



Corporate Governance Statement

For the year ended 31 January 2019, Kingfisher plc is subject to the UK Corporate Governance Code 2016 (the Code), which is published by the Financial Reporting Council (FRC) and available from www.frc.org.uk.

This Corporate Governance Statement provides a detailed account of how Kingfisher has applied the Code principles and complied with its provisions and supplements the information provided in the company's Annual Report, which can be found online at kingfisher.com.

The Kingfisher plc Board (the Board) believes that a robust and effective governance framework is essential to support management in delivering the company's strategy. This is particularly true as Kingfisher continues to deliver the ONE Kingfisher transformation.

A.1 THE ROLE OF THE BOARD

Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.

The Board's primary responsibility is to promote the long-term success of the company and deliver sustainable shareholder value. The Board has ultimate responsibility for the management, direction, governance and performance of the company, and leads and oversees the company's business. The Board plays a critical role in ensuring that the tone for the company's culture and values is set from the top. The Board is also responsible for ensuring appropriate resources are in place to achieve its strategy and deliver sustainable performance. Through authorities delegated to its Committees, the Board directs and reviews Kingfisher's operations within an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters. The Board is collectively accountable to the company's shareholders for the proper conduct and success of the business.

The Board's powers are set out in the company's articles of association, which are available to view at kingfisher.com, and may be amended by a special resolution of its members.

The Board has established a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its principal committees: the Audit, Nomination, and Remuneration Committees. These are clearly defined within the schedule of matters reserved and written terms of reference of the respective committees, which are available at kingfisher.com, and are regularly reviewed.

A.1.1 – Meetings, matters reserved and delegation

The Board holds at least eight scheduled Board meetings per year, with additional meetings convened as and when required.

The Board has a formal schedule of matters reserved which are subject to regular review and were last reviewed in January 2019.

The schedule of matters reserved for the Board includes the consideration and approval of:

- the company's overall strategy, medium-term plans and annual budgets;
- financial statements and company dividend policy, including recommendation of the final dividend;
- major acquisitions, disposals and capital expenditure;
- major changes to the capital structure including tax and treasury management;
- major changes to accounting policies or practices;
- the company's corporate governance and compliance arrangements;



- the system of internal control and risk management policy;
- the company's risk appetite statements;
- review of management development strategy; and
- the appointment or removal of Directors and the Company Secretary.

The full matters reserved for the Board are available to view at kingfisher.com. An overview of the activities of the Board during each financial year is provided in the Annual Report.

A.1.2 – Key roles, meetings and attendance

The annual report identifies the Chairman, the Chief Executive Officer (CEO), the Senior Independent Director (SID) and the Chairs and members of each Board committee. It also sets out the number of meetings of the Board and Committees and individual attendance by Directors each year.

A.1.3 - Insurance cover

Kingfisher maintains appropriate Directors' and Officers' liability insurance for the benefit of its Directors. Kingfisher enters an indemnity with each Director to provide protection against costs, expenses, losses or liabilities which they may sustain or incur in the discharge of their duties.

A.2 DIVISION OF RESPONSIBILITIES

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business.

No one individual should have unfettered powers of decision.

Kingfisher has a clear division of responsibilities at the head of the company, and no one individual has unfettered powers of decision.

A.2.1 – Separate roles

The roles of Chairman and CEO are separate and clearly defined. The full role descriptions are approved by the Board and are available at kingfisher.com. In brief, the key responsibilities of each role are as follows:

Chairman

- Ensuring that the Board determines the nature, and extent, of the significant risks the company is willing to take to achieve its strategic objectives.
- Setting the style and tone of Board discussions to ensure that the Board as a whole is enabled to play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.
- Setting a plan of Board activity that primarily focuses on strategy, performance, value creation and accountability.
- Ensuring that there is effective and appropriate communication of financial and other information by the company to its shareholders.

CEO

- Leading the Executive management of the company's business.
- Maintaining a dialogue with the Chairman on important and strategic issues facing the company.



A.3 – THE CHAIRMAN

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.

