Kingfisher

sustainability report 2018/19

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introduction

At Kingfisher we believe a good home is a sustainable home. With our Sustainable Growth Plan we want to make sustainability the easy choice for our customers and to become a truly sustainable company.

Kingfisher at a glance

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

We employ 77,300[1,2] 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.

1,331
Stores[1]

77,300
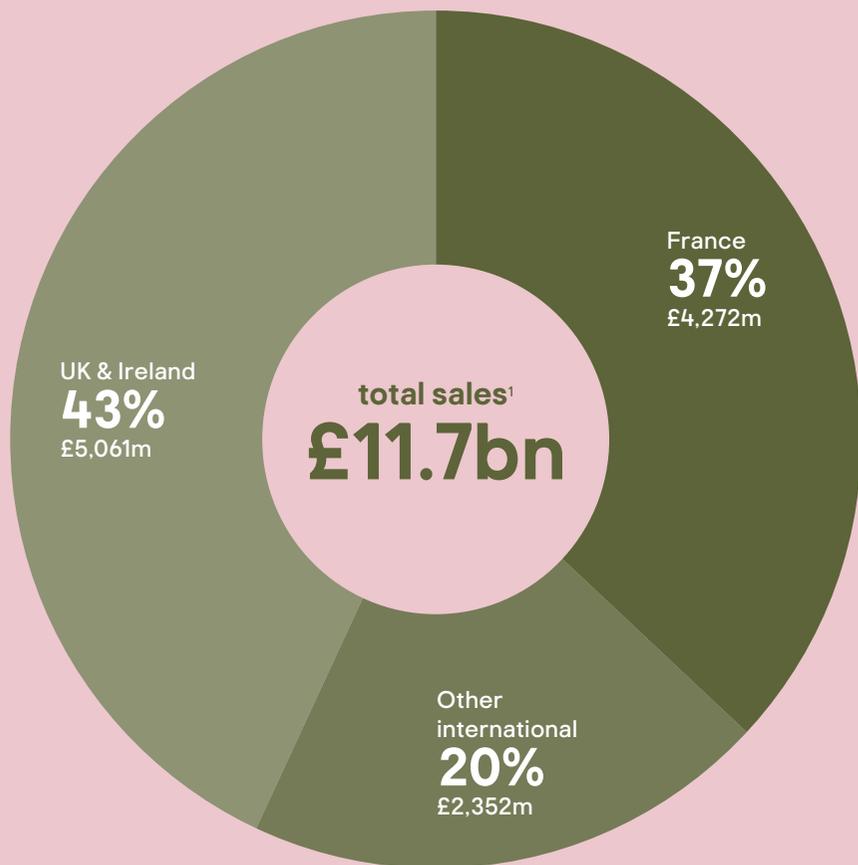Colleagues[1,2]

1 Total headcount, not full time equivalent.
2 Turkey joint venture not consolidated.
3 B&Q UK & Ireland 296, Screwfix 627.
4 Castorama 101, Brico Dépôt 123.
5 Brico Dépôt 15, Praktiker 23.

Russia
20

UK & Ireland
923[3]

Poland
76

Germany
19

France
224[4]

Romania
38[5]

Portugal
3

Spain
28

Turkey[2]

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**geographic contribution
total sales**

France
37%
£4,272m

UK & Ireland
43%
£5,061m

total sales[1]
£11.7bn

Other
international
20%
£2,352m

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

**geographic contribution
retail profit**

France
28%
£209m

UK & Ireland
53%
£399m

retail profit[1, 2]
£753m

Other
international
19%
£145m
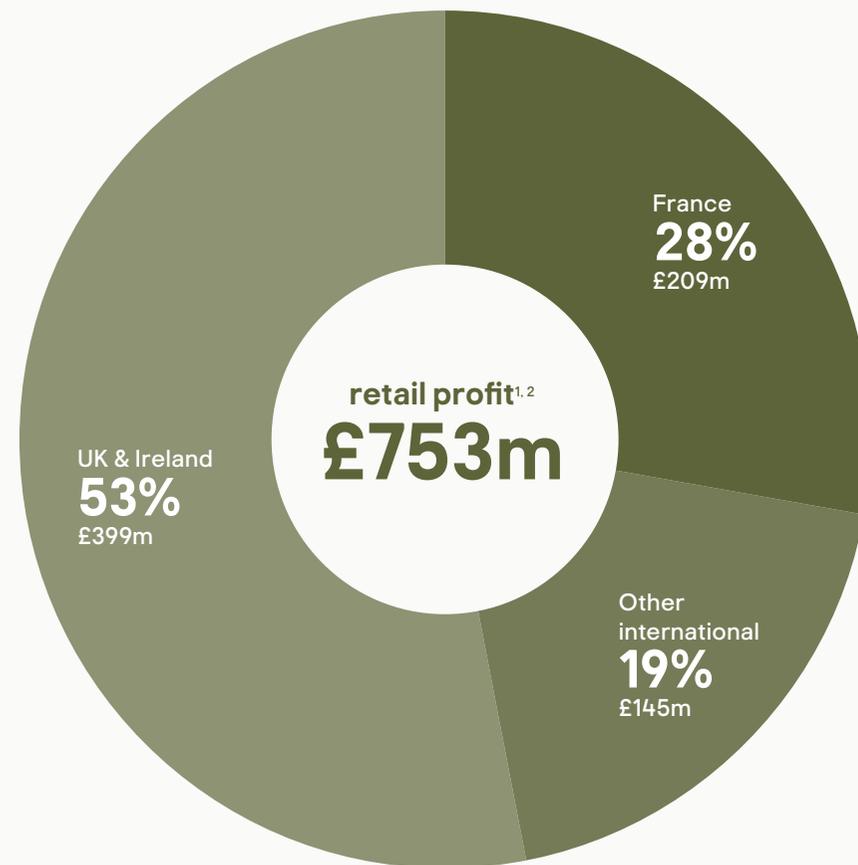
from our chief executive officer

"Our aim is to make sustainability easy for customers – and we are starting to see the results of this work."

It is three years since we started our journey to become the leading home improvement company. Since then we have been transforming every aspect of our business, working together to achieve our purpose: to create good homes by making home improvement accessible for everyone.

We believe a good home should be functional and comfortable, fitting in with family needs, green outside and in, resource and energy smart, with lasting quality and style. It should be coordinated to look good and, of course, it must be safe and healthy.

That's why sustainability is one of our five design principles – alongside price, quality, form and function – that shape every range we create to help our home improvers realise their projects.

Last year we published our Sustainable Growth Plan, showing how we will build sustainability into our business and our products.

Our aim is to make sustainability easy for customers – and we are starting to see the results of this work. Like our new bathroom ranges – design led, high quality products with improved water efficiency as standard. 57% of the kitchen and bathroom basin taps we sold in 2018/19 were water saving products, more than double that of the previous year.

On energy efficiency, our products such as insulation and LED light bulbs, enable customers to achieve a 32% saving. We aim to go further and faster, increasing our focus on creating more innovative products that achieve the highest levels of savings.

However, change on this scale is tough. In several areas our progress has been slower than we would have liked and challenges with our data systems mean we cannot report this year on two important KPIs relating to timber sourcing and sustainable home products. We know how important these issues are and we are addressing these challenges as a priority.

Looking ahead, we have made new commitments on communities and climate change to continue our journey to becoming a truly sustainable company.

We know that millions of people are living in houses and flats that feel nothing like home. We want to reach out to those who need it most in our local communities to help everyone have a home they can feel good about. 60,000 people benefited from our community programmes last year, including through our strategic partnerships in the UK and France with Shelter and the Abbé Pierre Foundation.

That was the start. Now we will go further by launching our GoodHome Foundation, a network of in country charitable foundations located in each of our key markets – UK, France, Poland, Romania.

Climate change has become the big challenge of our time. We have been working to cut our footprint for many years and, in early 2019, we announced challenging new targets to take us further. These have been approved by the Science Based Targets initiative, confirming that they are consistent with reductions required to keep warming to 2°C. We've already made a start – cutting emissions by 15% since our baseline of 2016/17.

We have much to do to reach our targets during a time of great organisational change. In 2019/20 we will maintain our focus on the goal of making sustainable, good homes achievable for everyone.

Véronique Laury
Chief Executive Officer

introducing GoodHome

GoodHome is our new international home improvement brand. It will provide a new, simpler way of doing things for home improvers, their helpers and the pros. It will offer unique products and solutions that are design-led, high quality and well-priced, and help to make home improvement accessible for everyone.

GoodHome is green inside and out so our products have sustainability designed in from the start.

GoodHome

external perspective

We live in turbulent times and the pace of change continues to accelerate, with the global retail sector currently experiencing huge disruption. How and where we shop has transformed over a very short period of time, with the global supply chains that feed goods into retail outlets under pressure from a range of economic, social and political macro-forces.

The ONE Kingfisher transformation is Kingfisher's response to this rapidly changing context. Kingfisher is now mid-way through this programme, which at its heart is designed to make home improvement accessible for everyone. The Sustainable Growth Plan sets out a roadmap to 2025 to support this overarching goal, with four ambitious goals that are designed to deliver positive outcomes for both the millions of Kingfisher customers across Europe, as well as for broader communities, and of course, the environment.

The pressures on any business to deliver a far-reaching transformation plan are intense. So it is perhaps no surprise that the time, energy and wholesale overhaul of systems and processes have contributed to a mixed picture in terms of the progress reported here against the Sustainable Growth Plan targets. It is disappointing that it has not been possible in this report to share data on sustainably sourced wood and paper,

particularly given that this is one of Kingfisher's key material impacts. Plans are in place to address this.

The adoption of Science-Based Targets for greenhouse gas emissions reduction is very welcome. I'm also pleased to see progress on the delivery of products and services that help Kingfisher customers get more from less and an increase in sales of products that help customers create a healthier home and connect with nature. There has also been good progress on work to phase out harmful chemicals including new commitments to remove phthalates, PFCs and halogenated flame retardants.

Products that reduce energy and water use in the home are particularly important so I would like to see an increase in the rate of progress in this area, which did not track against target in 2018.

There has been progress on Kingfisher's fourth goal to be part of a community

that helps millions more people enjoy a good home including partnerships to tackle poor housing and an interesting pilot project with communities in the supply chain. The forthcoming launch of their GoodHome Foundation, which will create charitable foundations in four countries to tackle poor and unfit housing, should help to stimulate further progress and increase the value of donations.

Ultimately, I would like to see greater integration of the ambitions of the Sustainable Growth Plan with the ONE transformation plan. This would allow the business to scale up the progress already achieved in sustainable product innovation and sustainable supply chain management. The integration of sustainability into Kingfisher's new GoodHome brand appears to be a good step in this direction.

The climate emergency is now better understood than ever, and this report is right to highlight it as one of the defining issues of our time.

We have a window leading to 2030 to radically decarbonise our economy, and shift to low carbon lifestyles. Within this context, I would welcome discussion with Kingfisher on the timeline for their net positive aspirations, looking to bring this forward from 2050. Kingfisher is in a remarkable position to play a central role in making low, or even no carbon living a reality for its millions of customers. But to realise this, sustainability needs to be at the heart of the strategic decisions and choices it makes.

Dr Sally Uren OBE
Chief Executive,
Forum for the Future

"Kingfisher is in a remarkable position to play a central role in making low, or even no carbon living a reality for its millions of customers."

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our sustainable growth plan

We have a clear purpose – to create good homes by making home improvement accessible for everyone. Good homes are healthy homes, they are sustainable so we can get more from less, use less energy and water and they bring us closer to nature. We want to make sustainable products more accessible than ever before, ones that are good for the planet and good for the wallet. We want to help people turn their homes into good homes and make sure our planet stays a good home, too.

Our Sustainable Growth Plan, launched in 2018, is our roadmap to 2025. It has four big goals and 12 outcome-based targets. It is focused on the sustainability issues our customers care most about, which have been identified through extensive customer research and our materiality process (see page 83).

With our Plan, we are improving the sustainability of all our ranges – making it the easy choice for our customers – while embedding sustainability into our operations and supply chain too.

Our Plan helps us to reduce risks and costs to the business, secure long-term access to resources and raw materials, improve efficiency, stimulate growth and innovation, and engage colleagues and, of course customers.

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

1

Save money by saving energy and water

For Customers
1. Enable a **50%** reduction in customer energy use through our products, services and advice.

2. Enable a **50%** improvement in customer water efficiency through our products, services and advice.

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

2

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

For Customers
4. 20 products or services that help customers get more from less, reuse or use longer.

For Us
5. Ensure sustainable management and efficient use of key resources (2025), including **100%** responsibly sourced wood and paper, and peat-free bagged growing media (2020).

6. Zero waste to landfill (2020) and **90%** of waste recycled (2025).

3

Create a healthier home and connect with nature

For Customers
7. 20% of sales enable customers to create safer, healthier homes and connect with nature.

For Us
8. 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).

4

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

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

For Us
10. Support our colleagues to have a home they can feel good about.

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

12. 50% of group sales from products that help create a more sustainable home (2020).

What matters to our customers

Our Sustainable Growth Plan was informed by extensive customer research across five countries that 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. Our ambition is to make this possible.

A summary of the findings is on .

Our net positive aspirations

Our plan takes us on the next stage of our journey towards being a net positive business.

Our net positive aspirations for 2050 remain:

– 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.

Measuring our progress

The targets and measurement methodologies in our Sustainable Growth Plan 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 that identified our most significant impacts and opportunities for improvement. Where possible, they 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 are signatories to Better Retail, Better World, a collaboration led by the BRC aimed at supporting the Goals and in 2018 we were a partner to the UK Stakeholders for Sustainable Development network, which aims to drive action in the UK.

For more information see .

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

1
Save money by saving energy and water

2
Live smarter by getting more from less, reusing or using longer

3
Create a healthier home and connect with nature

4
Be part of a community that helps millions more people improve their home

performance summary 2018/19

We have improved or maintained performance across nine of our targets in 2018/19, however our rate of progress has not been fast enough to meet our interim internal targets. We need to accelerate the rate of change in some areas and address performance gaps if we are to meet our targets by 2025.

We have made good progress on integrating sustainability into our product ranges this year, through products such as low flow taps and new natural garden ranges. Sales of our products that enable customers to create a healthy home or to connect with nature, reached 9% of our total, on track to our 20% target by 2025.

Our products and services enabled customers to reduce home energy use by 32%. This remained constant with last year since no significant new products were launched. We need to increase the rate of progress to meet our target of 50% by 2025.

On water, we made good progress on embedding water saving into our kitchen and bathroom ranges and the number of water saving products we sold has increased, benefiting more customers. However, although we improved our minimum level of water efficiency, our ranges included fewer products that meet the very highest levels of water efficiency, meaning performance against our target is not on track. We will be investing in innovation to help us progress further towards this target.

Two further products also passed our circular value chain assessment – Métisse insulation made from recycled materials and our Safe by Nature natural plant food range. This means we now have five products or services that help customers get more from less, reuse or use longer and we are on track towards our target of 20 by 2025.

We made progress on sustainable sourcing of high priority raw materials including plastic, cement and leather. However, there was a decrease in sales of peat-free bagged growing media due to continued strong sales of supplier branded products that contain peat and further work is planned in this area to progress towards our target.

We published our first science-based target in 2019 to reduce carbon emissions in our business, products and supply chain. It has been approved by the independent Science Based Targets initiative as consistent with climate science. We have achieved a 15% reduction in Scope 1 and 2 emissions compared with our baseline year of 2016/17 – on track to our target. We have also reduced the energy intensity of our property portfolio by 2.6% and the carbon intensity by 22% over the same period. We are establishing an emissions reduction programme with our suppliers to enable us to measure and report progress on the scope 3 element of our target.

We now have five products or services that help customers get more from less, reuse or use longer and we are on track towards our target of 20 by 2025.

Our wood and paper target

As we move to unify our business, we are centralising our wood and paper data systems and processes. Due to the complexity of this change, we are not able to accurately report wood and paper volumes for 2018/19.

This means we are not able to report progress on two of our targets this year relating to sustainable materials and sustainable home products. We cannot report progress on our overall sustainable homes product sales, since responsibly sourced timber data makes up part of this figure. We are working hard to resolve this so that we can start to report data again in future years.

At the same time, we continue to work to ensure that all wood and paper in our products and goods not for resale complies with the responsible sourcing criteria in our Wood and Paper Policy towards our target of 100% responsibly sourced wood and paper by the end of 2020.

There was a small improvement in waste diverted from landfill and our recycling rate remained constant. However, we are not currently on track to meet our targets of 90% recycling (by 2025) and zero waste to landfill (by 2020). We are looking to integrate our targets into our waste contracts as they are retendered which we think will speed up progress.

We made progress on our chemicals target, including defining our watch list which identifies families of chemicals we will remove from our products over the next few years. We are piloting different approaches to increase transparency on chemicals use in our products. In 2018/19 this work focused on three priority supply chains – textiles, plastics and solvents. We have improved our understanding of where higher risk chemicals are likely to be used. However, with a large supply chain and many products in our ranges, this process is taking time.

We have also learned that the chemicals found in products often vary and a similar product may contain different chemicals according to the materials, suppliers, sub-contractors or manufacturing sites used. Achieving transparency is therefore an ongoing process which will not be achieved by a particular date. We will be reviewing the transparency element of our target to ensure it reflects our improved understanding in this area. We have committed to remove phthalates, PFCs and halogenated flame retardants from own-brand products by 2025.

We launched further community projects including a new strategic partnership with the Abbé Pierre Foundation in France. Our community contribution towards projects relating to home improvement directly benefited at least 60,000 people. We will be further developing our data to enable us to report in more depth on the impact of our investments. During the year, we also prepared for the launch of our network of GoodHome Foundations in our key markets, happening during 2019.

Further work is needed on our target to help colleagues to have a home they can feel good about. We will be reviewing our approach in this area and looking to publish a new people strategy during 2019/20.

We continued to roll out our supplier ethical audits with 66% of suppliers now using Sedex, up from 40% last year. 47% of high-risk production sites have had an ethical audit in the last two years. We also launched a pilot community project in our ceramics supply chain focusing on worker training. This means we are on track to target in both areas.

Progress to targets

We track our progress against quantified interim targets. This enables us to assess whether we are on track towards our targets for 2020 and 2025. See .

	Progress in 2018/19	On track to target for 2020 and 2025?
Target 1 Enable a 50% reduction in customer energy use through our products, services and advice (2025).	◄► 32% estimated reduction in home energy use enabled by our current energy saving products. Performance was flat during 2018/19 as no new significant new products were launched.	Not on track
Target 2 Enable a 50% improvement in customer water efficiency through our products, services and advice (2025).	▼ 42% improvement in home water efficiency enabled by our current water saving products. Our focus this year has been on embedding a minimum level of water efficiency across our ranges. In future years we will build on this to launch new innovative products that enable greater savings.	Not on track
Target 3 Reduce scope 1 and 2 emissions from property and transport by 22% in absolute terms by 2025, compared to 2016/17; and reduce scope 3 emissions from the supply chain and customer use of products by 40% per £million turnover by 2025, compared to 2017/18.	▲ 15% reduction in our absolute carbon footprint compared with 2016/17. We will begin reporting on our supply chain and customer use target in 2019/20.	On track
Target 4 20 products or services that help customers get more from less, reuse or use longer (2025).	▲ 5 products and services so far.	On track
Target 5 Ensure sustainable management and efficient use of key resources (2025), including 100% responsibly sourced wood and paper and peat-free bagged growing media (2020).	n/k Data on sustainably sourced wood and paper not available. See **page 12**. 62% peat-free bagged growing media. We are developing roadmaps for other key materials such as cement and plastics.	Not able to measure progress. Not on track[1]
Target 6 Zero waste to landfill (2020) and 90% of waste recycled (2025).	▲ 13% waste to landfill. ◄► 72% of waste recycled.	Not on track
Target 7 20% of sales enable customers to create safer, healthier homes and connect with nature (2025).	▲ 9% of sales from products that help customers create a healthier home or connect with nature.	On track
Target 8 Achieve transparency of harmful chemicals in key supply chains (2020), phase out the highest priority hazardous and high-risk chemicals of concern and introduce five green substances (2025).	▲ We defined our chemicals watch list and identified three priority supply chains (textiles, plastics and solvents). We have made progress on improving transparency, piloting a range of approaches. However, with a large supply chain and many products in our ranges, this process is taking time.	Not on track
Target 9 Help millions more people tackle poor and unfit housing through strategic partnerships and local action in all our markets (2025).	▲ Strategic partnerships launched with Shelter, Red Cross and Abbe Pierre Foundation. Our programmes directly impacted 60,000 people in 2018/19.	On track
Target 10 Support our colleagues to have a home they can feel good about (2025).	▲ We conducted an initial survey with B&Q colleagues in 2018 to better understand their views and concerns around housing and have worked with Shelter to signpost advice. However, we are not on track to target.	Not on track
Target 11 Ensure suppliers meet our ethical and environmental standards (2020) and establish strategic community programmes to achieve positive change in key sourcing regions (2025).	▲ 66% of suppliers now using Sedex. 47% of high-risk production sites on Sedex have had an ethical audit in the last two years. Began piloting a worker training programme in one of our ceramics sourcing communities in Turkey.	On track
Target 12 50% of group sales from products that help create a more sustainable home (2020).	n/k We are not able to report progress on our sustainable home products target this year due to problems with our wood and paper data collection system. See **page 20**.	Not able to measure progress

1 Not able to measure progress for wood and paper target. Peat target not on track.

Key: ▲ YOY progress   ◄► YOY no change   ▼ YOY no progress   n/k Not known

15%

reduction in our absolute carbon footprint

9%

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

32%

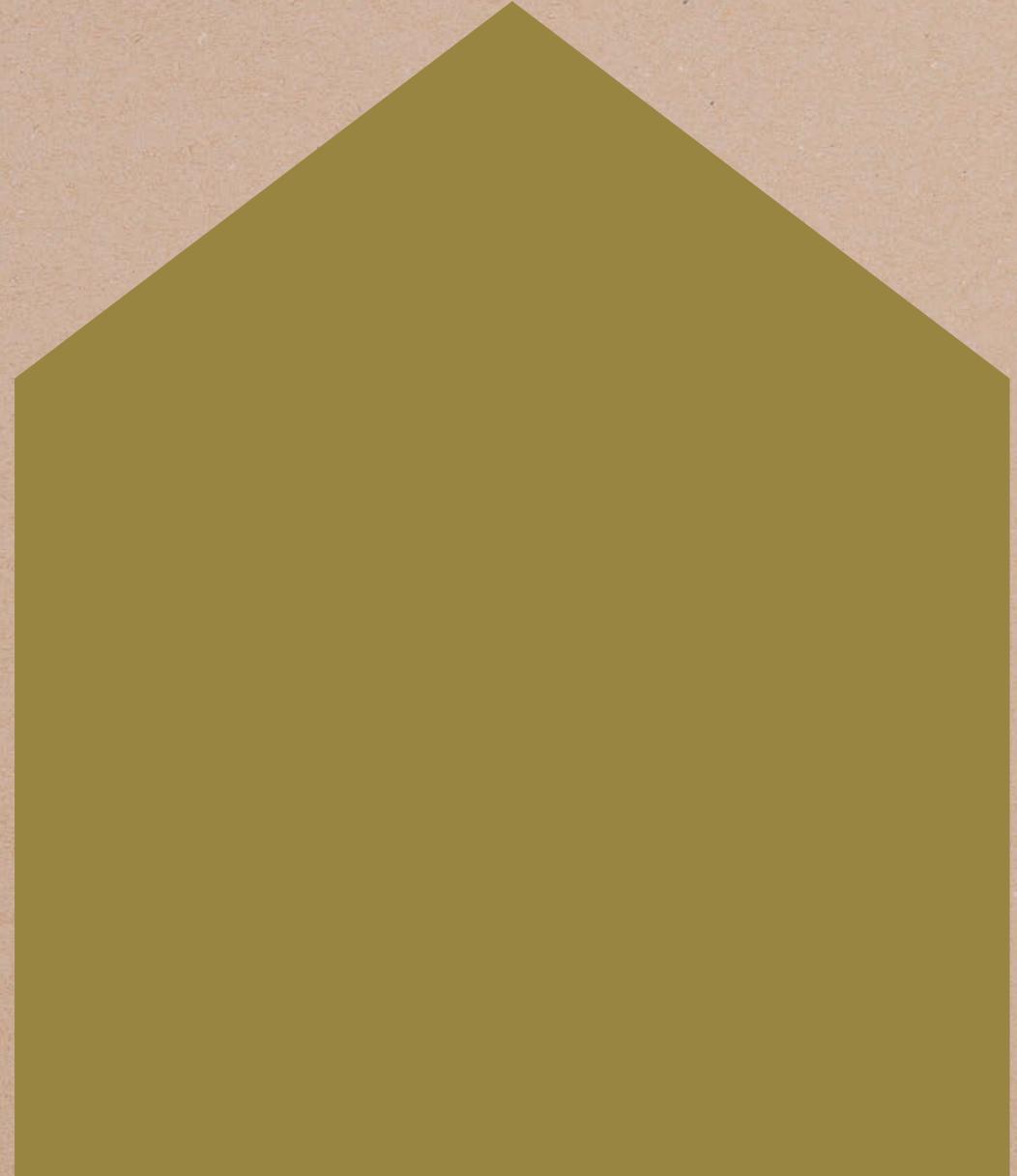estimated reduction in home energy use enabled by our current energy saving products

72%

of waste recycled

We published our first science-based target in 2019 to reduce carbon emissions in our business, products and supply chain. It has been approved by the independent Science Based Targets initiative as consistent with climate science.

