remind people how good it feels to do things for yourself and, in the process, help to galvanise hundreds of thousands more potential Kingfisher customers.

VISION

Businesses help people to help each other

ASPIRATION

Every Kingfisher store and location supports projects which build local communities or equip people with skills

2020 TARGET

4,000 community projects completed by our people that deliver 'Better Homes, Better Lives'

Our plans

Our aspiration is that by 2050 every Kingfisher store and location supports projects which build local communities or equip people with skills. We are working on a Net Positive impact measure for communities, including an approach to quantification. This focuses on measuring and valuing the key social and economic positive impacts created by our activities in local communities.

In the current phase of our journey to Net Positive, our 2020 target is for our people to establish 4,000 community projects that deliver 'Better Homes, Better Lives.'

Our community participation programmes are based on three core themes that will guide our work going forward. They all focus on providing development and education opportunities for people to improve skills, employability and make their homes more sustainable. The themes are:

- **Make:** run classes to teach people how to make and repair things.
- **Share:** build online community platforms to link people together and share 'know-how'.
- **Improve:** work with schools, charities and community partners to transfer skills and support local regeneration.

We believe in the power of making and mending to enhance personal wellbeing and community cohesion. And we believe that we can be a valuable part of emerging communities like the 'Maker' Movement^(xiv). Over the coming year, we will explore how we can make a positive contribution to this exciting trend.

Challenges and opportunities

Beyond CSR

'Communities' and 'community projects' are often a part of corporate CSR strategies or philanthropy. While they are worthwhile, they are often seen as peripheral to the core business. Our plans in communities have a strong business rationale while also representing tangible value that we can add because of our core competencies as a business – equipping people with practical skills to make their homes, lives and communities better. We see this as core to becoming a Net Positive business.

Scalability and resilience

We must build programmes within communities that are both able to sustain themselves and are scalable. This will give us the opportunity to share real success stories and replicate the best initiatives across the Group – a critical element of our vision for a world in which businesses provide solutions to empower people and communities to help themselves.

2011/12 progress

We are engaged in a wide range of initiatives to help build skills within our local communities: from Brico Dépôt France providing DIY skills for unemployed people, to B&Q China helping to modernise school libraries. In Spring 2012, B&Q UK partnered with the Scouts to bring Scout Community Week back, providing help and advice to projects to improve local communities in the UK. More than 144,000 young people took part in a mixture of projects, kids classes and fundraising in stores during the week with a special B&Q Scout Community Week badge handed out to all those who took part.

Case study



- Castorama's **Les Troc'heures** is a free website to encourage people within a local community to share any skills they can offer from DIY to dressmaking.
- Since its launch the website has gained 5,000 subscribers and over 2,000 job swap adverts.
- The most requested skills are gardening, plumbing and electrical installation.

The Foundations

In addition to the four pillars, we have committed to manage and improve our impacts across our business. That is why we will continue to deliver 50 additional targets, which we call the Foundations. Our targets build on progress already achieved through our Corporate Responsibility programme, called Steps to Responsible Growth, which ended last year and which we have transitioned into the Foundations for Net Positive.

Timeline

For many years we have worked to become more sustainable. We are very pleased that, as this timeline shows, our work has been recognised at Group level, as well as across our operating brands. The Foundations will ensure that we continue to build on our efforts to date.





Each of the 50 Foundations has a 2020 target and most have a 2015 milestone to achieve.

Importantly, the Foundations will help us to identify gaps and problem areas in our progress to becoming Net Positive. We can also determine where collaboration is needed – with the government and other partners for example – to sustain progress.

There are Foundations targets within each of the four pillar areas, as well as in the following three areas.

1. Employees

We have nearly 80,000 employees across the Kingfisher Group. Our targets within this area cover important issues from employee engagement to health and safety.

2. Suppliers and partners

We maintain a high standard of ethics and environmental conduct as central to the way our businesses operate. Our targets cover our relations with suppliers, government affairs and other stakeholders.

