



Our home, our world

responsible business report
2019/20



At Kingfisher, we're committed to being a responsible business and to having a positive impact on the lives of our customers, colleagues and communities.

Our Responsible Business Report provides highlights of our progress and key data for 1 February 2019–31 January 2020 and covers our response to the Covid-19 pandemic.

We also publish a detailed performance data appendix with further information on our performance and progress against targets. Our appendix also includes details of how our reporting aligns with external frameworks such as the UN Global Compact. See [performance data appendix 2019/20](#).

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About Kingfisher

Kingfisher plc is a home improvement company with over 1,350 stores in nine countries across Europe.

We employ over 77,000 people and nearly six million customers shop in our stores and through our websites and apps every week.

At Kingfisher, our purpose is to make home improvement accessible to everyone.

77,000^{†*}
Colleagues

1,367^{*}
Stores



Our stores



1. B&Q UK & Ireland 296, Screwfix UK & Ireland 686.

2. Castorama 100, Brico Dépôt 121.

* Turkey joint venture not consolidated.

† Total, not full-time equivalent.

From our Chief Executive Officer

Since joining Kingfisher in September 2019, I've been impressed by the commitment of our colleagues to make a positive difference. The results of their efforts are visible throughout this report, from the 37% of all our sales that come from products that make customers' homes greener and healthier, to the 18% cut we've achieved in our absolute greenhouse gas (GHG) emissions.



Thierry Garnier, Chief Executive Officer, Kingfisher plc

This spirit has been very much in evidence throughout the challenges we've faced from the Covid-19 crisis too. Throughout, our priorities have been clear – to provide support to the communities in which we operate, to look after our colleagues as a responsible employer, to serve our customers as a retailer of essential goods, and to protect our business for the long term.

I am inspired and humbled by the way our teams have responded: from rapidly transforming our operations to meet customer needs online in the early stages of lockdown; to establishing industry-leading social distancing and health and safety protocols to ensure a safe reopening of stores; and supporting our donation of over £2.5 million of personal protective equipment (PPE) to frontline health workers. The steps we have taken are outlined on [page 5](#).

Yet we know that Covid-19 is just one of many serious challenges facing our society. Too many families across Europe are living in homes that are unfit to live in – too small, too dark, too cold and too damp – an issue Covid has made even worse. The benefits of economic progress have been unequally distributed, and structural inequality still affects many people's life chances. At the same time, climate change and biodiversity loss remain urgent global threats that are a risk to us all. To tackle these issues, we all need to step up. Especially the largest companies.

That's why, when developing our new strategic direction 'Powered by Kingfisher', we aim to lead the industry with our Responsible Business

practices, building on our long heritage of work in this area. We have revisited our Responsible Business strategy and identified four key priorities, where we can use our experience, our scale and influence to deepen our efforts and help bring about real change:

- **We will be a more inclusive company**, breaking down barriers to employment and progression, and by providing five million hours of learning by 2025 through our 'skills for life' programme. We will have inclusivity action plans in place for all our businesses and have targeted improved gender balance in management.
- **We will help tackle climate change and create more forests than we use**, by responsibly sourcing all of the wood and paper in the products we sell, becoming 'forest positive' through supporting reforestation projects and by achieving our carbon reduction targets.
- **We help make greener, healthier homes affordable**. We are aiming for 50% of our total Group sales to come from products that help our customers create greener, healthier homes.
- **Fight to fix bad housing**, by helping more than one million people whose housing needs are greatest. By working with our partners, we will ensure more people know what it's like to wake up in a home that's safe, dry and warm, and to welcome family and friends to a home they feel proud of.

We have set ourselves challenging targets and will work together with our 77,000 colleagues, our partners and our millions of customers to really increase our impact.

We'll also keep working on the many other important Responsible Business issues that matter to us, our customers and stakeholders – from strengthening our approach to human rights, to ensuring safer chemicals in our products, to reducing waste in our business and looking after our colleagues' health and wellbeing.

I'm well aware that achieving all this won't be easy. As this report shows, we are not yet on track for some key targets – we have a lot to do and must redouble our efforts.

To underline our commitment we have, for the first time this year, included Responsible Business metrics for each of our four platforms in our annual reward targets for our colleagues. We are also improving our governance by establishing a Responsible Business Committee (RBC) of the Board, chaired by one of our non-executive directors. I will sit on it, alongside a number of my executive team.

A changing world needs us to step up, and we will. I look forward to reporting back to you on our progress against these measures in 2021.

Thierry Garnier
Chief Executive Officer

Responding to the Covid-19 pandemic

The Covid-19 pandemic affected the communities we work in across Europe, changing everyday life for millions of people. Throughout this crisis¹, we have been committed to supporting communities and governments in their efforts to fight the virus.

We've also been focusing on how we can keep serving our customers, meeting their essential needs for home improvement products, while protecting the safety of our colleagues and everyone who visits our stores.

At the time of publication the Covid-19 crisis is ongoing and many of the challenges have not gone away. We continue to seek out ways we can support our communities to recover from the impact of Covid-19, while ensuring we operate safely at all times.

Supporting our communities

UK: B&Q and Screwfix donated over £500,000 of PPE to the NHS, including masks, goggles and visors. B&Q stores also donated items from paint to plants, to hospices and care homes.

France: we donated over 2.5 million products including gloves, masks, glasses, visors and protective suits to hospitals in Paris and sent PPE to care homes for the elderly in some of the worst hit regions.

Poland: we donated £200,000 of PPE products to the Ministry of Health and hospitals across Poland.

Spain: we delivered gloves and goggles to local authorities and donated £20,000 to the Spanish Red Cross.

Romania: we donated €102,000 both in product and funding to support ARC, the organisation responsible for leading the frontline response, and provided construction products for a municipal hospital.



Thanks a million!

Screwfix Foundation raised £1 million during the Covid-19 crisis through customers rounding up nearly 6 million transactions on Screwfix.com. To date, this has supported over 200 national and local charities with a view to support even more over the coming year.

“The generosity of our customers throughout this crisis has been phenomenal.”

John Mewett, Screwfix CEO and The Screwfix Foundation Trustee



1. The Covid-19 pandemic took place outside of the time period covered by this report (1 February 2019–31 January 2020) and is therefore not covered in other sections of this document.

Donating personal protective equipment

Personal protective equipment (PPE) is critical for frontline healthcare workers but during the Covid-19 crisis supplies often did not meet the unprecedented levels of demand. In March 2020, we ringfenced our stock of PPE, reserving it all for donation to frontline healthcare organisations across our markets.

We kept working with our international supply chain, to help source new supplies of essential PPE. We were able to secure an order of three million face masks from suppliers in China and Israel for donation to health authorities in the UK, France, Poland and Romania.

In total, our donations of PPE were worth over £2.5 million. During the second half of 2020, we will be focusing our community investment on helping communities recover from the Covid-19 crisis.

Serving customers during lockdown

Home improvement stores were considered essential retailers by governments in several of our markets but we only stayed open where we were sure it was safe to do so.

We took the decision initially to close in-store trading in UK and France while establishing stringent safety and social distancing protocols for colleagues and customers.

We quickly adapted our operating model to help meet customers' essential needs safely, initially through contactless click and collect and home delivery, and then through phased store reopenings.

Safely reopening our stores and locations

As we reopened our stores, we're implementing strict safety measures to protect customers and colleagues. These include:

- The provision of gloves, visors and masks to colleagues.
- Limiting the number of customers in store.
- Safe queuing before entering the store and floor navigational markers to help enforce social distancing.
- Sanitiser stations throughout the store.
- Perspex screens at paint mixing and timber cutting stations, in showrooms and at checkouts.
- Encouraging contactless or card payments wherever possible.

Similar measures are also in place at our distribution and fulfilment centres, and training has been provided to colleagues to help support and implement these changes to their work environment.

We're regularly checking and auditing our stores to make sure our health, hygiene and safety rules are implemented and working effectively.



Our Responsible Business strategy

We are committed to doing everything we can to make a positive impact for society so that all our homes – including our communities, our forests and planet – can flourish. During 2020, this commitment has helped shape our response to the Covid-19 crisis, see [page 4](#). It also means we will continue to step up and play our part in addressing the global challenge of climate change and supporting many of the people across Europe living in homes that are unfit; too small, too dark, too cold and too damp.

Four key priorities

Our new Responsible Business strategy identifies four key priorities where we believe we can most help bring about positive change on some of the big challenges facing society.

These are, **Colleagues**: working towards being a more inclusive company, **Planet**: helping to tackle climate change and create more forests than we use, **Customers**: helping to make greener, healthier homes affordable, and **Communities**: fighting to fix bad housing. These will bring focus to our efforts and enable us to work together with our partners, our customers and 77,000 colleagues to further increase our impact.

Our priorities have been informed by research with our customers, our materiality assessment (see [page 48](#)) and external frameworks such as the United Nations Sustainable Development Goals. They reflect our most significant impacts and the areas where we have the opportunity to make a significant difference.

Our fundamentals and targets

Our priorities are underpinned by our commitment to our Responsible Business Fundamentals – the many issues and impacts we need to measure and manage to ensure we continue to operate responsibly across our business – from ethical sourcing and human rights, to health and safety and waste and recycling.

We have clear policies and ambitious targets in many of these areas to ensure we take a consistent best practice approach and keep improving.

Our targets and measurement methodologies have been developed with sustainability organisation Bioregional, who are experts in the development of sustainable communities and in measuring and monitoring sustainability performance.

Details on data scope and calculation methodologies are included in our [data collection methodology](#).

Making progress towards net positive

Our longer term goal is to be a net positive business by 2050, helping our customers to create sustainable homes, transforming our business to be restorative to the environment, and improving life in the communities where we operate and in our supply chain.

Our new Responsible Business strategy will accelerate progress on some of our net positive aspirations. For example, our aspiration to create more forest than we use is now integrated as a target for 2025.

Implementing our strategy

In 2019/20 we established a new Responsible Business Committee (RBC), reporting to the Board, to lead and oversee delivery of our Responsible Business strategy. From 2020/21, an element of our colleague bonus will be linked to performance against Responsible Business measures for the first time. More information is included on [page 45](#).

The UN Sustainable Development Goals

We support the UN Sustainable Development Goals that provide a framework for governments, business and civil society to work together to end poverty, fight inequality and stop climate change by 2030.

We have reviewed our progress and strategy against the United Nations Sustainable Development Goals and have identified the priority Goals for our business. For more information see our [performance data appendix](#).

Four key priorities



Colleagues

We will be a more inclusive company

Our commitment

We will become a more inclusive company and break down barriers to employment, making sure every one of our colleagues feels at home with us, shares in our success and builds skills for life.

Our targets

- Develop an inclusive action plan for each of our businesses in 2020/21.
- Improve gender balance in management in 2020/21.
- Provide five million hours of learning by 2025 through our 'skills for life' programme.



Planet

We will be forest positive and help tackle climate change

Our commitment

We will help tackle climate change by reducing carbon emissions from our business, products and supply chains; and by creating more forests than we use. We will become forest positive by 2025 by investing in reforestation from 2021.

Our targets

- Source 100% sustainable wood and paper for our products and catalogues by 2020/21.
- Achieve our approved science-based carbon reduction target by 2025.
- Become forest positive by 2025.



Customers

We help make greener, healthier homes affordable

Our commitment

We will help millions of customers have a greener, healthier home – one that is resource-efficient, uses planet-friendly materials and is free from harmful chemicals.

Our target

- 50% of sales to be from our Sustainable Home Products by the end of 2020/21.



Communities

We will fight to fix bad housing

Our commitment

We will fight to fix bad housing – donating our products, expertise and time to help more than one million people whose housing needs are greatest in the communities we serve.

Our targets

- Help more than one million people whose housing needs are greatest by 2025.
- Provide over 20,000 colleague volunteering hours to support housing and home improvement projects in 2020/21.

Responsible Business Fundamentals

Employee safety and wellbeing

Maintain high levels of engagement and support colleagues to improve their health, safety and wellbeing.

Responsible sourcing

Sustainable management and efficient use of key resources by 2025, including peat-free bagged growing media by 2020.

All suppliers meet our ethical and environmental standards by 2020.

Chemicals

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

Waste and recycling

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

Governance and ethics

Continue to strengthen our approach to managing Responsible Business issues, further embedding our commitments into our governance structures, policies and risk management procedures.

Colleagues

We will be a more inclusive company

We will become a more inclusive company and break down barriers to employment and progression, making sure every one of our colleagues feels at home with us, shares in our success and builds skills for life.

