

Kingfisher | np

BETTER
HOMES,
BETTER
LIVES



Net Positive Review 2014/15
Delivering our strategy sustainably

Kingfisher exists to help and inspire millions of people to improve their homes. We believe that because people's homes are so central to their lives, improving their homes means improving their lives. We operate 1,200 stores in 11 countries in Europe and Asia. Our main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix and we operate the Koçtaş brand, a 50% joint venture in Turkey with the Koç Group.

Our core focus is to deliver value for customers, by improving our offer and developing innovative new products that meet their needs, in formats that are convenient, easy and relevant. As we create value for our customers, we will create growth for our business, which in turn will create value for our employees, communities and shareholders – we are completely committed to achieving growth in a sustainable way.

Net Positive is our restorative ambition to fully integrate sustainability into our business to create value – financially, socially and environmentally. Our journey has begun. This report summarises our progress to date. There is still much to do.

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At a glance



* Full time equivalent

Our key figures

Total sales
£11.0bn

Stores
1,202

Employees
79,415

Eco product sales
£2.4bn

Adjusted pre tax profit
£675m

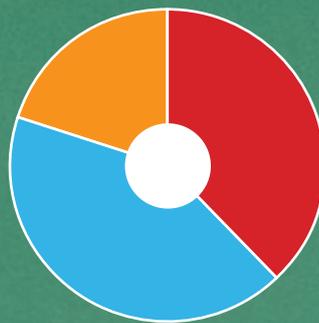
Responsibly sourced timber in products
92%

Property (at market value)*



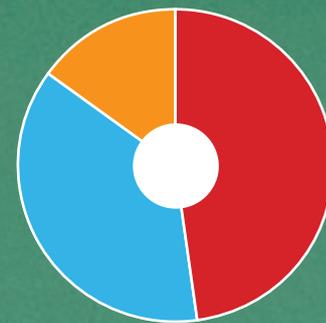
France	£1.3bn	41%
UK	£0.8bn	24%
Other	£1.1bn	35%

Group sales



France	£4.1bn	38%
UK	£4.6bn	42%
Other	£2.3bn	20%

Group retail profit



France	£349m	48%
UK	£276m	37%
Other	£108m	15%

* On a sale and leaseback basis with Kingfisher in occupancy



“Emerging trends, such as the sharing economy, are revolutionising the retail landscape.”



Our business is built on a passion for helping people improve their homes and through doing so to improve their lives. Sustainability is core to our purpose because homes cannot be better without being more sustainable.

We need to understand the reality of how our customers live today and how changes in the world will affect how we live in the future.

Technology is fundamentally altering the way we live, shop and work. Many established businesses have been disrupted and emerging trends, such as the sharing economy, are revolutionising the retail landscape. Technology is enabling people to run their homes smarter, using less energy and creating less waste.

At the same time other global megatrends, such as changing demographics, increasing demand for resources and accelerating urbanisation, are having an impact on how we live. In many cities, housing is getting more expensive and smaller. In some countries, the population is ageing,

there is a rise in single person households, and growing inequality. People and businesses everywhere are increasingly feeling the impact of environmental changes, especially the scarcity of precious resources and the consequences of climate change.

To grow, we need to be grounded in the reality of our customers' needs. And we need to recognise how these global trends will affect their lives and our businesses across our geographies.

Our long-term ambition is to create a positive impact in the wider world. We want to play our part in creating a society that is better for all. We can only do this by making sustainability part of every business decision we take. It is a great endeavour and I'm confident our new strategic direction for Kingfisher will enable us to achieve that.

Focusing on our customers' needs means we will create a unique, leading and effective offer, which is sustainable. It also gives us the opportunity to integrate and make our supply chains more efficient and transparent, in order

to address associated sustainability impacts. Standardising our store formats, channels and processes enables us to roll out best practice to maximise the sustainability of our operations.

We have begun on that journey but there is still much to do. That's why we are committed to inspiring and developing our people to sustainably grow our business and, as we do so, to help change homes and lives for the better.

Véronique Laury
Chief Executive Officer

Awards and Partners





“Net Positive is already generating business value from efficiency, productivity gains and new revenue streams.”

We firmly believe that by integrating sustainability across our business, we can create a more innovative, resilient and successful company, one that creates value socially, environmentally and financially.

As we work towards our Net Positive goals we need to look to the long term and focus on the detail of implementation today. This will enable us to take advantage of new opportunities created by a changing business environment. This year has been one of practical action and we have taken important steps to further integrate sustainability into our processes and decision-making.

We are taking a systematic approach, tackling issues in our operations and by working with external partners and suppliers. For example, we use timber in around 40% of our products. We updated our timber sourcing standards, introducing a global policy this year. We worked with suppliers to increase the volumes of responsibly sourced timber, and collaborated with businesses and NGOs to advocate for structural change beyond our business. This included a new partnership to assess the impact of certification on forests and biodiversity. This joined-up approach is having an impact – we reached 92% responsibly sourced timber in our products, with B&Q UK at 100%.

We continue to develop our energy efficiency offer for customers, while investing in renewable energy generation for our operations and tackling the small inefficiencies around the business that together can have a big impact. We have reduced our energy intensity by 17% and

our customers are now saving an estimated £600 million a year through the energy efficient products and services they've purchased from us since 2011/12. Altogether, sales of products with a lower environmental impact were worth a significant £2.4 billion to the business this year.

To help make sustainability part of daily decision-making, we established our Group Sustainability Committee, with representatives from the Group Executive and senior leadership from every operating company board, and we rolled out our executive education module on Net Positive to over 100 of our most senior leaders.

