

Kingfisher

# sustainability report

2017/18



# introduction

At Kingfisher we believe a good home is a sustainable home. We want to make sustainability the easy choice for our customers and to become a truly sustainable company. This report shares some of our achievements to date and the challenges we're still working on.



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# Kingfisher at a glance

Kingfisher plc is a home improvement company with nearly 1,300 stores in 10 countries across Europe.

We employ 78,000<sup>1,2</sup> people and nearly six million customers shop in our stores and through our websites and apps every week.

Our ambition is to become the leading home improvement company. We believe everyone should have a home they feel good about, so our purpose is to make home improvement accessible for everyone.

There are seven actions we will do together to achieve our ambition:

- Think of customer needs first
- Design a seamless customer process
- Create a unique and leading offer with an integrated supply chain
- Create a leading customer experience in our stores
- Be a truly sustainable company
- Work as one
- Be low cost always

1 Turkey joint venture not consolidated.  
 2 Employees – total, not full-time equivalent.  
 3 B&Q UK and Ireland 296, Screwfix 577.  
 4 Castorama 102, Brico Dépôt 121.  
 5 Brico Dépôt 15, Praktiker 23 (excludes 3 Praktiker Romania stores that will be closed).

The ONE Kingfisher five year plan will leverage the scale of the business by creating a unified company, where customer needs always come first.

**1,280**  
Stores<sup>1</sup>

**78,000**  
Colleagues<sup>1,2</sup>

## Our stores

Russia 20

Poland 76

Germany 19

UK & Ireland 873<sup>3</sup>

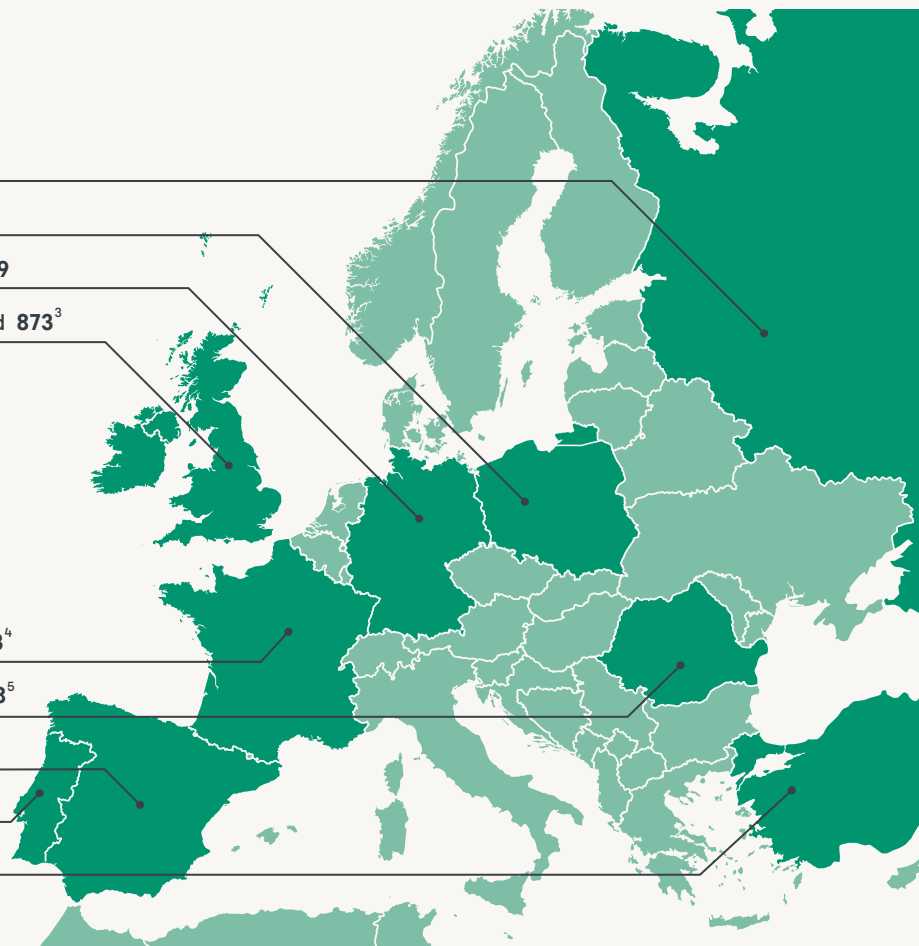
France 223<sup>4</sup>

Romania 38<sup>5</sup>

Spain 28

Portugal 3

Turkey<sup>1</sup>

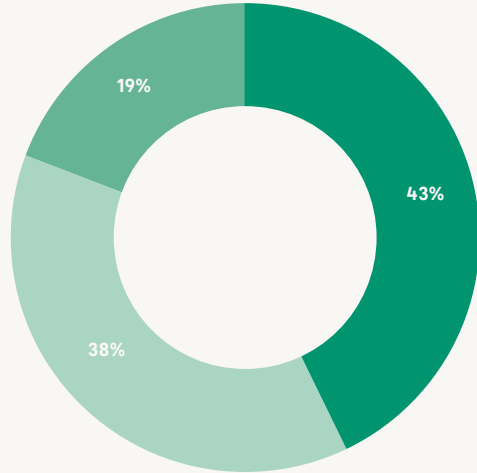


## Geographic contribution

### Sales

**£11.7bn**

Total sales<sup>1</sup>

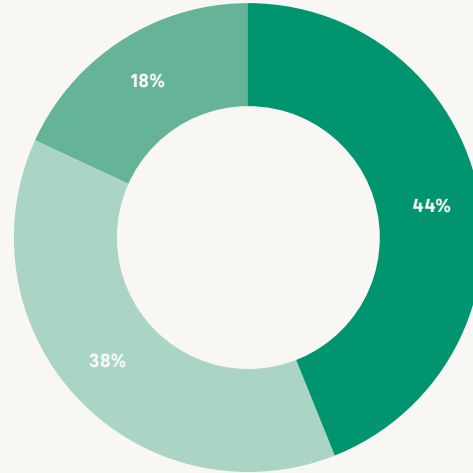


<span style="color: #008080;">■</span> UK & Ireland	<b>£5,003m</b>
<span style="color: #90EE90;">■</span> France	<b>£4,387m</b>
<span style="color: #3CB371;">■</span> Other International	<b>£2,265m</b>

### Retail profit

**£849m**

Total retail profit<sup>1,2</sup>



<span style="color: #008080;">■</span> UK & Ireland	<b>£375m</b>
<span style="color: #90EE90;">■</span> France	<b>£320m</b>
<span style="color: #3CB371;">■</span> Other International	<b>£154m</b>



1 Financial Key Performance Indicator (KPI).  
2 Alternative Performance Measure (APM).

# from our chief executive officer

It is two years since we started our journey to become the leading home improvement company. We chose to put our collective energy behind one clear purpose: to create good homes by making home improvement accessible for everyone.

To achieve this, we are transforming our business, placing customers at the heart of everything we do, from the products on our shelves to the way we run our operations.

Sustainability has been central to our transformation from the start. We know that a good home is a sustainable home – one that is resource and energy smart, clean and healthy, durable in quality and style and green outside and in. We have a great opportunity to help our customers create the sustainable and good homes they deserve.

We recently launched our sustainable growth plan to help us do just that. Our plan is focused on the issues that matter most to our customers. It builds on the work we have been doing for many years and includes ambitious new goals and targets to take us even further on our journey to become a truly sustainable company.

It is early days for our plan, but we've already achieved a huge amount as a business. Earlier this year, we launched unified product ranges that are designed to help our customers create a sustainable home without having to

think too hard about it. Our new kitchen taps, for example, help customers to save water and are more durable, with longer guarantees. Our outdoor ranges are making it easier for customers to grow their own food and create beautiful gardens that also support wildlife.

Altogether, almost one-third of our sales in 2018 have come from our sustainable home products – taking us a step closer to achieving our target of 50% by 2020.

We've made significant headway in our efforts to build sustainability into our business operations, too. We have cut our carbon footprint by 16% since 2010/11 through investment in energy efficiency and renewables. We are exploring new approaches, like our redesigned Screwfix Trade Counter that will generate more energy than it consumes. 97% of wood and paper in our products is now responsibly sourced and we're building on this – exploring sustainable sourcing of other important raw materials too.

We know that for people in difficult circumstances – those living in poverty or who are isolated or vulnerable – having a good home can seem impossible. Over the past year, we launched strategic partnerships with the Red Cross and Shelter that will help millions more people across Europe to improve their homes and provide opportunities for our colleagues and customers to get involved.

We are pleased with what we've achieved so far, but there is much more to do to reach our targets for 2020 and 2025. In the year ahead, we will continue to support our colleagues to make sustainability part of their work, and to collaborate with our suppliers and partners to achieve our goals. I look forward to updating you on our progress again next year.

Véronique Laury  
Chief Executive Officer



“We have a great opportunity to help our customers create the sustainable and good homes they deserve.”

# an external perspective

**Kingfisher is about to enter the third year of a major business transformation programme, a programme designed in its reach and ambition to respond to the broader transformation of the global retail sector. This is a sector currently undergoing seismic shifts, a sector on the brink of quite radical change, a change that could go either way in terms of sustainability.**

There's one possible future for retail where hyper-consumption continues, drawing down on rapidly depleting resources, where personalisation and digital access have simply amplified the negative environmental and social aspects of the current model. Equally, there is another alternative future, where the circular economy has scaled, where new business models are delivering access to goods and services in ways that have positive environmental impact, with the actual goods and services delivering positive social impact. This is Net Positive retail – and this is the version of retail I believe Kingfisher is striving to deliver.

Kingfisher's purpose, creating good homes by making home improvement accessible to everyone, is a purpose that lends itself well to sustainability, and could set Kingfisher apart as a genuine pioneer in sustainable retail. There are flashes of this pioneering practice throughout this report; product ranges that help customers get more for less, customer take-back and recycling schemes, new business models featuring online platforms

connecting DIY experts with customers as well as ambitious forest restoration schemes.

For me, though, there is one feature of this report that stands out more than most. And that's the story of connectedness. Through its businesses Kingfisher wants to connect meaningfully with its customers, helping them create good, sustainable homes. Through new strategic partnerships with Shelter and the Red Cross, Kingfisher wants to connect its purpose with its wider societal partnerships, creating a meaningful difference in vulnerable communities. Kingfisher is connecting with nature, society and the economy in a thoughtful and deliberate way, and in our increasingly fragmented and polarised world, the kaleidoscope of connections that Kingfisher is making could play an important role in driving the systemic change needed to deliver the Sustainable Development Goals.

In the meantime, performance is headed in the right direction across Kingfisher's target areas with the exception of waste, recycling and resource use. Kingfisher should be applauded for its bold ambition, we all need and want homes and shelter, and by helping us make our homes sustainable, Kingfisher is enabling millions of people to do their bit to create a sustainable future.



**Dr Sally Uren OBE**  
Chief Executive, Forum for the Future

# our sustainable growth plan

We have a clear purpose – to create good homes by making home improvement accessible for everyone. We know that a good home is a sustainable home and we will go all out to help our customers have the sustainable and good homes they deserve.

Our sustainable growth plan is designed to achieve this by embedding sustainability into our products and services. It prioritises the issues that matter most to customers and will maximise our positive impact on their homes and lives.

## About our plan

Our sustainable growth plan has four big goals and 12 outcome-based targets focused on the sustainability issues of most importance for our customers. It is our roadmap up to 2025 and will take us on the next stage of our journey towards being a net positive business.

Our four **Big Goals** with 12 targets (for 2025 unless stated)

We believe everybody should be able to have a home they feel good about



**Save money by saving energy and water**

**For Customers**

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.

**For Us**

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



**Live smarter by getting more from less, reusing or using longer**

**For Customers**

**20** products or services that help customers get more from less, reuse or use longer.

**For Us**

Ensure sustainable management and efficient use of key resources (2025) 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).



**Create a healthier home and connect with nature**

**For Customers**

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

**For Us**

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).



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

**For Customers**

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

**For Us**

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).

50% of group sales from products that help create a more sustainable home (2020).

## The next stage for net positive

Our plan will help us progress towards our long-term net positive aspirations, which guide our approach to sustainable and restorative business. Our net positive aspirations for 2050 are:

- Every Kingfisher product will enable a more sustainable and ultimately net positive lifestyle.
- Every Kingfisher store and customer home is zero carbon or generates more energy than it consumes.
- Kingfisher creates more forest than it uses.
- Every Kingfisher store and location supports projects which build local communities or equip people with skills.

Our sustainable growth plan retains many of the targets we set in 2012 while also extending our focus to new and important areas such as health and wellbeing, reflecting the results of our research with customers and stakeholders.

## Research with our customers and stakeholders

Our plan is based on extensive research with our customers and stakeholders. Our customer research covered five markets and included in-depth interviews and visits to customer homes.

The findings showed that while few customers use the term ‘sustainability’, there are many sustainability issues that connect with what customers really care about. However, most people find it difficult to make sustainable choices. Often, it feels too complicated or time consuming, particularly when they are grappling with an already complex home improvement project. Customers expect us to make it easy for them. Ideally they’d like to be able to buy sustainably without having to think about it. This is our ambition.

### Four common themes

Four common themes emerged strongly from our customer research and have guided the creation of our sustainable growth plan.

1. **Saving energy and water are top of mind concerns** – Energy bills are a major expense. Yet planning and completing energy efficiency projects can be complicated and expensive. Some people don’t know which products will save them energy. Water efficiency is a growing priority for many customers too.
2. **A move to smarter and more thrifty consumption is growing** – Customers value long-lasting products and dislike waste. There is growing interest in ‘upcycling’ – repairing, restoring and customising old products. For some customers, actual ownership is less important – they are happy to share or rent the tools they need.
3. **Connecting to nature is a massive need** – In every market, customers spoke passionately about their desire to connect with nature – whether through their own garden or window box, community green

space, or simply through including more natural materials in their homes.

4. **Customers want healthy, toxin-free living** – Customers are motivated by products that are better for their health and wellbeing and that of their family. There is growing concern around issues such as air quality and chemicals in food, cosmetics and the home.

As part of our research, we also spoke to a wide range of expert stakeholders and colleagues to learn from their insights.

The research highlighted a number of significant social and environmental trends affecting our customers, our markets and our business. These include urbanisation, rising housing costs and delays in young people owning their first home, technological change, the growth of the sharing economy, the impact of climate change, natural resource constraints and changing attitudes to the role of business in society.

Stakeholders re-emphasised the importance of a value-chain approach to sustainability – addressing impacts in the supply chain and our customers’ homes, as well as our operations. Environmental issues, including climate change, water and waste, remain priorities. However, the research showed we also need to increase our emphasis on social issues, particularly the health, safety and wellbeing of customers, colleagues and workers in our supply chain.

We also updated our materiality assessment focusing on our product sustainability impacts from raw material extraction to consumer use. These results also informed the development of our plan. See page 80 for more information.





# Our four big goals focus on the sustainability issues that matter most to our customers.



Save money by saving energy and water



Live smarter by getting more from less, reusing or using longer



Create a healthier home and connect with nature



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

## Methodology

Our targets and methodologies have been developed with sustainability organisation, Bioregional, who are experts in the development of sustainable communities and in measuring and monitoring sustainability performance.

Our targets are based on research to identify our most significant impacts and opportunities for improvement. For example, in setting our product energy efficiency target we worked with Bioregional and the BRE (Building Research Establishment) to understand the energy saving potential in a typical home from standard housing stock in France, Poland, Spain and the UK. Our target for sustainable resource use prioritises the materials that account for over half of our supply chain carbon footprint. Wherever possible, our targets reflect established frameworks such as the United Nations Sustainable Development Goals.

Further details of how our targets have been set are included in our [sustainable growth plan launch report](#). Details on data scope and calculation methodologies are included in our [data collection methodology](#).

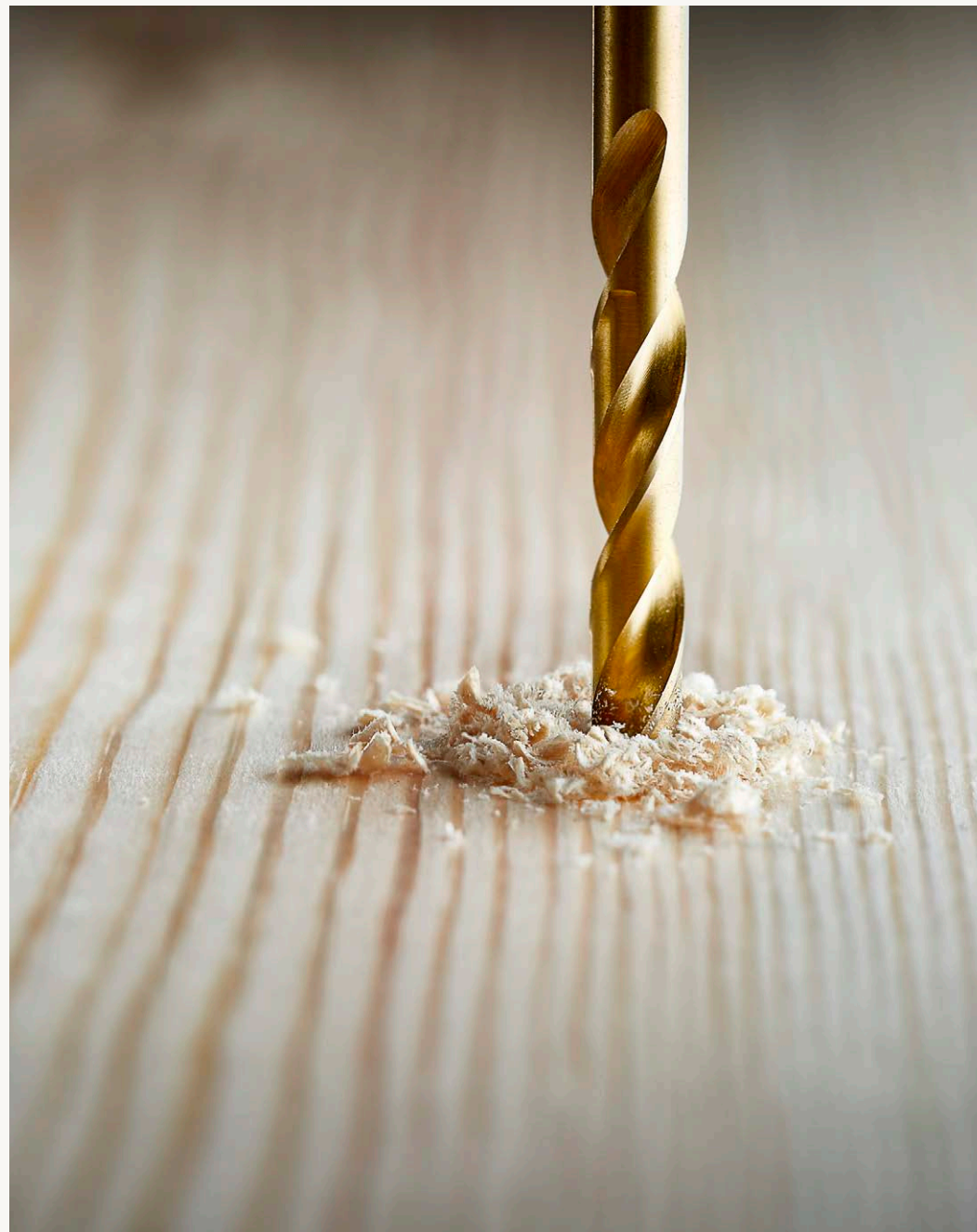
## The UN Sustainable Development Goals

We support the UN Sustainable Development Goals that provide a framework for governments, business and civil society to work together to end poverty, fight inequality and stop climate change by 2030.

We have reviewed our progress and plan against the United Nations Sustainable Development Goals and have identified the priority Goals for our business, where we can have the most impact. These include Goal 11 – Sustainable cities and Goal 12 – Responsible consumption and production.

We have signed up to the British Retail Consortium (BRC) commitments on the goals and we are a partner to the UK Stakeholders for Sustainable Development network, which aims to drive action on the SDGs in the UK.

For more information see page 88.



# performance summary

## 2017/18

**We launched our sustainable growth plan in 2018, incorporating many of our existing targets. We are making good progress so far and are on track to meet our targets across seven out of 12 key areas.**

We are on track to reach our goal of 50% of sales from our sustainable home products, with an increase in sales this year. Sustainability is integrated into the design of our new Unified and Unique product ranges and as further ranges are launched over the next few years this will help us progress towards our goal. We are also on track for our product-related targets for energy and water efficiency, products that help customers get more from less, reuse or use longer, and our products for a healthier home.

**Our carbon footprint fell year-on-year due to a reduction in our electricity consumption and as a result of improvements in the carbon intensity of the UK grid. We are on track to our target; however, this will remain challenging as our business grows and we make more home deliveries, increasing emissions from transport (currently around 17% of our carbon footprint).**

We have increased the use of responsibly sourced wood and paper in our products to 97%. However, we do not yet have data for our business in Russia. We also lack data on use of responsibly sourced timber in areas such as packaging and construction. For this reason, we are not on track towards our overall wood and paper target. There was a small decrease in the use of peat-free bagged growing media and further work is needed in this area to progress towards our target.

There was a small increase in waste diverted from landfill but a small decrease in recycling and we are not currently on track to meet either target. While we have performed strongly in the UK and Poland, we have made less progress in other markets. To address this, we are working to centralise our waste management contracts for France. This will enable us to work more closely with our waste management suppliers to increase recycling.

We are not yet able to report progress against our targets for chemicals, community and supporting our colleagues. Work is in progress to develop KPIs for these targets and we expect to report against these next year.

Targets	Progress in 2017/18	Progress against target*
50% of group sales from products that help create a more sustainable home (2020) and 10% of sales from best-in-class products.	32% of sales from sustainable home products. 7% of sales from best-in-class sustainable home products.	On track
Enable a 50% reduction in customer energy use through our products, services and advice.	32% estimated reduction in home energy use enabled by our current energy saving products.	On track
Enable a 50% improvement in customer water efficiency through our products, services and advice.	45% improvement in home water efficiency enabled by our current water saving products.	On track
Reduce absolute carbon emissions from buildings and transport by 25% from a 2010/11 baseline (2020).	16% reduction in our absolute carbon footprint.	On track
20 products or services that help customers get more from less, reuse or use longer.	3 products and services launched so far (our easyGrow and ProGrow garden products and pallet reuse scheme).	On track
Ensure sustainable management and efficient use of key resources (2025) including 100% responsibly sourced wood and paper and peat-free bagged growing media (2020).	97% sustainably sourced wood and paper in our products and 99% in our catalogues, customer marketing materials and office paper. However data is not yet available for other wood and paper use. 67% peat-free bagged growing media. Roadmaps established for other key materials.	Not on track
Zero waste to landfill (2020) and 90% of waste recycled (2025).	14% waste to landfill. 72% of waste recycled.	Not on track
20% of sales enable customers to create safer, healthier homes and connect with nature.	6% of sales from products that help customers create a healthier home or connect with nature.	On track
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 and identified several sustainable chemicals or manufacturing processes with the potential for use in our ranges.	Measurement methodology not yet established
Help millions more people tackle poor and unfit housing through strategic partnerships and local action in all our markets.	Strategic partnerships launched with Shelter and Red Cross.	Measurement methodology not yet established
Support our colleagues to have a home they can feel good about.	We will be exploring opportunities during 2018.	Measurement methodology not yet established
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. Continued rolling out ethical audits for high-risk production sites. Visited key sourcing markets to explore how we can support supply chain communities.	On track

\* Independently assured by Deloitte LLP.

32%

of sales from sustainable home products

97%

sustainably sourced wood and paper in our products

16%

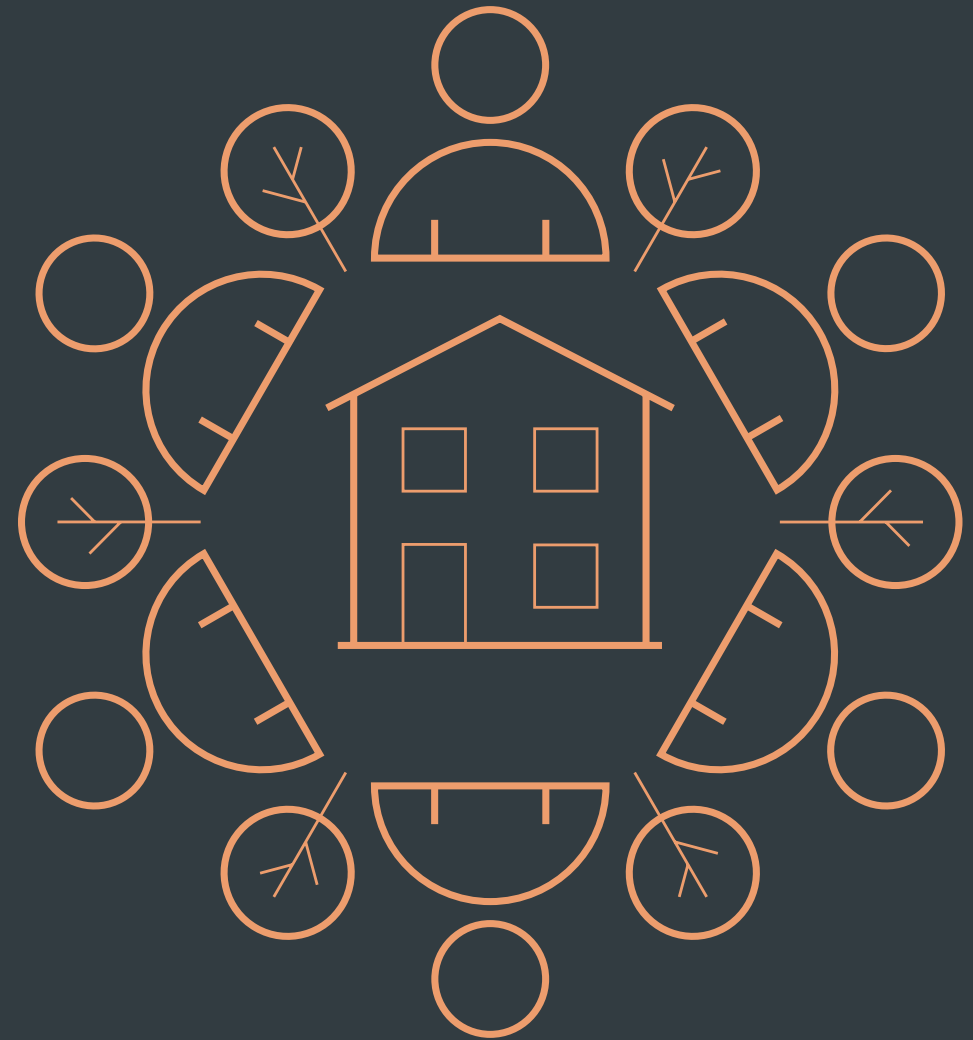
reduction in our absolute carbon footprint

6%

of sales from products that help customers create a healthier home or connect with nature

**Our research showed that while few customers use the term ‘sustainability’, there are many sustainability issues that connect with what customers really care about. However, most people find it difficult to make sustainable choices.**

# sustainable homes for our customers



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# a good home is a sustainable home

Our sustainable home products help customers create the good homes they want. Homes that are well-insulated, energy efficient and affordable to run. Homes without harmful chemicals. Homes that use sustainable materials and beautiful, natural gardens that also welcome birds and wildlife. Homes that use fewer and more sustainable resources and that are fitted out with quality, long-lasting products made in ways that are better for people and the planet.

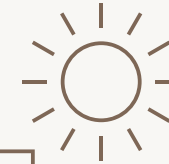
With the right products and support, virtually every home improvement project has the potential to improve the sustainability of our customers' homes. We aim for 50% of our sales to come from our sustainable home products by 2020.