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sustainable homes for our customers

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We want to make sustainability the easy choice for customers – integrated into each range and product so it comes as standard on every home improvement project.

Sustainability is one of our five core design principles used in the development of our ranges, alongside price, quality, form and function. As we update our ranges, customers will not need to look for a sustainable product. They will be able to choose any product they want and have sustainability built in.

Function

Form

Our five design principles guide the development of our ranges:

Quality

Cost

Sustainability
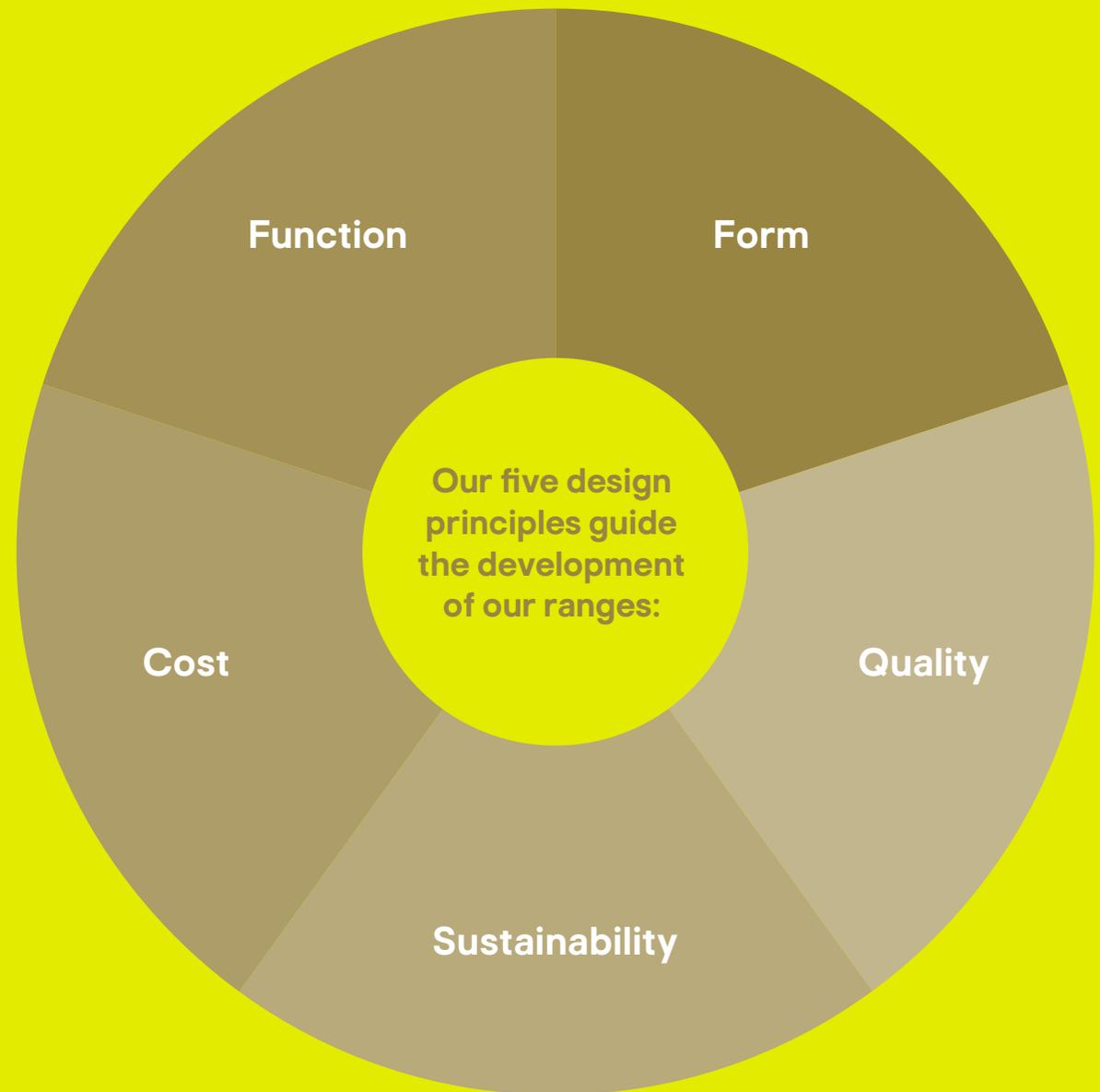
what is a sustainable home?

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 are fitted out with quality, long-lasting products made in ways that are better for people and the planet.

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
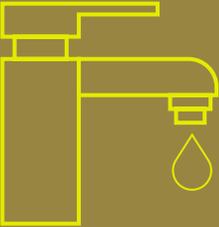– Maximises the use of inside and outside space
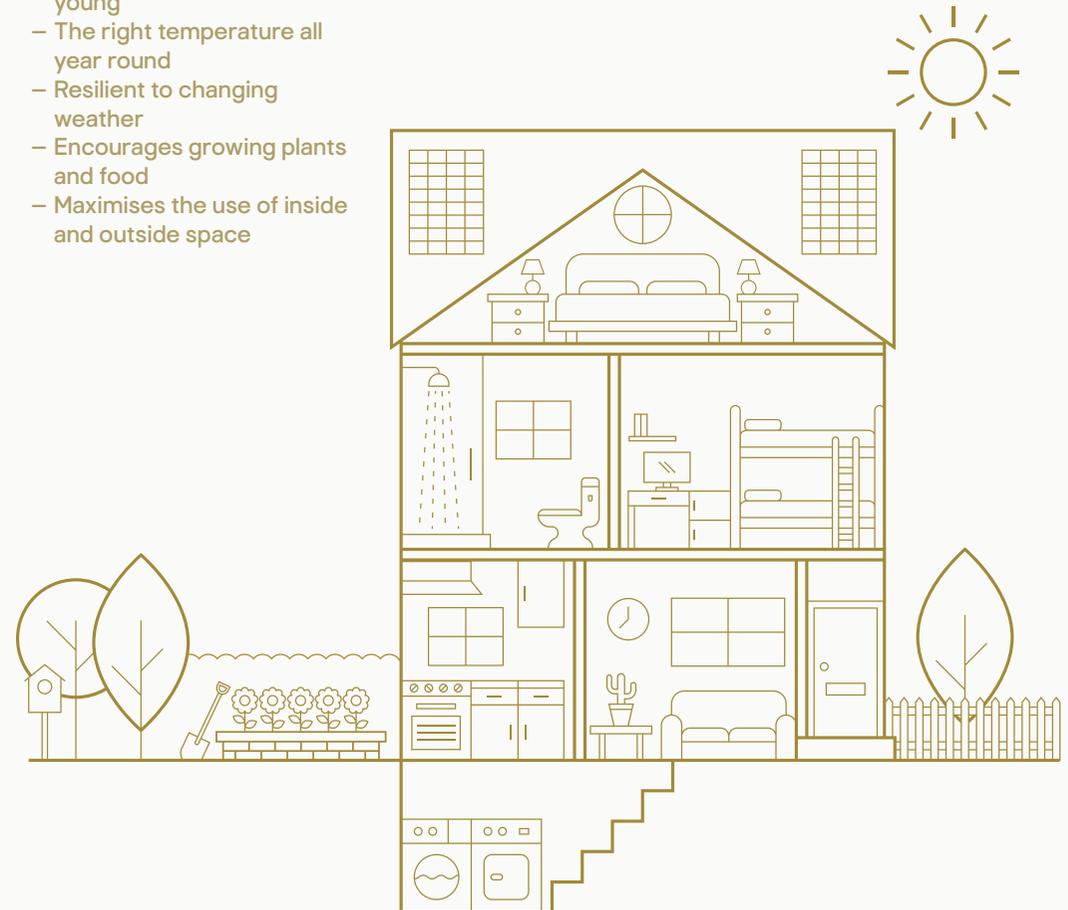
our sustainable home product guidelines

We use our Sustainable Home Product Guidelines, developed with experts Bioregional, to improve performance across our ranges and to measure progress.

The guidelines summarise our six-stage process for improving sustainability performance with detailed guidance and criteria to help our product developers and suppliers. We fully updated the guidelines in 2018, adding new criteria, and developing a new more user-friendly format and a quick start version. We publish the guidelines on our website so anyone can read them.

Sustainability is a key objective for all GoodHome products, our new international home improvement brand (see page 6). We use our Sustainable Home Product Guidelines to assess this.

Our guidelines use five levels to help us measure and improve sustainability performance:

	Five levels of products	Examples from our ranges
Less sustainable	**Watchlist** Features or products that cannot be sustainable. These products should be phased out from our ranges.	In 2018/19, we have been looking to replace smoky fuels with smokeless versions.
	Products not yet meeting the guidelines With improvements, these products can meet our standards and become a sustainable home product.	We are looking to improve energy efficiency across our ranges of power tools and to reduce or remove VOC chemicals from paints.
	Expect Products that have a sustainable feature or benefit. This is our minimum level for a sustainable home product.	Our new kitchen and bathroom basin taps now have a maximum flow of 8 litres per minute as standard.
	Exceed Products that make a more significant difference to the sustainability of our customers' homes or the wider environment.	Includes products such as insulation, heating controls and efficient boilers that make customer homes more energy efficient.
Most sustainable	**Excite** Innovative products that have the potential to achieve significant change. The overall number of "Excite" projects will be low but they will have a big positive impact.	Our respirea paint actually improves air quality in the home.
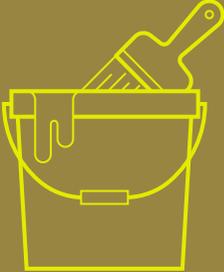
Measuring progress

We are not able to report progress on our overall sustainable home products target this year due to problems with our data collection system for wood and paper. Our data for responsibly sourced timber, which makes up part of our sustainable home products figure, is incomplete due to a delay in centralising our timber reporting system. See page 40 for more information on this.

However, we are able to report figures for some of our sustainable home product categories. This shows that[1]:

— 6.1% of our sales came from our energy saving products and 1.7% from our water saving products, compared with 6.7% and 1.7% in 2017/18
— 5.7% of sales came from live smarter products that help customers get more from less, reuse or use longer, compared with 3.1% in 2017/18
— 9% of sales came from products that help customers create a healthier home or connect with nature, up from 6% last year.

We are working to address the challenges with our timber data so we can start reporting progress against this target again in 2019/20.

Engaging customers and our people

Our sustainability team has run Q&A sessions and training for our product teams on the updated Sustainable Home Product guidelines and how to embed sustainability into product design.

We also train colleagues on our sustainable products through our Home Improvement Academy, see page 74, and our e-learning module, 'Sustainability & You', that helps colleagues in our Offer & Sourcing function, to understand how sustainability is relevant in different roles.

For customers, we integrate sustainability information into point of sale material for key products and have developed a set of icons to make it easier to identify products with sustainable features. For example, products that save energy. Sustainability information will be further integrated into the design of our products and our communications as we roll out our GoodHome brand.

Engagement and advocacy examples

We are partnering with others to develop our approach and explore opportunities for sustainable product innovation. Recent engagement has included:

— **Aldersgate Group**
  We are members of Aldersgate Group and attended their roundtable discussion on the environment with the Right Honourable Michael Gove MP
— **Forum for the Future**
  We are a pioneer partner to Forum for the Future the leading sustainability non-profit
— **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.

— UK Stakeholders for Sustainable Development
  In 2018 we were members of UK Stakeholders for Sustainable Development (UKSSD), a cross-sector network of organisations who work together to drive action on the UN Sustainable Development Goals in the UK.

1 Products may have more than one sustainable attribute and therefore be counted in more than one category.

We train colleagues on our sustainable products through our Home Improvement Academy and our e-learning module, 'Sustainability & You'.

6 principles of sustainability in our sustainable home product guidelines

Some products will address more than one principle; although we can record more than one per product, there will be a primary principle for each.

2

Health & Wellbeing

Making our homes safer and healthier; enjoying our homes whatever our age; being active; addressing toxins; adapting to climate change.

We have developed a set of icons to make it easier to identify products with sustainable features.

1

Connect to Nature: Protect the Planet

Helping wildlife in our gardens and beyond; interacting with the natural world; eating produce that we've grown ourselves.

3

Live Smarter

Reduce, reuse, recycle; smarter uses of resources; better product quality; tackling waste; pay-to-use propositions.

4

Save Energy

Keeping household energy bills down; addressing carbon emissions; using renewable energy.

5

Save Water

Stopping water from being wasted; using rainwater, preserving premium drinking water.

6

Sustainable Materials: Protect the Planet

Responsible sourcing; choosing materials with a positive impact; tackling materials that have a damaging impact.

save money by saving energy and water

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With the right products and support, we can make it easy for customers to create an efficient home and save money on their bills.

We're also reducing energy use in our business and have set an ambitious carbon target in line with climate science.

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

Target

22%

reduction of absolute carbon emissions from a 2016/17 baseline by 2025

saving energy, water and money for customers

An energy efficient home is a more comfortable place to live and more affordable to run. So it's no surprise that saving energy is a top priority for customers. We offer a wide range of products that improve the energy performance of customer homes from insulation to efficient appliances.

£718m

sales of our energy saving products in 2018/19

Using our Sustainable Home Product guidelines, we are improving the energy performance of whole ranges so it is easy for customers to make sustainable choices. For example, we are switching all our lighting to LED. Sales of our energy saving products were worth £718 million in 2018/19, 6.1% of our total.

In 2018/19, our energy saving products enabled customers to achieve an estimated 32% reduction in energy use in their homes (2017/18: 32%). We are working towards 50% by 2025. Altogether, our customers will save an estimated 43 TWh of energy through the energy saving products purchased from us in 2018/19, over the lifetime of the products.

Water efficiency

As we redesign our kitchen and bathroom ranges, we're making water efficiency a priority. Saving water at home is not just good for the environment, it reduces water bills and can cut energy use too. In 2018/19, we began rolling out our new bathroom ranges including water efficient taps and toilets, see case study.

In 2018/19, 57% of all the kitchen and bathroom basin taps we sold were water saving products, with a maximum flow below 8 litres per minute. This is a significant increase from 26% the previous year.

Our current water-using products enable an estimated 42% improvement in home water efficiency (2017/18: 45%). Although the number of water saving products we sold has increased, benefiting more customers, our ranges included fewer products that meet the very highest levels of water efficiency.

New taps cut water use

As we launch our new unified ranges, we're building in sustainability – so our customers can make sustainable choices without having to think about it.

Our new bathroom ranges are one example. Almost all bathroom taps now have a maximum flow of 8 litres per minute, compared with up to 12 litres in previous ranges. By reducing water use, they help custo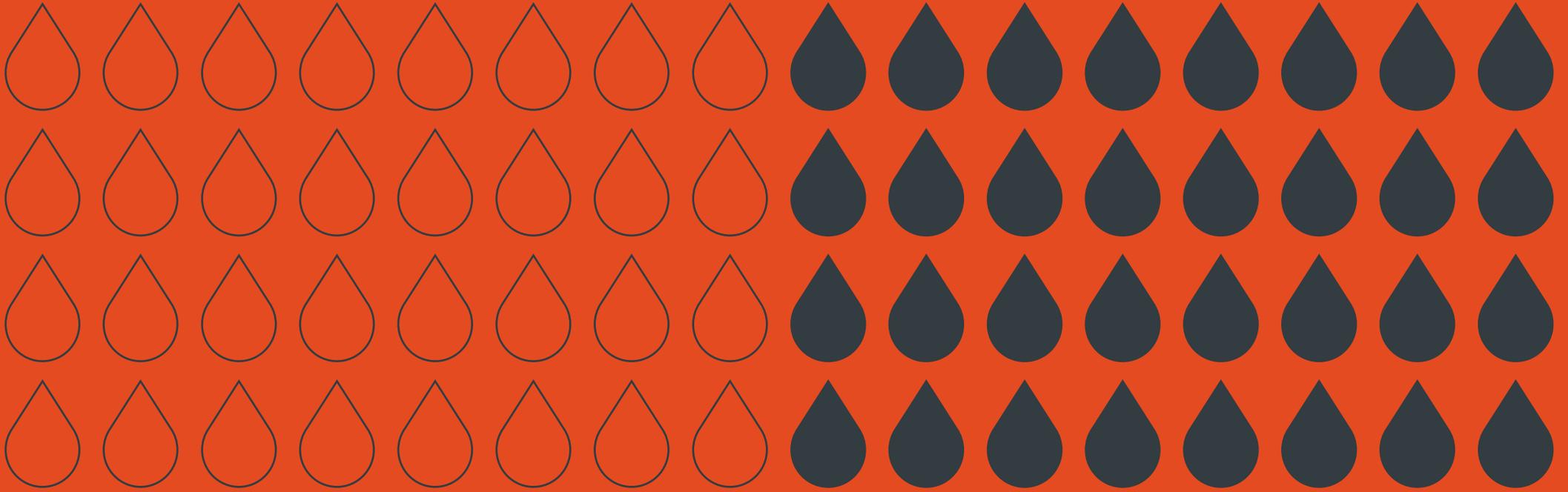mers save money on their energy and water bills. We've redesigned our toilets too so they're all water-efficient and include a dual flush feature.

We're also redesigning our baths, including smaller tubs that need less water to fill and looking at how we can reduce water use in showers without compromising on performance.

We aim to help customers improve energy and water efficiency by

50%

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energy and carbon in our business

We are cutting energy and carbon in our business – improving efficiency in our stores, offices and transport and investing in renewable and low carbon energy sources.

Our science-based targets

In February 2019 we announced ambitious new targets to cut greenhouse gas (GHG) emissions from our business, products and supply chains.

The targets have been approved by the Science Based Targets initiative (SBTi), confirming that they are consistent with reductions required to keep warming to 2°C. The SBTi defines best practice in science-based target setting, as well as independently assessing and approving companies' targets.

Our target means ramping up our efforts to decarbonise our business, while helping customers and suppliers to cut emissions too. It has two elements:

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

We have achieved a 15% reduction in Scope 1 and 2 emissions compared with our baseline year of 2016/17. We have also reduced the energy intensity of our property portfolio by 2.6% and the carbon intensity by 22% over the same period. Our absolute reduction since 2010/11 is around 34 %[1].

We are establishing an emissions reduction programme with our suppliers to enable us to measure and report progress on the second element of our target.

1   Our 2010/11 figure was calculated using a location based methodology. We started using a market based methodology in 2016/17.