We aim to strike a balance between standardisation and local relevance. To speed up progress in key areas we are developing common standards and policy frameworks. We now have global policies on timber, waste and packaging, and are looking to unify our approach to areas such as ethical sourcing. At the same time we are developing local implementation plans that will bring Net Positive to life across our markets and make it meaningful and relevant to our people at the local level.

We are pleased that our efforts to ensure transparency in reporting were recognised at the Building Public Trust awards, where we topped the FTSE 100 for best sustainability reporting.

As our business evolves, we need to ensure we respond to any new social and environmental impacts. For example, work wear is a relatively new and growing category for us. We are developing our approach and sourcing standards in this

area to ensure we address the specific safety and ethical challenges associated with manufacturing in the apparel industry. We have made a number of significant acquisitions in recent years, and we are taking steps to embed sustainability into their policies and processes.

Net Positive is already generating business value from efficiency, productivity gains and new revenue streams, while reducing our environmental impact and benefiting customers and communities.

We need to keep our focus as we must increase our rate of change to reach our 2020 targets. Doing so will enable us to bring customers the innovative solutions they need to create homes which are more comfortable, more affordable and ultimately more sustainable, and help make our communities better places to live.

Richard Gillies
Group Sustainability Director

Home. It's a hub for family and friends, the place where we belong. We believe that because people's homes are so central to their lives, improving their homes means improving their lives. Our business exists to help and inspire millions of people to do just that.

Our core focus is to deliver value for our customers – improving our offer by developing innovative new products that meet their needs, in formats that make it convenient, easy and relevant for them. As we create value for our customers, we will create growth for our business, which will benefit our employees, communities and shareholders. We are completely committed to that and to creating growth in a sustainable way.

We must understand the reality of how our customers live so we can develop the products and services that really meet their needs. That means we have to look at external trends and understand the impact they are having on our customers and our business so we can seize new opportunities – that includes the significant trends around sustainability and our stewardship of the environment.

Urbanisation means living space is smaller, the population is ageing and single households are growing. The cost of housing is increasing, with the young staying at home longer and homes being used not only for living but working. Digital technology is enabling smart homes and connecting people, with information anytime anywhere, and trends like the sharing economy are changing business models.

Increasingly, a better home is more sustainable: one that is easier and healthier to live in; that is adaptable to our changing lifestyles and family needs; and that is less wasteful and more energy efficient. When we asked 17,000 householders across Europe last year about their homes, we discovered their biggest fear is high energy bills. People are now eight times more likely to prioritise energy efficiency projects than they were just two years ago. This insight, coupled with our energy efficiency innovations, is helping people make their homes warmer and more affordable to run. It's an example of how we're embedding sustainability into our strategy.

A new leadership team and sustainability

Under the leadership of our new Chief Executive Officer, Véronique Laury, who took up post in December 2014, the senior management team reviewed Kingfisher's business and strategy.

They provided a strategic update and set of guiding principles. Read more on our strategic update in our more integrated Annual Report and Accounts 2014/15.

Strategic update:

- Home improvement is a great market with great potential
- We are right to focus on Europe+
- We can achieve significant benefits from developing a more unified, unique and effective offer
- There is no one, clear winning format or channel in our market today
- We can achieve significant benefits from unifying activities and standardising processes

Guiding principles:

1. Customer needs come first
2. Create unique and leading offer
3. Same products across Europe presented to customers in the same way
4. Limited number of formats and omnichannel everywhere
5. Low cost always
6. One company culture

How we're integrating sustainability

Our business model (page 5) shows how our business creates value for society, shareholders and customers. We help people to have better homes for themselves and their families and we have a long heritage of helping them do this in a more sustainable way.

We operate in the heart of local communities, supporting local projects, positively impacting the environment and, importantly, providing local employment.

Over 79,000 people work in our businesses and many more work for our suppliers. In addition, we contributed £1.7 billion in 2014/15

to the economies in which we operate through taxes paid and collected. We aim to do more than minimise our impact; instead we aspire to have a positive one. We call this sustainable ambition Net Positive and we believe it supports our long term business success and 'licence to operate'.

In 2014/15 we developed a commercial model to help us deliver Net Positive in a way that creates value for our business. Our companies are using this to establish implementation plans for delivering on our targets in a locally relevant way. Our commercial model is shown on page 6.

Our business model



To view and download the business model go to <http://annualreport.kingfisher.com/2014-15/strategic-report/our-business-model.html>



We have a commercial model for delivering Net Positive. Our companies are using this to develop implementation plans which will integrate sustainability into their core business in a locally relevant way – and contribute to our Net Positive targets overall.

Each company's local implementation plan identifies how integrating sustainability will generate value for the business in four areas:

- Revenue opportunities
- Customer preference
- Supply chain resilience
- Efficiency and productivity



In store

Actions that are visible and valuable for customers

Revenue opportunities

Our strategy is to generate new revenues by developing products and services that meet evolving customer needs and expectations – giving us the opportunity to help customers make their homes and lives more sustainable.

For example, B&Q's sustainable easyGrow bedding plant innovation is easier and less messy for gardeners and virtually eliminates peat and polystyrene.

Customer preference

We want to build long-term customer preference and brand loyalty – and believe we can differentiate Kingfisher through our commitment to sustainability and our ambition to become Net Positive.

For example, Castorama France is piloting a new in-home energy efficiency service at its Hénin-Beaumont store with specially trained advisors helping customers to reduce their energy costs and access government subsidies.



Efficiency and productivity

Designing waste out of the system delivers operational efficiencies and smart resource management promotes innovation and increased productivity.

For example, Screwfix's head office is fitting Solar PV which will supply up to 14% of the site's electricity.

Supply chain resilience

Increasing pressure on resources means we must take a long-term view of our strategic raw materials. The business benefit is building a more resilient supply chain and secure supplies of vital raw materials.