## Save money by saving energy and water

- Energy efficient
- Water efficient
- Harnesses free natural resources
- Comfortable - no draughts
- Provides the best economics possible
- Connected and intelligent

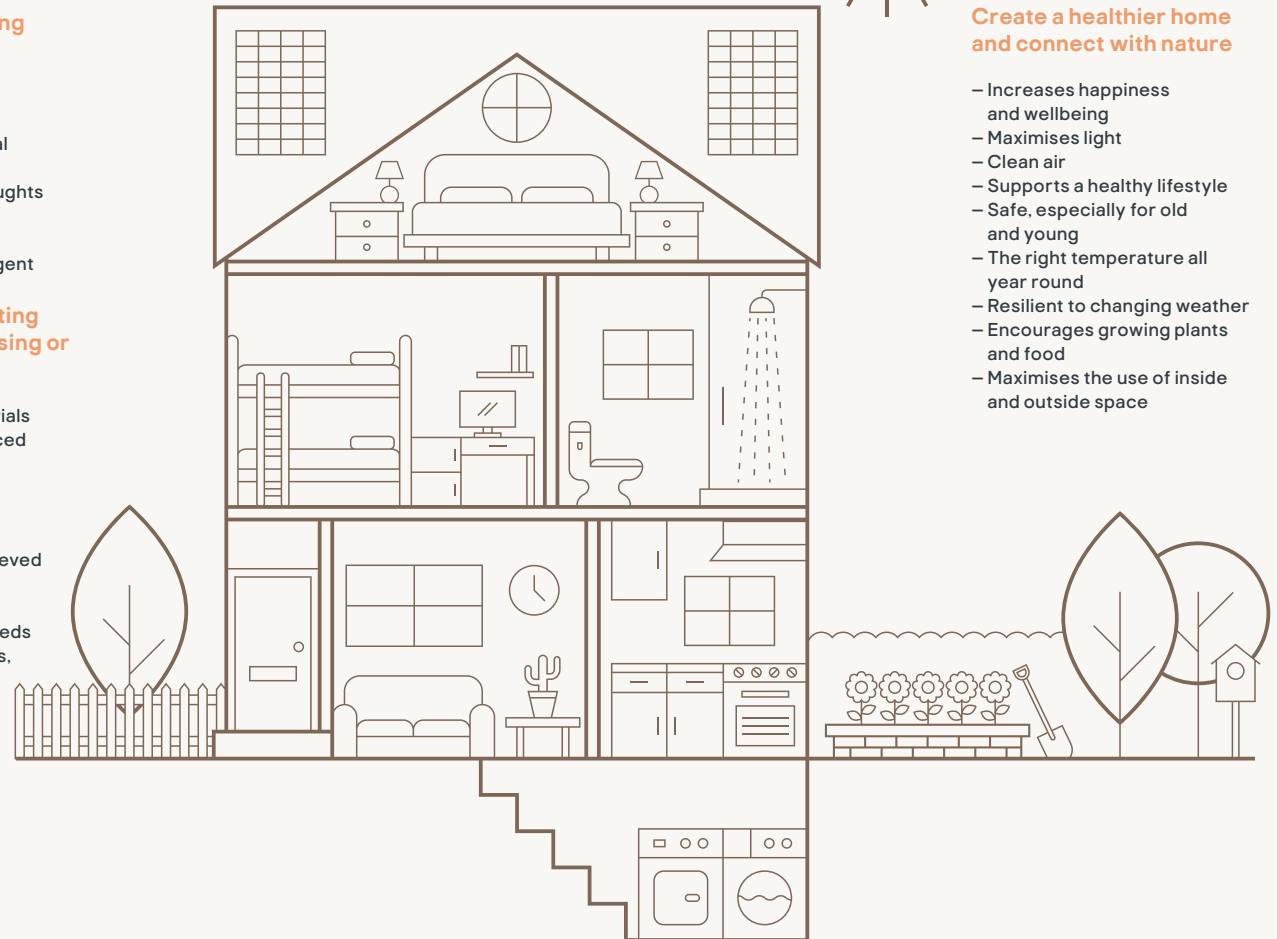
## Live smarter by getting more from less, reusing or using longer

- Durable, quality materials
- Is guilt free (well sourced materials)
- Low waste
- Low maintenance
- Reflects personality
- Up to date style - achieved in a low impact way
- Practical and useful
- Evolves with family needs
- Available to all (owners, renters, etc)



## Create a healthier home and connect with nature

- Increases happiness and wellbeing
- Maximises light
- Clean air
- Supports a healthy lifestyle
- Safe, especially for old and young
- The right temperature all year round
- Resilient to changing weather
- Encourages growing plants and food
- Maximises the use of inside and outside space





# how we're doing

**In 2017/18, sustainable home products – those that help customers create good homes while having a positive or much lower impact on people and the environment – made up 32% of our sales (28% in 2016/17).**

**This contributed £3.8 billion of our revenues (£3.1 billion in 2016/17). We aim for 50% by 2020.**

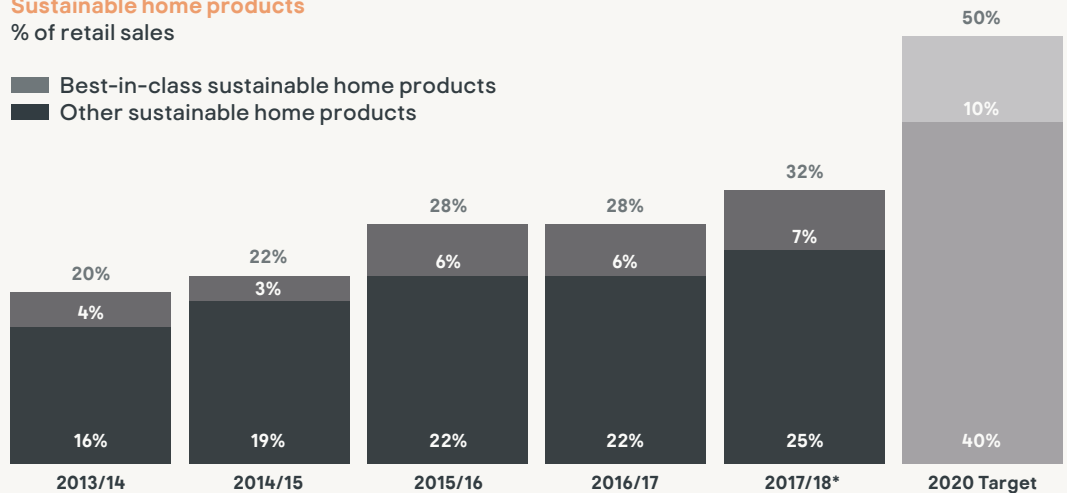
We encourage innovation to improve the sustainability of our products. Our best-in-class sustainable home products are the most innovative in our ranges and have the biggest impact on the sustainability of our customers' homes. Examples include our peat-free compost, the most energy efficient appliances, and taps, toilets and showers that meet best practice water efficiency standards. Best-in-class products made up 7% of sales in 2017/18 and our target is 10% by 2020.

**32%**  
of our sales from our sustainable home products

**£3.8bn**  
of our revenues are from sustainable home product sales

**Sustainable home products**  
% of retail sales

■ Best-in-class sustainable home products  
■ Other sustainable home products



\* Independently assured by Deloitte LLP

# embedding sustainability in our ranges

**We use our Sustainable Home Product Guidelines, developed with experts Bioregional, to improve performance across our ranges and to measure progress. These include detailed guidance and criteria to help our product developers and suppliers.**

**We update the guidelines annually and publish them on our website: [www.kingfisher.com/shpguidelines](http://www.kingfisher.com/shpguidelines).**

As we unify our ranges, there are opportunities to further integrate sustainability across our product portfolio and to apply best practices across the group. Sustainability is also one of the five design principles being used in the development of our Unique ranges, alongside price, quality, form and function.

We have sustainability roadmaps for each of our seven range categories. These set out short, medium and longer-term actions that will improve sustainability performance. Each roadmap includes aspirations to develop innovative new products and services to help our customers create sustainable homes. They also identify products that should be removed from our ranges over time because they cannot comply with our guidelines or policies, such as very energy- or carbon-intensive products.

We are looking holistically at sustainability impacts across product categories in areas such as energy, water use, air quality, waste and materials. For example, we are exploring how we can increase use of recycled plastic across our ranges.

We have integrated sustainability into the training for our colleagues including our Home Improvement Academy, see page 71. We launched a new introductory e-learning module, 'Sustainability & You', for our colleagues in our Offer and Supply Chain function, which explores how sustainability is relevant in different roles.





# communicating with customers on sustainability

**We want to give customers clear information about our products to help them make sustainable choices.**

During 2018/19, we will begin rolling out a consistent approach to product sustainability communications across the Group. New ranges will now include information on the sustainability features and benefits of each product, integrated across our customer communications. We will also be working with our operating companies to ensure we communicate consistently on sustainability across our markets.

There is great potential to use our digital platforms to promote sustainable products and services. Our sustainability and digital teams held a workshop during the year to identify how best to further integrate sustainability messages into our online communications and sales platforms.



## Engagement and advocacy

We are exploring many new opportunities for product innovation that may help us improve the sustainability of our ranges. We value partnership and external engagement as a source of valuable new ideas and ways of thinking. Recent engagement has included:

- **Innovation Gateway** – We are partners to Innovation Gateway, a platform for crowdsourcing and testing innovation ideas to improve resource efficiency, focusing on areas such as energy, water and the built environment.
- **Product Sustainability Roundtable** – We participate in this group of global companies and sustainability experts to share knowledge and insights to improve product sustainability.

**Sustainability is one of the design principles being used in the development of our Unique ranges. We also have sustainability roadmaps for each of our seven range categories, setting out the short, medium and longer-term actions that will improve performance.**

# save money by saving energy and water

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**We know customers are motivated to save energy and water but the process can be complicated. By combining the best products with the right support and information, we can help more customers improve efficiency, reduce costs and make their home a better place to live.**

**We're making savings in our operations too, investing in improving energy efficiency and cutting our carbon footprint.**

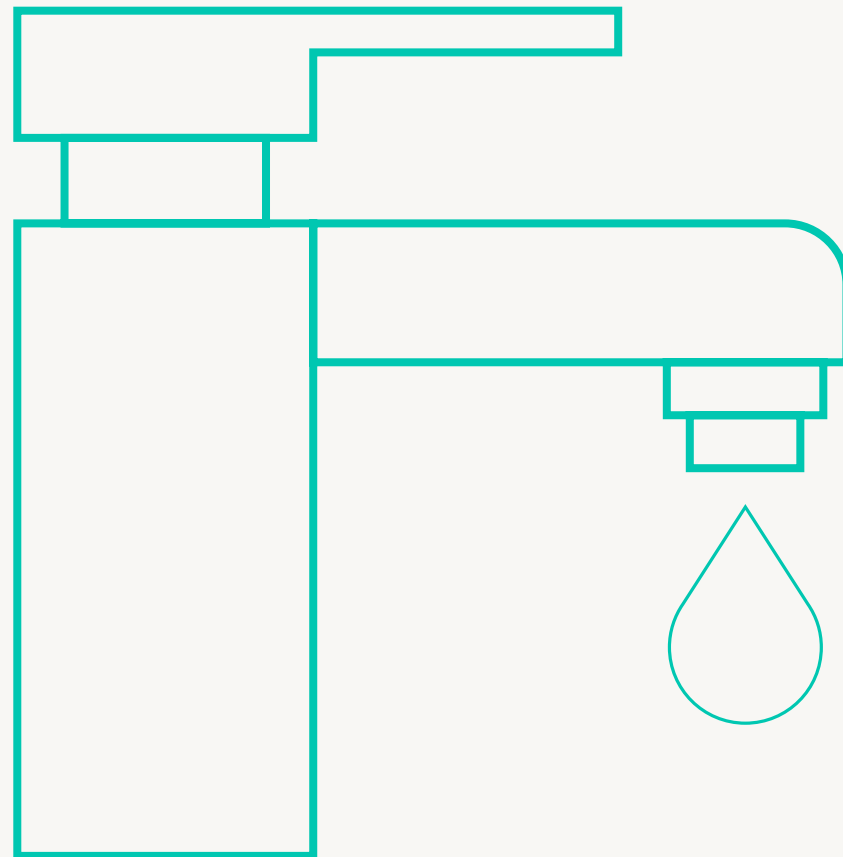
**Targets**

**For our customers:**

- Enable a **50%** reduction in customer energy use through our products, services and advice by 2025.
- Enable a **50%** improvement in customer water efficiency through our products, services and advice by 2025.

**For our business:**

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



# energy saving products and services

**Customers want a comfortable home that can be kept at the right temperature without high energy bills. We offer a range of energy saving products and services from insulation to light bulbs and efficient appliances.**

**Altogether, the energy saving products in our ranges enable customers to achieve an estimated 32% reduction in energy use in their homes (2016/17: 31%). We are working towards 50% by 2025.**

To achieve our target, we will add new energy saving products to our ranges across our companies. We also aim to improve performance across whole ranges. For example, we are switching all light bulbs to LED, and reached 91% in 2017/18. Sales of LED products were worth over £200 million to our business in 2017/18. LED is highly energy efficient and durable, saving customers money over the life cycle of the product.

We're also developing services that make it easier to implement home energy efficiency projects. For example, Castorama France's energy advisory service helps customers plan projects, access subsidies and hire an installer. It has been launched in eleven stores.

We aim to increase sales of energy saving products and services through customer communications and training our colleagues to provide the right support.

We support government initiatives to help people struggling to pay their energy bills. For example, Brico Dépôt France participates in "Chèque Energie", which helps cover the cost of heating bills for the 4 million people in France experiencing fuel poverty. Brico Dépôt has piloted the initiative since 2016, benefiting almost 180 households to date. It will be rolled out to all its stores in 2018.

In previous years we have reported the total energy saving for our customers from the

energy saving products and services they purchase from us. We are in the process of updating our methodology for calculating this figure and therefore have not included it in our reporting this year. We expect to include it in future reports.

**32%**  
estimated reduction in home energy use enabled by our products

**91%**  
of the light bulbs we sell are LED





# making water efficiency a priority

**We are improving the water efficiency of our ranges including our taps, toilets and appliances. Our current water-using products enable an estimated 45% improvement in home water efficiency (2016/17: 44%). Our target is 50% by 2025.**

# 45%

estimated reduction in home water use enabled by our products

We aim to reduce the water consumption of the products we sell by expanding our ranges and increasing sales of water saving products. We will also be providing information and advice to customers on water efficiency.

During 2017, we rolled out our new unified ranges of kitchen taps which meet our water efficiency best practice standards. During 2018, we will be focusing on our bathroom taps, toilets and baths. We are also exploring new solutions to help customers manage water use across the home, including products that can improve the collection and storage of rainwater.

Improving water efficiency can be challenging for some ranges, such as showers, where customers often prefer high water flow products for comfort. We are exploring different solutions to address this.

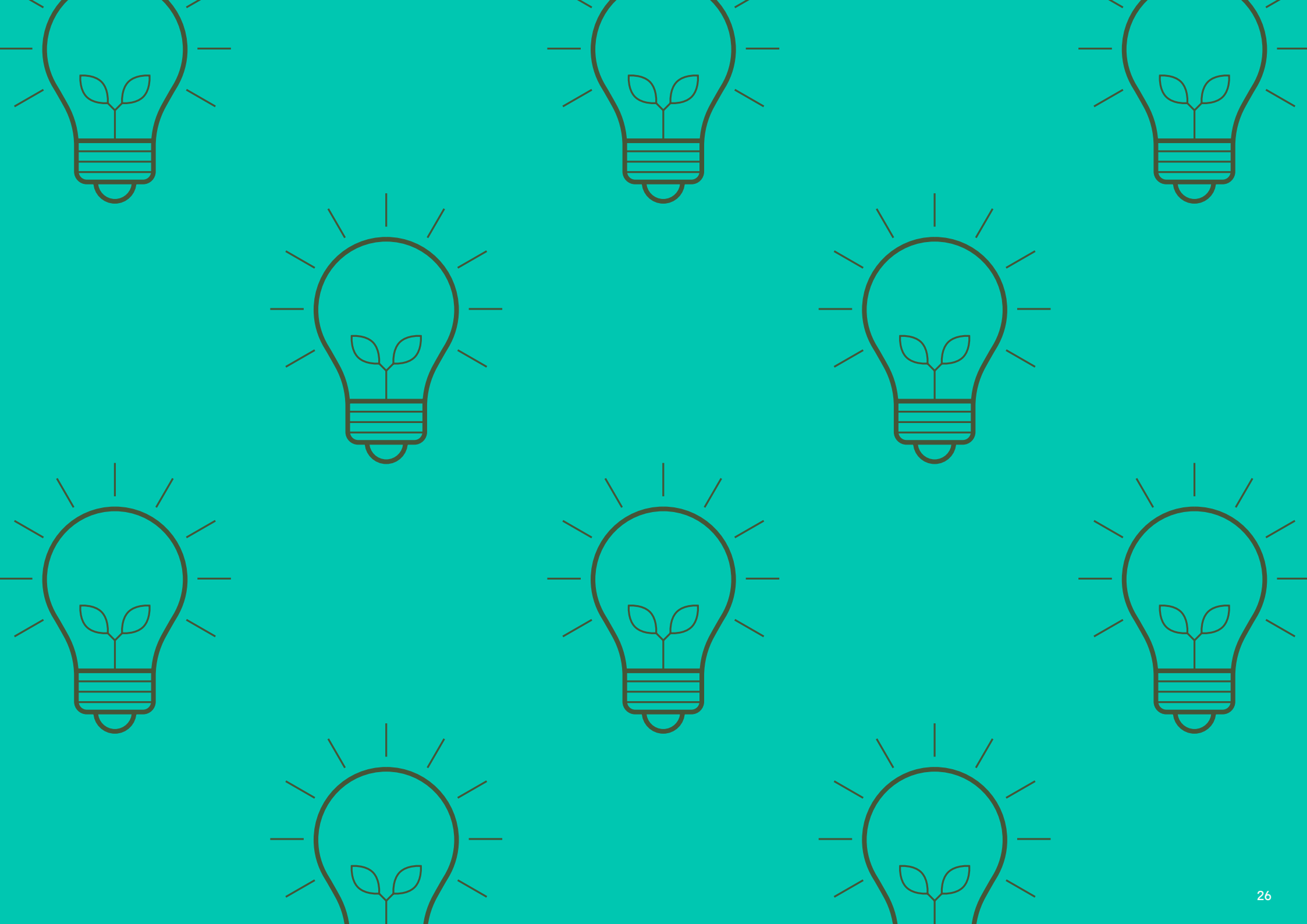


## New taps cut kitchen water use

A lot of water is used in the kitchen, so redesigning our kitchen ranges provides a great opportunity to help customers save water. Our new unified range of kitchen taps, for example, come fitted with a regulator limiting water flow to 8 litres per minute compared with up to 20 litres for taps without regulators.

We also worked closely with our suppliers on specifying and testing the taps and their components. We are so confident in the quality of the new range that we have guaranteed all Cooke and Lewis taps for 10 years, compared with an average two years for our previous ranges and for many other brands on the market.

We've redesigned the packaging too, reducing materials use by 30% across the range and saving 45 tonnes of packaging material each year. This also means more taps can be transported in each load, reducing freight costs and fuel use. The packs are easy to open for our customers and widely recyclable.



# saving energy in our business

**We are working to reduce energy use and carbon emissions in our business too – improving efficiency in our stores, offices and transport and investing in renewable and low carbon energy sources.**

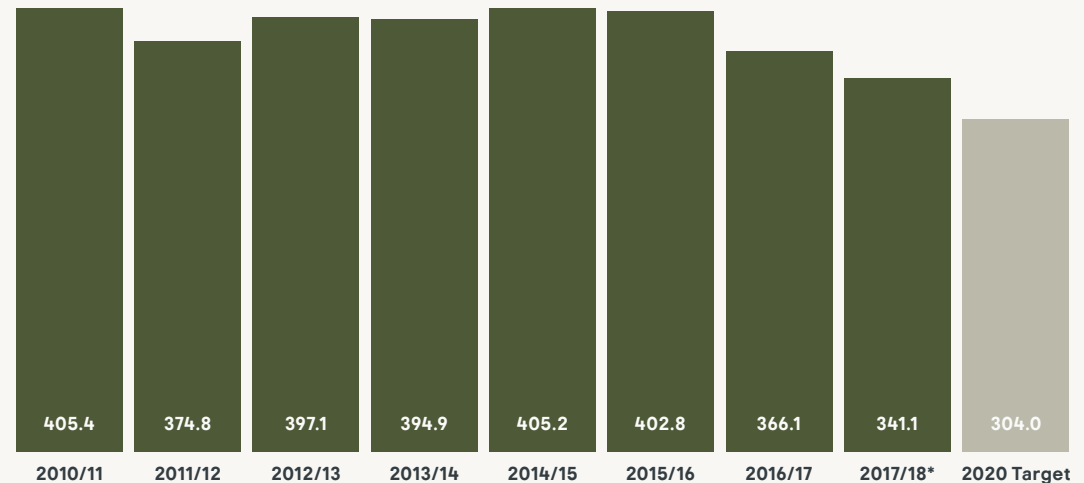
We have achieved a 16% reduction in our absolute operational carbon footprint since 2010/11 against our target of 25% by 2020. We have also reduced the energy intensity of our property portfolio by 20% and the carbon intensity by 32% over the same period.

We will publish a longer-term carbon reduction target during 2018 to take us even further and will develop an energy blueprint to guide the design and fit-out of future store openings. We aim to align our target with climate science and we are engaging with the Science Based Targets initiative.

We aim to align our reporting with the requirements of the Task Force on Climate-related Financial Disclosures over time. See more on page 77.

**16%**  
reduction in our absolute operational carbon footprint since 2010/11

**Absolute carbon footprint**  
Thousand tonnes CO<sub>2</sub> equivalent



\* Independently assured by Deloitte LLP

## Energy efficiency

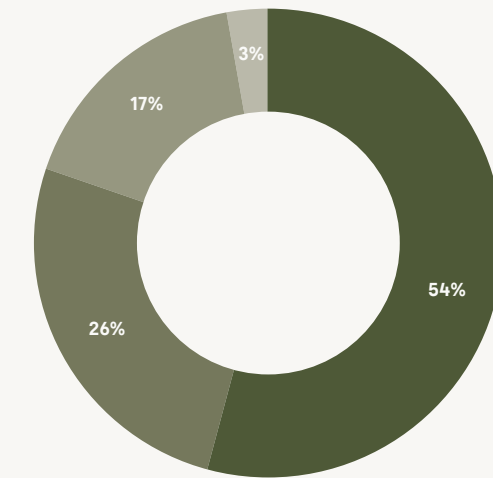
We have reduced the energy intensity of our property portfolio by 20% since 2010/11 through improvements in building management, fit-out and design. We have rolled out LED lighting to 56% of our property estate (2016/17: 41%), with an investment of £26.5 million to date. Our target is 100% by 2020. Some operating companies have made even more progress, for example 86% of our stores in Poland now have LED.

LED reduces store electricity consumption by between 20 and 40%. Overall it reduced our energy consumption by 30 million kWh last year, saving over £1 million. LED rollout is integrated into each operating company property plan and reviewed quarterly at property director meetings.

Building monitoring systems help us measure and reduce energy use, enabling store management to track energy use over time and to compare performance against other stores and best practice. We are rolling these out in France and will review the impact with a view to extending their use across the group.

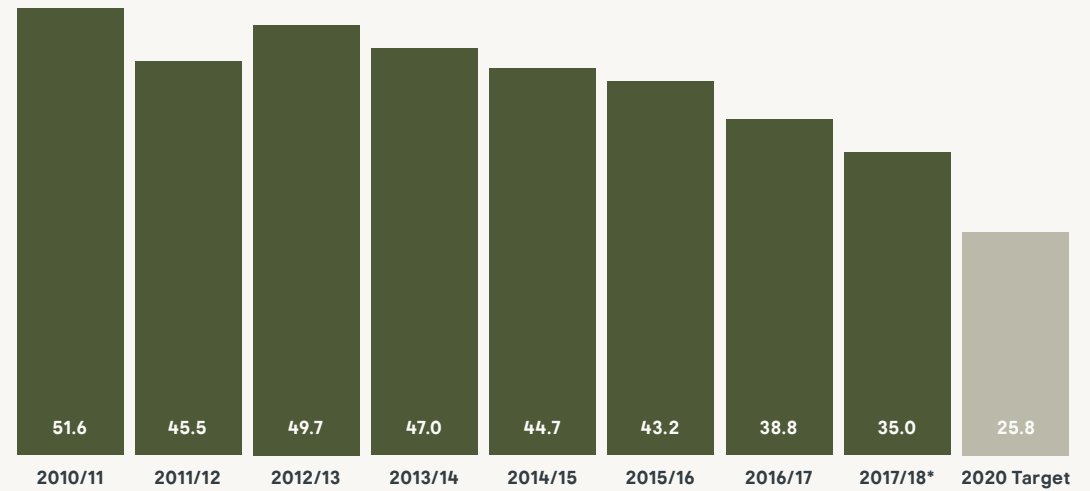
We are reducing energy used for IT by using fewer and more energy efficient data centres, upgrading software and hardware platforms, and rolling out our UK managed print programme to the rest of the Group.

**Carbon footprint detail 2017/18\***  
Thousand tonnes CO<sub>2</sub> equivalent



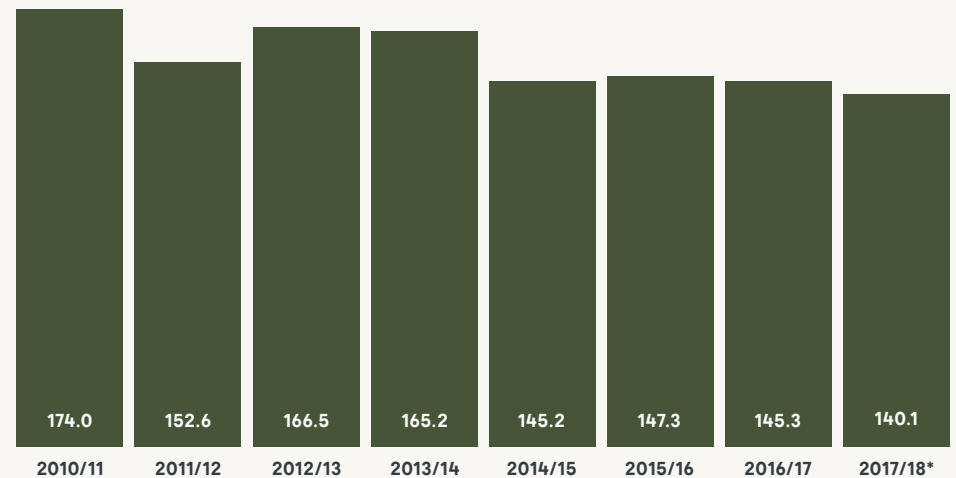
- Property: purchased electricity and heat **185.0**
  - Property: gas and other fuels **89.7**
  - Haulage: dedicated store and home deliveries **57.4**
  - Business travel by road **9.0**
- \* Independently assured by Deloitte LLP

**Property portfolio carbon intensity**  
kg CO<sub>2</sub> equivalent/m<sup>2</sup> reported floor space



\* Independently assured by Deloitte LLP

**Property portfolio energy intensity**  
kWh/m<sup>2</sup> reported floor space



\* Independently assured by Deloitte LLP

## Renewables and green energy

We are investing in on-site renewable generation across many of our locations. To date this includes solar PV panels on 16 stores, offices and distribution centres and biomass boilers in two distribution centres and one head office building. We're also installing a commercial battery system at one of our distribution centres.

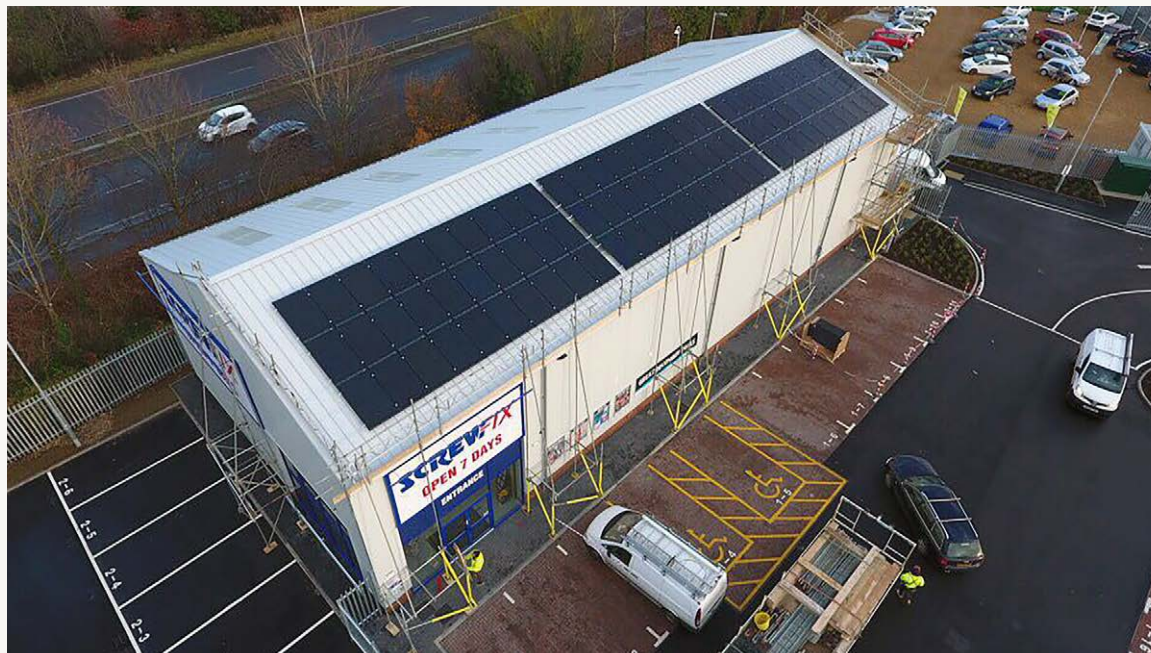
Our investment in renewables is generating 7 million kWh per year and delivering over £1 million in financial benefit including energy cost reduction each year. Examples include: Zero-energy Trade Counter at Screwfix, Swindon distribution centre, UK, Cribbs Causeway store B&Q and Dax store, Brico Dépôt France.

