Corporate Governance Statement

Kingfisher plc (the ‘company’) is subject to the UK Corporate Governance Code (the ‘Code’), which is published by the Financial Reporting Council (the ‘FRC’) and available from www.frc.org.uk. The Code was updated in July 2018 and applied to the company from the financial year starting 1 February 2019. 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.

The Corporate Governance Statement below provides a detailed account of how the company has applied the Code principles (alphabetical). For ease of reference, we also cross-refer to the Code provisions (numbered, in italics), which we reproduce in part or in whole and the numbered headings of each chapter of the Code. This Statement supplements the information provided in the 2021/22 Annual Report and Accounts (the ‘Annual Report’), which can be found at www.kingfisher.com.

Throughout the 2021/22 year, the company applied the principles and complied with the provisions of the Code with one exception in respect of Provision 36. The shares awarded under the company’s Delivering Value Incentive (DVI) long-term incentive do not have phased vesting. Instead DVI awards were split into two awards at grant, each subject to a three-year performance period aligned with the company’s five-year strategic plan at the time. The Remuneration Committee continued to keep the DVI, as well as the existing Directors’ Remuneration Policy and structure, under review and consulted with major shareholders throughout the year A new Directors’ Remuneration Policy is proposed for approval by shareholders at the 2022 AGM and would replace the DVI with a Performance Share Plan that complies with Provision 36. The new Directors’ Remuneration Policy and Report is set out on pages 75 to 104 of the Annual Report.
More details relating to compliance with Provision 36 are set out later in this document.

1 BOARD LEADERSHIP AND COMPANY PURPOSE

A: A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

1 – The Board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.

The Board's primary responsibility is to promote the long-term, sustainable success of the company, delivering shareholder value whilst contributing to wider society. It has ultimate responsibility for the management, direction, governance, and performance of the company. A schedule of the Matters Reserved for the Board is published at www.kingfisher.com. Further details about the Board's assessment of risk and opportunities is outlined in the Risk section of the Strategic report in the Annual Report.

B: The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

2 - The board should assess and monitor culture. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.

As defined in the Matters Reserved for the Board, the Board is responsible for the overall leadership of the company, setting the company's purpose and values and standards and satisfying itself that these align with its culture, taking into consideration the views of shareholders and other key stakeholders, in order to promote the long-term sustainable success of the company and its contribution to a wider society. The Board recognises the importance of its role in setting the tone of the company's culture and embedding its principles of transparency, honesty, and fairness throughout the company. The company's culture is underpinned by our Code of Conduct and associated policies and practices.

The Board has a programme of site visits and receives regular briefings from executive leadership to allow it to assess the behaviour and culture of the business and receives regular updates on the company's people strategy. The Board has responsibility for the oversight and the receipt of reports under the Whistleblowing policy. These include the reporting and follow-up of any concerns by employees regarding possible improprieties in matters of financial reporting, fraud related matters and bribery.

These steps set the standards that create the culture the Board expects the company to adhere to and that it monitors through regular reports. Management continues to develop its culture reporting to assist the Board to monitor and assess the company's culture in practice and implementation of the company's vision and values, as articulated in the 'Powered by Kingfisher' strategy and Responsible Business strategy. An overview of the activities of the Board during each financial year is provided in the Annual Report including any steps taken to address matters of purpose, values, and strategy.

Through the Remuneration Committee, the Board has oversight of updates on the development and embedding of reward for the wider workforce beyond the senior tier, and through the Chief People Officer (CPO) and the output of the Kingfisher Colleague Forum (KCF), the Board receive regular updates on important matters affecting the workforce, including the steps taken to invest in the training and development of its workforce.

Sections of the Strategic, Corporate Governance and Directors' Remuneration reports in the Annual Report set out how the Board's discussion and decision-making have been influenced by these updates and the company's approach to investing in and rewarding the workforce.

C: The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

Through regular receipt of information on delivery of the long-term strategic plan and financial performance of the company, the Board tracks, and measures progress against its objectives. The use of a commercial dashboard which encompasses market trends, competitor analysis, and customer insight is now well established and allows the Board to track key information across the company. The dashboard is circulated to the Board monthly and presented by the CEO at each scheduled Board meeting. Through the powers delegated to its Committees, the Board directs and reviews the company'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.

D: In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

The Board recognises its responsibility to consider the needs and concerns of our stakeholders as part of its discussion and decision-making processes and seeks to deliver value for all our stakeholders and the communities in which the company operates. The Board receives regular updates providing insights and feedback from key stakeholders, which allow it to understand and consider the perspectives of stakeholders effectively when making strategic decisions and to help the business maintain a high standard of business conduct. The Corporate Governance report in the Annual Report highlights how the Board and the company ensure effective engagement with, and encourage participation from, stakeholders including how the Board’s discussion and decision-making have been influenced by these updates. The Strategic report in the Annual Report details the company's section 172 statement.

3 – In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board as a whole has a clear understanding of the views of shareholders.