3. Environment

Our environmental performance is a core part of how we perform overall as a business. Our targets cover areas of our business where we impact upon the environment including waste, transport, packaging, water, chemicals and sustainable construction.

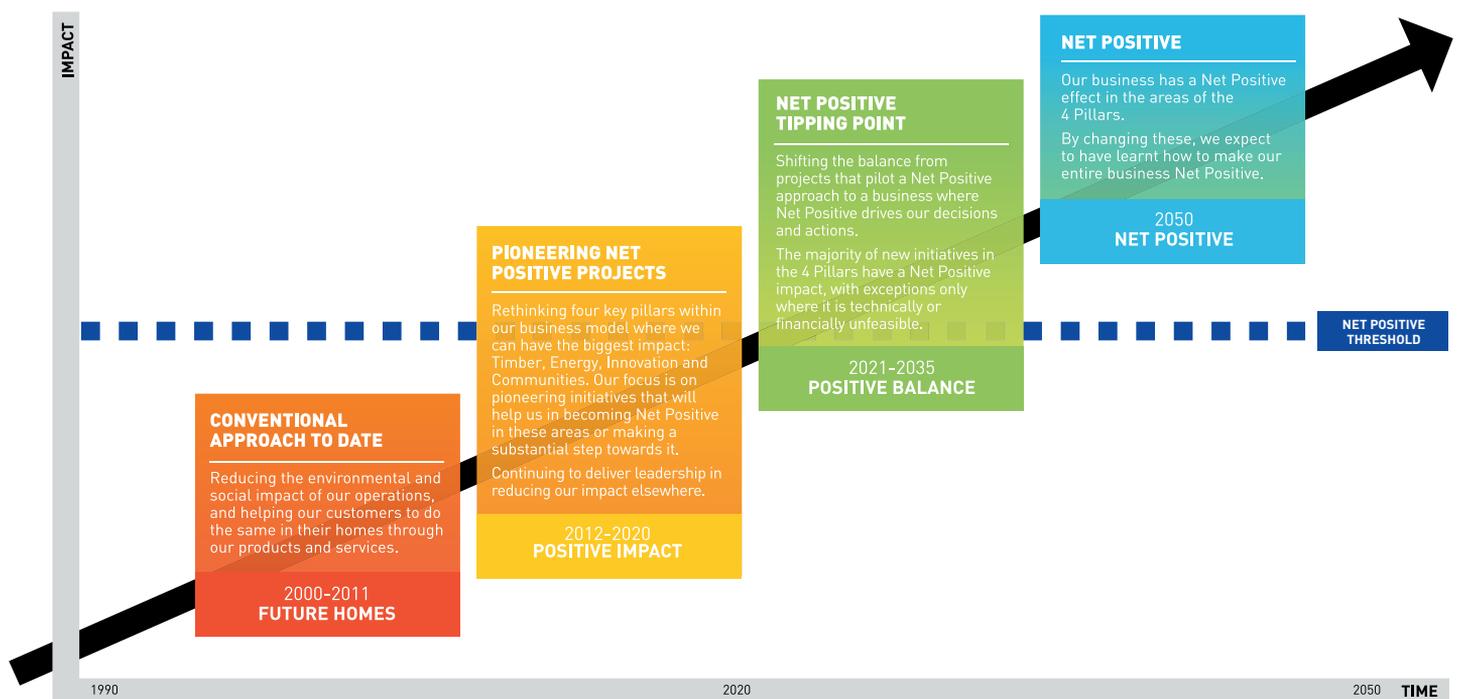
The full set of targets are shown in the following section, and more details on these areas can be found on our website at www.kingfisher.com/netpositive.

The Foundations will help us to identify gaps and problem areas in our progress to becoming Net Positive.

Measuring progress

Progress against all of our Net Positive targets will be reported annually in the Net Positive report. Our Net Positive measurement structure – or dashboard – is explained in this section.

Net Positive is a journey to 2050 in four phases.



