

The left half of the image is an aerial photograph of a dense, lush green forest. The trees are packed closely together, creating a vibrant green canopy. The lighting is bright, suggesting a sunny day.

Better Homes, Better World

Kingfisher Responsible Business

August 2022



Responsible Business update

1. Introduction

- Responsible Business highlights and heritage

2. Responsible Business strategy and governance

3. Responsible Business performance

- Priorities (Colleagues, Planet, Customers, Community)
- Fundamentals

4. Appendix

- Materiality assessment



We've made great progress on our Responsible Business priorities

Colleagues

- 37.7% of managers and 25.2% of senior leaders are women (FY 20/21: 36.1% and 23.2% respectively).
- Each banner and Group function has an 'Inclusivity Action Plan', with targets that are linked to incentive plans.

Planet

- New net-zero emissions target for our operations (scope 1 and 2) by the end of 2040.
- Responsibly sourced 87.2% of wood and paper used in products and 100% of catalogue paper in FY 21/22.

Customers

- £5.8 billion of sales (44.1% of Group sales) from products that help customers create more sustainable homes in FY 21/22.

Communities

- Helped over 1.5 million people with housing needs since FY 16/17 and on track to achieve our target to help 2 million people.
- In FY 21/22, we invested £4 million in our communities and our colleagues and customers raised an additional £2.8 million.

Governance

- Responsible Business plan overseen by a Board-level committee.
- Policies are reviewed and approved annually by our Group Executive.
- New Kingfisher Performance Share Plan includes a 25% weighting on ESG measures.

Financing

- Entered into a £550m revolving credit facility agreement that is linked to Kingfisher's ambitious Responsible Business targets.



Committed to net-zero by 2040

- Our new target is to reach net-zero for our operations (scope 1 and 2) by the end of 2040.
- This means we will reduce absolute emissions by at least 90% against our 2016/17 baseline, and neutralise our residual emissions, in line with the requirements of the Science Based Target initiative's Corporate Net-Zero Standard. Reaching net-zero requires us to reduce emissions for both our properties and our transportation by over 90% each.
- Achieving our 37.8% science-based carbon reduction target for our operations by 2025 compared with a 2016/17 baseline is a key milestone on our journey to net-zero.
- To support the delivery of our net-zero target, we will publish our Climate Transition Plan in line with the UK Government's new Sustainability Disclosure Requirements.

5 key steps to net-zero

1. Improving energy efficiency

- Improving design and fit-out to reduce the electricity and gas we need to run our buildings
- Improving fuel efficiency across our fleet

2. Securing zero carbon electricity

- Maintaining long-term access to zero carbon electricity through suitable contractual mechanisms

3. Electrifying in-store heating

- Replacing gas and fossil fuel based heating systems with electric alternatives

4. Decarbonising our vehicles

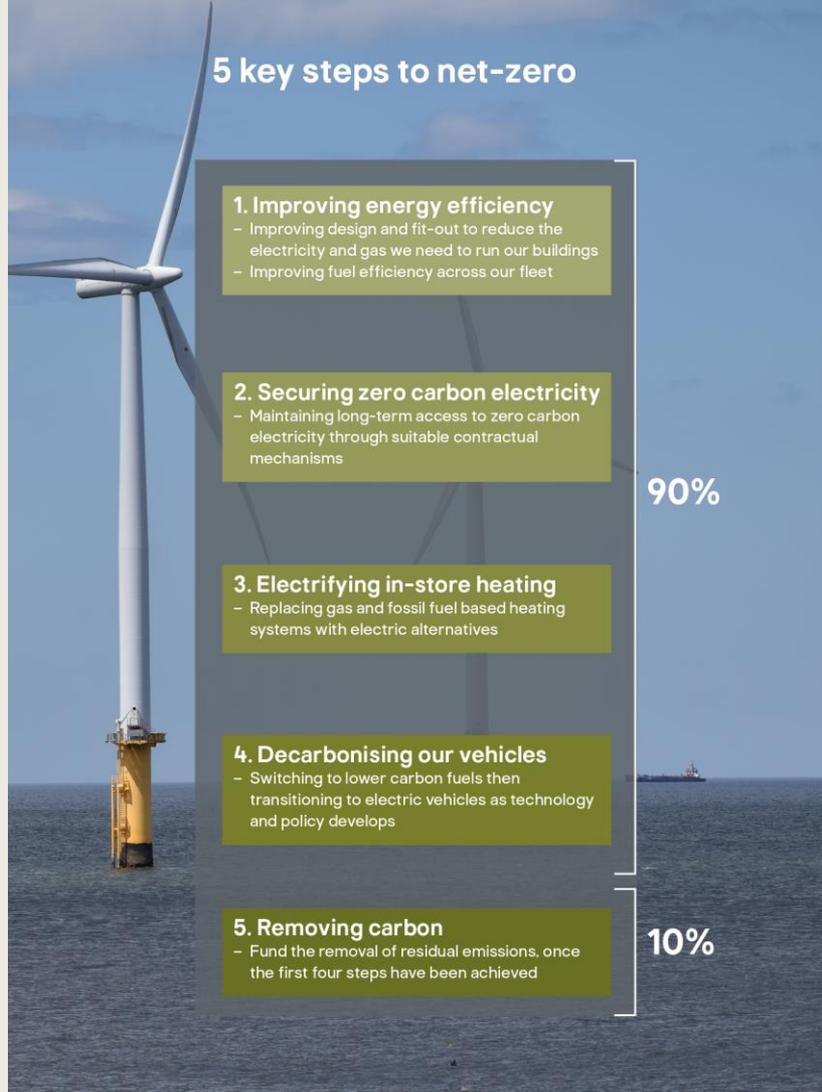
- Switching to lower carbon fuels then transitioning to electric vehicles as technology and policy develops