For example, by working closely with suppliers, B&Q UK has reached its timber goal. All its products containing wood and paper are now responsibly sourced.

In business

How we are transforming our business behind the scenes

Net Positive is our sustainability ambition. It means transforming our business to have a restorative impact on the environment; innovating in our products and services to enable our customers to have more sustainable homes; and making a positive contribution to society and the communities in which we operate.

Why we need Net Positive

The world faces unprecedented social and environmental challenges. Unemployment and inequality undermine quality of life and wellbeing for millions of people and pose risks for the resilience of communities around the world.

The impacts of water scarcity, climate change and a growing and ageing population are putting pressure on food supplies, natural resources and infrastructure, with the potential to disrupt supply chains and destabilise economies.

Technology has created a new age of transparency, enabling greater scrutiny of corporate behaviour and contributing to rising expectations of the role of business in society.

The successful companies of the future will be those who respond to these changes positively, adapting their business to meet changing customer and societal needs with fewer resources.

As a home improvement company, we rely on energy and natural resources such as timber and water to serve our customers. We need stable and prosperous societies for our businesses to flourish. We can help our customers create better homes for the future.

We have a long heritage in sustainability, and for over 20 years have been working to reduce our impact on the environment. However, we know that more is needed.

By becoming Net Positive we want to create positive change and grow our business so that our shareholders, customers, employees, suppliers and communities will all prosper.

Our priorities

With Net Positive, we aim to:

- Have a positive impact on people and communities;
- Be restorative to the environment;
- Become carbon positive;
- Waste nothing; and
- Create wealth.

We have identified four priorities. In each area we have an aspiration for how we can have a positive impact by 2050 and respond successfully to the changes affecting our customers and our business.

The first step is to reach the 50 challenging targets we have set for 2020. This will lay the groundwork but is only the beginning of our journey towards Net Positive.



Timber Aspiration

Kingfisher creates more forest than it uses

2020 target

100% responsibly sourced timber and paper in all our operations

Why it matters

Timber is a vital material found in around 40% of our products.

Demand for timber will triple by 2050, which could cause significant price rises and even shortages.¹

20% of global carbon emissions due to deforestation.²

The protection of forests and woodlands is an issue that many of our customers care about.

1 WWF, Living Forests Report

2 Intergovernmental Panel on Climate Change



Energy Aspiration

Every Kingfisher store and customer's home is zero carbon or generates more energy than it consumes

2020 target

38TWh of energy saved for customers. 45% reduction in energy intensity of our property

Why it matters

50% rise in global energy demand by 2035.³

High energy bills the number one concern for customers.⁴

€70 billion market for energy efficient products and services in Europe by 2020.⁵

Energy a major business cost.

Home energy use is a major source of carbon emissions.

3 US Energy Information Administration, 'International Energy Outlook', 2010

4 Kingfisher European Home Report 2014

5 Boston Consulting Group report, commissioned by Kingfisher, 2011



Innovation Aspiration

Every Kingfisher product will enable a more sustainable and ultimately Net Positive lifestyle

2020 target

1,000 Kingfisher products with closed-loop credentials

Why it matters

The way our customers live is changing and they need new types of products and services.

9 billion global population by 2050. Increased competition for resources means rising costs and potential shortages.

US\$1 trillion a year could be generated for the global economy by 2025 by creating circular supply chains.⁶

6 The Ellen MacArthur Foundation, Towards the Circular Economy – Vol 3, 2014



Communities Aspiration

Every Kingfisher store and location supports projects which build local communities or equip people with skills

2020 target

4,000 community projects completed that deliver 'Better Homes, Better Lives'

Why it matters

Inequality, unemployment and housing shortages could undermine community cohesion and the prosperity needed for business growth.

The sharing economy is altering how people access goods and services, with benefits for communities.

70% of customers say they will remain loyal to a brand that demonstrates social value.⁷

7 RSA, Community Footprint Report, 2012

IN STORE

A sustainable home is healthy and comfortable, stylish and adaptable, efficient, less wasteful and more affordable to run. Everyone should be able to create and afford a more sustainable home.

Key figures

£600m

estimated saving for customers this year from the energy efficient products and services they've purchased from us

£2.4bn

revenues from sales of eco products

£375m

in sales of our most innovative eco products

We offer customers the products, services and information they need to improve their homes. We spend time with our customers to understand the reality of how they live. We look at how demographic, social and environmental changes affect our customers and what this means for their homes. We use this understanding to innovate, developing the products and services that really meet customer needs.

Sustainability is part of what we do but we don't ask our customers to compromise on quality, performance or price to opt for the sustainable choice. This can make sustainable innovation more challenging, but in the long run it means we find solutions that are better for our customers, the planet and for the business.

Making it happen

We are integrating sustainability into product development. For example, at B&Q UK we use an annual Range Sustainability Rating to assess and improve the sustainability performance of each range. This has contributed to innovations such as B&Q's flood range and easyGrow (see page 10).

We use our eco product guidelines to improve sustainability performance and measure progress. This year we strengthened our requirements for best-in-class eco products to make sure these are always industry leading.