We're focusing on inclusion because we want to be representative of the societies and communities from which we recruit and which we serve. Having a mix of different backgrounds, outlooks and experiences makes us a stronger, more effective business. However, inclusion is not just about diversity – it encompasses all the things we do to create a culture and workplace where everyone feels valued and respected, can be themselves and build skills for life. We have created a 'People and Culture' task force to build our future strategy. This is something we will report more on next year.

Our targets

- Develop an inclusivity action plan for each of our businesses in 2020/21.
- Improve gender balance in management in 2020/21.
- Provide five million hours of learning by 2025 through our 'skills for life' programme.

Our progress

We have developed Group Diversity and Inclusion principles and will develop local action plans in 2020/21.

35% of managers and 24% of senior managers are women. We are taking a number of approaches to improve gender balance including training our senior colleagues to model inclusive leadership behaviours and training recruiters to minimise the impact of bias and ensure a fairer recruitment process.



Diversity, inclusion and skills

Our guiding principles

We've developed Group Diversity and Inclusion principles to guide our approach. These commit us to:

- Treat colleagues of all backgrounds equally.
- Be representative of society and the communities we serve.
- Understand and mitigate biases.
- Embed inclusive policies and practices.
- Promote and encourage colleague networks.
- Listen to, encourage and act on colleague and customer contributions.

At a Group level we will be initially focusing on improving gender diversity in our management. Our businesses will also develop their own local inclusion action plans.

Making inclusion part of the way we work

We're carrying out research with our colleagues through focus groups and interviews, to understand their views and identify how we can best embed inclusive practices in our business. At B&Q we are working with a specialist consultancy to conduct a culture audit and review of its policies and processes against our principles.

We are also rolling out training to our senior colleagues to help them model inclusive leadership behaviours.

Our CEO and Chairman are members of the 30% Club which aims to increase representation of women on boards and executive committees. Three of our senior leaders are also ambassadors for the Retail Week Be Inspired programme, which promotes gender balance at all levels across the retail sector.

B&Q is partnering with the Global Institute of Women's Leadership at Kings College London on research into removing barriers that may hinder career progression for senior women. It is a Level 2 Disability Confident Employer and is working with Pluss, a Social Enterprise that helps thousands of people with disabilities and other disadvantages to move into employment each year.

Addressing bias in recruitment

Unconscious bias can have a negative impact on recruitment decisions. To prevent this, we're equipping our recruiters with the knowledge, policies and processes they need to create a great recruitment experience and fair outcome for all candidates.

Our one-day training workshop, Licence to Hire, helps managers make good recruitment decisions by raising awareness of the benefits of diverse teams, training them to spot and address bias and offering guidance on how to provide candidates with balanced and relevant feedback. We've rolled out the training to 158 managers in China, France, Poland, Turkey and the UK.

An LGBTQ+ inclusive workplace

We want to make sure that LGBTQ+ colleagues feel at home at Kingfisher. Our new LGBTQ+ Network has been set up by our colleagues to help us achieve this goal. In its first year, the network brought together over 400 of our UK colleagues to start a dialogue on LGBTQ+ issues, run events and support the EqualTea campaign. The network received an award at the inaugural Rainbow Honours 2019.

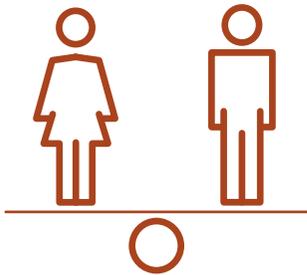
We're also working with Stonewall, the leading charity for lesbian, gay, bi and trans equality, and have joined their Global Diversity Champions programme.



How gender balanced are we?

Our data on gender balance shows we have further work to do, particularly to increase female representation among our senior management and executive leadership teams. We aim to address this through inclusion action plans in each of our businesses.

We do not currently collect data on ethnic diversity in our workforce due to regulatory restrictions in some of our markets.



**Gender balance:
women in management
35%**

Gender balance % of female colleagues based on headcount

	2018/19	2019/20
Total workforce	42%	43%
All management	36%	35%
Senior management ¹	23%	24%
Executive directors	18%	17%
Board of Directors	55%	38%

Our latest gender pay report (2018/19) shows a median pay gap of 3.3% and mean pay gap of 8.8% for all UK Group and retail banner employees. The mean pay and bonus figures are affected by the higher pay for our senior management, many of whom are male.

Building skills for life

We want everyone who works at Kingfisher to be able to keep learning, improving and growing – building skills for life. We offer a range of development and learning opportunities that benefit colleagues professionally and personally. Now we want to go even further, and have set a new target to provide five million hours of learning by 2025 through our ‘skills for life’ programme.

Our GoodHome Academy, for example, includes physical and digital learning experiences to enable store colleagues to learn about our ranges and gain insights into customer needs and key home improvement projects.

In 2019/20, the Academy delivered 27 physical events for 1,200 trading managers across the UK, France, Poland and Romania covering our outdoor, interiors and kitchen ranges. It also reached over 35,500 colleagues through digital learning experiences including training on our purpose and values, trading approach and customer experience. 92% of those who took part in the training events reported that they’d recommend the Academy as a great learning experience and 87% said that it helped them deliver a better customer experience.

Learning for Life at Screwfix

At Screwfix, our Learning for Life programme is helping colleagues build skills that support them in their day-to-day lives. The first modules launched in 2019 focus on good financial management and new modules to be launched in 2020 will cover maths and English skills, digital awareness and career development. We’ll carry out research with our colleagues to identify topics for future training sessions.

PEOPLE

TRADE UP TO ASSISTANT MANAGER

Since we launched our apprenticeship programmes, we've seen many of our colleagues sign up to progress their careers in retail and it's something we're really proud of. Let's take a look at how our colleagues are making more of themselves.

Since our last update, we now have over 400 apprentices on our retail management apprenticeship development programmes. We have plenty to celebrate already, with 32 colleagues passing their end point assessment and 13 of those passing with distinction (see right). The 100% pass rate across both programmes is testament to the hard work and commitment of every one of our future retail managers. Well done to you all!

NEW

We've now launched apprenticeships in Head Office and the Contact Centre. Colleagues in HR have started their learning and Contact Centre colleagues have also begun their Level 3 Team Leader programme as well as the Level 3 Customer Service Specialist apprenticeship.

It's great to be able to have our Head Office and Contact Centre colleagues using apprenticeships to support their career development in the same way as our Retail colleagues. All of these opportunities for progression across each area of the business will help us to develop colleague capability and ultimately shape the leaders of tomorrow.

DISTINCTION STARS

Keep Hayler, Dan Carroll, Zaki Elwan, Amina Mubashir, Ewan James, Liam Lewis, Aislinn Poirer, Teresa O'Connell, Gemma May, Aislinn Brady, Orla Flanagan

MORE TO COME...

We have lots more to come with our apprenticeships and even more opportunities for our colleagues to make more of themselves. Our Power Up programme begins in 2020 and will help develop the specific skills required for our future Trade Plus Superstars.

Contact Centre colleagues Ely Driver, Josh Rose, Lauren Ayles, Christine Cotton, Katie Monaghan, Victoria MacIntyre, Diana Steel and Sophie Bruckel. The group (pictured left) are working toward their qualifications into the new year. Apprenticeship opportunities will continue to roll out across other functions in Head Office through 2020, so keep an eye out for more exciting info coming soon.

1. Senior management covers Board, directors and heads of department

Investing in apprenticeships

Our apprenticeship programmes help colleagues to gain new qualifications and learn on the job. Over 750 people are completing apprenticeships at B&Q covering 28 subjects from retail management to digital marketing. These apprenticeships are open to colleagues of any age and at any stage of their career. They enable our people to develop their skills, knowledge and behaviours in-role, achieve a recognised qualification and put what they learn straight into practice. B&Q's youngest apprentice is aged 18 and the oldest is 61. We offer apprenticeships up to level 7*, equivalent to a master's degree level.

At Castorama and Brico Dépôt France we partner with universities and business schools to recruit apprentices for store-based undergraduate and master's degree placements. In 2019/20, 744 apprentices were recruited across both retail banners.

At Screwfix, we have over 500 Screwfix colleagues on apprentice programmes across the retail, human resources, accounting and contact centre functions. Screwfix has a 100% pass rate for its Retail Management apprenticeships, with 41% of apprentices achieving a distinction grade.



“Throughout the course, I’ve learned invaluable skills and thoroughly enjoyed being able to put everything I’ve learned into practice, both during my time as an apprentice and in my new role as I develop my career following my recent promotion to a management position.”

Aimee Edwards, former apprentice and Winner of the B&Q Apprenticeship Ambassador Award

123 B&Q apprentices completed our Retail Team Leader, Level Three apprenticeship course last year, with many of those celebrating their achievements at our graduation ceremony in January 2020.

Planet

We will be forest positive and help tackle climate change

Forests are vital for the health of our planet, our communities and our homes. They are also incredibly important to Kingfisher. Wood and paper are in around a quarter of all the products we sell – it's the biggest natural resource we use.

We are getting close to achieving a target we set over 10 years ago – to have 100% responsibly sourced wood and paper in all the products we sell. But today, it is clear, we need to do even more to protect forests – to help tackle climate change and keep our planet healthy, and to ensure that our customers can afford to improve their homes with materials that are the greenest and the best. That's why we are making a new commitment – we will be forest positive by 2025.

We're also stepping up our efforts to help tackle climate change through our ambitious science-based target to cut greenhouse gas (GHG) emissions from our business, products and supply chains by 2025.

Our targets

- Source 100% sustainable wood and paper for our products and catalogues by 2020/21.
- Become forest positive by 2025.
- Achieve our approved science-based carbon reduction target by 2025.

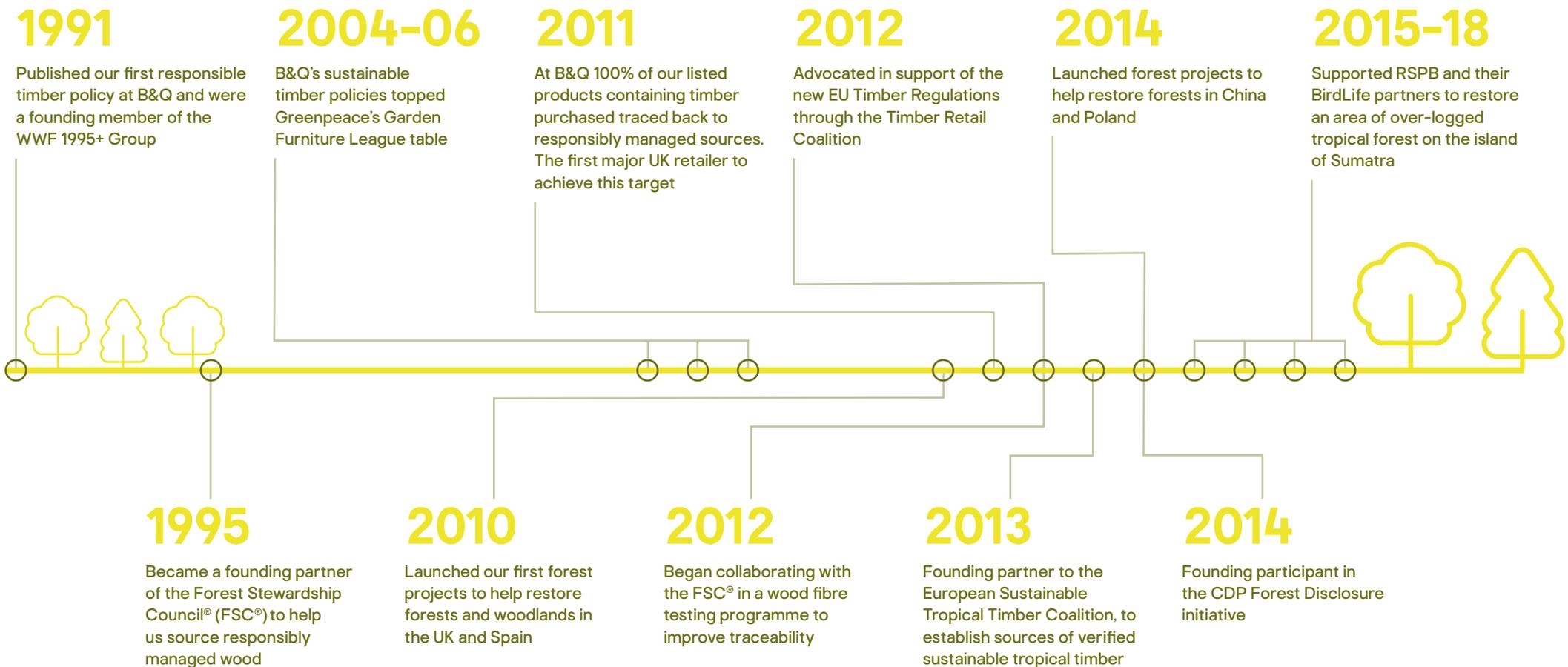
Our progress

94% of wood and paper in our products for our three main retail banners is from proven, well-managed forests or recycled sources, making good progress towards our target. 100% of catalogue paper meets our responsible sourcing criteria. We will begin investing in new reforestation projects from 2021.