The Chair of the Board is responsible for effective and appropriate communication with major shareholders, and is, together with the Senior Independent Director (SID) and the other non-executive directors, available to attend meetings with major shareholders, if required. The Chair of the Board has an obligation to ensure that all Board members develop an understanding of the views of major investors and that there is an open dialogue with shareholders. The Chair of the Board is ordinarily available at the Annual General Meeting (AGM) and outside of it for communications with shareholders and to assist Committee Chairs on engagement with shareholders on significant matters related to their areas of responsibilities.

The Board also receives regular investor feedback reporting from discussions with the company’s institutional investors providing clarity of sentiment in key areas. This process allows directors to judge whether investors have a sufficient understanding of the company’s strategic objectives and feedback sought from shareholder consultations helps inform decisions and proposed targets related to the remuneration of Kingfisher’s executive directors and the executive director Remuneration Policy.

Further details of the Board’s engagements with stakeholders and shareholders, and the steps the Board takes to maintain an understanding of their views, including those of major shareholders, can be found in the Corporate Governance report in the Annual Report.

4. – When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.

In such a situation, the company will publish an update on the views received from shareholders and actions within six months of the meeting. The Board will then provide a final summary in the Annual Report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the Board has taken and any actions or resolutions now proposed.

5 – The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

The Board recognises its responsibility to take into consideration the needs and concerns of our stakeholders as part of its discussion and decision-making processes and seeks to deliver value for all our stakeholders and the communities in which the company operates. The Corporate Governance report in the Annual Report highlights how the Board and the company ensure effective engagement with, and encourage participation from, our stakeholders and describes how the stakeholders' interests set out in section 172 have been considered and have influenced the board discussions and decision-making. In addition, Kingfisher plc's Board paper template includes a section on key stakeholder impacts to ensure this is at the forefront of each decision. The Strategic report in the Annual Report details the company's section 172 disclosure.

6 - There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously. The board should routinely review this and the reports arising from its operation. It should ensure arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

A Whistleblowing Policy and a reporting system which includes a hotline and an incident report tool via the internet, facilitated by an independent third party, is in place throughout the company. All calls and incident reports via the internet are followed up and arrangements are in place for the proportionate and independent investigation of such matters and for action. Following the changes to the Code in July 2018, the Board and the Audit Committee reviewed their respective Schedule of Matters Reserved and terms of reference, transferring the receipt of routine reports on Whistleblowing incidents from the Audit Committee to the Board from October 2018.

7 - The board should take action to identify and manage conflicts of interest including those resulting from significant shareholdings and ensure that the influence of third parties does not compromise or override independent judgement.

No Kingfisher director represents an outside interest in respect of a significant personal or third-party shareholding, supplier, customer, or lender. The Board maintains a conflicts of interest register, examines conflicts of interest annually, and directors are required to declare any actual or potential conflicts of interest to the Chair of the Board and the Company Secretary, as soon as they become aware of them and at the start of each Board meeting.

8 - Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.

Where directors have such concerns about the Board or management or a proposed action which cannot be resolved, these will be recorded in the minutes at the director's request. Departing directors can provide a written statement to the Chair of the Board, for circulation to the Board.

E: The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

The Board has a programme of site visits and regular briefings from executive leadership to allow it to assess the behaviour and culture of the business and receives regular updates on the company's People and Culture plan. Throughout the year the Board received the following updates relating to workforce policies and practices:

- Whistleblowing reports, which include the reporting and follow-up of any concerns by employees and third parties regarding possible improprieties in matters of financial reporting, other fraud related matters, and bribery.
- The CPO and the CEO provide regular Board updates on important matters affecting the workforce, including:
  - the steps taken to invest in training and development and our Responsible Business approach;
  - analysis and outcomes from the results of the colleague engagement survey; and
  - dialogue with, and feedback from, the KCF.
- Discussion and review of the People and Culture plan, presented by the CPO.
- Meetings in person with high potential colleagues to help inform succession planning and development of the talent pipeline.

During the year management has continued to monitor its culture reporting for the Board, utilising a variety of mechanisms, including dashboards to assist the Board to monitor and assess the company's culture in practice and implementation of the company's vision and values as articulated in the 'Powered by Kingfisher' strategy and Responsible Business report.

In 2019/20, the company expanded the scope of an existing employee forum to establish the KCF, a joint forum of Kingfisher nominated management representatives and formally elected employee representatives. A non-executive director attends each scheduled meeting and therefore through this forum the Board engages with colleagues on transnational issues and consults on major decisions or events with significant impact on the company and its employees. Details of the KCF discussions are reviewed by the Board at subsequent meetings, and this has proven to be a strong engagement channel. This, alongside the colleague engagement tool implemented in 2018, has provided an opportunity for the views of the workforce to be regularly discussed and heard by Executive leadership and the Board on a range of issues. The Corporate Governance report in the Annual Report highlights how the Board ensures effective engagement with, and encourages participation from our colleagues.

2 DIVISION OF RESPONSIBILITIES

F: The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

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

The Chair of the Board facilitates the effective contribution of all directors both within and outside scheduled Board meetings. Contribution, time commitment, performance and relations between all directors are considered by the Chair during the annual Board effectiveness evaluation process. The Corporate Governance report in the Annual Report details the Board effectiveness evaluation process conducted during the year.

