



Kingfisher

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

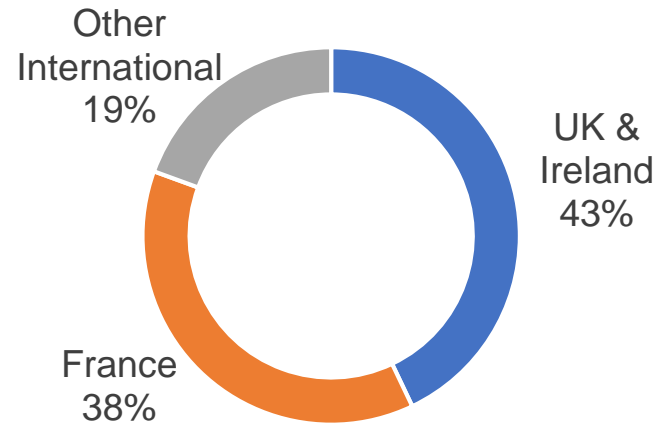
Sustainable growth plan

Our customer-focused sustainability strategy

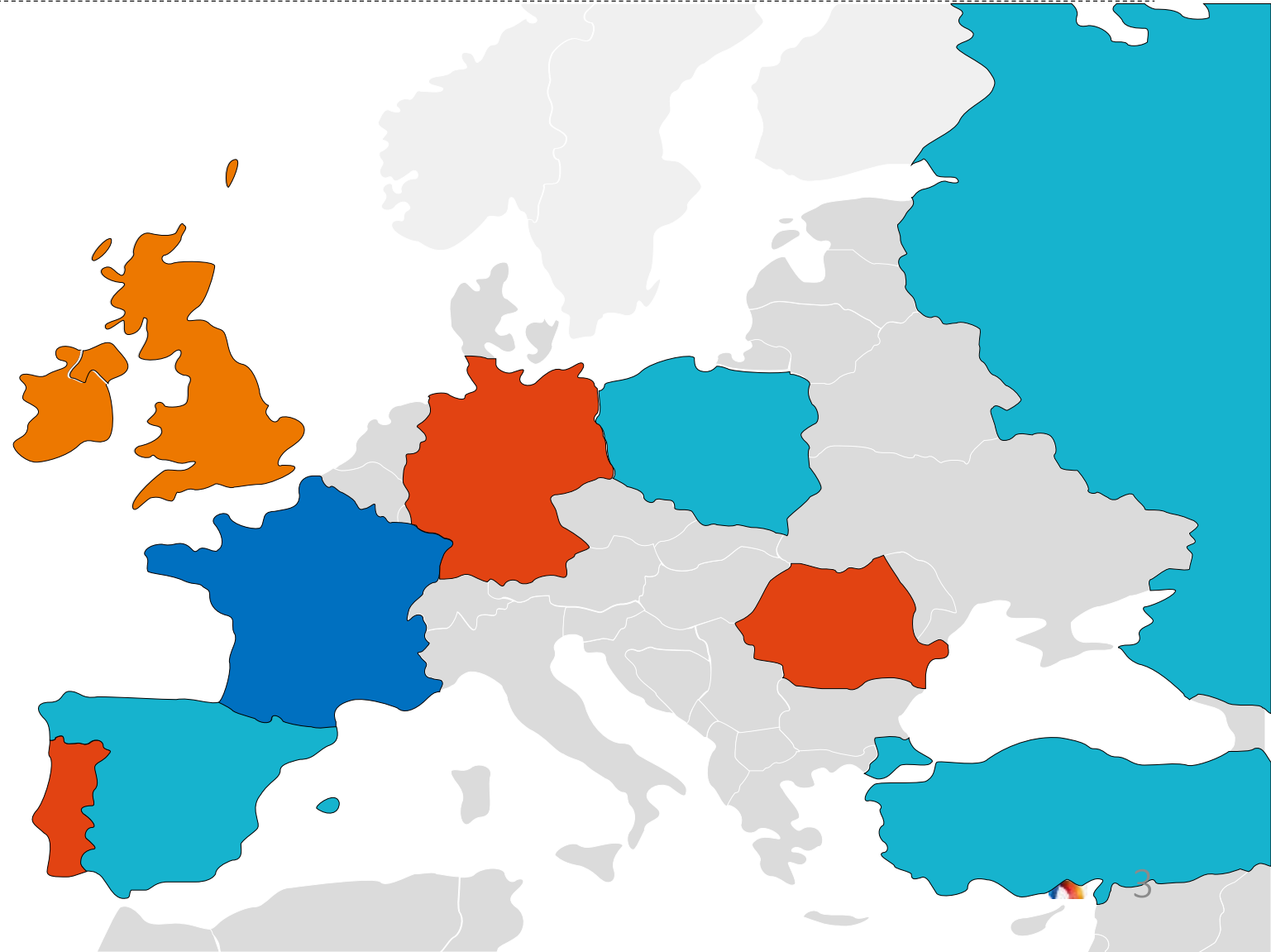
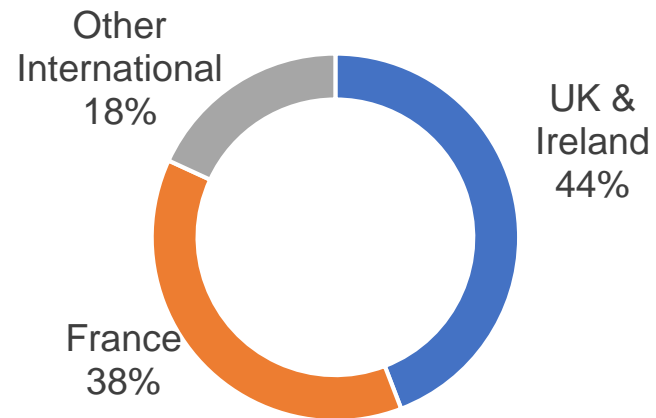


