



Kingfisher Corporate
Responsibility
Summary Report 2011/12
Net Positive



ZERO ISN'T ENOUGH...

INTRODUCTION

At the start of 2012 we announced our new sustainability plan, Becoming Net Positive. It establishes our aim to give back more than we take; to seek to make a positive contribution to the world's future by having a net positive impact as a business.

Net Positive builds on our history of responsibility, starting when B&Q UK was a founder of the Forestry Stewardship Council in the 1990s. Net Positive sets aspirations and goals within a bold new strategy that will take us through to 2020 and beyond and is central to how we evolve as a business.

It opens up new challenges and opportunities for us, such as creating new business models and innovations that reuse resources. As a first step, we will concentrate on four key areas which are our focus for sustainability: timber, energy, innovation and communities.

Net Positive takes us on a journey that involves all of our 80,000 employees across all of our operating companies. We recognise that the

goals are ambitious so we are also working with many stakeholders for feedback, advice and input. We encourage collaboration with our sector, with NGOs and the government to reach our 2020 goals.

We believe that we can really make a difference and have already started on this journey. Our Corporate Responsibility Report 2011/12 details our progress so far, based on new targets called our Foundations. We aim to be open about both the achievements and the challenges that we face along the way. Net Positive is an exciting ambition and gives us an opportunity to start to affect both our immediate communities and the broader world in which we operate.



Ian Cheshire
Group Chief Executive

ZERO ISN'T ENOUGH, NEUTRAL ISN'T ENOUGH. BETTER MEANS DOING MORE GOOD, NOT JUST LESS BAD.

CHANGING OUR BUSINESS TO BE NET POSITIVE

Creating a Net Positive business

Our ambition to become Net Positive is a long-term vision that will take us well beyond the life of the current 2020 plan.

Net Positive focuses Kingfisher on four priorities: timber, energy, innovation and communities – areas of our business where we believe we can have the most impact. These were agreed at Kingfisher's international management conference in June 2011 and each is expressed as a global vision, an aspiration for Kingfisher's contribution to that vision, and a key 2020 target.

Recognising the importance of tangible day-to-day activity in driving towards long-term ambitions, we have created a set of clear targets for the business within these priority areas. We have also set out 50 specific targets – called Foundations – to support Net Positive. These Foundations set out an ambitious programme of action, across the whole Group, that contribute to our Net Positive ambition.

We have been working with several partners including Forum for the Future, the leading sustainability non-profit organisation, to develop our Foundations targets and will be extending our partnership in 2012 as we implement our strategy. We are proud that we are now one of their Pioneer partners.

Our first year of Foundations

This is the first year of working towards our new Foundations targets. The targets start from 2011/12 and last through to 2020, but also include some 2015 milestones to ensure our progress is suitably structured over the long-term. However, they build on the progress already achieved in our previous programme, called Steps, which ran from 2005 to 2011.

A number of environment targets existed from our previous corporate responsibility programme that ran from 2006/07 through to 2011/12. These covered our carbon footprint, energy intensity, waste and transport. We have now achieved or exceeded all of these so we have set new targets on these issues to take us to 2020.

Our businesses now complete our Foundations questionnaire, twice a year, to track progress against our targets. This year, we have reported on all of our Foundations scores in our new Corporate Responsibility Report which can be accessed from the Kingfisher Net Positive website www.kingfisher.com/netpositive

What Net Positive means for those close to our business

Net Positive marks the next phase of our growth. It is the eighth pillar of our new corporate strategy, 'Creating the Leader' in our industry. However, we recognise that we cannot do it alone.

Our challenge is now to inspire collaboration with multiple stakeholders including NGOs, customers, suppliers and government to reach our targets. This means we will engage in the following ways:

- We help customers to have better homes, better lives – such as by reducing energy bills and creating warmer, energy efficient homes.
- We will bring suppliers with us by exploring new ways to work together. For example, we are working on a feasibility study with Henkel to recycle disused polypropylene for grout and adhesive products.
- We continue to work with governments and our sector to help accelerate sustainable growth. For example, we are working with the UK government towards our long-term vision to make every home zero carbon or a net energy generator, by offering energy-efficient products and encouraging behaviour change in energy efficiency.
- We must inspire our 80,000 employees to participate in helping us reach our Net Positive goals.