The role of the Chair of the Board is detailed below under Provision 9.

9 - The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company.

The current Chair of the Board was assessed on appointment to be independent. If, exceptionally, the Board proposed to appoint its Chief Executive as Chair, major shareholders would be consulted ahead of the appointment. The Board would set out its reasons to all shareholders at the time of the appointment and publish these on www.kingfisher.com.

At Kingfisher, the roles of Chair of the Board and Chief Executive Officer are separate and clearly defined. The full role descriptions are approved by the Board and are available in the 'Terms of reference' section of www.kingfisher.com. The role documents published on the company's website are reviewed annually to ensure they remain in line with the Code. The key responsibilities of each are outlined below:

Chair of the Board

- Ensures that the Board determines the nature, and extent, of the significant risks the company is willing to take to achieve its strategic objectives.
- Sets the style and tone of Board discussions and a plan of Board activity that primarily focuses on strategy, performance, value creation and accountability.
  Ensures effective and appropriate communication of financial and other information by the company to its shareholders.

Chief Executive Officer

- Leads the executive management of the company's business, consistent with the strategy and commercial objectives agreed by the Board.
- Ensures that the the Chair and the Board are regularly informed on all matters of importance facing the Company.
- Leads the communication programme with the company's shareholders.
- Promotes, and conducts the affairs of the company with, the highest standards of integrity, probity, and corporate governance.

10 – The board should identify in the annual report each non-executive director it considers to be independent (as set out in the Code).

The Board, acting on the recommendations of the Nomination Committee, considers the independence of each of the non-executive directors against the criteria specified in this provision on an annual basis, and discloses the findings in the Annual Report. Should the Board determine that a director is independent, notwithstanding the circumstances outlined in this provision which are considered likely to impair or could appear to impair the independence of that director, it will provide an explanation. Details on our non-executive director appointments to the Board, including details on independence can be found in the Corporate Governance report in the Annual Report.

11 – At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.

The majority of the Board (excluding the Chair) are independent non-executive directors.

12 – The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.

The Board has appointed a SID, who may be contacted by shareholders and other directors as required. Contact by shareholders should be arranged via the Company Secretary at shareholder.enquiries@kingfisher.com.

The full role description of the SID is approved by the Board and is available in the 'Terms of reference' section of www.kingfisher.com. The role documents published on the company's website are reviewed annually to ensure they remain in line with the Code. The key responsibilities of the SID are:

- To be available to shareholders as an alternative to the conventional channels of communication with the Chair of the Board or executive directors, when appropriate.
- To be a sounding board for the Chair of the Board, in support in the delivery of their objectives and serve as an intermediary for the other directors and shareholders.
- To chair the Nomination Committee when it is considering the succession to the role of the Chair of the Board.
- To work with the Chair of the Board and other directors, and shareholders (as necessary) to resolve any significant issues.
- To lead the non-executive directors without the Chair of the Board present to appraise the Chair's performance, at least annually and on other occasions as are deemed appropriate.

Regular meetings are held between the non-executive directors in the absence of the executive directors to appraise the performance of management.

G: The board should include an appropriate combination of executive and non-executive (and in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

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 skills, knowledge, experience, background, independence, and diversity, together with regular briefings by executive leadership below Board level, ensures that views, perceptions, and discussions are not dominated by any one specific view. Divisions of responsibility between the Chair of the Board and the Chief Executive are further examined under Provision 9 (above).

13 – Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.

The role of non-executive directors is set out in their respective letters of appointment and a summary is published in the 'Terms of reference' section of www.kingfisher.com. The non-executive director role document published on the company's website is reviewed annually to ensure they remain in line with the Code.

Regular meetings are held between the non-executive directors in the absence of the executive directors to appraise the performance of management.

14 - The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.

As referred to previously, these responsibilities are set out in documents that are available in the 'Terms of reference' section of www.kingfisher.com. The documents are reviewed annually to ensure they remain in line with the Code. The number of the Board and Committees meetings held during the year, and the individual attendance by directors can be found in the Corporate Governance report in the Annual Report.

H: Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

The appointment letters of the non-executive directors set out their terms and conditions of appointment, including duties and expected time commitments. The time commitments of non-executive directors are considered by the Nomination Committee at appointment and reviewed annually. The Chair of the Board considers new external appointments which may impact existing time commitments and the Board must approve them. There are no directors whom the Nomination Committee consider to be overextended, or unable to fulfil their duties to the Board.

The appointment terms for each non-executive director are available for inspection at the company's registered office. Ordinarily, these are also available for inspection at the AGM. As part of the company's unitary board, and through their Committee memberships, their responsibilities include:

- Challenging constructively and helping development and delivery of the 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 financial control and risk management.
- Determining appropriate levels of remuneration of executive directors.
- Appointing and removing executive directors.
- Advising on succession planning of executive management.

15 – When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the board. Full-time executive directors should not take on more than one non-executive directorship in a FTSE100 company or other significant appointment.