Kingfisher at a glance

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 ⁽¹⁾
homes

£240bn⁽¹⁾
market

65%⁽¹⁾ do
some home
improvement
every year

Customer
needs more
similar than
different

Kingfisher

No 1 or 2 in
UK, France,
Poland⁽²⁾ &
Romania

c. £7bn
buying
scale

Highly
cash
generative

Strong
balance
sheet, £3.5bn
property
valuation⁽³⁾

Returning
capital to
shareholders

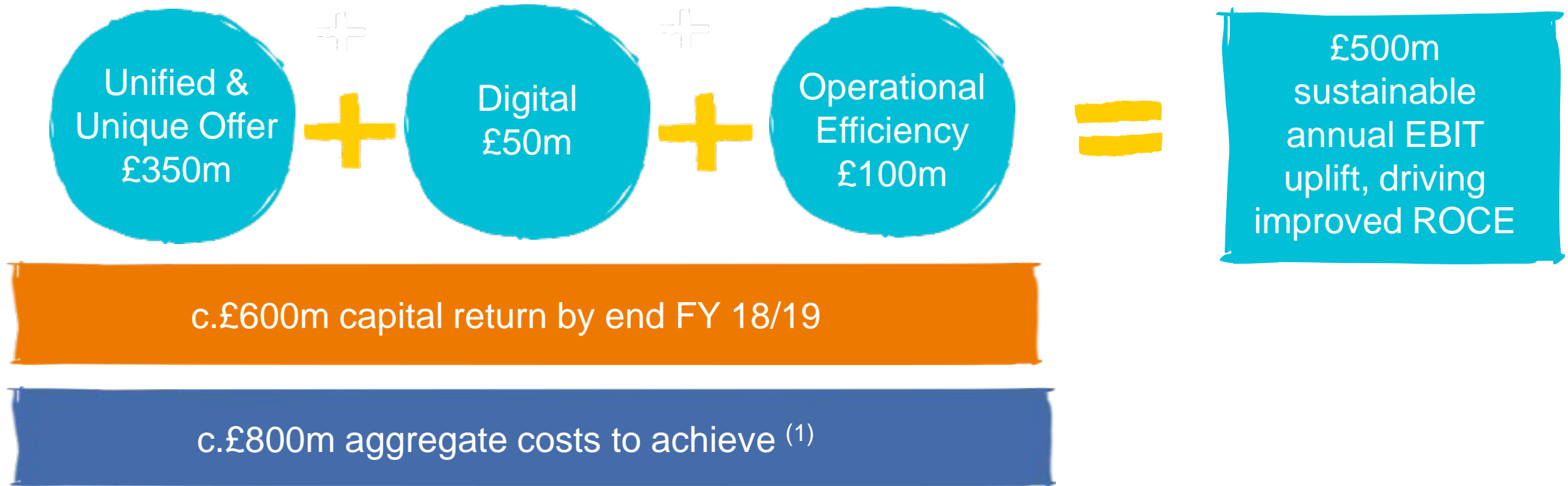
(1) Kingfisher Home Improvers Usage and Attitude survey across 8 countries, Harris Interactive