We aim to negotiate green tariff electricity contracts to encourage wider investment in renewable energy and are reviewing opportunities in all our markets as contracts are renewed. During 2017 our UK operations moved to 100% REGO-backed renewable electricity. We also purchase renewable power for our operations in Romania. We expect to extend this to other markets as contracts come up for renewal.

**Zero carbon renewable electricity accounted for around 30% of total electricity purchased in 2017/18.**

We currently calculate our scope 2 emissions using the location-based methodology of the GHG Protocol Scope 2 Guidance. This means our reported footprint does not reflect the impact of purchasing green electricity. We have also calculated a 'market-based' scope 2 emissions total. This shows that if green electricity was rated as zero emissions our carbon footprint would be 285,304 tonnes, 30% lower than in 2010/11<sup>1</sup>. See page 95 for our carbon footprint data.

<sup>1</sup> Our 2010/11 footprint is calculated using the location based methodology.



### Zero-energy Trade Counter at Screwfix

Our first net zero-energy Trade Counter store in Peterborough is expected to generate more energy than it consumes thanks to its air source heat pump powered by a solar PV installation. The store is fitted out with LED lighting and has a battery storage system. The new design will be rolled out to further stores.

### Cribbs Causeway store B&Q

We've reduced electricity use by 53% per year at our Cribbs Causeway store through the use of LED lighting and a solar PV installation.

### Dax store, Brico Dépôt France

Brico Dépôt's store at Dax has 100% LED lighting, is highly insulated and uses highly efficient heating and air conditioning systems. It also has an energy monitoring system covering 25 zones. During 2018, we will add solar PV panels and be the first store in Europe to apply for Net Zero Energy certification.

### Swindon distribution centre, UK

Our distribution centre at Swindon has a solar PV installation and a biomass boiler powered by waste wood from our stores. In 2018, we will be installing a commercial battery storage system which enables us to harvest and use more of our solar PV power, releasing pressure on the grid at peak times.

We are one of the first organisations in the UK to install such a system. In total these measures have reduced the site's energy use by 42%.

**Our distribution centre at Swindon has a solar PV installation and a biomass boiler powered by waste wood from our stores. These measures have reduced the site's energy use by 42%.**



## Greener transport and travel

Transporting our products accounts for around 17% of our carbon footprint. We are working with our logistics partners to reduce this, focusing on vehicle efficiency, route planning, efficient loading and driver training. Achieving reductions can be challenging as our business grows and more customers make purchases online.

Direct haulage emissions (those from our own dedicated delivery fleets and which are included in our carbon target) increased by 6% against our 2010/11 baseline. This included a 2% decrease in fuel use for store deliveries and a 31% increase in fuel use for home deliveries.

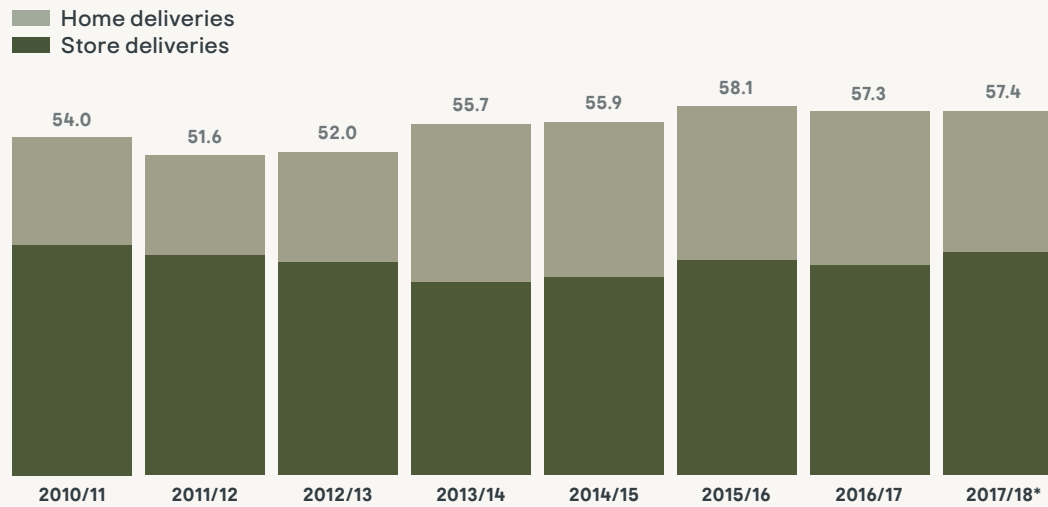
Our indirect haulage emissions (from non-dedicated delivery fleets, and some rail, sea and air transport) have increased by 25% since 2010/11 and also increased year on year. This reflects an increase in our data scope to include haulage data from more of our operating companies and from rail freight. It also reflects an increase in emissions from sea and air freight. Unified sourcing increases emissions from sea and air freight as we transport more products ourselves that previously would have been transported by suppliers.

Our companies have introduced green travel measures for colleagues such as: encouraging employees to use video conferencing instead of travelling to meetings; car sharing systems; and subsidies for using public transport or cycling to work.

For information on our approach to climate change governance, strategy and risk management see page 75.

### Carbon emissions direct haulage

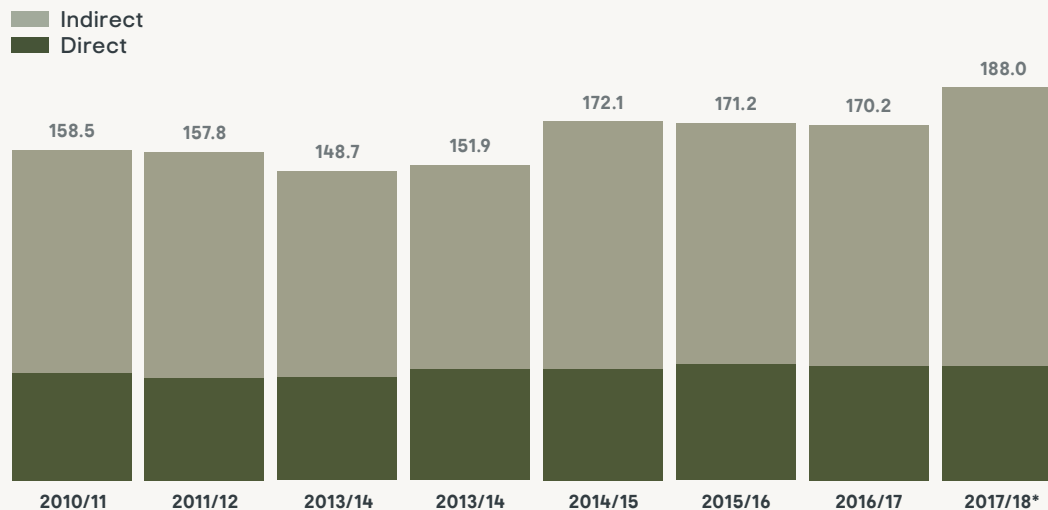
Thousand tonnes CO<sub>2</sub> equivalent from dedicated store and home delivery fleets



\* Independently assured by Deloitte LLP

### Carbon emissions direct and indirect haulage

Thousand tonnes CO<sub>2</sub> equivalent



\* Independently assured by Deloitte LLP

### More parcels, less air in Screwfix deliveries

Screwfix sends out 5.5 million parcels a year by mail to its customers. It's invested in new packing machines at its Stafford distribution centres to make sure products are packed and loaded as efficiently as possible. With the new technology, packages have the same size base but the machine folds the packaging to suit different products – reducing empty space.

Better fitting packaging means less product damage and more products transported on each lorry, saving fuel – reducing the need for around 700 trailers a year.

## Engagement and advocacy

We are working with others to explore new solutions for improving energy efficiency and cutting carbon in our business and our customers' homes. During 2017/18, this included:

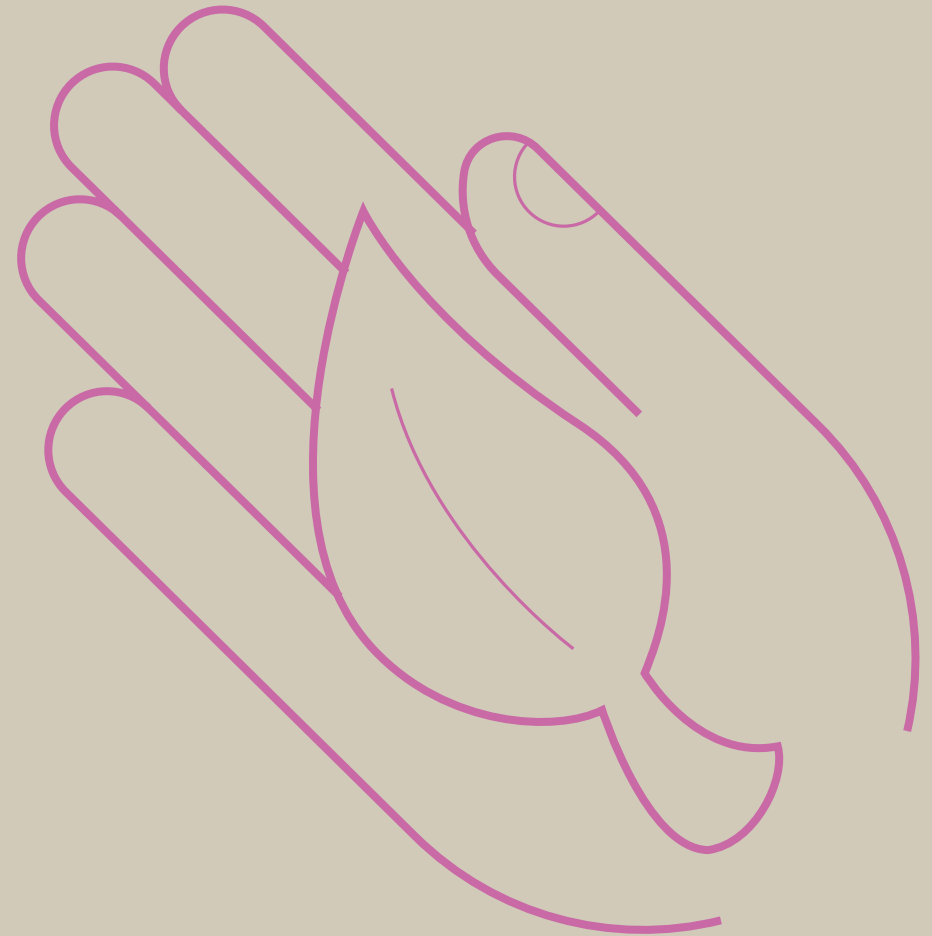
- **Science Based Targets initiative** – we are committed to developing a longer-term climate target in line with climate science. We are engaging with the SBTi to help us develop this.
- **ADEME, France's Environment and Energy Management Agency** – we engaged with ADEME on our approach to helping customers improve home energy efficiency.
- **BRE (Building Research Establishment)**
  - we worked with BRE and Bioregional to understand the energy saving potential in a typical home to help us establish our energy saving target.





# live smarter by getting more from less, reusing or using longer

Our circular products and services	35
Sustainable materials use	37
Wood and paper	38
Peat and horticulture	41
Towards zero waste to landfill	43
Packaging	45



Most people have never heard of the circular economy but they know they want quality products that are long-lasting, create less waste and are easy to recycle.

With this goal we are focusing on the sustainable use of resources in our products, sourcing and business.

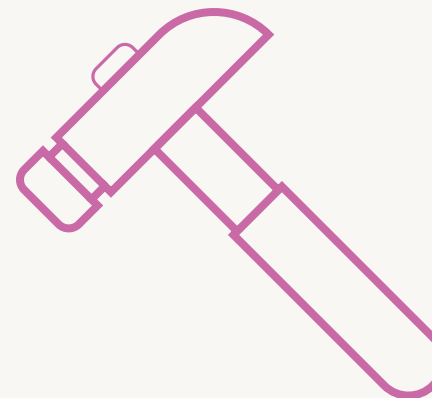
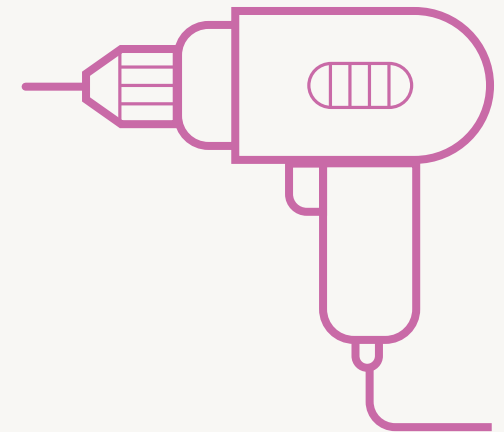
**Targets**

**For our customers:**

- Create **20** product ranges or services that help customers and our business get more from less, reuse or use longer by 2025.

**For our business:**

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



# our circular products and services

**We have been integrating circular economy principles into our product design for many years, working with partners including Bioregional and the Ellen MacArthur Foundation.**

We now have three product ranges or services that help customers and our business get more from less, reuse or use longer, against our target of 20 by 2025. These have been assessed against our principles for circular product design, see below. They are:

- easyGrow – our bedding plants that replace polystyrene with recyclable PET and peat with sustainable coir
- Pro Grow – peat free compost made from garden waste collected from UK households
- Green pallets – our initiative at B&Q which reuses and recycles pallets used to deliver our products

easyGrow and ProGrow generated sales of £16.9 million in 2017/18, while our green pallets initiative resulted in £280,000 in efficiency savings.

Often a service can be just as good or better than a product for customers and have a lower environmental impact. In working towards our goal, we are exploring new services and business models such as product take-back schemes and rental and repair services. For example, Castorama Poland offers a product repair service from 76 stores that customers can use both during and after a product's guarantee period. Brico Dépôt Iberia has introduced tool rental services at several stores, see case study.

## Principles for Circular Product Design

We use our Principles for Circular Product Design which were developed with sustainability experts Bioregional, to develop our ranges and to identify circular products and services. These cover six impact areas, from materials that are easily and widely recycled to design for longevity, low energy and carbon and working conditions in the supply chain. To count towards our target, products and services must be assessed against these Principles. The assessment process is rigorous: products must be widely available to customers, not in pilot phase, and only products scoring bronze level and above will count towards our target.

We aim to share what we've learnt through the use of our Principles and our process for assessing circular value chains. As a first step, we engaged with members of the CE100 at the Ellen MacArthur Foundation conference during 2017. We presented our findings from using the tool and explored possibilities for collaboration with other businesses facing similar challenges.

## Durability and reliability

One of the most important ways we can reduce materials use is through designing high quality, long-lasting products. For example, many of our new kitchen taps now come with a 10-year guarantee, see page 25.

## Rental service helps professional customers in Spain

Brico Dépôt Iberia is partnering with Kiloutou, a materials rental company, to make it easier for trade customers to rent professional machinery at affordable prices.

Since May 2017, customers of Brico Dépôt Parets, near Barcelona, have been able to rent large machinery for use on construction projects and the pilot has now been extended to a second store.

The rental service includes construction equipment, ladders, platforms for painting, and sanding, sawing and drilling tools, all available to customers within 24 hours.

Initial results are positive, with trade customers reporting the service helps to save them money they would otherwise have to spend on purchasing and maintaining machinery.

Durability is also a priority in the development of our unique product ranges such as our new Magnusson range of power tools, designed to appeal to both domestic and trade customers. This includes products such as the Magnusson tape measure, designed for ease of use and durability, including a tough nylon coating to ensure a longer life.

### Customer take-back and recycling

We encourage customers to get involved in recycling through take-back campaigns. This can reduce waste to landfill and enable more circular use of resources.

Castorama France ran several take-back campaigns during 2017/18 for customers to return unwanted and used items including paints, lightbulbs and electrical heating appliances. Customers who took part received a €3-30 voucher to spend in store, depending on the products returned. A similar initiative will be introduced in Brico Dépôt France during 2018 for chemical products and waste electrical and electronic products.

Screwfix has a partnership with iForce to reduce waste from power tools returned by customers. When the tools are used or damaged, iForce extract the parts, plastics and metals which are sold for recycling. Returned power tools in good condition are repaired, cleaned and resold via an auction site.

### Sharing economy and new business models

We are also exploring opportunities associated with the sharing economy which can help to reduce resource use and make home improvement more accessible.

In France, we are trialling a partnership with online platform Needelp.com. This connects customers with 'jobbers', DIY experts who, for a small fee, can help with tasks that may be too small for a professional tradesperson to undertake. Customers can access the services via both the Brico Dépôt or Needelp websites

and each job is covered by insurance. Over 120 stores are participating and, during 2017/18, over 3,700 projects were completed for Brico Dépôt France customers. We have extended the partnership to include Castorama France.

We have Casto Labs in six stores in France and Poland where customers can learn DIY skills and use specialist tools and equipment to help with their projects.

### Engagement and advocacy on circular economy

Making progress on the circular economy often involves systems change so it is essential we work with others to develop new solutions and help stimulate wider change. In 2017/18, our partnership included:

- **Ellen MacArthur Foundation** – We are members of the Ellen MacArthur Foundation's innovation programme, the Circular Economy 100 (CE100).
- **Green Alliance Circular Economy Task Force** – We are members of this taskforce exploring policy solutions for promoting the transition to a circular economy.
- **Aldersgate Group report on the circular economy** – We participated in the development of the report 'Beyond the Circular Economy Package: maintaining momentum on resource efficiency' which argues that EU institutions should continue to support the shift towards greater resource efficiency beyond the completion of the Circular Economy Package.
- **Keeping Customer Connections report** – We contributed to this report which examines how retailers can build customer loyalty – and grow sales – by providing opportunities to resell, recycle, and donate clothing and electronics. The report was developed by Cranfield University, Arizona State University, PA Consulting Group and members of CE 100.



# sustainable materials use

**Growing demand for resources is putting increasing strain on the environment and leading to price rises and supply chain volatility.**

**We want to play our part in protecting natural resources, aiming to use materials efficiently and sustainably and to offer our customers products with a lower environmental footprint. This is good for our business too, helping to increase the resilience of our supply chain and protect against price rises.**

Working with Bioregional, we have analysed our resource use and supply chain carbon emissions. We identified six materials that account for over half of our supply chain carbon footprint. These are: cement and concrete; wood; paint; plastics; ceramics; and peat.

We already have a well-established approach for responsible sourcing of wood and peat which we will continue to develop. For the other materials, we are creating sustainability roadmaps to help us reduce impacts across the material and product life cycle from extraction to end of life. These will focus on areas such as responsible sourcing, embedding circular economy principles and design for recycling, improving efficiency in manufacturing and transport, reducing chemicals use, local sourcing and substituting with sustainable alternative materials. Our approach will encourage product and materials innovation.

We are also focusing on a number of materials which are less significant for our business but are associated with significant sustainability challenges and risks. These include leather and some minerals. We will be further developing our approach to the sourcing of these materials. For example, we encourage our leather suppliers to ensure tanneries are audited against industry best practice standards.



# wood and paper

**Customers love to use wood in their homes and this vital natural resource is found in around one-third of our products. For 25 years we've been working to source wood and paper responsibly from well-managed forests.**

In 2017/18, 97% of wood and paper in our products was responsibly sourced (96% in 2016/17) – meaning the wood and paper is independently audited by recognised certification schemes, such as FSC and PEFC, as coming from well-managed forests or is recycled. B&Q has reached 100% responsibly sourced wood and paper and a further five of our companies have reached over 90%<sup>1</sup>.

Our commitment to responsible sourcing also covers the wood and paper we use in our business including our packaging, catalogues, office paper and timber used in construction. Over 99% of the paper used in our catalogues, customer marketing materials and office paper was responsibly sourced in 2017/18.

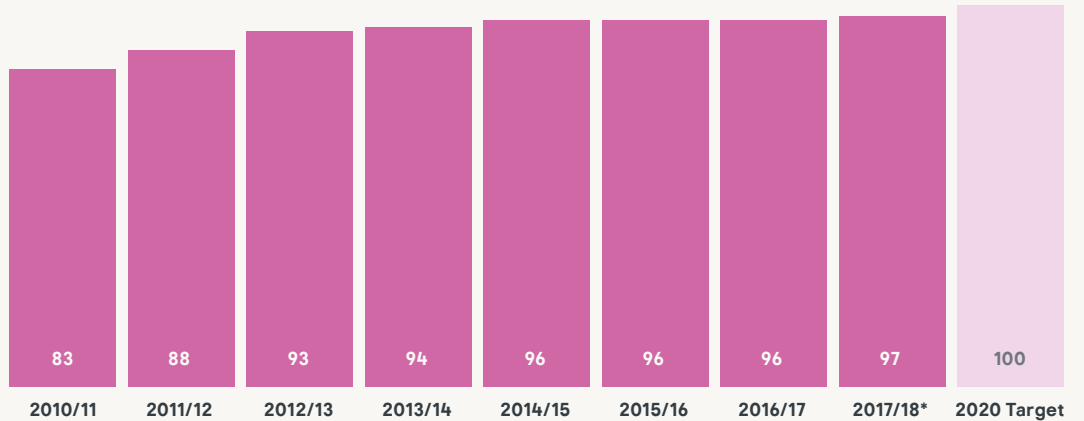
We are working to improve data collection for wood and paper used in construction and packaging.

### Training and engagement

We train our buying teams and vendors on our approach to responsible sourcing of wood and paper. In 2017/18, this included training for buyers at Castorama Poland and training sessions for suppliers to our Romanian business run with WWF and FSC.

**97%**  
of wood and paper in our products was responsibly sourced

**Responsibly sourced wood and paper products**  
% of timber sold (by volume) responsibly sourced



\* Independently assured by Deloitte LLP

<sup>1</sup> Our data does not yet cover our business in Russia.



### Protecting and restoring forests

We cannot protect future wood supplies through responsible sourcing alone. We believe there is a need to go further and to play an active role in restoring forests.

In Indonesia we're supporting RSPB and their Birdlife International partner Burung Indonesia in an initiative to protect and restore the Harapan rainforest. This area of over-logged tropical forest is almost the size of Greater London and home to many endangered species such as the Sumatran tiger. We are donating cash and staff time to support the Harapan Rainforest and are sharing our commercial insights with the RSPB and partners to help them develop the programme to be economically viable in the long term.

In the first two years, our support helped efforts to reduce the incidence of forest fires by 75%, to replant 135 hectares of cleared land, and to assist indigenous forest-based communities in the development of agroforestry plots to support their livelihoods. We hope to work with these Harapan communities to purchase sustainable rainforest bamboo and rattan products for sale in our stores, providing them with a new revenue stream. We funded feasibility studies during 2017 and one of our product developers visited Harapan to explore these opportunities.

Closer to home, we've run projects in Spain, Poland and the UK that get our people involved in protecting woodland and forests. These have benefited 13,000 hectares of forest since 2013. For example, in 2017/18, staff from three Brico Dépôt Iberia stores spent a day working to protect a pine forest near Valencia in Spain from disease.

## Engagement and advocacy

We work with many partners on issues relating to sustainable timber sourcing with the aim of accelerating progress in our sector and beyond.

- **British Retail Consortium** – Through B&Q, we chair the Timber Working Group of the British Retail Consortium.
- **CDP Forests Program** – We are a founding participant in the CDP Forests Program, an investor initiative which aims to improve understanding around how companies are addressing their exposure to deforestation risks. We were ranked in the leadership category for Forests with an A-rating.
- **EuroCommerce** – We are members of the Timber Working Group (TWG) within the Non-Food Committee of EuroCommerce.
- **Filling the FLEGT Information Gap** – We are advisory group members to this initiative funded by the UK government Department for International Development (DFID) that seeks to improve and share information on illegal deforestation.
- **Forum for the Future** – In partnership with Forum for the Future and other businesses, we participated in a series of workshops exploring how business can support forest restoration.
- **FSC** – We are a founding partner of FSC via B&Q UK and a member in various countries. Representatives from Kingfisher have served as elected members to the FSC International Board of Directors. We are a Business Advisory Group member to FSC International's work on ecosystem services.
- **PEFC** – We work with PEFC, the forest certification organisation, and currently serve on the Board of PEFC International and PEFC UK.
- **Timber scorecard** – B&Q and Kingfisher were rated among the top UK companies for sustainable timber sourcing by WWF.
- **Transparent Forests** – During 2017, we were advisory group members to this initiative funded by the European Space Agency to use satellite imagery to strengthen forest monitoring and certification.
- **Value and Impact Analysis (VIA) initiative** – We helped found VIA which worked to develop a robust approach to quantifying and communicating the impacts of FSC certification. This has identified 20 statements which companies can use to promote their products using FSC timber. VIA concluded in 2017 and its work is now being taken forward by the ISEAL Alliance – the global membership association for sustainability standards.
- **WWF GTFN** – We are members of WWF's Global Forest and Trade Network.
- **Zoological Society of London** – Technical Advisory Group member to ZSL's work on the SPOTT Timber, Pulp & Paper initiative.





# peat and horticulture

The use of peat in horticulture contributes to climate change and loss of important habitats.

## 67.4%

of UK bagged growing media (by volume sold) was peat-free

We have been working with suppliers in the UK for several years to phase out peat from the compost, growing media and plants that we sell ahead of voluntary UK government targets. B&Q accounts for around one quarter of the UK growing media market, so phasing out peat from our ranges can have a significant impact on the use of peat in the UK.

In 2017/18, 67.4% of UK bagged growing media (by volume sold) was peat-free. This is a 0.7% decrease from 68.1% the previous year. This means there is still some way to go to reach our target of 100% by 2020. 46.3% of growing media used by B&Q's plant suppliers was peat free, down from 47.7% the previous year.



**B&Q accounts for around one quarter of the UK growing media market, so phasing out peat from our ranges can have a significant impact on the use of peat in the UK.**

# towards zero waste to landfill

**Waste is a cost to our business and the environment. That's why we aim to achieve zero waste to landfill by 2020 and to recycle 90% of our waste by 2025.**

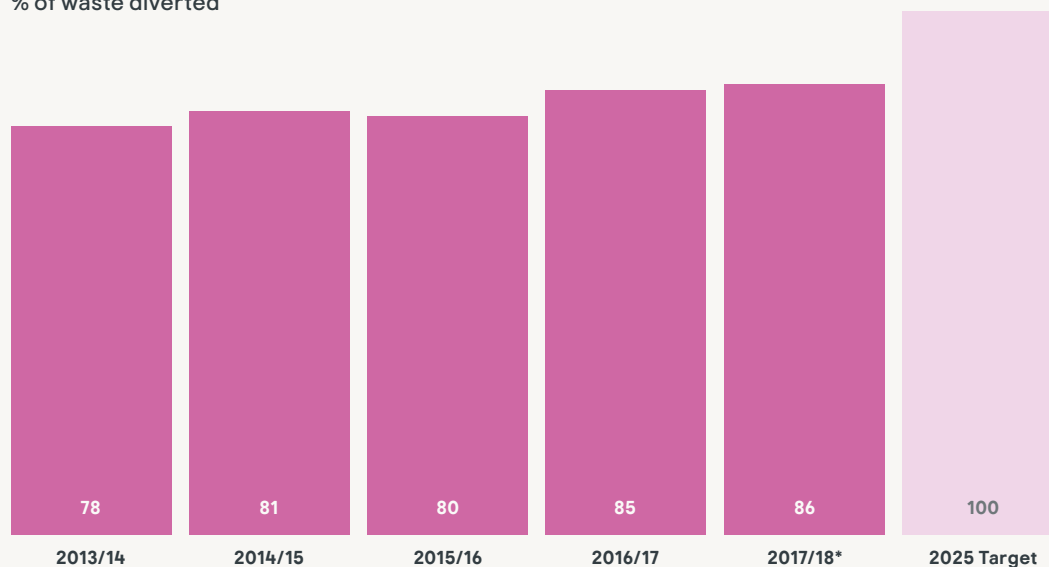
In 2017/18, we generated 222,253 tonnes of waste, an increase of 8% year-on-year, compared to an increase in sales of 4%. Our recycling rate was 72% (2016/17: 73%) and we diverted 86% of waste from landfill (2016/17: 85%)<sup>1</sup>.