The Nomination Committee examines all appointments held by prospective candidates before any recommendation for appointment to the Board. No director may take on additional external appointments without the approval of the Board and where such appointment represents a significant commitment, the Annual Report will explain the Board's reasons for permitting such appointment. During the year, Thierry Garnier, CEO was appointed as a non-executive director of Tesco and a member of its remuneration committee and Andrew Cosslett was appointed as a non-executive director and Chair Designate of ITV plc. The Nomination Committee undertakes an annual review of directors' time commitments.

Subject to the rules governing conflicts of interest, the company is supportive of its executive directors holding one external non-executive position as it considers such roles can provide valuable insight and additional exposure that may be of mutual benefit to the company and the director.

Details of external directorships held can be found in the Corporate Governance report in the Annual Report and in the 'Our Leadership' section of www.kingfisher.com

I: The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

The Board, supported by the Company Secretary, is responsible for ensuring appropriate resources are in place to function effectively and efficiently. Directors are briefed on relevant issues at Board and Committee meetings, receiving pre-read in advance on the relevant commercial, legal and regulatory implications, together with an indication of any stakeholder impact. During meetings, these are then given a short review, leaving at least half the time available for each item of business for questions and discussion.

The Chair of the Board, supported by the Company Secretary, ensures that directors receive appropriate and timely information including regular briefings on governance matters. To structure its decision-making, the Board works under a formal schedule of matters reserved for its approval, while delegating other specific responsibilities to its principal Committees for Audit, Remuneration and Nomination and Responsible Business. These responsibilities are set out within the relevant Committee's terms of reference, which, together with the Schedule of Matters Reserved for the Board, are available in the 'Terms of reference' section of www.kingfisher.com, and are reviewed annually.

16 - All directors should have access to the advice of the company secretary, who is responsible for advising the board on all governance matters.

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. The Company Secretary, working with the Chair of the Board, proposes a forward plan of Board meetings' content for the year, amending it as required over time. This ensures regular review of matters reserved to it along with reviews of emerging issues and new legislation. If required, external advisors attend meetings to update the directors on developments. A similar process surrounds the work of the Committees. The key responsibilities of the Company Secretary are:

- Ensuring good quality information flows from executive leadership to the Board and its Committees.
- Advising the Board and Committees on legal, regulatory and all corporate governance matters.
- Facilitating inductions and ongoing training for all directors.

The Schedule of Matters Reserved for the Board includes the appointment and removal of the Company Secretary. The full role description of the Company Secretary is approved by the Board and is in the 'Terms of reference' section of www.kingfisher.com. The role document published on the company's website is reviewed annually to ensure they remain in line with the Code.

3 COMPOSITION, SUCCESSION AND EVALUATION

J: Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Nomination Committee recommends Board and executive management appointments, and develops succession plans, based on merit and objective criteria. The Nomination Committee also aims to promote diversity of gender, social and ethnic background, and cognitive and personal strengths, such that the Board, the Group Executive, and senior management reporting to them are comprised appropriately and provide the relevant balance of oversight, constructive challenge and expertise.

An outline of the process followed by the Nomination Committee for the selection and appointment of new Directors, is set out in the Nomination Committee report in the Annual Report. The Board Diversity and Inclusion Policy is available in the 'Corporate Governance' section ofwww.kingfisher.com.

K: The board and its committees should have a combination of skills, experience, and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

To structure its decision-making and make best use of its members' skills, experience and knowledge, the Board works under a formal schedule of matters reserved for its approval, and delegates other specific duties to its principal Committees: the Audit, Remuneration, Nomination, and Responsible Business committees. These duties are set out within the terms of reference of each Committee, which, together with the Schedule of Matters Reserved for the Board, are available at www.kingfisher.com, and are reviewed annually.

It is the company's policy to maintain and develop the diversity of its plc Board without compromising on the calibre of new directors appointed. Appointments to the Board are based on merit with the aim of complementing and enhancing the diversity of skills, knowledge, and experience of the Board as a whole. In addition, the Nomination Committee bear in mind the period of service of non-executive directors, seeking to ensure a spread of tenure that avoids the potential risks of a significant number of new directors coming onto the Board at the same point. The appointment of new directors to the Board is led by the Nomination Committee, who then make recommendations to the Board. An established, formal, rigorous, and transparent procedure exists for the selection and appointment of new directors and is described in the Nomination Committee report in the Annual Report. The Board Diversity and Inclusion Policy is available at www.kingfisher.com.

L: Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

The Board and each of its principal Committees conduct an annual effectiveness evaluation which, in line with the Code, is externally facilitated every third year. These evaluations are conducted in accordance with the principles set out in the Code and include consideration of the skills, composition and performance of the Board, its committees, and individual directors. The review of individual non-executive directors takes into consideration their independence, effectiveness and commitment.

The Corporate Governance report in the Annual Report contains a description of the evaluation process undertaken each year, and the key outputs from the review. The 2021/22 evaluation was conducted internally via an online survey facilitated by our third-party consultant, Lintstock. .

17 -The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.

The Board has established a Nomination Committee composed of all the independent non-executive directors. No executive director is a member, but they have the right to attend Committee meetings. The Chair of the Board chairs the Committee, except when the Committee is dealing with his re-appointment or the appointment of a successor.

