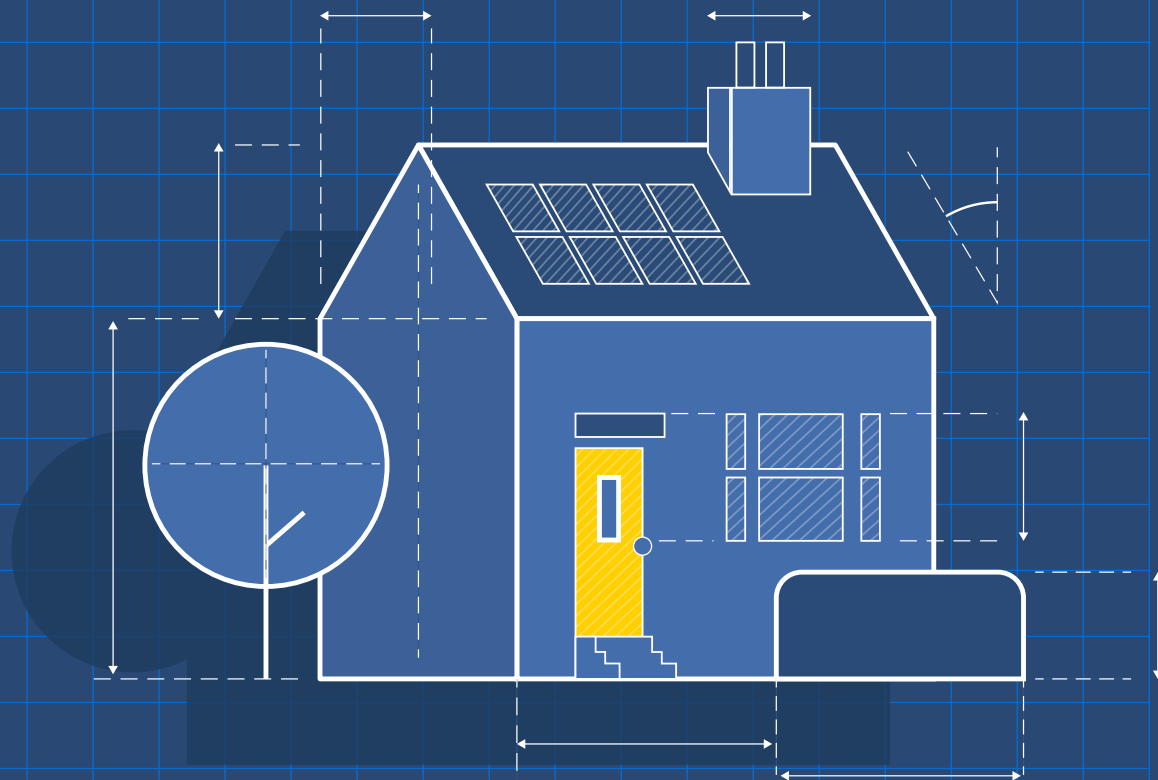




# Sustainable Growth Plan 2018

# Creating Good homes



We are transforming our business to become ONE Kingfisher with one ambition and purpose: to create good homes by making home improvement accessible for everyone. That means putting customers at the heart of everything we do, from the products on our shelves to the way we run our operations.

Over the last year, we visited thousands of homes across Europe to understand how our customers live today and listen to their wants and needs. We found people want to be socially and environmentally responsible, but can find making sustainable choices hard work. Often it feels too complicated or time consuming, particularly when they are grappling with an already complex home improvement project. Customers want us to make it easy for them.

We are applying this insight to our sustainability strategy, to make a real difference to customers. Five years ago, we shared our aspiration to become a net positive business. We set ambitious targets to improve life for customers, employees and communities and have a restorative impact on the environment, reaching our first milestones in 2017. It is now time to set our next series of milestones for 2025, starting with what matters most to our customers.

Some clear themes emerged from our research and form the bedrock of our plan for 2025. Customers told us they want our help to:

- save money by saving energy and water;
- live smarter by getting more from less, re-using or using longer;
- create healthier homes and connect with nature; and
- be part of a community that helps millions more people

We have created ambitious, impact-focused targets in each of these four areas, and also challenged ourselves to achieve 50% of Group sales from products that help create a more sustainable home by 2020. By rooting these goals in real customer concerns and in our commercial goals, we know we can have a positive impact on the people who shop with us, on our business, the communities we operate in, and the environment.

We are excited to be setting out on the next stage of our journey to become a net positive business. It will take us further towards our long-term aspirations, embed sustainability across our business, and help our customers to have the good, sustainable homes they deserve.



## From our Chief Executive Officer

Two years ago, we started our transformation to become the leading home improvement company. We chose to line up our collective strengths behind one clear purpose: to create good homes by making home improvement accessible for everyone.

We believe everybody should be able to have the home they feel good about, and we want to help everybody who wants to improve their home and create a good home.

What do we mean by a good home? A good home is functional, evolving with family needs, green outside and in, sustainable, resource and energy smart, clean and healthy, durable in quality and style, providing the best economics possible. Sustainability is therefore absolutely core to our transformation.

In 2012 we stated our commitment to becoming a net positive business. Since then we have achieved a lot: over a quarter of our sales now come from our sustainable home products; 96% of the wood and paper in our products is responsibly sourced; and we've saved customers £840 million off their energy bills.

With our ONE Kingfisher strategy, we have re-evaluated how we approach sustainability. We're not going back on our net positive aims. In fact, we are hungry to do more. We want to become a truly sustainable company, offering our customers solutions for sustainable and good homes, and operating with a commitment to always do good business.

We have spent time understanding how sustainability connects with what really matters to our customers. We learnt that they care about sustainability, but that they just don't call it that. We learnt that saving energy at home has become top of mind; that re-connecting to nature

through indoor and outdoor space is a massive need; and that people are increasingly concerned about living in healthy and toxin-free homes.

So, I am delighted to share with you our sustainable growth plan based on the reality of our customers' needs. With our new goals and targets we will:

- Help customers save money by saving energy and water.
- Help customers live smarter by promoting a use, reuse and recycle ethos.
- Make it easier for customers to enjoy healthier living in the home and to connect with nature.
- Be part of a community that helps millions more people improve their homes.

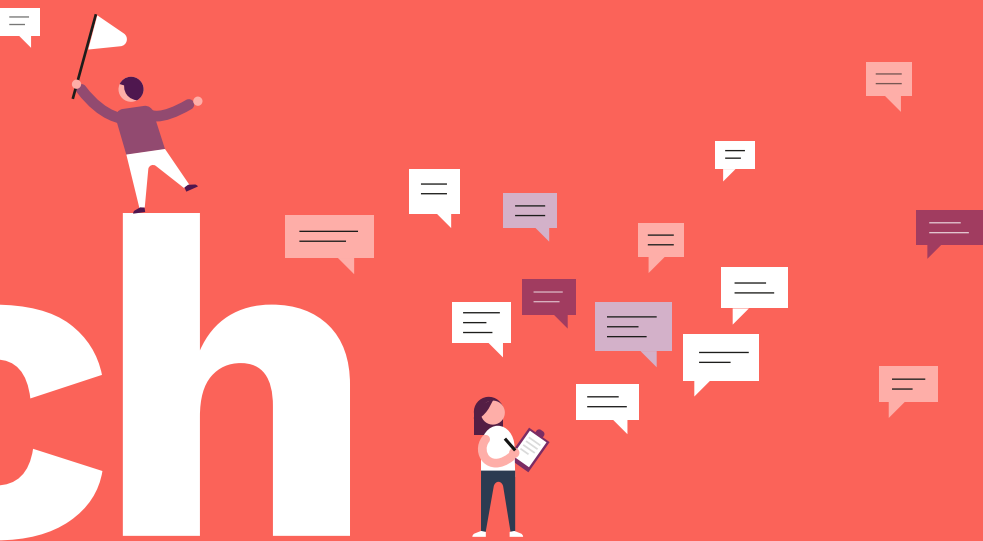
We will be more ambitious in our business too. We will work to build in sustainability everywhere, cutting our carbon footprint, embedding circular economy principles and eliminating waste. We will support our colleagues to make sustainability part of their work, and we will find new ways to help them improve their own homes.