We have made most progress in the UK with Screwfix sending zero waste to landfill and B&Q at 99% diversion from landfill. We also performed well in Poland but made less progress in other markets.

We are now exploring ways to increase recycling including improving data on waste and recycling, and raising awareness among employees of the importance of segregating waste. We are working to centralise our waste management contracts for France. This will enable us to work more closely with our waste management suppliers to increase recycling and reduce waste to landfill.

**72%**  
of our generated waste was recycled in 2017/18

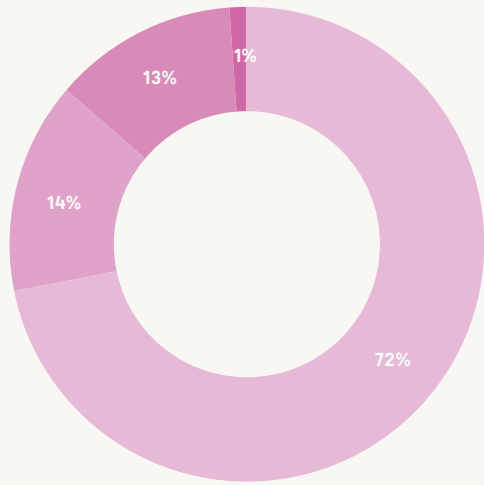
**Waste diverted from landfill**  
% of waste diverted



\* Independently assured by Deloitte LLP

<sup>1</sup> We have changed how we calculate our waste generated and recycling figures and we no longer include waste that is reused. We have restated our data for 2016/17 to reflect this.

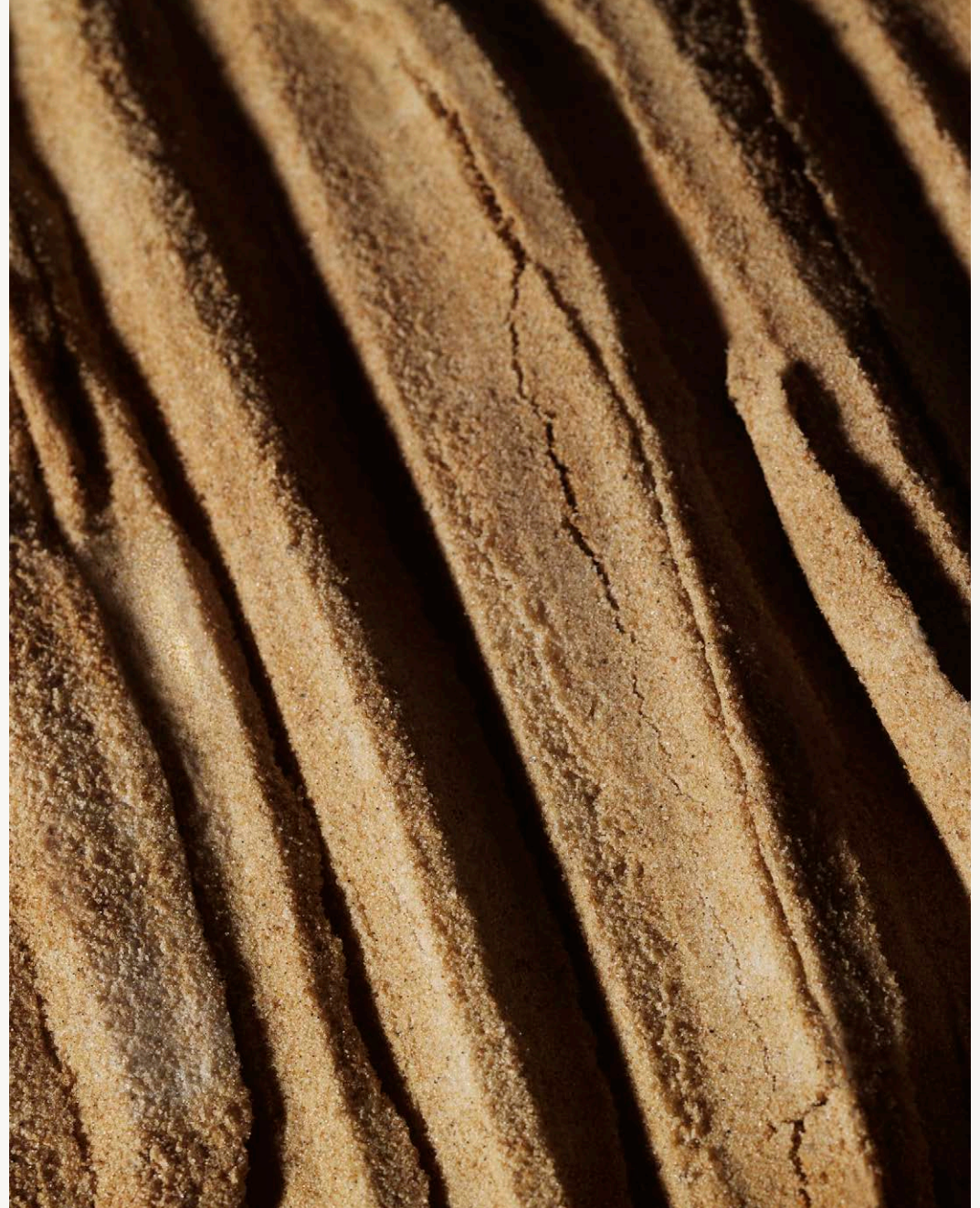
Waste recycling and disposal 2017/18\*



- Waste recycled **160,000 tonnes**
- Waste disposed to landfill **32,000 tonnes**
- Waste disposed to incineration with energy recovery **28,000 tonnes**
- Waste disposed to incineration without energy recovery **2,000 tonnes**

\* Independently assured by Deloitte LLP

We have made most progress in the UK with Screwfix sending zero waste to landfill and B&Q at 99% diversion from landfill.



# packaging

**Packaging plays an essential role in marketing our products and protecting them during transit and in store. We aim to integrate sustainability into packaging development – designing it to work well and look good, to use fewer resources, to be more efficient to transport and store, and to use materials which are responsibly sourced and easily recycled.**

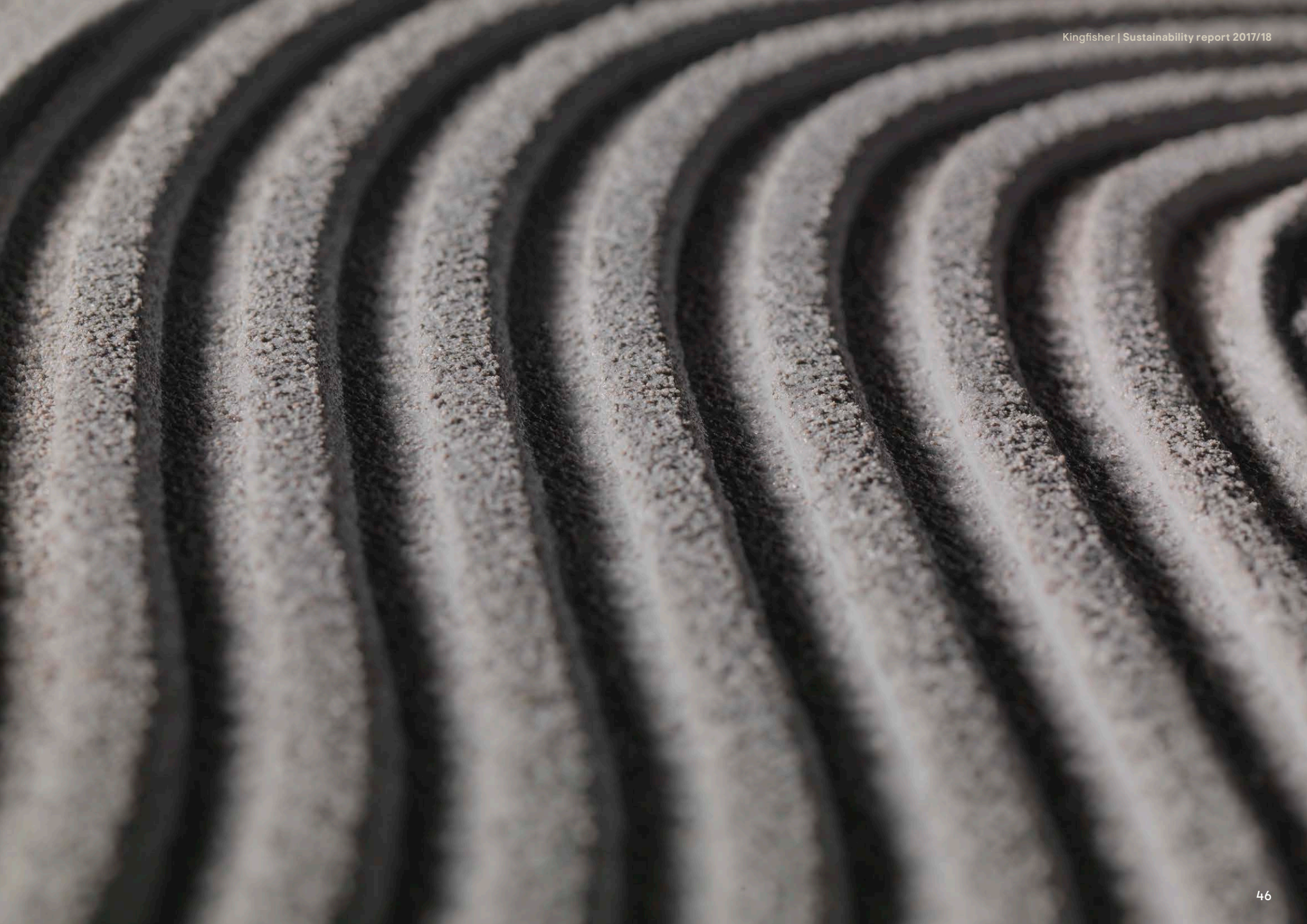
Our packaging team creates guidelines for suppliers to accompany each tender for our unified and unique ranges. These specify which materials must be used and include our sustainability requirements such as responsibly sourced wood and paper. The team reviews proposed designs against our requirements.

During 2017/18, we launched our range of kitchen taps (see page 25), redesigning our packaging to reduce materials use by 30% across the range and saving 45 tonnes of packaging material each year. Thanks to the new design, more taps can be transported in each load, reducing freight costs and fuel use. During 2018, we will be focusing on reducing single-use plastic and polystyrene packaging.

In 2017/18, we used 10.8 tonnes of packaging/ £ million sales. This data covers Brico Dépôt France, Castorama France and Screwfix, which account for 51% of group turnover. Data was not available for our other operating companies and we are working to improve this.

**30%**  
reduction of packaging materials  
across our kitchen taps range





# create a healthier home and connect with nature



Embedding wellbeing in our product ranges	49
Identifying and removing harmful chemicals	51

There is great potential for homes and gardens to improve wellbeing. Our research shows a strong desire among customers to connect with nature and to create a healthy, toxin-free home. Yet people often don't know how to go about doing this.

With this goal we will make it easier for our customers to enjoy a healthy, natural home.

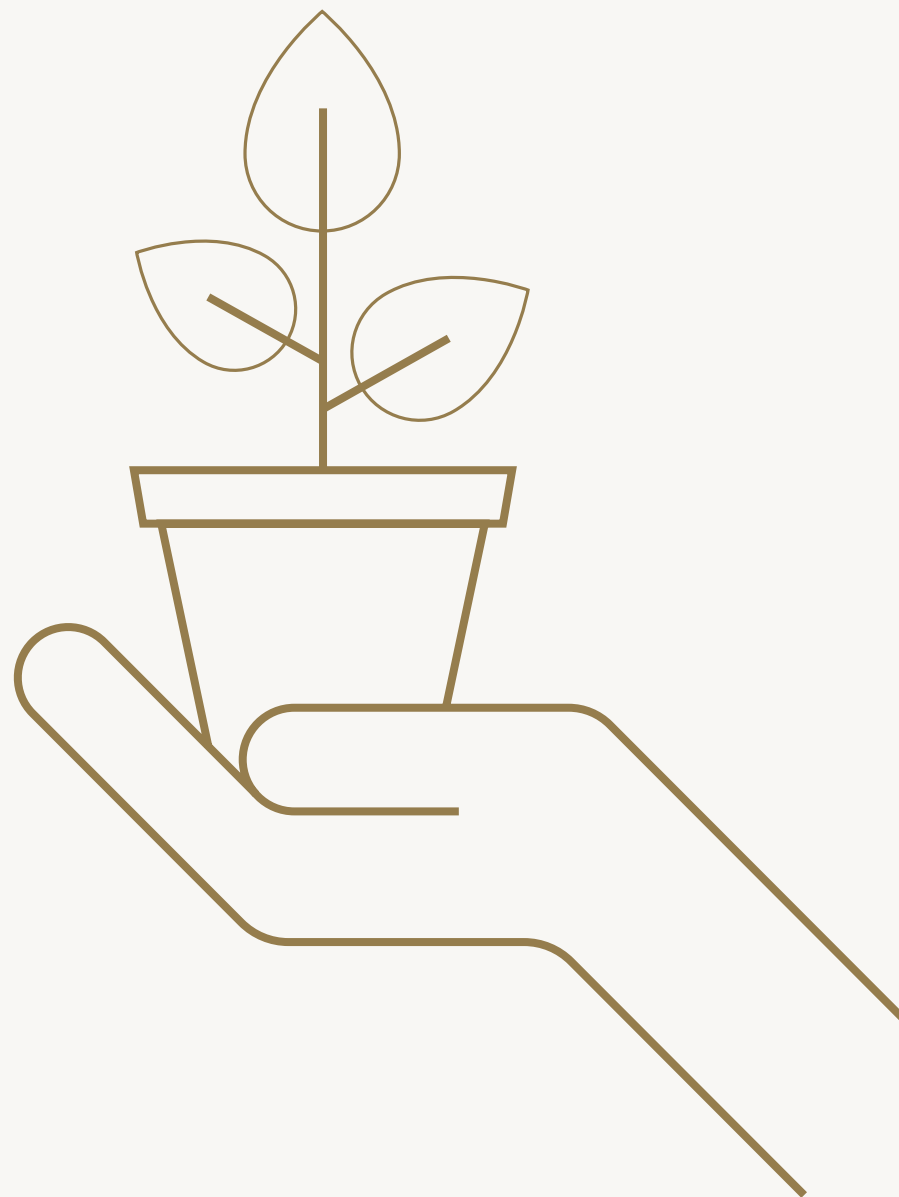
### Targets

#### For our customers:

- 20% of sales from products that enable customers to create safer, healthier homes and connect with nature by 2025.

#### For our business:

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





# embedding wellbeing in our product ranges

**We offer many products that help customers live a healthier life at home by reducing exposure to pollutants, enabling more independent living, and protecting homes from climate change impacts.**

**Our Connect to Nature products encourage customers to get outdoors, produce their own food and support wildlife in their gardens.**

# 6%

of total sales came from our Connect to Nature and Healthy Homes products

In 2017/18, 6% of our sales came from these products (2016/17: 5%) and we are aiming for 20% by 2025.

One area of focus is products that can impact indoor air quality. During 2017, we reviewed our paint ranges and from 2018 our new unified paint ranges will all be A+/ultra low emission rated for VOC emissions. We have also carried out research with the Building Research Establishment (BRE) to identify which products have most impact on air quality in the home. This will inform future product development.

We are also integrating sustainability into the development of our unified garden ranges, see case study.

Our companies provide information to help customers create healthier homes and connect with nature. Castorama Poland, for example, has published information about air quality and products that can help improve the air in customer homes. B&Q published the Nature of Gardens Report in 2017, in collaboration with the Royal Horticultural Society, RSPB, Butterfly Conservation and Bioregional. Based on research with 2,000 consumers and a review of 100 scientific papers, the report found that many people are unsure what they can do to support wildlife and included easy-to-follow tips to help them act. The launch was accompanied by events in store and online. Media coverage reached over 11 million people. See [www.diy.com/one-planet-home/greener-gardens/the-nature-of-gardens](http://www.diy.com/one-planet-home/greener-gardens/the-nature-of-gardens).





### Good gardens for people and wildlife

Gardens and window boxes can play an important role in our customers' wellbeing and provide a refuge for wildlife. As we develop our unified garden ranges, we aim to integrate sustainability, helping to create beautiful, natural gardens that are good for customers and nature.

One priority is to switch to harm free chemicals. We removed neonicotinoid pesticides, thought to affect bee health, several years ago across all our markets. Now we are working with growers to make sure that from 2018, none of the flowering plants we sell in the UK have been treated with neonicotinoids. We are also launching our Safe by Nature plant food range. This natural organic plant food helps customers have a healthy garden with fewer chemicals.

Growing your own vegetables can benefit health and wellbeing. Our new kitchen garden product makes it easier for customers to grow their own, even in a small space. The instant raised bed is designed to take up no more than one metre square and comes with a range of accessories such as easy to attach canes to support plants and a cover and netting to protect produce from birds and pests.

# identifying and removing harmful chemicals

**Any of our products from paints and cleaning products to drills, hammers or kitchen units may contain chemical substances. Many of these are regulated under legislation such as EU REACH and the EU Biocides Regulations. There are many other substances which are not regulated but could pose a risk to consumers, workers making products, or the environment.**

We are building our chemicals strategy and supporting plan to help us manage the areas of the supply chain that pose most risk. We do not yet have full information on chemicals in our products so increasing transparency is a priority. It will take time to develop the tools and processes needed to achieve this.

During 2017, using an expert third party, we conducted a hot-spotting exercise looking at all our product ranges, to identify the chemicals that are likely to be found in priority supply chains, materials and products. We looked at chemicals used in both manufacturing and finished products and assessed the potential exposure of customers, workers in our supply chain and the environment.

We identified several priority chemical groups, and other lesser priority chemicals and we have developed a roadmap for phasing out these substances or replacing them with better alternatives for the majority of our product categories. Examples of substances we will prioritise include: phthalates used in some PVC; perfluorinated compounds (PFCs); and Alkylphenols and Alkylphenol Ethoxylates (AP/APEOs), sometimes used in textile manufacturing.

We are now working with our suppliers and product teams to map our supply chains in more detail, to understand where these substances are used and to develop an action plan for phasing them out in accordance

with our roadmap. We are engaging with suppliers and factories to communicate our requirements for good chemicals management and to share best practices.

We also recognise the enormous potential in green chemistry, replacing potentially harmful substances with safer alternatives or materials. Our target is to introduce five “green chemical alternatives”, enabling customers to enjoy the same performance with fewer chemicals. During 2017, we have identified several sustainable chemicals or manufacturing processes with the potential for use in our ranges and we will be exploring these further during 2018.

In support of our strategy, we are working with organisations, such as the GC3 – Green Chemistry & Commerce Council, to identify alternative substances and suppliers.

## Engagement and advocacy

We work with others on issues relating to healthy homes, natural gardening and chemicals. Our partnerships include:

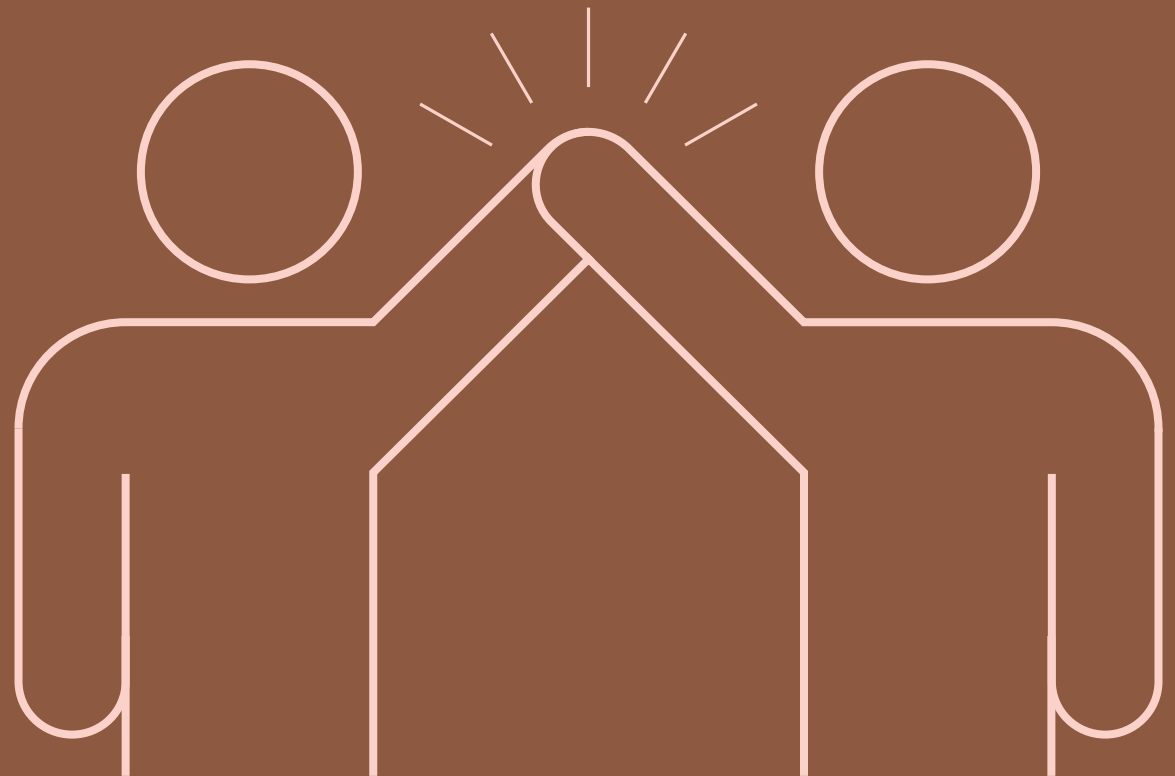
- **BRE** – We are conducting research with the Building Research Establishment on air quality in the home.
- **Butterfly Conservation** – B&Q is working with this NGO to encourage our customers to help protect butterflies and moths and become citizen scientists by taking part in the Garden Butterfly Survey.
- **Royal Horticultural Society, RSPB, Butterfly Conservation and Bioregional** – B&Q collaborated with several partners to launch the Nature of Gardens Report.
- **GC3** – Green Chemistry & Commerce Council – We are working with GC3 to identify alternative chemical substances and suppliers.

**We recognise the enormous potential in green chemistry, replacing potentially harmful substances with safer alternatives or materials. We are working with organisations, such as the GC3 – Green Chemistry & Commerce Council, to identify alternative substances and suppliers.**

**We offer many products that help customers live a healthier life at home by reducing exposure to pollutants, enabling more independent living, and protecting homes from climate change impacts.**

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

<b>Our community investment</b>	<b>56</b>
<b>Ethical sourcing</b>	<b>61</b>
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**Our business touches many people’s lives, from our customers and colleagues to the workers in our supply chain.**

**With this goal, we will work with our partners to help millions of people to improve their homes and their lives. This includes providing funding and expertise to help tackle poor and unfit housing and working with our partners to ensure high standards in our supply chain.**

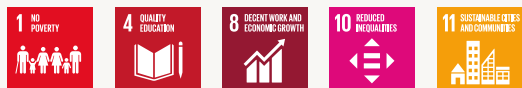
**Targets**

**For our customers:**

- Help millions more people tackle poor and unfit housing through strategic partnerships and local action in all our markets by 2025.

**For our business:**

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



# our community investment

**We believe that everyone should have a home they can feel good about. Yet for people in difficult circumstances – those living in poverty or who are isolated or vulnerable – having a good home can seem impossible.**

We have been working to improve homes for people in need through our charitable giving and volunteering for many years.

Now we want to increase our impact by establishing major new partnerships at a Group and local level. During 2017, we began by launching two strategic partnerships with the Red Cross in France, Poland and the UK, and with Shelter in the UK.

Further initiatives and partnerships will follow during 2018.

**“I could go on and on about Shelter and B&Q. They did so much for me and I hope that they know that I appreciate every single person who has helped me and my family.”**

Shelter service user,  
Dorset

## New UK partnership improves homes for those in need

We've teamed up with Shelter, the UK's leading housing charity, in a new partnership to help people improve their homes and in the process improve their lives.

Our donations fund specialist DIY skills advisers who help those settling in to a new home and support them with making essential home improvements. We've also been funding Shelter's other vital frontline and advice services.

To date, our support has helped 240 families to create homes where they can feel safe and comfortable. This includes teaching people basic DIY skills, such as how to put up blinds or paint walls, in addition to carrying out essential jobs like fitting extra security locks. We've hosted DIY workshops for Shelter clients in-store, and our colleagues have carried out several home makeover projects to help those most in need.

Since the partnership launched in summer 2017, we have donated over £500,000 to Shelter through corporate donations and fundraising by our colleagues and customers.





“Elliot suffered really badly in the flat. He was constantly in hospital because the mould affected his chest. Shelter are the only people who have helped me, not just with getting a house but with every other problem I’ve had. It’s amazing to have their help with the DIY.”

Laura, Shelter client

Laura’s son Elliot has serious health conditions and was being frequently admitted to hospital as a result of mould and damp in their council flat. Shelter helped Laura move into a new, more suitable home which she is decorating with the support of Steve, a DIY Skills Adviser.

“[The DIY Skills Adviser] was so friendly and skilful. The colour is fabulous and I like it so much, especially because the previous colour was so bad and reminds me of my sad time.”

Fatima, Shelter client

Fatima suffers from post-traumatic stress disorder after she and her family escaped persecution in Libya. Shelter supported Fatima to move home but her daughter’s bedroom in the new property was painted bright green – the national colour of Libya which triggered Fatima’s PTSD. Fatima had never painted before and lacked confidence, and had no money spare to buy paint and materials. With the support of a DIY Skills Adviser she was able to tackle the project which made a big difference to the family.



**“Our local partnerships with the Red Cross in the UK, France and Poland, are providing funding and products to help prepare for and respond to emergencies.”**

**Red Cross – Supporting our communities to feel safe and secure**

We’ve launched an international partnership with the Red Cross so that when an emergency happens – such as a flood, fire or earthquake – we can support communities to get back on their feet and feel safe and secure in their homes.

Our local partnerships with the Red Cross in the UK, France and Poland, are providing funding and products to help prepare for and respond to emergencies. In Poland, for example, our support helped raise awareness and provide emergency support to communities affected by flooding. In the UK, we donated funds and products to Red Cross relief efforts after the fire at Grenfell Tower in London and donated to the UK Solidarity Fund for those affected by the UK terror attacks in Manchester and London. We also have a number of Emergency Relief Kits in place, across the country, to help in cases of extreme weather and emergency.

Internationally, our funds have supported relief efforts after emergencies and work with vulnerable communities to build resilience against the impact of natural disasters. This includes supporting the French Red Cross to reach 20,000 families (around 100,000 people) during flooding in Bangladesh.

Altogether we donated £170,000 to the Red Cross in the first year of our partnership.

## What we gave in 2017/18

We gave a total of £2.4 million through our community investment in 2017/18, an increase on the previous year (2016/17: £1.8 million), equivalent to 0.3% of underlying pre-tax profits (2016/17: 0.23%). This includes cash donations, employee time and gifts in kind, with product donations valued at cost price. We have supported 1,841 community projects since 2012/13. An estimated 62,000 people benefited from our community projects during 2017/18.

Our employees spent over 7,000 working hours volunteering in their local communities, with 1,507 employees volunteering during work hours. The total value of employee time (including volunteering hours and management costs) was £303,000.

We provide ways for our customers and colleagues to raise money for charity through in-store collections, payroll giving, fundraising events and using our contact centres to take pledges from the public during charity fundraising appeals. In 2017/18, these donations were worth £1.4 million for charity (2016/17: £1.2 million).