The main role and responsibilities of the Nomination Committee are described in the Committee's terms of reference, which is available at www.kingfisher.com. The Committee reviews its terms of reference annually to ensure it remains in line with the Code. The terms of reference outline the Committee's responsibilities for leading the process for appointments, ensuring plans are in place for orderly succession to Board and senior management positions, and overseeing the development of a diverse pipeline for succession purposes, including the composition of each Board Committee. Long-term succession planning at Board level is a key focus of the Committee, to ensure the company retains and attracts the very best talent necessary to succeed in the delivery of the strategic plan and beyond.

The appointment terms for each non-executive director are available for inspection at the company's registered office. Ordinarily, these are also available for inspection at the AGM.

18 - All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.

All Kingfisher directors are subject to annual re-election by shareholders, as required by the company's Articles of Association.

Following a formal evaluation, the Board, acting on the recommendation of the Nomination Committee, confirms in the Annual Report whether the contribution of each of the directors continues to be effective and whether the shareholders should be supportive of their re-appointment to the Board.

For the 2022 AGM, the Board is satisfied that their respective skills complement each other to enhance the overall operation of the Board and continue to be important to the company's long-term sustainable success. As such, the Board unanimously recommends their re-election. In support of the Code requirement for the Board to set out the reasons why it believes that the non-executive directors standing for re-election should be re-elected, biographies of each of the directors are provided in theNotice of AGM, in the Corporate Governance report of the Annual Report, and are also available on the company's website www.kingfisher.com. The directors believe this information is sufficient to enable shareholders to make an informed decision about each director's re-election.

19 - The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment.

The current Chair of the Board, Andrew Cosslett was appointed to the Board in April 2017 and became Chair following his re-election at the June 2017 AGM. His appointment as a director was for an initial period of three years, subject always to the requirement for annual re-election at each AGM. Andrew Cosslett completed his first three-year term at the end of March 2020. The Nomination Committee reviewed his commitment and contribution to the Board and recommended his reappointment for a further three-year term in 2020. The Board accepted the Nomination Committee's recommendation. There is no expectation that he should serve beyond nine years, save as may be necessary to extend his appointment to terminate at his ninth AGM as director.

20 - Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

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 the company, or individual directors. An outline of the process followed by the Committee for the selection and appointment of directors, is set out in the Nomination Committee report in the Annual Report. The Committee is supported by independent search consultants in respect of the recruitment for Board roles. As set out in the Nomination Committee report of the Annual Report, the independent search consultants havehave no other relationship to the company, or any of its directors, and are signatories to the latest Voluntary Code of Conduct for executive search firms, which seeks to address gender diversity on corporate boards.

21 - There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.

The Board and each of its principal committees conduct an annual effectiveness evaluation, and in line with the Code, this is externally facilitated every third year. These evaluations are conducted in accordance with the principles set out in the Code and include consideration of the skills, composition and performance of the Board, its Committees, and individual directors. The 2021/22 annual evaluation was conducted internally via an online survey, facilitated by our third-party consultant, Lintstock.

An outline of how the evaluation was conducted together with the key findings and actions and, progress made regarding the previous year's key actions are set out in the Corporate Governance report in the Annual Report. The non-executive directors, led by the SID, review the performance of the Chair of the Board annually. The review considers the views of the executive directors.

22 - The chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the board. Each director should engage with the process and take appropriate action when development needs have been identified.

The Chair of the Board uses the evaluation results to consider and address the development needs of the Board and to ensure that each director updates their individual skills, knowledge and expertise. If Board or individual weaknesses are identified, training in specific aspects of the company's business can be provided to directors. If required, external training courses may be provided at the company's expense.

23 - The annual report should describe the work of the nomination committee (as outlined in the Code)

The work undertaken by the Nomination Committee during the year is outlined in the Nomination Committee report in the Annual Report. The report outlines the Committee's responsibility to make recommendations on Board and executive management appointments, and to develop succession plans, based on merit and objective criteria. The Committee aims to promote diversity of gender, social and ethnic background, and cognitive and personal strengths, such that the Board, the Group Executive, and senior management reporting to them are comprised appropriately and provide the relevant balance of oversight, constructive challenge and expertise. That balance is reviewed annually with a view to succession planning, diversity, and whenever appointments are considered. The conduct of Board evaluation is reported above under Provision 21.

The Board Diversity and Inclusion Policy, the objectives set, linkage to strategy and, implementation and progress made in achieving those objectives are in the Nomination Committee report in the Annual Report. The Committee reviews the effectiveness of the Board Diversity and Inclusion Policy annually, on behalf of the Board and recognises it is important that it remains aligned with the sentiment of the company's Code of Conduct. As a company, Kingfisher values the richness of diversity and is committed to promoting a culture of equality and diversity, recognising that people from different backgrounds and experiences bring valuable contributions to our company. The Board Diversity and Inclusion Policy is available in the 'Corporate Governance' section of www.kingfisher.com.

The gender-balance of those in senior management and their direct reports is set out in the Strategic report in the Annual Report.