18% reduction in scope 1 and 2 emissions (market-based) since 2016/17, on track to our target of 22% by 2025.



We've been working to protect forests by sourcing our timber responsibly for nearly 30 years

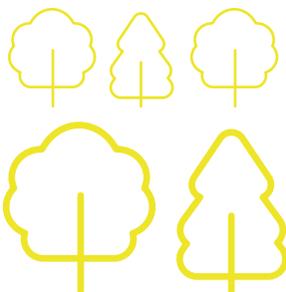


Choosing sustainably sourced wood and paper

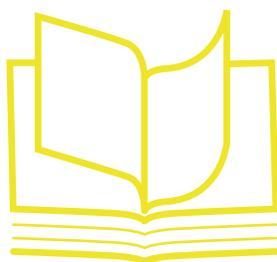
We've spent decades working to improve the sourcing of wood and paper for our products, ensuring it comes from well-managed forests that continue to grow and thrive.

In 2019/20, 94% of the wood and paper used in our products and 100% of catalogue paper met our responsible purchasing criteria. This means it has been independently audited by recognised certification schemes, such as FSC® and PEFC, as coming from well-managed forests, or is certified recycled. Our wood and paper data covers products sourced during the year for resale to customers by B&Q and our French retail banners; our catalogue paper covers all of our retail banners.

We continue to work with others on sustainable timber sourcing, including as members of FSC® and PEFC, board members of PEFC International and UK, and Chair of the British Retail Consortium's Timber Working Group.

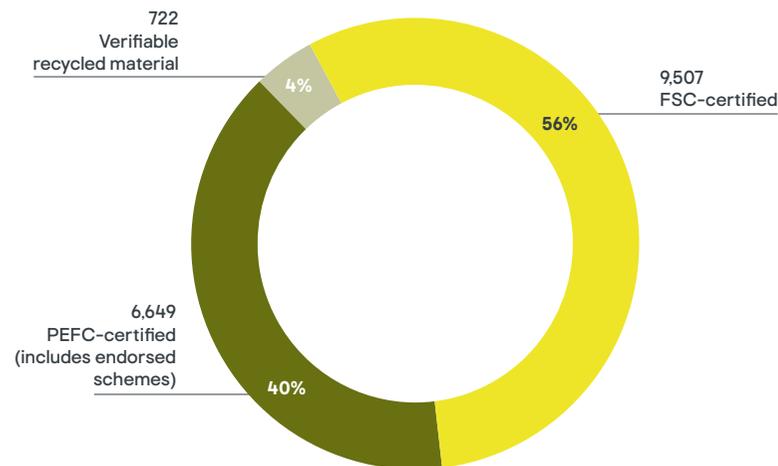


94%
of wood and paper in our products is from proven, well-managed forests or recycled sources



100%
of catalogue paper meets our responsible sourcing criteria

Our responsibly sourced wood and paper number SKUs (products) purchased



“Kingfisher was one of our founding members back in 1993 and is still supporting our work today. We welcome their continued commitment to sourcing wood and paper from FSC managed forests and Supply Chains, helping to protect forests and their people and wildlife for the future.”

Kim Carstensen, Director General FSC International

Going further: our commitment to forest positive

Building on this heritage we're now going further with our commitment to be forest positive. This means, by supporting reforestation programmes we will create more forest than we use. So that whenever a customer shops with us and buys any products containing wood or paper – a shed, a kitchen cabinet, some wallpaper or just a paintbrush with a wooden handle – they can be confident their purchase is helping to protect and extend the forests our planet needs.

We'll be working with forestry experts to develop a comprehensive programme, ensuring the projects we support benefit forests, wildlife and the surrounding communities. We will build on the knowledge gained through previous work supporting forests in our markets including the UK, Spain and Poland and our support for the Harapan rainforest restoration project led by RSPB and its BirdLife partners in Indonesia.

Improving our data

To be confident that all our wood and paper meets our responsible sourcing standards, we need robust data and strong quality and oversight processes.

We've changed how we measure compliance with our responsible sourcing policy, now counting the number of wood and paper products sourced during the year, rather than the volume of wood and paper sold. This helps to reduce the risk of error in the data collection process. See our [performance data appendix](#) for more detail.

Our data for 2019/20 covers B&Q, Castorama France and Brico Dépôt France. We have focused on these retail banners as we believe they represent a significant proportion of our total Group purchases. We plan to extend the scope of our data reporting to all retail banners next year. You can read more about the process we have for collecting wood and paper data in our [data collection methodology](#).

During the year we also improved our product testing systems, updated our policies and guidance for suppliers and trained our sourcing and quality teams on how to apply our standards.



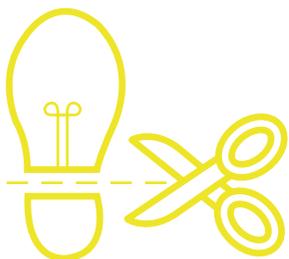
Targeting ambitious carbon reductions

Our carbon targets have been approved by the Science Based Targets initiative (SBTi), confirming that they are consistent with reductions required to keep warming to 2°C.

We know that the world needs to get to net zero emissions by 2050 and we want to play our part, including through achieving our science-based targets.

They commit us to:

- Reduce scope 1 and 2 emissions from property and transport by 22% in absolute terms by 2025, compared to 2016/17.
- Reduce scope 3 emissions from the supply chain and customer use of products by 40% per £million turnover by 2025, compared to 2017/18¹.



We've already cut our direct emissions by 18%

To reduce carbon from our operations we're improving the energy efficiency of our buildings, generating our own green energy and sourcing 42% of our purchased electricity from renewable sources.

As a result, we've reduced emissions from property and transport by 18% since 2016/17. That's on track to our target of 22% by 2025.

We participate in the CDP Climate Change disclosure initiative and received a score of A- in 2019.

We support the Task Force on Climate-related Financial Disclosures (TCFD) and include a summary of our approach on [page 46](#).

Low carbon stores and distribution centres

Our 12 net zero energy stores at Screwfix generate more energy than they consume thanks to a solar PV installation, energy efficient design, an air source heat pump and LED lighting.

We're cutting gas consumption at our Trentham distribution centre thanks to a localised heating system. This provides warmth to employees on the packing benches more efficiently.

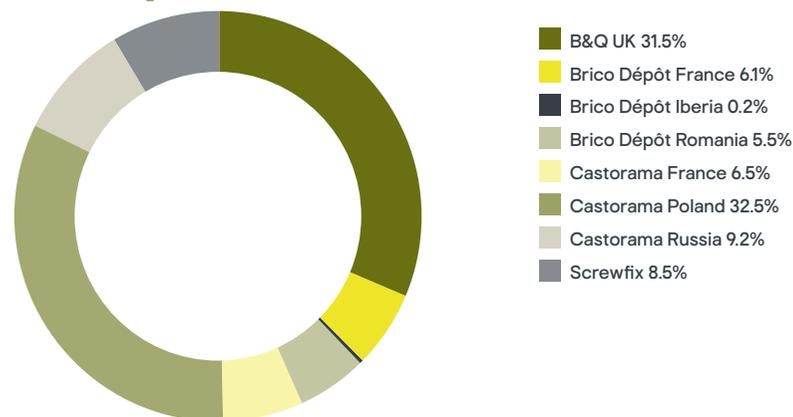
Our carbon emissions (scope 1 and 2) thousand tonnes CO₂e from property and transport



Our property energy consumption GWh



Carbon footprint by retail banner scope 1 and 2 (market-based) tonnes CO₂e



1. Our scope 3 target covers 67% of our total scope 3 emissions.

Greener buildings

We're making energy efficiency a top priority in the design of our new stores, using our energy blueprint to guide the design and fit-out. LED lighting is now in place across 85% of our stores (2018/19: 73%), including all stores in Poland and France.

We've also installed solar PV panels on 25 stores, offices and distribution centres, biomass boilers supplying two distribution centres and one head office building, and air source heat pump systems at 84 locations. This investment in renewables is generating 7.8 million kWh per year and delivering over £1.1 million in financial benefit including energy cost reductions each year.

These measures have helped us to reduce property energy intensity by 11% since our 2016/17 baseline, and by 9% year on year. Property carbon intensity has reduced by 5% over the same period.

Our property energy intensity kWh/m² floor space

2019/20	129
2018/19	142
2017/18	140
2016/17	145

Greener deliveries with LNG trucks

Liquefied Natural Gas (LNG) is an alternative to diesel fuel which can reduce CO₂ emissions by at least 20%. At B&Q, we now have 50 trucks in our store delivery fleet running on LNG from our Swindon distribution centre, currently the biggest LNG fleet in the UK. During 2020/21, we will be installing another LNG fuel facility at a second distribution centre, investing in a further 50 LNG vehicles and exploring the use of bio-LNG, an alternative fuel that can help us to make an even bigger cut in our CO₂ emissions.

This is part of our effort to reduce emissions from transport and travel. You can read more in our [performance data appendix](#).

Low carbon stores and distribution centres

Each of our seven largest distribution centres now generate some of their own renewable energy through a solar PV installation on every site.



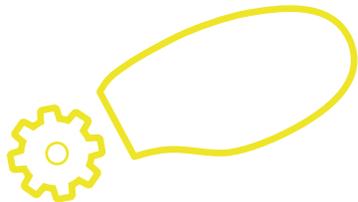
Solar PV panels on our B&Q Swindon distribution centre.

Reducing emissions from use of our products

The use of our sold products, such as lightbulbs and energy-using appliances, makes up 46% of our scope 3 emissions. We're making savings here by improving the energy efficiency of our ranges. For example, we have reduced emissions associated with our lighting range by 60% by switching to LED products. Energy efficient products are good for customers – enabling them to reduce their home energy consumption.

We have reduced emissions from energy-using products by 1.77 million tonnes of CO₂e since 2017/18. This takes account of a product's estimated lifetime carbon emissions from energy use.

This improvement in energy efficiency has reduced our scope 3 footprint by 13% against our target of a 40% reduction per £million turnover. We are not yet able to report progress on the supply chain element of our target.



40%
of our carbon footprint comes from the manufacture of our products

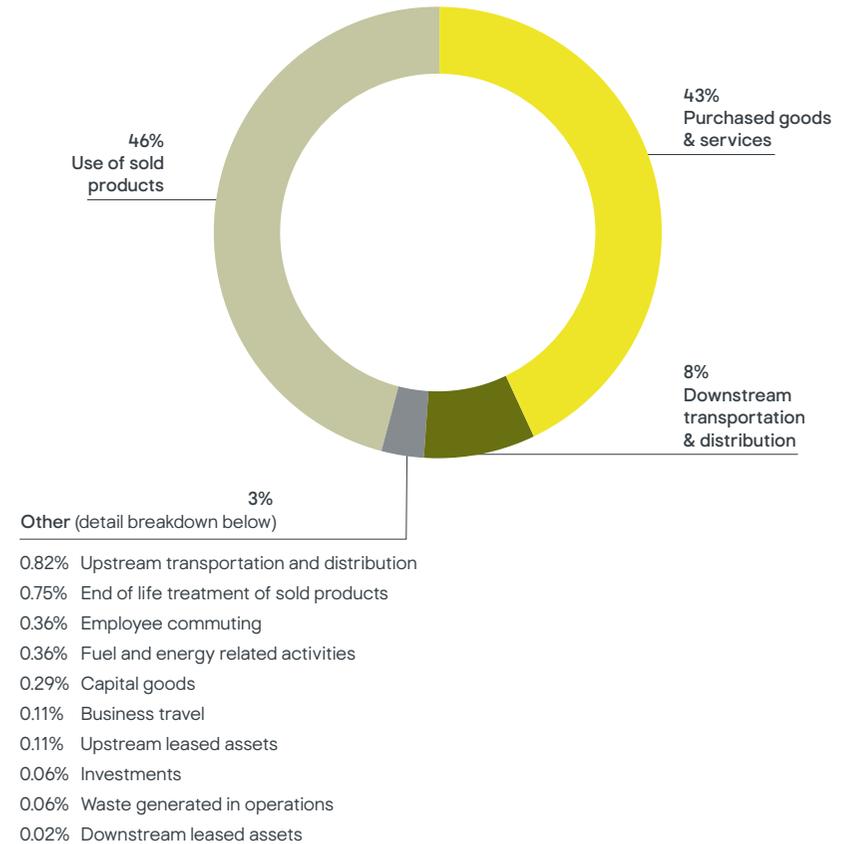
A low carbon supply chain

Around 43% of our carbon footprint comes from the sourcing and manufacture of our products.

