

The Kingfisher logo is displayed within a white circular graphic. It features the word "Kingfisher" in a black sans-serif font, with a stylized fish icon in blue and red positioned between the 'i' and 's'.

# ONE Kingfisher Sustainable Growth Plan

June 2018

# Agenda

---

## **ONE Kingfisher**

A recap of our 5-year transformation plan

## **Our sustainability heritage**

A strong track-record on social responsibility and environmental stewardship

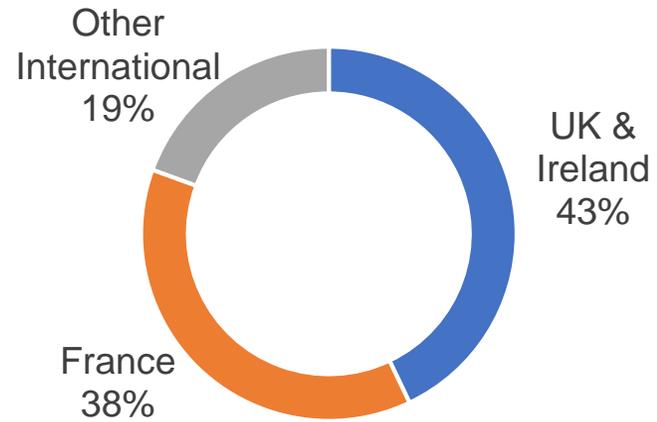
## **Sustainable growth plan**

Our customer-focused sustainability strategy

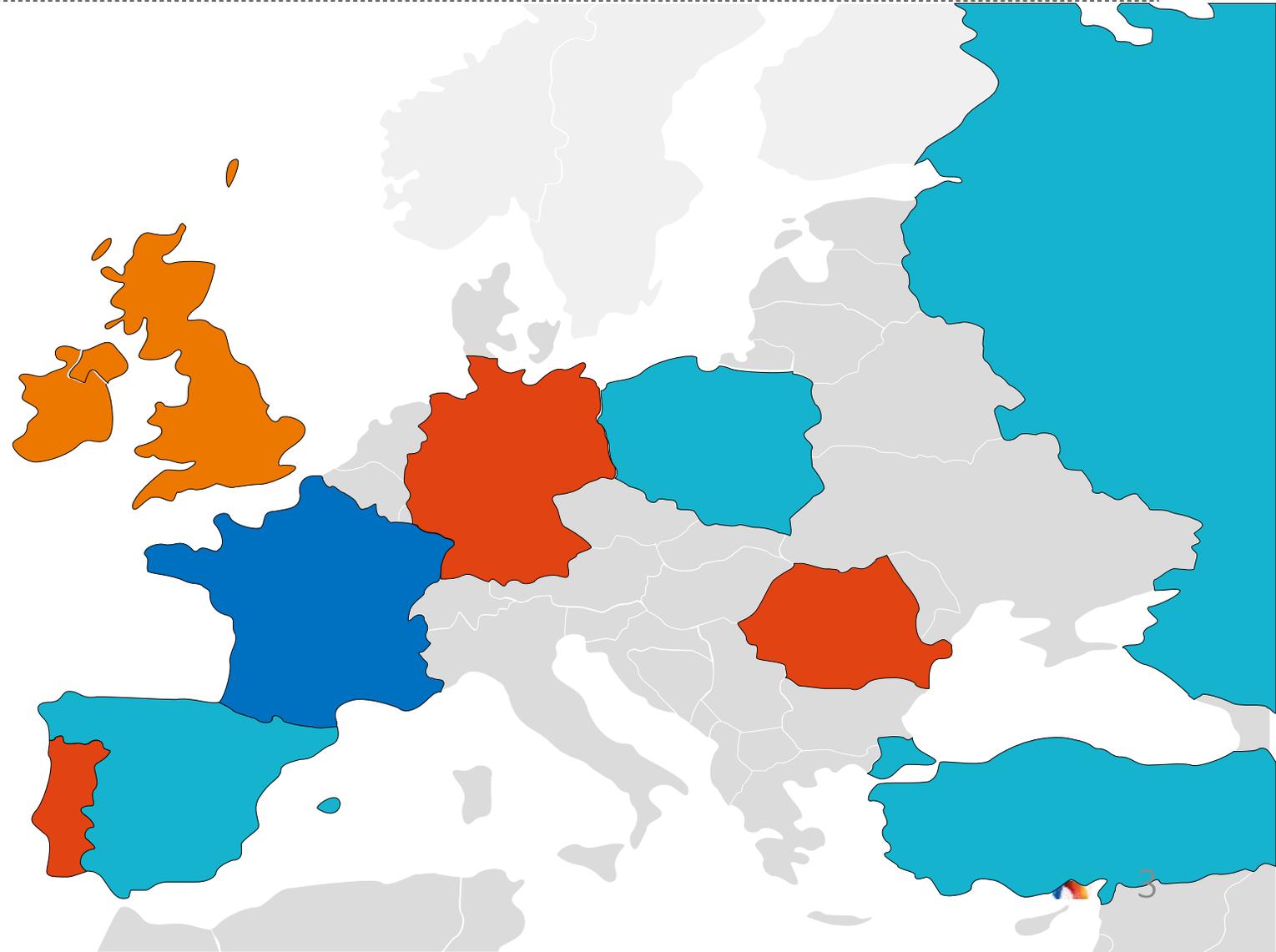
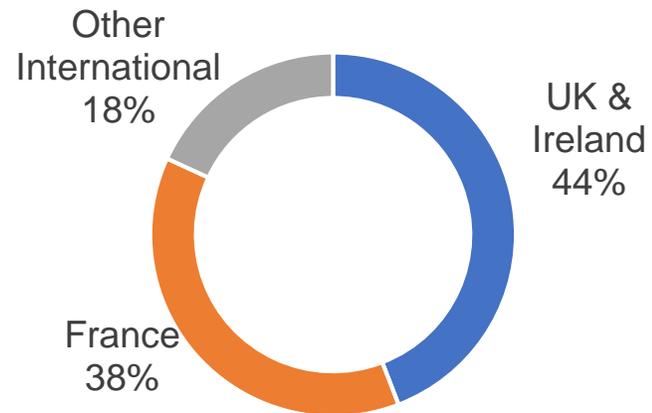