4 AUDIT, RISK AND INTERNAL CONTROL

M – The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board has established an Audit Committee and has delegated responsibility to the Committee for the accounting, financial reporting and internal control processes, risk management systems, narrative reporting, internal audit, and the company's relationship with the external auditor. The role of the Committee is further outlined below under Provision 25 and in the Committee's terms of reference which can be found at www.kingfisher.com

The Audit Committee has established a Disclosure Committee to assist the Board to fulfil its obligation to make timely and accurate disclosure of all information that is required to be disclosed to meet the company's legal and regulatory obligations and requirements arising under the UK Listing Authority's Listing and Disclosure and Transparency Rules (DTRs), EU Market Abuse Regulations (MAR), the Code and any other relevant legislation.

The Board remains responsible for its financial and narrative reporting, including the integrity of the financial and narrative statements.

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

The Audit Committee reviews the company's financial statements and announcements ahead of publication, subject to the prior assessment and endorsement of the Disclosure Committee. On receipt of the Disclosure committee's endorsement, the Committee considers, and challenges management regarding, significant accounting principles, policies and practices and their appropriateness, financial reporting issues and significant judgements made, including those summarised in the Audit Committee report in the Annual Report.

Following its review of the 2021/22 Annual Report and Accounts, the Committee advised the Board it was of the opinion that these disclosures, and the processes and controls underlying their production, had met the latest legal and regulatory requirements for a UK listed company and that the 2021/22 Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable, and provide the necessary information to assess the company's position and prospects, performance, business model and strategy.

O: The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

The company's risk assessment process and the way in which significant business risks are managed is a key focus for the Audit Committee. The Committee's consideration of risk management and internal control is driven primarily by the company's assessment of its emerging and principal risks and uncertainties, which process is set out in the Annual Report.

The Board has responsibility for establishing a framework of prudent and effective controls, which enable risk to be assessed and managed. Details regarding our internal control environment are outlined in the Audit Committee report in the Annual Report. The Audit Committee is responsible for reviewing, understanding and evaluating the adequacy and effectiveness of the company's internal financial, risk, and other internal controls and their associated systems; reviewing management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management; together with monitoring management's responsiveness to their findings; and reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management.

The Committee provides regular reports to the Board. The Board remains responsible for carrying out a robust assessment of the company's emerging and principal risks, monitoring risk management policy and procedures, oversight of the internal risk control framework and approval of the company's risk appetite statement in light of its long-term strategic objectives.

24 - The board should establish an audit committee of independent non-executive directors, with a minimum membership of three. The chair of the board should not be a member. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee, as a whole, shall have competence relevant to the sector in which the company operates.

Membership of the Audit Committee is comprised of three independent non-executive directors. Jeff Carr has been designated the Committee member with recent and relevant financial experience to meet the Committee's responsibilities, and the requirements of the Code. Jeff is a qualified Chartered Accountant and an experienced Chief Financial Officer both in the retail sector, and listed UK companies. All other members of the Committee are deemed to have the necessary abilities and experience and that the Committee as a whole has competence relevant to the retail sector.

25 - The main roles and responsibilities of the audit committee should include:

- ***monitoring the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance and reviewing significant financial reporting judgements contained in them.***
- ***providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.***

- ***reviewing the company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate board risk committee composed of independent non-executive directors, or by the board itself.***
- ***monitoring and reviewing the effectiveness of the company's internal audit function.***
- ***conducting the tender process and making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.***
- ***reviewing and monitoring the external auditor's independence and objectivity.***
- ***reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements.***
- ***developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required.***
- ***reporting to the board on how it has discharged its responsibilities.***

The main role and responsibilities of the Audit Committee are described in the Committee's terms of reference, which is available at www.kingfisher.com. The Committee reviews its terms of reference annually to ensure it remains in line with the Code. The work undertaken by the Audit Committee during the year is outlined in the Audit Committee report in the Annual Report and further detail is provided in Provision 26, below.

26 - The annual report should describe the work of the audit committee (as set out in the Code):
The work undertaken by the Audit Committee during the year is outlined in the Audit Committee report in the Annual Report, including the significant financial reporting matters considered and the assessment of the independence and effectiveness of the external and internal audit processes, and the adequacy of the internal control framework. Key areas of focus for the year are outlined in the Audit Committee report in the Annual Report.

The Committee has an annual forward agenda covering key events in the financial reporting cycle, a programme of reviews of our retail banners and Group functions, and standing items, in line with its terms of reference. This agenda evolves in response to the changing risks and priorities of the business.

27 - The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.
This responsibility is set out in the Statement of Directors' Responsibility included in the Directors' report in the Annual Report and is supported by the Independent Auditor's report outlining their reporting responsibilities. The Viability Statement is set out in the Strategic report in the Annual Report and outlines how, in accordance with Provision 31 of the Code, the directors have considered the prospects of the company over a period longer than the 12 months (as required by the going concern provision). Their assessment is supported by the Disclosure and Audit Committees, as outlined in Provision N, above to ensure that the information presented is fair, balanced, and understandable.

The Audit 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.