15%

reduction in Scope 1 and 2 emissions compared with our baseline year of 2016/17

Absolute market-based carbon footprint

Thousand tonnes CO_2 equivalent
* Independently assured by Deloitte LLP

2016/17	2017/18	2018/19*	2025 Target
308.8	276.3	261.0	240.0

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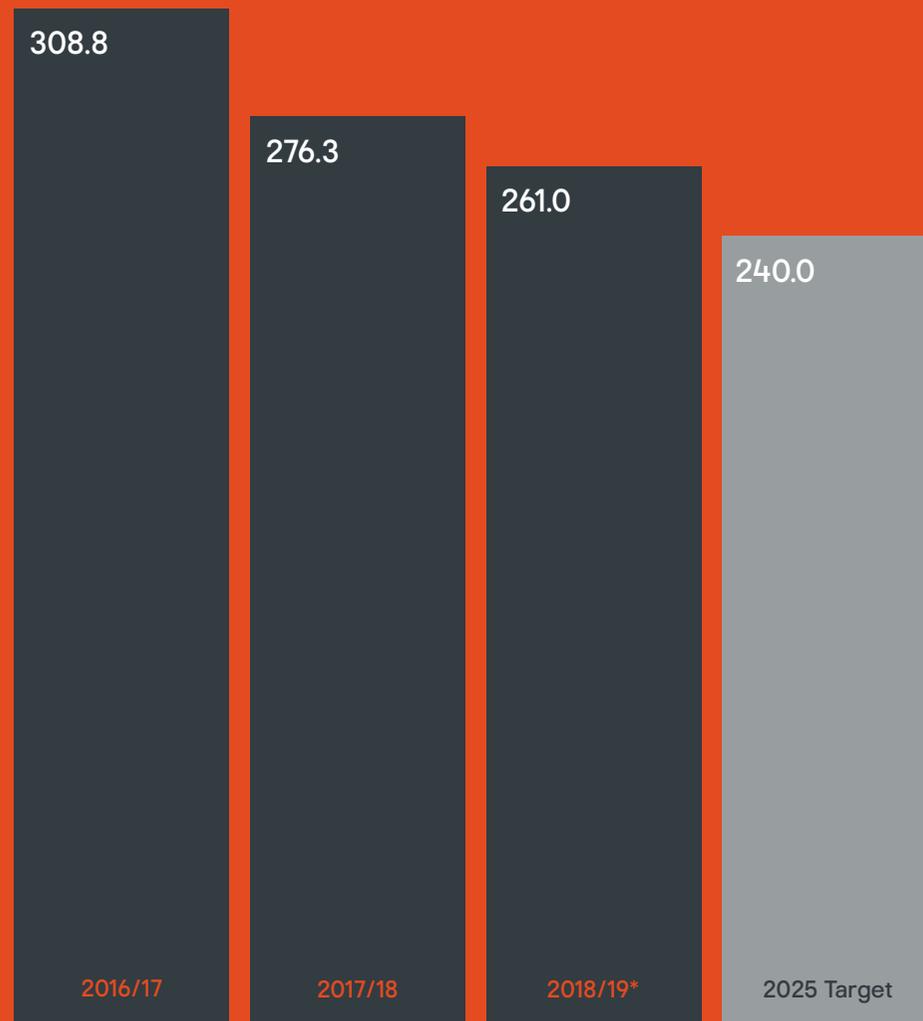
2018/19* market-based carbon footprint detail

Thousand tonnes CO_2 equivalent
- ● Property: purchased electricity and heat **104.3**
- ● Property: gas and other fuels **98.1**
- ● Haulage: dedicated store and home deliveries **58.6**

* Independently assured by Deloitte LLP

climate change – governance, strategy and risk management

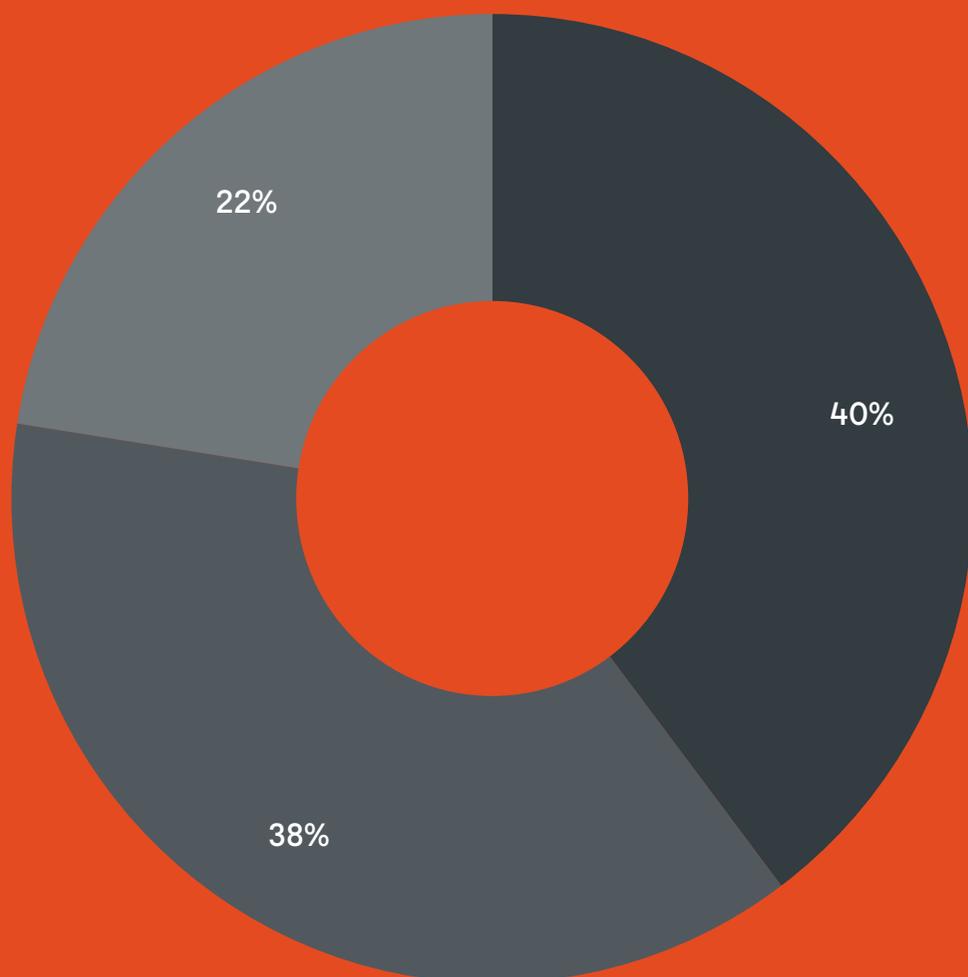We support the Task Force on Climate-related Financial Disclosures and aim to align our reporting with its recommendations over time. The following information is also integrated into our Annual Report and Accounts.

Governance:
Governance of climate-related risks and opportunities is integrated into our overall sustainability governance and risk management structures. Our Chief Executive Officer, Véronique Laury, has ultimate accountability for the issues of energy and climate change. Our Board receives regular updates on sustainability risks and performance against our targets, including those relating to climate change and energy.

Strategy:
Climate change has the potential to impact our strategy through increased operational and raw material costs and reduced demand for goods, as well as commercial opportunities associated with the transition to a low carbon economy. Identification and management of sustainability risks is incorporated in our strategic risk assessment processes.

The most material opportunity is from the growing market for energy efficient products and services. The most material risks include the potential impact of rising energy and insurance costs on our business and supply chain. For all our risks, including climate-related risks, we assess the recurring or one-off impact on (i) like-for-like sales, (ii) our net margin or (iii) cost. We have set numerical thresholds for each of these metrics to define 'substantive financial impact'.

Risk management:
Our Group Sustainability Committee (GSC), a sub-committee of the Group Executive, monitors short (1-3 years), and medium and long-term (over 3 years) sustainability risks, their probability, potential impact on our business, and our mitigation measures. The GSC meets at least twice a year and risks are reviewed at each meeting. Our most significant risks are included in our sustainability risk register (part of our overall Group risk management process). 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.

Metrics and targets:
We have established targets and KPIs to help us manage these risks and monitor progress. Our first science-based target will help us reduce our greenhouse gas emissions in line with climate science.

Our investment in renewables is generating 10 million kWh per year and delivering over £1.1 million in financial benefit including energy cost reductions each year.

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energy efficiency

We're investing in improving energy efficiency across our store estate. We have reduced property energy intensity by 2.6% since our 2016/17 baseline, however there was a 1% increase year on year. We believe this was due to higher gas consumption during the colder than average winter in the UK and France.

Our goal is to rollout LED lighting to all our sites. We have reached an estimated 73% in 2018/19 through an investment of £5.8 million (2017/18: 56%). The use of LED can cut energy use for lighting by up to 40% particularly when combined with automatic controls and sensors.

Building management systems that give us greater oversight and control of heating and lighting can also help to reduce energy use by around 7% per store. In France we have now rolled out building management systems (BMS) to 56 stores and will start extending this to UK stores during 2019/20.

Our Screwfix stores will be fitted with a 'power down' system, that automatically switches off power usage and heating overnight.

We have created an energy blueprint to guide the design and fit-out of our stores. This provides for three levels of efficiency depending on the store design and whether we are opening a new store or refurbishing an existing building. The basic level integrates LED lighting and efficient heating, while the second level adds a BMS system and low carbon heating, with a third option incorporating renewable technology.

We are reducing energy used for IT by using fewer and more energy efficient data centres, upgrading software and hardware platforms, and virtualising servers. We've also rolled out a managed print programme across the Group which reduces energy and paper used for printing.

Property portfolio energy intensity

kWh/m^2 reported floor space
* Independently assured by Deloitte LLP

2016/17	2017/18	2018/19*
145.3	140.1	141.5

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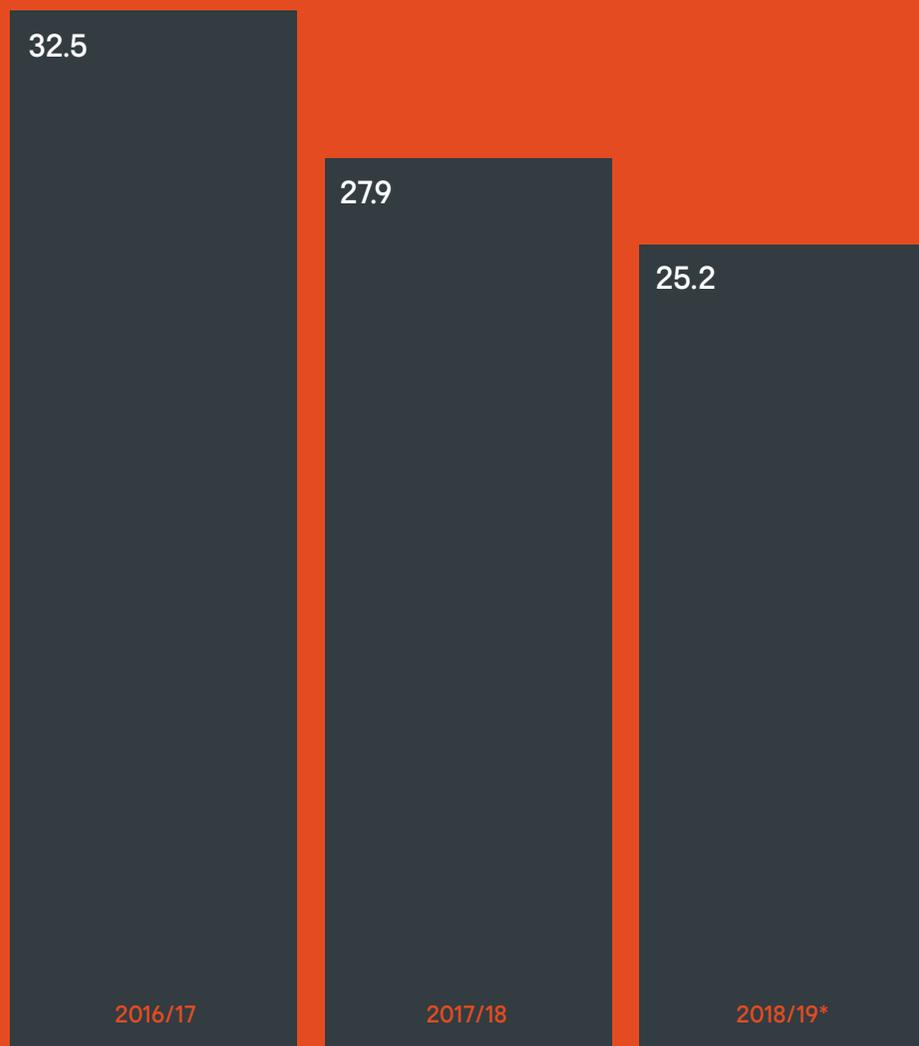Sustainable homes   Live smarter   Our communities   Governance   Appendices
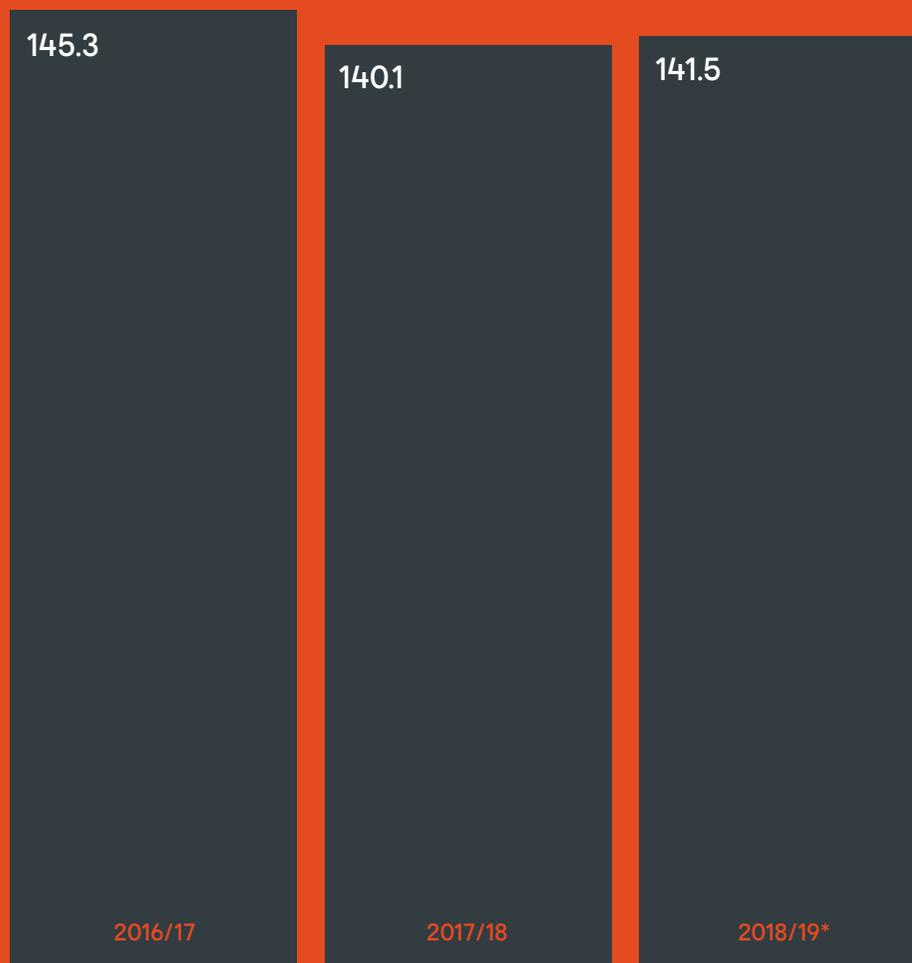
Property portfolio carbon intensity

kg CO_2 equivalent/m^2 reported floor space
* Independently assured by Deloitte LLP

32.5 — 2016/17
27.9 — 2017/18
25.2 — 2018/19*

renewables and green energy

To help meet our target we are investing in on-site renewable energy generation as well as switching our electricity supplies to renewable energy tariffs.

We have now installed solar PV panels on 20 stores, offices and distribution centres, biomass boilers supplying two distribution centres and one head office building, and air source heat pump systems at 63 locations. We've installed a commercial battery system at one of our distribution centres which is enabling us to use more of the solar energy generated.

Our investment in renewables is generating 10 million kWh per year and delivering over £1.1 million in financial benefit including energy cost reductions each year.

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. In 2018/19, the majority of our UK operations used 100% REGO-backed renewable electricity. We also purchased some renewable power for our operations in Romania.

Zero carbon renewable electricity and on-site renewable generation accounted for around 43% of total electricity use in 2018/19 (2017/18: 31%). Our use of renewable electricity reduces our carbon footprint by around 18%[1].

Zero carbon renewable electricity and on-site renewable generation accounted for around 43% of total electricity use in 2018/19.

1   Our use of green electricity results in our market based carbon footprint being 18% lower than our location based carbon footprint.

Zero-energy Trade Counter at Screwfix

Our first net zero-energy Trade Counter store in Peterborough is generating more energy than it consumes. It's all thanks to its solar PV installation and battery storage system which power a very energy efficient store, fitted with an air source heat pump and LED lighting. We're so pleased with the results, we've rolled out this approach to five Trade Counters.

Our zero-energy stores are just one example of how we are investing in renewable energy generation to reduce costs and our carbon footprint. Altogether we now have renewables on 20 stores and distribution centres generating 10 million kWh per year around 2% of our electricity use.

10m kWh

of energy generated from on-site renewables.

greener transport and travel

Transporting our products accounts for around 22% of our carbon footprint. We expect emissions to increase due to changes in our business such as: sales growth; the expansion of our unified ranges which means we transport more products ourselves; and a growth in home delivery as customers make more purchases online. We are working with our logistics partners to improve efficiency and to minimise growth in emissions as far as possible.

In 2018/19, we have worked to improve how we load products onto pallets and into vehicles, ensuring we transport the maximum number on each journey. Our companies use route planning to avoid wasted journeys and some have also introduced telematics systems to help improve driver efficiency. At B&Q we are using more double decker trailers, to enable more products to be transported on each journey and updating our fleet to the most fuel-efficient engines.

Direct haulage emissions (those from our own dedicated delivery fleets and which are included in our carbon target) have increased by 2% against our 2016/17 baseline.

Carbon emissions direct haulage

Thousand tonnes CO_2 equivalent from dedicated store and home delivery fleets
● Home delivery
● Store delivery
* Independently assured by Deloitte LLP

	2016/17	2017/18	2018/19*
Total	57.3	57.4	58.6
Home delivery	20.0	18.4	19.3
Store delivery	37.3	39.0	39.3

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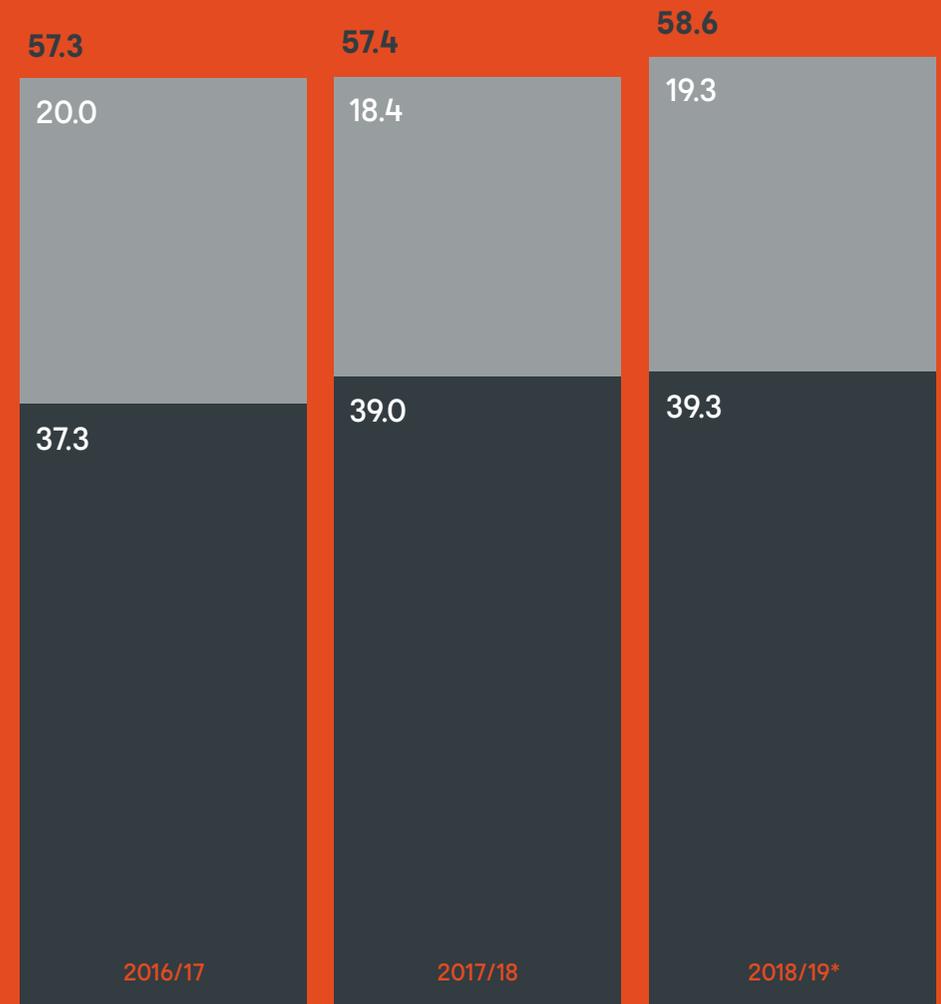
Carbon emissions direct and indirect haulage

Thousand tonnes CO_2 equivalent
- ⬤ Indirect
- ⬤ Direct

170.2

112.9

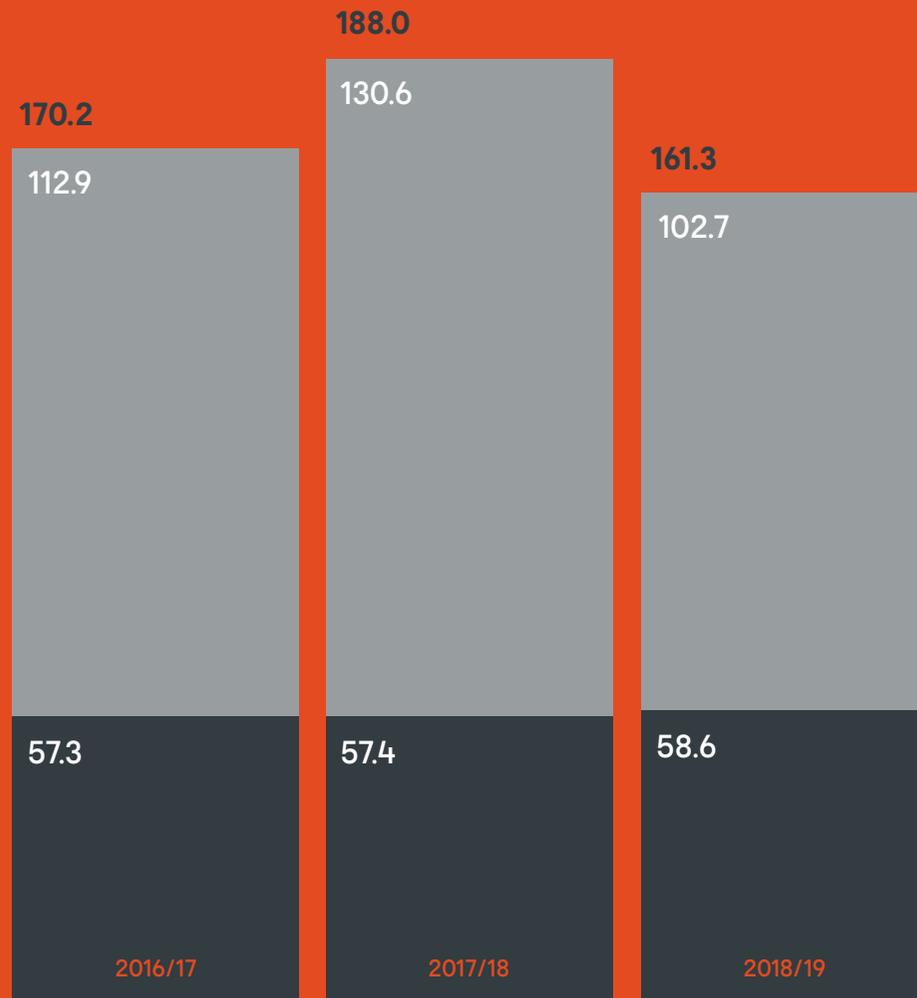**188.0**

130.6

161.3

102.7

57.3

57.4

58.6

2016/17

2017/18

2018/19

Our indirect haulage emissions (from non-dedicated delivery fleets, and some rail, sea and air transport) decreased by 9% since 2016/17. This reflects improvements in planning our shipments which means we have reduced the use of air freight and some journeys by sea, as well as better data enabling us to calculate emissions from sea freight more accurately.

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.

Engagement and advocacy

We are working with others to explore new solutions for improving energy efficiency and cutting carbon. During 2018/19, this included:

— ADEME, France's Environment and Energy Management Agency
  We engaged with ADEME on our approach to helping customers improve home energy efficiency.
— CDP Carbon
  We participate in the investor-led benchmarking initiative and received a score of A-.
— Science Based Targets initiative
  We worked with the SBTi to develop our new science-based carbon reduction target.

9%

reduction in our indirect haulage emissions compared with our baseline year of 2016/17

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We have now installed solar PV panels on 20 stores, offices and distribution centres, biomass boilers supplying two distribution centres and one head office building, and air source heat pump systems at 63 locations.

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

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We're rethinking how we source and use resources, integrating circular economy principles and designing out waste.

With this goal we will bring our customers quality products that are long-lasting, create less waste and are easy to recycle while protecting resources for the future.
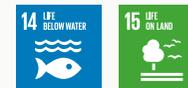
Targets

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.

Target

90%

of waste recycled by 2025

our circular products and services

We are integrating circular economy principles into our product design, aiming to use resources more sustainably. Our target is to have 20 product ranges or services that help customers and our business get more from less, reuse or use longer by 2025.

Two more value chains passed our assessment during 2018/19, bringing our total to five. These are:

— Safe by Nature
Our range of plant food products that use natural components and organic by-products such as beetroot and feather waste from agriculture, reducing the use of synthetic and carbon intensive fertilisers, see page 49.