# Kingfisher at a glance

## Total sales FY17/18 - £11.7bn



## Retail profit FY17/18 - £849m



# Well positioned in an attractive market with strong foundations

## The European Home Improvement market

320m <sup>(1)</sup>  
homes

£240bn<sup>(1)</sup>  
market

65%<sup>(1)</sup> do  
some home  
improvement  
every year

Customer  
needs more  
similar than  
different

Kingfisher

No 1 or 2 in  
UK, France,  
Poland<sup>(2)</sup> &  
Romania

c. £7bn  
buying  
scale

Highly  
cash  
generative

Strong  
balance  
sheet, £3.5bn  
property  
valuation<sup>(3)</sup>

Returning  
capital to  
shareholders

(1) Kingfisher Home Improvers Usage and Attitude survey across 8 countries, Harris Interactive

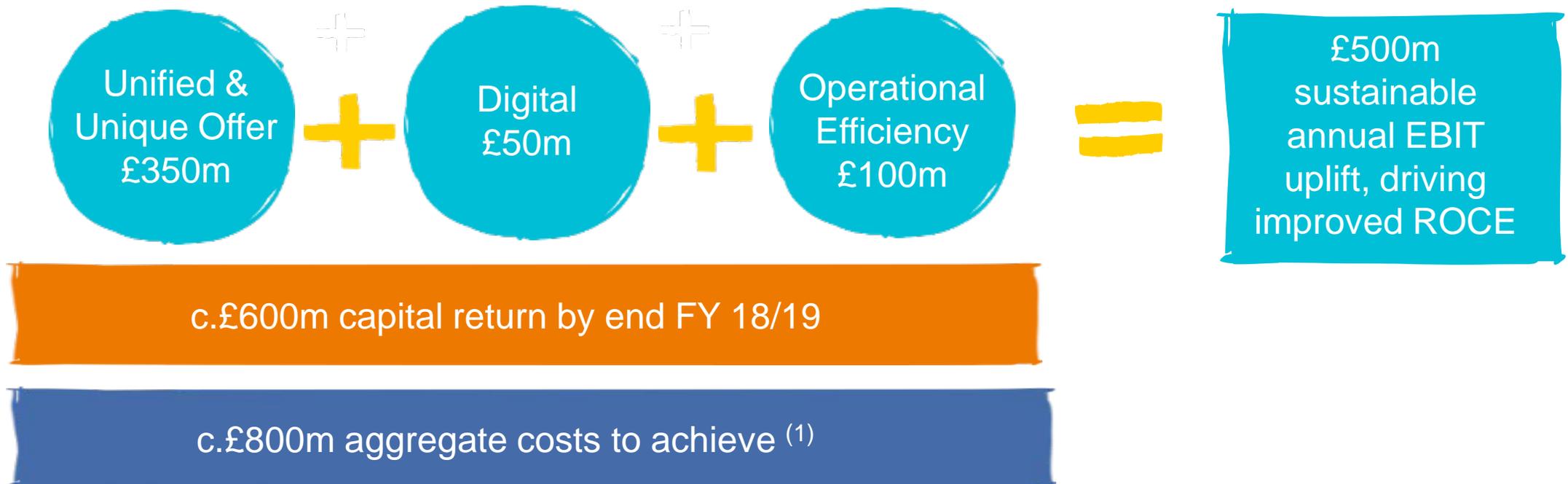
(2) UK, France & Poland represent >90% of group sales

(3) Valuation based on sale and leaseback with Kingfisher in occupancy (FY 17/18)



# ONE Kingfisher 5 year transformation - announced January 2016 over and above 'business as usual'

---



(1) P&L transformation, P&L exceptional and capex



# Agenda

---

## **ONE Kingfisher**

A recap of our 5-year transformation plan

## **Our sustainability heritage**

A strong track-record on social responsibility and environmental stewardship

## **Sustainable growth plan**

Our customer-focused sustainability strategy



# We have a great heritage in sustainability

## Net Positive

Groundbreaking sustainability strategy launched in 2012, one of the first companies to commit to having a restorative impact



## Circular economy

Founding partner to the Ellen MacArthur Foundation in 2011, pioneering circular economy approaches

## Forest Stewardship Council

Working on responsible timber sourcing for over 25 years & founding partner to FSC



# Track record of endorsement in key sustainability indices



## CDP benchmarks

Disclosed performance through CDP Forest & CDP Climate Change. Participated since 2006; A- rating in both



## Investor indices

Included in the DJSI World and Europe Indices since 2010.  
Listed in FTSE4Good and AAA rating from MSCI-ESG



## Award-winning

Achievements recognised by Business in the Community, Edie, Ethical Corporation, Gallup and Guardian Sustainable Business



# Our people

## Gender diversity

In 2017/18 women accounted for 44% of the Board, 50% of the Group Exec and 40% of total workforce. We are members of the 30% Club



## Home Improvement Academy

Sustainability embedded in store colleague product training and home improvement knowledge



## Colleague engagement

60,000 colleagues provided feedback in the 2017 annual survey with a score of 78 out of 100 vs 66 for the benchmark group of 40 international retail companies