5. Removing carbon

- Fund the removal of residual emissions, once the first four steps have been achieved

90%

10%



We have a strong heritage in Responsible Business

1993

Founding partner of the Forest Stewardship Council® (FSC®) to help source responsibly managed wood.



2010 & 2011

B&Q awarded the 'Best Green Company' by The Sunday Times.



2012

Net Positive strategy launched, committing to a restorative impact by 2050.



2018

First net-zero energy Screwfix outlet opened in Peterborough.



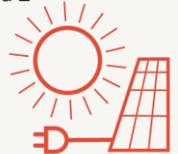
2020

Powered by Kingfisher strategy launched, Responsible Business a strategic priority. Partnership with Rainforest Alliance established.



2022

Published new net-zero 2040 target for our scope 1 and 2 emissions.



1991

Published our first responsible timber policy at B&Q and were a founding member of the WWF 1995+ Group.



1998

First UK retailer to label and cut VOCs in paint.



2011

Founding partner to the Ellen MacArthur Foundation, pioneering circular economy approaches.



2017

Partnered with the homeless and housing charity Shelter to help people who have experienced homelessness feel safe and secure.



2019

Set ambitious 2°C science-based targets approved by the Science Based Target initiative.



2021

1.5°C science-based target approved by the Science Based Target initiative.



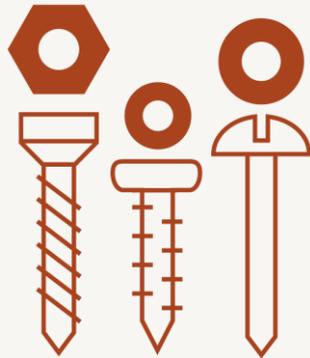
2022

60% of group sales to be from our Sustainable Home Products by 2025.



**Responsible
Business strategy
and governance**

Our four key Responsible Business priorities



Colleagues

We will be a more inclusive company



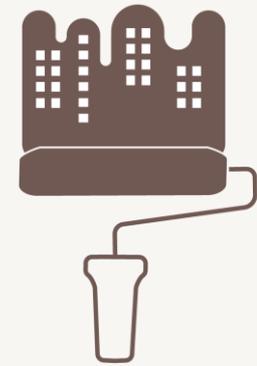
Planet

We will be Forest Positive and help tackle climate change



Customers

We will help make greener, healthier homes affordable



Communities

We will fight to fix bad housing

Underpinned by our Responsible Business Fundamentals

Employee safety

Responsible sourcing

Waste & recycling

Ethical conduct

Tax governance & risk management

Public policy

Pensions

Guided by Governance including stakeholder engagement and materiality

Governance of Responsible Business

Responsible Business Committee (RBC) of the Board

- Formed in 2020, the committee is chaired by a non-exec director (NED) and its members include Kingfisher's CEO, Chief Offer & Sourcing Officer, Chief People Officer, another NED, and Screwfix's CEO.
- Meeting at least twice a year, the committee leads and oversees delivery of how we operate as a responsible business.

Group Climate Committee

- Formed in 2022, the Group Climate Committee oversees Kingfisher's progress against the group emissions reduction targets, processes for assessing and managing climate-related risks and disclosures.
- The Committee is chaired by Kingfisher's CEO, and includes the Kingfisher's Chief Financial Officer, Chief People Officer, Chief Commercial Officer, and a banner CEO (currently B&Q). The committee meets quarterly and reports to the RBC and Group Executive.