We give our employees the information and expertise they need to help our

A changing world

Demographic trends: Population growth, urbanisation, more transient populations and globalisation mean a more diverse customer base within our markets but more consistency in customer needs across markets

Environmental and health challenges: Home energy use a contributor to climate change; Deforestation and depletion of natural resources; Environmental impacts from waste and chemicals; Rise in the incidence of allergies

Social and economic impacts: Increased inequality; High energy and other costs; Housing shortages and smaller homes; Growth in the sharing economy

Customer needs:

- Comfortable homes that are affordable to run
- A healthy and more natural lifestyle
- To live in a prosperous and safe community

Business opportunities:

- 31% of customers planning to make energy efficiency changes⁸
- 20% of customers concerned about home pollution levels⁹
- 21% looking to improve their garden¹⁰ and 24% of people in the UK growing their own fruit and vegetables¹¹
- 70% of customers will remain loyal to a brand that demonstrates social value¹²
- \$630 billion cost saving from adopting closed loop approaches¹³

customers create more sustainable homes. 116 of our most senior leaders have completed our One Academy Net Positive executive education module. Training such as B&Q's One Planet Home modules help to integrate sustainability at every level of the business.

Efficient, comfortable homes

High energy prices are a concern for householders across Europe. In fact, our research shows that 65% of people fear rising energy prices, even ahead of keeping up with rent or mortgage payments. Our customers are eight times more likely to prioritise energy efficiency projects than they were two years ago.

8, 9, 10 Kingfisher European Home Report 2014

11 Which 2011 www.which.co.uk/news/2011/07/which-survey-reveals-grow-your-own-trend-is-still-on-the-up-259281/

12 RSA, Community Footprint Report, 2012

13 The Ellen MacArthur Foundation, Towards a Circular Economy – Vol 1, 2012

Efficient homes with Castorama

Planning a home energy efficiency project can be complicated. Now customers at Castorama's Hénin-Beaumont store can get help from specially trained sales advisors.

The store has a dedicated energy efficiency area featuring insulation, heating and home automation product ranges. Here customers can meet with advisors to plan their projects, prioritise improvements and understand how different products can work together. They can book an energy audit or consultation with an interior architect as well as installation services. They can also use the Prime Energie Casto service to access government subsidies.

The service is being piloted at Hénin-Beaumont with a view to further roll-out.

Customer benefits:

- Advice, products and installation services
- Easier to implement energy efficiency projects

Business benefits:

- Value of sales to customers implementing energy efficiency projects has been up to 82 times higher than average customer purchases since the service launched
- 40 customers used the services in the first three months

Sustainability benefits:

- Enables more customers to improve home energy efficiency



Helping householders to reduce energy use is a win-win. Our customers enjoy better homes and save money while cutting greenhouse gas emissions and we gain access to a growing market.

As well as products such as low energy lighting and insulation, we offer information and advice to help customers plan their projects. For example, over 100,000 customers visited Brico Dépôt France's energy efficiency website (www.ecoperformance-bricodepot.fr) in 2014/15, to get advice and use its Eco Prime service, which makes it easier to access government subsidies. The positive policy environment in France, including challenging national targets on greenhouse gas reductions, is supporting progress in this area.

Appliances such as fridges and washing machines can be major energy users and expensive to run. B&Q has integrated information into catalogues to show how much an appliance will cost to run each year based on its electricity and water use, making it easy for customers to choose



Decorating: Cleaner air with Respiréa paint

The air in our homes can be up to 10 times more polluted than the air outside, contributing to health conditions such as allergies, asthma and migraines.

Castorama is launching the Respiréa paint range, which looks great and reduces indoor air pollution by neutralising formaldehyde. Formaldehyde is a major cause of internal air pollution, found in many home furnishings and textiles. Castorama is the first home improvement retailer to stock this type of paint.

Customer benefits:

- Reduces formaldehyde levels by 70%
- Ready to use, high quality, affordable own-brand range in 50 colours and three finishes

Sustainability benefits:

- Carries the Ecolabel for good performance and low VOC emissions

the best product for the environment and their wallet. B&Q is also one of the first retailers to use the Water Label, enabling customers to choose more water efficient products.

Wellbeing: indoors and out

Across our markets we are seeing increased focus on personal wellbeing, with growing interest in natural and healthy lifestyles – from the food we eat to the spaces we live in. There is increasing recognition that living closer to nature, whether that’s through access to public green spaces, spending more time in our own gardens, or bringing more natural light and materials into our homes, is better for our health and wellbeing. All our customers should be able to enjoy a healthy home and garden.

For many years we’ve worked to reduce the use of chemicals, including significant reductions in the levels of volatile organic compounds (VOCs), chemicals that affect indoor air quality in our own brand paint and decorating ranges. Now we can go even further with products like Respiréa that actually improve indoor air quality (see page 9).

Our gardens are an important part of our homes, whether for outdoor entertaining and leisure, or for growing our own fruit and vegetables. We are exploring the changing role of gardens and looking at how we can help people use their outdoor spaces to create a better family life.

This builds on our work helping customers create beautiful gardens that are better for wildlife, including phasing out peat in the UK and removing pesticide products belonging to the neonicotinoid family globally ahead of legislation because they are thought to contribute to bee decline. In the UK we also collaborated with Friends of the Earth to engage customers and government on bee decline, including supporting the Great British Bee Count campaign and App.

Better materials, better products

Across sectors, current business models mean that valuable materials are often wasted at a product’s end of life. By developing closed loop systems we can enable the continual reuse, repurposing and recycling of raw materials, reduce costs, access new supply chains and create high performing products.

To do this we need to work across functions and with suppliers. For example, in developing its Infinite worktop, Castorama brought together internal specialists in areas such as production, manufacturing, retail and logistics and collaborated with independent chemistry research centre Certech, recycler Veolia and composite wood manufacturers Océwood. We are a founding partner to the Ellen MacArthur Foundation, which works to catalyse the adoption of closed loop approaches and we use our closed loop calculator to improve the closed loop credentials of our products.

Part of the community

Our stores are part of the community – employing local people and serving local customers. By having a clear sense of purpose and delivering social value to the communities in which we operate, we can improve resilience, motivate our people and customers and increase their loyalty to the business. People are more likely to buy from, work for and promote companies they trust.