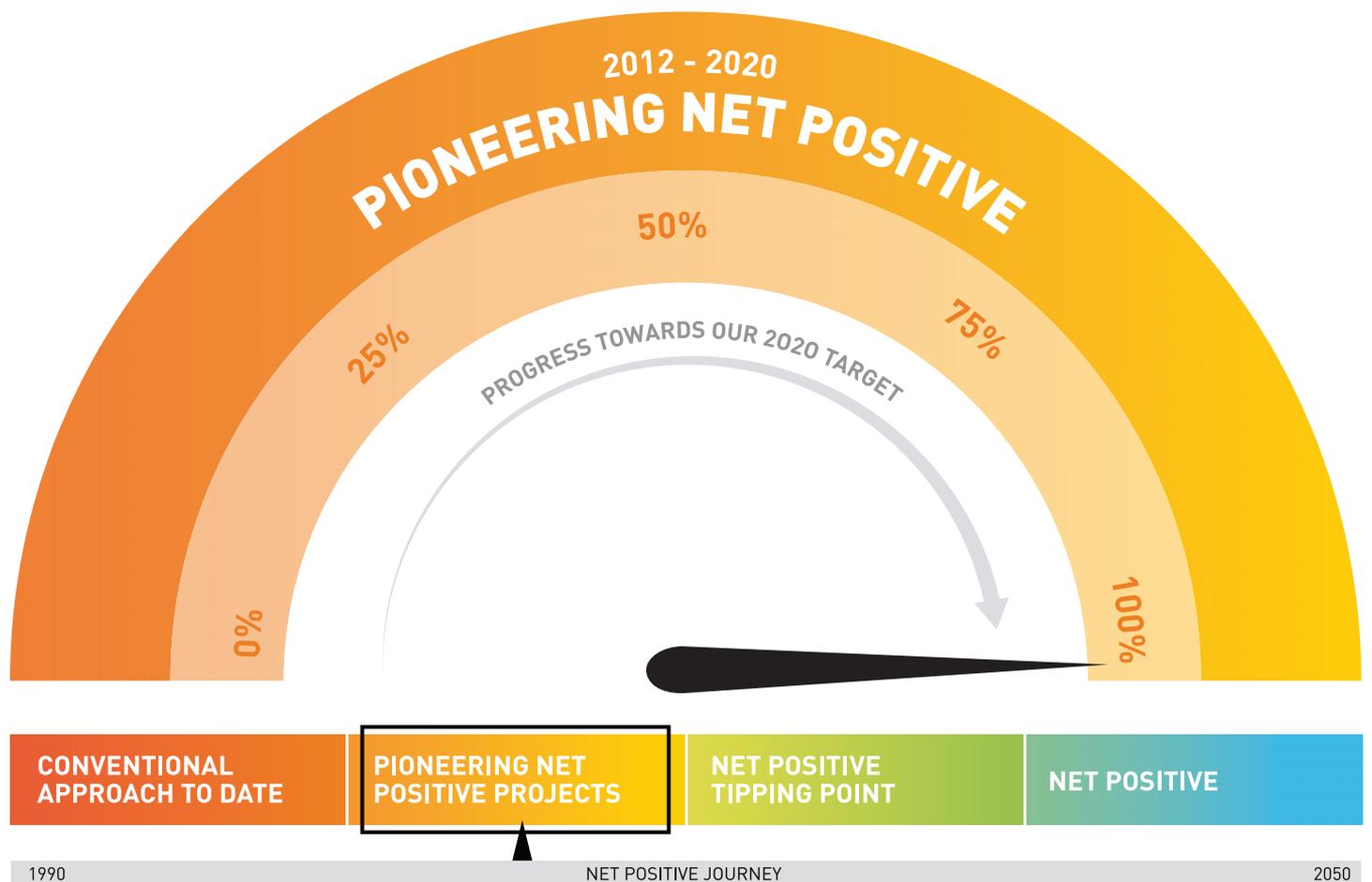
We will use ‘The road to 2050’ to track our progress on each of the four pillars between now and 2050.