We're cutting our supply chain carbon footprint through our work on sustainable sourcing of raw materials such as cement, plastics and peat-free compost (see page 34). For example, we are exploring how we can reduce supply chain carbon emissions from our bagged cement products by switching to lower carbon formulations, such as CEM III. This can be challenging since changes in formulations can affect properties of the material, as for instance drying time (or setting time). Our highest selling cement product in Poland is already a CEM III formulation and we are looking for opportunities in other markets.

We're also helping our suppliers to adopt low carbon manufacturing techniques and have partnered with WWF and the Environmental Defence Fund to launch the Low Carbon Manufacturing Momentum Programme and Green Supply Chain Programme.

Our scope 3 emissions thousand tonnes



We calculated our full scope 3 carbon footprint in 2016/17; the split between the categories is shown in the graph. We have been reporting on the majority of our own operations for a number of years (see page 17) and have extended that to include emissions from purchased goods and services this year.

Customers

We help make greener, healthier homes affordable

We will make it affordable for millions of customers to have greener, healthier homes.

That means homes that are well-insulated, energy efficient and affordable to run. Homes that use water efficiently. Homes free from harmful chemicals. Homes that use sustainable materials and beautiful, natural gardens that also welcome birds and wildlife. Homes that use fewer and more planet-friendly materials, and are fitted out with quality, long-lasting products made in ways that are better for people and the planet.

We know from our customer research that people aspire to have a sustainable home, but they often find it complicated or expensive to achieve. We want to change this.

We're transforming our ranges and embedding sustainability in our products, using our Sustainable Home Product guidelines developed with experts Bioregional.

Our target

– 50% of sales to be from our Sustainable Home Products by the end of 2020/21.

Our progress

37% of Group sales were from products that help create a more sustainable home in 2019/20. We're making good progress towards our target but we are not on track to meet this goal. See the following page for more detail.



Sustainable by design

We don't think customers should have to search out a sustainable product. We're embedding sustainability into our product development process so that in future, customers will be able to choose any product they want and be confident it is as sustainable as possible.

Sustainability is one of our five core design principles used in the development of our ranges, alongside price, quality, form and function.

Our industry-leading Sustainable Home Product guidelines help us improve the performance of our ranges, through a five-step process; see left.

We make our guidelines easy to use and publish them on our website. We hope that by sharing our approach and what we've learned so far, we can help encourage change across our industry.



42%
estimated improvement in home water efficiency enabled by our current water saving products

Progress on our target

Whilst we recognise we are not on track for our target of 50% sales from Sustainable Home Products by the end of 2020/21, we're proud that well over a third (37%) of our sales come from our Sustainable Home Products. This generated £4.2 billion for the business in 2019/20. This is a longstanding target, set over 7 years ago, and ensures we integrate sustainability into our purchasing decisions. We are closely working with all our retail banners to identify opportunities to further improve our product ranges, and during this year we will be reviewing and extending this target to 2025.

We have made progress as more of our lighting is LED, more of our paint is water based and more of our taps are water efficient. We have removed ortho phthalates from new vinyl flooring products, discontinued metaldehyde slug pellets and are moving away from glyphosate.

This year insulation and LED lighting enabled customers to achieve an estimated 30% reduction in energy use in their homes, while our water saving products enabled a 42% improvement in home water efficiency. 9% of sales enabled customers to create safer, healthier homes and connect with nature.



Sustainable Home Products % of retail sales

Target 2020/21	50%
2019/20	37%
2018/19	32%
2017/18	32%
2016/17	28%

Our sustainable products

Connect to nature products

Helping wildlife in gardens and beyond

Eating produce that we've grown ourselves

We're developing products that help customers enjoy beautiful gardens that are also good for wildlife. We stopped using metaldehyde in our products across the whole business in 2019. Instead, we've worked with suppliers to develop innovative new products which can protect plants from slugs without using harmful toxins.



£180m
sales of Kingfisher's Sustainable Home Products that help customers connect to nature

Energy saving products

Insulation and other energy efficiency solutions

Efficient appliances

Renewable energy and low carbon solutions

Our Erbauer range of cordless power tools are now more energy efficient, thanks to the brushless technology used in their motors. This also makes them lighter and more efficient to transport, reducing carbon emissions from transport. Every tool in the range can use the same rechargeable Erbauer battery.



£802m
sales of Kingfisher's Sustainable Home Products that help customers save energy

Water saving products

Improving water efficiency

Collecting and using rainwater

We're improving water efficiency across our ranges to help customers save money, water and energy. Our kitchen and bathroom basin taps, for example, now have a maximum flow of 8 litres per minute as standard compared with up to 12 in previous ranges.

£223m
sales of Kingfisher's
Sustainable Home
Products that
help customers
save water



Live smarter products

Made from reused or recycled materials

Helping customers reduce, reuse and recycle

Longer lasting

Rental and pay per use models

Our new GoodHome kitchen range has been designed with durability in mind, with warranties of up to 25 years offered. Our ranges also includes energy efficient appliances such as our Bamia connected hobs and hoods that adjust the extraction rate according to what's cooking. All the wood used is FSC® or PEFC certified. Some of our kitchen cabinets are made with recycled bottles such as the GoodHome Garcinia matt stone and Pasilla style finishes.

£782m
sales of Kingfisher's
Sustainable Home
Products that help
customers live
smarter



Health and wellbeing products

Improved air quality

Make our homes safer and more accessible

Support an active lifestyle

Adapting to climate change

Our GoodHome paint range, launched in 2019, includes more water-based paint options with low levels of VOCs – meaning more customers benefiting from fewer harmful chemicals when decorating their homes. For example, 64% of sales of interior renovation paints are now water based compared with 53% the previous year.

£903m
sales of Kingfisher's Sustainable Home Products that help customers health and wellbeing



Sustainable materials

Responsibly sourced

Low carbon and better for the environment

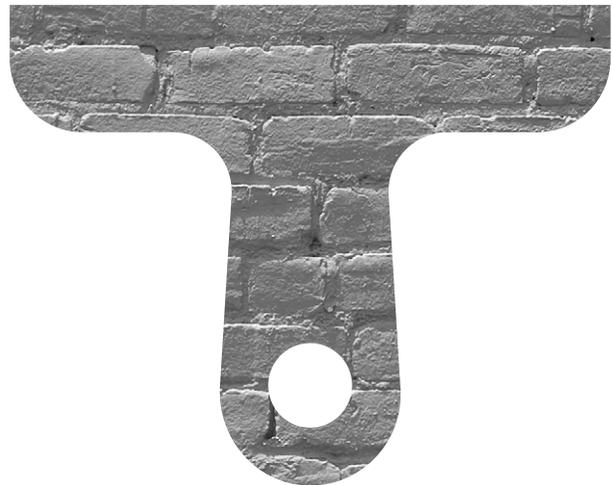
Our Kora recycling system is made partly from recycled plastic – helping to reduce waste and increase demand for recycled materials. It's designed to make home recycling easier for customers too, with a stackable system of up to five bins to sort and separate materials.

£1,453m
sales of Kingfisher's Sustainable Home Products that are made using sustainable materials



Communities

We will fight to fix bad housing



We believe everyone should have a home they feel good about, but we know that many people do not. In fact, millions of people in Europe still live in homes which are unfit – too small, too dark, too cold, too damp – or experience homelessness. This can have a devastating impact on their confidence, health and future prospects. We want to help.

We're committed to helping as many people as we can to know what it's like to fall asleep feeling safe, warm and dry; to wake up surrounded by the things they love; and to welcome family and friends to a home they feel proud of. We will help more people know what it's like to have a home that they can feel proud of.

Through our partnerships with national and local organisations, our colleague volunteering and fundraising, and our engagement with policymakers we're joining the fight to fix bad housing.

Our targets

- Help more than one million people whose housing needs are greatest by 2025.
- Provide over 20,000 colleague volunteering hours to support housing and home improvement projects in 2020/21.

Our progress

Over 355,000 people have benefited from our donations since 2016/17, on track to our target.

Our employees spent over 19,600 working hours volunteering in their local communities. Due to the Covid-19 pandemic we have been unable to continue our volunteering programme across all markets, and anticipate that we will not now meet this target in 2020/21.

Our community approach

To maximise our positive impact, we have a network of in-country community teams in the UK, France, Poland and Romania. Together, we support projects that help those most in need to have a home they can feel good about, through grants, volunteer support and product donations.

To bolster our ambitions, we are launching a network of foundations that will be supporting charities who provide, maintain, repair and improve housing and community spaces.

The Foundations will be funded by annual Kingfisher corporate donations as well as employee and customer fundraising in each market. Profits from sales of our reusable plastic bags will also be used to support the Foundations' work.

The Screwfix Foundation funded over 250 projects in 2019/20, and got its customers and colleagues involved in fundraising for good causes, including through its Christmas raffle which raised over £300,000.

Our Foundations in Poland and Romania were launched during 2019/20 and our B&Q Foundation will launch in 2020/21.

Celebrating our community involvement

During 2019, we held a series of volunteering events in our markets involving 2,000 colleagues. Kingfisher colleagues in London volunteered with the Childhood Trust to help transform the lives of disadvantaged children by renovating their bedrooms. We held an exhibition with the Childhood Trust, Bedrooms of London, providing an insight into the lives and experiences of children living in poverty in the UK capital.



Image by Katie Wilson, Bedrooms of London exhibition.

£1.5 million donated in 2019/20

Altogether, our community investment was worth £1.5 million during the year (2018/19: £1.69 million). This includes cash donations, employee time and in-kind contributions, with product donations valued at cost price. This is equivalent to 0.28% of underlying pre-tax profits (2018/19: 0.2%).

At least 172,000 people directly benefited from our community contributions, bringing the total to 355,000 since 2016/17. We are on track to our target of 1 million by 2025.

We helped customers and colleagues raise a further £1,458,000 for charity through in-store collections, payroll giving, fundraising events and using our contact centres to take pledges from the public during charity fundraising appeals (2018/19: £1,029,000). This makes a total community contribution worth £2.97m.



£1.5 million
donated during 2019/20

Partnering with Fondation Abbé-Pierre in France

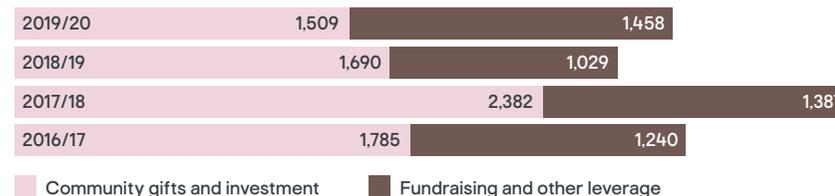
In France, our partnership with Fondation Abbé-Pierre aims to raise funds and awareness to tackle bad housing and homelessness. During 2019/20, this included a donation from Kingfisher and money raised by our colleague and customer fundraising activities.

In addition to supporting Fondation Abbé-Pierre, colleagues also volunteered in and around their communities donating nearly 3,218 hours to support projects that improve and renovate homes.

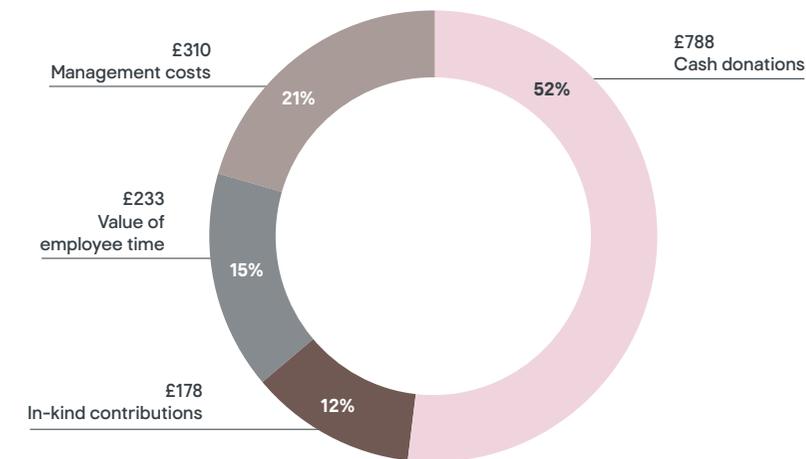
Helping the Red Cross be there in an emergency

We partnered with the Red Cross locally in the UK, France and Poland. In the UK our support helped the Red Cross respond to 1,245 incidents and supported 9,200 people affected by flooding, fire and terrorism. In Poland, our support enabled 934 people to attend emergency preparedness workshops, so they will be ready to respond in situations such as a flood or fire. 250 families were provided with an emergency rescue kit, including first aid supplies, and our support also provided equipment and protective clothing for rescuers, such as gloves and fire-resistant clothing.