The Chairman leads the Board and ensures its effectiveness, working closely with the Company Secretary to develop the forward agenda of topics for consideration in the year ahead. This agenda is regularly reviewed to ensure an appropriate balance is struck between strategic, operational and governance matters.

The Chairman facilitates the effective contribution of all Directors both within and outside scheduled Board meetings. Contribution, performance and relations between all Board members are considered by the Chairman during the annual Board evaluation process.

On appointment, the current Chairman met the independence criteria of the Code.

A.4 NON-EXECUTIVE DIRECTORS

As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.

The Non-Executive Directors, as part of the unitary Kingfisher plc Board, and through their Committee memberships are responsible for matters including:

- Constructively challenging and helping to develop proposals on strategy.
- Scrutinising the performance of management in meeting agreed goals and objectives.
- Monitoring the reporting of performance, including satisfying themselves of the integrity of financial information.
- Reviewing the company's systems of finance control and risk management.
- Determining appropriate levels of remuneration of Executive Directors.
- Appointing and removing Executive Directors.
- Advising on succession planning of Executive management.

These responsibilities are included in the appointment letters of all Non-Executive Directors.

A.4.1 – Senior independent director

The Board has a SID, Mark Seligman, who may be contacted by shareholders and other Directors as required. Contact by shareholders may be arranged via the Company Secretary.

The full role description of the SID is approved by the Board and is available at kingfisher.com. In brief, the key responsibilities of the SID are as follows:

- Acting as a sounding board for the Chairman of the Board, providing support for them in the delivery of their objectives.
- Chairing the Nomination Committee when it is considering the succession to the role of Chairman of the Board.
- Working with the Chairman, other Directors and shareholders as necessary to resolve any significant issues.

A.4.2 – Non-executive directors-only meetings

Regular meetings are held between the Non-Executive Directors in the absence of the Executive Directors, and in the absence of the Chairman. The Non-Executive Directors meet annually to appraise the Chairman's performance.



A.4.3 – Directors’ concerns

Where Directors have concerns about the running of the company or a proposed action which cannot be resolved, these will be recorded in the minutes at the Director’s request. Departing Directors have the opportunity to provide a written statement to the Chairman, for circulation.

B.1 THE COMPOSITION OF THE BOARD

The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

The structure, size and composition of the Board is regularly reviewed to ensure it remains suitable for the needs of the business.

The balance of the Board’s skills, experience, independence and knowledge, together with regular briefings by Executives below Board level, ensures that views, perceptions and discussions are not dominated by any one specific view.

It is the responsibility of the Nomination Committee to make recommendations regarding the balance of skills, experience, independence, and knowledge on the Board. These matters are reviewed annually and whenever appointments are considered. It is Kingfisher’s policy to maintain and develop the diversity of its Board without compromising on the calibre of new Directors appointed. Appointments to the Board are based on merit while complementing and enhancing the diversity of skills, knowledge, and experience of the Board as a whole. There is an established, formal, rigorous and transparent procedure for the selection and appointment of new Directors to the Board, which is described in the Annual Report.

At the Annual General Meeting (AGM), shareholders are asked to approve the re-election of all serving Directors.

The Terms of Reference for the Audit, Nomination, and Remuneration committees confirm that no-one other than the committee chair and members are entitled to be present at a meeting, but others may attend at the invitation of the committee.

B.1.1 - Independence

The Board considers the independence of each of the Non-Executive Directors against the criteria specified in the Code on an annual basis and discloses the findings in the Annual Report.

B.1.2 Number of independent non-executive directors

The majority of the Board are independent Non-Executive Directors.

B.2. APPOINTMENTS TO THE BOARD

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.

The appointment of new Directors to the Board is led by the Nomination Committee, who then make recommendations to the Board. There is a formal procedure in place for appointments, which includes the creation of detailed role briefs. Succession planning is regularly considered by the Nomination Committee. More detail about succession planning and the appointment process can be found in the Nomination Committee’s report in the Annual Report.



The appointment terms for each Non-Executive Director are available for inspection at the company's registered office. These are also available for inspection at the AGM.