2020

OUR AMBITION TO
BECOME NET POSITIVE
IS A LONG-TERM VISION
THAT WILL TAKE US WELL
BEYOND THE LIFE OF THE
CURRENT 2020 PLAN.



OUR FOUR KEY PRIORITY AREAS

TIMBER

Our Net Positive global vision for timber is to achieve 'net reforestation' by **ACTIVELY CONTRIBUTING TO REFORESTATION** and **LOOKING AFTER OUR FORESTS.**

OUR ASPIRATION IS TO CREATE MORE FOREST THAN WE USE.

In 2011, B&Q UK & Ireland was the first major retailer to purchase 100% of its timber products from forest sources independently verified as well managed. Castorama France and Brico Dépôt France were recognised in an independent ranking by WWF France as two of the top three suppliers of sustainable timber in France. Brico Dépôt Spain won the Cemex Foundation's 'Sustainable Supply Chain' Award for their work with Kingfisher on responsible timber sourcing.

ENERGY

Our Net Positive global vision is that **ALL HOMES ARE ZERO CARBON** or **NET GENERATORS OF ENERGY.**

OUR ASPIRATION IS THAT EVERY KINGFISHER STORE AND CUSTOMER'S HOME IS ZERO CARBON OR GENERATES MORE ENERGY THAN IT CONSUMES.

In 2011, we have been working on energy reduction across all of our operating companies, within Kingfisher and also in our customer offers and communications. We estimated that our customers saved 2,513 million kWh of energy in the year through the use of our energy-saving products and services – equivalent to creating 130,898 energy-efficient homes. We also made a £10 million investment in the UK in 2011 to build our Future Homes business. This is designed to fulfil government initiatives, such as the UK's Green Deal, to reduce carbon emissions and cut the cost of living.

INNOVATION

Our Net Positive global vision is that **CREATING AND USING PRODUCTS WILL WASTE NOTHING.**

OUR ASPIRATION IS THAT EVERY KINGFISHER PRODUCT WILL ENABLE A MORE SUSTAINABLE, AND ULTIMATELY NET POSITIVE LIFESTYLE.

In 2011, we continued our research with the Ellen MacArthur Foundation into 'closed loop' products – that is, products that are in perpetual reuse – and have also been exploring ways in which materials can be reused to preserve resources and increase their value. We also launched 11 Kingfisher product brands across all of our operating companies and are now working on applying a common approach to embedding sustainability across our own brands.

COMMUNITIES

Our Net Positive global vision is for **BUSINESSES TO HELP PEOPLE TO HELP EACH OTHER.**

OUR ASPIRATION IS THAT EVERY KINGFISHER STORE AND LOCATION SUPPORTS PROJECTS WHICH WILL BUILD LOCAL COMMUNITIES AND EQUIP PEOPLE WITH SKILLS.

In 2011, our operating companies took part in a number of programmes supporting people in the communities in which we operate to develop skills that benefit their homes and lives. For example, B&Q China planted trees in shared community spaces while Castorama France launched a community skills swapping site in 2011, called Les Troc'Heures.



OTHER ISSUE AREAS

EMPLOYEES



We have nearly 80,000 employees across the Kingfisher Group (as of April 2012). Our targets within this area cover sustainability issues from employee engagement and equality & diversity to training, health and safety.



2011 highlights:

- In 2011, a Gallup employee survey was conducted across the Group to help each company gain insight into what matters to our employees. Each team leader is then responsible for creating a plan to improve employee engagement.
- We continued to educate both customers and our employees on eco products and energy saving products. Employee sustainability campaigns included focusing on ways to live more sustainably, such as car sharing schemes and reducing in-store energy consumption.
- We rewrote the Kingfisher Code of Conduct for our employees and suppliers to be integrated with our core business strategy and day-to-day working lives. The Code of Conduct underpins our ethics and values as a company.