This is an exciting moment for Kingfisher and every one of our colleagues has a role to play. With this strategy, we are taking the next steps towards becoming a truly sustainable company.

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**Véronique Laury**  
Chief Executive Officer

# Research



HOW OUR CUSTOMERS CONNECT TO SUSTAINABILITY	5
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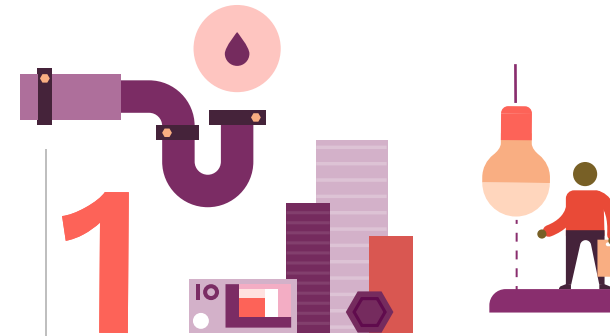
# How our customers connect to sustainability

Over the last year we have taken the time to gain a deeper understanding of our customers' lives and their views on sustainability. We carried out extensive research across five markets including in-depth interviews and visits to customer homes. We learned that, regardless of where they live, our customers are united by many shared hopes and concerns.

Our research re-emphasised that most people find making sustainable choices hard work. Often it feels too complicated or time consuming, particularly when they are grappling with an already complex home improvement project. Customers expect us to make it easy for them. Ideally they'd like to be able to buy sustainably without having to think about it. This is our ambition.

## Four common themes

Our research showed that while few customers use the term 'sustainability', there are many sustainability issues that connect with what customers really care about. Four common themes emerged strongly from our research and have guided the update to our strategy.



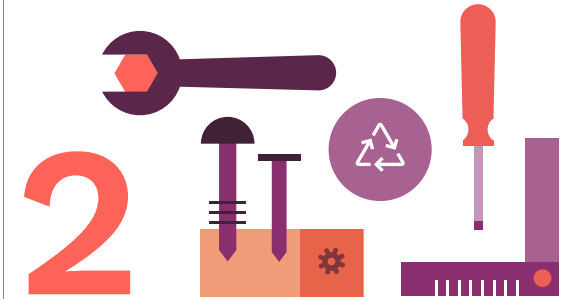
### SAVING ENERGY AND WATER ARE TOP OF MIND CONCERNS

Energy bills are a major expense. Yet planning and completing energy efficiency projects can be complicated and expensive. Some people don't know which products will save them energy. Water efficiency is a priority for some customers too.



### CONNECTING TO NATURE IS A MASSIVE NEED

In every market, customers spoke passionately about their desire to connect with nature – whether through their own garden or window box or community green space, or simply through including more natural materials in their homes.



### A MOVE TO SMARTER AND MORE THRIFTY CONSUMPTION IS GROWING

Customers value long-lasting products and dislike waste. There is growing interest in 'upcycling' – repairing, restoring and customising old products. For some customers actual ownership is less important – they are happy to share or rent the tools they need.



### CUSTOMERS WANT HEALTHY, TOXIN-FREE LIVING

Customers are motivated by products that are better for their health and wellbeing and that of their family. There is growing concern around issues such as air quality and chemicals in food, cosmetics and the home.

# Research with our stakeholders

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

We also reviewed our progress against external frameworks and the United Nations Sustainable Development Goals. We conducted a materiality assessment of our product sustainability impacts from raw material extraction to consumer use.

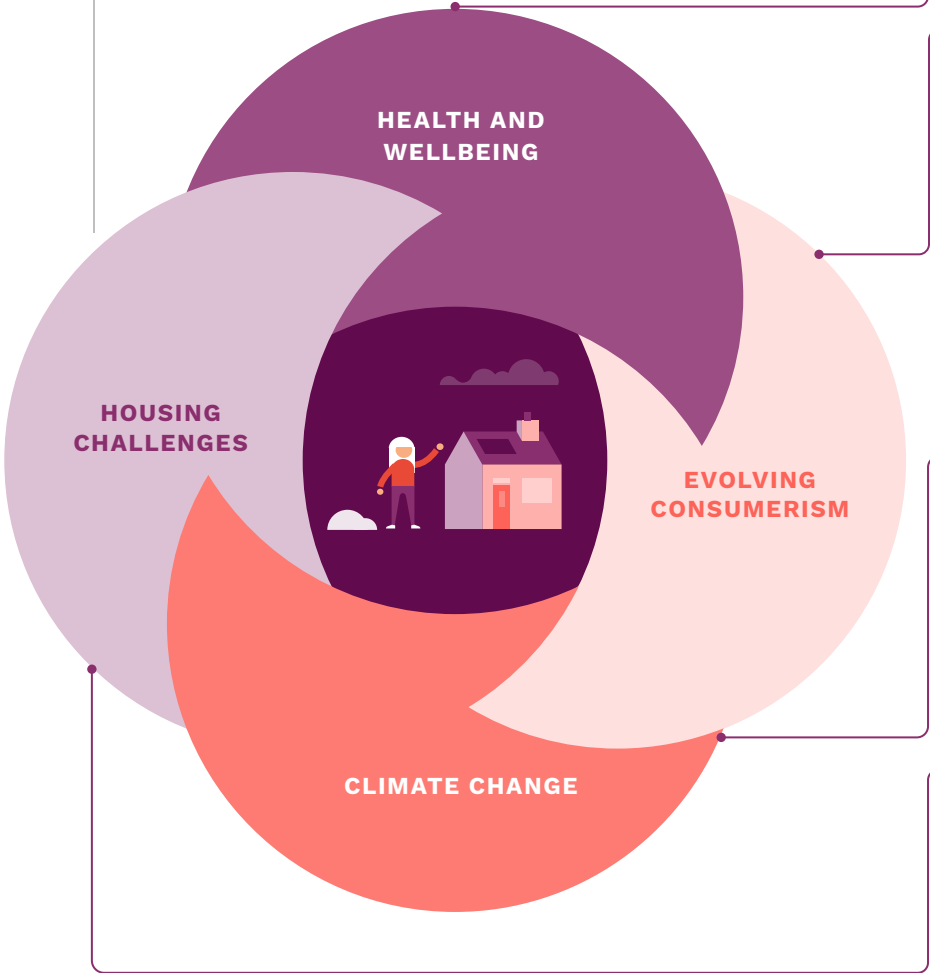
The research highlighted a number of significant social and environmental trends affecting our customers, our markets and our business. These include urbanisation, rising housing costs and delays in young people owning their first home, technological change, the growth of the sharing economy, the impact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

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

We identified the priority UN Sustainable Development Goals for our business, where we can have the most impact. These include Goal 11 – Sustainable cities and Goal 12 – Responsible consumption and production. We have indicated throughout this report which goals we will focus on with each area of our plan.

