



Kingfisher

ONE Kingfisher Sustainable Growth Plan

July 2019

Agenda

Our sustainability heritage

A strong track-record on social responsibility and environmental stewardship

Sustainable growth plan

Our customer-focused sustainability strategy

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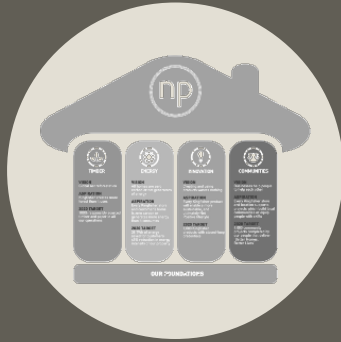
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1

**Our sustainability
heritage**
A strong track-record on
social responsibility and
environmental stewardship



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



Forest Stewardship Council

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



Circular economy

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

Continued sustainability leadership



Setting science based targets

- In February 2019, we set ambitious science based targets, which were approved by the Science Based Targets initiative (SBTi).



Commitment to phase out of three chemicals

- In January 2019, we announced that we will phase out phthalates, PFCs and halogenated flame retardants from our own branded products by 2025.



Metaldehyde removed from shelves

- In March 2019, we announced that we will stop selling products that contain metaldehyde across all our stores and will replace them with environmentally-friendly alternatives.

Track record of endorsement in key sustainability indices



Investor indices

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



CDP benchmarks

- Participated in CDP Climate Change since 2006; A- rating in 2018.

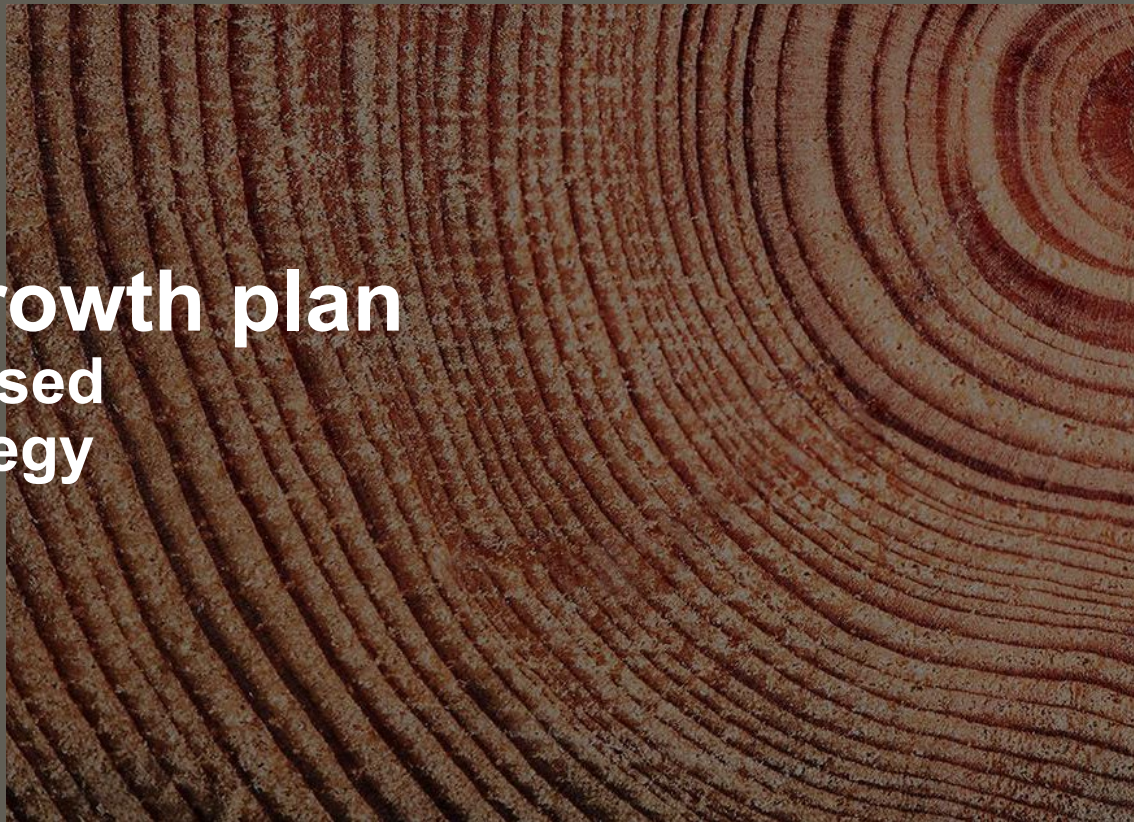


Award-winning

- Achievements recognised by Business in the Community, Edie, Ethical Corporation, Gallup and Guardian Sustainable Business
- Most sustainable DIY retailer 2019 by DIY week