28 - The board should carry out a robust assessment of the company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.
During the year, the Board has considered the nature and level of risk that the company is prepared to accept to deliver our business strategies and has reviewed and approved our internal statement of risk appetite. The Board undertakes this review of the company's risk appetite annually. Given the scale of our businesses, the

Board recognises that the nature, scope, and potential impact of the 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 and emerging risks and the opportunity to regularly review the adequacy and effectiveness of our mitigating controls and strategies.

The Risks section in the Strategic report in 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.

29 - The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.

The company's risk assessment process and the way in which significant business risks are managed is a key focus for the Audit Committee. The Committee's consideration of risk management and internal control is driven primarily by the company's assessment of its emerging and principal risks and uncertainties, the process is set out in the Annual Report.

The Board has responsibility for establishing a framework of prudent and effective controls, which enable risk to be assessed and managed. Details regarding our internal control environment are outlined 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 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 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. The company's approach is compliant with the requirements of the Code and developed with reference to the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

30 - In annual and half-yearly financial statements, the board should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

The half and full-year 2021/22 Results announcements each confirmed that the Board considered it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. Links to the relevant announcements in the Regulatory News section of www.kingfisher.com are below:

FY 2021/22 Results – March 2022

HY 2021/22 Results- September 2021

31 - Taking account of the company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

The Viability Statement is set out in the Strategic report in the Annual Report and outlines how, in accordance with Provision 31 of the Code, the directors have considered the prospects of the company over a period longer than the 12 months required by the going concern provision.

5 REMUNERATION

P – Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.

The Remuneration Policy was last reviewed during 2021/22 and the revised Policy will be brought to shareholders for approval at the 2022 AGM.

Throughout the review and design process for the 2022 Remuneration Policy, the Committee's guiding principles were to develop remuneration arrangements that maximise support for the delivery of our strategy and align with shareholders' interests, whilst taking into account latest best practice and market developments.

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.

Q – A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

The Directors' Remuneration Report sets out the process for the review and implementation of the Directors' Remuneration Policy. In 2021, the Remuneration Committee undertook an extensive review of the current Policy and its implementation to determine which reward arrangements would be more suitable in driving the long-term strategic priorities of the company. The Committee also wanted to ensure that the arrangements were simpler, and clearer for participants and other stakeholders and continued to align outcomes and actions with shareholders' expectations. The Remuneration Policy will be submitted for approval by shareholders at the 2022 AGM.

No director is involved in deciding their own remuneration outcome.

R – Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The Board has established a Remuneration Committee comprised of five independent non-executive directors and has delegated responsibility to the Committee for these activities, outlined in more detail below.

The Committee is mindful of the potential for conflicts of interest where management are involved in the development of the 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.

32 - The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months.

The Remuneration Committee currently comprises five independent non-executive directors, including the Chair of the Board, who was independent on appointment and who does not chair the Committee.

Claudia Arney was appointed as Chair of the Committee following 15 months' service on the Committee.

33 - The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors, and senior management. It should review workforce remuneration and related policies and the alignment of

incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.

The Committee operates under delegated authority from the Board. Its primary purpose is to make recommendations to the Board on the company's policy for executive remuneration and its costs, ensuring that remuneration policy and practices are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance as well as for determining the remuneration and benefits of executive directors, other members of the Group Executive, the Chair of the Board and the Group Company Secretary. The Committee also keeps under review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when setting the policy for executive director remuneration.

The main role and responsibilities of the Remuneration Committee are described in the Committee's terms of reference, which is available at www.kingfisher.com. The Committee reviews its terms of reference annually to ensure it remains in line with the Code. The Committee has an annual forward agenda covering key events in the remuneration cycle, a programme of review and engagement, and standing items, in line with its terms of reference. This agenda evolves in response to the changing priorities of the business.

34 - The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements.

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 shareholders at a general meeting. The Board, with the non-executives directors abstaining, approve fees for the non-executive directors. The Remuneration Committee approve the fee for the Chair of the Board without the Chair present.

Fees paid to the non-executive directors reflect their responsibilities and expected time commitment and are disclosed in the Directors' Remuneration Report 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).

Non-executive directors do not receive share options or performance related payments. The company does not operate a share ownership policy for the non-executive directors. Shares held by non-executive directors are disclosed in the Directors' Remuneration Report in the Annual Report. The company does not consider these shares to be sufficient to impact its judgement that the non-executive directors remain independent.

35 - Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management.

PricewaterhouseCoopers LLP (PwC) have acted as principal advisors to the Committee since February 2013. PwC is a member of, and adheres to the Code of Conduct for Remuneration Consultants Group (the professional body for executive remuneration consultants). Details of their role and any other connections PwC have with the company are disclosed in the Directors' Remuneration Report in the Annual Report each year. PwC do not have any connection with individual directors.

36 - Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.

The company's long-term Delivering Value Incentive, awarded under the Kingfisher Alignment Shares and Transformation Incentive Plan, is split into two awards at grant, each subject to a three-year performance period. This award does not therefore align with the provision that long-term incentive awards be phased rather than awarded in a single large block.