## THE WIDER CONTEXT

Our research identified a number of social, environmental and economic trends that affect our business and how our customers live. Examples include:



600<sup>K</sup>

Outdoor and indoor air pollution contributes to 600,000 deaths in Europe each year.<sup>1</sup>



86%

of consumers are happy not to own a product as long as they can access it when needed.<sup>2</sup>



23%

Household energy use accounts for 23% of national carbon emissions in the UK.<sup>3</sup>



48%

of under 18-29 year olds are still living with their parents.<sup>4</sup>



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# Introducing our Sustainable Growth Plan

Our sustainable growth plan has four big goals that help us achieve our purpose **to create good homes by making home improvement accessible for everyone.**

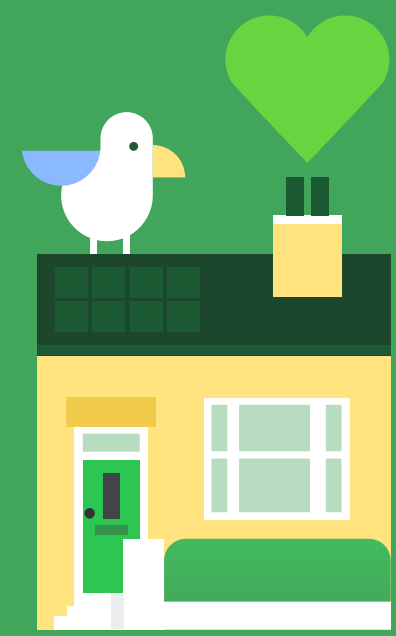
**1** Save money by saving energy and water



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



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



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





Sustainable growth plan

# Targets



All targets are for 2025 unless otherwise specified.

Our four big goals are underpinned by 12 outcome-based targets focused on the sustainability issues of most importance for our customers.

1 Save money by saving energy and water

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

3 Create a healthier home and connect with nature

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

FOR OUR CUSTOMERS



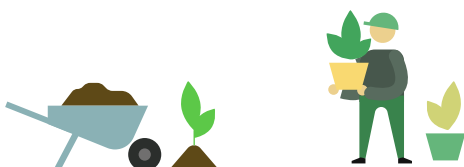
Enable a **50%** reduction in customer energy use through our products, services and advice.

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

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



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

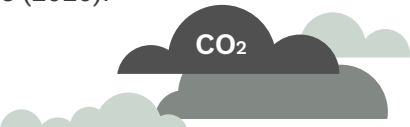


**50%** of Group sales from products that help create a more sustainable home (2020).

FOR OUR BUSINESS



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



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

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

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



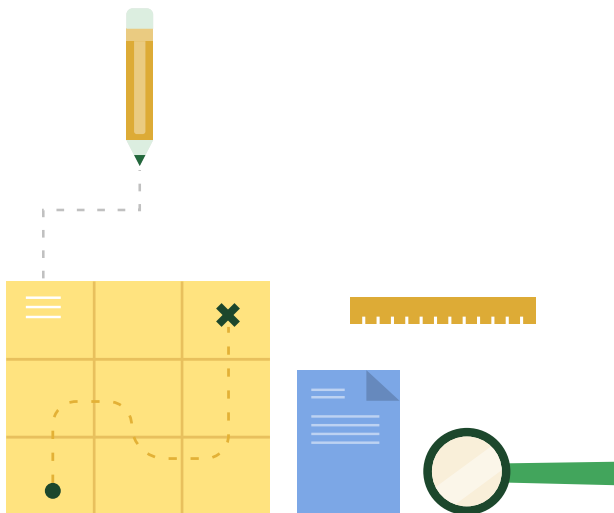
Support our colleagues to have a home they can feel good about.

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



## About our plan

Our sustainable growth plan is our roadmap up to 2025, setting out the next stage on our journey towards being a net positive business.



It reflects our progress to date and the findings from our research. It will enable us to go further, create more impact and fully engage our customers and people on sustainability.

### ACHIEVING OUR PURPOSE

We have a clear purpose – to create good homes by making home improvement accessible for everyone. We know that a good home is a sustainable home and we will go all out to help our customers have the good, sustainable homes they deserve. Our plan is designed to achieve this by embedding sustainability into our products and services. It prioritises the issues that matter most to customers and will maximise our positive impact on their homes and lives.

### THE NEXT STAGE FOR NET POSITIVE

Our plan will help us progress towards our long-term net positive aspirations, which guide our approach to sustainable and restorative business. We have retained many of our previous targets while also extending our focus to new and important areas such as health and wellbeing.

### Our net positive aspirations for 2050 are:

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

### COLLABORATION AND MEASUREMENT

Collaboration is important and we will work with colleagues and our external stakeholders and partners to achieve our goals. Our targets and scoring methodologies have been developed with sustainability organisation, Bioregional, who are experts in the development of sustainable communities and in measuring and monitoring sustainability performance. Our targets are explained on [pages 14-27](#). Wherever possible they reflect established frameworks such as the United Nations Sustainable Development Goals.

### ADDING VALUE FOR OUR BUSINESS

Our sustainable growth plan will kick-start innovation through new product ranges and alternative business models. It will stimulate new ways of working across teams and functions. It provides a clear and accessible framework that our customers can relate to and that our people can engage with and implement. It will make us a more attractive place to work for our people and a better place to shop for our customers. It will drive growth and help us deliver our ONE Kingfisher business transformation programme.

# External perspectives



**The University of Cambridge Institute for Sustainability Leadership is pleased to have supported Kingfisher over a number of years through a Strategic Partnership designed to support the business as it has looked for ways to lead the sustainable business agenda.**

The Kingfisher sustainable growth plan now brings a welcome focus to engaging and supporting customers and staff to make more sustainable choices in their everyday lives and decisions.

We look forward to continuing to support Kingfisher as it progresses towards its sustainability goals and continues to play a leading role in driving change towards a more sustainable economy.

## **Dame Polly Courtice**

DBE, LVO, Founder Director,  
University of Cambridge Institute  
for Sustainability Leadership



**Forum for the Future has been proud to have been partnering with Kingfisher on its sustainability journey for over a decade. During that time we have been delighted to see sustainability issues move from the edge of the business to the centre. Being part of the development and delivery of Kingfisher's Net Positive strategy has been a particular highlight, as Kingfisher was one of the first leading corporates to state an ambition of not simply being less bad, but putting more back into the environment and society than it takes out.**

**“ This plan puts Kingfisher's customers and colleagues at the heart of its sustainability efforts.**

Throughout this journey though, there has been one aspect of Kingfisher's strategy that has been a constant source of challenge – how to take the complex, often clunky, issue of sustainable development to their millions of customers in seven European countries. This is a

challenge that most brands are facing – how best to make sustainability meaningful and aspirational for the end consumer? How can brands really make sustainable living a reality? All the product innovation in the world is meaningless if the product is then used in such a way that any design gains are dwarfed by the use-phase impacts.

In many ways, Kingfisher has actually stepped ahead of other brands in how it has been tackling these issues. The huge rise in sustainable products sold to its customers, now over a quarter of sales, has been really impressive.

However, the launch of Kingfisher's sustainable growth plan goes one step further. This plan puts Kingfisher's customers and colleagues at the heart of its sustainability efforts. Kingfisher may well be one of the first major brands to enable the millions of customers buying its products and services to truly live a sustainable lifestyle by connecting its sustainability programme with the issues we all care about. Who doesn't want a healthy and happy home?

## **Dr Sally Uren OBE**

Chief Executive, Forum for the Future

# Sustainable Home



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# A good home is a sustainable home