SUPPLIERS AND PARTNERS



2011 highlights:

- We continue with our ethical supply checks in factories and have introduced a Foundations target to reduce carbon within our factories. Two suppliers of the Kingfisher Sourcing Organisation in Hong Kong achieved a gold environmental standard working with KSO and WWF in 2011.
- We are working to set up a system that better aligns the actions and monitoring within our supply chain across the Group. The launch of our 11 common brands in 2011 will help us build a common standard across the Group.
- We are working on various partnerships at country level to help increase the supply of sustainable timber, working with NGOs including WWF and Rainforest Alliance.

Maintaining a high standard of ethics and environmental conduct among our suppliers is central to the way our businesses operate. We are also committed to collaboration with other businesses, governments, NGOs and other stakeholders in all the countries in which we operate to promote sustainable living.



ENVIRONMENT



Our environmental performance is a core part of our overall performance in sustainability. Our Foundations targets for our businesses in this area include reporting upon our environmental impacts across transport, waste, packaging, water, chemicals, sustainable construction and peat.

2011 highlights:

- We recycled 65% of waste across our businesses, up from 63% the previous year. Some of our businesses offer customers a 'bag for life' and use funds to support community projects.
- Our target is to achieve a 20% reduction in our CO₂e emissions from our direct transport impacts from a 2010/11 baseline. Some of our tactics include switching to biofuels and reducing the distances covered by fleets – such as using double deck trailers.
- B&Q UK was one of the founding partners of the Growing Media Initiative (GMI), a scheme developed to encourage an increase in peat alternatives. Its peat reduction programme has enabled the company to achieve full membership of the Growing Media Initiative. It has stopped selling 100% peat bales and includes information on the peat content of all products.



TIMBER



B&Q UK promotes sustainable timber with Start UK

B&Q UK & Ireland worked with Start UK at a five-day Project Start event at Kew Gardens in London. Start UK is a charity set up by HRH The Prince of Wales to encourage sustainable living within the UK, and B&Q is a founder partner. At the event, B&Q employees talked to customers and families about its approach to sustainable timber and Forest Friendly timber to encourage sustainable purchases.



Brico Dépôt Spain regenerates cork forests

Brico Dépôt Spain is working to regenerate around 1,000 hectares of forest that has been damaged by fire. This includes attracting biodiversity back into the area, like bats which are a natural combatant against plagues and diseases. Employees from two stores placed bat boxes in the forest to facilitate good nesting for the bat population, increasing the forest's ability to respond to the caterpillar plague which is affecting cork forests.

100%

B&Q UK & IRELAND BECOMES THE FIRST MAJOR RETAILER TO PURCHASE 100% OF ITS TIMBER PRODUCTS FROM FOREST SOURCES INDEPENDENTLY VERIFIED AS WELL MANAGED.



ENERGY



The energy saving house of the future

B&Q UK & Ireland has transformed a terraced house in the South East of England into a super-sustainable home that is one of the UK's most energy efficient, using NASA technology. The home has a converted loft and solar hot water panels on the roof so that the house can produce its own hot water. It also has a garden-pod which is the energy hub of the home. B&Q's employees have site visits to the home to understand energy saving technologies and how they can benefit customers.

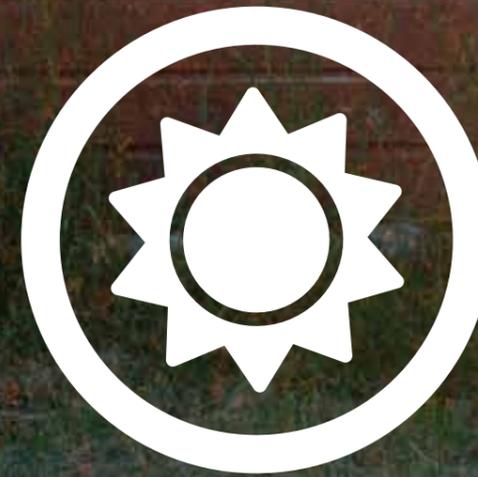
2,513 million



Energy saving across our businesses

Our operating companies have been involved in a number of energy saving initiatives within their stores, encouraging employees and customers to save energy. For example, Castorama France has built an online application where customers can develop their own insulation plans to save energy. Also, home insulation installation trials have been carried out at 31 B&Q UK stores. Other businesses, such as Brico Dépôt Spain and Castorama Russia are planning to include alternative ways of saving energy in their new stores.