Company bonus and incentive ESG measures

- A new Remuneration Policy was approved by shareholders at the 2022 AGM which includes a new share plan known as the Kingfisher Performance Share Plan which will be granted to our senior leadership population.
- Responsible Business measures form part of the performance conditions which determine the vesting of award of this plan. This includes a 25% weighting on ESG measures.

Risk management

- Significant risks are included in our Responsible Business risk register. The register is reviewed and updated annually.
- Policies are reviewed and approved annually by our Group Executive.
- Key policies are published on our website.



Industry-leading reporting

We use best practice standards to inform reporting and perform strongly in external benchmarks

Frameworks and standards



External benchmarks

- We received a rating of A- for CDP Climate Change
- We received a score of 71%, above the sector average of 68% for Workforce Disclosure Initiative
- MSCI-ESG rating of AAA for our ability to manage ESG issues
- On Sustainalytics, we rank 1st out of 39 in home improvement retail and 2nd out of 453 in the wider retailing industry
- Listed in FTSE4Good Index with a rating of 4.6 out of 5
- ISS ESG corporate rating of C+ ('Prime' status)

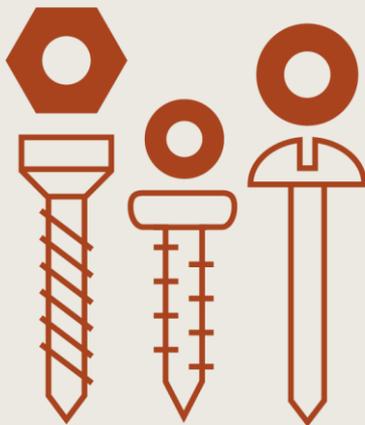


**Responsible
Business
performance**



We will be a more inclusive company

Colleagues



Targets

- Improve gender balance to 35% women in senior leadership and 40% women in management FY 25/26.
- Provide five million hours of skills for life learning by FY 25/26.

Performance

- 37.7% of managers and 25.2% of senior leadership are now women (FY 20/21: 36.1% and 23.2% respectively).
- Colleagues completed over 2.3 million hours of training during FY 21/22.
- Almost 9,000 colleagues became shareholders through our new '1+1 Sharing In Our Future' share plan.
- Each of our banners and Group functions has an 'Inclusivity Action Plan', with targets that are linked to incentive plans.
- 3,890 apprentices across the group in 2021/22.



Creating a diverse culture that inspires growth

Colleagues – *in action*

- As part of our Group-wide Inclusion and Diversity strategy we are creating opportunities to develop more inclusive leaders, including carrying out over 2,500 hours of inclusive leadership training, creating platforms for diverse employee voices, improving gender representation across our business and gaining deeper insight into minority and marginalised groups.
- In the past year, 16 affinity networks have launched across the Group and banners, including chapters for LGBTQ+, Gender, Race and Culture, Disability, Parents and Veterans.
- These networks provide a support forum for colleagues to share experiences and ideas with each other and our leadership and organise events and activities around key celebrations such as Black History Month, Pride, International Day for People with Disabilities, International Women's Day, and religious festivals.



We will be Forest Positive and help tackle climate change

Planet



Targets

- 100% responsibly sourced wood and paper for our products and catalogues by FY 25/26.
- Become Forest Positive by FY 25/26.
- Achieve our approved science-based carbon reduction targets by FY 25/26:
 - Reduce scope 1 and 2 emissions by 37.8%.
 - Reduce scope 3 emissions from the supply chain and customer use of products by 40% per £million of turnover.
- Reach net-zero emissions for our operations (scope 1 and 2) by the end of FY 40/41.

Performance

- Responsibly sourced 87.2% of wood and paper used in products and 100% of catalogue paper in FY 21/22.
- Founding member of the Rainforest Alliance's 'Forest Allies' initiative and supporting forest projects in Indonesia, Peru, Columbia, Guatemala and Cameroon.
- Reduced scope 1 and 2 greenhouse gas emissions by 24.5% since FY 16/17 baseline. This is our first step towards achieving net-zero carbon by FY 40/41.
- Reduced intensity of our scope 3 emissions from the supply chain and customer use of products by 19.7% since FY 17/18 baseline.