B.2.1 Nomination Committee

The Nomination Committee is composed of all the independent Non-Executive Directors. The company's Chairman chairs the Committee, except when it is dealing with the appointment of a successor to the chairmanship.

In accordance with its terms of reference, available at kingfisher.com, the Nomination Committee is required to:

- review the structure, size and composition of the Board and make recommendations to the Board, as appropriate;
- identify the balance of skills, knowledge, diversity and experience on the Board and nominate candidates to fill Board vacancies;
- ensure that, upon appointment, all Directors undergo an appropriate and tailored induction, and that existing Board members receive the opportunity for training to support their development and contribution to the Board;
- review the time commitment and independence of the Non-Executive Directors; and
- review succession plans with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

An overview of the Committee's activity during the year is provided in the Annual Report.

B.2.2 Nomination Committee's role

The Nomination Committee has an important role to play in evaluating Board composition and ensuring that it remains appropriate for the delivery of the company's strategy and business objectives. As part of the succession planning process, the Committee considers the composition of each Board Committee. Long-term succession planning at Board level is a key focus of the Committee, to ensure Kingfisher retains and attracts the very best talent necessary to succeed in the delivery of the transformation plan and beyond.

B.2.3 Non-executive directors' terms of office

Non-Executive Directors are appointed for three-year terms. The Committee recommends to the Board whether serving Directors should be put forward for re-appointment by shareholders at the AGM. Under the company's Articles of Association, all Directors are subject to annual re-appointment.

The independence, performance, and contribution of all the Non-Executive Directors is reviewed annually, and the findings are considered as part of the succession planning process. These reviews include a particularly rigorous review of any Directors who have served a term beyond six years.

B.2.4 Nomination Committee report

The work undertaken by the Nomination Committee during the year is outlined in the Annual Report. The report includes the Board's Policy on diversity, the diversity objectives set and, where appropriate, the progress made in achieving those objectives.

Where there has been Non-Executive Director recruitment activity during the year, the Nomination Committee report discloses the approach taken, naming any external agency involved and disclosing other connections the agency has with Kingfisher, if appropriate.



B.3 – COMMITMENT

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

The time commitments of Non-Executive Directors are considered by the Nomination Committee at appointment and reviewed annually. The Chairman considers new external appointments which may impact existing time commitments.

There are no Directors whose time commitments are considered by the Board to be a matter for concern.

B.3.1 – Chairman’s commitments

Andy Cosslett succeeded Daniel Bernard as Chairman in June 2017. The Nomination Committee report in the 2016/17 Annual Report and Accounts included a case study outlining the appointment process followed. This process included creation of a comprehensive role brief, which was developed following a review of the skills and experience that the Board would benefit from when overseeing the implementation of the long-term strategy. Care was taken to ensure the candidates were assessed on merit against these objective criteria and with due regard to the benefits of diversity in its widest definition, including diversity of gender, ethnicity, nationality, skills, experience and background.

Andy Cosslett’s other significant commitments were disclosed to the Board before appointment and were included in the Annual Report. Any further changes to these commitments will be reported to the Board as they arise and their impact disclosed via the Annual Report.

B.3.2 – Non-executive directors’ terms

The Non-Executive Directors have confirmed that they have sufficient time to carry out their duties, and the Nomination Committee annually reviews the Non-Executive Directors’ time commitments. The appointment letter for Non-Executive Directors sets out their terms and conditions of appointment, including expected time commitments. The appointment terms for each Non-Executive Director are available for inspection at the company’s registered office. These are also available for inspection at the AGM.

B.3.3 – External directorships

The Executive Directors hold no more than one external Non-Executive directorship at a listed entity. Details of directorships held can be found in the Annual Report.

B.4 – DEVELOPMENT

All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.

The Kingfisher Directors’ induction programme is designed to develop a Director’s knowledge and understanding of the company’s operations and culture. The comprehensive programme is tailored to meet each Director’s specific requirements and is phased to allow feedback and further customisation of development activities.