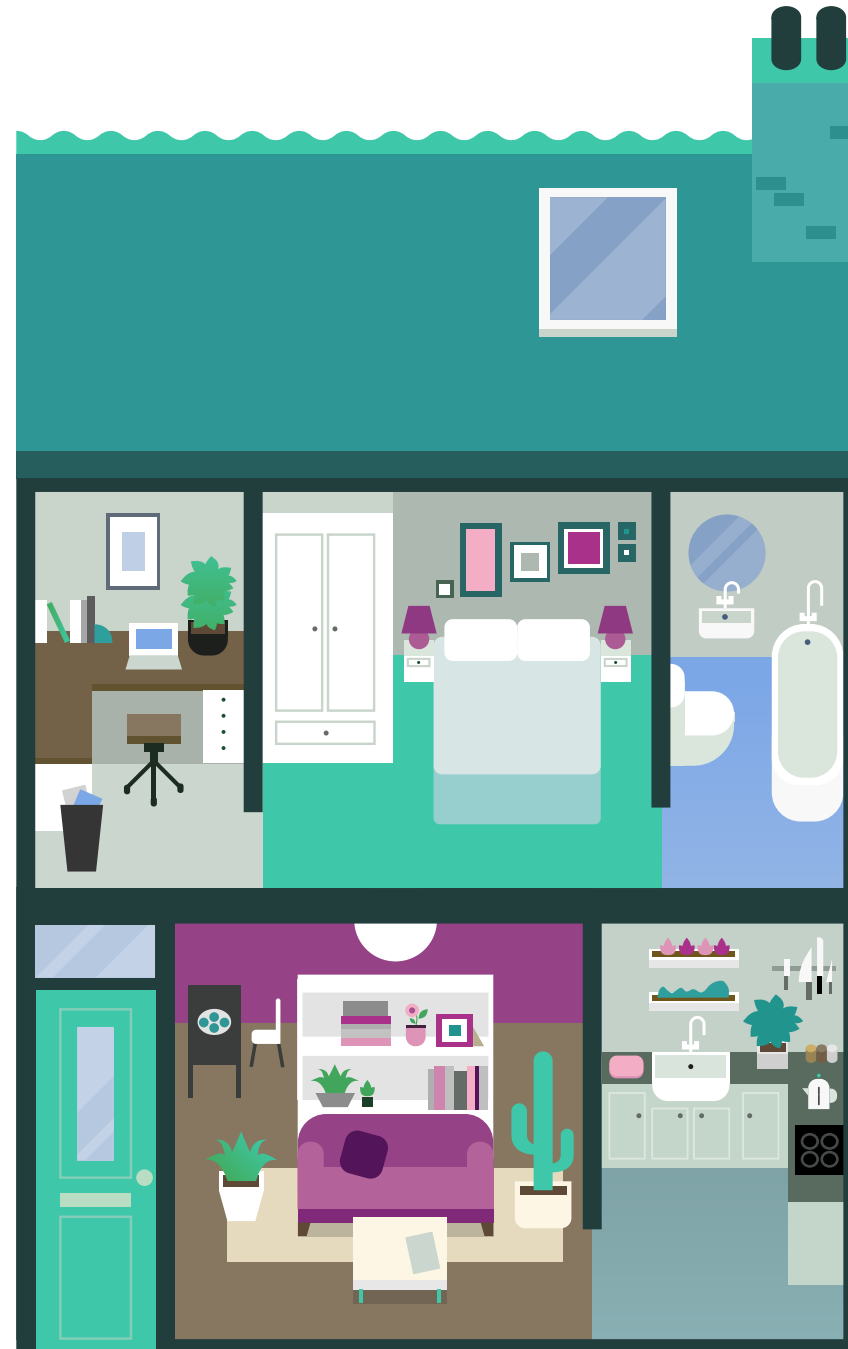
We believe that a good home is a sustainable home. Our sustainable home products help our customers create good homes, in line with the big goals of our sustainable growth plan. Our target is to achieve 50% of Group sales from our sustainable home products by 2020.

## SAVE MONEY BY SAVING ENERGY AND WATER

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

## LIVE SMARTER BY GETTING MORE FROM LESS, RE-USING OR USING LONGER

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



## CREATE A HEALTHIER HOME AND CONNECT WITH NATURE

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

FOR OUR  
CUSTOMERS

Achieve **50%** of Group sales   
from products  that help create a more  
sustainable home   with **10%**  Group  
sales  'best in class' by **2020**

## Products for sustainable homes

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

### MEASURING PROGRESS

Virtually every home improvement project has the potential to improve the sustainability of our customers' homes. Our long-term aspiration is that every Kingfisher product will enable a more sustainable or net positive lifestyle.

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

These include detailed guidance and criteria to help our product developers and suppliers. We update the guidelines annually and publish them on our website:

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

# How we're doing

## Good Business

Sales of our sustainable home products generated



for the business in 2016.

## Sustainable Products Everyday

Sustainable home products already make up



of our sales. At B&Q we've reached **40%**.

## Our Most Innovative Products

Last year best-in-class sustainable home products made up



of our sales. These are the most sustainable products in our ranges and among the best on the market. We beat our last target so we've increased our goal to **10%** of sales by 2020.

## SIX PRIORITIES

Our sustainable home products have a positive or much lower impact on people and the environment. We're focusing on improving sustainability across six categories. We've included a product example for each.



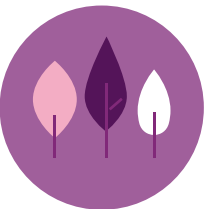
**SAVE ENERGY**  
LED light bulbs



**SAVE WATER**  
Water efficient taps



**CLOSED LOOP**  
Pro Grow compost



**SUSTAINABLE MATERIALS**  
Responsibly sourced wood and paper



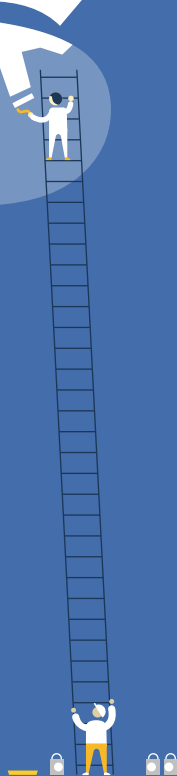
**HEALTHY HOMES**  
Clean Spirit, the water-based alternative to white spirit



**CONNECT TO NATURE**  
Pollinator-friendly plants

# Four Big Goals

SAVE MONEY BY SAVING ENERGY AND WATER	17
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CREATE A HEALTHIER HOME AND CONNECT WITH NATURE	23
BE PART OF A COMMUNITY THAT HELPS MILLIONS MORE PEOPLE IMPROVE THEIR HOME	26







# Save **money** by saving **energy** and **water**



Saving energy and water is a top of mind concern for households across Europe. We've been supporting our customers to save energy and water for many years, and will now be even more ambitious.

We know customers are motivated to improve energy and water efficiency but the process can be complicated. By combining the best products with the right support and information we can help more customers reduce costs and make their home a better place to live. This will take us further towards our long-term aspiration to help customers have zero carbon or energy positive homes.

We will match this with investment in our own operations – reducing energy use and expenditure and achieving a substantial cut in our carbon footprint.

## FOR OUR CUSTOMERS

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

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

## FOR OUR BUSINESS

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

# What we will do

## ENABLE A 50% REDUCTION IN CUSTOMER ENERGY USE

Our current energy saving products enable customers to achieve around a 30% reduction in energy use in their homes, so our new target will take us much further. It will challenge us to develop new products and services that make home energy saving easier for our customers.

In developing our target we worked with Bioregional and the BRE (Building Research Establishment) to understand the energy saving potential in a typical home from standard housing stock in France, Poland, Spain and the UK. Our target is based on a weighted average energy saving potential across our markets taking into account the variation in housing energy standards and opportunities for improvement.

In 2016/17 our sales of energy saving products saved our customers enough energy to power 1.8 million homes (over the lifetime of the product). We will drive further improvements by increasing sales of energy saving products such as insulation and improving the efficiency of energy using products such as appliances. We will encourage our companies to innovate in how they promote our energy saving ranges and train our colleagues to support customers on energy efficiency.

## A 50% IMPROVEMENT IN CUSTOMER WATER EFFICIENCY

Our ranges include water using products such as taps, toilets and appliances. We've established water efficiency best practice standards and 29% of our water using and saving products met these standards in 2016/17. Some parts of our business have gone further. In Screwfix, for example, 51% of water-using products sold met our standards. With our new target, we are challenging ourselves to achieve more. Research by Bioregional shows that by using the best practice water saving products currently available on the market, it is possible to achieve up to a 50% reduction in home water use. Some of our operating brands already have the right ranges to achieve this target but others have significant work to do. We are also exploring new solutions to help customers manage water use across the home.

In 2016/17, the annual water consumption of the products we sold was around 127 billion litres. We will reduce this by increasing sales of best practice water saving products, updating our ranges and providing information and advice to customers on water efficiency.