— Métisse
Our insulation product made from waste textiles by a social enterprise. It includes textiles returned for recycling by Castorama customers at some of our French stores.

— easyGrow
Our bedding plants that replace polystyrene with recyclable PET and peat with sustainable coir.

— Pro Grow
Peat free compost and soil conditioner 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. This generated efficiency savings worth £245,000 in 2018/19.

easyGrow, Safe by Nature and Progrow generated sales of £18.3 million in 2018/19.

Services can have a lower environmental impact than products. We're exploring the potential for services to replace some sales of physical products while improving the customer experience. 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.

Métisse – our circular insulation

Castorama's Métisse is more interesting than your average insulation product.

Métisse is made from recycled textiles, giving some of the 700,000 tonnes of textiles discarded in France each year a new lease of life.

The fabrics are collected by Le Relais, a social enterprise, in recycling bins across France including some located at Castorama stores. Fabrics that can't be reused are pulped into fibres and used to create the insulation panels.

Métisse is our latest product to be assessed as a circular value chain – better for the environment while helping customers create a more comfortable home.

EasyGrow, Safe by Nature and Progrow generated sales of £18.3 million in 2018/19.

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principles for circular product design

Our Principles for Circular Product Design were developed with sustainability experts Bioregional to help us develop more circular products and services. They 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.

We use the Principles to assess which products and services can count towards our target. 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. Assessments are carried out by Bioregional.

Durability

Long-lasting products are better for customers and can reduce waste and materials use. Durability is one of our priorities in developing our unique and unified ranges. For example, our Magnusson range of hand tools all come with either five year or lifetime guarantees.

Our Erbauer range of cordless power tools and garden power tools have been designed with durability and ease of use in mind. Every tool can use the same rechargeable Erbauer battery, reducing the number of batteries needed and meaning there is no need to charge multiple tools. The batteries use 'Keep Cool' technology that stops them overheating and means they can run for 25% longer than they would otherwise do and will last up to 100% longer before they need to be replaced. The garden power tools also use brushless motors that reduce friction and heat, giving more power and a longer motor life.

Customer take-back and recycling

We are introducing take-back and recycling schemes in some stores, including for products that aren't usually possible to recycle through kerbside schemes. This can reduce waste to landfill and enable more circular use of resources.

For example, Castorama France ran take-back campaigns during the year for paints, light bulbs and electrical radiators. Customers who took part received a voucher worth between €3 and €30 to spend in store, depending on the products returned. The paint campaign ran in 80 stores and resulted in 53 tonnes of waste paint and paint pots being collected, which were incinerated for energy recovery. We are now trialling permanent collection points for waste paint in six stores to understand whether this can generate a useful stream of resources.

Screwfix partners with iForce to recycle damaged power tools returned by customers. 383 tonnes of materials were recycled in 2018/19. Returned power tools in good condition are repaired, cleaned and resold via an auction site.

We use the Principles to assess which products and services can count towards our target.

Engagement and advocacy on circular economy

We partner with others to share ideas and support the systems change needed to create a circular economy. Our partnerships include:

- Ellen MacArthur Foundation
  We were founding partners to the Ellen MacArthur Foundation and in 2018/19 we were members of their innovation programme, the Circular Economy 100 (CE100).
- Forum for the Future
  We ran a workshop with Forum for the Future in 2018 looking at how we can integrate circular economy principles into our paint ranges.
- Green Alliance Circular Economy Task Force
  We are members of the Green Alliance and their taskforce which is exploring policy solutions for promoting the transition to a circular economy. We participated on a panel event exploring issues relating to plastics and China's waste laws.

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Reducing carbon emissions associated with our materials use is a priority and forms part of our carbon reduction target.

sustainable materials

The raw materials and resources we use to make our products can have a significant impact on the environment. We aim to source materials sustainably and use them efficiently, offering our customers products with a lower environmental footprint.

Reducing carbon emissions associated with our materials use is a priority and forms part of our carbon reduction target (page 23). We are focusing on products with high embodied carbon including cement, peat and plastic.

We are also developing sustainability roadmaps for priority materials that focus on areas such as responsible sourcing, embedding circular economy principles and design for recycling, improving efficiency in manufacturing and transport, reducing chemicals use, and substituting with sustainable alternative materials. Our work on sustainable materials is closely connected with our commitment to phase out harmful chemicals, see page 51.

Information on our work to improve the sustainability of our paint ranges is on page 48 and a project in our ceramics supply chain on page 68.

We are also addressing human rights risks in the raw materials supply chain including for stone (page 64) and minerals (page 64).

Plastics

We aim to reduce the environmental impact of the plastics we use in our products, including cutting supply chain carbon emissions associated with plastics. We are focusing on: increasing our use of recycled plastics; phasing out harmful chemicals used in some plastics; designing our products to use plastic more efficiently; and exploring innovative alternatives to plastics.

We are working with suppliers of recycled plastic to understand how we can increase its use in our products. For example, we launched a new range of recycling bins in 2019, made using recycled plastic.

With our chemicals roadmap we are phasing out harmful substances, including several which may be found in plastic products such as phthalates and halogenated flame retardants. See page 51.

We are training our design, sourcing and quality teams on our approach and developing tools to help them select more sustainable plastics and to design products that use plastic efficiently and are easy to recycle.

Cement

We are starting to focus on reducing supply chain carbon emissions from our bagged cement products by switching our own brand ranges to new lower carbon formulations.

Wood and paper

We have been working on responsible timber sourcing for over 25 years and we were a founding partner to FSC®.

Our policy is for all goods containing wood and paper that we sell or use to be responsibly sourced. This means the wood and paper has been independently audited by recognised certification schemes, such as FSC® and PEFC, as coming from well-managed forests, or is recycled. This requirement is integrated into the contracts with all suppliers.

In previous years, we collected data at an operating company level. As we move to unify our business, we are centralising our wood and paper data systems and processes. Due to the complexity of this change, we are not able to accurately report wood and paper volumes and origin/certification for 2018/19. We are working hard to resolve this issue and to assure that our wood and paper products adhere to our responsible sourcing policy.

Our wood and paper responsible sourcing policy also covers packaging, timber used in construction, and paper used across our operations. Catalogue paper accounts for the majority of paper purchased, and 100% of this was responsibly sourced in 2018/19. We are implementing processes to enable us to confirm compliance with our policy among suppliers of other wood and paper.

We will be rolling out updated training on our approach to responsible sourcing and our data collection systems for our buying offices during 2019, including our Sourcing Quality teams.

Supporting reforestation in Indonesia

During 2015-2018, we supported 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.

Over this time our support helped efforts to reduce the incidence of forest fires by 75%, to replant 150 hectares of cleared land, and to assist indigenous forest-based communities in the development of agroforestry plots to support their livelihoods. We also explored the potential to work with Harapan communities to purchase sustainable rainforest bamboo and rattan products for sale in our stores.

62%

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

Peat and horticulture

Peatlands are an important and unique habitat. Healthy peatland also acts as a carbon store, helping to mitigate climate change. However, the use of peat for horticulture has led to the loss or degradation of many peatland areas.

We aim to phase out peat from the growing media and plants that we sell ahead of voluntary UK government targets. We have been working for several years to reduce the percentage of peat used in our multi-purpose compost blend.

However, in 2018/19, 62.3% of UK bagged growing media (by volume sold) was peat-free. This is a decrease from 67.4% the previous year. This is due to continued strong sales of supplier branded products that contain peat. We are not on track to reach our target of 100% by 2020.

To help us address these challenges, we plan to focus on increasing sales of 100% peat-free compost. We conducted a tender process for our peat-free compost during 2018/19, including a range of quality tests and selected a new supplier. We are working with them to ensure our peat-free compost is of high quality and will support great plant growth. Composts sold under our GoodHome brand will be peat free. We expect this to increase the volume of peat-free compost sold.

We are also working with our plant suppliers to phase out the use of peat in the potted and bedding plants we sell. However, peat made up 57.3% of growing media supplied by B&Q's plant suppliers an increase from 53.7% the previous year.

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Leather

Parts of the leather industry are known for poor practices including the unsafe use of chemicals in the tanning process and sourcing of leather from cattle raised on deforested land. We use relatively small volumes of leather for products such as gloves and footwear and we are starting to work with suppliers to improve standards in our supply chain.

It is our policy that tanneries supplying leather for our unified products should be certified to industry best practice standards and to undergo regular independent audits.

Leather is covered by our Restricted Substances List (RSL) for footwear and accessories. This sets out our requirements on the safe use of chemicals.

Traceability remains a challenge across the leather industry and we are not yet able to trace the hides we purchase back to source. This means we are not able to assess the impact of our leather sourcing on deforestation.

In 2019 we will be developing our leather road map, setting out how we will address sustainability challenges in the supply chain and improve transparency. We are also a member of a Textile Exchange working group that is looking to develop a broader standard for responsible leather sourcing from farm to tannery. This is expected to cover a range of social and environmental issues from chemicals use to animal welfare.

Engagement and advocacy

We work with external partners on issues relating to responsible timber sourcing. This includes:

— **British Retail Consortium**
We chair the BRC's Timber Working Group.
— **Growing Media Responsible Sourcing Steering Group**
We are members of this Group, working alongside industry on UK government targets for eliminating peat in growing media and plants.
— **Office for Product Safety and Standards Timber Expert Panel**
We are a member of this group which meets to discuss topics related to EU Timber Regulation, CITIES and FLEGT.

— **PEFC**
Our Wood and Paper Specialist is a Board member of PEFC UK.
— **Textile Exchange**
We are members of a working group that is looking to develop a broader standard for responsible leather sourcing from farm to tannery.
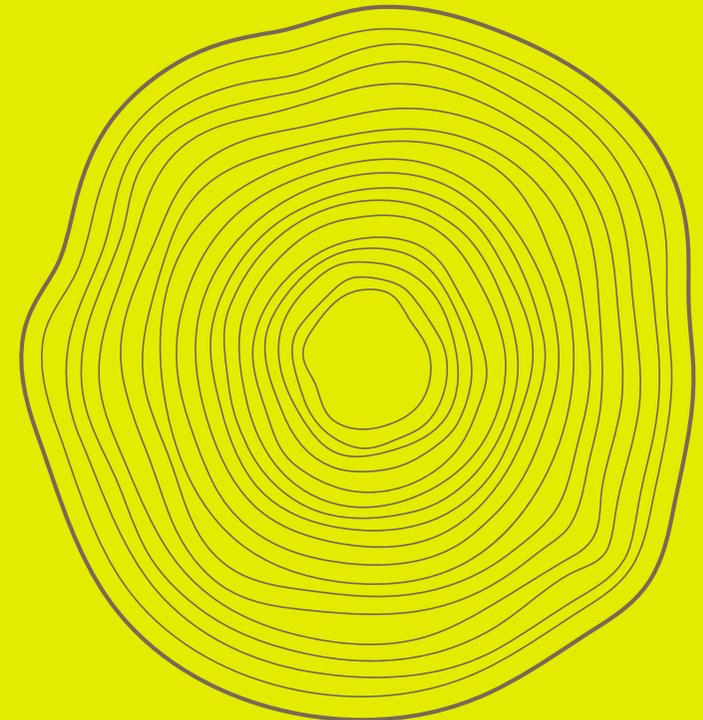
towards zero waste to landfill

We don't like to see resources go to waste – it is bad for the environment and costs our business money. Our goal is zero waste to landfill by 2020 and 90% recycling by 2025.

In 2018/19, we generated 222,253 tonnes of waste, a decrease of 3% year-on-year, compared to an increase in sales of 0.3%. Our recycling rate was 72% (2017/18: 72%) and we diverted 87% of waste from landfill (2017/18: 86%). However, we are not currently on track to meet our targets of 90% recycling and zero waste to landfill. We are looking to integrate our targets into our waste contracts as they are retendered.

We have made most progress in the UK with Screwfix sending zero waste to landfill and B&Q at 99.6% diversion from landfill. We also performed well in France and Poland but made less progress in other markets.

We are testing out new solutions for some waste streams. For example, in the UK all waste wood is now either donated, resold in store, or used to generate energy in one of our own biomass boilers or, for any treated wood, at an external waste from energy plant. B&Q have also reduced the frequency of skip collections from stores which has encouraged staff to increase recycling.

72%
of waste recycled in 2018/19

Waste recycled

% of waste recycled
* Independently assured by Deloitte LLP

	73%	72%	72%	90%
	2016/17	2017/18	2018/19*	2025 Target
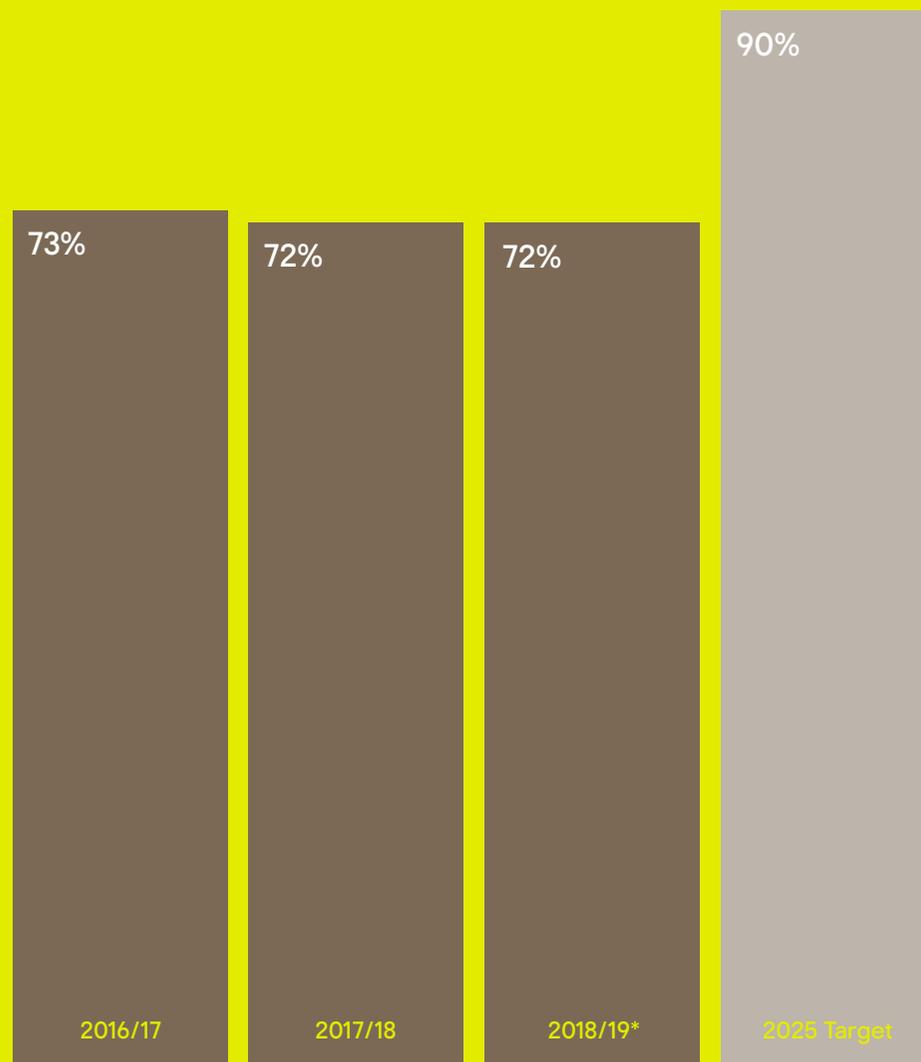
Waste recycling and disposal 2018/19*
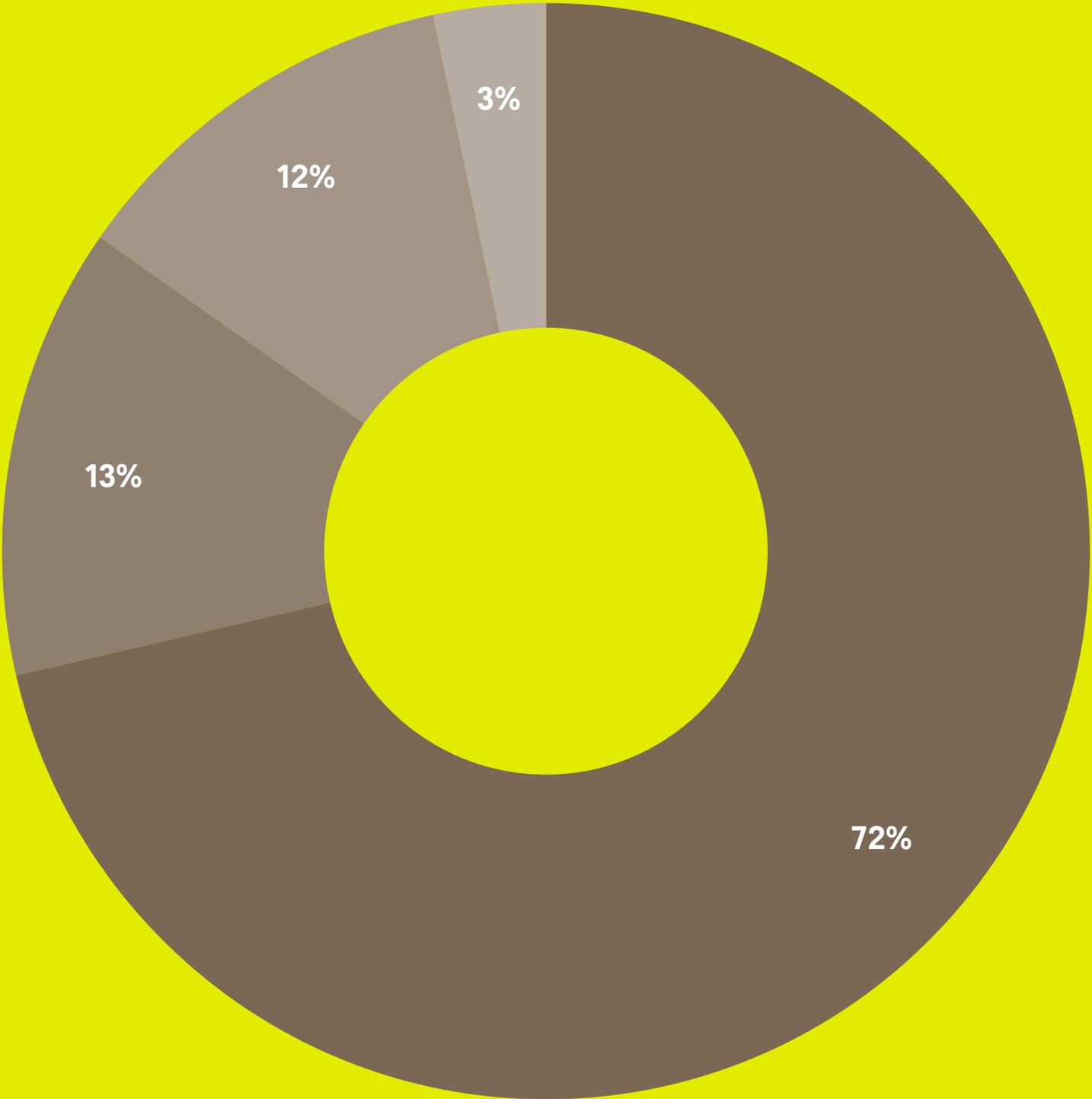
Thousand tonnes
- ● Waste recycled **155**
- ● Waste disposed to landfill **28**
- ● Waste disposed to incineration with energy recovery **26**
- ● Waste disposed to incineration without energy recovery **7**

* Independently assured by Deloitte LLP

72%

13%

12%

3%

Waste diverted from landfill

% of waste diverted
* Independently assured by Deloitte LLP
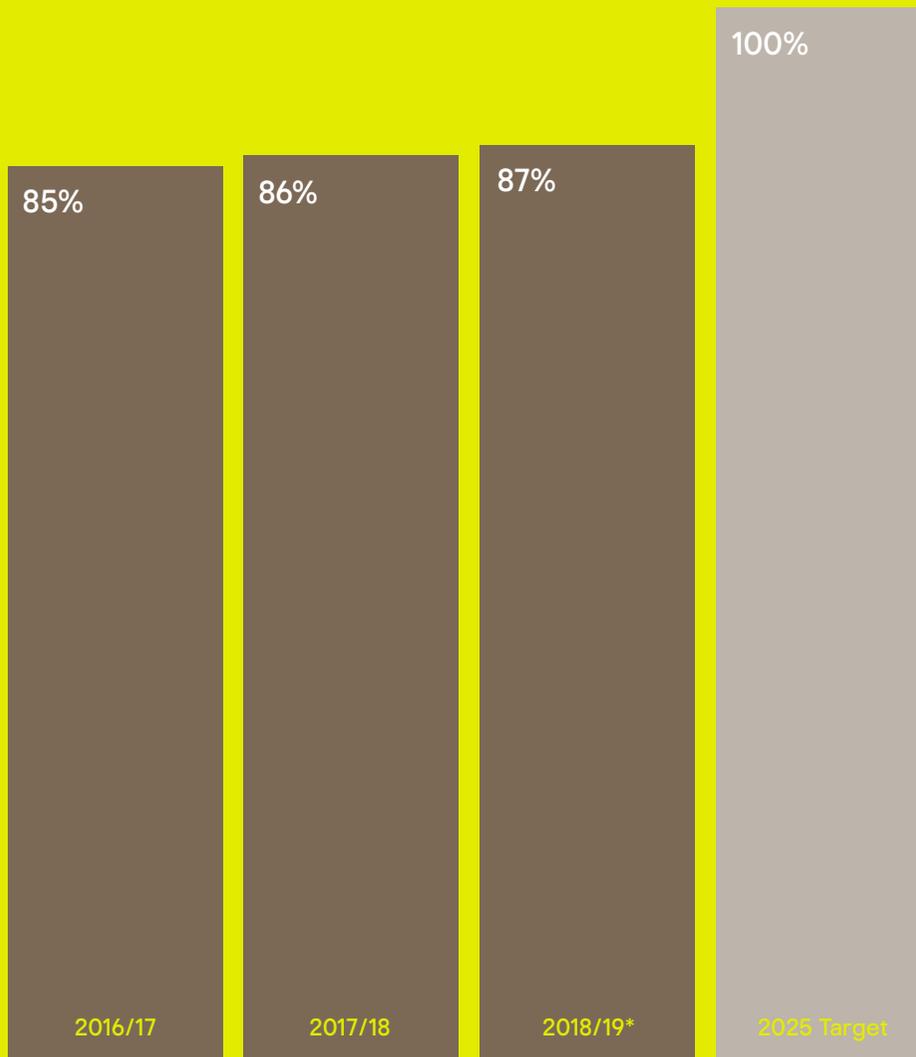
85% — 2016/17
86% — 2017/18
87% — 2018/19*
100% — 2025 Target

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

87%
of waste diverted from landfill in 2018/19

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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.

Packaging

Packaging plays an essential role in protecting products in transit and in-store. However, it is a major source of waste both for our business and our customers.

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. This is set out in our Sustainable Materials Packaging Policy.

Guidance on sustainable packaging options is integrated into our Sustainable Home Product Guidelines Quick Start guide to help our teams improve performance.

Reducing packaging volumes is challenging as we increase online sales that are delivered to our customers' homes. We are engaging with suppliers to explore how we can improve efficiency and increase recycling for home delivery packaging.

create a healthier home and connect with nature

With this goal we're making it easier for customers to create healthy, natural homes that are free from harmful chemicals.