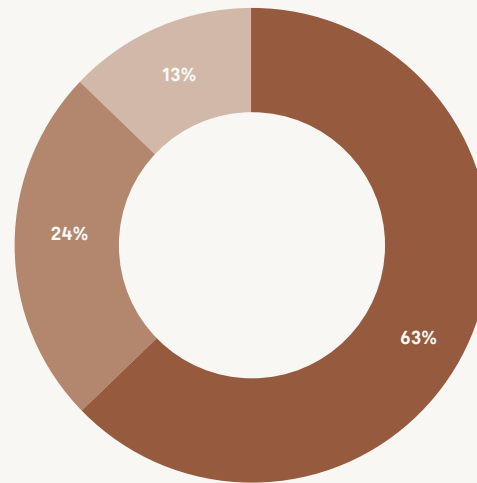
**£303k**

total value of employee time

**£2.4m**

value of our community investment

### Company investment: detail of company giving 2017/18\*

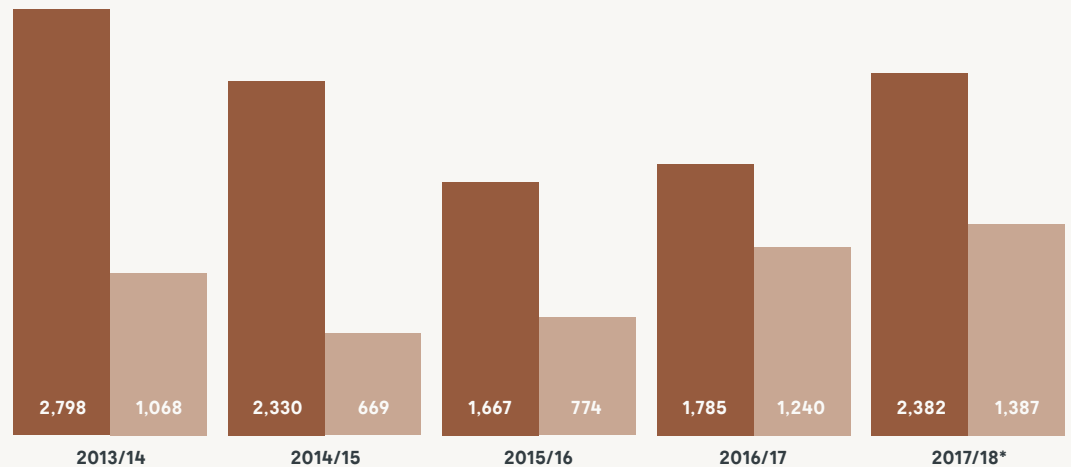


£ thousands  
 Cash **£1,500**  
 Gifts in kind **£579**  
 Time **£303**

\* Independently assured by Deloitte LLP

### Community investment £ thousands

Company giving  
 Value of employee and customer giving



\* Independently assured by Deloitte LLP

## Sharing knowledge and skills

We want to make it easier for customers and communities to learn and share home improvement skills. Many of our stores run classes and workshops for the local community. For example, 120,000 kids have completed our Majsterkowo DIY classes at Castorama Poland since 2012. The sessions teach young people about protecting the environment and using resources carefully as well as helping them to complete practical projects such as decorating plant pots and making bird boxes.

We are sharing information and insights online too. For example, Castorama France developed wikiforhome.org – an online home improvement ‘encyclopaedia’ with articles, videos and information on different home improvement projects. Anyone can contribute to the site or access the information resources. We also supported Sikana, a French NGO, to develop a series of free online videos to help more people develop basic home improvement skills, see case study right.

## Supporting our colleagues to have a home they can feel good about

We have 78,000 colleagues across 10 countries and each one has a vital role to play in our business. We want to make sure that they benefit from our expertise in home improvement and we are exploring new ways to help colleagues create their own good homes. This will be valuable for our business too, supporting employee engagement and building our people’s home improvement knowledge.

We will be exploring opportunities to progress on this goal during 2018.



## Making a difference with B&Q Good Homes

Our colleagues can make a huge difference to their community when given the chance to share their skills and enthusiasm. That was the premise behind B&Q’s Good Homes volunteering project in 2017. B&Q teamed up with Neighbourly, the online volunteering platform, to connect its colleagues with volunteering opportunities at charities in their local area. Each project ran over several days, enabling the teams to develop a strong relationship with the charity and increase their positive impact.

In 2017, 38 colleagues spent 388 hours supporting projects in eight communities, including some of the UK’s most deprived neighbourhoods.

Projects included:

- **Adullam Housing Association** – volunteers from B&Q Loughborough built a new kitchen and decorated several rooms in this centre for vulnerable young people experiencing homelessness
- **St Giles Hospice** – volunteers from B&Q Tamworth and Cannock transformed the hospice’s family room into a welcoming and comfortable space
- **Cree Centre** – B&Q Grantham colleagues supported this centre for people with learning disabilities, improving the garden and creating a new shed where members can safely store their wheelchairs and therapy equipment.

B&Q will continue working with many of the same charities in 2018 as well as developing partnerships with new organisations, giving more employees the opportunity to get involved.

## Sharing home improvement skills online

Sikana, an NGO based in France, exists to help people learn practical skills to improve their lives. We formed a three year partnership with Sikana to create ad-free, online resources teaching people basic home improvement skills.

With our support, Sikana worked with expert organisations to produce ‘how-to’ videos. During the partnership over 1,000 videos were made, covering a diverse range of subjects from basic woodworking skills, to saving energy and furniture restoration. These have been translated into six languages and made available across the internet including through YouTube.

# ethical sourcing

**We want to do business with suppliers who meet high standards on human rights, labour practices and environmental protection.**

**We aim to use our £7 billion buying scale to positively influence standards in our supply chain, benefiting workers in our supply chain and reducing risks to our business.**

## Our policies and standards

Our Human Rights Policy and Code of Conduct provide the framework for our approach to protecting human rights in our business and supply chain, see page 78.

These are supported by our Supply Chain Workplace Standards which explain the ethical standards we require from suppliers. These are aligned to the Global Social Compliance Programme (GSCP) Reference Code and Ethical Trading Initiative (ETI) Base Code.

Our [Ethical Sourcing and Supplier Workplace Ethical and Environmental Assurance \(SWEEA\) Policy](#) sets out our approach to ethical audits.

Contracts with suppliers include clauses on compliance with our supply chain policies and standards<sup>1</sup>. Potential new suppliers are informed during our supplier tender process, so they are aware of our requirements when they quote to provide products or services. We also summarise the key requirements in our Vendor Manual for goods for resale.

## About our supply chain

Our products are sourced globally from around 4,300 suppliers and there are around 5,500 production sites<sup>2</sup> that supply us with finished goods. We also source goods and services not for resale from around 300 key suppliers<sup>3</sup>.

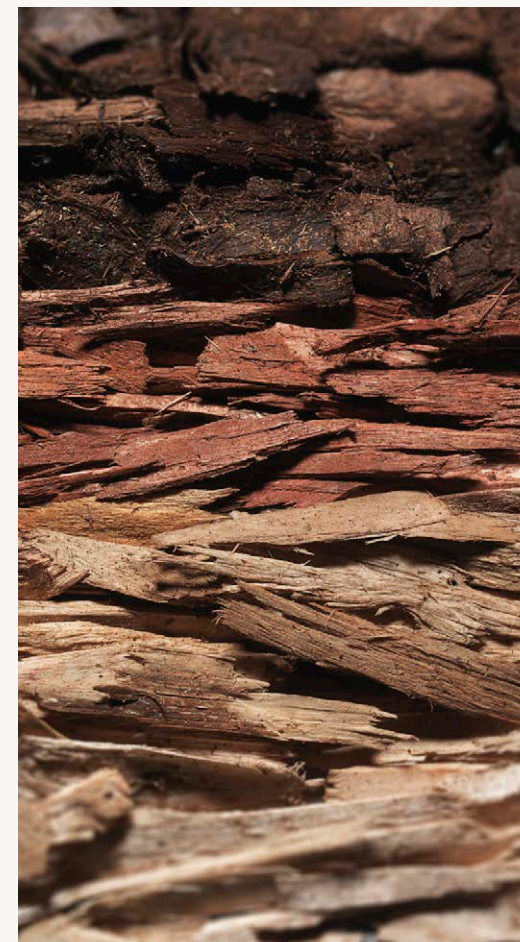
There are many more indirect suppliers in our extended supply chain, including suppliers of raw materials and component parts used in the products we sell and buy.

## Human rights and modern slavery

We respect human rights and do not tolerate any form of modern slavery. However, we recognise that no supply chain is without risk of modern slavery and it is our responsibility to understand these risks and work with our suppliers to mitigate them.

In 2017, we set up our Modern Slavery Working Group to oversee due diligence and disclosure on human rights and modern slavery. It has agreed an action plan including training, ethical risk assessment and supplier engagement and audit.

Our approach is summarised below with more detail in our [Modern Slavery Act Transparency Statement 2017/18](#).



<sup>1</sup> This includes contracts with suppliers of group sourced products and services, including our unified ranges.

<sup>2</sup> Data covers production sites that our Buying Offices source from directly, and those disclosed to us by suppliers through the Sedex platform. We aim for all our suppliers to be using Sedex by the end of 2020, and to disclose to us all production sites that supply us with finished goods.

<sup>3</sup> Around 300 suppliers account for nearly 80% of our spend on goods and services not for resale.

## Assessing risks in our supply chain

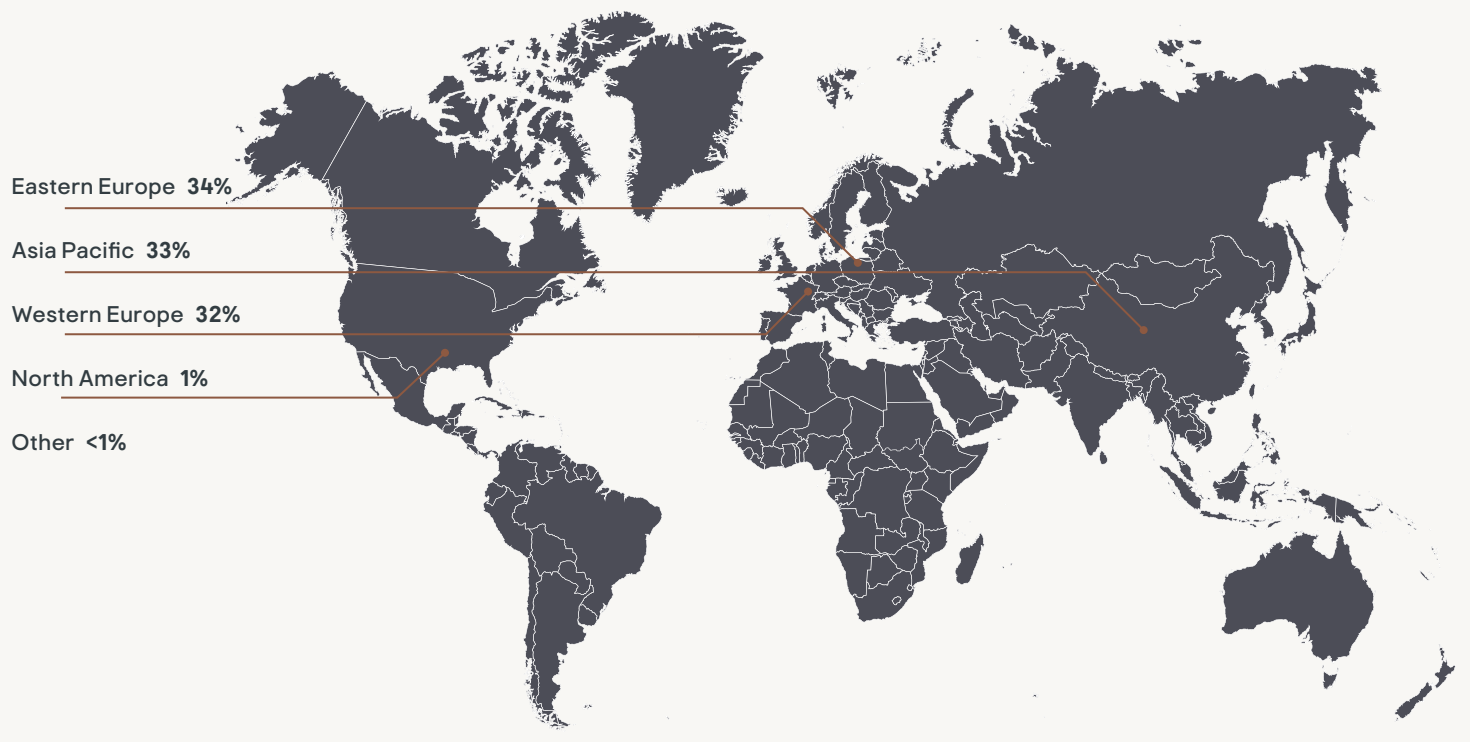
We take a risk based approach to help us prioritise suppliers for engagement. Our ethical risk matrix uses data from Maplecroft, to identify the high-risk product areas and countries in our goods for resale (GFR) supply chain. Examples include horticulture (global), natural stone (India, China and Brazil) and rug manufacture (India and Pakistan).

We also use Sedex, the online supplier data exchange ([www.sedexglobal.com](http://www.sedexglobal.com)), to help us assess risks among finished goods suppliers. We aim for all these suppliers to be using the Sedex platform by the end of 2020 and 40% have joined so far.

We are working on a number of projects to identify and address risks in our extended supply chain including working with the TFT Responsible Stone Programme, to improve ethical and environmental standards in quarries and stone processing factories in developing countries.

We have identified a number of GNFR buying categories as higher risk including uniforms, catering, cleaning, labour providers, construction, and logistics/transportation. We have started to engage with suppliers to improve our understanding of the risks and ways we can work together to address them.

## Goods for resale – Supplier production sites by continent (%)



## Supplier ethical assessment

We are rolling out a programme of ethical audits for high-risk production sites that supply us with finished goods. Each production site identified as high-risk is required to have a Sedex Members Ethical Trade Audit (SMETA) or equivalent at least once every two years.

The audit reviews suppliers' performance and identifies any instances of non-conformance.

We require suppliers to act swiftly to address non-conformances and to ensure the welfare of workers. As part of our audit programme, we follow up with suppliers to ensure the most serious issues are remediated. As a last resort, we cease to trade with factories if they don't work with us to address 'business critical' issues.

### Supplier audit results

1,178 production sites have had an ethical audit in the past two years.

We grade supplier sites according to their performance in their most recent audit<sup>1</sup> (see pie chart) and track the number of non-conformances that have been identified (see bar chart) and remedied.

Over time, we aim for our suppliers to improve to at least grade 3, which means that there are no major or more serious non-conformances.

The majority of non-conformances relate to health and safety, which include fire safety issues such as provision of fire extinguishers.

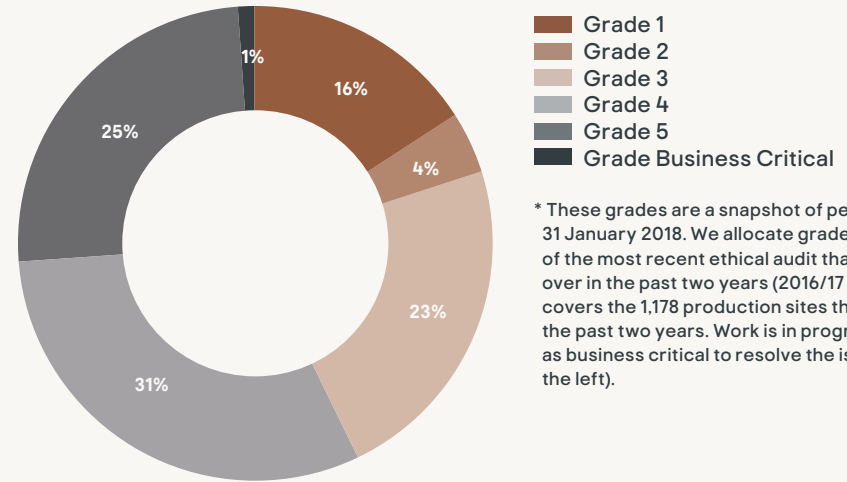
Other common non-conformances include wages and benefits, working hours, management systems and environment.

Work is in progress with sites graded as 'business critical' to resolve the issues. Our audit programme identified one incident of underage labour in a factory in Asia, and we applied our remediation programme to ensure the children were safe and no longer work at the factory, and engaged with the factory managers to determine the root cause. Other issues classed as 'business critical' included blocked fire exits and insufficient exits from buildings.

During the reporting year, ethical audits identified 14 non-conformances under the heading 'employment is freely chosen'. These involved failures to comply with minimum workplace standards, such as workers being charged deposits for work tools and clothing, delays in wage payments to workers who leave, and workers required to pay for a health check report as a condition of employment. There were no cases of modern slavery identified.

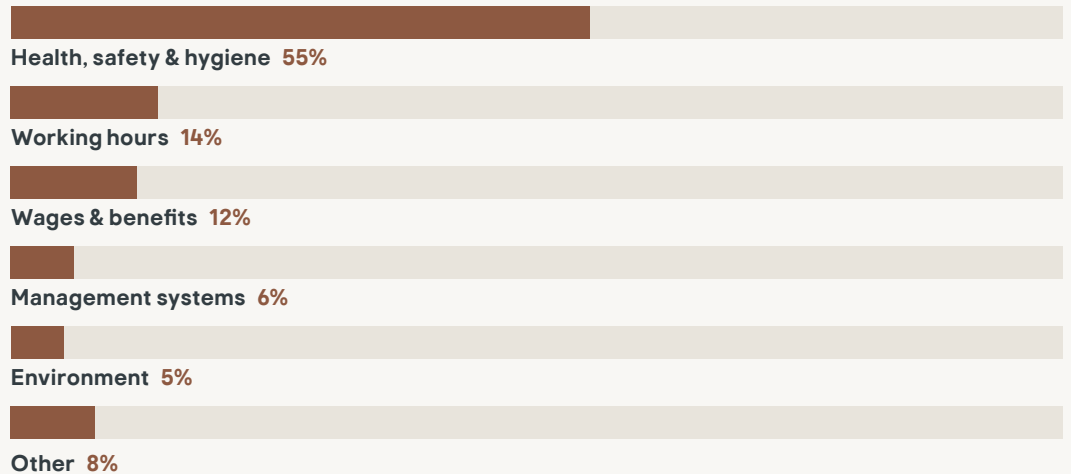
<sup>1</sup> The grades are based on the number of non-conformances identified during the audit e.g. grade 1 (no non-conformances), grade 2 (some observations), grade 3 (minor non-conformances), grade 4 (1-3 major non-conformances), grade 5 (4 or more major non-conformances or 1-3 critical non-conformances), business critical grade (business critical non-conformances or 4 or more critical non-conformances).

## Supplier production sites by grade (%)\* 2017/18



\* These grades are a snapshot of performance on 31 January 2018. We allocate grades based on the results of the most recent ethical audit that has been carried over in the past two years (2016/17 and 2017/18). The data covers the 1,178 production sites that have had an audit in the past two years. Work is in progress with sites graded as business critical to resolve the issues (see details to the left).

## Top five non-conformances by category (%)†



† The % of non-conformances are from ethical audits carried out in the past two years (2016/17 and 2017/18). The data covers production sites registered so far on Sedex.

### Training and awareness

We are collaborating with suppliers to build their knowledge and understanding of human rights issues and how to address them. For example, 565 supplier companies attended workshops on human rights and ethical sourcing run by our Asia buying office.

We are also working to build awareness of ethical sourcing issues among employees. During the year, 122 employees from our Asia buying office (38%) attended a training session on ethical sourcing and we ran two workshops on modern slavery for our buyers of goods and services not for resale.

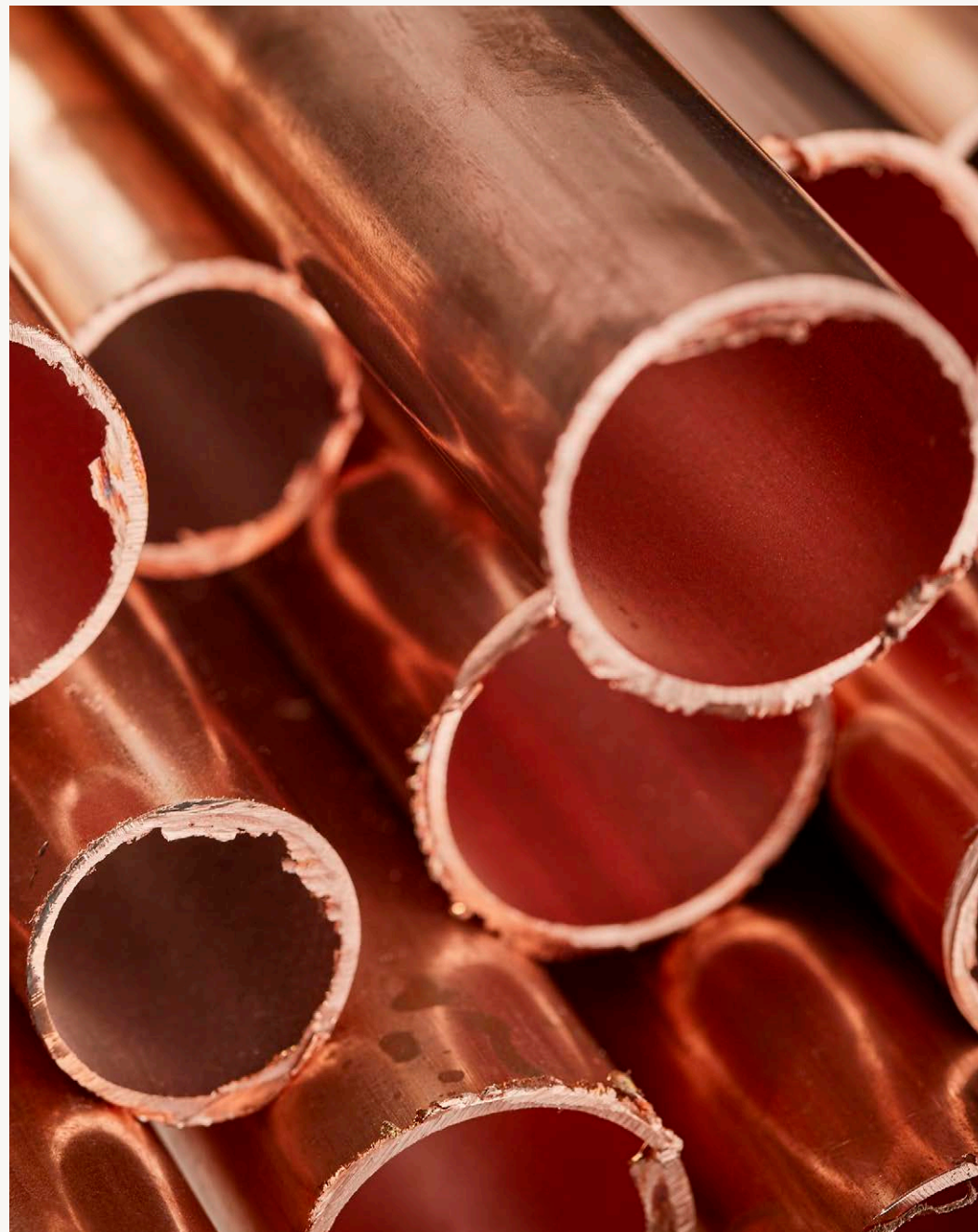
### Whistleblowing and grievance mechanisms

Our whistleblowing policy and procedures enable staff and suppliers to report any concerns about human rights violations.

Our independent and confidential whistleblowing service, In Touch, is available to all employees ([intouchfeedback.co.uk/kingfisher](http://intouchfeedback.co.uk/kingfisher)) and suppliers ([intouchfeedback.co.uk/kfsupplier](http://intouchfeedback.co.uk/kfsupplier)). All reports to the helpline are fully investigated and followed up and the outcome reported to the Audit Committee of the Board of Directors. There were no reports relating to modern slavery or human rights issues in the supply chain made in 2017/18.

We require suppliers to maintain a grievance mechanism and check this through our ethical audits.

**We aim to use our £7 billion buying scale to positively influence standards in our supply chain, benefiting workers and reducing risks to our business.**





## Engagement and advocacy

We participate in several partnerships aimed at improving standards across the retail sector. For example:

- **EDRA** – We are a member of an EDRA (the DIY retail association) working group, which aims to develop a collaborative approach to responsible sourcing within the home improvement sector.
- **BRC** – We are members of the British Retail Consortium (BRC) Working Groups on Ethical Labour and Responsible Sourcing.
- **Sedex** – We worked with other retail members of Sedex to help establish a Working Group on GSNFR (Goods and Services Not For Resale). This aims to create new Sedex tools for service providers and to enable Sedex members to work together to engage suppliers and share best practice.
- **HERproject, BSR** – We sponsored the HERproject, led by BSR, the sustainability organisation, in one of our supplier factories in Southern India. HERproject aims to improve standards in global supply chains by empowering low-income women (<https://herproject.org>).
- **Which!** – Within Homefit, our B&Q kitchen and bathroom installation service, we have started to work on a number of initiatives to raise awareness of modern slavery for tradesmen, for example, engaging with Which! Trusted Traders (the endorsement scheme we use to approve tradesmen) to add a briefing on modern slavery to their assessment process for new tradesmen.

# We are collaborating with suppliers to build their knowledge and understanding of human rights issues and how to address them.

# supporting sustainable livelihoods

**Ethical sourcing is a fundamental requirement but we believe we can go further to help create a more sustainable supply chain. Our target is to establish strategic community programmes to achieve positive change in key sourcing regions by 2025.**

During 2017, we visited key sourcing markets including Poland and Turkey to assess how we can play a role in helping workers and their families in our sourcing communities enjoy good jobs and good homes. We have identified investment in skills as one area that will make a positive difference for individuals, communities, our suppliers and our business.

During 2018, we will be launching a pilot project with one of our ceramics suppliers in Turkey. This will provide investment in skills and vocational training in the local community with a particular focus on providing opportunities for women and young people. We will use the findings from the pilot to further develop our approach.



# our people

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# engagement and culture

**Just as the nature of work is changing, so are our colleagues' expectations of their work environment. People don't simply want a job, they want a great working experience where they can perform at their individual best and be themselves.**

**It is important that our colleagues feel valued, respected and recognised for what they do and how they do it, wherever they work in the company.**

To create a great working experience, we are focusing on the moments that matter for our colleagues; as they join us, as they contribute in their daily roles, as they grow and develop and even as they contemplate moving on.

Creating the right culture is key to developing the colleague experience we want at Kingfisher. It is so important that our culture is driven by the Kingfisher values of curiosity, simplicity, humility, excellence and working together as one. In the last year, we have paid particular attention to facilitating cultural change within our leadership teams and developing a clear understanding of the way we want to work. This has included hosting international leadership events to bring together colleagues from different parts of the business.

Each of our colleagues has a role to play in the transformation of our business and their views help to shape what we do and how we do it. This year we introduced a new Colleague Experience Platform – a common approach to feedback and measuring engagement covering all our operating companies. This gives colleagues a simpler and more timely feedback mechanism to share their thoughts on life at Kingfisher. For managers and HR teams it has given a more immediate way of taking the pulse of life at Kingfisher and acting on that feedback. As well as an annual all-colleague survey, it enables us to assess views throughout the year through shorter pulse surveys covering specific topics or groups of colleagues.

Our engagement score for our 2017 annual survey was 78 out of 100. This is above the score of 66 for the benchmark group based on results from over 40 international retail companies. Over 60,000 of our colleagues provided their feedback through the survey. The results show that most of our colleagues understand what's expected of them in their role, feel comfortable that they can be themselves at work, and have a strong connection with their manager. There is further work to do to increase excitement about our future as ONE Kingfisher and to ensure our colleagues feel they receive the right communication at the right time.

In addition to our surveys, we use a range of approaches to engage our people and support good two-way communication. This includes a range of formal and informal colleague forums and consultation groups.

## Managing change

We are two years into our five-year transformation to become ONE Kingfisher. This is a period of change for our colleagues and our business as we reorganise ourselves. We need to manage these changes carefully to minimise negative impacts on our people.

## Employee turnover

Our employee turnover rate was 33% (2016/17: 32%). This includes voluntary and involuntary leavers.

Over  
**60,000**  
of our colleagues provided feedback through our 2017 annual survey

# diversity and inclusion

**We value difference within our company and are committed to equal opportunities, diversity and inclusion.**

We are focused on enabling all colleagues, regardless of gender, race, background or any other characteristics, to reach their full potential and believe that having a diverse workforce, with fair representation, is strategically important and generates value for all our stakeholders.

We are trialling a number of initiatives to encourage greater diversity by exploring improvements to how we hire people and help colleagues to progress their career with us. This will include:

- Introducing leadership development programmes to support the building of inclusive teams;
- Introducing programmes to support women returning to work and reviewing parental benefits;
- Making more senior jobs open to flexible working and reduced hours;
- Ensuring recruitment panels are diverse to mitigate any unconscious bias; and
- Changing how the business writes job listings to appeal to a diverse range of candidates.

1 The Cranfield University Female FTSE Board Report 2017 reports the percentage of women on FTSE 100 boards as 27.7%. <https://www.cranfield.ac.uk/som/expertise/changing-world-of-work/gender-and-leadership/female-ftse-index>

2 The Office for National Statistics quotes a national median pay gap of 18.4% and mean pay gap of 17.4% for 2017. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables>

## Gender balance

We aim to achieve gender balance at all levels of our workforce. Women accounted for 44% of our Board, well above the average for the FTSE 100<sup>1</sup>, and 50% of our Group Executive during 2017/18. Overall representation of women in our workforce increased slightly to 40% and there was also a small increase among all management positions.