We will enable customers to improve home energy efficiency by 50%.



of water-using products sold in 2016/17 from Screwfix met best practice standards for water efficiency.



We have cut our absolute operational carbon footprint by 10% since 2010/11.

## 25% SAVING IN OUR OWN CARBON FOOTPRINT

We have cut our absolute operational carbon footprint by 10% since 2010/11. We have retained our target to achieve a 25% cut by 2020 and will reach this by making additional improvements in energy efficiency, tackling emissions from transport and increasing on-site renewable generation. We have already moved to 100% purchased electricity from renewable sources in the UK (around 40% of our total electricity use) and will extend this to other markets.

We will also publish a longer-term carbon reduction target during 2018. This will be even more ambitious and will reflect changes in our store estate and logistics operations due to our business transformation.

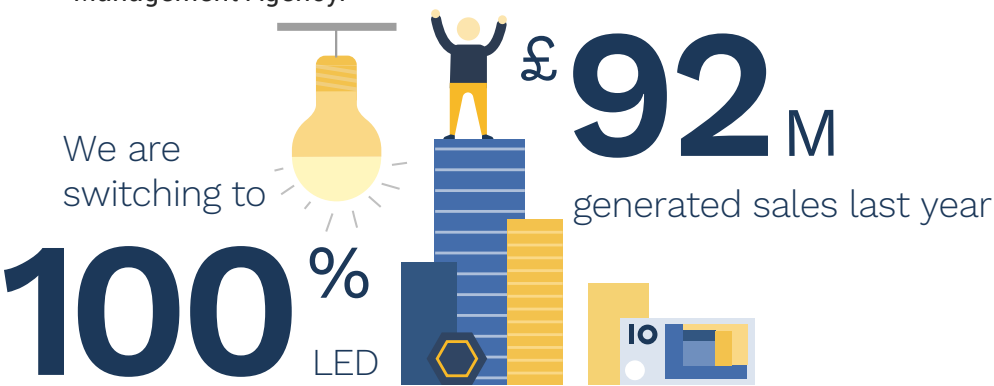
We have moved to **100%** purchased electricity from renewable sources in the UK and will extend this to other markets.

## LED lead the way

We've come a long way in helping customers save energy in their homes. Take our light bulbs. We're switching to 100% LED so whatever lighting our customers need, they can benefit from this highly efficient technology at affordable prices. We've reached 76% LED for our unified range of light bulbs, generating sales of £92 million last year.

Our sales of energy saving products since 2011/12 – from insulation to thermally efficient windows – have taken an estimated £840 million every year off customer energy bills.

We've piloted new services that take the complexity out of home energy efficiency projects. For example, Castorama France's energy advisory service helps customers plan projects, access subsidies and hire an installer and is now available in eleven stores. We plan to develop the service further with ADEME, France's Environment and Energy Management Agency.



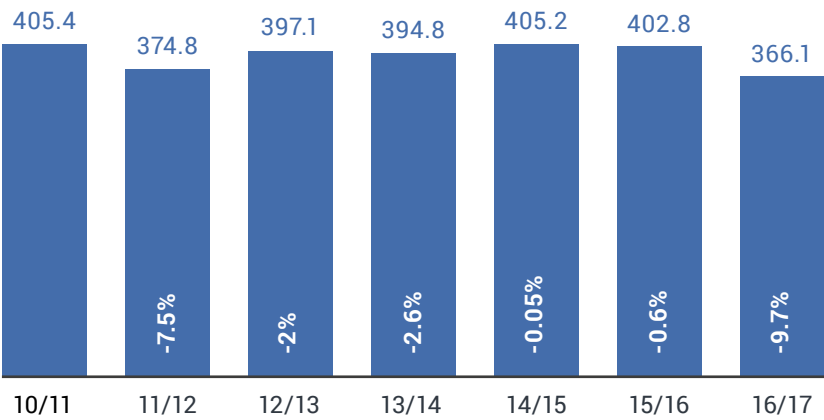
## A low carbon business

We aim to decarbonise our business, so we can grow while reducing our carbon footprint. By the end of 2017 we will have invested over £10 million in on-site renewables with an 8.2 MW generating capacity including solar PV panels on 14 stores, distribution centres and offices and three new biomass boiler installations that will use waste wood from our sites to generate low carbon power. We now purchase 100% REGO-backed renewable electricity in the UK and will extend this to a number of our other markets. Lighting accounts for over half the electricity used in our stores, so we've made significant energy savings by installing LED lighting across 41% of our estate.

Other new investments include a commercial battery installation at one of our distribution centres, which will enable us to harvest and use more of our solar PV power, releasing pressure on the grid at peak times.

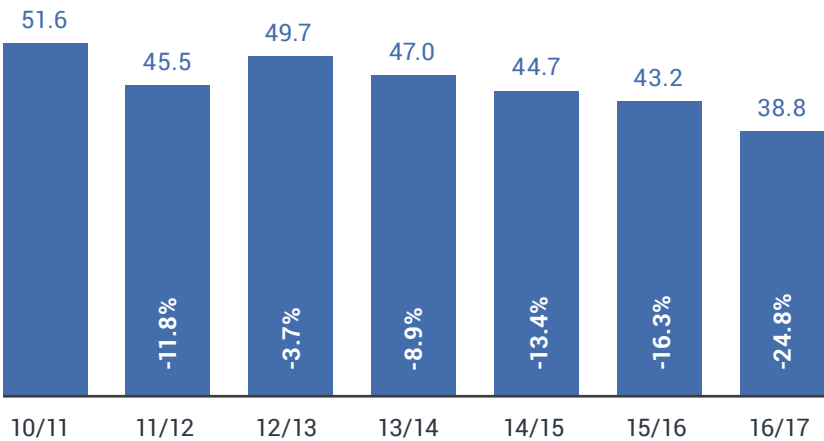
## ABSOLUTE CARBON FOOTPRINT (SCOPES 1 & 2)

Thousand tonnes CO2 equivalent  
(% change calculated from 2010/11 baseline)



## PROPERTY PORTFOLIO CARBON INTENSITY

kg CO2 equivalent/m2 reported floor space  
(% change calculated from 2010/11 baseline)





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



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

We have been integrating circular economy principles into our product design for many years, working with partners including Bioregional and the Ellen MacArthur Foundation. With this goal we will go further, focusing on solutions that reflect growing customer interest in smarter consumption.

In our business we will step up our work on sustainable sourcing, applying the lessons learned from our work on wood and peat to other materials and product ranges. We will eliminate waste to landfill across all markets and increase recycling.

## FOR OUR CUSTOMERS

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

## FOR OUR BUSINESS

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

Zero waste to landfill by 2020 and **90%** of waste recycled by 2025.

# What we will do

## 20 PRODUCTS AND SERVICES THAT HELP US ALL GET MORE FROM LESS, REUSE OR USE LONGER

Products and services will be assessed against our Principles for Circular Product Design which were developed with sustainability experts Bioregional. This looks at six impact areas, from materials that are easily and widely recycled to design for longevity, low energy and carbon and working conditions in the supply chain. The assessment process is rigorous. Products must be widely available to customers, not in pilot phase, and only products scoring bronze level and above will count towards our target. To date we have two product ranges on sale that meet our criteria, generating sales of £9 million in 2016/17 (see easyGrow and Pro Grow [page 22](#)). Our green pallets initiative at B&Q, which reuses and recycles pallets used to deliver our products, also meets the requirements.

We're not restricting our work to products – often a service can be just as good or better for customers and have a lower impact than the product it replaces. Our target will encourage innovation including new services and business models such as product take back schemes and rental and repair services.



in sales was generated in 2016/17 from our two product ranges that meet our Circular Product Design criteria.



of the bagged growing media we sell is peat-free.



of wood and paper in our products, catalogues and marketing materials is responsibly sourced.

