



# RESPONSIBLE BUSINESS

12 months to 31 January 2022

22 March 2022



# Welcome & agenda

## Responsible Business update

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- Responsible Business highlights and heritage

### 2. Responsible Business strategy and governance

### 3. Responsible Business performance

- Priorities (Colleagues, Planet, Customers, Community)
- Fundamentals

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# Our Responsible Business highlights

We've made great progress on our Responsible Business priorities

## Colleagues

- 37.7% of managers and 25.2% of senior leaders are women (FY 20/21: 36.1% and 23.2% respectively).
- Each banner and Group function has an 'Inclusivity Action Plan', with targets that are linked to incentive plans.

## Planet

- Responsibly sourced 87.2% of wood and paper used in products and 100.0% of catalogue paper in FY 21/22.
- New 1.5°C carbon reduction targets, approved by the Science Based Targets initiative.

## Customers

- £5.8 billion of sales (44.1% of Group sales) from products that help customers create more sustainable homes in FY 21/22.

## Communities

- Helped over 1.5 million people with housing needs since FY 16/17 and on track to achieve target to help 2 million people by FY 25/26.
- In FY 21/22, we invested £4 million in our communities and our colleagues and customers raised an additional £2.8 million.

## Governance

- Responsible Business plan overseen by a Board-level committee.
- Policies are reviewed and approved annually by our Group Executive.

## Financing

- Entered into a £550m revolving credit facility agreement that is linked to Kingfisher's ambitious Responsible Business targets.



# We have a strong heritage in Responsible Business

**1993**

Founding partner of the Forest Stewardship Council® (FSC®) to help source responsibly managed wood.



**2010 & 2011**

B&Q awarded the 'Best Green Company' by The Sunday Times.



**2012**

Net Positive strategy launched, committing to a restorative impact by 2050.



**2018**

First net zero energy Screwfix outlet opened in Peterborough.



**2020**

Powered by Kingfisher strategy launched, Responsible Business a strategic priority. Partnership with Rainforest Alliance established.



**2022**

Helped over 1.5 million people across Europe with housing needs, doubled our ambition to help two million people by 2025.



**1998**

First UK retailer to label and cut VOCs in paint.

**2011**



**ELLEN MACARTHUR FOUNDATION**

Founding partner to the Ellen MacArthur Foundation, pioneering circular economy approaches.

**2017 SHELTER**



Partnered with the homeless and housing charity Shelter to help people who have experienced homelessness feel safe and secure.

**2019**



Set ambitious 2°C science-based targets approved by the Science Based Target initiative.

**2021**



1.5°C science-based target approved by the Science Based Target initiative.

# Our response to the Ukraine crisis

We offered aid for Ukrainian refugees with all retail banners across the Group working extensively with charities such as the Red Cross, who are supporting relief efforts.

Brico Dépôt Romania is fundraising and donating essential items. Castorama Poland has been fundraising and volunteering colleagues from local stores to help refugees.

Kingfisher has also made donations on behalf of the Group, and we are matching further donations from colleagues.

On 1 March, we took the decision to stop selling the limited number of products directly sourced from Russian and Belarusian suppliers across the Group.

With regards to indirect supply, we are engaging with our suppliers to ensure materials or components are no longer sourced from Russia or Belarus.

In September 2020, Kingfisher completed the sale of Castorama Russia to Maxidom, a Russian home improvement company. We have no more operations in the country, nor do we provide sourcing to Maxidom.



# Responsible Business strategy and governance

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# Our four Responsible Business priorities



## Colleagues

We will be a more inclusive company



## Planet

We will be Forest Positive and help tackle climate change



## Customers

We will help make greener, healthier homes affordable



## Communities

We will fight to fix bad housing

### Underpinned by our Responsible Business Fundamentals

Employee safety

Responsible sourcing

Waste & recycling

Ethical conduct

Cyber security & data protection

Tax governance & risk management

Public policy

Pensions

**Governance** Responsible Business Committee, stakeholder engagement and materiality

# Governance of Responsible Business

## Responsible Business Committee (RBC)

- Formed in 2020, the committee is chaired by a non-exec director (NED) and its members include Kingfisher's CEO, Chief Offer & Sourcing Officer, Chief People Officer, another NED, and Screwfix's CEO.
- Meeting at least twice a year, the RBC leads and oversees delivery of how we operate as a responsible business.

## Company bonus and incentive ESG measures

- From FY 22/23, we are integrating Responsible Business measures into our long-term incentive plan (known as the Kingfisher Performance Share Plan), which will be granted to members of our senior leadership team.

## Risk management

- Significant risks are included in our Responsible Business risk register. The register is reviewed and updated annually.
- Policies are reviewed and approved annually by our Group Executive.
- Key policies are published on our website.