2

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

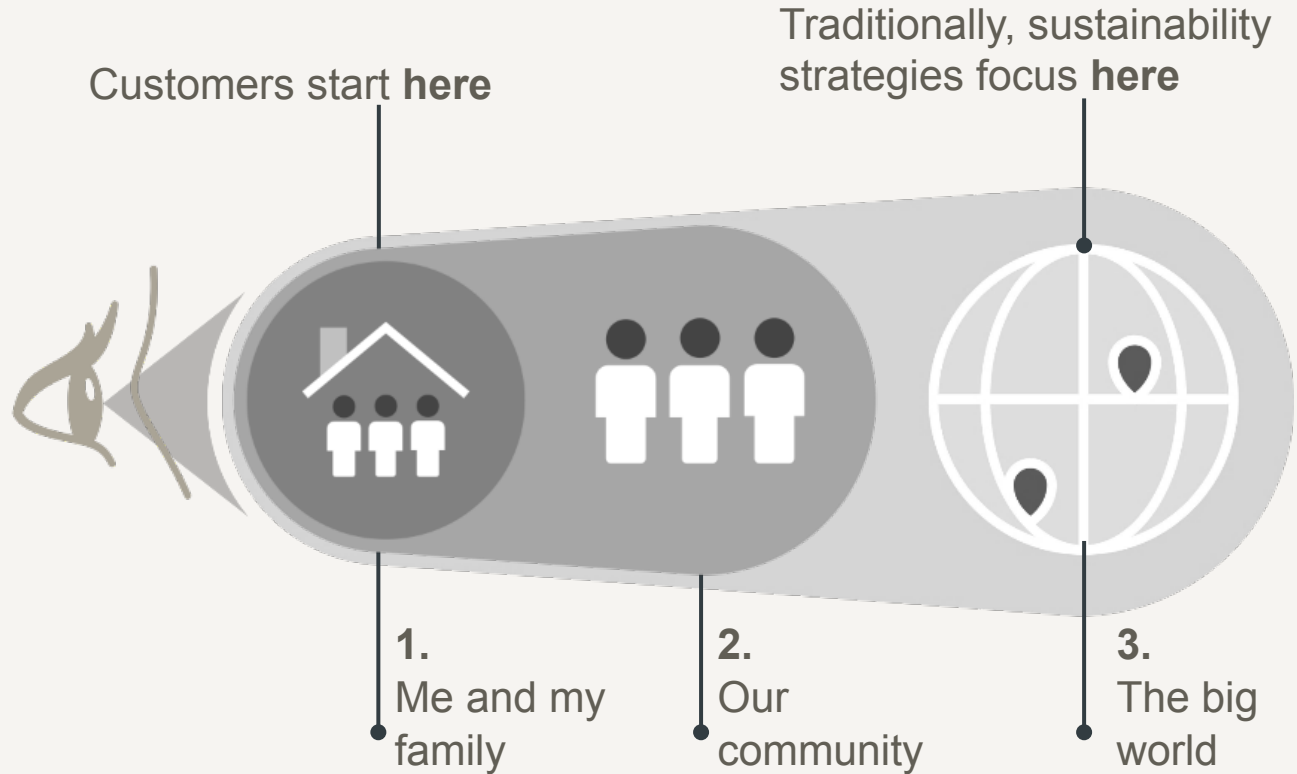
ONE shared purpose

“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)