## SUSTAINABLE MANAGEMENT AND EFFICIENT USE OF KEY RESOURCES

Sustainable sourcing is essential to protect important natural resources. Already, 96% of the wood and paper in our products, catalogues and marketing materials is responsibly sourced and over 61% of the bagged growing media we sell in the UK is peat-free. Our new target will stretch us further. We will develop sustainability roadmaps for peat, paint, plastics, ceramics, cement and plaster. These are all materials that we buy in large volumes and that have a significant environmental impact, accounting for 55% of our supply chain carbon footprint. Our roadmaps will enable us to embed sustainable management and efficient use into our product design and materials choices.

## 90% RECYCLING AND ZERO WASTE TO LANDFILL

Waste is a cost to our business and the environment. We already divert 74% of our waste from landfill and have retained our target to reach zero waste to landfill by 2020. We have almost achieved this goal in the UK with Screwfix sending zero waste to landfill and B&Q at 99% diversion from landfill. We have increased our recycling goal to 90% from 75%, to ensure that as few resources as possible are wasted.





## Circular value chains – better for customers, business and the planet

We’ve been experimenting with circular approaches to product design for several years. With our easyGrow technology, we eliminated expanded polystyrene from the 140,000 bedding plants sold by B&Q each year. We replaced it with recycled PET plastic that can be easily recycled again and again. We also swapped peat for more sustainable coir, a by-product from the coconut industry.

Last year we launched our Pro Grow garden compost. Pro Grow is made from garden waste collected from UK households and turned into a rich, naturally peat-free compost. This in turn is used to nurture new plants in our customers’ gardens, completing the circle.

We’ve big plans to go a lot further, focusing on issues important to our customers like longevity and durability including longer guarantees for some products.

We eliminated expanded polystyrene from

140k bedding plants



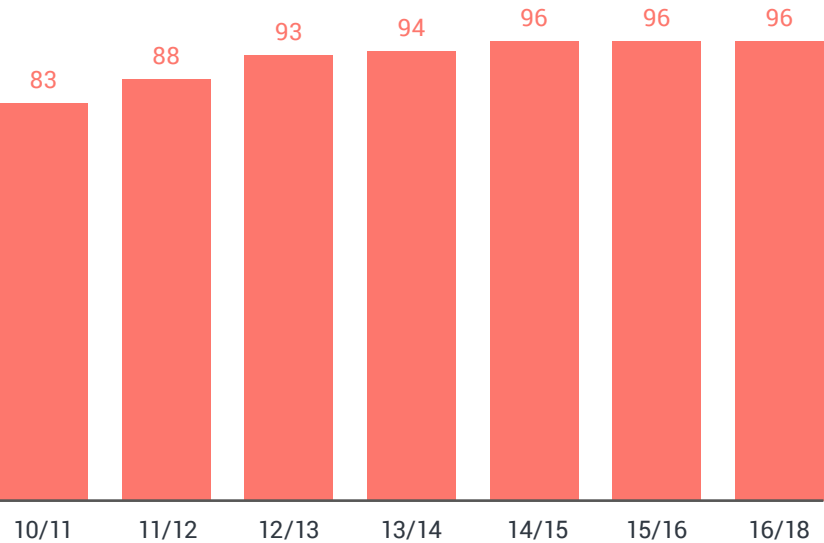
## Creating more forest than we use

Customers love to use wood in their homes and this vital natural resource is found in around one-third of our products. For 25 years we’ve been working to source wood and paper responsibly from well-managed forests. In fact, we aim to go even further, playing an active role in protecting and restoring forests.

In Indonesia we’re supporting RSPB and their Birdlife International partner Burung Indonesia in a project to protect and restore the Harapan rainforest. This area of over-logged tropical forest is almost the size of Greater London and home to many endangered species such as the Sumatran tiger. In the first year our support has helped efforts to reduce the incidence of forest fires by 75%, to replant 135 hectares of cleared land and to train local communities in sustainable rubber production and forest honey processing techniques. Closer to home we’ve run projects in Spain, Poland and the UK that get our people involved in protecting woodland and forests. These have benefited 13,000 hectares of forest since 2013.

### RESPONSIBLY SOURCED WOOD AND PAPER PRODUCTS

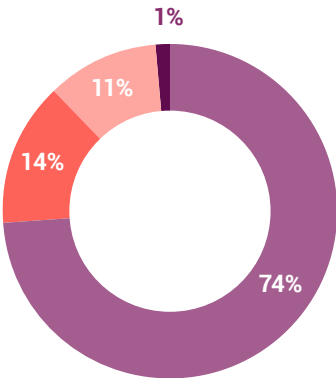
% of timber sold (by volume) responsibly sourced



### WASTE RECYCLING AND DISPOSAL 2016/2017

Thousand tonnes

Waste recycled	165
Waste disposed to landfill	31
Waste disposed to incineration with energy recovery	24
Waste disposed to incineration without energy recovery	3





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



Health and wellbeing is a priority for every customer. Air quality inside and outside the home is a growing concern and this is likely to increase as energy efficiency improvements make homes more airtight. Yet people lack information and often don't know how to go about making improvements.

There is also great potential for homes and gardens to improve our customers' wellbeing. Our research shows a strong desire among customers to connect with nature and awareness of the health benefits to be gained. This was true even for people whose outdoor space at home is limited to a small window box.

FOR OUR CUSTOMERS

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

FOR OUR BUSINESS

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



# What we will do

## 20% OF OUR SALES CREATE HEALTHIER HOMES AND CONNECT WITH NATURE

We already offer many products that help customers live a healthier life at home by reducing exposure to pollutants, enabling more independent living, and protecting homes from climate change impacts. Our Connect to Nature products encourage customers to get outdoors, produce their own food and support wildlife in their gardens. Together these types of products accounted for around 5% of our sales in 2016/17 so with our new target we will go much further.

Our new target will stretch us, encouraging innovation. We will explore how we can have the biggest positive impact on health and wellbeing in the home and reflect this in our ranges and our communication with customers.

We will measure progress using our Sustainable Home Product Guidelines which have clear criteria for Healthy Home and Connect with Nature products and were developed with sustainability experts Bioregional.

## ACHIEVE TRANSPARENCY OF HARMFUL CHEMICALS IN KEY SUPPLY CHAINS

Many of our products have a chemical content, from paint and cleaning products to a hammer or a drill. While some chemicals are regulated under legislation such as EU REACH, many are not. We have already reduced the quantities of some potentially harmful chemicals in our products, such as significant reductions in the VOC content of our paints, see [page 25](#).

We have good information on the chemicals used in chemical-based products, such as paint or cleaning products. However, with thousands of other products in our ranges, achieving full transparency will take time. We are conducting a hot-spotting exercise to identify priority supply chains, materials and product lines. We are looking at chemicals used in both manufacturing and finished products and assessing the potential exposure of customers, workers in our supply chain and the environment.



Connect to Nature and Healthy Home products accounted for 5% of sales in 2016/17.



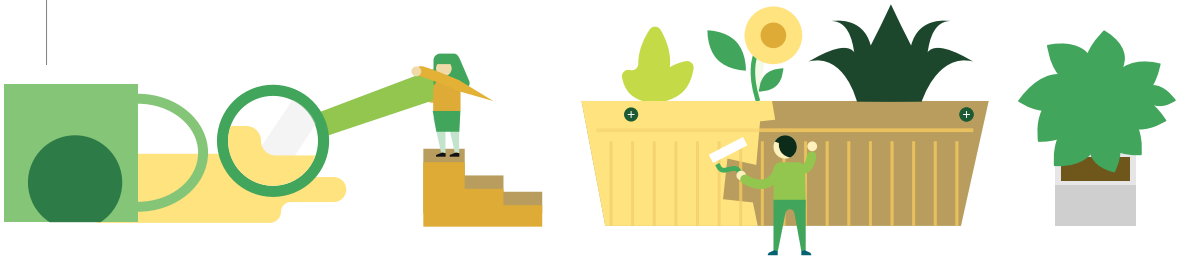
Our target for these ranges is 20% of sales by 2025.