Community investment £ thousands



Community investment: details of company giving 2019/20 £ thousands



Supporting Shelter in the UK

In the UK, we've supported the housing and homelessness charity, Shelter, since 2017. Our partnership focuses on helping people who have been through very difficult experiences to have a home where they can feel safe and secure. We fund a team of nine specialist DIY Skills Advisers who provide practical home improvement assistance to people who've experienced or are at risk of homelessness, benefiting over 2,600 people since the partnership began.

We also help to fund some of Shelter's frontline advice services and get our colleagues and customers involved in fundraising and volunteering throughout the year. This has raised £1.7 million since our partnership began.

A refuge for at-risk women and children in Romania

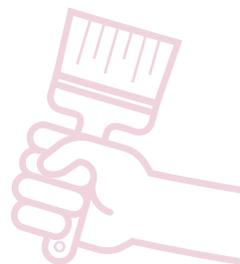
We're supporting Casa Ioana, a women's refuge association in Romania that provides shelter, protection and counselling for women and their children affected by domestic violence. During 2019/20, we helped fund the renovation of one of its family shelters in Bucharest, helping 25 women at any one time, and we're now supporting the complete renovation of a second refuge.



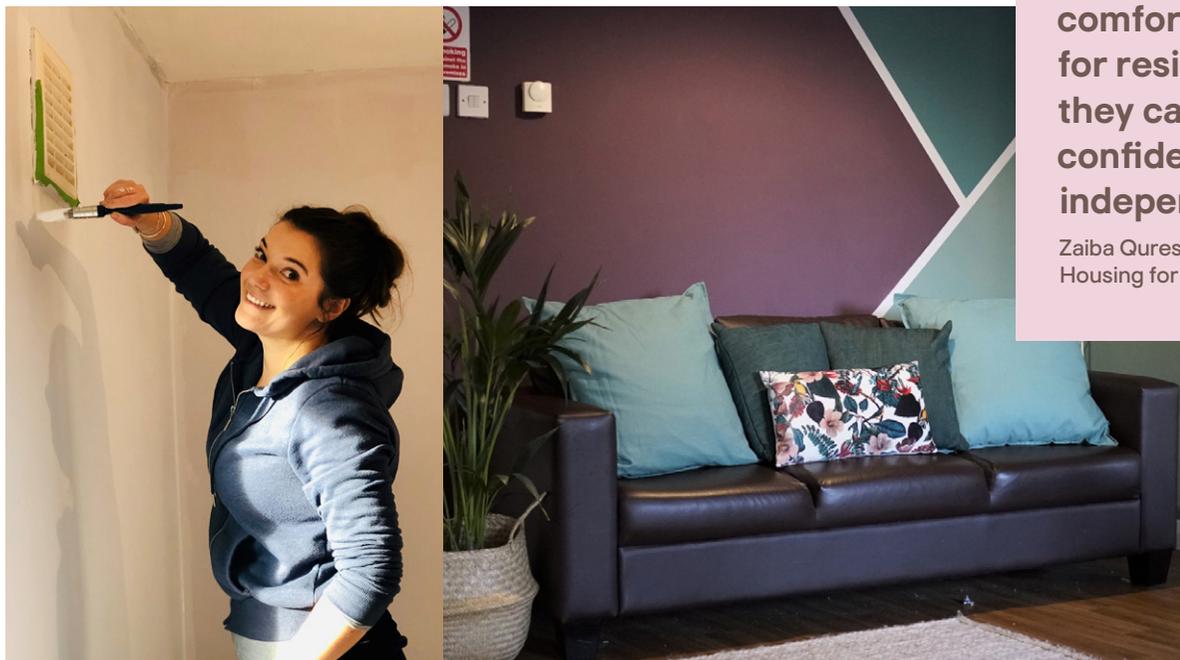
Getting our people involved

We want as many colleagues as possible to get involved as volunteers for our charity partners and the communities we serve, and 1,876 did so in 2019/20. This is not only good for our partners and our communities but our colleagues feel the benefits too. Feedback from colleagues volunteering during 2019/20 showed an increase in wellbeing, an increase in confidence and over two-thirds said it made them more proud to work for Kingfisher.

Our employees spent over 19,600 working hours volunteering in their local communities, on nearly 100 projects which improved homes and community spaces. The total value of employee time (including volunteering hours and management costs) was £543,000 (2018/19: £852,000).



19,600+
working hours volunteering
in their local communities



Celebrating our community involvement

Housing for Women run refuges in London that support women and children to find a place of safety at a time of crisis. During December, 19 colleagues refurbished one of the refuges in time for Christmas.

“Kingfisher’s incredible volunteers have created a lighter, brighter more comfortable environment for residents where they can develop the confidence to regain their independence.”

Zaiba Qureshi, Chief Executive of Housing for Women

Volunteers make a difference at Castorama Poland

Colleagues at Castorama Poland volunteered to support a children's centre in Helenów, which provided education and rehabilitation for 180 young people.

50 for 50

To celebrate 50 years of Castorama France, we launched 50 volunteering projects across the country, enabling almost 500 colleagues to get directly involved in improving poor housing.



Our Responsible Business Fundamentals

Being a Responsible Business encompasses all aspects of the way we work, from the way we treat our colleagues, to our supply chain and our impact on the environment. We have clear policies and ambitious targets to ensure we take a consistent best practice approach and keep improving.

31	Employee safety
32	Supporting wellbeing
34	Responsible sourcing
37	Human rights and supply chain
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45	Governance and ethics
47	Engaging our stakeholders
48	Our material issues
49	Ethical conduct
50	Data protection and cyber security
51	Tax governance and risk management
52	Public policy
54	Pensions
55	Assurance statement

Employee safety

Every colleague should be able to do their job in a safe working environment. Our Group Safety and Compliance Risk Officer oversees our approach to health and safety, implementing policies and procedures to make sure we're meeting high standards across the business.

Prioritising health and safety

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

Our Group-wide accident management reporting system tracks accidents (including minor accidents) and near misses and helps us to identify the root causes of accidents and reduce safety risks. A Health & Safety dashboard, summarising performance at each retail banner, is reviewed at every meeting of our Board and Group Executive Committee.

We rolled out an updated Group health and safety management system in 2019/20 to ensure we take a consistent approach to occupational health and safety management across our locations. This has led to a significant

improvement in awareness and reporting of incidents. We audit our stores against our mandatory minimum health and safety standards and each retail banner has an action plan to address areas for improvement.

During 2019, we focused on reducing accidents relating to human error. This included a full review of all handling equipment, training and the introduction of rule based safety management systems. This resulted in a 22% reduction in Manual Handling injuries in 2019/20.

How did we perform in 2019/20?

Our total employee accident rate (number of all work-related accidents per 100,000 full-time equivalent employees) was 10,691, an increase of 12% year on year (2018/19: 9,549). We have seen an improvement in reporting for B&Q and Screwfix, as employees become more confident in using our reporting system. There were no work-related fatalities.

There were no health and safety related prosecutions during the year. However, we were fined £300,000 for a health and safety accident which occurred in 2017, when a member of the public was struck by a falling banner pole at B&Q Kidderminster. We have since changed how we secure these types of banner poles to prevent a similar accident occurring in future.

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

2019/20	10,691
2018/19	9,549
2017/18	10,184
2016/17	11,599



Supporting wellbeing

We employ 77,000 people across nine countries and 1,367 stores. We want to create a positive culture and support our colleagues to look after their wellbeing and to feel valued and purposeful.

Through our Wellness Framework we aim to support colleagues to look after their mental, physical, social and financial health.

We're training our leaders on our approach to wellness and how to support this in their teams. We have three levels of leadership training and each includes an element of wellness, exploring topics including purpose and values, growth mindsets, improving physical health, and adopting micro-habits – taking small steps towards a wellness goal.

We want all our HR colleagues to be champions for good mental health. We're rolling out training to help them to identify colleagues experiencing mental health issues and to help them access the right support. All colleagues in the UK can now access an online portal with training and advice on many aspects of wellness provided by the Retail Trust, and access counselling support when needed. We have a similar arrangement in France.

Promoting financial wellness

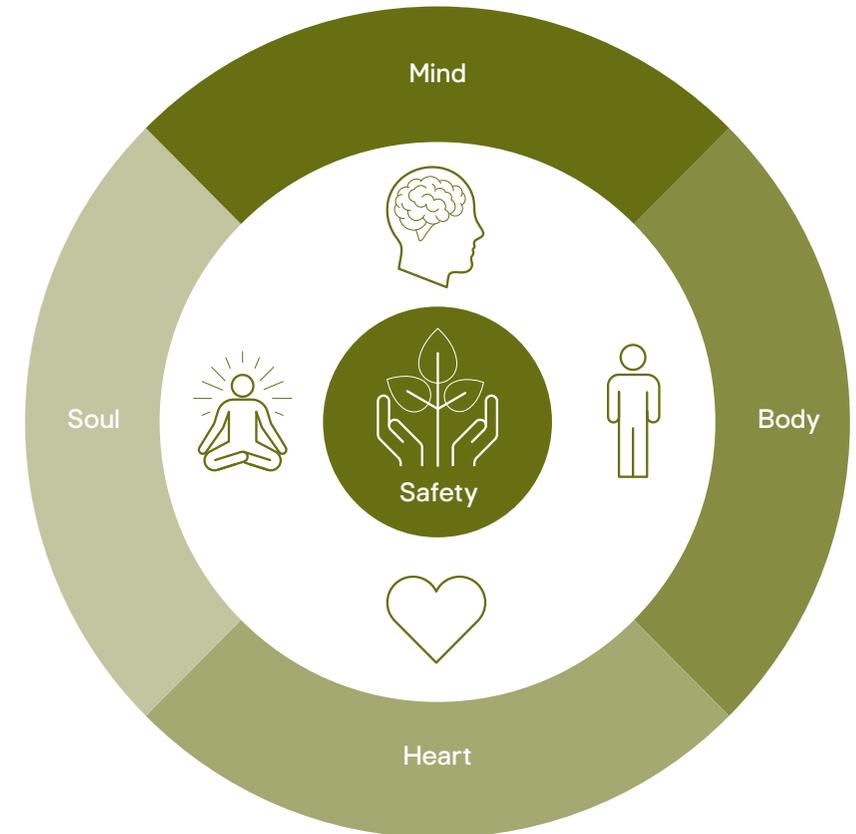
Our ability to manage our finances effectively can have a big impact on our overall mental and even physical health.

We've trialled four new online modules in Screwfix to help colleagues manage their finances and develop good financial habits. These cover topics including dealing with debt and saving for the future. We are now looking to roll them out to the rest of the Group. We have also held three events in the UK covering financial wellness topics.

Other wellbeing programmes vary by location and include: promoting healthy lifestyle choices; Employee Assistance Programmes for colleagues who may need counselling, financial and legal advice or specialist support; occupational health services; and discounted rates on healthcare and medical benefits for colleagues and their families.

Our wellness wheel

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



Engaging our colleagues

Regular two-way communication helps us to keep colleagues informed and engaged, and provides our leaders with valuable feedback and insight into employee views. We monitor engagement levels through feedback surveys, including an annual all-colleague survey; see box.

We also launched our Kingfisher Colleague Forum (KCF), for elected colleague representatives from each market and global functions to come together and discuss issues with our senior leaders. Two meetings took place in 2019/20 and our Chairman and CEO both attended one session. Topics discussed at the meetings included reward, store format, wellbeing, digital developments and product strategy.

Issues raised at Forum meetings are reviewed by leadership in our markets, and where relevant by our Board of Directors. Progress and any action taken are shared at the subsequent Forum meeting.

Managing change

We are working in a changing environment and we want to support colleagues through this process. We have developed a series of learning programmes that help people deal successfully with change at work. These include seven bite-sized modules and a one-day programme for our senior leaders. They help our colleagues to understand the emotions they may experience

and to develop the skills they need to prepare for change and make it happen.

Our employee turnover rate was 32% (2018/19: 34%). This includes voluntary and involuntary leavers.

What do our colleagues think?

80% of our colleagues took part in our latest engagement survey, giving their views on our colleague experience and progress as a business and sharing almost 100,000 comments.

Our engagement score increased from 78% to 79% last year and remained well above the retail average of 66%. The findings showed that colleagues who feel most excited about their future at Kingfisher and cared for at work are most engaged. Our leaders will use this insight to help them continually improve the colleague experience.