IN 2011, WE HAVE ESTIMATED THAT OUR CUSTOMERS SAVED 2,513 MILLION KWH OF ENERGY THROUGH THE USE OF OUR ENERGY-EFFICIENT PRODUCTS AND SERVICES. THIS IS EQUIVALENT TO CREATING 130,898 ENERGY-EFFICIENT HOMES.



INNOVATION



Castorama France brings skills sharing to the web with Les Troc'Heures

Castorama France is encouraging online innovation within the community through its skills swapping website, 'Les Troc'Heures' (www.lestrocheures.fr). It is a free website that encourages people within a local community to share any skills they can offer, from DIY to dressmaking. In early 2012, the 'Les Troc'Heures' site had 3,500 members and over 1,000 swaps had taken place.



'Closed loop' research continues with the Ellen MacArthur Foundation

B&Q UK is working with the Ellen MacArthur Foundation to explore ways in which materials can be reused to preserve resources and increase their value. This 'closed loop' model enables us to reuse precious resources and avoid them being sent to landfill. For example, B&Q is working on a feasibility study with Henkel UK and a local UK council to recycle disused polypropylene containers for grout or adhesives.

COMMUNITIES



Playing our part in the community

Each of our businesses have community programmes that support local community groups and equip people with skills. For example, employees at B&Q China in Beijing have been planting trees to improve community-owned land near its stores. Castorama Poland has started in-store DIY classes for children in primary schools, called 'Majsterkowo' ('small DIY'). And Castorama Russia supports the Naked Heart Foundation, to help build children's playgrounds in the cities where its stores are located.



Screwfix supports male cancer charity, Everyman

Screwfix has used its primarily male dominated customer profile to support Everyman, a charity that focuses on ending male cancer. The partnership is aimed at the Screwfix customer or tradesman and people who work in the construction sector. To date, Screwfix has raised nearly £150,000 for Everyman.



33,000

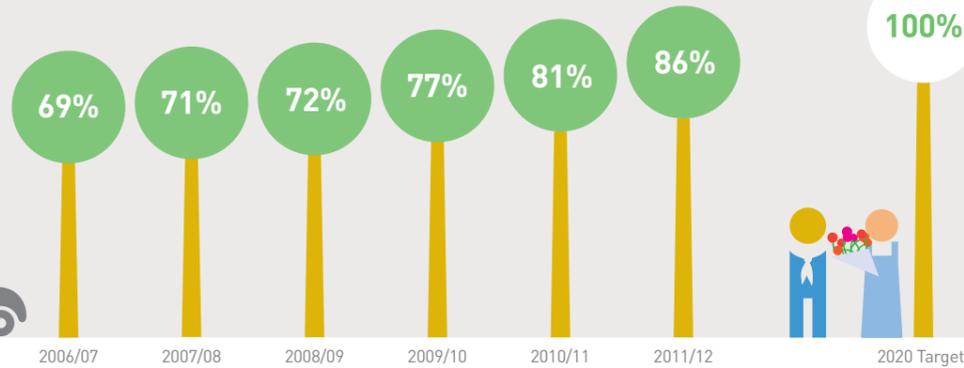
33,000 PRODUCTS WITH ECO CREDENTIALS AVAILABLE ACROSS THE GROUP. NEW PRODUCT INNOVATIONS INCLUDED CASTORAMA FRANCE'S BLYSSBOX HOME AUTOMATION SYSTEM WHICH CAN HELP CONTROL ENERGY CONSUMPTION.

4,000

OUR GOAL IS TO HAVE 4,000 LOCAL COMMUNITY PROJECTS ACROSS OUR OPERATING COMPANIES BY 2020. THAT INCLUDES HELPING PEOPLE LEARN NEW SKILLS.