Partnering with the Rainforest Alliance

Creating more forests than we use – *in action*

- Forest and indigenous communities play a vital role in protecting forests around the world. If we are to restore forests, halt deforestation and forest degradation, we need to work in partnership with local people to create long-lasting change.
- We are a founding member of the ‘Forest Allies’ initiative of the Rainforest Alliance.
- Through our partnership with the Rainforest Alliance, we are investing in projects which will have a positive impact on tropical forests and their communities, including over 7,000 people and over 300,000 hectares of forest.



Reducing our operational emissions

Tackling climate change – *in action*

- In FY 21/22, we reduced our carbon footprint for our own operations (scope 1 and 2 emissions) by 24.5%, against a FY 16/17 base year.
- Actions during the year included further roll out of LED lighting, converting a further 102 stores in the UK to air source heat pumps, and installing photovoltaic panels and biomass boilers at selected locations.
- We buy electricity from zero carbon sources, supported by Guarantee of Origin certificates. This now covers our operations in the UK, Iberia, Poland, Romania and France – 100% of purchased electricity.



We will help make greener, healthier homes affordable

Customers



Targets

- 60% of Group sales to be from our Sustainable Home Products (SHP) by FY 25/26. This includes 70% of our own exclusive brand (OEB) products sales to be from SHP.

Performance

- In FY 21/22, £5.8 billion of sales, representing 44.1% of Group sales (FY 20/21: 42.2%) were from SHP.
- In FY 21/22, 54.7% of OEB product sales were from SHP.
- Have set up a new ambitious target to FY 25/26.
- Leading the market in moving towards 100% peat-free compost, removed solvents from further paint lines, integrated recycled plastic into more furniture and tools, and increased the longevity of some hand tool ranges.



Helping customers recycle more

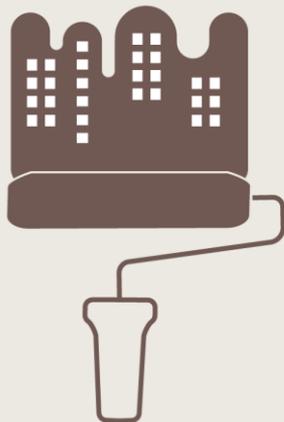
Customers – *in action*

- Since 2015, Castorama France has been selling 'Métisse' insulation – an ordinary looking product, with a big sustainability story.
- Made from unwanted old clothes, Métisse is manufactured by Le Relais, a social enterprise, helping disadvantaged people into work.
- Our customers can donate their old clothing at Le Relais clothing banks found in many Castorama France car parks to be made into insulation.
- We launched a major campaign in 2021 to inform our customers about Métisse and to encourage them to recycle their old jeans.



We will fight to fix bad housing

Communities



Target

- Help more than two million people whose housing needs are greatest by FY 25/26.

Performance

- In FY 21/22, we invested £4 million in our communities, and our colleagues and customers raised an additional £2.8 million.
- We reached over 800,000 people through our charitable partnerships and banner foundations.
- This brings our total to over 1.5 million people helped since FY 16/17.
- We established charitable foundations in all banners and partnerships with national charities (e.g. Shelter and Macmillan in the UK, Fondation Abbé Pierre in France and Habitat for Humanity in Romania and Poland).



Helping two million people with housing needs

Communities – *in action*

- Through charity partnerships, we have supported projects that range from helping families with home repairs, to renovations for rehousing projects and teaching people essential DIY skills.
- As a result, we have now surpassed our original target to help one million people by FY 25/26.
- We have doubled our ambition and now aim to help two million people by FY 25/26.



Supporting the relief efforts for Ukraine

By the end of April 2022, we had donated around £500,000 to help organisations such as the International Red Cross and the United Nations High Commission for Refugees (UNHCR) with their relief efforts.

Two of our banners, Brico Dépôt Romania and Castorama Poland, are in countries bordering the Ukraine and have been working hard to provide funds and practical assistance to refugees.

Kingfisher has also made donations on behalf of the Group, and we are matching further donations from colleagues.

On 1 March 2022 we took the decision to stop selling products directly sourced from Russian and Belarusian suppliers across the Group, and those products have been removed from our shelves.

We are engaging with our suppliers to ensure materials or components are no longer sourced from Russia or Belarus.

In September 2020, Kingfisher completed the sale of Castorama Russia to Maxidom, a Russian home improvement company. We have no more operations in the country, nor do we provide sourcing to Maxidom.