# Industry-leading reporting

We use best practice standards to inform reporting and perform strongly in external benchmarks

## Frameworks and standards



## External benchmarks

- CDP Climate Change received a rating of A-
- Workforce Disclosure Initiative received score of 71%, above the sector average of 68%
- MSCI-ESG rating of AAA for our ability to manage ESG issues
- On Sustainalytics, we rank 1st out of 39 in home improvement retail and 2nd out of 453 in the wider retailing industry
- Listed in FTSE4Good Index with a rating of 4.6 out of 5
- ISS ESG corporate rating of C+ ('Prime' status)



# Responsible Business performance

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# We are becoming a more inclusive company

## Colleagues



## Targets

- Improve gender balance to 35% women in senior leadership and 40% women in management FY 25/26.
- Provide five million hours of skills for life learning by FY 25/26.

## Performance

- 37.7% of managers and 25.2% of senior leadership are now women (FY 20/21: 36.1% and 23.2% respectively).
- Colleagues completed over 2.2 million hours of training during FY 21/22.
- Almost 9,000 colleagues became shareholders through our new '1+1 Sharing In Our Future' share plan.
- Each of our banners and Group functions has an 'Inclusivity Action Plan', with targets that are linked to incentive plans.



# Creating a diverse culture that inspires growth

## Colleagues – *in action*

- As part of our Group-wide Inclusion and Diversity strategy we are creating opportunities to develop more inclusive leaders, including carrying out over 2,500 hours of inclusive leadership training, creating platforms for diverse employee voices, improving gender representation across our business and gaining deeper insight into minority and marginalised groups.
- In the past year 16 affinity networks have launched across the Group and Banners, including chapters for LGBTQ+, Gender, Race and Culture, Disability, Parents and Veterans.
- These networks provide a support forum for colleagues to share experiences and ideas with each other and our leadership and organise events and activities around key celebrations such as Black History Month, Pride, International Day for People with Disabilities, International Women's Day, and Religious festivals.



# We will be Forest Positive and help tackle climate change

## Planet



## Targets

- 100% responsibly sourced wood and paper for our products and catalogues by FY 25/26.
- Achieve our approved science-based carbon reduction target by FY 25/26.
- Become Forest Positive by FY 25/26.

## Performance

- Responsibly sourced 87.2% of wood and paper used in products and 100.0% of catalogue paper in FY 21/22.
- Announced new 1.5°C carbon reduction targets, approved by the Science Based Targets initiative: Reducing Scope 1 and 2 emissions by 38% by 2025 compared to FY 16/17 and reducing Scope 3 from the supply chain and customer use of products by 40% per £million of turnover by 2025 compared to FY 17/18.
- Founder member of the Rainforest Alliance's 'Forest Allies' initiative and supporting forest projects in Indonesia, Peru, Columbia, Guatemala and Cameroon.



# Partnering with the Rainforest Alliance

Creating more forests than we use – *in action*

- Forest communities and indigenous people play a vital role in protecting forests around the world. If we are to restore forests, halt deforestation and forest degradation, we need to work in partnership with local people to create long-lasting change.
- We are a founding member of the ‘Forest Allies’ initiative of the Rainforest Alliance.
- Through our partnership with the Rainforest Alliance, we are investing in projects which will have a positive impact on tropical forests and their communities, including over 7,000 people and over 300,000 hectares of forest.



# Reducing our operational emissions

Tackling climate change – *in action*

- In FY 21/22, we reduced our carbon footprint for our own operations (Scope 1 and 2 emissions) by 24.5%, against a FY 16/17 base year.
- Actions during the year included further roll out of LED lighting, converting a further 102 stores in the UK to air source heat pumps, and installing PV panels and biomass boilers at selected locations.
- We are using 100.0% low-carbon electricity across the UK, France, Poland and Iberia.



# We help make greener, healthier homes affordable

## Customers



## Target

- 60% of Group sales to be from our Sustainable Home Products (SHP) by FY 25/26. This includes 70% of our own exclusive brand (OEB) products sales to be from SHP.

## Performance

- In FY 21/22, £5.8 billion of sales, representing 44.1% of Group sales (FY 20/21: 42.2%) were from SHP.
- In FY 21/22, 54.7% OEB product sales were from SHP.
- Have set up a new ambitious target to FY 25/26.
- Leading the market in moving towards 100% peat-free compost, removed solvents from further paint lines, integrated recycled plastic into more furniture and tools, and increased the longevity of some hand tool ranges.



# Helping customers recycle more

## Customers – *in action*

- Since 2015, Castorama France has been selling 'Métisse' insulation – an ordinary looking product, with a big sustainability story.
- Made from unwanted old clothes, Métisse is manufactured by Le Relais, a social enterprise, helping disadvantaged people into work.
- Our customers can donate their old clothing at Le Relais clothing banks found in many Castorama France car parks to be made into insulation.
- We launched a major campaign in 2021 to inform our customers about Métisse and to encourage them to recycle their old jeans.



# We will fight to fix bad housing

## Communities



## Target

- Help more than two million people whose housing needs are greatest by FY 25/26.