# Agenda

---

## **ONE Kingfisher**

A recap of our 5-year transformation plan

## **Our sustainability heritage**

A strong track-record on social responsibility and environmental stewardship

## **Sustainable growth plan**

Our customer-focused sustainability strategy

# Through ONE Kingfisher's seven actions, we can take sustainability to a new level

---



**one**

We will address customer needs

**two**

We will design a seamless customer process

**three**

We will create a unique and leading offer with an integrated supply chain

**four**

We will create a leading customer experience in our stores

**five**

We will become a truly sustainable company

**six**

We will work as one

**seven**

We will be low cost always

# Grounding our transformation in ONE shared purpose

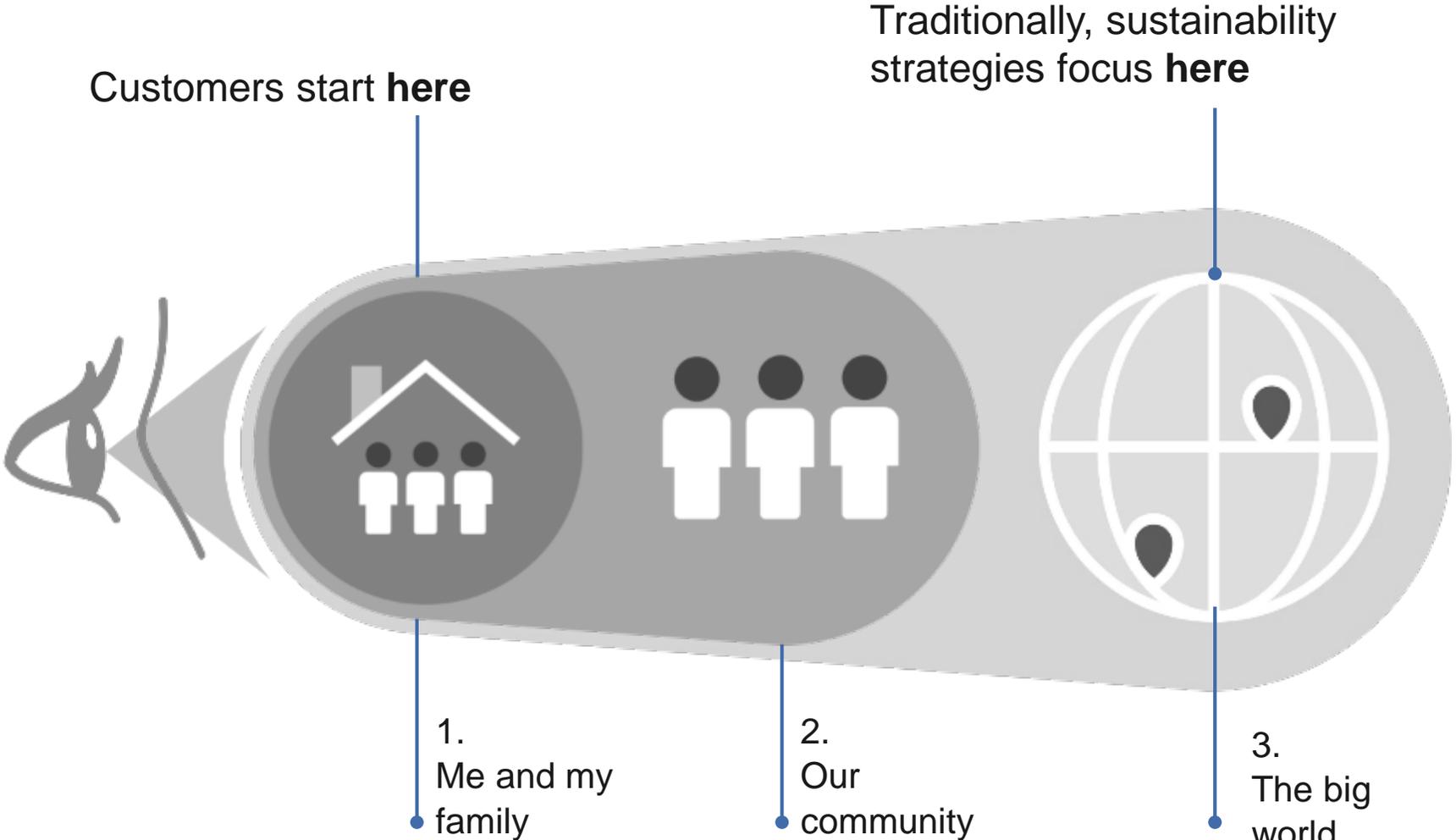
---

**We believe everyone should have a home they feel good about, so our purpose is to make home improvement accessible for everyone**