## PHASE OUT HIGH PRIORITY HAZARDOUS AND HIGH RISK CHEMICALS OF CONCERN AND INTRODUCE FIVE GREEN SUBSTANCES

By 2025, we will work with suppliers to phase out the highest priority chemicals of concern identified through our hot-spotting process. Our target is for unregulated chemicals and is additional to any chemicals removed under regulatory requirements such as EU REACH.

There is huge potential in green chemistry – replacing potentially harmful substances with safer alternatives. This target will encourage innovation. We will collaborate with other retailers and organisations such as the Green Chemistry Council to identify and test the best alternative substances. We will start by replacing five substances with green alternatives, enabling customers to enjoy the same performance with fewer chemicals.

There is huge potential in green chemistry – replacing potentially harmful substances with safer alternatives.





Natural gardening with B&Q

Forty-five of the UK’s threatened species are found in gardens and 63% of us believe that there are real benefits for ourselves in bringing more nature into our gardens. These are two findings from B&Q’s recent The Nature of Gardens report, based on research with 2,000 consumers and a review of 100 scientific papers. The report also found that many people are unsure what they can do to support wildlife and feel they lack the space, time, money and knowledge to act.

B&Q aims to help customers connect with nature and implement natural gardening. It offers a wide range of pollinator-friendly plants that encourage bees, butterflies and other beneficial insects. It has taken action on neonicotinoids, thought to affect bee health, by removing pesticides containing the most contentious neonicotinoids from its shelves. Now it is working with its growers to make sure that none of the flowering plants it sells will have been treated with neonicotinoids from April 2018.

B&Q has distilled The Nature of Gardens findings into ten top tips designed to address the perceived barriers customers raised and to help everyone bring nature closer to home.

B&Q was awarded the Greenest Garden Centre Award, at the Garden Retail & Garden Industry Awards 2017 for the second consecutive year for its efforts to make sustainable gardening accessible to all.

But many of us are unsure how to support wildlife at home.



63%

of us believe that there are real benefits for ourselves in bringing more nature into our gardens.

45

of the UK’s threatened species are found in gardens.



Cleaner air with low VOC paints

The air in our homes can be more polluted than the air outside, contributing to health conditions such as allergies, asthma and migraines. Product innovation can help address this and support customers to create a healthier home.

We’ve been working hard to reduce the use of volatile organic compounds in our paints and decorating products for many years. B&Q, for example, has reduced average VOC content per litre of paint by 31% since 2006/07 and sells Clean Spirit, our water-based alternative to white spirit. Now we are strengthening our specifications for our unified paint ranges to ensure we further reduce VOC content across our markets.





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



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

Our business touches many people’s lives, from our customers and colleagues to the workers in our supply chain. By working together as One Kingfisher, and with our partners, we will help millions of people to improve their homes. We will provide funding and expertise to help tackle poor and unfit housing wherever we operate.

## FOR OUR CUSTOMERS

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

## FOR OUR BUSINESS

Support our colleagues to have a home they can feel good about by 2025.

Ensure **all suppliers meet our ethical and environmental standards** by 2020 and establish strategic community programmes to achieve **positive change** in key sourcing regions by 2025.



## What we will do

### PARTNERSHIPS TO TACKLE POOR AND UNFIT HOUSING

We have been working to improve homes for people in need through our charitable giving and volunteering for many years. With this target we will increase our impact through establishing major new partnerships at a Group and local level.

During 2017, we began by launching two strategic partnerships with the Red Cross in France, Poland and the UK, and with Shelter in the UK. Further initiatives will follow during 2018.

### SUPPORT OUR COLLEAGUES TO HAVE A HOME THEY FEEL GOOD ABOUT

We have 77,000 colleagues across 10 countries and each one has a vital role to play in our business transformation. We want to make sure that they benefit from our expertise in home improvement and we are exploring new ways to help colleagues create their own good homes. This will benefit our business too, supporting employee engagement and building our people's home improvement knowledge.

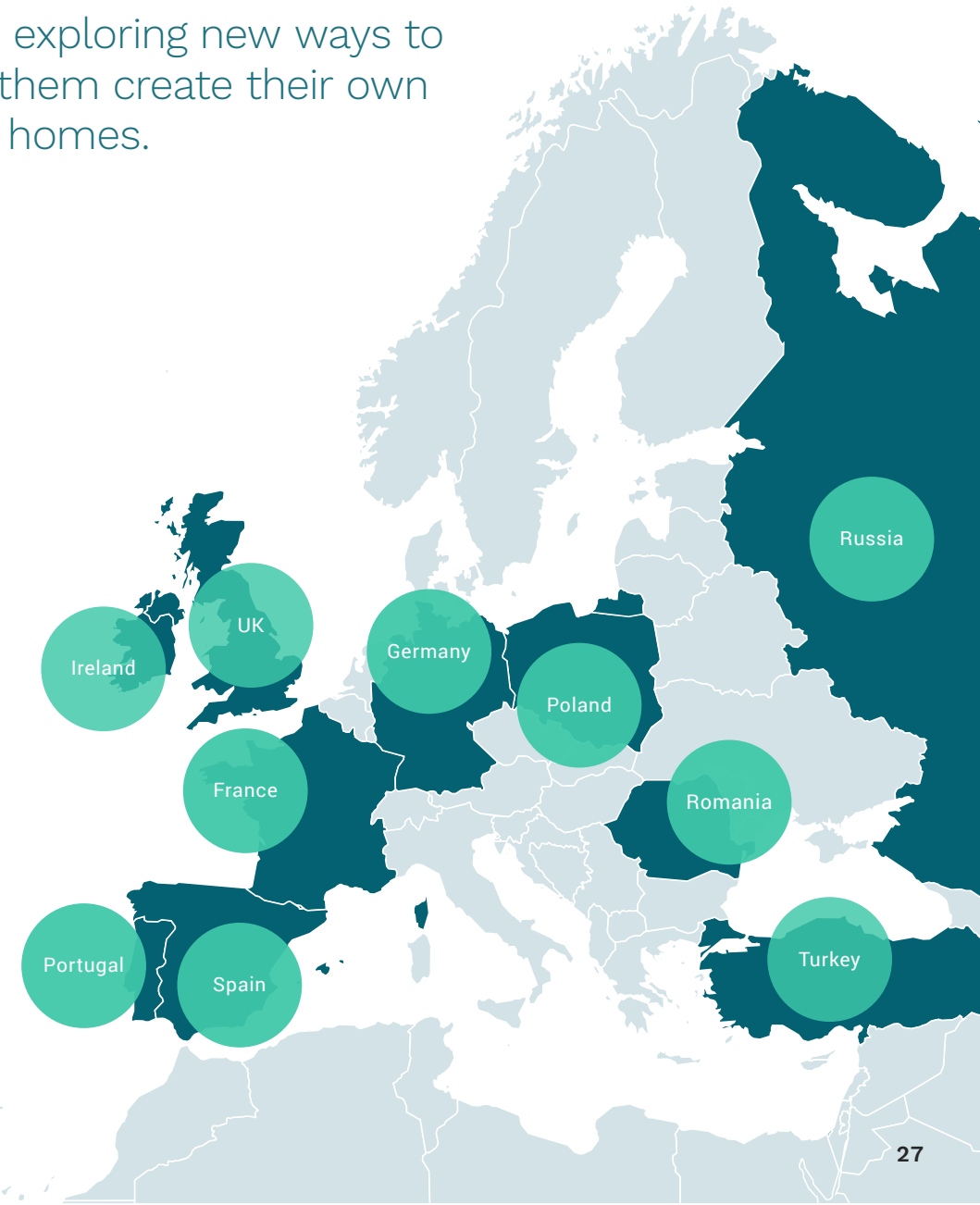
### ENSURE SUPPLIERS MEET OUR STANDARDS AND SUPPORT COMMUNITIES IN OUR SUPPLY CHAIN

We have clear ethical and environmental requirements for our suppliers, explained in our Supply Chain Workplace Standards, that we are implementing across our supply chain. We are rolling out Sedex, the online supplier data exchange, across our sourcing of goods for resale, to help us identify risks in our supply chain and track and share audit results. We carry out ethical audits of high risk production sites to check compliance.