## Performance

- In FY 21/22, we invested £4 million in our communities, and our colleagues and customers raised an additional £2.8 million.
- We reached over 800,000 people through our charitable partnerships and banner Foundations.
- This brings our total to over 1.5 million people helped since FY 16/17.
- We established charitable foundations in all banners and partnerships with national charities (e.g. Shelter and MacMillan in the UK, Fondation Abbé Pierre in France and Habitat for Humanity in Romania and Poland).



# Helping two million people with housing needs

Communities – *in action*

- Through charity partnerships, we have supported projects that range from helping families with home repairs, to renovations for rehousing projects and teaching people essential DIY skills.
- As a result, we have now surpassed our original target to help one million people by FY 25/26.
- We have doubled our ambition and now aim to help two million people by FY 25/26.



# Our Responsible Business Fundamentals (1/2)

The areas we continue to measure and manage to ensure we are a Responsible Business

## Fundamentals

### Safety at work



### Responsible sourcing and human rights



## Performance

- We have Group health and safety management standards 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 and near misses, allowing us to identify root causes and reduce safety risks. A Health & Safety dashboard summarises performance at each retail banner and is reviewed quarterly by the Group Executive and the Board.
- Our Modern Slavery Working Group oversees due diligence and disclosure on human rights and modern slavery. Its action plan includes internal training, supplier training, supplier ethical risk assessment and audit.
- We are working to raise standards on the environment, labour practices, and human rights in our supply chain.
- We work with a range of partners to address human rights and modern slavery risks including Slave Free Alliance, a victim focused social enterprise, as well as experts in the field of responsible recruitment such as Elevate.

# Our Responsible Business Fundamentals (2/2)

The areas we continue to measure and manage to ensure we are a Responsible Business

## Fundamentals

### Waste and chemicals



### Ethical conduct



## Performance

- We are committed to achieving zero waste to landfill and increasing recycling. In the UK and France, these policy commitments are integrated into the contracts with waste management partners.
- We are phasing out high-priority chemicals from our products and supply chains and focusing on the sustainable sourcing of materials such as peat, plastic and cement.
- Our Code of Conduct helps to promote a culture where transparency, honesty and fairness are the norm.
- We provided compliance training to all colleagues on our Code, as well as tailored modules for store and office-based colleagues covering the different compliance risks they might encounter.
- Our colleagues can report any concerns via our independent Speak Up channel and a dedicated email address.

# Cyber security and data protection

We have robust processes and controls to protect data and our business operations

- Cyber-attacks and data breaches are a growing risk to all businesses. We are very mindful of these risks and have designed processes and controls to protect the data entrusted to us and our business operations.

## Cyber security

- Our policies, standards and associated framework are aligned to international standards such as the NIST Framework and our practices ensure our technology is compliant with relevant regulation.
- Our security policies, standards, IT processes and governance frameworks are regularly reviewed.

## Data protection

- We hold customer, colleague and supplier data and have a responsibility to collect, use and store it responsibly in line with national regulation and the GDPR.
- Key policies are updated regularly including our Data Protection Policy.



# Appendix

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# Revolving credit facility linked to Responsible Business targets

- In June 2021, Kingfisher entered into a £550m three-year revolving credit facility (RCF) agreement with a group of relationship banks.
- The RCF has a duration of three years with the possibility of two one-year extensions.
- The facility is linked to ambitious Responsible Business targets.
- Kingfisher will benefit from a lower interest rate if it delivers specific targets which are aligned with the Group's Responsible Business plan.
- The new credit facility replaces two existing facilities (£225m expiring in March 2022 and £550m, most of which expires in August 2023).

**“This revolving credit facility shows our commitment to integrate our Responsible Business principles into all aspects of our business. Our Responsible Business plan is an integral part of our Powered by Kingfisher strategy and this facility links our ambitious sustainability and community targets with our financing activities. We are making great progress with our climate change and community programmes, and I look forward to working with all our stakeholders on realising our commitments.”**

**Bernard Bot, Kingfisher's Chief Financial Officer**



# Material issues

- Our materiality assessment helps us to identify our most important Responsible Business issues, risks and opportunities, taking into account business priorities and the views of our stakeholders.
- It informs how we focus our resources, and what information we choose to include in our Responsible Business reporting.
- Further information about our materiality assessment can be found on our [2020/21 Responsible Business Report](#).



## Read more

Our Responsible Business website  
[www.kingfisher.com/responsible-business](http://www.kingfisher.com/responsible-business)

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

Our Responsible Business Report  
<https://www.kingfisher.com/en/responsible-business/responsibility-report-.html>

Our performance data appendix  
[www.kingfisher.com/dataappendix](http://www.kingfisher.com/dataappendix)

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

Our Sustainable Home Product guidelines  
[www.kingfisher.com/shpguidelines](http://www.kingfisher.com/shpguidelines)

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