Our companies have supported 805 community projects since 2012/13, focusing on areas such as improving facilities for those in need and supporting young people to develop practical skills. For example, in Castorama Poland, 80,000 children have completed free DIY classes at our stores since 2012.

We are reviewing our communities strategy to increase the impact of our investment and to prioritise areas that are most relevant to our home improvement expertise, our Net Positive ambitions and the core challenges facing society.

The sharing economy

The sharing economy, with technology enabling people to connect and exchange skills and resources more easily, represents a fundamental shift in society, one that can benefit individuals and support more connected and resilient communities.



Gardens: Peat-free innovation for Britain’s gardeners

B&Q’s new formula Verve peat-free compost range was developed through a series of rigorous growing trials. It was voted a Best Buy by Which, the consumer magazine, outperforming many peat-based composts.

This follows the launch of B&Q’s easyGrow in early 2014 – an innovative approach to bedding plant packaging that is 100% recyclable and better for gardeners and nature. Plants come in individual ‘tea bags’ planted in sustainable coir that is 95% peat-free. They can be lifted straight into the ground from the pack still in their bags, making planting easier and less likely to damage delicate roots. The packs, made from PET, are easily recycled with other household waste.

Customer benefits:

- Verve peat-free compost is a Which Best Buy
- Easy-to-use bedding plants, with less mess
- No price premium for peat-free products

Business benefits:

- 10 million packs sold in 2014/15, a 2 million year-on-year increase
- Reduced transport costs by 25% per pack

Sustainability benefits:

- 20,000 tonne reduction in peat-based compost
- Eliminates polystyrene waste to landfill
- 750 jobs created in the Sri Lankan coir supply chain
- Lower emissions due to fewer lorry journeys

Watch the video at youtu.be/sxyewXHZVEQ or see Chris Moss, B&Q’s marketing director, discussing easyGrow at www.sustainablebrands.com





High performance, less waste

Castorama's new Nods decking range looks great, performs well and is better for the environment. It is made from a unique composite material developed by Castorama using waste wood from its stores and end of life home improvement products.

This follows the launch of the Infinite kitchen worktop, created from the same material, which is 40% lighter than similar products, making it easier to handle and install and reducing breakages.

Customer benefits:

- More water resistant, reducing water damage
- Lighter and easier to carry and install
- Longer guarantee
- Low VOC levels – A+ rating

Business benefits:

- 1,000 Infinite worktops sold in 2014/15
- New, reliable source of raw materials
- Lower eco-tax due to its lower weight
- More efficient to transport, meaning lower fuel costs

Sustainability benefits:

- 90% recycled materials
- Lower VOC emissions
- Does not use formaldehyde glue

The DIY sector can encourage the positive benefits of the sharing economy. We aim to share our knowledge and help customers learn skills and connect with and help each other. For example, Castorama France runs Les Troc'heures, France's first DIY community skill-sharing website.

In 2014, we supported research by the New Economics Foundation that explored the link between practical skills and personal and community wellbeing (available at www.kingfisher.com/netpositivereport). This found that as well as improving wellbeing, learning practical skills like DIY and gardening can make individuals more likely to help others and contribute to stronger communities. 25% of people who learnt practical skills in one study increased their social, voluntary or community involvement.

Read more

Further information on our approach will be in our full Sustainability Report published in June 2015. See: www.kingfisher.com/netpositivereport.



Community: The Screwfix Foundation



Many Screwfix customers and employees are active in their local communities, raising funds and volunteering. The Screwfix Foundation was set up to support these efforts by funding projects that help improve people's lives. It works with local and national charities to repair, maintain and improve properties and community facilities for people living with sickness or disability.

The charity raises money from customer donations made via Pennies, the electronic charity box and employee fundraising events in and around its stores. Screwfix now match funds all the money raised by employees.

Find out more at www.screwfixfoundation.com

Customer benefits:

- Benefits projects in the areas where our customers live
- Makes it easy to donate money to good causes when shopping at Screwfix

Business benefits:

- Volunteering opportunities for employees
- Supports our reputation with customers and communities

Sustainability benefits:

- £300,000 raised since launch in April 2013

IN BUSINESS

To become a sustainable business we must change how we source our goods and services and how we build and run our stores, offices and logistics. We need to collaborate more between businesses and functions as well as with external partners, and to increase workforce diversity and engagement. This will reduce costs, create more resilient supply chains and help us to attract and retain the best people.



Key figures

17%

cut in energy intensity since 2010/11

92%

of timber and paper products responsibly sourced

21%

of senior managers are women

A changing world

Economic trends: Growing competition for resources could mean rising energy and materials costs over the long term

Social trends: The communities we operate in are affected by challenges such as rising inequality and youth unemployment

Environmental challenges: Energy use from fossil fuels a major contributor to climate change; Deforestation and depletion of natural resources; Environmental impacts from waste and chemicals

Business opportunities:

- Savings from energy efficiency and waste management
- Access to new and more resilient supply chains of responsibly sourced and recycled materials
- Investing in people and recruiting a diverse workforce gives us access to a wider talent pool

We are focusing on strategic raw materials and areas of significant cost to the business. We aim to take a systematic approach and find solutions that benefit the business while reducing our environmental impact.

Better, greener buildings

We are adopting sustainable design principles and investing in renewable energy. This helps us to create stores that are more attractive and comfortable for our customers and colleagues.

We test out sustainable approaches to building design, construction and operation at 'learning stores' in each of our businesses. All new building and refurbishment projects must show a tangible improvement in carbon intensity against our blueprint baselines. We focus on areas where we can have the biggest impact. For example, lighting typically accounts for over half of store energy use. We can make significant reductions by rolling out LED technology which is approximately 40% more efficient than the



Apprenticeships for all at Brico Dépôt France

Brico Dépôt France's work experience and apprenticeship programme enables students to gain valuable business experience while completing their studies.