We became members of the 30% Club, and are committed to its goal of improving gender balance.

We published our first gender pay report for the UK in February 2018 (see [www.kingfisher.com/genderpayreport2017](http://www.kingfisher.com/genderpayreport2017)). This showed a median

pay gap of 2.5% and mean pay gap of 9.6% for all UK group and operating company employees. These gaps reflect the higher portion of men in senior management roles. While our gender pay gap is below the national average for the UK<sup>2</sup>, we recognise that there is work to be done to reduce it further. We will be looking at ways to analyse our gender pay gap across the group internationally and plan to investigate pay gaps for other diversity characteristics.

## Gender diversity % of female colleagues

	2013/14	2014/15	2015/16	2016/17	2017/18*
Board	27	40	44	44	44
Senior management†	21	19	20	20	20
All management positions	29	29	31	33	34
Total workforce	39	39	39	39	40

\* Independently assured by Deloitte LLP

† Senior management covers Board, directors and heads of department

### Ethnic diversity

Ethnic minorities accounted for 6% of employees in the UK (2016/17: 6%). It is not compulsory for staff to declare their ethnicity so we believe the actual figure may be higher. Our definition of ethnic minorities includes all employees who do not define themselves as White British. We don't report a Group figure for ethnic diversity since definitions of what constitutes an ethnic minority vary by country and in markets such as France it is illegal to ask employees to declare their ethnicity.

### Disability

We aim to create accessible workplaces and to support colleagues affected by disability. During 2017/18, 2.5% of colleagues had a declared disability (2016/17: 2.5%).

Our companies in France are particularly focused on supporting people with disabilities in line with national legislation and targets. This includes providing support for disabled colleagues, training and guidance for HR managers and partnering with disability organisations. 10.4% of workers employed directly or indirectly by Brico Dépôt France have a disability (6.4% of full-time equivalent employees) and 7.5% of workers employed directly or indirectly by Castorama France (5.4% of full-time equivalent employees), compared with the French national target of 6% of workers employed directly or indirectly<sup>1</sup>.

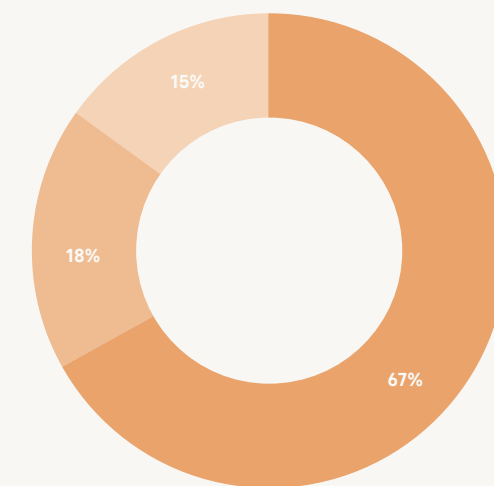
Brico Dépôt Iberia participates in the Incorpora initiative run by the La Caixa Foundation which provides employment opportunities for people with disabilities, learning difficulties and the long-term unemployed. In 2017/18, 40 people completed work placements at Brico Dépôt stores in Spain.

### Age

Each generation brings a different and valuable perspective to their work. We encourage age diversity and some of our companies have programmes targeted at young people and older workers.

For example, B&Q has encouraged the recruitment and retention of older workers and 29% of its workforce is aged over 50. Screwfix has a focus on young people with 32% of its workers aged 24 or under.

Employees by age 2017/18\*  
% of employees (FTEs)



- Employees 25-49
- Employees 50 and over
- Employees 24 and under

\* Independently assured by Deloitte LLP

### Diversity initiatives at our companies include:

#### Supporting women and young people at Brico Dépôt France

Brico Dépôt France aims to fully integrate diversity into the business with a focus on young people and supporting women into management roles. All new managers are trained on diversity and non-discrimination in recruitment and it has set quantitative targets to help drive progress. This includes a goal of 45% of new recruits to be aged under 26 and 50% of apprentices to be women.

#### Investing in diversity at B&Q

B&Q has launched a diversity plan to help it create an inclusive culture that attracts talented colleagues from all backgrounds. It is focusing on diversity in relation to gender, age, ethnicity, disability, sexual orientation and social background.

During 2017, the company updated its manager training to promote the benefits of diversity and provide guidance to help managers identify and address unconscious bias. B&Q is encouraging flexible hours and job sharing at both senior and junior levels. For example, during 2017 it rolled out its new apprenticeship programme which is available to part-time candidates and introduced the option for job sharing in retail trading management roles following a successful pilot. It is also collaborating with Timewise, a jobs board specialising in part-time and flexible roles.

#### Promoting diversity and flexible working at Castorama France

Castorama France has launched training sessions for its managers on how to identify and prevent unconscious bias and discrimination during recruitment processes. It has used social media to promote its career opportunities to a wider audience which has helped increase the proportion of female applicants to 53%. It promotes flexible working options and ran a survey during 2017 to help it better understand and respond to colleague views and expectations in relation to work-life balance. Castorama was the first retail company in France in 2011 to achieve the "égalité" certification issued on behalf of the Ministry of Solidarity and Social Cohesion.

<sup>1</sup> Indirect employment includes partnerships with organisations who specialise in providing work for people with disabilities.

# developing our people's skills

**We want our colleagues to learn and to grow with us, and offer a range of programmes to support career development. Colleagues completed an average of 10 hours of training during 2017/18.**

Some of our store-based training programmes in 2017/18 included:

- B&Q's 'Rising Stars' programme leads to a Retail Team Leader Level 3 Apprenticeship (equivalent to 2 A-Levels). 277 colleagues took part last year.
- Screwfix's '1st Steps' and 'Fast Track' to store management programmes are accredited with City & Guilds and the Institute of Leadership and Management Level 2, 3 and 4. Around 788 colleagues were on the programmes last year.
- Castorama and Brico Dépôt France work in partnership with universities and business schools to recruit apprentices for store-based undergraduate and Master's degree placements. In 2017/18, 734 apprentices were recruited across both businesses.
- Castorama Poland's 'Leaders' School' prepares colleagues for store director or administration and logistics director roles. Its 'Captain's School' is aimed at preparing colleagues for department manager roles.

**277**  
colleagues took part in B&Q's 'Rising Stars' programme

**788**  
colleagues took part in Screwfix's '1st Steps' and 'Fast Track' programmes

**734**  
apprentices were recruited across Castorama and Brico Dépôt France

## Home Improvement Academy

To provide a great service to customers, we need to equip our store colleagues with the right knowledge and skills. This is the goal behind our new Home Improvement Academy. It's designed to give our store colleagues product training and home improvement knowledge, enabling them to become range ambassadors.

The pilot session in 2017 brought colleagues together from all over Europe to learn about our new, unified Bathroom range. Colleagues participated in seminars, practical sessions, and situational role plays, both in person and through digital channels. The sessions included an introduction to our sustainable growth plan and an insight into the key sustainability features of the new ranges.

# health, safety and wellbeing

**Protecting the health and safety (H&S) of our colleagues is a fundamental part of being a responsible business. We have clear policies and structures in place to help us do this, including a senior management safety committee in each operating company and a network of safety professionals.**

Our H&S Dashboard summarises performance at each operating company and is reviewed at every meeting of our Group Board and Group Executive Committee.

We appointed a Group Safety and Compliance Risk Officer in 2017 who is leading the development of our Kingfisher H&S management system. This will align to the new ISO 45001 international standard for occupational health and safety management and will help ensure a consistent approach is taken across our business.

We launched our Group-wide accident management reporting system in 2017 to help us identify the root causes of accidents and reduce safety risks. It tracks accidents (including minor accidents) and near misses. We have run training sessions to ensure consistency in how our companies are using the system to report risks, accidents and near misses.

We audit our stores against our mandatory minimum H&S standards and each company has an action plan to address areas for improvement.

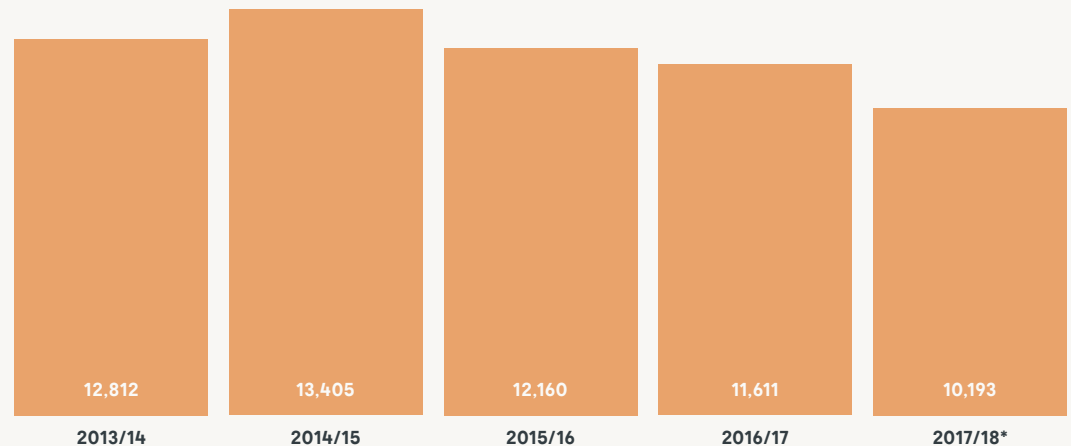
Our total employee accident rate (number of all work-related accidents per 100,000 full-time equivalent employees) was 10,193, a decrease of 12% year on year, and an 18% reduction since 2012/13.

We believe this improvement reflects our work to increase safety awareness and strengthen our processes for identifying and addressing safety issues. There were no work-related fatalities.

There were no health and safety related prosecutions or fines during the year.

**12%**  
year on year decrease in our employee accident rate

**Employee accident rate**  
Number of 'all work-related' accidents per 100,000 full-time equivalent employees



\* Independently assured by Deloitte LLP



## Employee wellbeing

Our Group and operating companies implement programmes to support the physical and mental wellbeing of our colleagues. These can include: events and workshops promoting healthy lifestyle choices; Employee Assistance Programmes for colleagues who may need counselling, financial and legal advice or specialist support; occupational health assistance to support colleagues in the workplace; and discounted rates on healthcare and medical benefits for colleagues and their families.

## Engagement and advocacy

We partner with others to support progress on skills development and diversity. Recent examples include:

- **Apprenticeships** – Screwfix launched an apprenticeship guide in Wales in conjunction with the Welsh Government to help more tradespeople hire apprentices.
- **Supporting the creative sector** – we support the New Designers exhibition and awards, which provide a platform for students seeking to develop their design careers. We sponsored two categories in 2017 and provided work placements for the winners.
- **30% Club** – our CEO Véronique Laury is a member of the 30% Club which aims to increase representation of women on boards and executive committees.



**We aim to achieve gender balance at all levels of our workforce. Women accounted for 44% of our Board, well above the average for the FTSE 100, and 50% of our Group Executive during 2017/18.**

# governance and management

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# roles and responsibilities

Our Group Sustainability Committee (GSC), a sub-committee of the Group Executive, leads and oversees delivery of our sustainability strategy, monitors performance against targets and reviews sustainability risks and opportunities. It includes senior executives from our digital, purchasing, property, people and community functions as well as our operating companies. The GSC meets at least twice a year.

The GSC is sponsored by our Chief Customer Officer, who is a member of our leadership team and reports directly to the CEO. Our Chief Customer Officer is responsible for integrating sustainability across the customer journey.

Our Board receives regular updates on our performance and sustainability risks, including those relating to climate change.

Our operating companies and group functions are developing an action plan for delivering our sustainability targets. They are supported by our central sustainability team, and by sustainability teams in our operating companies and our Offer and Supply Chain function.

Sustainability must be part of how we work in every function and part of the business and we aim to engage our people on sustainability through training, awareness campaigns and events. For example, B&Q held a sustainability conference during 2017 to engage its leadership on our sustainable growth plan. Participants heard from expert speakers and took part in

workshops to explore the business benefits of our new strategy including sales opportunities and efficiency savings. B&Q has also reviewed its recruitment and learning and development materials to further embed sustainability messages. Future employees now learn about sustainability from when they first visit the B&Q careers website and this is reinforced during the induction process and during manager and range training programmes.

## Sustainability policies

**Our policies guide our approach to sustainability and help ensure consistency across the business. We review our sustainability policies annually. All policies have been updated to align with our sustainable growth plan, and new policies were introduced in 2017 on animal welfare and deforestation.**

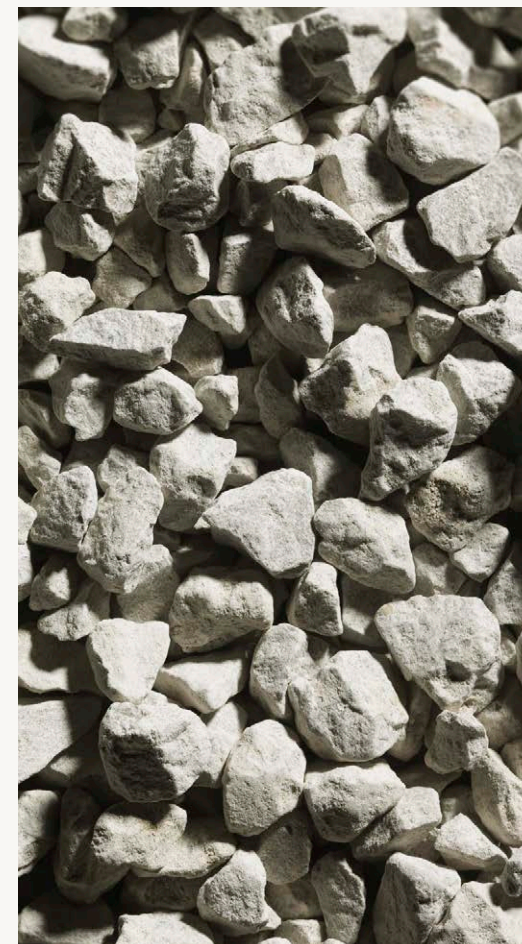
We also updated our human rights policy to make it broader in scope (it previously focused on employees and now covers all stakeholders affected by our business activities).

All updated policies were approved by our Group Executive. Our Code of Conduct will be updated in 2018.

See [www.kingfisher.com/SustainabilityPolicies](http://www.kingfisher.com/SustainabilityPolicies) for copies of our policies.

## Fines and prosecutions

There were no fines or prosecutions relating to health, safety or environmental issues during 2017/18.



# risk management

Identification and management of sustainability risks are incorporated in our strategic risk assessment processes. Our GSC monitors short, medium and long-term sustainability risks, their potential impact on our business, and our mitigation measures. These are reviewed at each GSC meeting.

Our most significant risks are included in our sustainability risk register (part of our overall Group risk management process). These include risks relating to:

- Sustainability regulation
- Supply chain ethical and environmental impacts
- Chemicals use
- Modern slavery and human rights risks
- Climate change risks
- Resource costs and scarcity.

Read more on our approach to risk management in our Annual Report and Accounts: [www.kingfisher.com/annualreport17-18](http://www.kingfisher.com/annualreport17-18).

## Climate change governance, strategy and risk management

Governance of climate-related risks and opportunities is integrated into our overall sustainability governance and risk management structures, which are outlined above.

Our Group Chief Executive Officer, Véronique Laury, has ultimate accountability for the issues of energy and climate change. At an asset level, we manage climate-related risks through our insurance programmes and by incorporating climate change factors into our planning and design of new stores, refurbishment projects and preventative maintenance programmes.

We have identified a number of climate-related risks and opportunities that may impact our business strategy. Our most important opportunity is the growing market for energy efficient products and services, estimated to be worth €70 billion by 2020 across our key European markets<sup>1</sup>.

Several climate change risks are included in our sustainability risk register. These are:

- **Customer risks** – the need to adapt our products to meet changing consumer needs arising from climate change and global resource constraints such as demand for energy saving products.

- **Operational risks** – those associated with rising energy and fuel costs and increases in insurance premiums due to a rise in extreme weather events.
- **Supply chain risks** – potential disruption in our supply chain if suppliers are affected by climate change impacts and rising energy costs.

Through our sustainable growth plan we have established targets and KPIs to help us manage these risks. See page 12. We are committed to developing a longer-term climate target in line with climate science and we are engaging with the Science Based Targets initiative to help us develop this.

We aim to align our reporting with the requirements of the Task Force on Climate Related Financial Disclosures over time.

## Audit and assurance

We have robust governance processes in place to ensure the completeness, accuracy and reliability of our sustainability performance data. These include the use of in-house and third-party experts to review data and qualitative statements included in our Annual Report and sustainability reporting. For example, sustainability experts Bioregional coordinate our head office data review process across all our targets which includes a detailed review of sustainable home product innovation data.

The CEO of each operating company is responsible for ensuring that appropriate processes and controls are in place to monitor and report progress against our sustainability targets. A senior executive for each operating company is required to complete an annual self-certification process to confirm that sustainability performance data submitted to the Group is materially accurate and has been subject to an appropriate level of review prior to submission.

Group Internal Audit performed testing over a selection of performance data at each of our operating companies. In addition, we conduct topic-specific internal audits or risk reviews where required; for example, in 2017/18 Group Internal Audit conducted a Chain of Custody (FSC® and PEFC) audit in B&Q.

We appointed Deloitte LLP to provide a limited assurance opinion on selected information within this report. Further details on the work they performed and their conclusion are set out in their independent assurance statement on page 108.

<sup>1</sup> Boston Consulting Group report, commissioned by Kingfisher, 2011.

# human rights and ethical conduct

## Human rights

We respect human rights and take steps to protect the rights of our employees, workers in our supply chain and others affected by our business activities.

Our Human Rights Policy sets out our commitment to respect human rights, in line with international agreements and guidelines including: the United Nations Guiding Principles on Business and Human Rights; the International Bill of Human Rights (which includes the Universal Declaration of Human Rights); the UN Global Compact; the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work; the Children's Rights and Business Principles; and UN conventions on the elimination of discrimination. It summarises our commitment to implement due diligence procedures to avoid infringing on the rights of others.

We support a number of external initiatives that aim to protect and promote human rights. We are committed to playing our part in working towards the United Nations Sustainable Development Goals (SDGs) and have signed up to the British Retail Consortium (BRC) commitments on the goals.

We are also a member of the UN Global Compact and report progress against its 10 principles annually, see page 86.

For more information on how we manage human rights and modern slavery risks in our supply chain see page 61.

## Ethical conduct

We are committed to meeting high ethical standards in the conduct of our business activities and we do not tolerate bribery and corruption.

Our Code of Conduct and Group Governance Manual – 'The Way We Do Business' – explain our ethical principles, key policies and minimum standards, and help us comply with regulations such as the UK's Bribery Act. We aim to create a compliance culture in which all employees feel able to raise concerns and companies have the confidence to identify, acknowledge and address gaps in policies or performance.

The Code forms part of the contractual terms and conditions for all new employees and is included in our contracts with product suppliers and key GNFR suppliers, who are expected to communicate its requirements to their own employees.

Our operating companies' reporting and compliance procedures include: the appointment of a senior compliance officer in each operating company; training for relevant employees; raising awareness of our whistleblowing procedures; and integration of the Code of Conduct into employee and supplier

contracts. We have a compliance network for our operating company compliance officers to share information and best practices.

Our internal audit function monitors compliance with our Code and policies, working with our operating companies to help them strengthen policies or procedures where needed.

All employees whose location or role poses a potential corruption risk must complete our anti-bribery and corruption training module, which has been integrated into the induction process for relevant employees.

Employees can report any concerns via our whistleblowing hotline or get advice via a dedicated email address. All reports are investigated and if an employee is found to have breached our Code of Conduct, appropriate disciplinary action is taken. The number of open and resolved cases and the outcomes are reported to the Audit Committee of the Board of Directors. 144 cases were opened during 2017/18. Operating companies are required to raise employee awareness of the hotline and email address.

We will be reviewing and updating our Code of Conduct and approach during 2018.

Download our Code of Conduct: [www.kingfisher.com/sustainabilitypolicies](http://www.kingfisher.com/sustainabilitypolicies).

# stakeholder engagement

**Engagement with our stakeholders helps us to develop our approach to sustainability, to identify risks and opportunities and to report transparently on our progress.**

Our main stakeholders include our customers, investors, colleagues, suppliers and regulators as well as NGOs, the media and other organisations working on sustainability and business issues.

Our customers are our most important stakeholder group and we have carried out research to better understand their views in relation to sustainability, see page 8. Our approach to engaging our colleagues is summarised on page 68, suppliers on page 63-64 and regulators on page 81.

We want to be advocates for sustainable business and to engage with governments, NGOs and industry partners to share our views, learn from others and stimulate progress. Examples of advocacy and partnership are included throughout the report including on pages 21, 32, 36, 40, 52, 65 and 73. You can read a perspective from Sally Uren, Chief Executive of Forum for the Future, on page 6.

## Investor engagement

There is growing investor interest in companies' approaches to managing environmental, social and governance risks and opportunities.

We communicate our approach to our investors and participate in many responsible investment benchmarks and indices. In 2017/18, these included:

Organisation	Activities during 2017/18
CDP Climate Change	We disclosed our climate change performance through CDP Climate Change and received a rating of A-.
CDP Forest	We are a founding participant in CDP's Forests Program, an investor initiative which aims to improve understanding around how companies are addressing their exposure to deforestation risks. We were ranked in the leadership category for timber with an A-rating.
Dow Jones Sustainability Index	We have been included in the DJSI World and Europe Indices since 2010.
FTSE4Good Index	We are listed in this index with a rating of 4.3 out of 5.
MSCI-ESG	We received a AAA ESG rating for our ability to manage ESG issues.
STOXX® Global ESG Leaders	We are included in this Index of the leading global companies in terms of environmental, social and governance criteria.
Sustainalytics	We received a positive view of our ability to manage ESG issues.



## Our materiality assessment

We want to make sure we focus on the issues and impacts that are most significant to our business and our stakeholders and where we can make the most difference.

We identify and prioritise our material issues through extensive consultation. This is a continual process that includes:

- 1. Internal review:** internal engagement and research to identify issues of importance to our business including commercial, operational and reputational risks and opportunities.
- 2. External review:** benchmarking and engaging directly with priority stakeholders through channels such as customer visits, face-to-face meetings, research and membership of organisations such as Forum for the Future. From steps one and two we create a shortlist of issues.
- 3. Prioritisation:** working with key internal and external stakeholders to prioritise issues.

We use the results of this analysis to develop our sustainability strategy, targets and key performance indicators and to define which information should be included in our sustainability reporting.

We updated our materiality analysis in 2016 and 2017 through research with a wide range of stakeholders. This included:

- Customer research across five markets including in-depth interviews and visits to customer homes.
- Interviews with key external stakeholders and sustainability experts.
- Interviews with senior colleagues from our group functions and operating companies and research with our colleagues in the UK and France.

- A science-based analysis of our key product impacts, see right.
- Benchmarking against the UN Sustainable Development Goals, investor questionnaires and other external frameworks.
- Analysis of external social and environmental trends.

The findings showed that while environmental issues, including climate change, water and waste, remain priorities, we also need to increase our emphasis on social issues, particularly the health, safety and wellbeing of customers, colleagues and workers in our supply chain.

The results of this assessment have shaped our sustainable growth plan and targets.

## Our material issues



## Assessing product-related impacts

The sustainability impacts associated with the production and use of our products often outweigh those of our direct operations. We commissioned research to assess these value chain impacts to ensure they are fully reflected in our materiality assessment. This analysis drew on scientific and research evidence to provide a more objective view of the relative importance of different issues.

The process looked at the material issues associated with our main product categories in both the supply chain and product use phase. Issues were rated according to their environmental or social significance as well as their relevance to our product portfolio and sales volumes.

We identified eight sustainability issues of particular importance. The most significant product sustainability impacts relate to climate change and the health, safety and wellbeing of customers, colleagues and workers in our supply chain. Other significant issues include waste, water, ethical policy and traceability. Deforestation and biodiversity were also important.

The findings have been integrated in to our overall materiality assessment and our sustainability strategy.



# public policy

**Government policy can help stimulate progress on sustainability issues and on business issues more generally. We work with non-governmental organisations and regulators at the national and regional level to encourage legislation that incentivises sustainable business practices and creates a level playing field to support investment in sustainable business and innovation.**

Examples of our engagement and advocacy on sustainability issues are included throughout this report including pages 21, 32, 40 and 65. We also engage in the political process in our markets and at EU level to inform the development of policy that has a material impact on our business and the retail sector.

## Approach and standards

Our Group Director of Corporate Affairs manages our public policy activities and reports to our Chief Customer Officer. The Board of Directors reviews the key aspects of our public policy activity at least twice a year. All our public policy work must meet the ethical standards set out in our Code of Conduct and our Group Corporate Affairs Policy and reflect our public sustainability commitments. We are registered on the EU Transparency Register of lobbying activities. Our policies are available at [www.kingfisher.com/sustainabilitypolicies](http://www.kingfisher.com/sustainabilitypolicies).

We work with a number of external lobbying companies, which are all members of

recognised self-regulatory organisations such as the Association of Professional Political Consultants in the UK and the European Public Affairs Consultancies' Association (EPACA) in the EU and governed by their codes of conduct. The lobbying companies we use in the EU are also listed on the EU Transparency Register.

In line with EU and UK corporate governance best practice and as stated in our Code of Conduct, it is our policy not to make donations directly to political parties or politicians.

We follow government guidelines in relation to employing former public officials (the "revolving-door").

## Public policy priorities

**We engaged with governments on a range of policy issues during 2017/18 including: the impact of Brexit; changes to property taxes; planning policy (UK); employment policies including the UK's National Living Wage and Apprenticeship Levy; housing policy; the circular economy; and Sunday Trading laws (Poland).**

Examples of public policy activity from 2017/18

– **Brexit – UK and Europe:** We are engaging with governments in our major markets directly and via organisations such as the BRC, CBI and the Horticultural Trades Association. Our priority is that the Brexit negotiations

are conducted in a way that avoids negative impacts on trade and the economy and on our customers both in the UK and Europe. We believe that the Brexit process should not result in a weakening of the UK's environmental protection laws. We believe that EU colleagues working for us and in our supply chain in the UK should be given the opportunity to stay beyond Brexit. We have established an internal Brexit working group to oversee our engagement.

- **Planning – UK (London focus):** We are engaging with the Greater London Authority on planning issues. Our priority is to prevent store closures where retail sites are redeveloped by landlords into high-end apartment blocks. In our engagement, we seek to highlight the positive role home improvement stores play in helping Londoners achieve good homes.
- **Home energy efficiency – France:** we are engaging with the French government and key opinion leaders to simplify the incentive mechanisms for helping people improve home energy efficiency. We seek to promote an aligned approach for all stakeholders involved in energy renovation, that supports both the commercial sector and individual home improvers.

## Membership of trade associations

Some of our public policy work is conducted via trade associations and industry groups which can help to increase the impact of our policy messages. These relationships are overseen by our Group Director of Corporate Affairs with trade associations in the UK, France and Brussels and, in other markets, by the relevant local CEO. Our memberships include:

- EU – the European DIY-Retail Association (EDRA) and EuroCommerce
- UK – the British Retail Consortium (BRC), Confederation of British Industry (CBI), London First and the GC100 – the Association of General Counsel and Company Secretaries working in FTSE 100 Companies
- France – the French Association of Private Businesses (AFEP), and the French Federation of DIY Retailers (FMB)
- Ireland – Retail Excellence Ireland
- Russia – AKORT, the Russian retail association; the Franco Russian Chamber of Commerce and the Foreign Investment Advisory Council (FIAC)
- Poland – The Polish Confederation of Private Employers and the Polish Organisation of Commerce & Distribution (POHID)
- Portugal – Portuguese Association of Retail Companies (APED)
- Spain – Association of Distributors of Hardware and DIY (ADFB)
- Turkey – Chain Stores Association (KMD), Turkish Industry and Business Association (TÜSİAD).

# pensions

**The Kingfisher Pension Scheme (KPS) manages the pensions of past and present employees. Reflecting our commitment to sustainability, the KPS integrates responsible investment principles into its work and communicates with stakeholders on its approach to environmental, social and governance (ESG) issues.**

## Principles

Investment decisions at KPS are governed by the Scheme's Statement of Investment Principles (SIP). This sets out KPS's commitment to act as a responsible investor and states the Trustee Board's belief that all companies should be run in a responsible way.

Investment managers acting on behalf of the KPS are required to take account of social, environmental and ethical considerations where these may have a financial impact on investment performance. They are encouraged to engage with investee companies on these issues, including exercising voting rights where appropriate.