A growing body of research shows that being close to nature improves wellbeing so we're focused on helping customers create a home for nature in their gardens.

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, phase out the highest priority hazardous and high-risk chemicals of concern and introduce five green substances by 2025.

Target

20%

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

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products for a healthier home and garden

We're expanding our ranges that help our customers to enjoy healthy, toxin-free homes and to connect with nature. In 2018/19, 9% of our sales came from these products (2017/18: 6%) against our target of 20% by 2025.

Improving indoor air quality

We're moving increasingly to water-based paints, reducing air pollution in customer homes and avoiding the need for toxic solvents. We now require that all paints in our GoodHome range are water based.

It is more challenging to reduce the use of solvents in some colours and paint ranges, for example metallic and spray paints. We are exploring ways we can address this including the potential to introduce water-based spray paints.

Our GoodHome air purifying white emulsion paint actually helps to improve air quality by neutralising formaldehyde. Formaldehyde is a major cause of internal air pollution, found in many home furnishings and textiles. It is now available in our B&Q, Castorama and Brico Dépôt stores.

We ran a workshop with Forum for the Future in 2018 looking at how we can integrate circular economy principles into our paint ranges. We will be developing projects to explore this further during 2019.

Wood burning stoves are very popular with customers and can reduce carbon emissions compared with other heating solutions. However, these stoves can be detrimental to indoor air quality if the wrong type of fuel is used or the stove is inefficient. B&Q has signed up to the Ready to Burn initiative launched by UK Government department DEFRA and switched all its fuels to lower smoke versions that meet the 'Woodsure' standard. All firewood is now kept inside B&Q stores to ensure it is as dry as possible.

Products that enable our customers to create safer and healthier homes and connect with nature

% of retail sales

Year	%
2016/17	5%
2017/18	6%
2018/19	9%
2025 Target	20%
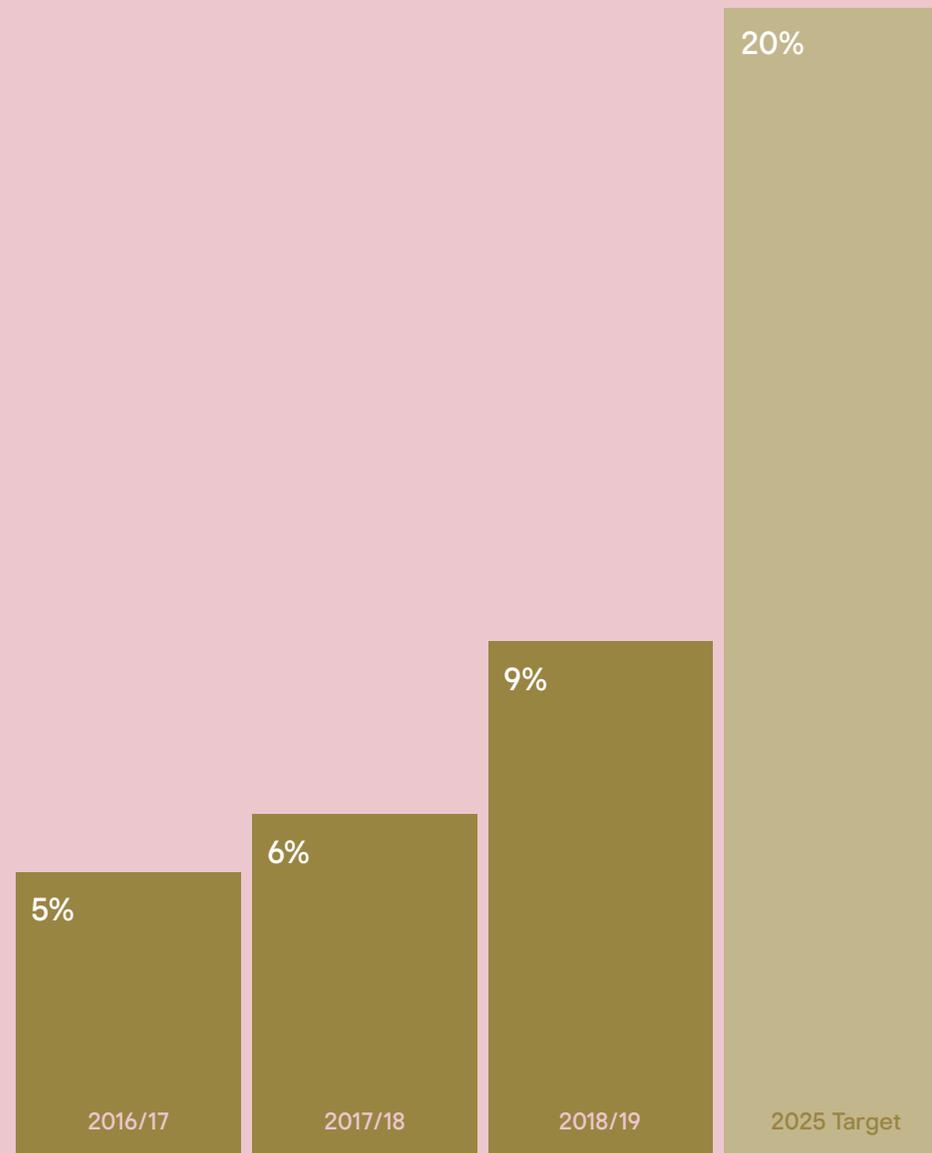
Nature friendly gardens and green spaces

Gardens promote wellbeing and can be an important haven for wildlife. We've expanded our Safe by Nature garden ranges, that help customers have beautiful gardens that are also good for nature, see case study.

We're phasing out harmful chemicals from our garden ranges. We removed neonicotinoid pesticides, chemicals that affect bee health, several years ago across all our markets. Since 2018, all the flowering plants we sell in the UK have been grown without the use of neonicotinoids too. We're working with our growers to roll this out to our other markets.

In early 2019, we announced our commitment to stop selling products containing metaldehyde, a chemical used to protect plants from slugs and snails which has been shown to pollute rivers and harm wildlife. We're the first major retailer to make this commitment.

Safe by Nature

Our Safe by Nature range is making it easier to create beautiful, zero harm gardens that are safe for children, pets and wildlife.

Our natural plant food, for example, uses organic ingredients and feather waste to help customers grow flowers and vegetables, while improving soil health. It's passed our circular value chain assessment, showing it supports our commitment to a circular economy.

We're also finding innovative new solutions that are as effective as chemical products. For example, wool mats and natural pellets that repel slugs while releasing nutrients into the soil, retaining moisture and protecting plants from weeds.

We're phasing out harmful chemicals from our garden ranges.

create a healthier home and

connect with nature

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We have committed to remove phthalates, PFCs and halogenated flame retardants from own-brand products by 2025.

removing harmful chemicals

Our customers want healthy homes that are free from harmful chemicals.

While many chemical substances are regulated under legislation such as EU REACH and the EU Biocides Regulations, there are many others which are not. This includes chemical substances that may pose a risk to consumers, workers making products, or the environment.

Using our Chemicals Roadmap, we are working with suppliers and others to identify and phase out chemicals of concern ahead of regulation. This is complex since any of our products from paints and cleaning products to drills, hammers or kitchen units may contain chemical substances.

High priority chemicals

Our chemicals watch list identifies several families of chemicals that we will remove from our products over the next few years. For example, we will remove phthalates, PFCs and halogenated flame retardants from own-brand products by 2025.

These priority chemicals have been selected through a hot-spotting exercise which identified higher-risk chemicals and those most likely to be found in important supply chains, materials and products.

Increasing transparency
We are piloting different approaches to increase transparency on chemicals use in our supply chain and products. In 2018/19 this work focused on three priority supply chains – textiles, plastics (see page 39) and solvents. Approaches we are using include: regular and direct engagement with our supply chain; supplier questionnaires; requiring suppliers to disclose more information via product ingredient lists; and working with third-party laboratories to establish new verification processes.

We have made good progress and have improved our understanding of where higher risk chemicals are likely to be used. However, with a large supply chain and many products in our ranges, this process is taking time. We have also learned that the chemicals found in products often vary and a similar product may contain different chemicals according to the materials, suppliers, sub-contractors or manufacturing sites used.

Achieving transparency is therefore an ongoing process which will not be achieved by a particular date. We will be reviewing the transparency element of our target to ensure it reflects our improved understanding in this area.

We have also been working to improve transparency in our leather supply chain (see page 41) and have engaged with electroplating factories in China to ensure they comply with environmental protection legislation and good practice in the use of chemicals.

Engaging our colleagues and suppliers

We are training our colleagues on our approach, so they understand our commitment and can communicate our expectations to suppliers. Colleagues in quality, design, sourcing and product teams across our key offices were trained in 2018/19.

We are starting to require suppliers to report the chemicals used in our new own-brand products and to specify which chemicals should not be used or can only be used in quantities below a set threshold.

We have also integrated our chemicals watch list into our Sustainable Home Product guidelines and product specifications.

We are developing more detailed guidance for some product categories. For example, we have developed Restricted Substances Lists (RSL) covering categories such as textiles, footwear and accessories. We have communicated these to suppliers via tender processes. We also ran two training workshops in 2018/19 attended by 96 suppliers in China. These explained our RSL requirements and provided an opportunity to share examples of good practice and discuss common challenges.

We are conducting factory visits and have begun testing some high-risk products to confirm the information provided by suppliers. Where necessary, we work closely with suppliers, providing advice and support to help them strengthen their chemicals management system.

Supporting green chemistry

We are exploring the potential of green chemistry, replacing potentially harmful substances with safer alternatives or materials. Our target is to introduce five "green chemical alternatives" by 2025.

During 2018/19, we worked with manufacturers of green chemicals to understand whether their alternative substances have the potential to be used in our products and the costs and benefits of doing so. Pilots are expected to begin during 2019.

We are collaborating with others to encourage the development of green chemistry and the phase out of harmful chemicals. We are members of the US-based Green Chemistry & Commerce Council (GC3), and during 2018, helped lead the development of a Statement on Chemical Innovation Priorities and Transparency Road Map. This will help to encourage innovation on safer alternatives for priority chemicals. The statement was published in May 2019. We also share best practice with other businesses through our membership of the European NGO ChemSec's business working group.

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Our target is to introduce five "green chemical alternatives" by 2025.

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Engagement and advocacy

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

– **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.
– **ChemSEc**
We are members of the business working group to share best practice on chemicals management.

– **Green Chemistry & Commerce Council (GC3)**
We are working with GC3 to identify alternative chemical substances and suppliers. We are a member of its Retail Leadership Council and our Head of Sustainable Chemicals Management is a member of the GC3 Advisory Board.

We are collaborating with others to encourage the development of green chemistry and the phase out of harmful chemicals.

9%

of sales in 2018/19 from products that enable customers to create a healthy home or to connect with nature

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

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We want to make a difference beyond our business, helping more people to improve their homes and their lives.

Through our community investment we are providing funding and expertise to help tackle poor and unfit housing. We are also working with our suppliers and other partners to ensure high standards and improve life for communities in our supply chain.

1 NO POVERTY

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

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.

Target

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

partnerships to tackle poor and unfit housing

A good home is essential to health and happiness. To building relationships and strengthening communities. But for people in difficult circumstances – those living in poverty or who are isolated or vulnerable – having a good home can seem impossible.

That's why we're committed to helping as many people as we can know what it's like to fall asleep feeling safe, warm and dry; to wake up surrounded by the things they love and the colours they've chosen; to welcome family and friends to a home they feel proud of.

We've launched major strategic partnerships in our core markets to tackle poor and unfit housing. We also support many smaller projects that make a difference locally and we're getting our colleagues and customers involved too.

The launch of our GoodHome Foundation in 2019 will help us to go further. This is a network of in country charitable foundations located in each of our key markets, UK, France, Poland, Romania. Through the GoodHome Foundation we will give our money, time, skills and products to help others across the communities where we operate.

Supporting Shelter's DIY Skills Advisers – UK

Our work with Shelter funds a team of specialist DIY Skills Advisers across the UK. They provide practical home improvement help to people settling into a new property following a period of homelessness, as well as helping people at risk of homelessness to stay in their current home. This can include basic home improvement skills such as how to put up blinds or paint walls, as well as more complex tasks such as fitting security locks. With our support, the Skills Advisers have helped around 1,928 people since the partnership began and now operate in six cities: London, Bristol, Birmingham, Manchester, Sheffield and Liverpool. We also help to fund some of Shelter's frontline advice services.

We get our colleagues and customers involved in supporting Shelter, including through quarterly fundraising events and as volunteers in Shelter's network of shops and services. Customers can make donations in store and we launched a Festive Fairy doll over Christmas 2018 with all proceeds going to Shelter. We've also rolled out timber offcut boxes, enabling customers to help themselves to bits of wood in return for a donation to Shelter.

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"**Bekah's visits always left me uplifted. She left my home with noticeable differences that really made a difference to my level of comfort and wellbeing.**"

Sheila

Our partnership with Shelter

Our partnership with Shelter is helping people who have been through very difficult experiences to have a home where they can feel safe and secure.

Sheila and her daughter ended up homeless after fleeing an abusive relationship and spent eight months living in emergency accommodation. With support from Shelter's legal team, they were finally able to move into a new home and that's when the DIY Skills Advisers, funded by B&Q, were there to help.

Sheila had had to leave all her furniture behind when she fled her relationship and didn't have any DIY skills. Bekah, one of Shelter's DIY Skills Advisers, helped Sheila to construct new flatpack beds and a table, to fit shelves and decorate. In the process, Sheila learnt new skills and benefited from homewares donated by B&Q.

"Bekah's visits always left me uplifted. She left my home with noticeable differences that really made a difference to my level of comfort and wellbeing. I have learned DIY skills from Bekah that I can use if I need to, which is really good to know." Sheila.

Helping the Red Cross respond to emergencies

Through our partnership with the International Red Cross we are supporting the Disaster Relief Alliance, helping communities to prepare for, respond to and recover from disasters. We're also partnering with the Red Cross locally in the UK, France and Poland. In 2018, this included supporting flood prevention and relief work in Poland and donating products to support communities affected by flooding in France.

"Our employees spent over 23,482 working hours volunteering in their local communities."

Fondation Abbé Pierre – France

We have begun a new strategic partnership with Abbé Pierre Foundation, a leading French charity devoted to tackling homelessness. This will see us contribute at least €250,000 in the first year through direct financial contributions and by supporting colleague and customer fundraising. Colleagues will also give their time and skills as volunteers to support the Foundation's projects. For our first campaign, we made a donation for every Christmas tree sold at Castorama France and for a range of products at Brico Dépôt France, raising €165,000 in total.

This new partnership builds on a ten-year commitment by Brico Dépôt France to support the Abbé Pierre Foundation and raise awareness of poor housing amongst the French public. This included donating profits raised through sale of its reusable bags.

Local projects

We support a range of local projects to benefit the communities near to our stores and where our customers and colleagues live. The Screwfix Foundation, for example, raises funds to support projects that will fix, repair, maintain and improve properties and community facilities for those in need throughout the UK. It has donated £3.98m since 2013 to 1,019 small local charities, Barnardo's the children's charity and Macmillan Cancer Support. In France, our HOME programme sees stores donating employee time, as well as materials and money to renovate homes.

We are working with several NGOs in Poland, including Piękne Anioły, to help improve living conditions for people experiencing illness, disability, financial problems and other challenging circumstances.

While in Russia, we partnered with a food bank during 2018, donating home improvement supplies to help its customers improve their homes.

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Community investment

£ thousands
- **Community gifts and investment**
- **Fundraising and other leverage**

* Independently assured by Deloitte LLP

Year	Community gifts and investment	Fundraising and other leverage
2016/17	1,785	1,240
2017/18	2,382	1,387
2018/19*	1,690	1,029
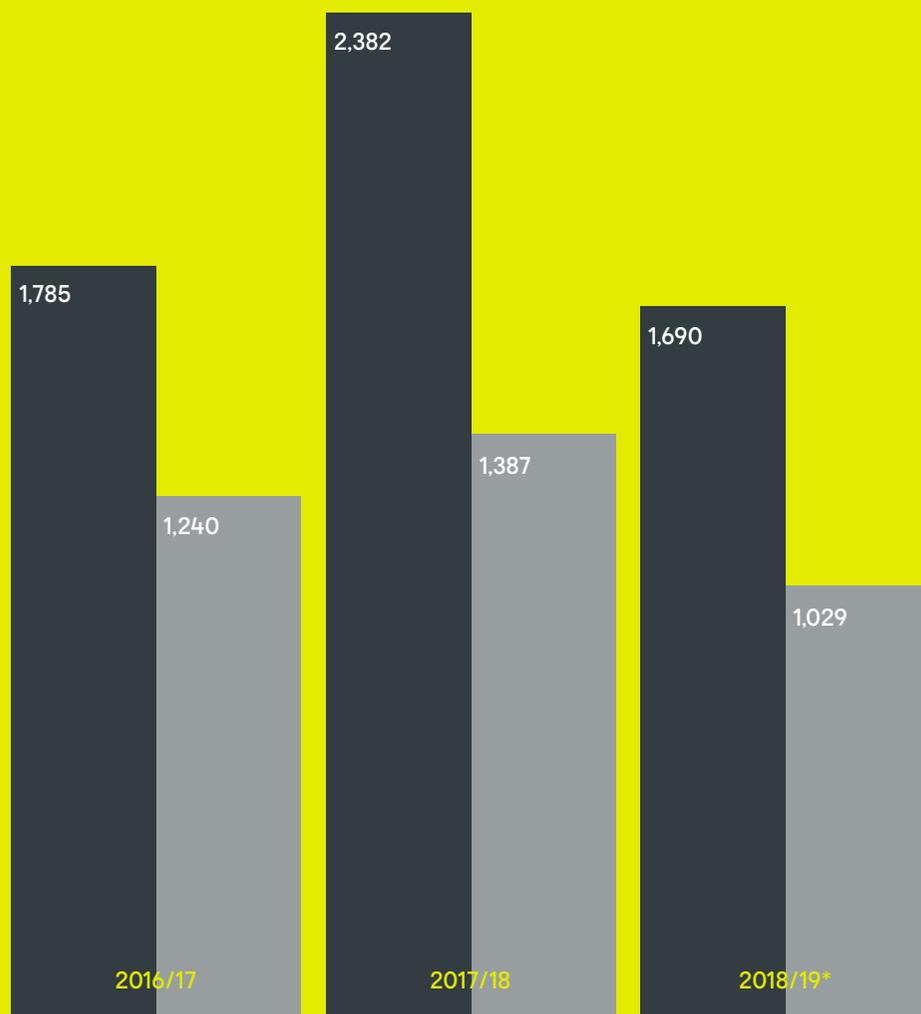
what we gave in 2018/19

At least 60,000 people directly benefited from our community contributions during the year. We believe the actual figure may be higher and we are further developing our reporting mechanisms to enable us to disclose progress in greater detail. Our progress so far and our plans to scale up our reach, mean we are on track to our target of 1 million by 2025.

Our community contribution towards projects relating to home improvement was worth £1.69 million in 2018/19. This includes cash donations, employee time and in-kind contributions, with product donations valued at cost price. This is equivalent to 0.2% of underlying pre-tax profits (2017/18: 0.3%).

During 2018/19 year much of our focus has been on setting up the GoodHome Foundation and this resulted in a reduction in our donations. We expect our community investment to increase in 2019/20 as our GoodHome Foundation becomes active.

We encourage employees to give their time as volunteers and organise many group volunteering events to improve homes and community spaces for those in need. Our employees spent over 23,482 working hours volunteering in their local communities, with 1,203 employees volunteering during work hours. The total value of employee time (including volunteering hours and management costs) was £852,000 (2017/18: £303,000).

We helped customers and colleagues raise a further £1,029,000 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 our Annual Report and Accounts we reported a community contribution of £2.3 million. This figure includes corporate donations as well as customer and colleague donations made via the Screwfix Foundation. Since the publication of the Annual Report we have identified further leveraged funds giving a total figure of £2.7 million.

£1.69m

community contribution towards projects relating to home improvement in 2018/19

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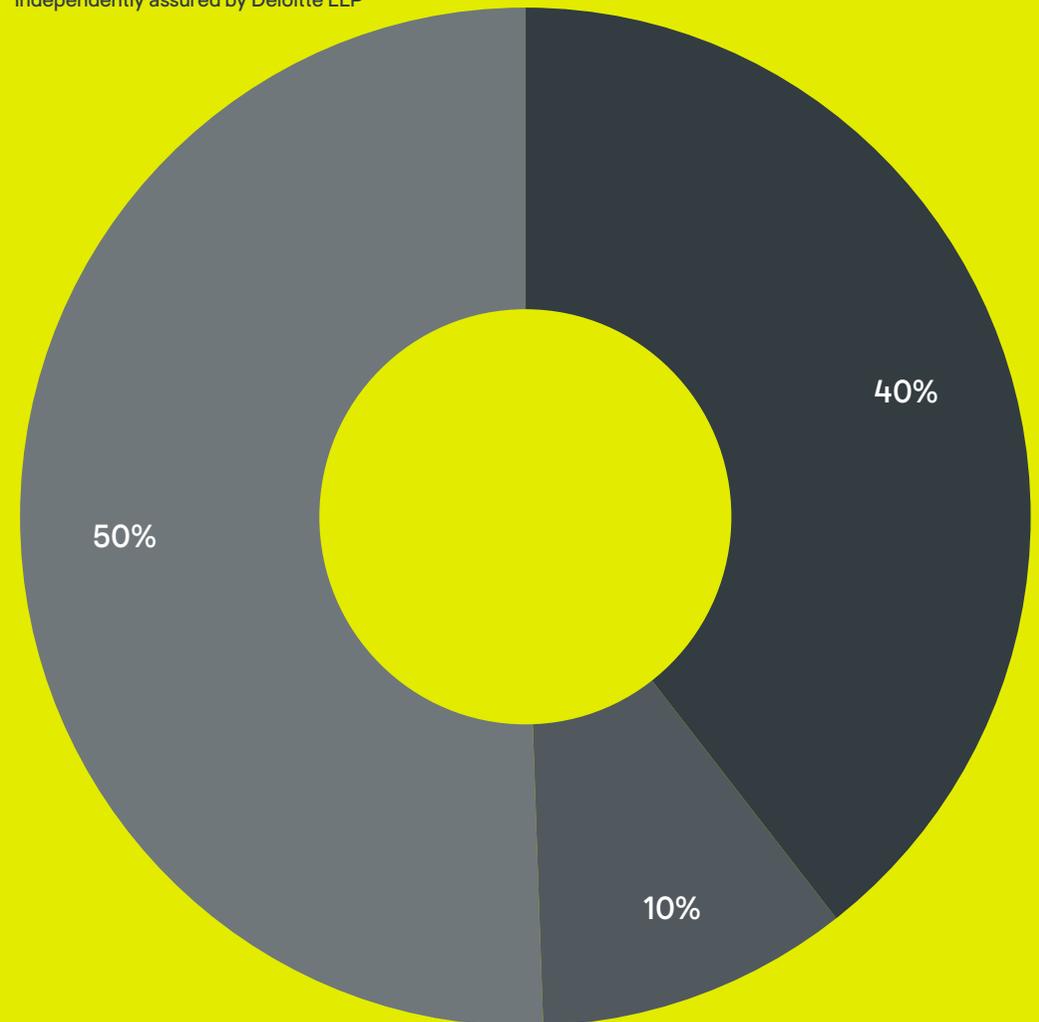# Our employees spent over 23,482 working hours volunteering in their local communities, with 1,203 employees volunteering during work hours.