We believe we can do more to create a more sustainable supply chain, playing our part in helping workers and their families in our sourcing communities enjoy good jobs and good homes. We have already visited key sourcing markets including Poland and Turkey to assess these opportunities and will launch trial community projects in 2018. As our sourcing operations grow through our Offer and Supply Chain function (OSC), so will our community initiatives.

We've launched strategic partnerships with Shelter and the Red Cross.

We have **77,000** colleagues across **10 countries** and we're exploring new ways to help them create their own good homes.



## New UK partnership improves homes for those in need

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

Shelter's DIY Skills Advisers support people who have recently been rehoused to improve their new homes. Shelter's clients are often in very difficult circumstances and have been through experiences that may have severely affected their self-belief. They may have been homeless or may be escaping domestic abuse. The places where they're living may be in a poor state and they'll often have no DIY experience or confidence to improve things.

The DIY advisers assist with the practical aspects of home improvement, teaching their clients new skills and in the process boosting their confidence. Through our partnership we're supporting the work of six DIY Advisers, helping 70 families in the first three months. We're also getting customers involved through fundraising weekends and by donating proceeds from sales of B&Q's 5p carrier bags, and providing opportunities for B&Q colleagues to volunteer.



“

This'll be the first place we've lived that we can decorate.

**It's a wonderful thing.  
I can't thank Shelter enough.**

—  
Kimberley





## Supporting our communities to feel safe and secure



Partnering with the Red Cross helps communities affected by emergencies and disasters get back on their feet.

Our business exists to help people create good homes. This isn't just about helping in the good times, it's also about being there when things go wrong. We've launched a new international and local partnership with the Red Cross, so when an emergency happens – be it a flood, fire or earthquake – we can help communities get back on their feet and feel safe and secure in their homes.

We have established local partnerships with the Red Cross in the UK, France and Poland, to provide funding and products to help prepare for and respond to emergencies. For example, in Poland during 2016, we donated funds to purchase equipment to help communities affected by flooding. In the UK, we donated funds and products to Red Cross relief efforts after the

fire at Grenfell Tower in London and funds to support the UK Solidarity Fund for those affected by recent UK terror attacks.

Internationally, our funds have supported relief efforts after emergencies such as the recent flooding in South Asia and we will join together with colleagues and customers to fundraise for those affected during and after major global emergencies when they occur.

## Sharing home improvement skills online

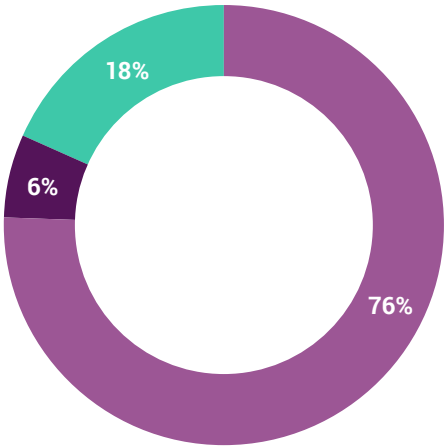
Sikana, an NGO based in France, exists to help people learn practical skills to improve their lives. We've been working together since 2015 to create ad-free, online resources teaching people basic home improvement skills.

With Kingfisher's support, Sikana are working with expert organisations to produce 'how-to' videos. Over 1,000 videos have been made so far across a diverse range of subjects from basic woodworking skills, to saving energy and furniture restoration. These are translated into six languages and available across the internet including YouTube.

### COMMUNITY INVESTMENT: DETAILS OF COMPANY GIVING 2016/17

£ thousand

Cash	£1,353
Gifts in kind	£109
Time	£323



# Delivery



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# How we will achieve our goals

Sustainability must be part of how we work in every function and part of the business. We are investing in training and engagement for our colleagues and have reviewed and strengthened our governance processes.

OVERSIGHT OF OUR STRATEGY

Our Group Sustainability Committee (GSC) leads and oversees delivery of our strategy, monitors performance against our plans and targets and reviews sustainability risks and opportunities. It is chaired by our Chief Customer Officer, who is a member of our leadership team and reports directly to the CEO. It includes senior executives from our digital, purchasing, property, people and

community functions and our operating companies. The GSC meets at least twice a year.

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

Our Board receives regular updates on our sustainability performance. Identification and management of risks relating to sustainability, at an operating company and Group level, are incorporated in our strategic risk assessment processes.

BUILDING CAPACITY

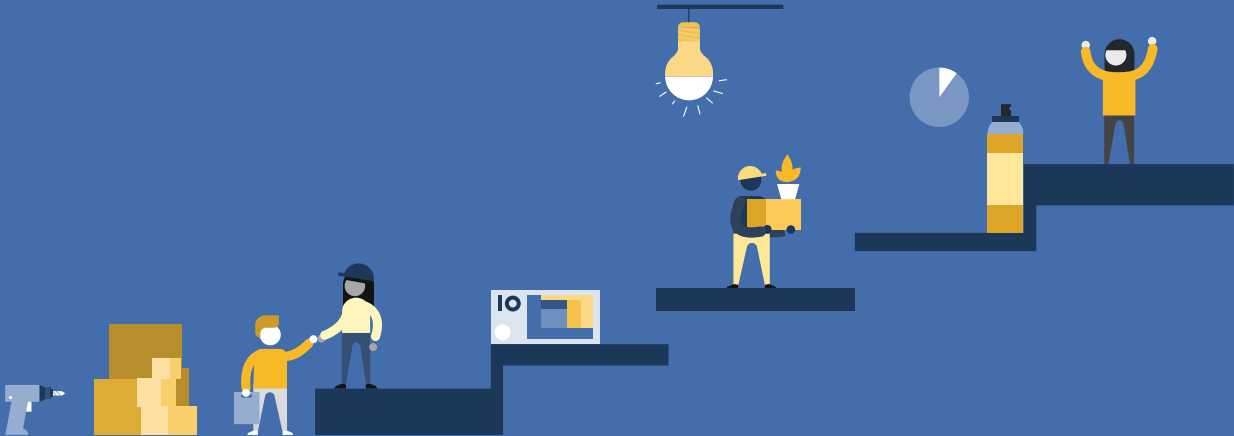
We need to give our people at all levels the knowledge and skills to help customers create sustainable homes. We are investing in training and capacity building from induction through to in-depth sustainability modules for product teams. We also want to develop a shared understanding among our leadership that sustainability and commercial success go hand in hand and many of our leaders have completed programmes at the University of Cambridge Institute for SustainabilityLeadership.

We will continue to work with our many external partners and to learn from their insights and expertise.

REPORTING AND DATA

We will report our progress against our targets annually through our Sustainability Report, using the methodologies established with Bioregional and explained in this report. We also integrate our sustainability performance into our Annual Report and Accounts and participate in disclosure initiatives such as CDP.

Internally, our operating companies and Group functions report progress against our targets to the Group twice a year and the results are reviewed by our operating company CEOs and senior directors at Group level. We produce an annual internal progress report which enables our senior leadership to track and compare performance across our companies. This is reviewed by the GSC.



# Find out more

To find out more please visit our website  
[www.kingfisher.com/sustainability](http://www.kingfisher.com/sustainability)

Sustainability Report 2016/17  
[www.kingfisher.com/sustainabilityreport](http://www.kingfisher.com/sustainabilityreport)

Annual Report and Accounts  
[www.kingfisher.com/annualreport16-17](http://www.kingfisher.com/annualreport16-17)

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

# Get in touch

We'd like to hear your feedback. You can tell us what you think about sustainability at Kingfisher at [sustainability@kingfisher.com](mailto:sustainability@kingfisher.com)

## SOURCES (PAGE 6)

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