Throughout the review and design process of the company’s Remunerations Policy, approved by shareholders in 2019, the Committee’s guiding principles were to develop remuneration arrangements that maximise support for the delivery of strategy and align with shareholders' interests, whilst also taking into account latest best practice and market developments. After careful consideration, the Committee deemed that it remained appropriate to structure the Delivering Value Incentive awards in this way considering the link to the company’s five-year strategic plan, and the stretching performance targets within the Delivering Value Incentive. The separate Alignment Shares awarded under the Kingfisher Alignment Shares and Transformation Incentive Plan were made annually.

Major shareholders were consulted during the review of the Remuneration Policy and the development of the Delivering Value Incentive. All other Code provisions have been complied with during the year. Malus and clawback provisions are included within the Plan rules and these provisions could take effect in the event of financial misstatement, miscalculation due to an error, serious reputational damage, or material misconduct in individual cases. The Committee will continue to keep the Remuneration Policy, measures, and targets under review to ensure they continue to align with the ’Powered by Kingfisher’ strategy.

During the year, the Committee continued to keep the DVI, as well as the existing Remuneration Policy and structure under review, and consulted with major shareholders throughout the year. A new Directors’ Remuneration Policy is proposed for approval by shareholders at the 2022 AGM and would replace the Delivering Value Incentive with a Performance Share Plan that complies with this Provision 36. The new Directors’ Remuneration Policy can be found in the 2021/22 Annual Report and Accounts.

The Committee has established mechanisms to enforce the post-employment shareholding guidelines once an executive director has left the company.

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.

37 - Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.

The Committee retains certain discretions in relation to the Annual Bonus Plan and the administration and operation of the Alignment Shares, Transformation Incentive, Delivering Value Incentive and the proposed Performance Share Plan (as set out in the corresponding plan rules and summarised in the Directors’ Remuneration Report in the Annual Report) to among other things override formulaic outcomes, where it is deemed appropriate. The Directors’ Remuneration Report in the Annual Report explains the work of the Remuneration Committee, including the exercise of discretion by the Committee, where it was deemed appropriate.

Malus and clawback may operate in respect of the Annual Bonus, Alignment Shares, Delivering Value Incentive and the proposed Performance Share Plan. These provisions enable the company to reduce (including, if appropriate, to nil) the payout and vesting levels or to recover the relevant value following the cash bonus payout or vesting of shares. Further details are set out in the Directors’ Remuneration Report in the Annual Report.

38 - Only basic salary should be pensionable. The pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements.

The Directors’ Remuneration Report in the Annual Report outlines the retirement benefits to which the executive directors are eligible, which include pension provision by way of contributions to a defined contribution scheme or cash allowance. 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.

39 - Notice or contract periods should be one year or less. If it is necessary to offer longer periods to new directors recruited from outside the company, such periods should reduce to one year or less after the initial period. The remuneration committee should ensure compensation commitments in directors' terms of appointment do not reward poor performance. They should be robust in reducing compensation to reflect departing directors' obligations to mitigate loss.

All Kingfisher executive directors' service contracts can be terminated by either the director or the company with 12 months' notice. The Committee considers all departing executive director's reward entitlements and decisions taken by the Committee are published in the company's next Directors' Remuneration Report in the Annual Report following termination. As required by section 430(2B) of the Companies Act 2006, details of the remuneration arrangements for a departing executive director are also published on www.kingfisher.com.

40 - When determining executive director remuneration policy and practices, the remuneration committee should address the following:

- ***clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.***
- ***simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.***
- ***risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.***
- ***predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified be identified and explained at the time of approving the policy.***
- ***proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.***
- ***alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.***

The Committee's primary purpose is to make recommendations to the Board on the Company's policy for executive remuneration and its costs, ensuring that remuneration policy and practices are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance as well as for determining the remuneration and benefits of executive directors, other members of the Group Executive, the Chair of the Board and the Group Company Secretary. The Committee also keeps under review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when setting the policy for executive director remuneration.

When making decisions on executive reward, the Committee is mindful of the position in comparison with other relevant peer companies and the 'ratchet effect' and considers the views of our shareholders and best practice guidelines issued by institutional investor bodies. The Committee continues to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate. The Committee also considers the context of reward elsewhere in the company and any proposed reward changes for the wider workforce. The Remuneration Committee is committed to ensuring that rewards received by our executives focus on long-term outcomes aligned to our strategic priorities.

Details of the Committee's considerations of Provision 40 when designing and implementing the proposed 2022 Remuneration Policy are set out on page 79 of the Annual Report.

41 - There should be a description of the work of the remuneration committee in the annual report (as set out in the Code):

The work undertaken by the Remuneration Committee during the year is outlined in the Directors' Remuneration Report in the Annual Report, including engagement with shareholders, performance decisions taken during the year, including the exercise of any discretion and consideration of the broader context.

The main role and responsibilities of the Remuneration Committee are described in the Committee's terms of reference, which is available at www.kingfisher.com. The Committee reviews its terms of reference annually to ensure it remains in line with the Code. The Committee has an annual forward agenda covering key events in the remuneration cycle, a programme of review and engagement, and standing items, in line with its terms of reference. This agenda evolves in response to the changing priorities of the business.

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.