Community investment: details of company giving 2018/19*

£ thousands
- ● Cash donations **£670**
- ● In-kind contributions **£168**
- ● Value of employee time and management costs **£852**

* Independently assured by Deloitte LLP

40%

10%

50%

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ethical sourcing

We aim to work with suppliers to raise standards in our supply chain and to collaborate to address sustainability challenges.

We want to do business with suppliers who meet high standards on the environment, labour practices and human rights. We aim to work with suppliers to raise standards in our supply chain and to collaborate to address sustainability challenges.

Read more in our Modern Slavery Act Transparency Statement.

Our supply chain

Our products are sourced globally from around 2,800 suppliers and there are around 3,700 production sites that supply us with finished goods. The number of suppliers this year is around one-third lower than in 2017/18, reflecting progress on our ONE Kingfisher transformation strategy and the unification of our product ranges.

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.

We also source goods and services not for resale (GNFR). Around 400 key suppliers account for approximately 75% of our GNFR spend.

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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 80.

They are supported by our Supply Chain Workplace Standards which explain the ethical standards we require from suppliers. These are aligned with the code used by Sedex (the online supplier data exchange – www. sedexglobal.com) in the Sedex Members Ethical Trade Audit (SMETA) which includes the 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. It requires all high-risk production sites of finished goods to have an ethical audit by 2020.

Contracts with suppliers include clauses on compliance with our supply chain policies and standards. We summarise the key requirements in our Vendor Manual for goods for resale. We also launched a Factory Handbook for our suppliers in Asia during 2018.

We run training and awareness sessions for suppliers. For example, 484 people attended two supplier seminars in China during 2018 to discuss topics such as overtime, health and safety, carbon and environmental management.

Whistleblowing and grievance mechanisms

Our independent and confidential whistleblowing service, In Touch, is available to all employees (intouchfeedback.co.uk/ kingfisher) and suppliers (intouchfeedback.co.uk/ kfsupplier). All reports to the helpline are fully investigated and followed up, and the outcome is reported to the Audit Committee of the Board of Directors. See Ethical Conduct, page 81.

We also require suppliers to maintain a means by which workers can openly communicate and share grievances with management, without fear of reprisal, intimidation or harassment.

Modern slavery

We 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 ensure we understand these risks and work in partnership with our suppliers to identify and mitigate them.

Our Modern Slavery Working Group oversees due diligence and disclosure on human rights and modern slavery. It meets three times a year and brings together ethical sourcing representatives from our group functions including procurement (products and GNFR), logistics, property, human resources, legal and compliance. The Working Group reports to our Group Sustainability Committee, a sub-committee of our Group Executive.

A detailed account of our approach is provided in our Modern Slavery Act Transparency Statement.

We 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 ensure we understand these risks and work in partnership with our suppliers to identify and mitigate them.

Risks and due diligence

We have an extensive global supply chain, so we take a risk based approach, focusing on the highest risk countries and sectors for modern slavery and human rights issues. We assess risk on an ongoing basis using data from Maplecroft and Sedex. We aim for all suppliers of goods for resale to be using the Sedex platform by the end of 2020. We are currently at 66%.

We are working on a number of projects to identify and address salient human rights issues in our extended supply chain including among raw material suppliers. These include our work on responsible timber sourcing (page 40), participation in the TFT Responsible Stone Programme, research on conflict minerals (see right) and work on leather (page 41).

We are now also using EcoVadis, a sustainability ratings platform, to help us assess and manage risk in our GNFR supply chain. Our suppliers are required to complete the EcoVadis questionnaire covering four themes – labour and human rights, environment, ethics and sustainable procurement.

We train our colleagues on our approach to ethical sourcing and reducing modern slavery risks. This includes incorporating awareness of modern slavery into our Code of Conduct training through an e-learning module that all employees will be required to complete in 2019. Our buying offices carry out training for appropriate employees on ethical sourcing. In 2018, this included training 339 employees in our offices in Shanghai, Hong Kong and Vietnam.

66%
of all suppliers of goods for resale are using the Sedex platform

Case studies

Assessing risks in our extended supply chain

In 2018, we started a research project into the potential use of conflict minerals in our products, such as natural diamonds, cobalt and tungsten. We identified suppliers and sub-suppliers using these minerals and have begun to engage with them to identify where these materials are sourced from.

We found that the diamonds used in the supply chain for Kingfisher branded products, for example for drill tips and saw blades, are synthetic diamonds manufactured in two factories in China. We do not yet have full visibility of the cobalt and tungsten supply chains and are continuing to engage with the relevant suppliers to address this.

Addressing audit findings

During 2018, as part of our ethical compliance programme, we identified three cases of employers withholding the passports of migrant workers. The production sites were located in Malaysia, Taiwan and the United Arab Emirates. We worked with these suppliers to ensure that clear processes are in place to safeguard worker rights and to ensure that documents are only held if the workers specifically request and consent to this on a voluntary basis, for example for safekeeping.

In the United Arab Emirates, we engaged with the factory management to implement a new consent form procedure, giving workers the option to keep documents themselves or to store their passports with the factory in a secure, fire proof facility, which is accessible at any time.
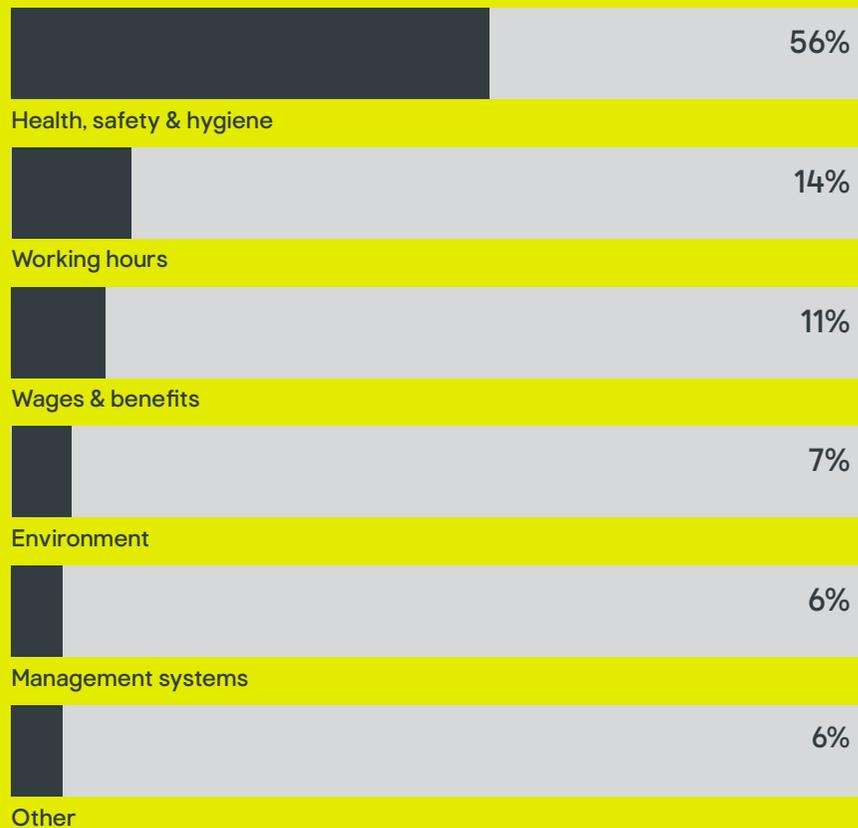
In Taiwan and Malaysia, we stopped orders to the factories while we worked with them to resolve the issue. In Malaysia, the factory contacted its workers, giving them the option to leave their passports voluntarily in a designated secure facility, accessible at any time. It obtained written consent for all the passports stored in the facility and returned passports to any workers who did not want to use the service. The factory in Taiwan returned all passports to its workers.

We verified that the new procedures had been implemented through follow up audits.

Overtime project pilot

Excessive overtime remains a challenge in China, which is bad for workers but can also have a negative impact on supplier productivity and staff turnover. We have launched a project to raise awareness among suppliers about the need to address excessive overtime and the business benefits of doing so. We are trialling this approach with one of our garden furniture suppliers.

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Top five non-conformances by category (%)

Category	%
Health, safety & hygiene	56%
Working hours	14%
Wages & benefits	11%
Environment	7%
Management systems	6%
Other	6%

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 working hours, wages and benefits, and environmental management. The % of non-conformances in the chart are from ethical audits carried out in the past two years (2017/18 and 2018/19). The data covers production sites registered so far on Sedex.

supplier ethical assessment and audit results

We aim to drive up ethical standards in our supply chain through our supplier engagement and ethical audits. 995 production sites have had an ethical audit in the past two years. This is 47% of high-risk production sites on Sedex.

During 1st February 2017–31st January 2019, our buying offices identified 54 production sites that did not comply with our minimum standards (i.e. they achieved a business critical grade). We were able to work with 52 of these sites to resolve the non-conformances. One factory was discontinued for business reasons. The remaining factory has submitted corrective actions which are pending auditor approval.

During 2018/19, ethical audits identified 21 non-conformances under the heading 'employment is freely chosen'. These included three cases of employers illegally withholding worker passports, see Addressing audit findings. There were two instances of employers withholding wage payments to workers which were resolved.

We are also using supplier visits and audits to help us better understand risks in our GNFR supply chain. So far, this has included auditing selected cleaning and logistics suppliers.

Supplier production sites by grade (%)

We aim for all high-risk production sites (as identified through Sedex) to be audited by 2020 and we are currently at 47%.

- Grade 1
- Grade 2
- Grade 3
- Grade 4
- Grade 5
- Grade Business Critical

4%

5%

4%

24%

57%

6%
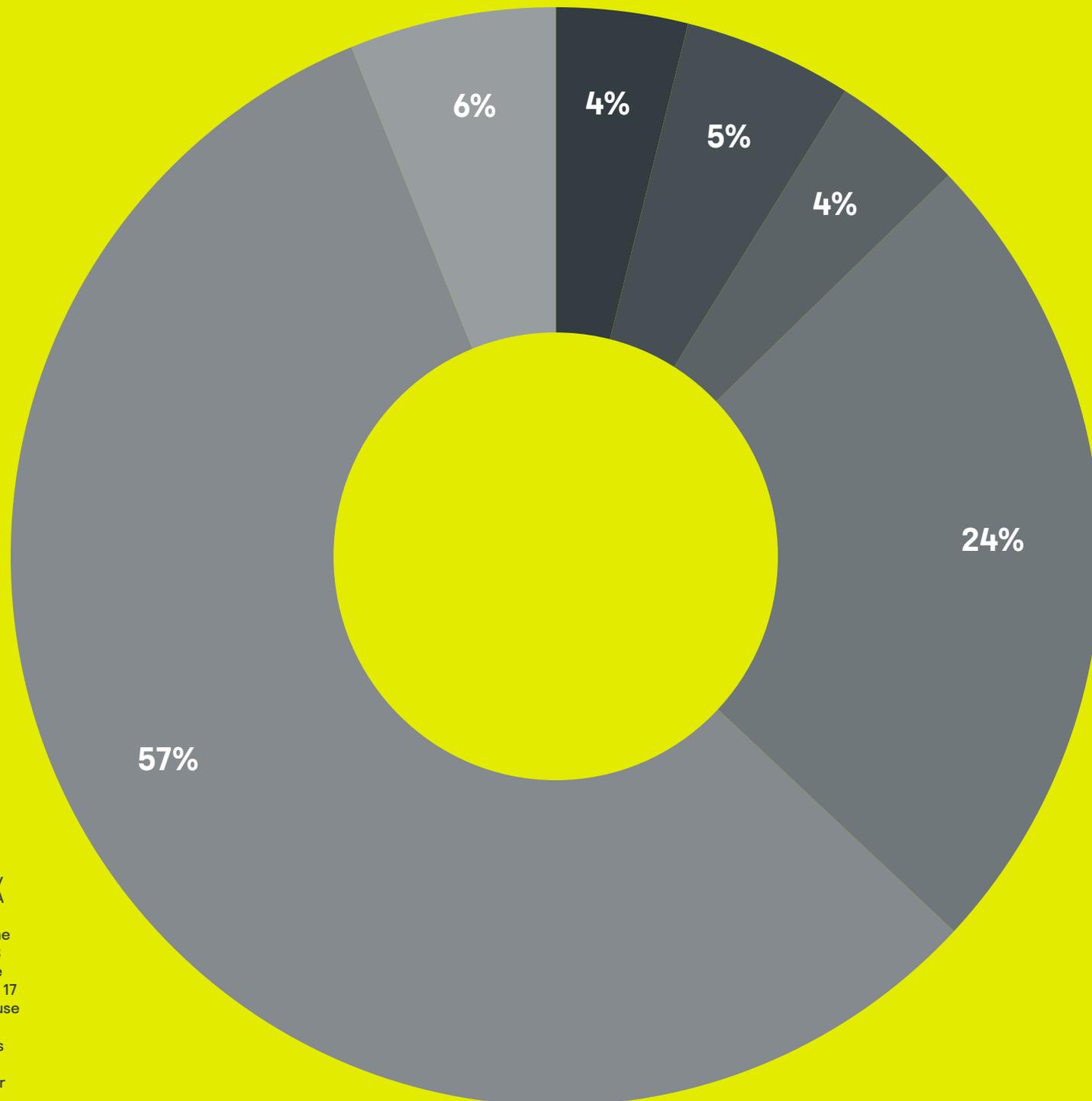
The chart shows the audit grades for the production sites that have had an audit in the past two years. It includes the results from the latest full audit at each site.

It therefore does not reflect any corrective actions taken or results from follow up audits. We work with sites graded as business critical to resolve the issues (see **Audit results**). During 2019, we plan to review how we monitor and work with suppliers to improve factory performance grades over time. A total of 995 production sites had an audit in the past two years. The chart shows audit grades for 978 of these production sites. We are unable to report audit grades for 17 of the sites audited. This is because their Sedex membership has expired and therefore the grades were not available to download from Sedex when our end of year reports were generated.

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Engagement and advocacy

– British Retail Consortium
We are members of the British Retail Consortium (BRC) Working Groups on Ethical Labour and Responsible Sourcing and we are signatories to Better Retail, Better World, a collaboration led by the BRC aimed at supporting the UN Sustainable Development Goals in areas including modern slavery and decent work;

– European DIY Retail Association (EDRA)
We are a member of an EDRA working group, which aims to develop a collaborative approach to responsible sourcing within the home improvement sector;

– Indirect Procurement Human Rights Forum
We helped establish this Forum to promote collaboration with other businesses and Sedex on ways to understand and address risks associated with goods and services not for resale. For example, it has developed a set of standards for labour providers. We are working with our UK logistics suppliers to encourage labour providers in our logistics network to sign up to these standards.

We aim to drive up ethical standards in our supply chain through our supplier engagement and ethical audits.

supporting our people to have good homes

We are exploring ways we can support our colleagues to create their own good homes.

We conducted an initial survey with B&Q colleagues in 2018 to better understand their views and concerns around housing. More than 10% of B&Q colleagues participated and we have worked with Shelter to signpost tailored good home advice covering housing issues and home improvement. We will further develop our approach in 2019.

Our GoodHome Academy is providing training and development opportunities for our colleagues to improve their home improvement expertise. See page 74.

We will be reviewing this target during 2019/20.

sustainable livelihoods in our supply chain

We want to have a positive impact on the lives of the people who make our products and their communities. Ethical sourcing is the first step but we want to go further.

We have started engaging with key suppliers and stakeholders in Turkey and China, where many of our products are made, to understand the issues they face and identify where we can make a difference. This has included undertaking research within our supply chain and its local communities; meeting with key suppliers, workers, community groups, education organisations and trade unions.

In Turkey we identified three key challenges in our ceramics supply chain: a skills gap, with not enough workers having the technical skills the industry needs to meet future challenges; an ageing population with fewer young people joining the workforce; and the future impact of automation on workers and businesses.

We have piloted a worker training programme with 93 workers from one of our ceramics suppliers in Turkey. This saw participants completing modules covering a range of life and technical skills from communication, financial literacy and entrepreneurship to ceramics and craft skills, coding and computer literacy. Topics such as gender equality and sustainability were also integrated. We've also begun a pilot high school student training programme at local schools in the area to support future generations to develop life and technical skills. 125 students and 25 teachers are participating so far.

In China, we are engaging with suppliers of metal hand tool products, looking at how we can help support the development of workers and our suppliers.

In 2019 and 2020 we will focus on scaling-up projects across our Turkish supply chain. We will also investigate other supply chains and geographies where these projects can add value for communities, workers and suppliers where Kingfisher operates.

We have piloted a worker training programme with 93 workers from one of our ceramics suppliers in Turkey.

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our people

Our colleagues play an essential role in the transformation of Kingfisher, helping to achieve our ambition to be the leading home improvement business. At the same time, they want more from us than just a job. They look for rewarding work in a place where they can perform at their individual best.

We aim to provide a great working experience where all our colleagues get back more than they put in, where they gain skills for life in a place where they can be themselves. During 2018/19, we have been looking at how we can develop and sustain a workplace culture where all our colleagues can thrive, building on our values of curiosity, simplicity, humility, excellence and working together as one. We expect to publish further information on our priorities for action during 2019.

About our workforce

We employ 77,300 people across 10 countries and 1,331 stores. Our employee turnover rate was 34% (2017/18: 33%). This includes voluntary and involuntary leavers.

a place where you can be yourself

We want our teams to have a mix of different backgrounds, outlooks and experiences – as diverse as the customers we serve. We believe diversity is a source of creativity and contributes to business success.

Creating an inclusive culture is equally important. We want everyone who works at Kingfisher to feel comfortable being themselves at work. This makes us more productive and effective, so we serve our customers better and get more satisfaction from our work.

We have taken a number of steps to help embed diversity and inclusion in our culture. This includes the introduction of our Licence to Hire training which managers in the UK and France will need to complete before they can recruit new colleagues to their teams. This covers bias awareness and will help ensure a more inclusive recruitment process. We've also made more senior jobs open to flexible working and reduced hours and integrated inclusion into our leadership programmes.

Inclusion at B&Q

By creating a safe, comfortable and inclusive working environment where colleagues are able to grow, thrive and be all they can be, B&Q aim to be a good home for everyone. They partner with a range of organisations to constantly review and adopt best working practices.

For example, B&Q is a Level 2 Disability Confident Employer and is working with the Business Disability Forum (BDF) to ensure they provide facilities, work environment adjustments and tech solutions to make their workplaces as inclusive and accessible as possible. B&Q also support Pluss, a Social Enterprise who help people with disabilities to gain meaningful employment.

In 2018, B&Q partnered with Stonewall, the UK's leading LGBT rights charity, and they're working together to champion diversity and inclusion projects in 2019.

Gender balance

We aim to achieve gender balance at all levels of our workforce. Women accounted for 55% of our Board, well above the average for the FTSE 100[1]. 18% of our Group Executive were female at 31st January 2019. This is lower than the 50% reported last year due to changes in personnel and the expansion of our Group Executive from six to 11 members.

We published our second gender pay report in February 2019. This showed a median pay gap of 3.3% and mean pay gap of 8.8% for all UK group and operating company employees. The mean pay and bonus figures are affected by the higher pay for our senior management, many of whom are male. In contrast, the median gap reduces the impact of this and is therefore much lower at 3.3% and similar to last year. While our gender pay gap is considerably below the national average for the UK[2], we recognise that there is work to be done to reduce it further.

We have also reviewed the gender pay gap across all our geographies and are using the findings when reviewing pay in our different markets.

We have changed the way we report our data on gender. We now calculate percentages using our total headcount figure, whereas in previous years we used the number of full-time equivalent employees. We believe this more accurately reflects the number of women in our workforce since women may be more likely to work part-time. It also aligns with how this data is reported in our Annual Report and Accounts. However, it means we are not able to compare performance with previous years.

We do not collect data on ethnic diversity in our workforce.

Gender balance
% of female colleagues based on headcount

	2018/19*
Total workforce	42
Senior management**	23
All management positions	36

* Independently assured by Deloitte LLP
** Senior management covers Board, directors and heads of department

1 The Cranfield University Female FTSE Board Report 2018 reports the percentage of women on FTSE 100 boards as 29% in June 2018.
2 The Office for National Statistics quotes a national median pay gap of 17.9% and mean pay gap of 17.1% for 2018.

While our gender pay gap is considerably below the national average for the UK, we recognise that there is work to be done to reduce it further.

Employee survey results

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.

Our Colleague Experience Platform enables colleagues to provide feedback on life at Kingfisher and provides our managers and HR teams with valuable insights. This includes two all-colleague surveys per year.

Around 78% of our colleagues provided their feedback through seven questions in our check-in survey in July 2018. This showed that 72% feel a sense of belonging in Kingfisher and 77% would recommend Kingfisher as a great place to work. 71% also reported that they feel comfortable being themselves at work.

The results also showed that there is an opportunity to keep improving communication and to demonstrate to colleagues that we respond to their feedback.

Our overall engagement score was 78 out of 100. This is above the score of 66 for the benchmark of international retail companies.

Disability

We aim to create accessible workplaces and to support colleagues affected by disability. As well as improving accessibility in our stores and offices, we provide training and guidance for HR managers and partner with disability organisations.

We collect data on disability in France, where this is a legal requirement. 9.8% of workers employed directly or indirectly by Brico Dépôt France have a disability (8.2% of full-time equivalent employees) and 7.3% of workers employed directly or indirectly by Castorama France (5.5% of full-time equivalent employees), compared with the French national target of 6% of workers employed directly or indirectly[1].

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.

To support our leaders and colleagues, we have developed a series of learning programmes that help people deal successfully with change at work. These include seven bite-sized modules (four for all colleagues and three for people leaders) and a one-day programme for our senior leaders.

They help our colleagues to understand the emotions they may experience and to develop the skills they need to prepare for change and make it happen. We have trained 37 internal trainers to deliver the sessions across all our markets and over 200 colleagues have already participated.

Our operating companies also offer support to colleagues affected by business change including any redundancies.

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

9.8%
of workers employed directly or indirectly by Brico Dépôt France have a disability

building skills
for life

We want everyone who works at Kingfisher to be able to keep learning, improving and growing – building skills for life.

We're investing in our Home Improvement Academy experiences and development opportunities to enable colleagues to develop their home improvement knowledge and to gain new skills and qualifications.

GoodHome Academy

By developing our colleagues' home improvement knowledge, we can help more people to have a good home.

We launched our GoodHome Academy in 2018/19, to help us to equip colleagues with the confidence and expertise they need to help customers succeed in their projects. It includes physical and digital learning experiences for store colleagues supported by an online information portal. Colleagues learn about our ranges and gain insights into customer needs and key home improvement projects.

GoodHome Academy events are attended by colleagues from around the business. For example, in February 2019 we held events for over 300 colleagues in Poland and the UK that focused on our outdoor ranges through customer insights, practical sessions and business problem solving exercises. The sessions integrated information on sustainability features such as sustainable solutions to weeds and garden pests, natural plant care and growing your own fruit and vegetables. The physical events were supported by line manager led team talks and digital learning back in store for over 2,000 outdoor colleagues in the UK, Poland, France and Romania.

As the Academy develops, we plan to share some of these resources with our customers both in-store and online.