TIMBER

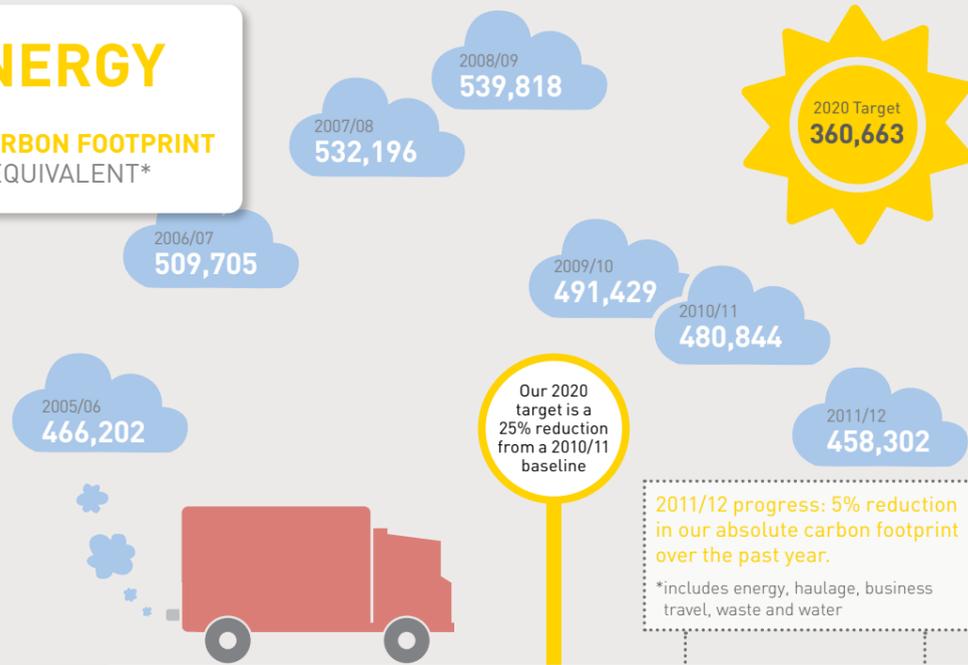
RESPONSIBLY SOURCED TIMBER
% OF REPORTED TIMBER VOLUME SOLD FROM PROVEN WELL-MANAGED FORESTS OR RECYCLED SOURCES



2011/12 progress: 86% responsibly sourced timber – a five point increase since the previous year.
Note: Timber data is collected in volume (m3) of roundwood equivalent (RWE).