Brico Dépôt reaches out to a wide range of schools and universities to recruit its apprentices. Almost 300 people took part in the programme during 2014/15, equivalent to 4.6% of its workforce.

The company relaunched its recruitment materials and website during 2014 to profile the diversity of its workforce and encourage job applications from more women and people of all ages and backgrounds.

next best solution. To date we have installed LED lighting in 15% of the estate. This is delivering £3 million in savings per annum.

Alternative energy

We established a renewable energy strategy for the business this year, which identifies opportunities to reduce costs and emissions while improving energy security. We are focusing initially on solar photovoltaic generation, but will be exploring other renewable technologies to find solutions best suited to different locations and markets, including biomass and ground-source heat pump technologies.

Following our first project at Screwfix (see page 14), we are evaluating further projects at UK distribution centres, data centres and stores and exploring opportunities in other markets.

Sustainable sourcing and waste

Working towards our targets will help us to secure affordable and reliable supplies of vital raw materials and reduce costs associated with waste. We need to work both in our business and with our partners, undertaking advocacy work to catalyse wider change.

On timber, we have reached 92% responsible sourcing for our timber and paper products, and are increasingly working with suppliers to address other areas such as packaging. Our businesses

Green design at Merthyr Tydfil

B&Q's new store at Merthyr Tydfil is the first retail store in the UK to use a transpiring roof, which harvests heat from the sun to warm the store's interior.

It also incorporates a green sedum roof, rainwater harvesting and LED lighting, and 100% responsibly sourced timber was used in construction. B&Q worked closely with the landlord to agree best practice sustainability targets for the building.

Business benefits:

- Lower energy, gas and water bills

Sustainability benefits:

- Designed to significantly reduce gas used for heating and CO₂ emissions
- Around 50% of water used expected to be provided by rainwater harvesting
- 90% of construction waste diverted from landfill
- Green roof will provide a habitat for plants and wildlife





We are working towards 100% responsibly sourced timber in all our operations by 2020. In our products we have already reached 92%. Our companies are also working with partners to improve forested areas. For example, in Spain Brico Dépôt has launched five projects focused on improving forest biodiversity and engaging communities in conservation.

are investing in projects to improve or increase forested areas. This is part of our aspiration to create more forest than we use, and will also open up new sources of sustainable timber. Outside the business we are working with partners such as the Forest Stewardship Council (FSC) and WWF. To demonstrate the positive impact of certification and to encourage more businesses to source certified timber, we formed a new partnership with FSC, IKEA, Tetra Pak and ISEAL in 2014, known as VIA (Verification Impact Analysis). This will establish a credible methodology for measuring the impact of FSC certification.

Our businesses are achieving results by rethinking standard business processes. For example, Screwfix has achieved zero waste to landfill from its stores and distribution centres by reorganising waste management. Waste is now sorted at stores and transported in Screwfix's own delivery vehicles back to its distribution centre. Here, recyclables are extracted and non-recyclables used for energy-from-waste. This has saved the business £1.26 million over two years and resulted in over 10,600 tonnes of materials being recycled.

Investing in our people

We employ over 79,000 people. We aim to create great workplaces and to be an employer of choice in our sector.

We encourage an inclusive culture and aim to reflect the diversity of our customer base. This gives us access to a wide range of skills, experience, perspectives and leadership styles. It enables us to better connect with customers, understand their needs and deliver great products and services. Our two priorities are improving gender balance at all levels of the business and supporting young people to develop their careers with us.

To achieve balanced representation of men and women among our senior leaders, we are focusing on increasing the participation of women in development programmes, increasing female candidates in succession planning and raising the visibility of our female leaders.

Our companies run internships, apprenticeships and graduate programmes to bring more young people into our workforce and to help them to develop their skills and capabilities and to share their expertise and enthusiasm with our customers. Brico Dépôt France's apprenticeship and work experience programme is one example, see page 13.

Read more

Further information on our approach will be in our full Sustainability Report published in June 2015. See: www.kingfisher.com/netpositivereport



Alternative energy at Screwfix

The Screwfix head office is one of our first UK locations to tap into solar power. Its head office building is expected to generate 214,000kWh of clean energy a year, thanks to the installation of solar PV panels.

The panels will supply up to 14% of the site's overall electricity requirements and save the business £40,000 a year. We are using the lessons learned from this project to expand our renewable energy generation in the UK and other markets.

Business benefits:

- £40,000 annual saving including reduced energy costs
- Provides up to 14% of the site's energy needs

Sustainability benefits:

- Will reduce carbon emissions by 106 tonnes a year



Pascal Gil
CEO, Brico Dépôt Iberia

“Having a sustainable home should be an affordable reality for everyone.”

We aim to lead the market on sustainability, enabling our customers to create efficient and sustainable homes at the best price. In our business we want to create buildings that are zero cost in terms of energy and waste, both financially and environmentally.

Sustainability isn't optional – it is a core business issue. Take the challenge of deforestation. This is not only a potential environmental and social disaster but also an economic threat to our business, undermining the security of timber supplies.

We already have many great initiatives – we are getting close to 100% responsibly sourced timber in our products, and have implemented projects to restore and improve forests near to our stores. But we need to scale these up and go further, making sustainability more visible and relevant to our customers and drawing on the power of our people to achieve our goals.

My priority in the year ahead is to keep raising the profile of sustainability in our business and to work with our partners to take our efforts to the next level.



Andrew Livingston
CEO, Screwfix

“At Screwfix, sustainability is integral to our long-term strategy of achieving convenience, value and unrivalled product leadership for our customers.”