(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

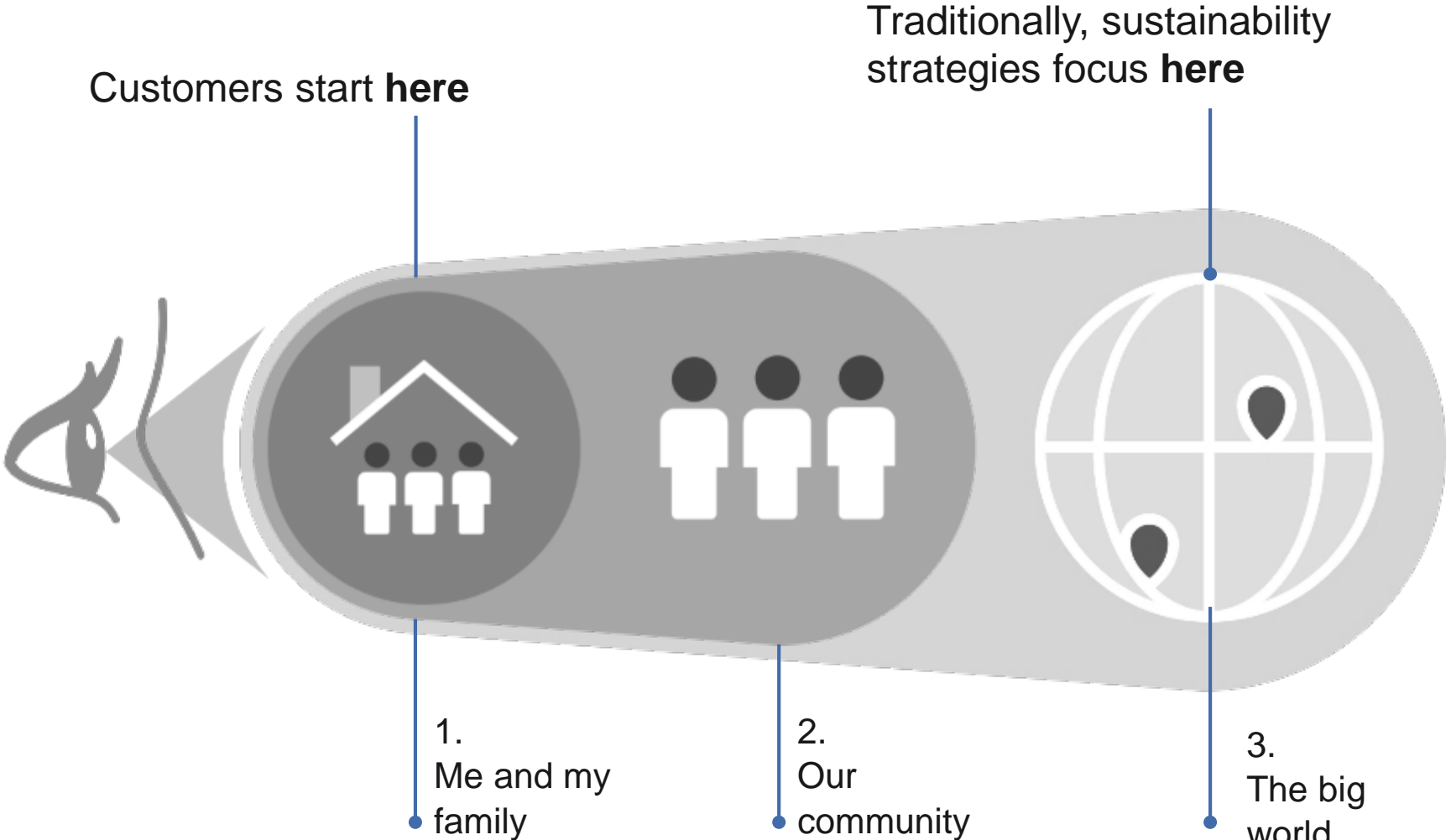
Grounding our transformation in ONE shared purpose