B.4.1 - Induction

The Director induction programme is individually tailored for each appointment and includes opportunities to meet major shareholders. The Board also receives regular reports and feedback from discussions with the company's institutional shareholders and is informed of any issues or concerns raised by them. This process allows Directors to develop necessary understanding of the views of these shareholders and enables the Board to judge whether investors have a sufficient understanding of the company's objectives.

B.4.2 – Directors' training

Training in specific aspects of the company's businesses is provided to Directors when requested and regularly as part of site visits. Directors are briefed on issues at Board and Committee meetings, for example, receiving briefings on cyber risks, and relevant commercial, legal and regulatory developments. All Directors have full and timely access to relevant information ahead of each meeting and are able to contact members of management for further information, as required.

In accordance with best practice, the Chairman considers and addresses the development needs of the Board as a whole, if any, and ensures that each Director updates their individual skills, knowledge and expertise.

If required, external training courses may be provided at the company's expense.

B.5 – INFORMATION AND SUPPORT

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

The Chairman, supported by the Company Secretary, ensures that Board members receive appropriate and timely information including regular briefings on governance matters. All Directors may seek advice from the Company Secretary and may also take independent advice.

B.5.1 – Independent advice and resources

The Company Secretary ensures that each Committee is provided with sufficient management and advisory support, including independent advice as required. All Directors may seek advice from the Company Secretary and may also take independent advice in relation to their duties, at the company's expense.

B.5.2 – The Company Secretary

All Directors may seek advice from the Company Secretary.

The Company Secretary is responsible for:

- Ensuring good quality information flows from Executive management to the Board and its committees.
- Advising the Board on legal, compliance and corporate governance matters.
- Facilitating inductions and ongoing training for all Directors.

The schedule of matters reserved to the Board includes the appointment and removal of the Company Secretary.



B.6 – EVALUATION

The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The Board and each Committee conducts an effectiveness evaluation annually, with an externally-facilitated performance evaluation being conducted every third year. These evaluations are conducted in accordance with the principles set out in the Code, and consider the Board skills, composition and diversity, amongst other aspects. The Annual Report contains a description of the evaluation process undertaken each year, and the key output from the review.

A review of the independence, effectiveness and commitment of each of the Non-Executive Directors is also considered as part of the annual review process.

B.6.1 – Evaluation disclosure

The Annual Report sets out how the Board and Committee evaluations were conducted during the year. The key findings and actions are shared each year, alongside disclosure of progress made regarding the previous year's key actions.

B.6.2 – External evaluations

An externally-facilitated performance evaluation is conducted at least every three years. The external facilitator is named in the Annual Report and connections with the company, if any, are also disclosed.

B.6.3 – The Chairman's evaluation

The Non-Executive Directors, led by the SID, review the performance of the Chairman annually. The review considers the views of the Executive Directors.

B.7 – RE-ELECTION

All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

All Directors are subject to annual re-election.

B.7.1 – Annual director elections

All Directors are subject to election by shareholders at the first AGM following their appointment and annual re-election at each subsequent AGM. Directors' biographies are outlined in the Annual Report and are available on the company website at kingfisher.com, enabling shareholders to make an informed decision regarding Directors' elections and re-elections.

B.7.2 – Support for election

Following a formal evaluation, the Board confirms in the Annual Report whether the contribution of each of the Directors continues to be effective and whether, in their opinion, the shareholders should be supportive of their election or re-election to the Board.



C.1 – FINANCIAL AND BUSINESS REPORTING

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

The Board applies a consistent approach in its financial reporting, which includes interim and other price-sensitive public reports as well as reports to regulators and information required by statute. The Board and Audit Committee are supported by established processes and the work of the Disclosure Committee to ensure that the information presented is fair, balanced and understandable.

C.1.1 – Directors' responsibility

The responsibilities of the Directors in preparing the accounts and the statement by the external auditor about their reporting responsibilities are set out in the Annual Report.

C.1.2 – Explanation of value and strategy

An explanation of the business model and strategy is set out in the Annual Report.