For many years we've been working to improve our environmental performance and investing in our communities, and are proud of achievements such as reaching zero waste to landfill and launching the Screwfix Foundation. But we want to go further.

We launched 'True to our Trade' this year, our implementation plan for delivering on our Net Positive targets. It makes it clear to our customers, employees and suppliers

exactly why sustainability is so important to us. It is raising the profile of sustainability internally and helping us integrate it into the day-to-day running of our operations. This will support better decision making and help us to future proof our business.

We have a very engaged and responsive workforce who are passionate about what we do. With 'True to our Trade' we will harness their commitment to achieve our sustainability goals, feeding our people's imagination and inspiring us all to find inventive, creative and sustainable solutions that are better for our customers, our business and the planet.



Sally Uren
Chief Executive, Forum for the Future and Chair of our Advisory Council

“The ambition is still bold, and performance is better. That's the top line conclusion for me in reading this Net Positive Review.”

An in-coming CEO can often mean a change in attitude towards sustainability; not so in Kingfisher. Véronique Laury signals a clear commitment to make sustainability core to everything Kingfisher does, making a positive impact on people's lives and society more broadly.

And this Review tells a strong story of better; better products, such as Respiréa paint, which reduces indoor air pollution; better stores, such as the new B&Q store in the UK which is the first retail store in the country to use a transpiring roof, which in turn harvests heat from the sun to heat the store's interior; and of course better lives for the millions of Kingfisher customers; saving customers an estimated £600 million through sales of energy efficient products makes for better energy bills.

Performance in key areas, for the most part, is also better. Performance in sourcing timber responsibly remains strong. Kingfisher uses timber in 40% of its products, which means sourcing 92% of its total timber from responsible sources is a significant achievement. Governance has also been strengthened with the creation of a Group Sustainability Committee, comprised of representatives of the Group Executive and senior leadership from all Kingfisher operating companies.

Reducing the overall carbon footprint, however, remains a challenge; whilst carbon intensity has improved by 14% against the baseline, absolute carbon emissions increased by 3% year on year. Both these metrics need to go on a downwards trajectory.

Going forward, then, to deliver the bold ambition of Net Positive, the Kingfisher narrative needs to be one of integration and innovation, as well as better. Integration of sustainability into every decision, every action is essential. And innovation is key to delivering solutions to challenges such as decoupling commercial growth from environmental footprint. Innovation is also a prerequisite for the business as it navigates a rapidly changing retail environment, where new retail models, such as the sharing economy, are gaining traction, fast, and where the pathways to value creation for a multinational look very different.

However, for me, Net Positive remains the strategy for unlocking better homes and better lives, and ultimately a better business.



Performance summary

We have set challenging targets for 2020 to keep us focused on our Net Positive ambitions and stimulate innovation in our products, services and business processes. Here we summarise our progress on a selection of our key performance indicators. A full update against our 50 targets will be included in our Net Positive Report published in June. See www.kingfisher.com/netpositivereport

During 2014/15, we made progress across our Net Positive priorities. We reached our 2016 milestones for timber and energy intensity ahead of schedule and are on track to reach those for customer energy and eco products. Further work is needed in the area of communities and we need to increase the rate of change if we are to reach all our 2020 targets.



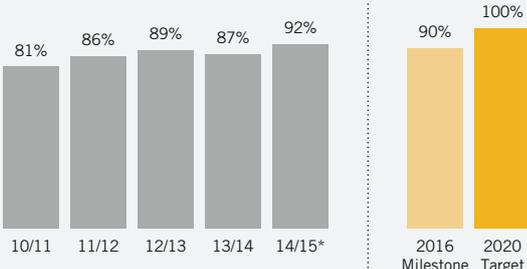
Timber

Achieved
milestone

We reached 92% responsibly sourced timber and paper products ahead of our 2016/17 milestone. B&Q UK is already at 100% and a further four companies are over 90%. We are increasingly focused on responsible timber sourcing in other areas of our business, including packaging and construction.

Responsibly sourced timber products

% of timber sold (by volume) responsibly sourced



Year	10/11	11/12	12/13	13/14	14/15*	2016 Milestone	2020 Target
Value	81%	86%	89%	87%	92%	90%	100%



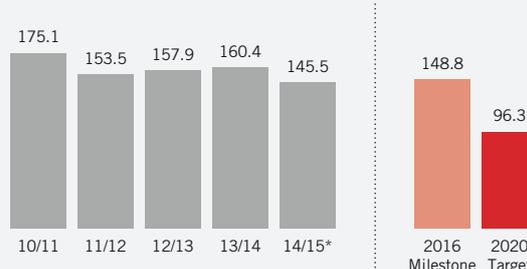
Energy

Achieved
milestone

We have reduced the energy intensity of our property portfolio by 17% since 2010/11, through measures such as installing energy efficient lighting. We have met our 2016/17 milestone two years ahead of schedule, but have more to do to reach our 45% reduction target for 2020/21.

Property portfolio energy intensity

kWh/m² reported floor space



Year	10/11	11/12	12/13	13/14	14/15*	2016 Milestone	2020 Target
Value	175.1	153.5	157.9	160.4	145.5	148.8	96.3



Our carbon footprint

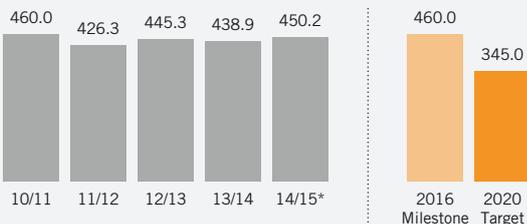
On Track
to milestone

We have reduced our absolute greenhouse gas emissions from property energy use, dedicated delivery fleets and business travel by road by 2% against our 2010/11 baseline. However, emissions increased 3% year on year due to an increase in electricity consumption, updates to emission conversion factors and the inclusion of data for our Romanian business.