Investment managers must disclose their investment approach to KPS and state whether this integrates ESG factors.

## Ethical funds

The KPS Trustees have explored opportunities to invest in specific funds that support progress on sustainability issues, such as renewable energy. Existing investments include a £20 million stake in a global farmland fund which invests in farmland operated according to sustainable farming methods and a £20 million investment in a global renewable energy fund.

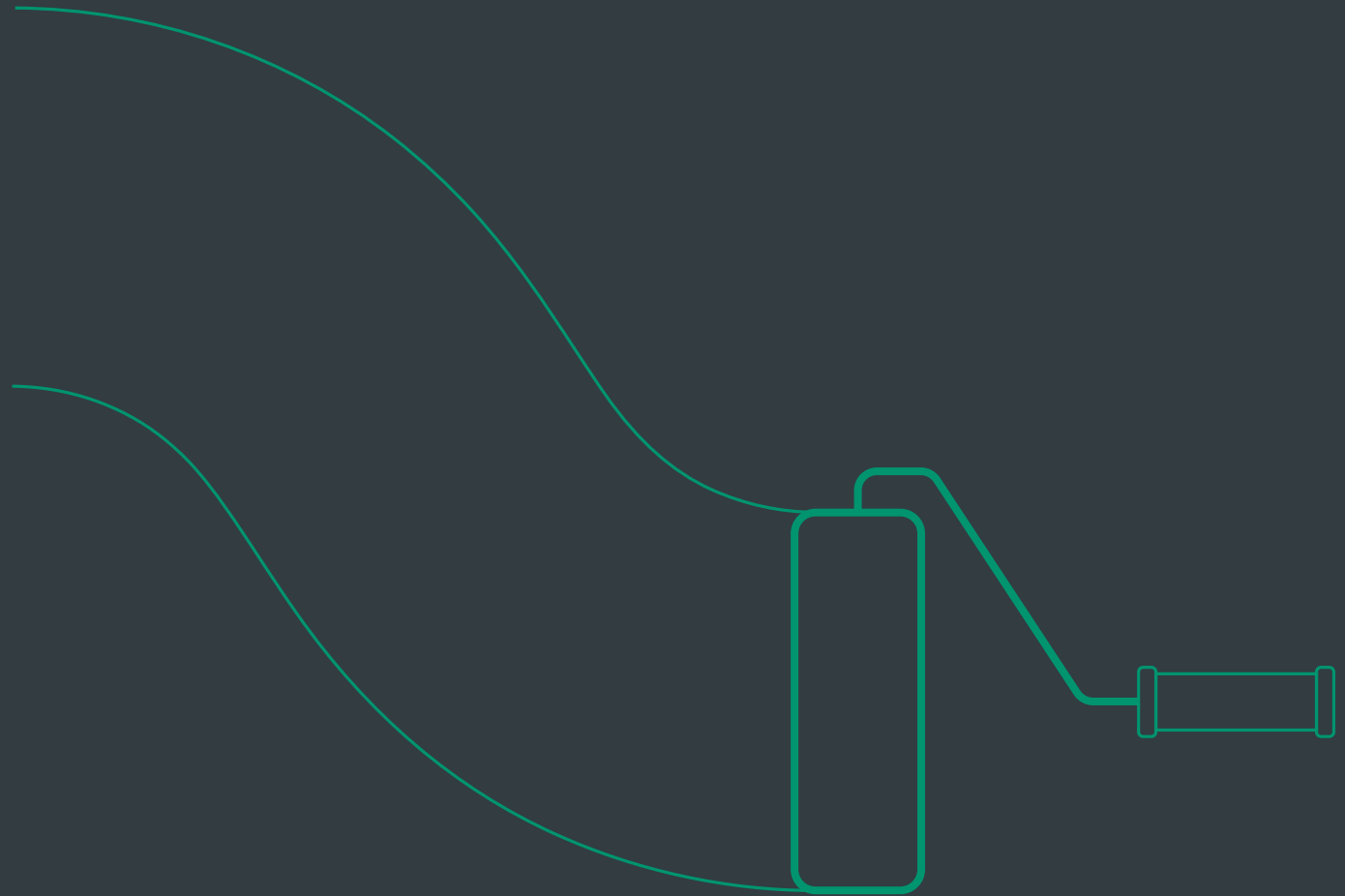
The Trustees take into account the potential risks and opportunities associated with climate change and the transition to a low carbon economy. The investment strategy for their passive equity holdings aims to hedge climate change risk by prioritising companies who invest in low carbon innovation and reducing investment in carbon intensive industries.

The KPS also offers participants in its Money Purchase scheme the opportunity to select an Ethical Fund for their pension. This fund aims to provide long-term growth by investing in the shares of companies that meet a set of ethical criteria.

The KPS aims to make its pension provision inclusive so that it meets the needs of all employees. For example, the Money Purchase scheme offers a Shariah fund which invests in shares of companies around the world whose practices are consistent with Shariah principles.



# about our reporting



## Our sustainability report explains our progress towards our 12 targets. It summarises performance at a group level covering the financial year 1 February 2017 – 31 January 2018.

We also integrate sustainability performance into our Annual Report and Accounts. This enables investors to gain a more holistic view of the financial, economic, social and environmental value our business generates, see [www.kingfisher.com/annualreport17-18](http://www.kingfisher.com/annualreport17-18).

Regular updates are posted on our website [www.kingfisher.com/sustainability](http://www.kingfisher.com/sustainability).

### About our data

Sustainability experts Bioregional coordinate our head office data review process. They monitor our progress on sustainable home product innovation and calculate our figure for customer energy savings.

Our detailed performance data is provided on pages 94 – 107 of this report.

Our sustainability data covers our wholly-owned operating companies and does not include joint ventures, except where stated.

Data for our joint venture Koçtaş is included in the following areas:

- Community projects and community investment data (as Koçtaş is included in our pre-tax profit and our community investment is stated as a % of pre-tax profit)
- Scope 3 Greenhouse Gas (GHG) emissions, category 'Investments' (see page 96).

For both areas, 50% of Koçtaş data is included, in line with our 50% equity share.

Detailed information on the scope of the data and the methodologies used to calculate our data are explained in our Sustainability Data Collection Methodology document.

### Progress against targets

We indicate on page 12 how we are progressing against our 12 targets. Wherever possible we also provide a comparison with previous years' data. The changes we have made to our targets this year mean it is not always possible to provide prior years' data.

Our targets and methodologies have been developed with Bioregional. Wherever possible they reflect established frameworks such as the United Nations Sustainable Development Goals. Details of how our targets have been developed and our methodology for assessing progress are included in our [Data Collection Methodology](#) and in the launch report for our [sustainable growth plan](#).

### External assurance

We appointed Deloitte LLP to provide limited assurance over selected information within our Sustainability Report for the year ended 31 January 2018. The information marked throughout the report with the symbol \* indicates the scope of their work.

Please see page 108, for their full independent limited assurance report which includes details on their scope, work performed and conclusion.

### Reporting standards

This report contains standard disclosures from the Global Reporting Initiative G4 Sustainability Reporting Guidelines. To aid comparison with other businesses, we provide a GRI Index on our website: [kingfisher.com/sustainabilityreport](http://kingfisher.com/sustainabilityreport)

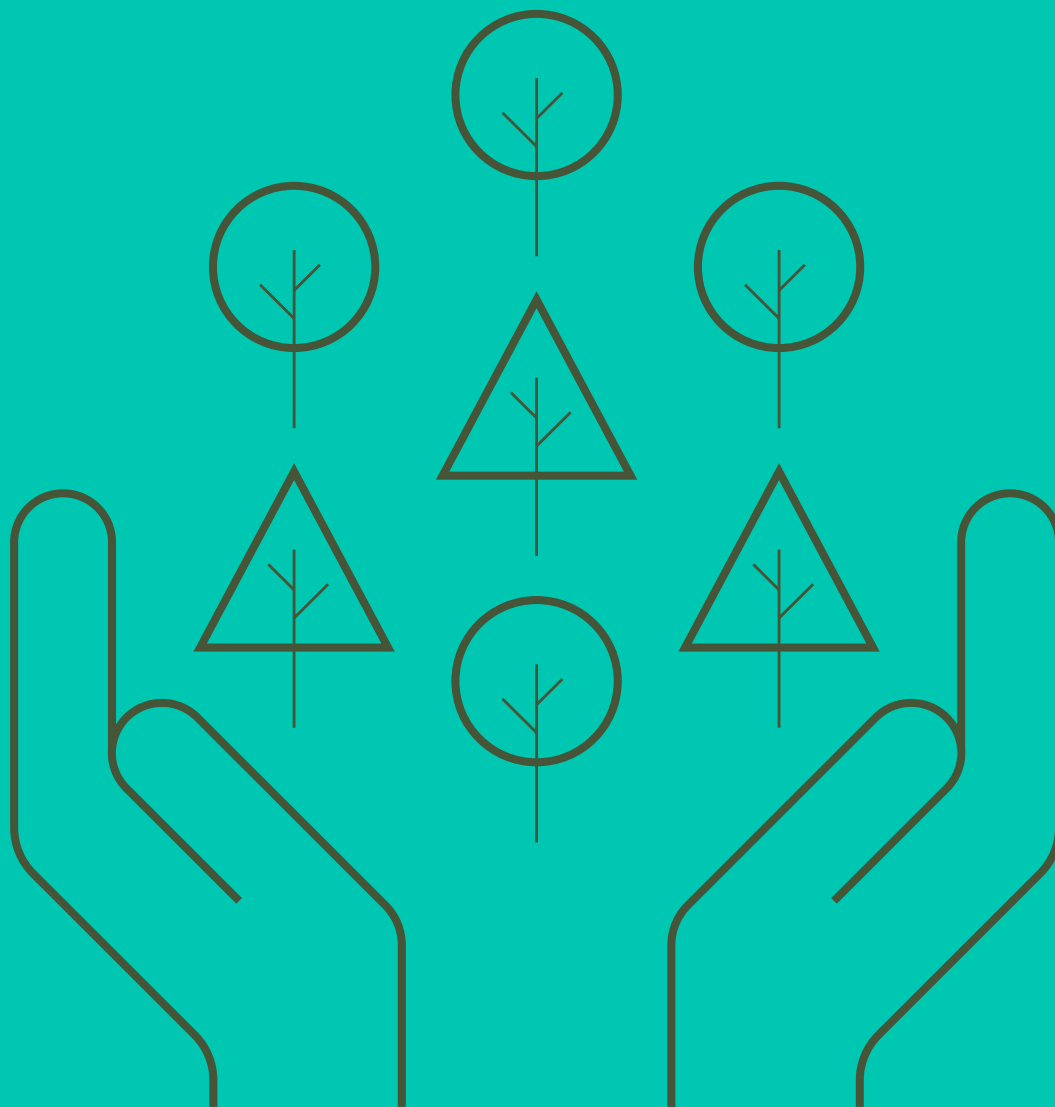
### United Nations Global Compact Index

We joined the United Nations Global Compact (UNGC) in 2014, and are committed to its 10 principles covering the areas of human rights, labour, environment and anti-corruption.

Our UNGC Index on page 86 shows where information on our performance relevant to the 10 principles is included in our Report.

# appendices

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# our global compact index

We joined the United Nations Global Compact (UNGC) in 2014, and are committed to its 10 principles covering the areas of human rights, labour, environment and anti-corruption.

This Report is our fourth Communication on Progress against the Global Compact Principles, covering our financial year 2017/18. This table summarises our approach and shows where information on our targets and progress for each principle can be found in the report:

**“I am pleased to reaffirm Kingfisher’s support for the UNGC and its principles on human rights, labour practices, the environment and anti-corruption.**

**We will continue to strengthen our approach in each of these important areas over the year ahead and to share our progress with our stakeholders.”**

Véronique Laury  
Chief Executive Officer

Principles	Summary of approach	Location in reporting
<b>Human rights and labour</b>		
<p><b>Principle One</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>Principle Two</b> make sure they are not complicit in human rights abuses.</p> <p><b>Principle Three</b> Businesses should uphold the right to freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>Principle Four</b> the elimination of all forms of forced and compulsory labour;</p> <p><b>Principle Five</b> the effective abolition of child labour; and</p> <p><b>Principle Six</b> eliminate discrimination in respect of employment and occupation.</p>	<p>We take steps to protect the human rights of people affected by our business, including employees and suppliers. We respect the rights of our employees and suppliers in areas such as freedom of association, the right to collective bargaining, no child labour or forced or compulsory labour. We work to eliminate discrimination, to promote diversity and to protect the health and safety of employees, customers and contractors.</p> <p>Our Human Rights Policy and Code of Conduct provide the framework for our approach to protecting human rights in our business and supply chain. These are supported by our Supply Chain Workplace Standards which explain the ethical standards we require from suppliers. Our policies reflect international human rights frameworks including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.</p> <p>We do not tolerate any form of modern slavery. In 2017, we set up our Modern Slavery Working Group to oversee due diligence and disclosure on human rights and modern slavery. It has agreed an action plan including training, ethical risk assessment and supplier engagement and audit. We are rolling out a programme of ethical audits for high-risk production sites that supply us with finished goods.</p> <p>Employees and suppliers can report concerns via our independently managed hotline. The number of open and resolved cases and the outcomes are reported to the Audit Committee of the Board of Directors.</p>	<p>Ethical sourcing, page 61.</p> <p>Human rights, page 78.</p> <p>Ethical conduct, page 78.</p> <p>Diversity and inclusion, page 69.</p> <p>Health and safety, page 72.</p> <p>Modern Slavery Statement, <a href="http://www.kingfisher.com/modern-slavery">www.kingfisher.com/modern-slavery</a></p>

Principles	Summary of approach	Location in reporting
<b>Environment</b>		
<p><b>Principle Seven</b> Business should support a precautionary approach to environmental challenges;</p> <p><b>Principle Eight</b> undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle Nine</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p>We aim to be restorative to the environment, going beyond zero impacts to create positive change. We have set ambitious targets and report progress annually. Our approach is summarised in our Sustainability Policy.</p> <p>We invest in innovation to improve the environmental performance of our products and help customers adopt more sustainable lifestyles. In 2017/18, sustainable home products – those that help customers create good homes while having a positive or much lower impact on people and the environment – made up 32% of our sales.</p> <p>In our business we are working to cut our carbon footprint, reduce waste, use resources efficiently and source sustainable raw materials.</p> <p>We support a precautionary approach, for example through our work to identify and remove chemicals of concern.</p>	<p>Sustainable homes for our customers, page 16.</p> <p>Energy saving products and services, page 24.</p> <p>Making water efficiency a priority, page 25.</p> <p>Saving energy and carbon in our business, page 27.</p> <p>Our circular products and services, page 35.</p> <p>Sustainable materials use, page 37.</p> <p>Towards zero waste to landfill, page 43.</p> <p>Identifying and removing harmful chemicals, page 51.</p> <p>Sustainability Policy, <a href="http://www.kingfisher.com/sustainabilitypolicies">www.kingfisher.com/sustainabilitypolicies</a></p>
<b>Anti-corruption</b>		
<p><b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>We will not tolerate bribery or corruption in any form. Our Code of Conduct and Group Governance Manual – ‘The Way We Do Business’ – explain our approach and helps us to comply with regulation such as the UK’s Bribery Act.</p> <p>Our companies have established reporting and compliance procedures including the appointment of a senior compliance officer in each company, training for relevant employees, raising awareness of our whistleblowing procedures for employees and suppliers and integration of the Code of Conduct into employee and supplier contracts. We have a compliance network for our operating company compliance officers to share information and best practices.</p> <p>All employees whose location or role poses a potential corruption risk must complete our anti-bribery and corruption training module.</p> <p>We monitor compliance with our standards through our internal audit programme and annual self-certification process.</p> <p>We will be reviewing and updating our Code of Conduct and approach during 2018/19.</p>	<p>Ethical conduct, page 78.</p> <p>Code of Conduct, <a href="http://www.kingfisher.com/sustainabilitypolicies">www.kingfisher.com/sustainabilitypolicies</a></p>



# our business and the sustainable development goals

The United Nations Sustainable Development Goals (SDGs), otherwise known as the Global Goals, were launched in 2015. The 17 Goals, which include 169 targets, aim to eliminate poverty, fight inequality and tackle climate change over the next 12 years.

They address the three dimensions of sustainable development: social, economic and environmental, as well as aspects related to peace, justice and effective institutions. The United Nations has emphasised the importance of global collaboration to achieve the SDGs and has called on business to make a strong contribution to their implementation.




We aim to make a positive contribution to the implementation of the SDGs and we used the SDGs to inform the development of our sustainable growth plan. We have signed up to the British Retail Consortium (BRC) commitments on the goals and we are a partner to the UK Stakeholders for Sustainable Development network, which aims to drive action on the SDGs in the UK. The table below, summarises the goals and individual targets, where we can have the most impact.

## Sustainable homes for our customers

Our targets	UN SDG targets	Our direct contribution
<p><b>50% of Group sales from products that help create a more sustainable home (2020)</b></p>  	<p><b>SDG 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>SDG 12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p> <p><b>SDG 12.8</b> By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<p>– Increase sales from products that help customers to create better, more sustainable homes using our sustainable home product guidelines</p>





## Save money by saving energy and water

Our targets	UN SDG targets	Our direct contribution
<p><b>Enable a 50% reduction in customer energy use through our products, services and advice</b></p> 	<p><b>SDG 7.3</b> By 2030, double the global rate of improvement in energy efficiency</p> <p><b>SDG 8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p><b>SDG 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>SDG 12.8</b> By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<ul style="list-style-type: none"> <li>– Promote energy-efficient products</li> <li>– Increase our range of energy saving and low carbon energy generation products</li> <li>– Increase the proportion of our save energy range that meet best-in-class criteria</li> </ul>
<p><b>Enable a 50% improvement in customer water efficiency through our products, services and advice</b></p> 	<p><b>SDG 6.4</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p><b>SDG 8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p><b>SDG 12.8</b> By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<ul style="list-style-type: none"> <li>– Promote water-efficient products</li> <li>– Increase the proportion of our save water range that meet best-in-class criteria</li> </ul>
<p><b>Reduce absolute carbon emissions from buildings and transport by 25% from a 2010/11 baseline (2020)</b></p> 	<p><b>SDG 7.3</b> By 2030, double the global rate of improvement in energy efficiency</p> <p><b>SDG 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>SDG 13.2</b> Integrate climate change measures into national policies, strategies and planning</p>	<ul style="list-style-type: none"> <li>– Energy efficiency measures for new and existing stores</li> <li>– Increase energy purchased from renewable sources</li> <li>– Clean alternatives to solid fuels</li> <li>– Commitment to set science-based targets</li> </ul>

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

Our targets	UN SDG targets	Our direct contribution
<p><b>20 products or services that help customers get more from less, reuse or use longer</b></p> 	<p><b>SDG 8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p><b>SDG 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>SDG 12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p>	<ul style="list-style-type: none"> <li>– Integrate circular economy principles in product design</li> <li>– Focus on smarter consumption solutions</li> <li>– Promote our circular products such as ProGrow and easyGrow</li> </ul>
<p><b>Ensure sustainable management and efficient use of key resources (2025) including 100% responsibly sourced wood and paper and peat-free bagged growing media (2020)</b></p> 	<p><b>SDG 8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p><b>SDG 9.4</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p><b>SDG 12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p> <p><b>SDG 14.1</b> By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p> <p><b>SDG 15.2</b> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> <p><b>SDG 15.5</b> Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species</p>	<ul style="list-style-type: none"> <li>– Development of sustainability roadmaps for cement and concrete; wood; paint; plastics; ceramics and peat</li> <li>– Responsible sourcing of wood and paper from well-managed forests for all products</li> <li>– Sustainability clauses incorporated into contracts for all wood and paper suppliers for our goods not for resale</li> <li>– Play an active role in protecting and restoring forests</li> <li>– Commitment to provide peat-free growing media</li> <li>– Our peat-free easyGrow bedding plants</li> </ul>
<p><b>Zero waste to landfill (2020) and 90% of waste recycled (2025)</b></p> 	<p><b>SDG 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>SDG 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> <li>– Commitment to eliminate waste to landfill</li> <li>– Commitment to increase our recycling rate</li> <li>– Renegotiation of waste contracts in the UK and France to include our new targets</li> </ul>





## Create a healthier home and connect with nature

Our targets	UN SDG targets	Our direct contribution
<p><b>20% of sales enable customers to create safer, healthier homes and connect with nature</b></p> 	<p><b>SDG 3.4</b> By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p> <p><b>SDG 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>SDG 13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> <li>– Promote our Connect to Nature products, which encourage customers to get outdoors, produce their own food and support wildlife in their gardens</li> <li>– Explore ways to have a positive impact on health and wellbeing</li> <li>– Flowering plants sold in the UK grown without neonicotinoid pesticides</li> <li>– Development of a new own-brand paint range rated A+ for VOC emissions</li> </ul>
<p><b>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)</b></p> 	<p><b>SDG 3.9</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> <p><b>SDG 6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe re-use globally</p> <p><b>SDG 12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p>	<ul style="list-style-type: none"> <li>– Reduced the quantities of some potentially harmful chemicals in products</li> <li>– Further work underway on identification of priority supply chains, materials and product lines</li> </ul>

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

Our targets	UN SDG targets	Our direct contribution
<p><b>Help millions more people tackle poor and unfit housing through strategic partnerships and local action in all our markets</b></p> 	<p><b>SDG 1.2</b> By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p><b>SDG 10.1</b> By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p> <p><b>SDG 11.1</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<ul style="list-style-type: none"> <li>– Strategic partnerships launched with Shelter in the UK and with the Red Cross in the UK, France and Poland</li> <li>– Produced over 200 films this year with Sikana, providing How-To content online in 6 languages</li> </ul>
<p><b>Support our colleagues to have a home they can feel good about</b></p> 	<p><b>SDG 1.2</b> By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p><b>SDG 4.4</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p><b>SDG 10.1</b> By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p> <p><b>SDG 11.1</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<ul style="list-style-type: none"> <li>– Exploring new ways to help colleagues create their own good homes</li> </ul>
<p><b>Ensure suppliers meet our ethical and environmental standards (2020) and establish strategic community programmes to achieve positive change in key sourcing regions (2025)</b></p> 	<p><b>SDG 8.7</b> Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p><b>SDG 8.8</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p><b>SDG 10.4</b> Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</p>	<ul style="list-style-type: none"> <li>– Onboarding of suppliers onto the Sedex platform</li> <li>– Ethical audits for supplier production sites</li> <li>– Briefings and training to build supplier knowledge and understanding of human rights issues and how to address them</li> <li>– Modern Slavery Working Group overseeing due diligence and disclosure on human rights and modern slavery</li> </ul>

## SDGs outside the scope of our sustainable growth plan

SDG targets	Our contribution
	<p>Our targets do not contribute directly to this SDG. However, work on sustainable sourcing and labour practices in the supply chain can influence food security</p>
	<p>We value difference within our company and are committed to equal opportunities, diversity and inclusion. Our work on diversity indirectly contributes to the following SDG target:</p> <p><b>SDG 5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>
	<p>By encouraging our suppliers to meet ethical and environmental standards and through our Code of Conduct and training for colleagues, we have an indirect influence on the following SDG targets:</p> <p><b>SDG 16.2</b> End abuse, exploitation, trafficking and all forms of violence against and torture of children</p> <p><b>SDG 16.5</b> Substantially reduce corruption and bribery in all their forms</p> <p><b>SDG 16.6</b> Develop effective, accountable and transparent institutions at all levels</p>
	<p>Through our work with suppliers in a range of developing countries, we indirectly contribute to the following SDG target:</p> <p><b>SDG 17.11</b> Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020</p>

# detailed performance data

This appendix contains our performance data. We also publish a sustainability data methodology document, available online at [www.kingfisher.com/sustainability](http://www.kingfisher.com/sustainability). This provides further details on the methodology we use to calculate our sustainability data, including conversion factors and definitions.

Deloitte LLP has provided limited assurance over selected performance data for the year 2017/18 marked with an asterisk (\*).

Their full assurance report is published on our website at [www.kingfisher.com/sustainabilityreport](http://www.kingfisher.com/sustainabilityreport).

Where data is unavailable this has been indicated with “u/a”.

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## Sustainable homes for our customers

Target: 50% of Group sales from products that help create a more sustainable home (2020)

Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*	
<b>Sustainable home product sales</b>								
'Best-in-class' products – the most innovative sustainable home products and services in our ranges	sales £ million (% retail sales)	£448.3 (4% of retail sales)	£484.2 (4% of retail sales)	£503.9 (4% of retail sales)	£366.9 (3% of retail sales)	£573.5 (6% of retail sales)	£619.4 (6% of retail sales)	£836.0 (7% of retail sales)
'Compliant' products – products with eco credentials e.g. responsibly sourced timber	sales £ million (% retail sales)	£1,746.4 (16% of retail sales)	£1,585.3 (15% of retail sales)	£1,770.9 (16% of retail sales)	£2,024.0 (19% of retail sales)	£2,314.2 (22% of retail sales)	£2,520.2 (22% of retail sales)	£2,946.7 (25% of retail sales)
All sustainable home products – including 'best-in-class' and 'compliant' products	sales £ million (% retail sales)	£2,194.7 (20% of retail sales)	£2,069.5 (19% of retail sales)	£2,274.8 (20% of retail sales)	£2,390.9 (22% of retail sales)	£2,887.7 (28% of retail sales)	£3,139.6 (28% of retail sales)	£3,782.7 (32% of retail sales)

\* Independently assured by Deloitte LLP.

## Save money by saving energy and water

### Target: Enable a 50% reduction in customer energy use through our products, services and advice

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Customer energy</b>														
Reduction in customer energy use through products, services and advice	%												31	32

### Target: Enable a 50% improvement in customer water efficiency through our products, services and advice

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Customer water</b>														
Improvement in customer water efficiency through products, services and advice	%												44	45

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

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Carbon footprint – by source</b>														
<b>Key carbon emissions included in the scope of our absolute carbon reduction target</b>														
Property: purchased electricity and heat	tonnes CO <sub>2</sub> e	228,351	232,012	241,091	264,612	254,463	247,775	234,603	243,528	230,760	258,392	246,775	212,592	184,996
Property: gas and other fuels	tonnes CO <sub>2</sub> e	64,103	74,701	72,723	82,593	72,743	94,821	79,637	92,068	98,864	81,759	89,090	87,186	89,678
Haulage: dedicated store and home deliveries	tonnes CO <sub>2</sub> e	35,616	64,009	67,859	60,413	53,495	54,003	51,593	52,043	55,670	55,941	58,063	57,322	57,368
Business travel by road	tonnes CO <sub>2</sub> e	u/a	5,417	5,914	5,237	6,276	8,766	8,945	9,463	9,639	9,107	8,909	9,045	9,020
Total carbon footprint	tonnes CO <sub>2</sub> e	328,070	376,139	387,587	412,855	386,977	405,365	374,778	397,102	394,933	405,199	402,837	366,145	341,062
Total carbon footprint relative to floor space	kg CO <sub>2</sub> e/m <sup>2</sup> reported floor space	u/a	u/a	u/a	u/a	u/a	61	54	59	56	53	52	47	43
Total carbon footprint relative to sales	tonnes CO <sub>2</sub> e per £m retail sales	43	46	43	41	37	39	35	37	35	37	39	33	29

#### Carbon footprint – by source

Our emissions from electricity consumption are calculated using location-based emission factors.

We also calculate market-based emissions from electricity consumption and these are displayed in a separate table on page 97.