C.1.3 – Going concern

The Directors' going concern statement is included in the Annual Report and half-yearly financial statements. The statement will identify any material uncertainties regarding the company's ability to continue to adopt the going concern basis of accounting during the period required by the Code.

C.2 – RISK MANAGEMENT AND INTERNAL CONTROL

The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The board should maintain sound risk management and internal control systems.

The Board reviews the company's risk appetite annually. The Audit Committee assesses the effectiveness of the risk management and internal controls annually, and the findings of this review are included in the Audit Committee Report in the Annual Report each year.

C.2.1 – Risk and internal control review

Given the scale of our businesses, the Board recognises that the nature, scope and potential impact of our business and strategic risks are subject to constant change. As such, the Board has implemented the necessary framework to ensure that it has sufficient visibility of the principal risks and the opportunity to regularly review the adequacy and effectiveness of our mitigating controls and strategies.

The Annual Report outlines how the Board has carried out a robust assessment of the principal risks and includes a description of each of the principal risks and an explanation of how these risks are mitigated.

C.2.2 – Viability Statement

A Viability Statement is included in the Annual Report, outlining how the Directors have considered the prospects of the company.

C.2.3 – Risk management and internal controls

The Audit Committee assesses the effectiveness of the risk management and internal controls annually. The findings of this review are included in the Audit Committee Report in the Annual Report.



The Audit Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems, including reviewing the process the company has put in place to identify, assess and manage our risks.

The Board has overall responsibility for the system of internal control, which is designed to safeguard the assets of the company and ensure the reliability of the financial information for both internal use and external publication, and to comply with the Code and with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board confirms in the Annual Report that it has reviewed the effectiveness of the internal control system, including financial, operational and compliance controls and risk management in accordance with the Code.

The Board has approved a set of policies, procedures and frameworks for effective internal control. The company has procedures for the delegation of authorities for significant matters, to ensure approval is sought at the appropriate level. These procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing the significant risks faced by the company. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

C.3 – AUDIT COMMITTEE AND AUDITORS

The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company’s auditors.

The Audit Committee supports the Board in its responsibilities in relation to corporate reporting, risk management and internal controls, and manages the relationship with the company’s external auditor. The Committee provides regular reports to the Board.

C.3.1 – Audit Committee

The Audit Committee is comprised of four independent Non-Executive Directors. In June 2018, Jeff Carr replaced Andrew Bonfield as the Committee Chair. Jeff has recent and relevant financial experience. All other members of the Audit Committee are deemed to have the necessary ability and experience to understand financial statements. The Committee, as a whole, has competence relevant to the retail sector.

C.3.2 – Audit Committee role

The main roles and responsibilities of the Audit Committee are described in the terms of reference, which is available at kingfisher.com. An overview of the Committee’s activities during the year is set out in the Annual Report.

C.3.3 – Audit Committee terms of reference

The Audit Committee terms of reference are available at kingfisher.com.

C.3.4 – Advice on fair, balanced and understandable

The Audit Committee formally reviews the company’s annual and half-year financial statements and associated announcements, and considers significant accounting principles, policies and practices and their appropriateness, financial reporting issues and significant judgements made, including those summarised above.



The Committee also advises the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, meet the latest legal and regulatory requirements for a listed company and provide the necessary information to assess the company's position and performance, business model and strategy.

C.3.5 – Whistleblowing

The Board reviews whistleblowing procedures throughout the company including the reporting and follow-up of any concerns by employees regarding possible improprieties in matters of financial reporting, other fraud related matters and bribery.

There is a whistleblowing hotline throughout the company and all calls are followed up, including monitoring at the local Audit Committee level, with an escalation process to the Group Executive, CEO, the Board and/or Chairman, as required.

C.3.6 – Internal audit

The Committee receives reports during the year from the Internal Audit function on the work undertaken in reviewing and auditing the company, in order to assess the quality and effectiveness of the internal control system. The Committee also considers reports from the company's external auditor, Deloitte LLP, which included any control findings relevant to their audit.