The pointer marks where we are on the Net Positive impact measure for each pillar.



The 2012-2020 dial will track progress to 2020 for each pillar

In addition to looking along the road to 2050, we have a dial for each pillar which monitors our progress towards our 2020 target. We are focused on getting the dial to indicate that we have achieved each target 100%. Our annual progress reports will be based on performance data collected from each of our Operating Companies.

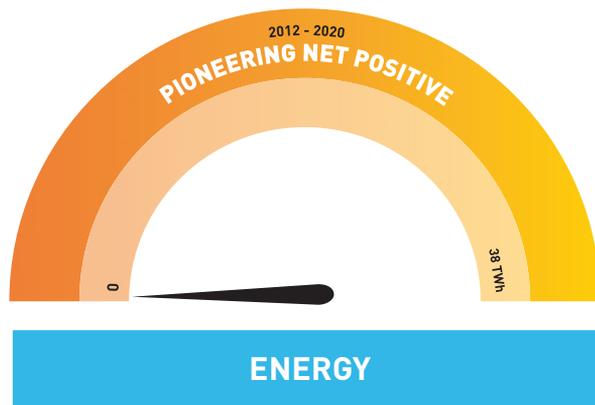
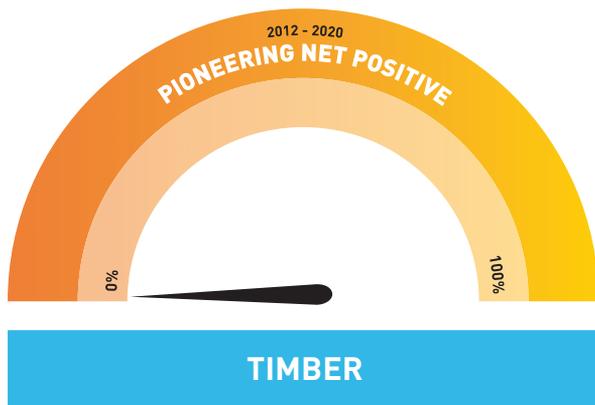


The Net Positive dashboard

The four pillars



These two pages show the full measurement system for Net Positive – our dashboard. The dashboard includes the four dials for the Net Positive pillars, as well as our Foundations targets scored on a traffic-light system representing progress towards the 2020 target, and 2015 milestones where relevant.

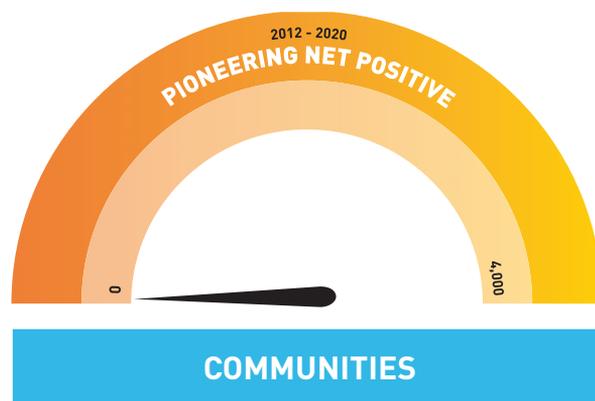
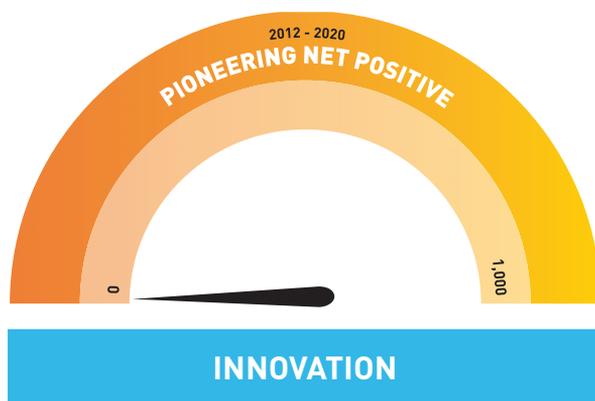