Business travel by road includes scope 1 emissions from the use of company cars and scope 3 emissions from the use of non-company cars.

u/a – unavailable

\* Independently assured by Deloitte LLP

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Carbon footprint – breakdown by Greenhouse Gas Protocol scope</b>														
Wider carbon footprint including additional carbon emissions to those included in our absolute carbon reduction target														
<b>Scope 1</b>														
Property: gas and other fuels	tonnes CO <sub>2</sub> e	64,103	74,701	72,723	82,593	72,743	94,821	79,637	92,068	98,864	81,759	89,090	87,186	89,678
Haulage: dedicated store and home deliveries	tonnes CO <sub>2</sub> e	35,616	64,009	67,859	60,413	53,495	54,003	51,593	52,043	55,670	55,941	58,063	57,322	57,368
Business travel by road	tonnes CO <sub>2</sub> e	u/a	5,417	5,914	5,237	6,276	8,766	8,945	9,463	9,639	9,107	8,909	9,045	9,020
<b>Scope 2</b>														
Property: purchased electricity and heat	tonnes CO <sub>2</sub> e	228,351	232,012	241,091	264,612	254,463	247,775	234,603	243,528	230,760	258,392	246,775	212,592	184,996
<b>Scope 3</b>														
Business travel by air	tonnes CO <sub>2</sub> e	u/a	2,453	3,011	10,426	8,574	8,367	10,473	9,510	9,133	9,164	9,220	9,433	10,024
Haulage: 3rd party non-dedicated fleet deliveries from distribution centres to stores	tonnes CO <sub>2</sub> e	u/a	u/a	7,494	8,904	21,227	25,400	30,941	32,513	33,643	34,907	37,598	44,686	43,580
Haulage: deliveries by rail	tonnes CO <sub>2</sub> e	u/a	u/a	u/a	u/a	u/a	u/a	u/a	u/a	u/a	u/a	1,236	2,166	3,771
Haulage: estimated exports arranged by Kingfisher Sourcing & Offer	tonnes CO <sub>2</sub> e	u/a	u/a	63,402	47,007	45,919	79,080	75,281	64,116	62,541	81,248	74,331	65,985	83,330
Waste	tonnes CO <sub>2</sub> e	u/a	15,082	10,766	8,835	9,942	5,400	6,350	10,796	13,786	12,463	8,407	9,937	7,351
Water and effluent	tonnes CO <sub>2</sub> e	u/a	789	796	949	956	1,034	956	1,025	1,029	1,092	1,218	1,164	1,168
Investments: proportional scope 1 and 2 emissions from investments <sup>†</sup>	tonnes CO <sub>2</sub> e	1,675	3,210	5,187	6,551	6,547	9,646	11,386	12,115	10,354	10,216	10,760	11,613	10,321
Transmission and distribution (purchased electricity and district heating)	tonnes CO <sub>2</sub> e	22,545	23,585	22,067	24,889	23,253	23,154	22,473	22,551	22,407	24,218	22,963	21,570	18,654
Well-to-tank emissions from energy	tonnes CO <sub>2</sub> e	44,121	45,939	46,802	52,572	48,940	50,742	47,933	53,064	54,566	53,898	51,667	47,885	45,691

u/a – unavailable

\* Independently assured by Deloitte LLP.

† Data covers 50% of scope 1 and 2 emissions from our Koçtaş joint venture.



	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Carbon footprint – totals by Greenhouse Gas Protocol scope</b>														
Scope 1 total	tonnes CO <sub>2</sub> e	99,719	144,127	146,496	148,243	132,514	157,590	140,175	153,574	164,173	146,807	156,062	153,553	156,066
Scope 2 total	tonnes CO <sub>2</sub> e	228,351	232,012	241,091	264,612	254,463	247,775	234,603	243,528	230,760	258,392	246,775	212,592	184,996
Scope 3 total	tonnes CO <sub>2</sub> e	68,341	91,058	159,525	160,133	165,358	202,823	205,793	205,690	207,459	227,206	217,400	214,439	223,890
Scope 1 and 2 total	tonnes CO <sub>2</sub> e	328,070	376,139	387,587	412,855	386,977	405,365	374,778	397,102	394,933	405,199	402,837	366,145	341,062
Scope 1, 2 and 3 total	tonnes CO <sub>2</sub> e	396,411	467,197	547,112	572,988	552,335	608,188	580,571	602,792	602,392	632,405	620,237	580,584	564,952

**Emissions outside of Greenhouse Gas Protocol scopes**

Outside of scope ‡	tonnes CO <sub>2</sub> e	815	1,091	1,557	1,375	1,231	1,218	1,240	1,235	1,998	2,275	3,009	1,279	3,055
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**Carbon footprint – breakdown by Greenhouse Gas Protocol scope**

The total scope 1 emissions (property gas & other fuels, haulage, business travel by road) increased by 2% in 2017/18 compared to 2016/17. This was driven by a 3% increase in emissions from gas and other fuels, a 0.1% increase in emissions from dedicated store and home delivery fleets and a 0.3% decrease in emissions from business travel.

The total scope 2 emissions decreased by 13% in 2017/18 compared to 2016/17. This is driven by both a reduction in the carbon intensity of the UK grid (15% reduction year-on-year and 28% reduction since baseline) and a 6.3%

decrease in electricity consumption in 2017/18 compared to 2016/17.

Emissions from waste have been restated for 2014/15 to 2016/17 due to a number of updates that were made to our waste data see 'Live smarter' section for further details.

**Details on the data scope of business travel by road:**  
 – Hire cars: Data on company cars was collected from operating companies which accounted for 92% of Group turnover in 2017/18. Five companies reported data in 2017/18 (B&Q UK, Brico Dépôt France, Castorama France Castorama Poland and Screwfix).

– Non company cars: Three of our operating companies (59% of Group turnover) reported data for business travel using employees' own cars in 2017/18 (B&Q, Brico Dépôt France and Castorama Poland).

**Details on the data scope of rail deliveries:**  
 – Four of our operating companies (66% of Group turnover) reported data for deliveries via rail, including B&Q, Castorama France, Castorama Poland and Castorama Russia.

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
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**Carbon footprint – purchased electricity and heat market-based emissions**

Scope 2: purchased electricity and heat	tonnes CO <sub>2</sub>											203,728	164,299	129,238
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**Carbon footprint – purchased electricity and heat market-based emissions**

**Details of conversion factors used as a percentage of our total electricity and heat consumption:**  
 – 1.0% from onsite renewables  
 – 28% from B&Q, Screwfix UK and Brico Dépôt Romania's purchased zero carbon renewables  
 – 9% is purchased electricity for which we have obtained

a tariff-specific conversion factor from one of our energy suppliers  
 – 48% is purchased electricity for which a national residual mix carbon conversion factor is available (countries inside Europe)  
 – 14% is purchased electricity for which a grid-average conversion factor has been used (for countries outside of Europe). This also includes a small element of

purchased heat for which the same conversion factor has been used as in our location-based emissions.  
 We continue to work with our suppliers to obtain tariff-specific carbon conversion factors to further improve the accuracy of our market-based scope 2 emissions.

\* Independently assured by Deloitte LLP.

‡ 2017/18 data covers emissions from biofuels (Castorama France dedicated transport fleets) and forecourt fuels containing biofuel (UK and France operating companies).

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Property energy use</b>														
Energy use	GWh	936	1,002	1,020	1,083	1,041	1,156	1,053	1,124	1,159	1,105	1,144	1,124	1,099
Energy intensity	kWh/m <sup>2</sup> reported floor space	u/a	u/a	u/a	u/a	u/a	174.0	152.6	166.5	165.2	145.2	147.3	145.3	140.1
<b>Property carbon emissions</b>														
Carbon emissions from energy use	tonnes CO <sub>2</sub> e	292,454	306,713	313,814	347,205	327,206	342,596	314,240	335,596	329,624	340,151	335,865	299,778	274,675
Carbon intensity	kg CO <sub>2</sub> e/m <sup>2</sup> reported floor space	u/a	u/a	u/a	u/a	u/a	51.6	45.5	49.7	47.0	44.7	43.2	38.8	35.0
<b>Haulage direct impacts – dedicated fleet vehicles</b>														
<b>Store deliveries – own/dedicated fleet vehicles</b>														
Fuel: Diesel	thousand litres	13,351	17,834	19,769	17,284	14,956	14,993	14,965	14,483	12,718	13,043	14,237	14,259	15,002
Fuel: Biofuel and gas (LNG and CNG)	thousand litres	0	0	0	0	0	0	0	111	1,400	1,604	1,223	33	32
Carbon emissions	tonnes CO <sub>2</sub> equivalent	35,616	47,574	52,735	46,108	39,896	39,995	38,602	37,736	35,094	35,812	37,999	37,305	38,996
Distance travelled	thousand km	43,444	55,881	64,029	56,193	48,293	47,026	47,020	45,578	43,570	45,240	48,119	46,606	48,814
Volume of products delivered	thousand m <sup>3</sup>	3,792	4,393	4,506	4,034	3,641	3,734	3,720	3,650	3,710	3,999	4,083	3,670	3,632
Loading efficiency	litres of fuel used per m <sup>3</sup> of product delivered to stores	3.52	4.06	4.39	4.28	4.11	4.02	4.02	4.00	3.81	3.66	3.79	3.89	4.14
<b>Home deliveries – own/dedicated fleet vehicles</b>														
Fuel: Diesel and petrol	thousand litres	u/a	6,161	5,669	5,363	5,098	5,251	5,020	5,501	7,825	7,559	7,544	7,501	6,999
Fuel: Gas (LPG)	thousand litres	u/a	u/a	0	0	0	0	0	0	38	183	221	183	76
Carbon emissions	tonnes CO <sub>2</sub> equivalent	u/a	16,435	15,124	14,305	13,599	14,008	12,991	14,307	20,576	20,129	20,064	20,017	18,372
<b>Total store and home deliveries – own/dedicated fleet vehicles</b>														
Fuel	thousand litres	13,351	23,995	25,438	22,647	20,054	20,244	19,985	20,095	21,981	22,389	23,225	21,975	22,108
Carbon emissions	tonnes CO <sub>2</sub> equivalent	35,616	64,009	67,859	60,413	53,495	54,003	51,593	52,043	55,670	55,941	58,063	57,322	57,368

**Haulage direct impacts – dedicated fleet vehicles**  
**Details on the data scope of store deliveries:**  
 – The following operating companies use dedicated store delivery fleets: B&Q, Castorama France, Castorama Poland, Screwfix UK and Screwfix Germany (76% of Group turnover).

**Details on the data scope of home deliveries:**  
 – The following operating companies use dedicated home delivery fleets: B&Q, Castorama France and Castorama Poland (62% of Group turnover).

u/a – unavailable  
 \* Independently assured by Deloitte LLP.

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Property water use</b>														
Total water use	million m <sup>3</sup>		0.94	0.94	1.03	1.04	1.13	1.04	1.10	1.10	1.16	1.30	1.24	1.25
Water intensity	litres/m <sup>2</sup> reported floor space		u/a	u/a	u/a	u/a	185	151	162	157	153	167	160	159

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

Target: 20 products or services that help customers get more from less, reuse or use longer

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Product ranges and services</b>														
Number of product ranges or services that help customers to get more from less, reuse or use longer	Number													3

Target: Ensure sustainable management and efficient use of key resources (2025) including 100% responsibly sourced wood and paper and peat-free bagged growing media (2020)

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Responsibly sourced wood and paper in products</b>														
Total wood and paper sold	million m <sup>3</sup> RWE		4.46	5.46	4.97	5.83	6.31	6.93	6.19	7.44	8.70	8.71	9.58	8.10
Responsibly sourced wood and paper sold	million m <sup>3</sup> RWE		3.55	4.17	3.90	4.67	5.23	6.10	5.74	6.97	8.35	8.36	9.22	7.82
Responsibly sourced wood and paper sold	% of total		80	76	78	80	83	88	93	94	96	96	96	97

### Responsibly sourced wood and paper in products – breakdown by category

FSC-certified	million m <sup>3</sup> RWE		2.34	2.59	2.57	3.01	3.55	3.39	2.78	3.05	3.97	4.26	5.16	4.48
Formally working towards FSC certification	million m <sup>3</sup> RWE		0.08	0.04	0.04	0.06	0.04	0.01	0.06	0.07	0.04	0.04	0.04	0.04
PEFC-certified (includes endorsed schemes)	million m <sup>3</sup> RWE		1.12	1.53	1.29	1.60	1.63	2.69	2.90	3.84	4.28	3.98	3.95	3.22
Verifiable recycled material	million m <sup>3</sup> RWE		0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.01	0.06	0.08	0.07	0.08
Total responsibly sourced	million m <sup>3</sup> RWE		3.55	4.17	3.90	4.67	5.23	6.10	5.74	6.97	8.35	8.36	9.22	7.82

### Responsibly sourced wood and paper in products – breakdown by category

#### Details on the data scope:

– Data was collected from operating companies which accounted for 97% of the Group turnover in 2017/18 (95%

or higher in previous years). Data for 2017/18 excludes Castorama Russia.

Our data covers products made entirely of timber and containing a high proportion of timber. In addition, our

UK and French operating companies also report data for products with smaller quantities of timber.

u/a – unavailable

\* Independently assured by Deloitte LLP.

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Responsibly sourced wood and paper in catalogues, customer marketing materials and office paper</b>														
Total GNFR paper purchased	million m <sup>3</sup> RWE								0.129	0.148	0.232	0.212	0.207	0.190
Responsibly sourced GNFR paper purchased	million m <sup>3</sup> RWE								0.128	0.131	0.227	0.170	0.199	0.189
Responsibly sourced GNFR paper purchased	% of total								99	89	98	80	96	99.6

**Responsibly sourced wood and paper in catalogues, customer marketing materials and office paper – breakdown by category**

Our 2020 target is 100% responsibly sourced wood and paper in all our operations. Our 2017/18 Group data covers wood and paper used in our products and we now also report on paper used in catalogues, customer marketing materials and office paper. Data collected on wood and paper in packaging and construction is incomplete and we are working to address this.

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Peat alternative in bagged growing media</b>														
Peat alternative in bagged growing media	% of total					57	57	56	61	61	64	62	68	67
Peat in bagged growing media	% of total					43	43	44	39	39	36	38	32	33

**Peat alternative in bagged growing media**

Due to errors in B&Q's prior year data the 2016/17 figures have been restated. This has increased peat alternative in bagged growing media by 7.1% for that year.

**Target: Zero waste to landfill (2020) and 90% of waste recycled (2025)**

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Waste recycling and disposal</b>														
Total waste generated (disposed + recycled)	thousand tonnes	193	203	204	193	198	191	223	241	230	231	238	207	222
Waste disposed (landfill and incineration)	thousand tonnes	140	152	145	119	108	69	76	77	70	69	72	56	62
Waste disposed (landfill)	thousand tonnes									50	42	47	32	32
Waste disposed (incineration)	thousand tonnes									20	27	25	24	30
Waste recycled	thousand tonnes	53	51	59	74	90	122	147	164	160	162	166	151	160
Landfill diversion rate	% of total waste generated									78	81	80	85	86
Recycling rate	% of total waste generated	27	25	29	38	45	64	66	68	70	70	70	73	72

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Recycling – breakdown of materials recycled</b>														
Wood	thousand tonnes	27	24	28	34	40	58	78	80	77	72	80	73	75
Cardboard/paper	thousand tonnes	19	20	22	24	27	31	36	36	37	39	39	37	39
Plastic	thousand tonnes	2	2	3	3	3	5	5	8	6	7	7	7	7
Metal	thousand tonnes	2	2	1	1	2	4	4	6	5	7	7	4	4
Rubble (recorded from 2013/14. Included in 'other' data up until 2012/13)	thousand tonnes									30	29	26	19	19
Other (including rubble up until 2012/13)	thousand tonnes	3	3	5	12	18	24	24	34	5	7	7	12	16

**Recycling – breakdown of materials recycled**

Waste recycled data has been updated to exclude materials reused offsite. As this is not technically waste it has now been excluded from our numbers. Data for the relevant years has been restated (2014/15 and 2016/17).

An error was discovered in 2016/17 data provided by one of Brico Dépôt France's waste contractors, this data has been restated. This affected the total waste generated figure for the Group by -4%.

\* Independently assured by Deloitte LLP.

	Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Packaging – own-brand and exclusive brand products</b>													
Weight of primary packaging	tonnes												18,551
Weight of primary packaging relative to sales	tonnes per £ million sales												10.8

**Packaging – own-brand and exclusive brand products**

**Details on the data scope:**

- Packaging data covers Brico Dépôt France, Castorama France, Screwfix UK (51% of Group turnover in 2017/18).
- B&Q was not able to provide packaging data or estimate data for this year.

**Packaging (historical data)– own-brand and exclusive brand products**

	Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Weight of primary packaging	tonnes				26,809	29,197	26,011	25,152	27,463	32,709	30,481	28,863	
Weight of primary packaging relative to sales	tonnes per £ million sales				12.8	13.4	10.7	9.7	9.9	11.7	11.1	10.1	

**Packaging (historical data)– own-brand and exclusive brand products**

**Details on the data scope:**

- Historical packaging data, until 2016/17, covers B&Q, Brico Dépôt France, Castorama France (71% of Group turnover in 2016/17).
- Includes an estimate for Castorama France for 2014/15. Accurate data is available for 2014/15 sales of own brand/exclusive brand products, this has been multiplied by the average tonnes/£ million sales for all available years.

– The data for B&Q for own/exclusive-brand products is derived from taking the weight collected for all packaging and then making an estimate based on the sales value of own/exclusive-brand products.

**Create a healthier home and connect with nature**

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

	Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Product sales</b>													
Product sales that will enable our customers to create safer and healthier homes and connect with nature	% of retail sales											5	6

## Help millions more people improve their homes

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

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Community investment – company giving</b>														
Cash donations	£ thousand	330	300	281	377	405	937	1,197	1,535	1,862	1,581	1,001	1,353	1,500
Gifts-in-kind	£ thousand	690	471	571	353	290	291	279	389	332	218	441	109	579
Employee time	£ thousand	81	146	207	157	139	175	206	260	604	531	225	323	303
<b>Total company giving</b>	<b>£ thousand</b>	<b>1,101</b>	<b>917</b>	<b>1,059</b>	<b>887</b>	<b>834</b>	<b>1,403</b>	<b>1,682</b>	<b>2,184</b>	<b>2,798</b>	<b>2,330</b>	<b>1,667</b>	<b>1,785</b>	<b>2,382</b>
<b>Community investment – value of employee and customer giving</b>														
Value of employee and customer giving (fundraising and other leverage)	£ thousand	658	486	630	638	493	623	617	1,021	1,068	669	774	1,240	1,387

### Community investment – value of employee and customer giving

Kingfisher is currently working on developing new Community KPIs to enable reporting on the number of people helped with tackling poor and unfit housing.

#### Our data on company giving in 2017/18 includes:

- Cash donations: charitable giving of £1,488,000 and cause-related marketing of £12,000.
- Gifts-in-kind: retail product donations of £545,000 (valued at cost price) and other gifts (including unsaleable goods donated to local communities) of £34,000.

– Employee time: management time of £243,000 and volunteering in company time of £60,000.

#### Employee and customer giving:

- In addition to our own giving, we encourage and facilitate customers and employees to raise money for charities. Our data on employee and customer giving includes money raised through in-store collections, payroll giving, fundraising events and pledges taken from the public by staff at our contact centres during charity fundraising appeals, such as the UK's Children in Need.

\* Independently assured by Deloitte LLP.

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

	Unit	2017/18*
<b>Supplier assessments</b>		
Total number of suppliers	number	4,310
Total number of finished goods production sites <sup>†</sup>	number	5,504
Production sites that have completed an audit at some stage in the past two financial years	number	1,178
Production sites that have completed an audit at some stage in the past two financial years	%	21
<b>Supplier assessments – site grades</b>		
Grade 1	number	187
Grade 2	number	44
Grade 3	number	272
Grade 4	number	367
Grade 5	number	294
Grade Business Critical	number	14
<b>Training</b>		
Employees that have attended a training session on ethical sourcing and/or environmental issues in the past financial year	number	157
Supplier companies that have attended training workshops on supply chain ethical and environmental issues over the past financial year	number	565
Individuals within our supply chain that have attended training workshops on supply chain ethical and environmental issues over the past financial year	number	917

**Supplier assessments**

We reviewed and updated our supplier assessment data points in 2017/18. Our data collection systems have been extended to cover all buying offices as they have now all been operational for the full financial year.

\* Independently assured by Deloitte LLP.

† Data covers production sites that our Buying Offices source from directly, and those disclosed to us by suppliers through the Sedex platform. We aim for all our suppliers to be using Sedex by the end of 2020, and to disclose to us all production sites that supply us with finished goods.



## Our people

### Health and safety

	Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Employee accidents – fatalities</b>													
Work-related fatalities	number	1	1	0	0	0	0	0	0	0	0	0	0
<b>Work-related employee accidents</b>													
<b>Accident numbers</b>													
All work-related employee accidents/injuries	number							7,430	7,531	8,136	7,580	7,403	6,525
<b>Accident rate</b>													
Rate for 'all work-related' accidents	number per 100,000 full-time equivalent employees							12,450	12,812	13,405	12,160	11,611	10,193
<b>Work days lost</b>													
Total number of work days lost as a result of all work-related employee accidents/injuries	number							66,769	59,485	u/a	90,547	80,670	93,713

### Health and safety

There are some significant variations in accident rates across the Group. This is partly due to differences in legislation, mandatory accident reporting requirements, and health and safety cultures across countries. The total rate for all work-related accidents in the UK was 14,898 per 100,000 full-time equivalent employees in 2017/18.

\* Independently assured by Deloitte LLP.

**People**

	Unit	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
<b>Diversity – senior management</b>														
<b>Gender</b>														
Board – men	% of Board members								73	73	60	56	56	56
Board – women	% of Board members								27	27	40	44	44	44
Senior management total – men	% of total								79	79	81	80	80	80
Senior management total – women	% of total								21	21	19	20	20	20
<b>Diversity – all employees</b>														
<b>Gender</b>														
Total employees – men	% of employees	60	60	60	59	60	61	60	60	61	61	61	61	60
Total employees – women	% of employees	40	40	40	41	40	39	40	40	39	39	39	39	40
All management positions – men	% of managers	76	76	74	73	72	71	71	71	71	71	69	67	66
All management positions – women	% of managers	24	24	26	27	28	29	29	29	29	29	31	33	34
<b>Age</b>														
Employees 24 and under	% of employees	18	17	21	18	18	17	16	14	13	13	14	15	15
Employees 25–49	% of employees	66	67	64	67	67	68	68	70	71	70	69	68	67
Employees 50 and over	% of employees	16	16	15	15	15	15	16	16	16	17	17	17	18
<b>Ethnic minorities – UK only</b>														
Employees who have declared they are from an ethnic minority	% of employees	7	8	8	10	10	10	9	7	9	11	14	6	6

**People**

Data is for full-time equivalents at year end.

**Details on the data scope:**

- We have extended the management positions to also include B&Q's store supervisor roles. This has led to a 5% increase in number of employees in management positions and a small increase (less than 1%) in percentage of women in 'all management positions'. Prior year data has not been restated.
- Data for ethnic minorities is for the UK only (B&Q, Screwfix UK, Kingfisher corporate head office and KITS UK).

\* Independently assured by Deloitte LLP.

	Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Disability – all employees</b>													
Employees who have declared a disability	% of employees	2	2	3	2	3	3	3	2	3	3	2	2

### Training

Training hours	number	806,254	869,832	868,705	576,678	444,785	486,132	741,512	744,496	741,366	877,881	1,040,429	772,574
Training hours per employee	number per employee	13	12	12	8	6	7	10	10	10	12	14	10

### Training

#### Details on the data scope:

– Data was collected from operating companies which accounted for 99% of the Group turnover in 2017/18 (99% in 2016/17). Data excludes Brico Dépôt Romania and Screwfix Germany.

	Unit	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Employee turnover</b>													
Employees who left	number	18,221	21,063	18,777	13,256	14,248	15,516	15,644	14,748	17,379	18,376	24,717	25,320
Rate of employee turnover	%	29	29	26	19	20	22	21	21	24	24	32	33

### Employee turnover

Data covers employees who left voluntarily and involuntarily.

#### Details on data scope:

– Data was collected from operating companies which accounted for 99% of Group turnover in 2017/18 (99.9% in 2016/17). Data excludes Brico Dépôt Romania and Screwfix Germany.

# assurance

## Independent assurance statement by Deloitte LLP to Kingfisher plc on selected information for inclusion in the Sustainability Report 2017/18.

### Our assurance opinion

Based on the assurance work performed, nothing has come to our attention that causes us to believe that the selected information described below has not been prepared, in all material respects, in accordance with Kingfisher's Reporting Criteria, as disclosed within the Data Methodology Document set out at [www.kingfisher.com/sustainability](http://www.kingfisher.com/sustainability).

### Scope of our work

Kingfisher plc ('Kingfisher') engaged us to provide limited assurance<sup>1</sup> over the following selected information for the year ended 31 January 2018:

#### Product Innovation

- Sustainable Home Products (% of retail sales (compliant products/best-in-class))

#### Energy and carbon

- Property portfolio energy intensity (kWh/m<sup>2</sup> reported floor space)
- Absolute carbon footprint (Scope 1 and 2) (tCO<sub>2</sub>e)
- Property portfolio carbon intensity (tCO<sub>2</sub>e/m<sup>2</sup> reported floor space)
- Carbon emissions from direct haulage (dedicated store and home delivery fleets) (tCO<sub>2</sub>e)
- Carbon emissions from indirect haulage (tCO<sub>2</sub>e)

<sup>1</sup> The levels of assurance engagement are defined in ISAE 3000 (Revised). A reasonable level of assurance is similar to the audit of financial statements; a limited level of assurance is similar to the review of a half year financial report.

#### Wood and paper

- Responsibly sourced timber products (% of responsibly sourced timber sold, by volume)

#### Communities

- Community investment – company giving (cash, gifts in kind and time) (£'000)
- Community investment – company, employee and customer giving (£'000)

#### People

- Gender diversity (% female employees (Board, senior management, all management))
- Employees by age (% by age group (24 and under, 25 – 49 and 50 and over))
- Ethnic diversity (% of UK employees from an ethnic minority)
- Employee accident rate (number of all work-related accidents per 100,000 full-time employee equivalents)
- Health and safety – number of accidents (employees, customers and contractors)

#### Environment

- Waste recycling and disposal – waste recycled, waste disposed to landfill, waste disposed to incineration with energy recovery ('000 tonnes)
- Waste recycling (% of waste recycled)

#### Suppliers and partners

- Supplier Ethical and Environmental Assessment results (%)

#### Targets

- The assertion by Kingfisher that they have followed their stated process (as detailed in the Data Collection Methodology) to determine the progress towards their Sustainability Targets for the year ended 31 January 2018

#### Basis of our work and level of assurance

We carried out limited assurance on the selected information in accordance with the International Standard on Assurance Engagements 3000 (Revised) (ISAE 3000). To achieve limited assurance ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

With respect to the Product Innovation information described above, our testing was limited to the review of model assumptions and product classification. We did not perform substantive testing procedures over the model used to produce reported information.

To form our conclusions we undertook the following procedures:

- Interviewed the Group Sustainability Team and other members of Kingfisher Management to understand the governance and review process for data management and collection, the organisational and operational boundaries of data collection, the internal validation procedures and the effectiveness of these, the interpretation of reporting guidance and the methodologies and assumptions used to calculate the data;
- Interviewed Kingfisher's Subject Matter Experts (SMEs) and those with operational responsibilities for, or key accountabilities in, the data collection process for the subject matters as shown in the 'Scope of our work' section;
- Understood the role of internal validation processes, including the role of Kingfisher Internal Audit, in supporting the quality of data submitted by operating companies prior to its consolidation at group level;
- Re-performed a sample of Internal Audit's work, testing the key structures, systems, processes, procedures and controls related, but not limited to, the collation, validation and reporting of sustainability information
- Reviewed the content of the Sustainability Report 2017/18 and the Data Collection Methodology document 2017/18.

## Responsibilities of Directors and independent assurance provider

### Kingfisher's responsibilities

The Directors are responsible for the preparation of the Sustainability Report 2017/18, the Data Collection Methodology 2017/18 and for the information and statements contained within them. They are responsible for determining the sustainability targets and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

### Deloitte's responsibilities, independence and team competencies

We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Federation of Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the Sustainability Report 2017/18 and the Data Collection Methodology 2017/18. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have confirmed to Kingfisher that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.

Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with a combination of environmental, corporate responsibility and stakeholder engagement experience, including many years' experience in providing sustainability report assurance.

Our responsibility is to independently express conclusions on the subject matters as defined within the scope of work above to Kingfisher in accordance with our letter of engagement. Our work has been undertaken so that we might state to the Firm those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kingfisher for our work, for this report, or for the conclusions we have formed.

**Deloitte LLP**  
London, United Kingdom

12 June 2018

## Read more

### **Our sustainability website**

[www.kingfisher.com/sustainability](http://www.kingfisher.com/sustainability)

### **Annual Report and Accounts**

[www.kingfisher.com/annualreport17-18](http://www.kingfisher.com/annualreport17-18)

### **Sustainable growth plan launch report**

[www.kingfisher.com/sustainablegrowthplan](http://www.kingfisher.com/sustainablegrowthplan)

### **Our data collection methodology**

[www.kingfisher.com/sustainabilityresources](http://www.kingfisher.com/sustainabilityresources)

### **Our Sustainable Home Product Guidelines**

[www.kingfisher.com/shpguidelines](http://www.kingfisher.com/shpguidelines)

## Contacts

We'd like to hear your feedback.

You can tell us what you think about sustainability at Kingfisher at [sustainability@kingfisher.com](mailto:sustainability@kingfisher.com)