The Committee reviews the effectiveness of the Internal Audit function annually, via an internal questionnaire with input from the function's key stakeholders within the company, the external auditors and the Committee. Any significant issues and actions taken as a result are reported in the Annual Report.

Further information on the company's risk management and internal control procedures can be found in the Annual Report.

C.3.7 – External auditor

The Audit Committee oversees the relationship with the external auditor and makes recommendations to the Board in relation to their appointment, remuneration and terms of engagement and monitors and reviews the external auditor's independence, objectivity and effectiveness.

The Committee makes recommendations to the Board regarding the appointment or re-appointment of the external auditor by shareholders at the AGM. Deloitte LLP were appointed as external auditor in 2009/10 and are recommended for reappointment in 2019/20 by shareholders at the 2019 AGM.

The Committee conducted a competitive tender process for the external auditor during 2018/19, in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Regulations). An overview of the tender process is set out in the Audit Committee Report in the Annual Report.

Richard Muschamp was lead audit partner since the conclusion of the 2013/14 audit process and was replaced by Nikki Mitchell from the end of the 2018/19 to meet the provisions in relation to audit partner rotation set out in the Regulations.

The company will be required to put its external audit process out to tender again in 2028/29, at the latest.

C.3.8 – Audit Committee report

An overview of the Committee's activities during the year is set out in the Audit Committee Report in the Annual Report.



D.1 – THE LEVEL AND COMPONENTS OF REMUNERATION

Executive directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.

The Directors' Remuneration Report in the Annual Report explains the work of the Remuneration Committee and sets out the remuneration received by the Directors, in accordance with the Remuneration Policy. When making decisions on Executive reward, the Committee is mindful of the position in comparison with other relevant peer companies and the 'ratchet effect'. The Committee also considers the context of reward elsewhere in the company and any proposed reward changes for the wider workforce.

Following shareholder approval of the Remuneration Policy at the 2016 AGM, the company became non-compliant with Code Provision D.1.1 in relation to grants under long-term incentive schemes. This Corporate Governance Statement outlines how the Remuneration Policy has applied the Code principles and complied with its provisions.

A new Remuneration Policy is proposed for shareholder approval at the 2019 AGM. An overview of the Remuneration Policy review conducted, and the proposed changes, is set out in the Directors' Remuneration Report in the Annual Report. This Statement will be updated following its adoption.

D.1.1 – Performance-related schemes

The provisions of Schedule A of the Code were considered when designing the Remuneration Policy and the associated Kingfisher Alignment Shares and Transformation Incentive Plan. The Directors' Remuneration Report in the Annual Report explains the work of the Remuneration Committee and sets out the remuneration received by the Directors, in accordance with the Remuneration Policy.

The company's current Transformation Incentive, under the Kingfisher Alignment Shares and Transformation Incentive Plan, is a single award covering a five-year performance period. This award does not align with the Schedule A provision that long-term incentive awards be phased rather awarded in a single large block. The Committee deemed that this was appropriate considering the link to the company's five-year transformation plan, and the stretching performance targets within the Transformation Award. The Alignment Shares also awarded under Plan are made annually.

All other Schedule A provisions were complied with. Malus and clawback provisions are included within the plan rules. These provisions could take effect in the event of financial misstatement, serious reputational damage or material misconduct in individual cases. Major shareholders were consulted during development of the Remuneration Policy and Plan design.

D.1.2 – External directorship earnings

Subject to the rules governing conflicts of interest, the company is supportive of its Executive Directors holding external Non-Executive positions. However, this is limited to one external directorship. The holding of such roles can provide valuable insight for the Executive Directors, which can be of benefit to Kingfisher. Subject to the Committee's agreement, the individual may retain any fees applicable for these roles.

Karen Witts, who resigned from the Board with effect from 21 March 2019, is a non-executive director of, and the audit committee chair at, Imperial Brands plc. Karen received, and retained, fees of £109,000 for fulfilling this role during the year.