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)

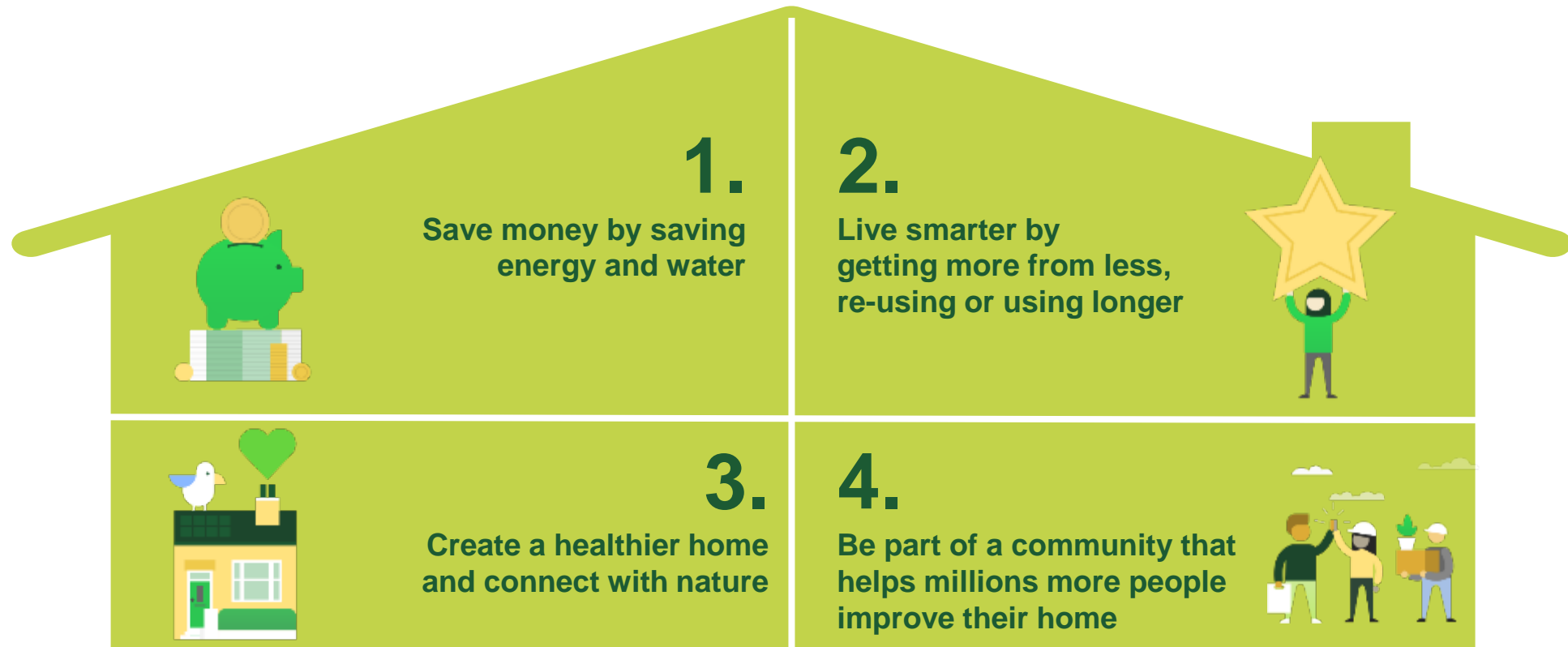
3 Connecting to nature



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