Our Responsible Business Fundamentals (1/2)

The areas we continue to measure and manage to ensure we are a Responsible Business

Fundamentals

Safety at work



Responsible sourcing and human rights



Performance

- We have Group health and safety management standards to ensure we take a consistent approach to occupational health and safety management across our locations.
- Our accident, incident and near miss reporting system helps us to track accidents, identify the root causes and reduce safety risks.
- We have a health and safety action plan specific to each retail banner to address areas for improvement.
- We have clear policies and standards on human rights and modern slavery. Our Human Rights Policy sets out our commitment to respect human rights, in line with international agreements and guidelines. Our Supply Chain Workplace Standards set out minimum standards on labour practices that our suppliers must abide by.
- Our Human Rights & Modern Slavery Working Group oversees due diligence and disclosure on human rights and modern slavery. Its action plan includes internal training, supplier training, supplier ethical risk assessment and audit.
- We are working to raise standards on the environment, labour practices, and human rights in our supply chain. Information on our approach to managing human rights and modern slavery risks is detailed in our [Modern Slavery Act Transparency Statement](#).



Our Responsible Business Fundamentals (2/2)

The areas we continue to measure and manage to ensure we are a Responsible Business

Fundamentals

Waste and chemicals



Ethical conduct



Performance

- We are committed to achieving zero waste to landfill and increasing recycling. In the UK and France, these policy commitments are integrated into the contracts with waste management partners. In FY 21/22, 68.4% of our waste was recycled and we diverted 91.8% from landfill (FY 20/21: 68.8% and 85.2% respectively).
- We are phasing out high-priority chemicals from our products and supply chains and focusing on the sustainable sourcing of materials such as peat, plastic and cement.
- Our Code of Conduct helps to promote a culture where transparency, honesty and fairness are the norm.
- We provided compliance training to all colleagues on our Code, as well as tailored modules for store and office-based colleagues covering the different compliance risks they might encounter. Over 77,000 colleagues completed the 2021 version of our Code of Conduct e-learning.
- Our colleagues can report any concerns via our independent Speak Up channel and a dedicated email address.

Cyber security and data protection

We have robust processes and controls to protect data and our business operations

- Cyber-attacks and data breaches are a growing risk to all businesses. We are very mindful of these risks and have designed processes and controls to protect the data entrusted to us and our business operations.

Cyber security

- We assess our security posture against the NIST (National Institute of Standards & Technology) Cybersecurity Framework. Our policies, standards and controls framework are regularly reviewed and aligned to industry best practice, evolving as the threat landscape and regulatory environment update and change.
- We continually monitor for cyber threats facing Kingfisher, enabling us to identify, investigate and respond swiftly to security incidents

Data protection

- We hold customer, colleague and supplier data and have a responsibility to collect, use and store it responsibly in line with national regulation and the GDPR.
- Key policies are updated regularly including our Data Protection Policy. We have a data protection lead in each banner to help implement our Group policies in line with local requirements.
- Colleagues complete data protection training when they first join, followed by refresher training every year. Over 77,000 colleagues completed the 2021 version of our Data Protection e-learning.



Appendix

Revolving credit facility linked to Responsible Business targets

- In June 2021, Kingfisher entered into a £550m three-year revolving credit facility (RCF) agreement with a group of relationship banks.
- The RCF has a duration of three years with the possibility of two one-year extensions.
- The facility is linked to ambitious Responsible Business targets.
- Kingfisher will benefit from a lower interest rate if it delivers specific targets which are aligned with the Group's Responsible Business plan.
- The new credit facility replaces two existing facilities (£225m expiring in March 2022 and £550m, most of which expires in August 2023).

“This revolving credit facility shows our commitment to integrate our Responsible Business principles into all aspects of our business. Our Responsible Business plan is an integral part of our Powered by Kingfisher strategy and this facility links our ambitious sustainability and community targets with our financing activities. We are making great progress with our climate change and community programmes, and I look forward to working with all our stakeholders on realising our commitments.”

Bernard Bot, Kingfisher's Chief Financial Officer

Material issues

- Our materiality assessment helps us to identify our most important Responsible Business issues, risks and opportunities, taking into account business priorities and the views of our stakeholders.
- It informs how we focus our resources, and what information we choose to include in our Responsible Business reporting.
- Further information about our materiality assessment can be found on our [2021/22 Responsible Business Report](#).

Materiality matrix



Read more

Our Responsible Business website
www.kingfisher.com/responsible-business

Annual Report and Accounts
www.kingfisher.com/annualreport

Our Responsible Business Report
www.kingfisher.com/responsiblebusiness-report

Our performance data appendix
www.kingfisher.com/dataappendix

Our data collection methodology
www.kingfisher.com/datamethodology

Our Sustainable Home Product guidelines
www.kingfisher.com/shpguidelines

Contacts

investorenquiries@kingfisher.com
responsiblebusiness@kingfisher.com