D.1.3 – Non-executive director pay-levels

Fees paid to the Non-Executive Directors reflect their responsibilities and expected time commitment and are disclosed in the Annual Report. Fees are reviewed annually with reference to fees paid by our stated peer group (FTSE 25-75 excluding financial services, and FTSE 100 retailers).

Remuneration for Non-Executive Directors does not include share options or other performance-related elements.

The company does not operate a share ownership policy for the Non-Executive Directors but encourages Non-Executive Directors to acquire shares on their own account. Shares held by Non-Executive members of the Board are disclosed in the Annual Report. The company does not consider the numbers of shares held by the Non-Executives to be sufficient to impact the company's judgement that the Non-Executives remain independent.

D.1.4 – Termination payments

The potential outcomes in early termination situations were carefully considered by the Committee when consulting shareholders on the Remuneration Policy, which was approved by shareholders in 2016. Malus and clawback provisions have been included in the Kingfisher Alignment Shares and Transformation Incentive Plan rules.

The decisions taken by the Committee with respect to a departing Executive Director's reward entitlements would be announced via the London Stock Exchange and reported in the next annual report following termination.

The remuneration arrangements for Karen Witts, who resigned from the Board with effect from 21 March 2019, were announced via the London Stock Exchange on 21 March 2019 and are available at kingfisher.com.

D.1.5 – Notice periods

All Executive Directors' service contracts can be terminated by either the Director or the company with 12 months' notice.

D.2 – PROCEDURE

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

No director should be involved in deciding his or her own remuneration.

The Remuneration Policy was fully reviewed during 2015/16 and, following extensive shareholder consultation, was approved at the 2016 AGM. The 2016 Annual Report and Accounts contains more information about how the Policy was developed and approved.

The Remuneration Policy was fully reviewed during 2018/19 and, following extensive shareholder consultation, has been proposed for approval at the 2019 AGM. An overview of the Remuneration Policy review conducted, and the proposed changes, is set out in the Directors' Remuneration Report in the Annual Report. The development of the new Policy took into account the company's strategy and the progress of the ONE Kingfisher transformation programme, the views of management, key investors and stakeholder groups, the external environment and the wider conditions across the company, to ensure that the new Policy is appropriately fair. Engagement with key investors took place throughout the design process.



The Committee is mindful of the potential for conflicts of interest where management are involved in the development of reward policy and takes measures to ensure that such potential conflicts are managed. These measures include scheduled time for the Committee to consider proposals without the presence of Executive Directors and/or management, as appropriate.

The appointment of remuneration consultants for advice regarding the Executive Directors' remuneration matters is reserved to the Committee.

The Chair of the Remuneration Committee attends the AGM and is available to shareholders with concerns regarding remuneration. The Chair of the Remuneration Committee also leads on consulting with shareholders on significant changes to the remuneration arrangements.

D.2.1 – Remuneration Committee

The Remuneration Committee currently comprises six, independent, Non-Executive Directors, including the Chairman of the Board. The Chairman of the Board does not chair the Remuneration Committee.

The Committee operates under delegated authority from the Board. Its responsibilities are set out in its terms of reference, which are available at kingfisher.com. Details of the Committee's activities during the year are set out in the Annual Report.

PricewaterhouseCoopers (PwC) have acted as principal advisors to the Committee since February 2013. PwC are members of the Remuneration Consultants Group (the professional body for Executive remuneration consultants). Any other connections with the company are disclosed in the Annual Report each year.

D.2.2 – Remuneration Committee role

The Committee has responsibility for setting the remuneration for the following individuals: CEO, the Chief Financial Officer (CFO), the Chairman of the Board, the Company Secretary, and the members of the Kingfisher Group Executive.

The Committee receives updates on the general level of remuneration for those in the senior leadership team, which includes the CEOs and Board members of the company's operating companies and key Kingfisher functional directors.

D.2.3 – Non-executive directors' pay

The Articles of Association prescribe that the Non-Executive Directors shall not, in aggregate, earn more than £1,750,000 per annum. Any change to this limit would require the approval of at least 75% of shareholders at a general meeting.