Responsible sourcing

Our products include resources and raw materials from all around the world. We want to make sure that these are sourced responsibly and used efficiently, reducing their impact on the environment and protecting workers and communities in our supply chain.

Sourcing more sustainable materials

Our target is sustainable management and efficient use of key resources by 2025, including 100% responsibly sourced wood and paper and peat-free bagged growing media by 2020/21.

Our approach to wood and paper is outlined on page 14. We're also focusing on reducing carbon emissions associated with materials, as part of our science-based target (page 16).

Protecting peatlands for the future

Peatlands are an important and unique habitat and store twice as much carbon as the world's forests. However, huge areas of peatland have been destroyed often due to the use of peat in horticulture.

Over the last three years we have developed our new high-quality 100% peat-free compost, formulated using coir and other ingredients to replace peat. It was launched in B&Q and Castorama France in early 2020.

In 2019/20, 43% of UK, France and Poland bagged growing media (by volume sold) was peat-free. We are reporting data for France and Poland for the first time this year so cannot compare performance with previous years. We expect to see a reduction in 2020/21 with the launch of our new peat-free compost.

“If we're to tackle climate change we have to protect the world's peatlands. We've spent three years developing our new peat-free compost and we're very proud of the results. By demonstrating that a quality compost doesn't have to contain peat, we hope to encourage others in the gardening and horticultural industry to switch to peat-free products too.”

Tim Clapp, Head of Range – Horticulture and Garden Care Kingfisher plc

Collaborating with our plant suppliers

We're working with our plant suppliers to phase out the use of peat in our potted and bedding plants. This is challenging given the volume of plants we sell and will require innovation to identify high-quality alternative materials that are widely available.

Engaging suppliers in the leather supply chain

Parts of the leather industry are known for poor practices including the unsafe use of chemicals in the tanning process and sourcing of leather from cattle raised on deforested land. We use relatively small volumes of leather for products such as gloves and footwear and want to ensure it is sourced responsibly.

We are developing our leather roadmap, which will focus on:

- Sourcing leather from certified tanneries that meet best practice standards for human rights and worker welfare.
- Requiring tanneries to undergo regular independent audits.
- Compliance with our Restricted Substances List (RSL) for footwear and accessories which includes requirements on the safe use of chemicals.

We will join the Leather Working Group (LWG), which promotes environmental improvements in the leather supply chain. 13 of the tanneries that supply leather for our products have a LWG rating of Gold or Silver.

Traceability remains a challenge across the leather industry and we are not yet able to trace the hides we purchase back to source. This means we are not able to assess the impact of our leather sourcing on deforestation. We have introduced tannery risk assessment forms which ask tanneries to disclose which country they purchase their leather from.

Reducing our plastics use

Plastic has a significant carbon footprint and plastic waste in the environment is an issue of growing concern across the world. While most plastics can be recycled, only a small percentage of plastic products actually end up being so.

Only around 15% of our packaging is plastic but we are taking steps to ensure our packaging is sustainable.

We focus on: increasing our use of recycled plastics, phasing out harmful chemicals used in some types of plastics (see [page 41](#)); switching to alternative materials; and designing products and packaging to use plastic more efficiently. We've also trained our design teams in the UK and France to design our plastic products to be more easily recyclable.

Developing the recycled plastics supply chain

We aim to make plastic products more sustainable by manufacturing them from at least 50% post-consumer recycled plastic. Achieving this will be a challenge since sources of recycled plastic are not yet suitable for every product in our range.

We are working with suppliers to identify new sources of quality recycled plastic which can also enable its uptake by other retailers. For example, we worked closely with a raw material producer in China to integrate recycled polypropylene into our Kora recycling bin (see [page 23](#)) and this material is now being used in a range of products for other retailers too.

We have strict quality standards to ensure that recycled plastic does not contain harmful chemicals. These specify the types of recycled plastic that can be used and require suppliers to achieve third-party certification or to carry out regular product testing.

Making Plastics Sustainable Training

We actively engage with our suppliers and part of developing the recycled plastics supply chain involves training suppliers on how to use high-quality recycled plastics. Having transparency of additives in plastics is essential to improving the recycled plastics market.



Inspiring our customers to act for nature

By acting together with our millions of customers, we want to get more people involved in greener gardening.

During 2019, B&Q was the headline sponsor of the Big Butterfly Count – teaming up with the charity Butterfly Conservation. The campaign gave consumers money off pollinator friendly plants and encouraged them to get involved in citizen science by counting the butterflies that visited their garden. Butterfly Conservation reported that over 113,500 people took part in the Big Butterfly Count 2019.

A second campaign saw a giant bee pit stop installed outside London's Kings Cross Station. The Bee Pit Stop inspired people to help reverse the decline in bee populations by creating 'bee pit stops', groups of flowering plants, in their gardens and outdoor spaces. Social media users were encouraged to join the conversation using #BeeandQ.

In France, we partnered with Les 48h de l'Agriculture Urbaine, the urban gardening festival that aims to bring more nature into France's urban areas and encourage city dwellers to get involved in gardening. Over 2,000 flowering plants were planted over the weekend in seven cities. We also created simple online tutorials with top tips for easy, green gardening.



we're proud to support The Big Butterfly Count 2019

Take part in The Big Butterfly Count with us! Pick up your pollinator friendly plants in store and plant a pit stop to attract butterflies.

[Find out more](#)



Human rights and supply chain

We respect human rights and take steps to protect the rights of our employees, workers in our supply chain and others affected by our business activities.

Our most significant human rights risks are in our supply chain and we focus our efforts in this area. We aim to select suppliers who meet high standards on the environment, labour practices and human rights and to work together to raise standards and address sustainability challenges.

Our target is to ensure all suppliers meet our ethical and environmental standards by 2020.

More detailed information on our supply chain, our human rights policies and procedures and approach to modern slavery risks is published in our [Modern Slavery Act Transparency Statement](#).

Ethical audits for production sites

We aim to drive up ethical standards in our supply chain through our supplier engagement and ethical audits. We require high-risk production sites of finished goods for resale to have an ethical audit at least once every two years.

The audit reviews suppliers' performance and identifies any instances of non-conformance with our standards relating to labour standards and human rights, health and safety, business ethics and environmental performance.

We require suppliers to act swiftly to address non-conformances and to ensure the welfare of workers. We monitor the effectiveness of our audit programme by grading suppliers and tracking the number and type of non-conformances that are found and remedied.

We follow up with suppliers to ensure the most serious issues are remediated. As a last resort, we cease to trade with factories if they don't work with us to address business critical issues.

We also carry out spot checks on our suppliers and carry out regular follow-up audits to ensure improvement within our suppliers' factory base.

Our target is to ensure all suppliers meet our ethical and environmental standards by 2020/21. 904, or 68%, of our high-risk production sites have had an ethical audit in the past two years. Unfortunately, this means that we are currently not on track to meet our target. 62% of our suppliers are currently registered on Sedex, the online supplier data exchange (www.sedexglobal.com).

Top five non-conformances by category

The majority of non-conformances relate to health and safety, which include fire safety issues such as provision of fire extinguishers and number of fire exits. Other common non-conformances include working hours, wages and benefits, and environmental factors.

The number of non-conformances in the table are from ethical audits carried out in the past two years (2018/19 and 2019/20). The data covers production sites registered so far on Sedex.

Non-conformances	Number of non-conformances
Health, safety and hygiene	6,192
Working hours	1,624
Wages and benefits	1,358
Environment	749
Management systems	658
All other non-conformance categories	744

Excessive overtime

Excessive overtime remains a challenge in China and is detrimental to the health and wellbeing of factory workers. We're exploring how we can engage suppliers to address excessive overtime and raise awareness of the business benefits of doing so, including improved productivity and reduced staff turnover.

During 2019, we worked with one of our garden furniture suppliers in China. An independent review found that many workers are working excessive hours with too few rest days. We held two training sessions with factory managers and supervisors covering process improvements, worker incentives and attendance management and helped the factory develop an action plan.

Ethical audit results in 2019/20

During 1st February 2019–31st January 2020, our buying offices identified 37 production sites of finished Goods For Resale (GFR) that did not comply with our minimum standards (i.e. they achieved a business critical grade).

We were able to work with 33 of these sites to resolve the non-conformances. One factory was discontinued for business reasons. One factory has submitted a corrective action, which is pending a follow-up audit. The remaining two factories are pending investigation and will require follow-up audits to ensure any business critical non-compliances are resolved.

Embedding our standards among sub-contractors

Our tools and hardware suppliers often work with a large number of manufacturing sub-contractors. We want to make sure that these sub-contractors meet our responsible sourcing standards.

We are running a pilot project asking tools and hardware suppliers in China to disclose the sub-contractors they work with and how they select, manage, audit and review sub-contractors. Where we find that suppliers do not have a robust approach, we are working with them to address this and put in place an action plan to meet our standards.

Audit grades – goods for resale

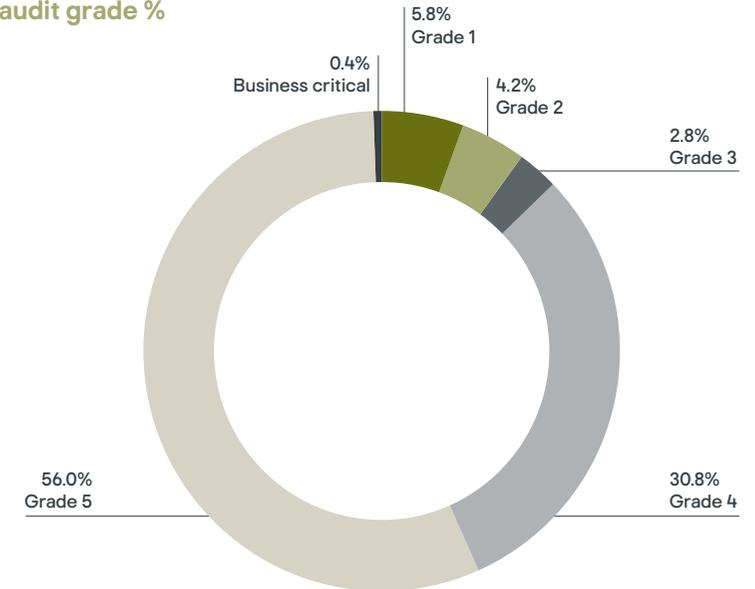
We allocate grades based on the results of the most recent ethical audit that has been carried out in the past two years.

We use the Sedex audit grade classifications to develop our own [internal grading](#). The grades are based on the number of non-conformances identified during the audit; see pie chart:

- grade 1 (no non-conformances);
- grade 2 (some observations);
- grade 3 (minor non-conformances);
- grade 4 (1-3 major non-conformances);
- grade 5 (4 or more major non-conformances or 1-3 critical non-conformances); and
- business critical (business critical non-conformances or 4 or more critical non-conformances).



Supplier production sites – GFR 2019/20 by audit grade %



The chart shows the audit grades for the production sites that have had an audit in the past two years. It includes the results from the latest full audit at each site. It therefore does not reflect any corrective actions taken or results from follow-up audits.

Goods and services not for resale (GNFR)

We are working with EcoVadis, a sustainability ratings platform, to help us assess and manage risk in our goods and services not for resale (GNFR) supply chain. Any new suppliers are required to complete the EcoVadis questionnaire covering four themes – labour and human rights, environment, ethics and sustainable procurement. Their responses are reviewed by EcoVadis and a rating provided highlighting strengths, weaknesses and risk areas. We have added the EcoVadis assessment as a requirement in our tender process for new suppliers and set a minimum score threshold which must be achieved within a year of the assessment.

We aim for our top 1,000 suppliers that account for around 85% of our GNFR spend, to complete the EcoVadis assessment by the end of 2021/22. 230 suppliers have done so to date¹ (around 42%). The suppliers achieved an average score of 55 out of 100, which equated to a silver rating².

The response rate among existing suppliers was lower than anticipated and we are looking at how we can increase this.

Partnering with Slave Free Alliance

We know modern slavery is not an issue that any business can tackle alone, given the complexity of the issues involved, including aspects of organised crime. Collaboration with others in the retail sector and beyond is therefore key to raising awareness, sharing information on risks as well as good practice.

To help strengthen our capabilities we have launched a new partnership with Slave Free Alliance, a social enterprise developed by anti-slavery charity Hope for Justice. Slave Free Alliance will review our policies and implementation procedures, including our risk assessments and training, and make recommendations for improvement.

More information is in our [Modern Slavery Act Transparency Statement](#).

Future plans

We will be working with a consulting partner to identify our salient human rights issues as defined by the UN Guiding Principles Reporting Framework. These are the human rights at risk of the most severe negative impact through our activities. We will report on the findings next year.