Apprenticeships and local training programmes

We run many training programmes at the local level to help colleagues develop their career with us. We also support apprenticeships that help young people to kick-start their career. Examples include:

– Castorama and Brico Dépôt France partner with universities and business schools to recruit apprentices for store-based undergraduate and Masters degree placements. In 2018/19, 632 apprentices were recruited across both businesses.
– B&Q's apprenticeship programmes provide in-role development opportunities for hundreds of colleagues each year. For example, our retail team leader level 3 programme currently has 368 colleagues enrolled.
– Screwfix launched its first apprenticeship programmes in 2018. It now has 300 colleagues enrolled on its 'Trade Up' programmes completing Level 3 and Level 4 Retail apprenticeships.

– Castorama Poland's, 'Leaders' School' prepares colleagues for Store Director or Administration and Logistics Director roles while its 'Captain's School' is aimed at preparing colleagues for Department Manager roles. 16 colleagues were promoted after completed these courses during 2018/19.

Leadership training

Our leadership programmes – Leadership Development and Advanced Leadership Development – help to inspire and equip senior colleagues from across the business to lead and to navigate complex change. They include a series of learning workouts and a one-day programme that have been delivered to over 200 participants.

632

apprentices were recruited across Castorama and Brico Dépôt France

368

colleagues enrolled in B&Q's retail team leader level 3 programme

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i feel i get more than i give

We want to be a company that helps all our colleagues to feel well and to thrive – at home and at work. Wellness is about helping each individual to find the right balance and encompasses good physical and mental health and financial wellbeing.
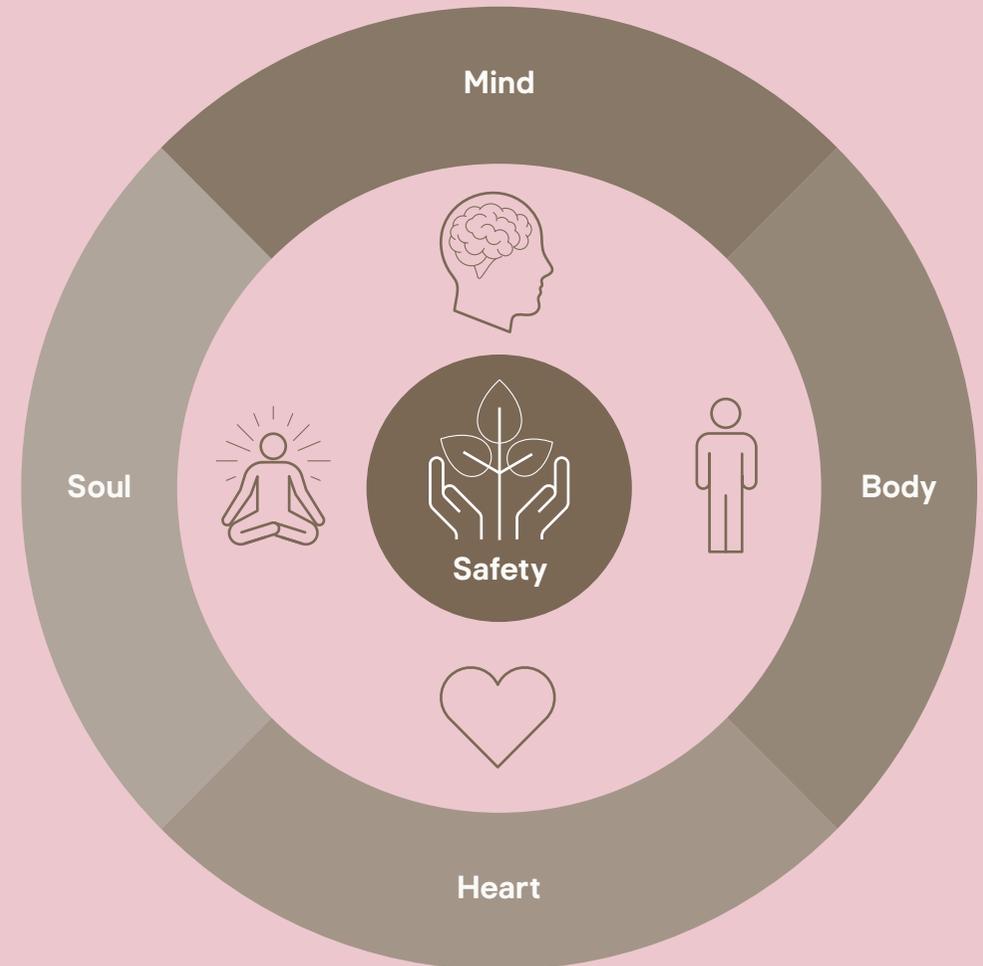
Health and wellbeing

To help us create a wellness culture at Kingfisher, we've developed our Wellness Framework. The Framework aims to prevent ill health by creating a better understanding of what keeps us and our teams well. It is being rolled out across the Group through our leadership programmes and team meetings. It is designed to help managers create a positive culture in their teams and to support all colleagues to look after their wellbeing and to feel valued and purposeful.

With our Framework we will provide new services, information, learning modules and support to colleagues as well as improving awareness of our existing programmes. These vary by location and can include: promoting healthy lifestyle choices; Employee Assistance Programmes for colleagues who may need counselling, financial and legal advice or specialist support; occupational health services; and discounted rates on healthcare and medical benefits for colleagues and their families.

Kingfisher wellness wheel

For each of us to experience positive wellbeing we need to ensure we manage our energy in these five areas and find our balance.

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employee accident rate

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

11,611	10,193	9,536
2016/17	2017/18	2018/19
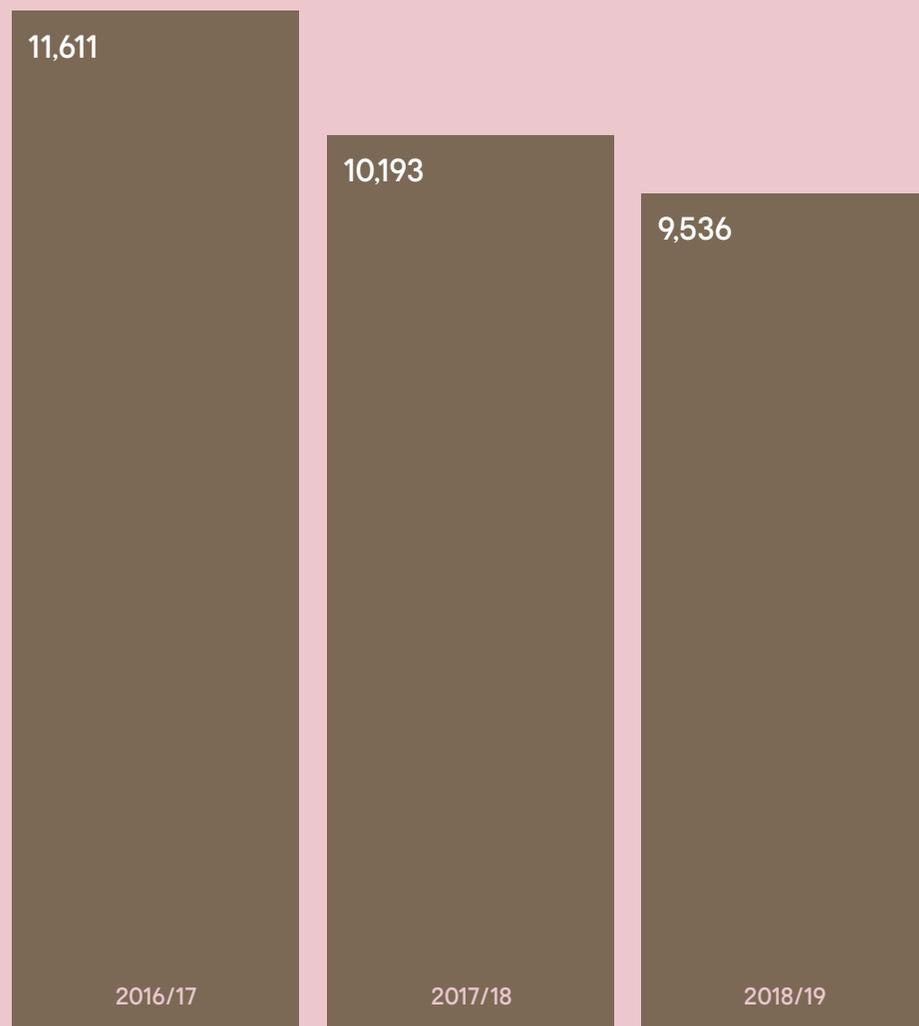
health and safety management

Every colleague should be able to go home safely at the end of the day. We have implemented safety policies and procedures to make sure we're meeting high standards across the business.

We have a senior management safety committee in each operating company and a network of safety professionals. We run Kingfisher Safety Network meetings and training sessions twice a year. These bring our H&S professionals together over two days to discuss changes in legislation and best practice and to hear from external speakers.

Our H&S Dashboard summarises performance at each operating company and is reviewed at every meeting of our Group Board and Group Executive Committee. The dashboard is regularly reviewed to ensure we are reporting the most relevant data.

Our Group Safety and Compliance Risk Officer oversees our Kingfisher H&S management system. We are in the process of rolling out an updated Group management system to ensure we take a consistent approach to occupational health and safety management across our locations.

Our Group-wide accident management reporting system tracks accidents (including minor accidents) and near misses and helps us to identify the root causes of accidents and reduce safety risks. 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 9,536, a decrease of 6% year on year. There were no work-related fatalities.

We believe this improvement reflects our work to increase safety awareness and strengthen our processes for identifying and addressing safety issues. For example, we have reduced accidents relating to manual handling of large products such as doors, garden furniture and shower screens by updating our procedures, improving our training for colleagues, and investing in new equipment. This includes rolling out Teflon coated panels that make it easier to remove large items from warehouse storage racks. During 2019, we will be focusing on how we can reduce accidents relating to human error.

There was one health and safety related prosecution this year in Russia, concerning a colleague who sustained a head injury after climbing up and falling from racking in one of our stores. This was investigated and we were found not to be at fault. We were required to carry out further safety training for colleagues to reinforce the correct procedure for taking products off racking.

Engagement and advocacy

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

- **Supporting the creative sector**: We support the New Designers exhibition and awards, which provide a platform for students seeking to develop their design careers.
- **30% Club:** Our CEO and chairman are members of the 30% Club which aims to increase representation of women on boards and executive committees. We hosted a breakfast during 2018 attended by a range of business leaders to discuss diversity.

We want everyone who works at Kingfisher to be able to keep learning, improving and growing – building skills for life.

300

colleagues enrolled in the Screwfix 'Trade Up' apprenticeship programmes in 2018

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governance and management

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.

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

We also have an advisory panel that meets twice a year to review strategy, targets and performance. Its members include two external experts who provide challenge and insight into sustainability trends. These are Sally Uren OBE, Chief Executive, Forum for the Future and Dame Polly Courtice DBE, LVO, Founder Director, University of Cambridge Institute for Sustainability Leadership. Internal members are our Chief Offer & Sourcing Officer, Group Quality & Sustainability Director and members of our central sustainability team. Our Chief Customer Officer also attended during 2018. The panel discussed a range of topics in 2018/19 including science-based carbon reduction targets, zero harm gardens and embedding sustainability into our GoodHome brand.

Our central sustainability team, led by our Group Director of Corporate Affairs, is responsible for developing strategy and for reporting and communication on sustainability. We have a sustainability team in our Offer & Sourcing function which is responsible for embedding sustainability into our product ranges.

All colleagues can contribute to our work on sustainability and we run training, awareness campaigns and events to inform and motivate them. For example, our e-learning module, 'Sustainability & You', that helps colleagues in our Offer & Sourcing function, to understand how sustainability is relevant in different roles. We also have topic specific training including in areas such as modern slavery and ethical sourcing.

Sustainability policies

Our policies guide our approach to sustainability and help ensure consistency across the business. We review our sustainability policies annually and update them where necessary. Significant updates to our policies are approved by our Group Executive. Our Code of Conduct was updated in 2018, see page 81. We also made minor updates to our policies on animal welfare, human rights and ethical sourcing.

See www.kingfisher.com/SustainabilityPolicies to read our policies.

Fines and prosecutions

There were no fines relating to health, safety or the environment and safety during 2018/19.

There was one health and safety related prosecution this year in Russia, concerning a colleague who sustained a head injury after climbing up and falling from racking in one of our stores. This was investigated and we were found not to be at fault. We were required to carry out further safety training for colleagues to reinforce the correct procedure for taking products off racking.

Our advisory panel includes two external experts who provide challenge and insight into sustainability trends.

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.

Our approach to managing climate change risks and opportunities is outlined on page 27.

Audit and assurance

We have 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.

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, Group Internal Audit conducted a Chain of Custody (FSC® and PEFC) audit in B&Q for wood and paper sourcing.

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 116.

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 are a

signatory to 'Better Retail, Better World', 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 97.

For more information on how we manage human rights and modern slavery risks in our supply chain see page 63 and our Modern Slavery Act Transparency Statement.

We recognise the importance of transparent reporting in relation to human rights and we were pleased that our Modern Slavery Act Transparency Statement 2017/18 was ranked 11th in the Business & Human Rights Centre's report – FTSE 100 & the UK Modern Slavery Act: From Disclosure to Action. Kingfisher was identified as 'one of a small cluster of leaders that stand out' and one of the three companies that improved the most in the assessment. Our statement was also ranked 12th in the Global Governance FTSE 100 League Table compiled by the non-profit Development International (DI).

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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 helps to promote a culture where transparency, honesty and fairness are the norm. It sets out our personal and shared responsibilities for meeting high ethical standards. It states that all employees have a duty to report any potential breaches of the Code. The Code was fully updated in 2018. This included adding sections on modern slavery and tax evasion. We have also updated and strengthened our processes in areas such as third party due diligence, gifts and hospitality and conflicts of interest, introducing a new online approval and reporting procedure.

We communicate the Code of Conduct to all employees, including through our training and awareness programmes. It also forms part of the contractual terms and conditions for all new employees. We are rolling out a new compulsory e-learning module to all employees in 2019 on the updated Code, as well as more detailed face to face training sessions for colleagues in higher risk roles.

We embed the requirements of our Code of Conduct into our procurement processes and supplier contracts. Potential new suppliers are informed during the tender process of our Code of Conduct, policies and ethical requirements so they can take these into account when quoting to provide products or services.

We have a compliance network which includes a compliance officer in each operating company to help us implement our Code of Conduct. Our internal audit function monitors compliance of all businesses within Kingfisher to the requirements set by our Code of Conduct, using a risk-based approach to plan their work. The Audit Committee of the Board of Directors receives regular updates on the outcomes from our internal audits.

We encourage employees to ask questions or raise concerns via their line manager or member of the legal and compliance team. They can also report any concerns via our whistleblowing hotline In Touch (intouchfeedback. co.uk/kingfisher) 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. In 2018/19, there were 152 cases opened of which 144 were investigated and closed during the year. Operating companies are required to raise employee awareness of the hotline and email address.

We also operate a whistleblowing service for suppliers (intouchfeedback. co.uk/kfsupplier).

Download our Code of Conduct.

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stakeholder engagement

Sustainability issues are complex and often systemic. To tackle them we need to work closely with others across our business and beyond. We value stakeholder feedback which helps us to develop and improve our approach, including our Sustainable Growth Plan and targets. We aim to communicate openly with stakeholders and to share regular updates on our performance.

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. These have been incorporated into our materiality assessment. Our approach to engaging our colleagues is summarised on page 73, suppliers on page 63 and regulators on page 85.

We engage with governments, NGOs and industry partners to help catalyse progress on sustainability issues. Examples of advocacy and partnership are included throughout the report including on pages 20, 33, 38, 41, 53, 67 and 77. You can read a perspective from Sally Uren, Chief Executive of Forum for the Future, on page 7.

Investor engagement

Our sustainability and IR teams collaborate closely to communicate our approach to ESG risks and performance to investors. In 2018/19, this included an investor roadshow in France and disclosure via our Annual Report, Sustainability Report, Final Results announcement and benchmarks and indices.

Our ESG presentation for investors is published on our website.

We have received the following rankings from responsible investment benchmarks and indices:

CDP Climate Change	We disclosed our climate change performance through CDP Climate Change and received a rating of A-.
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 4.4 out of 5.
Legal & General Investment Management	We received a score of 72 in LGIM's Global ESG Score of 2,000 companies. The scoring system is based on LGIM's voting and engagement policy.
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 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.

In the last three years our materiality analysis has been regularly updated through research and engagement with a wide range of stakeholders, including:

— 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.
— Analysis of our key product impacts, see below.
— Benchmarking against the UN Sustainable Development Goals, investor questionnaires and other external frameworks.
— Analysis of external social and environmental trends.

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

Our material issues

— Materiality +

Climate change
Sustainable lifestyles
Waste
Resources
Traceability
Labour standards
Community cohesion and engagement

Equality and diversity
Deforestation
Transparency
Circular economy
Partnership with stakeholders

Health and safety
Business models
Ethical conduct
Skills
Chemicals
Accessibility
Water
Rewards and recognition
Advocacy
Biodiversity
Human rights
Data management and customer privacy

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Customer research findings

Our latest customer sustainability research covered five markets and included in-depth interviews and visits to customer homes. It identified four common themes that guided the creation of our Sustainable Growth Plan and are integrated into our materiality assessment. These are:

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.

Assessing product-related impacts

In 2018, we commissioned a materiality assessment which considered 25 raw materials present in our products. This assessed their level of risk for human rights and environmental practices. We are currently reviewing the findings.

This builds on research conducted in 2017, assessing 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 materiality assessment and our sustainability strategy.

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.

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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 20, 33, 38, 41, 53, 67 and 77. 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.

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").

All our public policy work must meet the ethical standards set out in our Code of Conduct and our Group Corporate Affairs Policy.

Public policy priorities

We engaged with governments on a range of policy issues during 2018/19 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).

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).

Examples of public policy activity from 2018/19

— **Brexit – UK and Europe:** We are engaging with governments in our major markets directly and via organisations such as the BRC, CBI and Greener UK. 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. Our internal Brexit steering committee continues to oversee our engagement.

— **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.

— **Renters' rights – UK:** We supported our charity partner Shelter's submission to the government's consultation on introducing longer tenancies in the private rented sector, calling for longer tenancies to provide more security for our customers and colleagues who rent their homes.

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.

Investments

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.

The Trustees take into account the potential risks and opportunities associated with climate change and the transition to a low carbon economy.

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about our reporting

Our sustainability report explains our progress in the financial year 1 February 2018 – 31 January 2019. We also publish a highlights website with key information and stories from the year.

Sustainability information is integrated into our Annual Report and Accounts to provide investors with a holistic view of the financial, economic, social and environmental value our business generates, see www.kingfisher.com/annualreport.

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 100 – 115** of this report. 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.

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 104**).

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

Progress against targets
We indicate on **page 13** how we are progressing against our targets.

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 2019. The information marked throughout the report with the symbol * indicates the scope of their work.

Please see **page 116**, for their full independent limited assurance report which includes details on their scope, work performed and conclusion.

Reporting frameworks
We are members of the United Nations Global Compact and include an index on **page 97**.

We aim to support progress on the United Nations Sustainable Development Goals and include an index on **page 97** indicating where we can have the most impact.

Our Report references selected Global Reporting Initiative's (GRI) Standards. We provide a GRI Index on our website: kingfisher.com/sustainabilityreport.

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our business and the 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.

The Goals have informed the development of our Sustainable Growth Plan and we have identified priority Goals, where we can have the most impact. These are outlined below.

We are signatories to Better Retail, Better World, a collaboration led by the BRC aimed at supporting the Goals.

Sustainable homes for our customers

Our targets	UN SDG targets	Our direct contribution
50% of Group sales from products that help create a more sustainable home (2020) 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**SDG 11.6** 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 **SDG 12.2** By 2030, achieve the sustainable management and efficient use of natural resources **SDG 12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	— Increase sales from products that help customers to create better, more sustainable homes using our sustainable home product guidelines

Save money by saving energy and water

Our targets	UN SDG targets	Our direct contribution
Enable a 50% reduction in customer energy use through our products, services and advice (2025)	**SDG 7.3** By 2030, double the global rate of improvement in energy efficiency **SDG 8.4** 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 **SDG 11.6** 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 **SDG 12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	— Promote energy-efficient products — Increase our range of energy saving and low carbon energy generation products — Increase the proportion of our save energy range that meet our exceed or excite criteria
Enable a 50% improvement in customer water efficiency through our products, services and advice (2025)	**SDG 6.4** 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 **SDG 8.4** 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 **SDG 12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	— Promote water-efficient products — Increase the proportion of our save water range that meet our exceed or excite criteria
Reduce scope 1 and 2 emissions from property and transport by 22% in absolute terms by 2025, compared to 2016/17; and reduce scope 3 emissions from the supply chain and customer use of products by 40% per £million turnover by 2025, compared to 2017/18	**SDG 7.3** By 2030, double the global rate of improvement in energy efficiency **SDG 11.6** 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 **SDG 13.2** Integrate climate change measures into national policies, strategies and planning	— Our science-based carbon reduction targets — Energy efficiency measures for new and existing stores — Increase energy purchased from renewable sources — Clean alternatives to solid fuels

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

Our targets	UN SDG targets	Our direct contribution
20 products or services that help customers get more from less, reuse or use longer (2025)	**SDG 8.4** 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	− Integrate circular economy principles in product design − Focus on smarter consumption solutions − Promote our circular products such as Métisse, Safe by Nature, ProGrow and easyGrow
	SDG 11.6 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	
	SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources	
Ensure sustainable management and efficient use of key resources (2025), including 100% responsibly sourced wood and paper, and peat-free bagged growing media (2020)	**SDG 8.4** 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	− Sustainability roadmaps for key materials such as wood and paper, plastic, cement, paint and peat − Responsible sourcing of wood and paper from well-managed forests − Commitment to provide peat-free growing media − Our peat-free easyGrow bedding plants
	SDG 9.4 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	
	SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources	
	SDG 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	
	SDG 15.2 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	
	SDG 15.5 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	
Zero waste to landfill (2020) and 90% of waste recycled (2025)	**SDG 11.6** 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	− Commitment to eliminate waste to landfill − Commitment to increase our recycling rate − Renegotiation of waste contracts to include our targets
	SDG 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	

Create a healthier home and connect with nature

Our targets	UN SDG targets	Our direct contribution
20% of sales enable customers to create safer, healthier homes and connect with nature (2025) *[SDG icons: 3 Good health and well-being, 12 Responsible consumption and production, 13 Climate action]*	**SDG 3.4** By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being **SDG 11.6** 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 **SDG 13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	— Promote our Connect to Nature products, which encourage customers to get outdoors, produce their own food and support wildlife in their gardens — Explore ways to have a positive impact on health and wellbeing — Flowering plants sold in the UK grown without neonicitinoid pesticides — Development of a new own-brand paint range rated A+ for VOC emissions
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) *[SDG icons: 3 Good health and well-being, 6 Clean water and sanitation, 12 Responsible consumption and production]*	**SDG 3.9** By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination **SDG 6.3 B**y 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 reuse globally **SDG 12.4** 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	— Working with suppliers and others to identify and phase out chemicals of concern ahead of regulation — Piloting different approaches to increase transparency on chemicals use

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

Our targets	UN SDG targets	Our direct contribution
Help millions more people tackle poor and unfit housing through strategic partnerships and local action in all our markets (2025)	**SDG 1.2** 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	— Strategic partnerships launched with Shelter, Abbe Pierre Foundation and the Red Cross
	SDG 10.1 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	
	SDG 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	
Support our colleagues to have a home they can feel good about (2025)	**SDG 1.2** 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	— Exploring new ways to help colleagues create their own good homes
	SDG 4.4 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	
	SDG 10.1 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	
	SDG 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	
Ensure suppliers meet our ethical and environmental standards (2020) and establish strategic community programmes to achieve positive change in key sourcing regions (2025)	**SDG 8.7** 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	— Onboarding of suppliers onto the SEDEX platform (and Ecovadis for suppliers of goods not for resale)
	SDG 8.8 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	— Ethical audits for supplier production sites
	SDG 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	— Briefings and training to build supplier knowledge and understanding of human rights issues and how to address them
		— Modern Slavery Working Group overseeing due diligence and disclosure on human rights and modern slavery

SDGs outside the scope of our sustainable growth plan

SDG targets	UN SDG targets
2 ZERO HUNGER	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
5 GENDER EQUALITY	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: **SDG 5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	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: **SDG 16.2** End abuse, exploitation, trafficking and all forms of violence against and torture of children **SDG 16.5** Substantially reduce corruption and bribery in all their forms **SDG 16.6** Develop effective, accountable and transparent institutions at all levels
17 PARTNERSHIPS FOR THE GOALS	Through our work with suppliers in a range of developing countries, we indirectly contribute to the following SDG target: **SDG 17.11** Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

United Nations Global Compact index

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

This Report is our fifth Communication on Progress against the Global Compact Principles, covering our financial year 2018/19.