The Board, with the Non-Executives abstaining, approve fees for the Non-Executive Directors'. The Remuneration Committee approve the fee for the Chairman – the Chairman is not present when his fee is considered.

D.2.4 – Shareholder approval

The Kingfisher Alignment Share and Transformation Incentive Plan (KASTIP) was approved by shareholders at the AGM in 2016, in accordance with the Listing Rules.

Except for the KASTIP and the Kingfisher ShareSave, no other incentive schemes currently in place required shareholder approval. The ShareSave Plan required shareholder approval given that awards under this plan are satisfied through the issue of new shares, and was last approved by shareholders in June 2012.



Where future plans require shareholder approval, the company will ensure that the plan rules are proposed for approval by shareholders at a general meeting before these are implemented.

E.1 – DIALOGUE WITH SHAREHOLDERS

There should be a dialogue with shareholders based on the mutual understanding of objectives.

The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

Kingfisher and the Board acknowledge the importance of having regular, clear and effective communication with its existing and potential shareholders to enable them to understand the business and strategy to deliver long-term shareholder value. Engagement takes a variety of forms, including results presentations, capital markets events, regular meetings with major shareholders, global non-deal roadshows, and ad hoc meetings and telephone calls. The Board takes ultimate responsibility for ensuring that such engagement takes place and alongside the Investor Relations team, relations involve the CEO, CFO and other members of the Group Executive.

The Chairman held introductory calls with major shareholders shortly after he joined Kingfisher, and maintains a regular dialogue with them.

During the year, the Board have engaged with shareholders on a range of topics, including:

- our investment case;
- business strategy;
- financial results and business performance;
- Board succession;
- our proposed Remuneration Policy; and
- sustainability.

Results, annual reports, latest analyst estimates and technical guidance, presentations and archived webcasts are all available at kingfisher.com.

More details of engagements with shareholders may be found in the Annual Report.

E.1.1 – Shareholder dialogue

The Chairman is responsible for ensuring that there is effective and appropriate communication with major shareholders. The Chairman, SID, and the other Non-Executive Directors are available to attend meetings with major shareholders, if required.

The Board also receives regular reports and feedback from discussions with the company's institutional shareholders and is informed of any issues or concerns raised by them. This process allows Directors to develop necessary understanding of the views of these shareholders and enables the Board to judge whether investors have a sufficient understanding of the company's strategic objectives.

E.1.2 – Annual report disclosures

Details of the Board's engagements with shareholders, and the steps the Board takes to maintain an understanding of the views of major shareholders, may be found in the Annual Report.



E.2 – CONSTRUCTIVE USE OF GENERAL MEETINGS

The board should use general meetings to communicate with investors and to encourage their participation.

The whole Board is expected to attend the AGM and be available to answer shareholders' questions. To facilitate shareholder participation, electronic proxy voting and voting through the CREST proxy appointment service are available. All votes are taken by way of a poll to include all shareholder votes cast.

E.2.1 – Resolutions and proxies

At each AGM, we propose individual resolutions on each substantially separate issue including a separate resolution to receive the Annual Report and Accounts. All resolutions are voted upon separately using three-way voting for each resolution, shareholders can vote for, against or can withhold their vote. The proxy form and any announcement of the results of a vote make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

E.2.2 – Proxy voting information

Our registrar records all proxy votes received up to 48 hours prior to the AGM and report the votes 'For', 'Against' or 'Votes Withheld' to the Chairman prior to the meeting. Voting is conducted by poll, rather than a show of hands. Full details of the results are announced to the London Stock Exchange and are also published on our website, shortly after the meeting.

In the event that a significant proportion of votes are cast against a resolution at any general meeting, the company will explain what actions it intends to take to understand the reasons behind the vote result.

E.2.3 – Committee chairmen

The whole Board is expected to attend the AGM and be available to answer shareholders' questions.

E.2.4 – AGM notice

The Notice of Meeting and related papers for the AGM are sent to shareholders at least 20 working days before the meeting. For other general meetings the Notice and related papers will be sent at least 14 working days in advance of the meeting.