We will also continue to onboard suppliers and production sites of finished goods for resale on to the Sedex platform and roll out our programme of ethical audits.

We will establish a new Responsible Sourcing Steering Group made up of senior directors to provide strategic oversight of all issues relating to responsible sourcing across the business.

We are working with EcoVadis, a sustainability ratings platform, to help us assess and manage risk in our goods and services not for resale supply chain.

1. EcoVadis assessments are completed at a parent company level. Where we work with multiple subsidiaries of the same parent company we therefore use the same EcoVadis assessment. This means one assessment may cover more than one of our top 1,000 suppliers.

2. EcoVadis updated their scoring system in January 2020 and this means our results from 2019/20 will not be directly comparable with those in 2020/21.

Supporting communities in our supply chain

We want to have a positive impact on communities in our supply chain, benefiting the people who make our products and supporting our suppliers to recruit and retain skilled workers.

Our first pilot project in Turkey in 2018/19 saw us trial training for 93 workers from one of our ceramics suppliers. During our research, we identified a number of challenges faced by companies in our ceramics supply chain, including: a skills gap, with not enough workers having the right technical skills; fewer young people joining the workforce; and the impact of automation on workers and businesses.

Participants completed modules covering a range of life and technical skills from communication, financial literacy and entrepreneurship to ceramics and craft skills, coding and computer literacy. We monitored the impacts of the training, which showed positive outcomes for participants. For example, workers learning financial skills such as money management and budget planning increased their knowledge of income and expense calculations from 35% to 64%.



Our supplier is now looking to roll out the training to the rest of its ceramics workforce and we hope to extend the pilot to further suppliers in Turkey.

Chemicals

We want to help our customers enjoy a safe and healthy home, free from harmful chemicals. That's why we are working with suppliers to identify and phase out chemicals of concern ahead of regulation. Improving chemicals management is good for workers in our supply chain and the environment too.

Removing harmful chemicals

Our target is to achieve transparency of harmful chemicals in key supply chains, phase out the highest priority hazardous and high-risk chemicals of concern and introduce five green substances by the end of 2025/26.

Phasing out phthalates, PFCs and halogenated flame retardants

We have a large supply chain and product range, so we use a risk-based approach to prioritise chemicals for phase out.

Our current focus is on removing phthalates, PFCs and halogenated flame retardants from our own-brand products by 2025. These are chemicals known to be harmful to people or the environment, for which safer alternatives are available and which are most likely to be found in our priority supply chains: textiles, plastics and chemical products (such as glues, paints and cleaning products).

During 2019/20, we worked with suppliers on a number of projects including phasing out the use of phthalates in our GoodHome vinyl flooring and testing textiles and hand tools to confirm they meet our requirements. We also worked with Pinfa China, a trade organisation representing manufacturers and users of halogen-free flame retardants, to help our suppliers identify safer alternatives to halogenated flame retardants.

A more transparent supply chain

We ask suppliers to disclose the chemicals used in their supply chains for our new own-brand products via product ingredient lists and our sustainable chemicals transparency questionnaire.

For high-risk product categories, we specify which chemicals should not be used or can only be used in quantities below a set threshold. We also have detailed Restricted Substances Lists (RSL) and guidance for categories such as textiles, footwear and accessories. We communicate these to suppliers via tender processes.

Increasing transparency of chemicals use is a complex and ongoing process since even similar products may contain different chemicals according to the materials, suppliers, sub-contractors or manufacturing sites used.

Tackling unintentional chemicals use

As well as intentional use of chemicals by suppliers, products may also contain 'unintentional' chemicals, due to contamination during the manufacturing process.

We carry out product testing to confirm the information provided by suppliers and to check for unintentional chemicals use. For example, this year we tested 80 of the highest risk products in our textiles range and found that over 93% were free from phthalates, PFCs and halogenated flame retardants. We are working with suppliers to phase out high-priority chemicals from the remaining products. We have a process to find and fix the root cause of contaminations when they occur.

Equipping our suppliers and colleagues

We train suppliers on sustainable chemicals management, to help them phase out priority chemicals during manufacturing and to engage with their own supply chain. During the year we trained 118 suppliers, and held regular webinars to supplement face-to-face sessions. Suppliers are identified for training using a risk-based approach.

We also provide advice and support to help suppliers strengthen their chemicals management system.

We train our colleagues on our approach, so they can communicate our expectations to

suppliers. Colleagues in quality, design, sourcing and product teams across our key offices have been trained to date.

Unlocking the potential of green chemistry

We see great potential in green chemistry – safer alternatives for potentially harmful substances.

Our target is to introduce five green chemical alternatives by 2025, and we've begun two pilots with manufacturers of green chemicals.

We promote innovation through our membership of the US-based Green Chemistry & Commerce Council (GC3) and helped lead the development of their Statement on Chemical Innovation Priorities and Transparency Road Map. We have aligned our process with that of other members, to make it easier for suppliers to respond to multiple information requests. We also collaborate through the European NGO ChemSec's business working group.

Read more: We are also reducing chemicals use through our work on sustainable materials, see [page 34](#).

Improving the air indoors

We want all our customers to enjoy a healthy home and we're making improvements to our ranges to help improve air quality indoors.

Our GoodHome paint range, for example, was launched in 2019 and includes more water-based paint options. These have low levels of VOC chemicals which can affect indoor air quality. For example, 64% of sales of interior renovation paints are now water based compared with 53% the previous year. Our white and coloured emulsion paint ranges are over 90% low VOC.

Switching to water-based paints also means there's no need to use solvents to clean brushes – further reducing customer exposure to VOCs.

Now we are working on reformulating more challenging products such as spray paint which currently uses VOCs as propellants.

Our GoodHome air purifying white emulsion paint actually helps to improve air quality. It works by neutralising formaldehyde, a major

cause of internal air pollution, found in some home furnishings and textiles. The paint is available in our B&Q, Castorama and Brico Dépôt stores.

We've also developed a Restricted Substance List for textile products like carpets and rugs, covering chemicals such as benzene, formaldehyde and dimethylformamide. We're working with suppliers to ensure these substances aren't used in the products we sell; see [page 41](#).

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



Waste and recycling

We aim to use resources carefully, reducing the waste we produce, finding new ways to reuse and recycle and helping our customers to do the same. Our target is zero waste to landfill by 2020 and 90% of waste recycled by 2025.

Cutting waste to landfill

In 2019/20, we generated 198,000 tonnes of waste, a decrease of 5% year on year, compared to a decrease in sales of 1.5%. Our recycling rate was 67% (2018/19: 72%) and we diverted 82% of waste from landfill (2018/19: 83%). We are not currently on track to meet our targets of 90% recycling and zero waste to landfill. While we are pleased that overall waste volumes fell during the year, more work is needed to reverse the drop in our recycling rate.

Reducing waste from packaging

The right packaging is essential to protect our products in store and during transit but it can have a big environmental impact. We want to reduce waste from packaging and switch to more sustainable and recyclable materials. Wood and paper used in packaging is also covered by our sustainable sourcing programme for timber.

During 2019/20, we appointed a new Group recycling contractor to help us increase recycling of packaging waste including transit packaging, product packaging and items such

as plant pots. For example, our UK polythene packaging waste will now be collected by a specialist recycling company, processed and used as the raw material for a plastic film product for the construction industry. Card and paper waste will be recycled into home delivery packaging for Screwfix.

Helping customers to reduce, reuse and recycle

We are introducing take-back and recycling schemes in some stores, including for products that aren't usually possible to recycle through kerbside schemes. This can reduce waste to landfill and enable more circular use of resources. In France, for example, we have permanent collection points in some stores for old paint pots and paint waste and in the UK B&Q take back old plastic plant pots for recycling. Around 500 billion plastic plant pots are disposed of each year around the world, making this a significant waste stream.

Screwfix partners with iForce to recycle damaged power tools returned by customers. Returned power tools in good condition are repaired, cleaned and resold via an auction site.

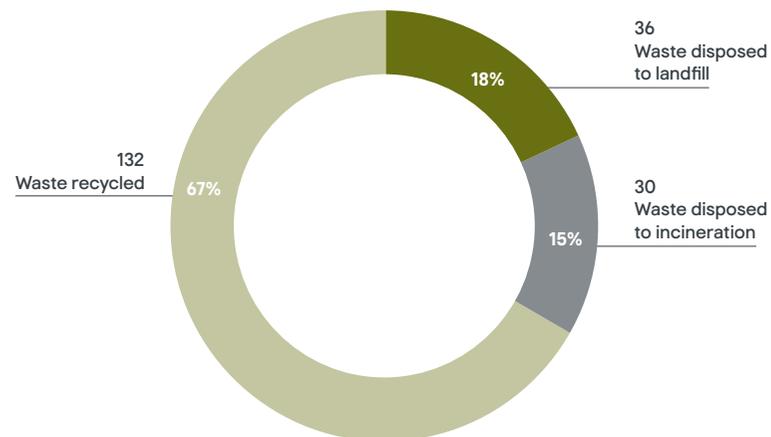
Waste recycled %



Waste diverted from landfill %



Waste recycling and disposal 2019/20 thousand tonnes



Repair services benefit customers, the environment and the bottom line

Faulty products are not just bad for customers – they are a significant source of waste and a cost to the business. We aim to reduce product returns by making it easier for customers to have faulty or damaged products repaired. This can reduce our costs by up to 70% compared to an exchange or refund and prevent thousands of products from ending up as waste.

In all our retail banners we operate a call out service for kitchen appliances, for example. This sees repairs made in our customers' homes and has a customer satisfaction score of 4.5 out of 5. We are also establishing repair services for some of our brands and increasing our stock of spare parts to make it easier for customers to service products.

More circular products and processes

We have been working on developing more circular products and services for several years and were founding partners to the Ellen MacArthur Foundation, experts in the circular economy.

Our Principles for Circular Product Design were developed with sustainability experts Bioregional and cover six impact areas, from materials that are easily and widely recycled to design for longevity, low energy and carbon and working conditions in the supply chain.

We use the Principles to assess which products and services can be considered circular and we have five so far (see graphic). The assessment process is rigorous: products must be widely available to customers, not in pilot phase, and we only count products scoring bronze level and above. Assessments are carried out by Bioregional.

Métisse

Insulation made from waste textiles, including some returned for recycling by customers at some of our French stores.

easyGrow

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

Pro Grow

Peat-free compost and soil conditioner made from garden waste collected from UK households.

Green pallets

Our initiative at B&Q which reuses and recycles pallets used to deliver our products.



Governance and ethics

We're strengthening our approach to managing Responsible Business issues, further embedding our commitments into our governance structures.

Senior oversight

In 2019/20 we established a new Responsible Business Committee (RBC), reporting to the Board. The RBC is a committee of the Board and will meet at least twice a year, with key priorities and risks reviewed at each meeting. The RBC will lead and oversee delivery of how we operate as a responsible business. The Committee is chaired by a non-executive director (NED) and includes the CEO and one more NED, as well as our Chief Offer & Sourcing Officer and our Chief People Officer. The seniority of the Committee members reflects our increased focus on these areas.

The RBC replaces our Group Sustainability Committee (GSC), a sub-committee of the Group Executive. Our Board of Directors receives regular updates about our performance and sustainability risks.

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

Integrating ESG performance measures

For the first time in 2020, we will be including 'Responsible Business' targets as part of the annual colleague bonus scheme; these apply to the whole company. These will help ensure we create a company that reflects the communities we serve, that is doing its part to help the planet by protecting forests and tackling climate change, whose colleagues help others to improve their homes, and that helps our customers afford to live in greener, healthier homes.

Engaging our people on sustainability

All colleagues can contribute to our work on sustainability and we run training, awareness campaigns and events to inform and motivate them. For example, we integrated sustainability into our Home Improvement Academy sessions on power tools and kitchens and ran sessions for buying and quality teams. We also have topic specific training including in our Code of Conduct and in areas such as modern slavery and ethical sourcing.

Sustainability policies

Our policies guide our approach and help us to adopt consistent standards across our markets. For transparency, we publish key policies on our website. See www.kingfisher.com/sustainabilitypolicies.

We review our sustainability policies regularly and update them where necessary. Significant updates to our policies are approved by our Group Executive.

We made minor updates to our policies on animal welfare, deforestation, environmental sustainability, ethical sourcing, packaging, and wood and paper during 2019/20.

Fines and prosecutions

There were no prosecutions relating to health, safety or the environment during 2019/20. There was a fine relating to an accident in 2017; see [page 31](#).

Our sustainability network

Tackling sustainability challenges is easier when we share ideas and lessons learned with colleagues around the business. Our sustainability network brings together colleagues from our Offer & Sourcing, sustainability, procurement, logistics, brand, investor relations, customer and marketing teams to do just that.