Achieving our target for a substantial reduction in our absolute greenhouse gas emissions will be very challenging as our business grows. However, we have achieved a 14% reduction in carbon intensity (kg CO₂ equivalent/m² floor space) since 2010/11.

Absolute carbon footprint

thousand tonnes CO₂ equivalent



Year	10/11	11/12	12/13	13/14	14/15*	2016 Milestone	2020 Target
Value	460.0	426.3	445.3	438.9	450.2	460.0	345.0



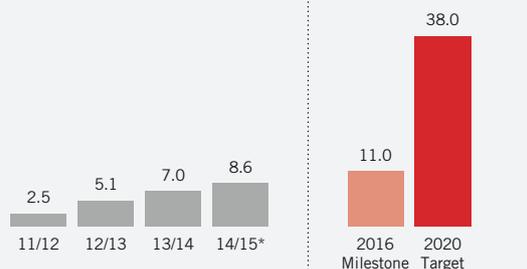
Customer energy

On Track
to milestone

Our customers are now saving 8.6 TWh of energy every year, from the energy-saving products and services they have purchased from us since 2011/12. We are on track to meet our milestone but have significant work to do to reach our 2020/21 target.

Customer energy saving

Estimated annual saving (TWh) from products purchased from us since 2011/12



Year	11/12	12/13	13/14	14/15*	2016 Milestone	2020 Target
Value	2.5	5.1	7.0	8.6	11.0	38.0



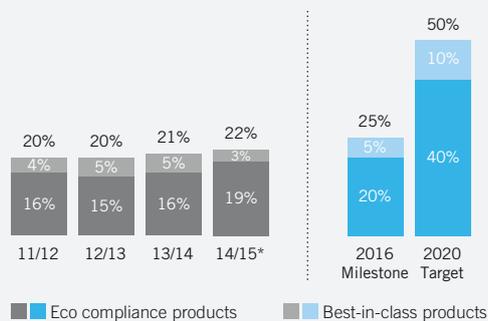
Innovation

On Track
to milestone

Eco product sales were worth £2.4 billion in 2014/15, an increase from £2.3 billion the previous year. This is equivalent to 22% of total sales.

Sales of best-in-class eco products, our most innovative products and services, were worth £375 million, 3% of sales. This is a drop from 5% the previous year. This reflects work undertaken during the year to review and strengthen our definition of best-in-class eco products. This will ensure we only include the most innovative and industry-leading products in this category.

Products with eco credentials % of retail sales



Our people

Female representation remained fairly static during the year, with a slight decline in senior management and a small rise among all management positions. During 2014/15, women made up 40% of the Kingfisher Board.

Gender diversity (% female representation)

	10/11	11/12	12/13	13/14	14/15*
Total workforce	40	40	40	39	40
Senior management	17	19	21	22	21
All management positions	29	29	30	29	30

Senior managers covers directors and heads of department (401 full time equivalent employees)



Communities

Not On Track
to milestone

Our companies have supported 805 community projects since 2012/13. This is an increase from 530 in 2013/14; however, at our current rate of progress we are not on track to reach our milestone of 1,500 by 2016/17. We are reviewing our communities strategy to address this, to increase the impact of our investment and to prioritise areas that are most relevant to our home improvement expertise, our Net Positive ambitions and the core challenges facing society.

805*
community projects
supported since 2012/13.



Note on data

Timber data was collected from operating companies and joint ventures which accounted for 95% of the Group turnover in 2014/15 (94% or higher in previous years). Our property energy data covers our stores, offices and other buildings (e.g. distribution centres). We report data for energy use in other buildings in cases where we own/ operate the building or directly pay the energy bill. Haulage data was collected from our three operating companies that use dedicated store delivery fleets and four operating companies that use dedicated home delivery fleets. Data on sales of products with eco credentials excludes our Koçtaş joint venture. Gender diversity data is for full-time equivalent employees (FTEs).

Read more in our Data Collection Methodology, www.kingfisher.com/netpositivereport

Note on assurance

The 2014/15 data in the charts in this Performance Summary section marked with the symbol * form part of the scope of work we have engaged KPMG LLP to provide independent limited assurance over as part of their Net Positive assurance engagement, which is conducted between December 2014 and June 2015. As at the date of this report, KPMG LLP have not completed their work but have not made us aware of any significant findings to date that would cause us to believe that this data is not properly prepared, in all material respects, in accordance with our reporting criteria. Our reporting criteria are available on our website at www.kingfisher.com/netpositivereport. KPMG LLP's independent limited assurance opinion will also be available there once their work is complete and when we publish our 2015 Net Positive Report in June 2015.



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castorama



SCREWFIX



About our reporting

This Review summarises our progress against a selection of our key Net Positive targets during 2014/15. Our full Sustainability Report will be published in June 2015, and will provide an update on progress against all our 50 targets. We also explain the financial, economic, social and environmental value our business creates over both the short and long term in our more integrated Annual Report for investors.

Read the full Net Positive Report, our detailed performance data and assurance statement at www.kingfisher.com/netpositivereport.

Find out more about Kingfisher and sustainability:

Annual Report and Accounts – www.kingfisher.com/AR14-15

B&Q UK One Planet Home – www.diy.com/eco

Castorama France Corporate Responsibility – www.castorama.fr/store/pages/rse-home.html

Get in touch

We'd love to know what you think about Net Positive and sustainability at Kingfisher.

Get in touch at netpositiveconversation@kingfisher.com



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