# Our sustainable growth plan starts with customers and connects to what they really care about

Moving from “big world” focus to putting our customers at the heart of our sustainability plans



# Customer insights from 5 of our key markets informed the plan (1/2)

## 1 Saving energy and water at home



## 2 Smarter, more thrifty consumption



# Customer insights from 5 of our key markets informed the plan (2/2)

---

## 3 Connecting to nature

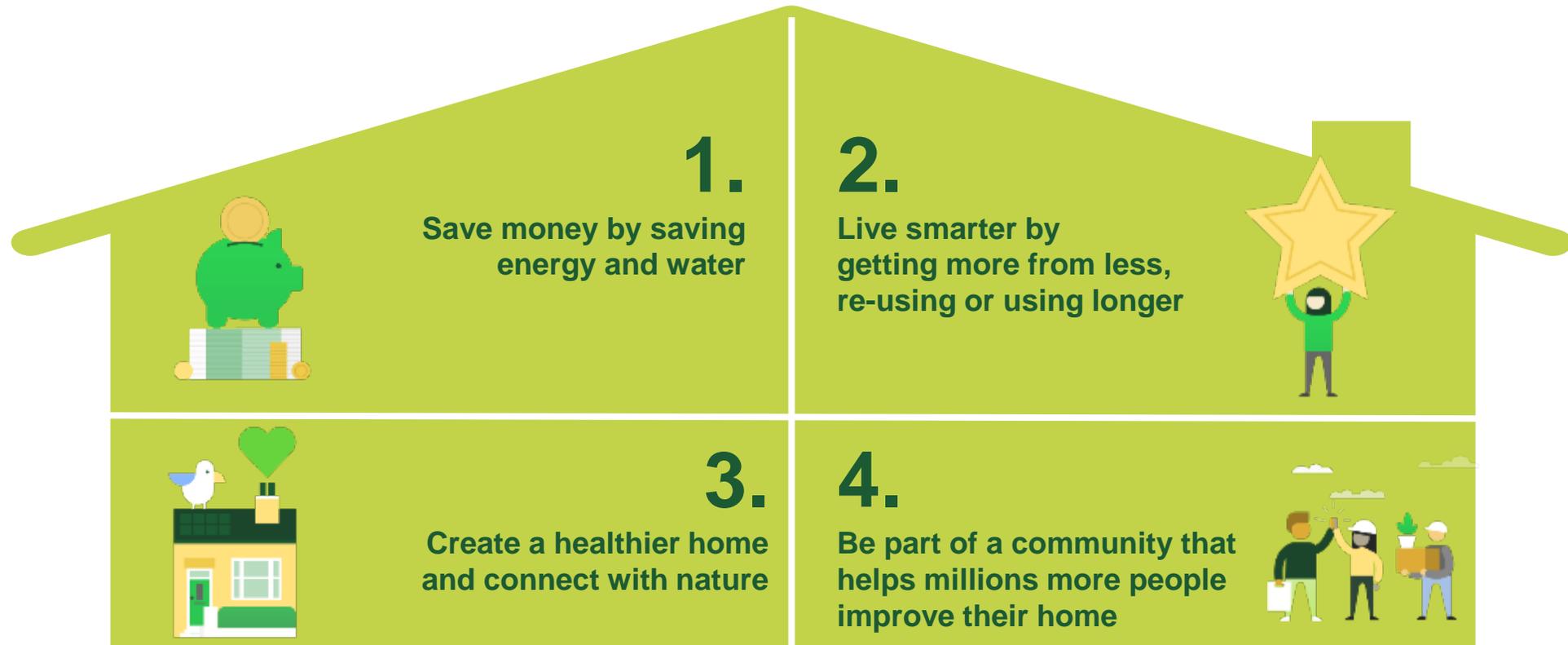


## 4 Healthy, toxin-free living



# Our plan has four big goals driven by how we can help our customers have a good home

---



**By 2020 50% of Group sales will come from products that help create a more sustainable home – currently 32% of sales (£3.8bn)**