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 United Nations Global Compact 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
Human rights and labour		
Principle One Businesses should support and respect the protection of internationally proclaimed human rights; and **Principle Two** make sure they are not complicit in human rights abuses. **Principle Three** Businesses should uphold the right to freedom of association and the effective recognition of the right to collective bargaining; **Principle Four** the elimination of all forms of forced and compulsory labour; **Principle Five** the effective abolition of child labour; and **Principle Six** eliminate discrimination in respect of employment and occupation.	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. Our Human Rights Policy and Code of Conduct provide the framework for our approach. 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. We do not tolerate any form of modern slavery. Our Modern Slavery Working Group oversees due diligence and disclosure on human rights and modern slavery and reports to our Group Sustainability Committee, a sub-committee of our Group Executive. We are rolling out a programme of ethical audits for high-risk production sites. 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.	Ethical sourcing, page 62 Human rights, page 80 Ethical conduct, page 81 A place where you can be yourself, page 71 Health and safety management, page 76 Modern Slavery Statement www.kingfisher.com/ modern-slavery

Principles	Summary of approach	Location in reporting
Environment		
Principle Seven Business should support a precautionary approach to environmental challenges;	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.	Sustainable homes for our customers, page 16 Saving energy, water and money for customers, page 24
Principle Eight undertake initiatives to promote greater environmental responsibility; and	We invest in innovation to improve the environmental performance of our products and help customers adopt more sustainable lifestyles, using our Sustainable Home Product Guidelines.	Our science-based targets, page 26 Our circular products and services, page 37
Principle Nine encourage the development and diffusion of environmentally friendly technologies.	We have set ambitious targets to cut greenhouse gas emissions that have been approved by the Science Based Targets initiative (SBTi). We are also working to reduce waste, use resources efficiently and source sustainable raw materials.	Sustainable materials, page 39 Towards zero waste to landfill, page 42
	We support a precautionary approach, for example through our work to identify and remove chemicals of concern.	Removing harmful chemicals, page 51 Sustainability Policy, www.kingfisher.com/sustainabilitypolicies Sustainable Home Product Guidelines, www.kingfisher.com/shpguidelines

Principles	Summary of approach	Location in reporting
Anti-corruption		
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	We will not tolerate bribery or corruption in any form. Our Code of Conduct, updated in 2018, promotes a culture where transparency, honesty and fairness are the norm. It helps us to comply with regulation such as the UK's Bribery Act. Our Code of Conduct forms part of the contractual terms and conditions for all new employees. We are rolling out a compulsory e-learning module to all employees on the Code, as well as more detailed training for colleagues in higher risk roles. We have a compliance network which includes a compliance officer in each operating company to help us implement our Code of Conduct. Our internal audit function monitors compliance of all businesses within Kingfisher to the requirements set by our Code of Conduct, using a risk-based approach to plan their work. The Audit Committee of the Board of Directors receives regular updates on the outcomes from our internal audits.	Ethical conduct, page 81 Code of Conduct, www.kingfisher.com/ sustainabilityresources

detailed
performance data

This appendix contains our performance data. We also publish a Sustainability data methodology document, available online at www.kingfisher. com/datamethodology. 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 2018/19 marked with an asterix (*).

Their full assurance statement is published on **page 116**.

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

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	2018/19
Sustainable home product categories									
Connect to nature	% retail sales							0.4	1.4
Health & wellbeing	% retail sales							5.8	7.3
Live smarter	% retail sales							3.1	5.7
Save energy	% retail sales							6.7	6.1
Save water	% retail sales							1.7	1.7
Sustainable materials	% retail sales							14.8	u/a

Products may have more than one sustainable attribute and if so, will be included in multiple categories. The total of all categories is therefore not the same as the total sustainable home products % listed in the table below.

Sustainable home product sales									
'Exceed' products – products that can make a more significant difference to the sustainability of our customers' homes and/or the wider environment	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)	u/a
'Expect' products – products that have a sustainable feature and/or benefit	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)	u/a
All sustainable home 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)	u/a

New categories 'Expect', 'Exceed' and 'Excite' replace 'compliant' and 'best practice' product categories. We will start reporting on our 'Excite' products in 2019/20.

u/a unavailable

We are not able to report progress on our sustainable home products this year. As we move to unify our business, we are centralising our wood and paper data systems and processes. Due to the complexity of this change, we are not able to accurately report wood and paper volumes and origin/ certification for 2018/19.

We cannot report progress on our overall sustainable home product sales, since responsibly sourced timber data makes up part of this figure. We are working hard to resolve this so that we can start to report data again in future years.

Save money by saving energy and water

Target: Enable a 50% reduction in customer energy use through our products, services and advice (2025)

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Customer energy									
Reduction in customer energy use through products, services and advice	%						31	32	32

Target: Enable a 50% improvement in customer water efficiency through our products, services and advice (2025)

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Customer water									
Improvement in customer water efficiency through products, services and advice	%						44	45	42

Target: Reduce absolute market-based carbon emissions from buildings and transport by 22% from a 2016/17 baseline (2025)

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Carbon footprint – by source Key carbon emissions included in the scope of our absolute carbon reduction target									
Property: gas and other fuels	tonnes CO_2e	79,637	92,068	98,864	81,758	89,090	87,186	89,678	98,061
Property: purchased electricity and heat (market-based)	tonnes CO_2e						164,299	129,238	104,282
Property: purchased electricity and heat (location-based)	tonnes CO_2e	234,603	243,528	230,760	258,392	246,775	212,592	184,996	162,965
Haulage: dedicated store and home deliveries	tonnes CO_2e	51,593	52,043	55,670	55,941	58,063	57,322	57,368	58,617
Total market-based carbon footprint	tonnes CO_2e						308,807	276,284	260,960
Total location-based carbon footprint	tonnes CO_2e	365,833	387,638	385,294	396,092	393,928	357,100	332,042	319,643
Carbon footprint – intensity									
Property market-based footprint relative to floor space	kg CO_2e/m^2 reported floor space						32.5	27.9	25.2
Total market-based carbon footprint relative to floor space	kg CO_2e/m^2 reported floor space						39.9	35.2	32.5
Total market-based carbon footprint relative to sales	tonnes CO_2e per £m retail sales						27.5	23.7	22.3

We calculate both our market-based and our location-based emissions from electricity consumption. Our carbon reduction target is based on the market-based emissions.

* Independently assured by Deloitte LLP

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Carbon footprint – breakdown by Greenhouse Gas Protocol scope Wider carbon footprint including additional carbon emissions to those included in our absolute carbon reduction target									
Scope 1									
Property: gas and other fuels	tonnes CO_2e	79,637	92,068	98,864	81,758	89,090	87,186	89,678	98,061
Haulage: dedicated store and home deliveries	tonnes CO_2e	51,593	52,043	55,670	55,941	58,063	57,322	57,368	58,617
Scope 2									
Property: purchased electricity and heat (market-based)	tonnes CO_2e						164,299	129,238	104,282
Scope 3									
Haulage: 3rd party non-dedicated fleet deliveries from distribution centres to stores	tonnes CO_2e	30,941	32,513	33,643	34,907	37,598	44,686	43,580	44,434
Haulage: deliveries by rail	tonnes CO_2e	u/a	u/a	u/a	u/a	1,236	2,166	3,771	2,891
Haulage: Estimated exports arranged by Kingfisher Offer & Supply Chain	tonnes CO_2e	75,281	64,116	62,541	81,248	74,331	65,985	83,330	55,384
Waste	tonnes CO_2e	6,350	10,796	13,786	12,463	8,407	9,937	7,351	6,860
Water and effluent	tonnes CO_2e	956	1,025	1,029	1,092	1,218	1,164	1,168	n/a
Investments: proportional scope 1 and 2 emissions from investments[†]	tonnes CO_2e	10,972	11,672	9,900	10,108	10,652	11,148	10,311	8,385
Transmission and distribution (purchased electricity and district heating)	tonnes CO_2e	22,473	22,551	22,407	24,218	22,963	21,570	18,654	12,704
Well-to-tank emissions from energy	tonnes CO_2e	47,933	53,064	54,566	53,898	51,667	47,885	45,691	41,480

u/a unavailable

*   Independently assured by Deloitte LLP

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

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Carbon footprint – totals by Greenhouse Gas Protocol scope									
Scope 1 total	tonnes CO_2e	131,231	144,110	154,534	137,699	147,153	144,508	147,046	156,678
Scope 2 total (market-based)	tonnes CO_2e						164,299	129,238	104,282
Scope 3 total	tonnes CO_2e	194,906	195,737	197,872	217,934	208,072	204,541	213,856	172,138
Scope 1 and 2 total	tonnes CO_2e						308,807	276,284	260,960
Scope 1, 2 and 3 total	tonnes CO_2e						513,348	490,140	433,098
Emissions outside of Greenhouse Gas Protocol scopes									
Outside of scope‡	tonnes CO_2e	1,240	1,235	1,998	2,275	3,009	1,279	3,055	2,834

The total scope 1 emissions (property gas and other fuels, haulage) increased by 7% in 2018/19 compared to 2017/18.

Total market-based scope 2 emissions decreased by 19% compared to 2017/18. This is driven by an increase in purchased zero carbon renewables (now 42% of purchased electricity) and a small reduction in electricity consumption (2% YOY).

Details on the data scope:
– From 2018/19 data from our offices is no longer included as energy consumption and emissions were not material at Group level.
– For all years, emissions from business travel from road and air were removed from our footprint as they are not material at Group level.

Details on the data scope of rail deliveries:
Five operating companies (representing 60% of Group turnover for 18/19) reported data for deliveries by rail: B&Q, Brico Depot Romania, Castorama Poland, Castorama Russia and Screwfix. Data for Castorama France was unavailable in 2018/19. Brico Depot France and Screwfix Germany do not transport any goods via rail.

* Independently assured by Deloitte LLP
‡ Data covers forecourt fuels containing biofuel (UK and France operating companies)

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Sustainable homes   Save energy & water
Live smarter   Healthy homes
Our communities   Our people
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Appendices

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Energy use									
Property energy	GWh	1,053	1,124	1,159	1,105	1,144	1,124	1,099	1,135
Logistics energy	GWh						231	232	235
Total energy	GWh						1,355	1,331	1,370
Property energy intensity	kWh/m^2 reported floor space	152.6	166.5	165.2	145.2	147.3	145.3	140.1	141.5
Total energy intensity	kWh/m^2 reported floor space						175.1	169.7	170.8
Property electricity and heat – breakdown									
Onsite renewables	%						1	1	2
Purchased zero carbon renewables	%						2	28	38
Purchased electricity with a tariff-specific conversion factor	%						45	9	4
Purchased electricity for which a national residual mix carbon conversion factor is available (countries inside Europe)	%						39	48	41
Purchased electricity for which a grid-average conversion factor has been used (for countries outside of Europe). Also includes a small element of purchased heat for which the same conversion factor has been used as in our location-based emissions.	%						13	14	15

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

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Haulage direct impacts – dedicated fleet vehicles									
Store deliveries – own/dedicated fleet vehicles									
Fuel: Diesel	thousand litres	14,965	14,483	12,718	13,043	14,237	14,259	15,002	14,965
Fuel: Biofuel and gas (LNG and CNG)	thousand litres	0	111	1,400	1,604	1,223	33	32	27
Carbon emissions	tonnes CO_2e	38,602	37,736	35,094	35,812	37,999	37,305	38,996	39,288
Distance travelled	thousand km	47,020	45,578	43,570	45,240	48,119	46,606	48,814	49,319
Volume of products delivered	thousand m^3	3,720	3,650	3,710	3,999	4,083	3,670	3,632	2,771
Loading efficiency	litres of fuel used per m^3 of product delivered to stores	4.02	4.00	3.81	3.66	3.79	3.89	4.14	5.41
Home deliveries – own/dedicated fleet vehicles									
Fuel: Diesel and petrol	thousand litres	5,020	5,501	7,825	7,559	7,544	7,501	6,999	7,342
Fuel: Gas (LPG)	thousand litres	0	0	38	183	221	183	76	0
Carbon emissions	tonnes CO_2e	12,991	14,307	20,576	20,129	20,064	20,017	18,372	19,329
Total store and home deliveries – own/dedicated fleet vehicles									
Carbon emissions	tonnes CO_2e	51,593	52,043	55,670	55,941	58,063	57,322	57,368	58,617

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 (75% 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 (60% of Group turnover).

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Property water use									
Total water use	million m^3	1.04	1.10	1.10	1.16	1.30	1.24	1.25	u/a
Water intensity	litres/m^2 reported floor space	151	162	157	153	167	160	159	u/a

u/a   unavailable
*   Independently assured by Deloitte LLP

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 (2025)

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Product ranges and services									
Number of product ranges or services that help customers to get more from less, reuse or use longer	Number							3	5

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	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Responsibly sourced wood and paper products									

We are not able to report progress on our wood and paper in products data this year. As we move to unify our business, we are centralising our wood and paper data systems and processes. Due to the complexity of this change, we are not able to accurately report wood and paper volumes and origin/ certification for 2018/19. We expect this to be resolved by the end of the year so that we can report this data for 2019/20.

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Responsibly sourced wood and paper in catalogues									
Total catalogue paper purchased	million m^3 RWE		0.129	0.148	0.232	0.212	0.207	0.190	0.112
Responsibly sourced catalogue paper purchased	million m^3 RWE		0.128	0.131	0.227	0.170	0.199	0.189	0.112
Responsibly sourced catalogue paper purchased	% of total		99	89	98	80	96	99.6	100

Details on data scope:
Our 2018/19 Group data only includes catalogue paper as this accounts for the majority of paper purchased. Data prior to this year covers paper used in catalogues, customer marketing materials and office paper.

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Peat alternative in bagged growing media									
Peat in bagged growing media	% of total	44	39	39	36	38	32	33	38
Peat alternative in bagged growing media	% of total	56	61	61	64	62	68	67	62

Details on data scope:
The peat in bagged growing media KPIs cover the volume of peat supplied to us in the financial year.

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

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Waste recycling and disposal									
Total waste generated (disposed + recycled)	thousand tonnes	223	241	230	231	238	207	222	216
Waste disposed to landfill	thousand tonnes			50	43	47	32	32	28
Waste disposed to incineration	thousand tonnes			20	27	25	24	30	33
Waste recycled	thousand tonnes	147	164	160	162	166	151	160	155
Landfill diversion rate	% of total waste generated			78	81	80	85	86	87
Recycling rate	% of total waste generated	66	68	70	70	70	73	72	72
Recycling – breakdown of materials recycled									
Wood	thousand tonnes	78	80	77	72	80	72	75	71
Cardboard/paper	thousand tonnes	36	36	37	39	39	37	39	36
Plastic	thousand tonnes	5	8	6	7	7	7	7	6
Metal	thousand tonnes	4	6	5	7	7	4	4	5
Rubble (recorded from 2013/14. Included in 'other' data up until 2012/13)	thousand tonnes			30	29	26	19	19	24
Other (including rubble up until 2012/13)	thousand tonnes	24	34	5	8	7	12	16	13

* Independently assured by Deloitte LLP

Create a healthier home and connect with nature

Target: 20% of sales enable customers to create safer, healthier homes and connect with nature (2025)

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Product sales									
Product sales that will enable our customers to create safer and healthier homes and connect with nature	% of retail sales						5	6	9

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 (2025)

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Community investment – how we contribute									
Cash donations	£ thousand	1,197	1,535	1,862	1,581	1,001	1,353	1,501	670
In-kind contributions	£ thousand	279	389	332	218	441	109	579	168
Employee time	£ thousand	135	191	366	309	172	70	59	281
Management costs	£ thousand	71	69	238	222	53	253	243	571
Total community contributions	£ thousand	1,682	2,184	2,798	2,330	1,667	1,785	2,382	1,690
Community investment – why we contribute									
Charitable gifts	£ thousand								702
Community investment	£ thousand								417
Commercial initiatives in the community	£ thousand								0
Total community investment	£ thousand								1,119

'Why we contribute' excludes management costs (£571,000
in 2018/19).

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Community investment – value of employee and customer giving									
Fundraising and other leverage	£ thousand	617	1,021	1,068	669	774	1,240	1,387	1,029

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 and fundraising events.

* 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	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Supplier assessments									
Total number of suppliers	Number							4,310	2,841
Total number of finished goods production sites†	Number							5,504	3,657
Production sites that have completed an audit at some stage in the past two financial years	Number							1,178	995
Production sites that have completed an audit at some stage in the past two financial years	%							21	27

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Supplier assessments – site grades									
Grade 1	Number							187	38
Grade 2	Number							44	52
Grade 3	Number							272	43
Grade 4	Number							367	239
Grade 5	Number							294	552
Grade Business Critical	Number							14	54

Audit grades are for the production sites that have had an audit in the past two years. It includes the results from the latest full audit at each site. It therefore does not reflect any corrective actions taken or results from follow up audits. We work with sites graded as business critical to resolve the issues.

A total of 995 production sites had an audit in the past two years. The table shows audit grades for 978 of these production sites. We are unable to report audit grades for 17 of the sites audited. This is because their Sedex membership has expired and therefore the grades were not available to download from Sedex when our end of year reports were generated.

* 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 & safety

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Employee accidents – fatalities									
Work-related fatalities	Number	0	0	0	0	0	0	0	0
Work-related employee accidents									
Accident numbers									
All work-related employee accidents/injuries	Number		7,430	7,531	8,136	7,580	7,403	6,525	6,234
Accident rate									
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	9,536
Work days lost									
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	74,686

Work days lost: This year we have experienced some difficulties with our Group accident reporting software. This has meant that in some cases social security data had to be used as back-up (Castorama France and Brico Depot France) and in other cases estimates were made based on prior year accident to lost days ratios (B&Q and Screwfix UK, representing 43% of Group turnover).

* Independently assured by Deloitte LLP

People

Diversity – senior management

Gender

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Board – men	%		73	73	60	56	56	56	55
Board – women	%		27	27	40	44	44	44	45
Senior management total – men (FTE)	%		79	79	81	80	80	80	
Senior management total – men (headcount)	%								77
Senior management total – women (FTE)	%		21	21	19	20	20	20	
Senior management total – women (headcount)	%								23

Diversity – all employees

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
Total employees – men (FTE)	%	60	60	61	61	61	61	60	
Total employees – men (headcount)	%								58
Total employees – women (FTE)	%	40	40	39	39	39	39	40	
Total employees – women (headcount)	%								42
All management positions – men (FTE)	%	71	71	71	71	69	67	66	
All management positions – men (headcount)	%								64
All management positions – women (FTE)	%	29	29	29	29	31	33	34	
All management positions – women (headcount)	%								36

We have changed the way we report our data on gender. We now calculate percentages using our total headcount figure as at year-end, whereas in previous years we used the number of full-time equivalent employees. We believe this more accurately reflects the number of women in our workforce since women may be more likely to work part-time. This also ensures alignment with our financial reporting and reflects the Financial Reporting Council's guidance on how companies should report diversity data under the Companies Act 2006.

Details on data scope:
Senior management covers Board, directors and heads of department.

* Independently assured by Deloitte LLP

	Unit	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Employee turnover									
Employees who left	Number	15,516	15,644	14,748	17,379	18,376	24,717	25,320	27,192
Rate of employee turnover	%	22	21	21	24	24	32	33	34

Data covers employees who left voluntarily and involuntarily.

assurance

Independent assurance statement by Deloitte LLP to Kingfisher plc on selected information for inclusion in the Sustainability Report 2018/19.

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.

Emphasis of Matter

During the course of our work, Kingfisher notified us of concerns regarding the quality and completeness of data relating to responsibly sourced timber, and determined that the Sustainability Report would not include values for the related KPIs, which originally formed part of our Scope of Work. The impacted KPIs are: i) Sustainable Home Products (% of retail sales), and ii) Responsibly sourced timber products (% of responsibly sourced timber sold, by volume). We did not perform substantive testing for these KPIs and as a result, we were not able to provide an opinion on these two KPIs. For further information on the issue, please see page 12 of Kingfisher's 2018/19 Sustainability Report. This finding does not modify, or detract from, our assurance conclusion as stated above.

Scope of our work[1]

Kingfisher plc ('Kingfisher') engaged us to provide limited assurance[2] over the following selected information for the year ended 31 January 2019:

Innovation
– Household energy savings – estimated lifetime saving from products purchased

Property
– Property portfolio energy intensity (kWh/m^2 reported floor space)
– Absolute carbon footprint (Scope 1 and 2) (tCO_2e)
– Property portfolio carbon intensity (tCO_2e/m^2 reported floor space)

Logistics
– Carbon emissions from direct haulage (dedicated store and home delivery fleets) (tCO_2e)

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))
– Total number of work days lost as a result of all work-related employee accidents/injuries

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 (#)

Sustainability Targets
– Kingfisher followed its stated process (as detailed in Kingfisher's Data Collection Methodology) to determine progress towards its Sustainability Targets

1 After removing the two KPIs noted in Emphasis of Matter above.
2 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.

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. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. Therefore the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

With respect to the 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 Expects (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; and
— Reviewed the content of the Sustainability Report 2018/19 and the Data Collection Methodology document 2018/19.

Responsibilities of Directors and independent assurance provider

Kingfisher's responsibilities

The Directors are responsible for the preparation of the Sustainability Report 2018/19, the Data Collection Methodology 2018/19 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 2018/19 and the Data Collection Methodology 2018/19. 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.

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. 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 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 2019

Read more

Our sustainability website
[www.kingfisher.com/
sustainability](www.kingfisher.com/sustainability)

Annual Report and Accounts
[www.kingfisher.com/
annualreport](www.kingfisher.com/annualreport)

Our data collection
methodology
[www.kingfisher.com/
datamethodology](www.kingfisher.com/datamethodology)

Our Sustainable Home
Product Guidelines
[www.kingfisher.com/
shpguidelines](www.kingfisher.com/shpguidelines)

Contacts

What do you think about our
performance?

We'd love to hear your
views on sustainability at
Kingfisher at
sustainability@kingfisher.com