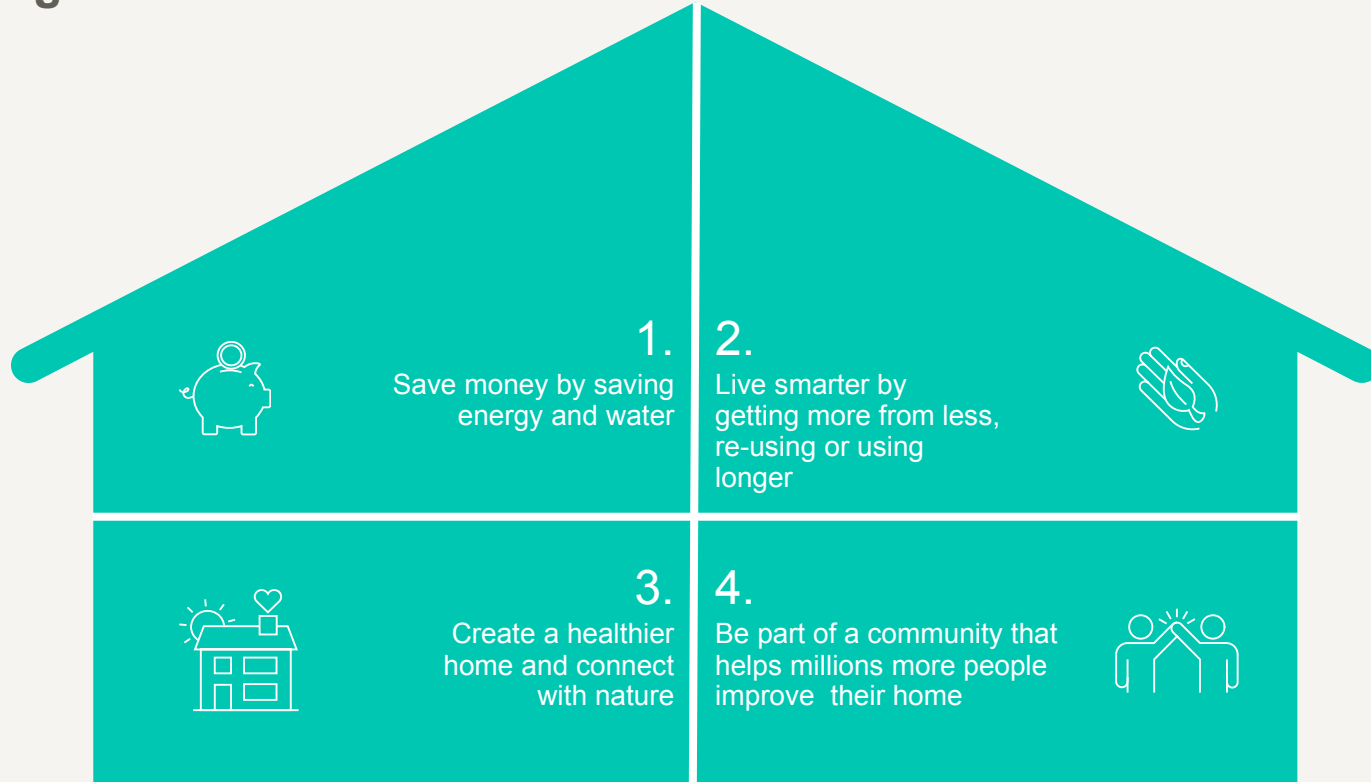
3 Connecting to nature



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

1. 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
- 42% improvement in home water efficiency enabled by our current water saving products
- c.6% of total group sales from products that help our customers save energy

Own operations

- Reduce scope 1 & 2 emissions from property and transport by 22% in absolute terms by 2025, compared to 2016/17; and reduce scope 3 emissions from the supply chain and customer use of products by 40% per £million turnover by 2025, compared to 2017/18.

- 15% reduction in our absolute carbon footprint since 2016/17
- Ambitious emissions reduction targets have been set and approved by the Science Based Targets initiative (SBTi)

2. 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

- 5 products and services launched so far
 - easyGrow
 - Pro-Grow
 - Green Pallets
 - Metisse insulation
 - Safe by Nature plant food range

Own operations

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

- We continue to work to assure that all our wood and paper products adhere to our responsible sourcing policy
- We are developing roadmaps to reduce impacts associated with cement, plastic, and other key materials in our supply chain
- 13% waste to landfill & 72% of waste recycled

3. Create a healthier home and connect with nature



2025 targets

Progress so far

Customer

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

- c.9% 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)

- We have committed to phasing out three chemicals from our own branded products: phthalates, PFCs and halogenated flame retardants
- Kingfisher became the first major retailer to remove metaldehyde from shelves

4. 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) and Fondation Abbe Pierre in France
- International disaster relief partnership with Red Cross
- Partnerships in development in Poland and Romania

Own operations

- Ensure suppliers meet our ethical and environmental standards (2020) and establish strategic community programmes to achieve positive change in key sourcing regions (2025)

- Planning underway for how we support key supply chain communities; pilot started in Turkey
- Rolling out ethical audits for high-risk production sites

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

Senior oversight

- Board receives regular updates on performance and sustainability risks
- Sustainability Advisory Panel – comprised of Chief Offer & Sourcing Officer with Dame Polly Courtice, Director of Cambridge Institute for Sustainable Leadership and Sally Uren, Chief Executive, Forum for the Future

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

Kingfisher Pension Scheme (KPS)

Assets total £4bn (DB £3.6bn DC £0.4bn - 32,000 DB members 50,000 DC members)

Integration of climate risk

Defined Contribution default strategy incorporates a climate tilt which aims to hedge climate change risk by prioritising companies investing in low carbon innovation and reducing investment in carbon intensive industries

Investment in sustainable funds

Defined Benefit Scheme investments include:

- Global equity portfolio (c£150m) established in 2017 with a climate tilt which seeks to reduce the potential financial risk posed by the move to a low carbon economy
- £20 million investment in a global renewable energy fund (onshore wind and solar)
- £20 million stake in a global farmland fund which invests in farmland operated according to sustainable farming methods

Ethical and inclusive Pension Scheme

'Single tier' pension philosophy:

- The same employer contribution rates (up to a max 14%) are available to all employees, irrespective of grade or length of service
- The same death benefit (4x salary) is provided to all members

Members can select from multiple options, including an ethical fund and a Shariah fund

“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



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