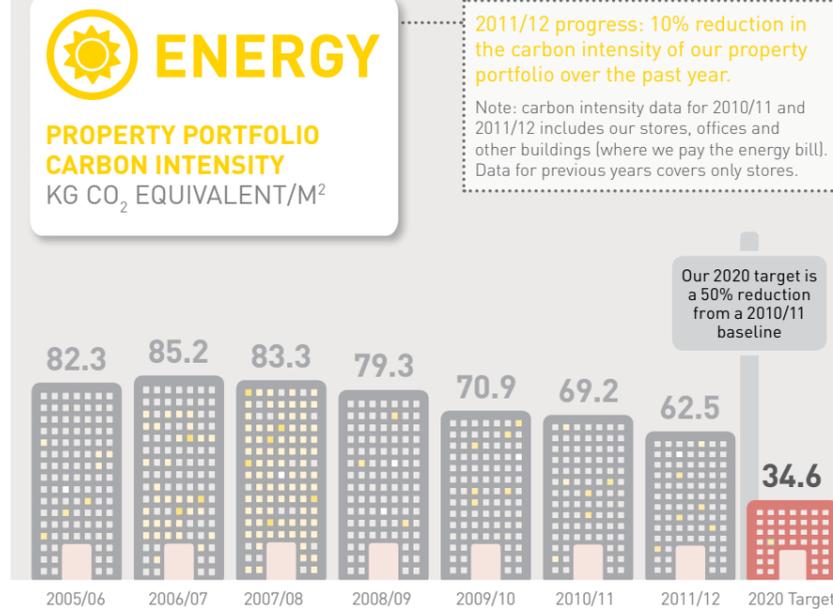
ENERGY

ABSOLUTE CARBON FOOTPRINT
TONNES CO₂ EQUIVALENT*



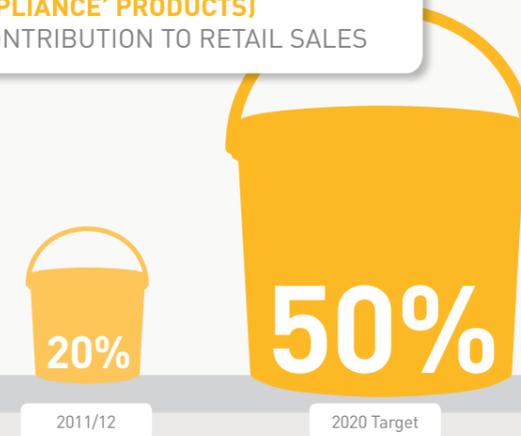
ENERGY

PROPERTY PORTFOLIO CARBON INTENSITY
KG CO₂ EQUIVALENT/M²



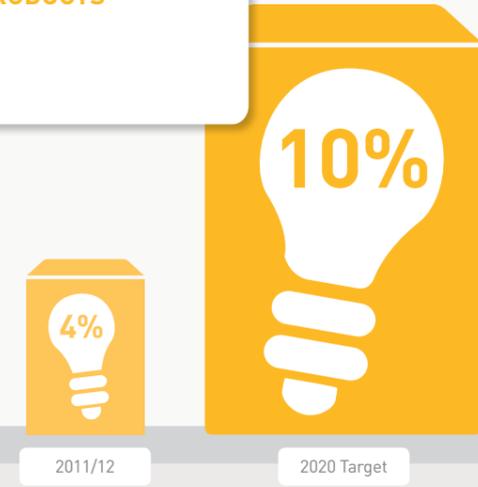
INNOVATION

PRODUCTS WITH ECO CREDENTIALS ('BEST IN CLASS' AND 'ECO COMPLIANCE' PRODUCTS)
% CONTRIBUTION TO RETAIL SALES



INNOVATION

INNOVATIVE ECO PRODUCTS ('BEST IN CLASS')
% CONTRIBUTION TO RETAIL SALES



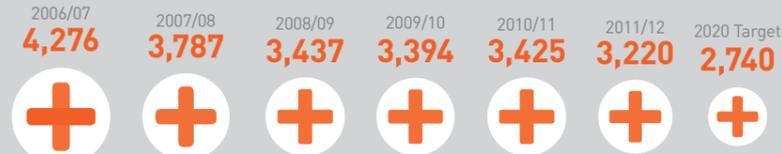
COMMUNITIES

COMMUNITY INVESTMENT
€ THOUSAND



EMPLOYEES

EMPLOYEE ACCIDENTS – MAJOR AND OVER THREE-DAY LOST-TIME ACCIDENT RATE
NUMBER PER 100,000 FULL-TIME EQUIVALENT EMPLOYEES

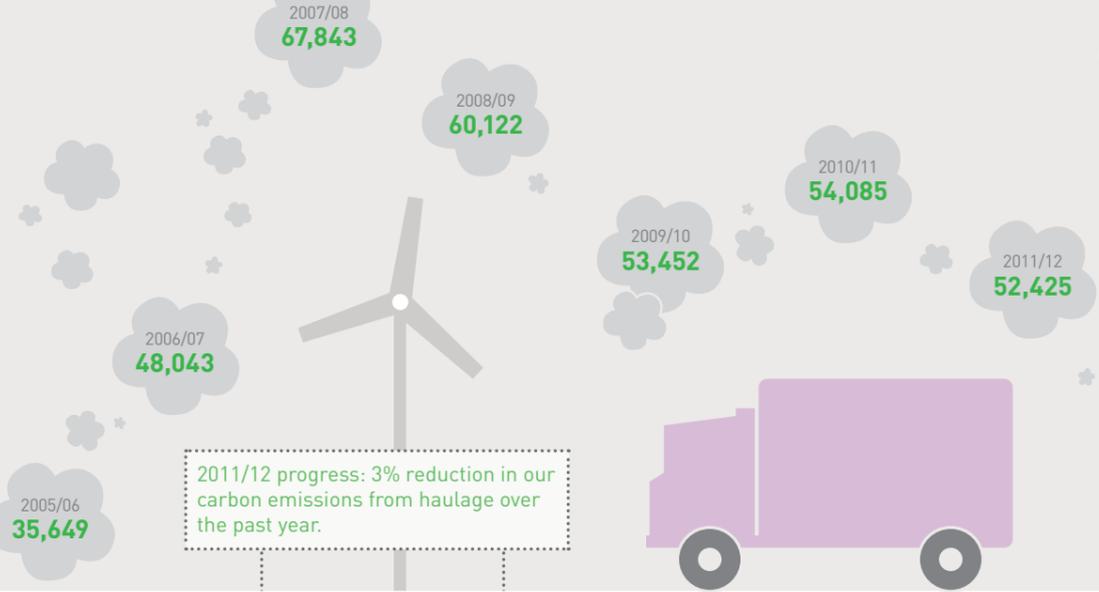


2011/12 progress: 6% reduction in the employee lost-time accident rate over the past year.

Our 2020 target is a 20% reduction from a 2010/11 baseline

ENVIRONMENT

HAULAGE – CARBON EMISSIONS FROM DEDICATED STORE DELIVERY AND HOME DELIVERY FLEETS
TONNES CO₂ EQUIVALENT

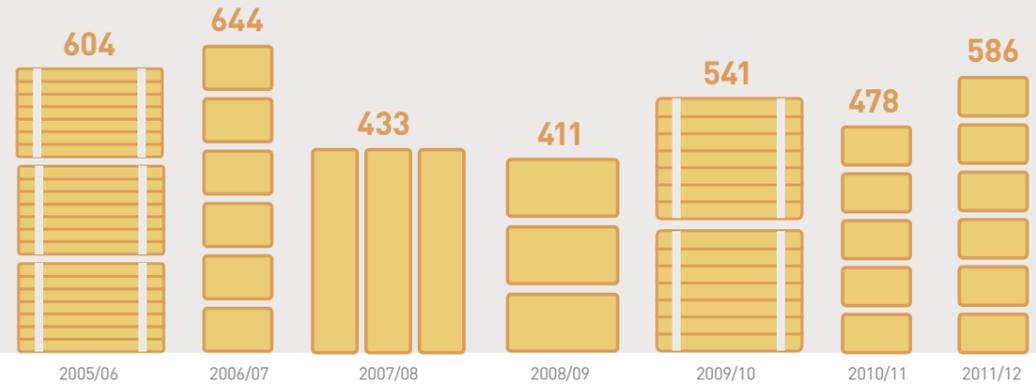


2011/12 progress: 3% reduction in our carbon emissions from haulage over the past year.

Our 2020 target is a 20% reduction from a 2010/11 baseline

SUPPLIERS AND PARTNERS

FACTORY AUDITS – KINGFISHER SOURCING ORGANISATION
NUMBER OF KSO FACTORIES THAT HAD ON-SITE AUDITS TO MONITOR COMPLIANCE WITH KINGFISHER'S ETHICAL AND ENVIRONMENTAL STANDARDS



2011/12 progress: The Kingfisher Sourcing Organisation audits all new factories and every factory is re-audited within three years. Data in the chart fluctuates each year depending on the number of new factories and the re-audit cycle.

WASTE RECYCLED

% OF WASTE RECYCLED



2011/12 progress: We recycled 65% of waste – a two point increase since the previous year. Waste recycled data for 2011/12 includes our stores, offices & other buildings. Data for previous years covers only stores.



**BETTER MEANS DOING
MORE GOOD, NOT JUST
LESS BAD.**

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Kingfisher's full CR Report is available at:
www.kingfisher.com/netpositive

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