NET POSITIVE IMPACT Net Positive Impact Measure for timber

Net Positive Impact Measure for energy

2020 TARGET 100% responsibly sourced timber and paper in all our operations

38 TWh of energy saved for customers
 45% reduction in energy intensity of our property



NET POSITIVE IMPACT Net Positive Impact Measure for innovation

Net Positive Impact Measure for communities

2020 TARGET 1,000 Kingfisher products with closed-loop credentials

4,000 community projects completed by our people that deliver 'Better Homes, Better Lives'

The Foundations



The Foundations targets support our pillars and three other areas where Kingfisher has made sustainability commitments. Note that the communities pillar is driven through our Net Positive 2020 target and impact measure, rather than additional Foundations targets.

The Foundations scores are based on aggregated scores of our Operating Companies. Foundations scores are accurate as of July 2012; the first Net Positive dials will be reported in June 2013.



Managing Net Positive

Governance

We are incorporating Net Positive into our governance structures and will continue to integrate the approach across the Group and our operating companies. We have already taken the following steps:

- The Net Positive team is led by the Group Corporate Affairs Director: Net Positive, Nick Folland, who reports directly into the Group Chief Executive, Ian Cheshire.
- Net Positive is built into the bonus structure of the Kingfisher Leadership Group – the most senior management across the Group and our Operating Companies.
- We will work with our internal and external auditors to ensure that we have a robust measurement structure for accurately quantifying our Net Positive impact. This data will also be subject to audit.
- A Net Positive module is in development for the Kingfisher Academy leadership training scheme.

Advisory Council

For the last five years, we have engaged in dialogue with our Stakeholder Panel of sustainability experts, most recently chaired by Sally Uren, Deputy Chief Executive of Forum for the Future. The Panel has provided valuable feedback on our corporate responsibility performance, and insight into the expectations of key stakeholder groups.

As we embark on this new and exciting journey, we are transforming the Panel into a Net Positive Advisory Council that will play a key role in developing our strategy and providing a fresh view on the challenges ahead. Appointments to this Council will begin shortly.

Net Positive Conversations

We will host quarterly Net Positive Conversations in order to help develop and foster Net Positive as an approach to business. We will convene colleagues, customers, suppliers, businesses, public and third sector stakeholders to test and improve the idea, our approach to becoming Net Positive and to share learning, opportunities and challenges with the wider community.

We see these Net Positive Conversations as a natural consequence of our belief that collaboration must lie at the heart of Net Positive as a new model of how to do business.

To find out more about these Conversations, please visit www.kingfisher.com/netpositive or contact netpositiveconversation@kingfisher.com.

^{i.} McKinsey, 'Charting our Water Future', 2009
^{ii.} Organisation for Economic Co-operation and Development (OECD), 'The Emerging Middle Class in Developing Countries', 2010
^{iii.} Food and Agriculture Organisation of the United Nations (FAO), 'The Global Forest Resources Assessment', 2010
^{iv.} Boston Consulting Group report, commissioned by Kingfisher, 2011
^{v.} *ibid.*

^{vi.} U.S. Energy Information Administration (EIA), 'International Energy Outlook: Highlights', 2010
^{vii.} Centre for Alternative Technology, 'Zero Carbon Britain', 2012
^{viii.} Boston Consulting Group report, commissioned by Kingfisher, 2010
^{ix.} World Wide Fund for Nature (WWF), Living Planet Index, 2008
^{x.} World Bank, 'What a Waste: A Global Review of Solid Waste Management', 2010

^{xi.} Ellen MacArthur Foundation, 'Towards a Circular Economy', 2012
^{xii.} B&Q survey, 2012
^{xiii.} RSA, 'The Community Footprint: shared value for business and communities', 2012
^{xiv.} For more information see Time Magazine, 'How the 'Maker' Movement Plans to Transform the U.S. Economy', October 1, 2012





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More on Net Positive is available at:

www.kingfisher.com/netpositive

Email: **netpositiveconversation@kingfisher.com**

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