# Save money by saving energy and water

## 2025 targets

## Progress so far

Customer

- Enable a 50% reduction in customer energy use through our products, services and advice
- Enable a 50% improvement in customer water efficiency through our products, services and advice

- 32% estimated reduction in home energy use enabled by our current energy saving products
- 91% of light bulbs sold are LED
- 45% improvement in home water efficiency enabled by our current water saving products
- c.7% of total group sales from products that help our customers save energy

Own operations

- Reduce absolute carbon emissions from buildings and transport by 25% from a 2010/11 baseline (2020)

- 16% reduction in our absolute carbon footprint





## Live smarter by getting more from less, re-using or using longer

### 2025 targets

### Progress so far

Customer

- 20 products or services that help customers get more from less, re-use or use longer

- 3 products and services launched so far
  - easyGrow
  - Pro-Grow
  - Green Pallets

Own operations

- Ensure sustainable management and efficient use of key resources (2025) including 100% responsibly sourced wood and paper (2020)
- Zero waste to landfill (2020) and 90% of waste recycled (2025)

- 97% sustainably sourced wood and paper in our products
- 14% waste to landfill & 72% of waste recycled



## Create a healthier home and connect with nature

### 2025 targets

### Progress so far

Customer

- 20% of Group sales enable customers to create safer, healthier homes and connect with nature

- 6% of Group sales from products that help customers create a healthier home or connect with nature

Own operations

- Achieve transparency of harmful chemicals in key supply chains (2020), phase out the highest priority hazardous and high-risk chemicals of concern and introduce five green substances (2025)

- Conducted a hot-spotting exercise to identify priority chemicals
- Developed a roadmap for phasing out priority chemical groups
- Identified several sustainable chemicals or manufacturing processes with the potential for use in our ranges



# Be part of a community that helps millions more people improve their home

## 2025 targets

## Progress so far

Customer

- Help millions more people tackle poor and unfit housing through strategic partnerships and local action in all our markets

- Strategic partnerships launched with Shelter (UK)
- International disaster relief partnership with Red Cross
- Partnerships in development in France and Poland

Own operations

- Support our colleagues to have a home they can feel good about
- Ensure suppliers meet our ethical and environmental standards (2020) and establish strategic community programmes to achieve positive change in key sourcing regions (2025)

- 40% of suppliers now using SEDEX
- Rolling out ethical audits for high-risk production sites
- Planning underway for how we support key supply chain communities, trial project in Turkey from Q3

# Unified product case study: kitchen taps

---

## Sustainability credentials improved:

- All taps now flow rate of 8 litres per minute vs up to 20 litres per minute previous
- Own brand Cooke & Lewis taps have industry-leading 10 year guarantees vs 2 years standard
- Packaging reducing by up to 30%
- All unified suppliers listed on SEDEX



# Unified product case study: Safe by Nature

---

## Change in approach to garden chemicals:

- Leading the market for “zero harm” gardens
- Using natural components, including organic ingredients and feather waste
- Targeting soil health
- Safe for wildlife, pets and children
- Alternative to harmful chemicals
- Expanding range across gardening in 2019
- All unified suppliers listed on SEDEX



# Governance of sustainability

---

## Group Sustainability Committee

- Leads and oversees delivery of sustainability strategy
- Sub-committee of Group Executive – members drawn from digital, purchasing, property, people and community functions and operating companies
- Sponsored by Chief Customer Officer

## Board oversight

- Board receives regular updates on performance and sustainability risks

## Risk management & delivery

- GSC monitors short, medium and long-term sustainability risks, potential business impacts and mitigation measures
- Sustainability risk register forms part of overall Group risk management process
- Two sustainability KPIs are part of the monthly Offer and Supply Chain Board reports
- Sustainability is one of the five design principles being used in the development of the Unique ranges

“This is an exciting moment for Kingfisher and every one of our colleagues has a role to play.

With this strategy, we are taking the next steps towards becoming a truly sustainable company.”

Véronique Laury  
Chief Executive Officer