The network meets twice a year in person as well as through monthly webinars. During 2019/20, network members were able to discuss a broad range of topics including materiality, sustainability trends and science-based targets.

Risk management

Identification and management of sustainability risks are incorporated in our strategic risk assessment processes.

Our most significant risks are included in our internal sustainability risk register (part of our overall Group risk management process), and are monitored over the short- (1-3 years), and medium- to long-term (over 3 years). These include risks relating to:

- Sustainability regulation.
- Supply chain ethical and environmental impacts.
- Chemicals use.
- Modern slavery and human rights risks.
- Climate change risks.
- Resource costs and scarcity.

Read more on our approach to risk management in our [Annual Report and Accounts](#).

Governance and risk management for climate change

We support the Task Force on Climate-related Financial Disclosures (TCFD) and are currently undertaking work to review our approach against their frameworks and requirements.

Governance

Governance of climate-related risks and opportunities is integrated into our overall sustainability governance and risk management structures. Our Chief Executive Officer has ultimate accountability for the issues of energy and climate change. The Board receives regular updates about our climate change targets.

Strategy

Identification and management of climate risks is incorporated in our strategic risk assessment processes. The most material opportunity is from the growing market for energy efficient products and services in a low carbon economy. The most material risks include the potential impact of rising energy and insurance costs on our business and supply chain. Other risks include the potential difficulty in sourcing raw materials. For all our risks, including aspects of our climate-related risks, we assess the recurring or one-off impact on (i) like-for-like sales, (ii) our net margin or (iii) cost. We have set numerical thresholds for each of these metrics to define 'substantive financial impact'.

Risk management

We monitor short- (1-3 years), and medium- to long-term (over 3 years) sustainability risks, their probability, potential impact on our business, and our mitigation measures.

Our most significant risks are included in our internal sustainability risk register (part of our overall Group risk management process). At an asset level, we manage climate-related risks through our insurance programmes and by incorporating climate change factors into our planning and design of new stores, refurbishment projects and preventative maintenance programmes.

Metrics and targets

We have established targets and key performance indicators (KPIs) to help us manage these risks and monitor progress, see page 16.

Engaging our stakeholders

Sharing ideas, responding to feedback and learning from others are all essential to making progress on sustainability issues – many of which require us to overcome challenges that are complex and systemic in nature.

Our main stakeholders include our customers, investors, colleagues, suppliers and regulators as well as NGOs, the media and other organisations working on sustainability and business issues.

Our approach to stakeholder engagement includes:

Customers

We engage with our customers on sustainability issues through our research, via our websites and in-store communications and through our charity partnerships and fundraising campaigns. Research into customer views on sustainability topics has informed the development of many of our targets.

Colleagues

We listen to colleague feedback through our direct interactions and regular surveys and seek to engage them on our approach to sustainability (page 33).

Investors

Our sustainability and investor relations (IR) teams collaborate closely to communicate our approach to environmental, social and governance (ESG) risks and performance to investors, including via investor meetings, our Annual Report, Sustainability Report, Final Results announcement and benchmarks and indices. Our ESG presentation for investors is published on our website.

Regulators

Our approach to public policy engagement is explained on [page 52](#).

Suppliers

We collaborate with suppliers on sustainability issues including through our product development and our approach to ethical sourcing. See [page 37](#).

NGOs and industry partners

We partner with many NGOs, other businesses and specialist organisations to learn from their insights and address sustainability challenges. Examples are included on [pages 26, 27](#) and [41](#).

For more information on how we engage our stakeholders, see our [2019/20 Annual Report](#).

How is our performance rated?

We participate in many external benchmarks and indices. In 2019/20, these included:

CDP Climate Change

We disclosed our climate change performance through CDP Climate Change and received a rating of A-.

Dow Jones Sustainability Index

We have been a constituent of the DJSI World and Europe Indices since 2010.

FTSE4Good Index

We are listed in this index with a rating of 4.4 out of 5.

ISS ESG

We received a corporate rating of B- ('Prime' status).

MSCI-ESG

We received a AAA ESG rating for our ability to manage ESG issues.

Sustainalytics

We received a positive view of our ability to manage ESG issues.



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

Our 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.

Materiality refresh

We updated the assessment during 2019 and early 2020; the assessment focused on the financial year 2019/20.

The priority issues from a business perspective were identified through a workshop led by Forum for the Future. This gathered input from a range of internal stakeholders including colleagues from our sustainability teams and key functions.

The consultancy, SustainAbility, conducted interviews with 20 external stakeholders including investors, peers, supply chain stakeholders, NGOs and trade associations. These two inputs were combined to develop our matrix.

Completing our assessment

We were aiming to finalise our assessment through a workshop with key internal stakeholders. Unfortunately, due to Covid-19, this was unable to take place. As such, we have decided to publish the interim results here, and finalise the materiality assessment and the matrix next year. We anticipate that some issues will move around as a result of the pandemic.

The draft results identified a number of high-priority issues including product sustainability, climate change, human rights, and wood and forestry.

Whilst we have strategies and targets in place to manage these issues, our materiality assessment will continue to inform how we focus our resources, and what information we choose to include in our Responsible Business reporting.

Materiality matrix



Ethical conduct

We set high standards for everyone working with us to carry out our business fairly and with complete integrity. We do not tolerate bribery or corruption.

Our Code of Conduct

Our Code of Conduct helps to promote a culture where transparency, honesty and fairness are the norm. It sets out our personal and shared responsibilities for meeting high ethical standards. It states that all employees have a duty to report any potential breaches of the Code.

The Code includes sections on: ethical behaviour; working with third parties; sustainability; modern slavery; anti-bribery and corruption; gifts and hospitality; and conflicts of interest. We operate an online approval and reporting procedure for hospitality and gifts.

You can read our [Code of Conduct](#) on our website.

Embedding our ethical standards

Our Code forms part of the contractual terms and conditions for all employees who all complete e-learning on the Code. Over 40,000 colleagues completed this training in 2019/20.

Compliance training is included as one of the key metrics in our 'Culture Dashboard', reviewed quarterly by our Board of Directors.

Our compliance network, including a compliance officer in each retail banner, helps us implement our Code. Our internal audit function monitors compliance among businesses to the Code requirements, using a risk-based approach to plan their work. The Audit Committee of the Board of Directors receives regular updates on the outcomes from our internal audits.

During 2020/21, we will establish our Group Compliance Committee. Its role will be to ensure good governance of compliance-related activities across the Group. We will continue to communicate and engage with our colleagues on our Code and approach to compliance.

Raising concerns and whistleblowing procedures

We encourage employees to ask questions or raise concerns via their line manager or member of the legal and compliance team. They can also report any concerns via our whistleblowing hotline In Touch (intouchfeedback.co.uk/kingfisher) or get advice via a dedicated email address.

Reports are investigated and if an employee is found to have breached our Code of Conduct, appropriate disciplinary action is taken. The

number of open and resolved cases and the outcomes are reported to the Audit Committee of the Board of Directors.

In 2019/20, there were 189 cases opened of which 167 were investigated and closed during the year, the remaining 22 were reported late in Q4 and will be investigated next year. Retail banners are required to raise employee awareness of the hotline and email address.

Communicating our Code to suppliers

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

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

We embed the requirements of our Code of Conduct into our procurement processes and supplier contracts.

Data protection and cyber security

We hold customer, employee and supplier data and have a responsibility to collect, use and store it responsibly in line with national regulation and the EU General Data Protection Regulation (GDPR).

Cyber-attacks and security incidents 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. All colleagues have a role to play in protecting data and guarding against cyber security threats.

Our approach

Our approach includes strong policies on data management and cyber security training for our people. Our policies, standards, IT processes and governance frameworks are regularly reviewed by our governance and internal audit teams. Our external auditors also review key aspects of our processes and data. Review and audit findings are reported to the Audit Committee of the Board of Directors.

Our Information Security and Risk Director and Group Data Protection Officer develop and implement our approach based on industry best practice. Our Chief Information Officer oversees our approach and reports to our Chief Transformation and Development Officer, a member of the Group Executive. We also

have a data protection lead in each market to help implement our standards in line with local requirements.

Our policies and standards

Our IT policies and control framework are based on the international standard ISO 27001 and comply with the GDPR. Key policies include our Group Information Security Policy, Data Protection Policy and Acceptable Use Policy, supported by a suite of more detailed standards. We regularly test our IT processes to confirm that they meet our standards and, if any risk areas are identified, we put in place a mitigation plan and monitor progress against this.

We take a 'secure by design' approach, integrating security and data protection into the development and delivery of all our IT solutions from the start. Where a new IT process may involve handling personal data, colleagues are required to complete a data protection impact assessment. Suppliers must confirm that they comply with our data and security policies and this requirement is integrated into our supplier contracts.

Our systems and processing of card payments meet the requirements of the PCI DSS, the worldwide Payment Card Industry Data Security Standard.

We utilise in the Cyber Security Information Sharing Partnership (CiSP), a joint industry and government initiative set up to exchange cyber

threat information in real time, and work with the British Retail Consortium on data security and regulatory topics.

Training our colleagues

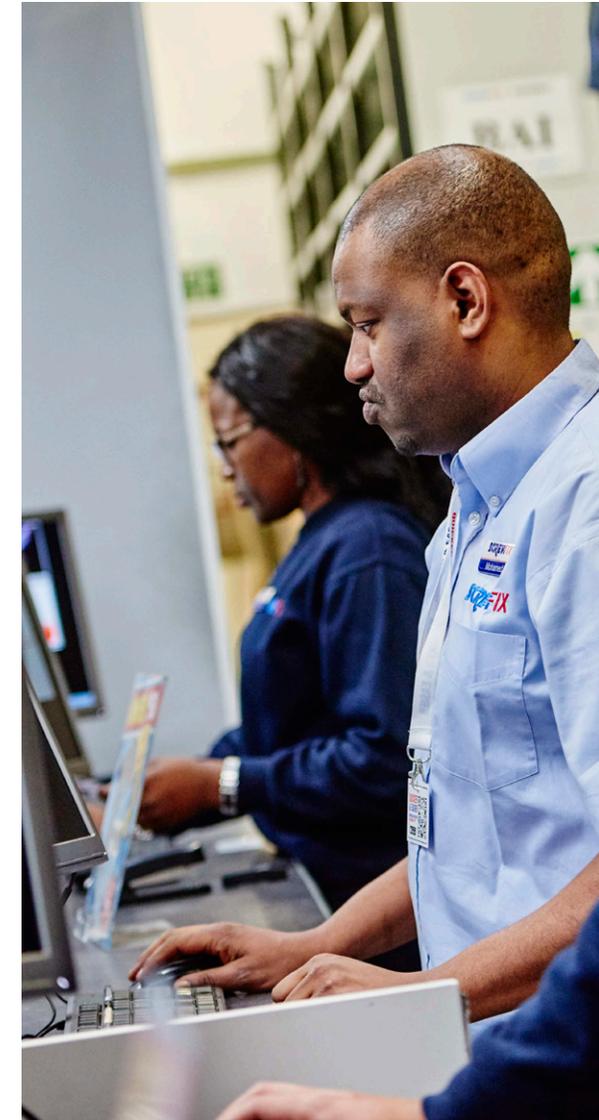
We communicate our policies and remind all colleagues to keep security top of mind through our training and awareness campaigns.

We are rolling out annual training on data protection and the GDPR to all colleagues across the Group. In 2019/20, it was completed by over 42,000 colleagues.

In 2020/21, colleagues will also complete training modules to help them identify and guard against cyber threats such as phishing.

Monitoring compliance with the GDPR

Under the GDPR, we're required to report certain types of data breaches to the relevant regulator, such as the Information Commissioner's Office in the UK, and the affected individuals. We provide training to explain to our colleagues how to recognise and what to do if a data breach happens. Our Data Protection team receives all data breach reports and investigates the incidents to mitigate risks and determine if notification is required.



Tax governance and risk management

The Kingfisher Code of Conduct applies high standards of transparency, honesty and fairness to employees and suppliers and requires that we carry out our work ethically and in compliance with the law. These principles underpin our approach to tax governance and risk management, which is Board approved, and documented in the Kingfisher Tax Strategy.

Our core tax objectives are to pay the right amount of tax at the right time and to comply with all relevant tax legislation in all Group entities. Kingfisher undertakes its activities and pays tax in the countries in which it operates, in compliance with the local and worldwide tax rules. The responsibility for tax policy and management of tax risks lies with the Chief Financial Officer and the Group Tax & Treasury Director who engage regularly with the Board and the Audit Committee on all tax matters.

Tax risks can arise from changes in law, differences in interpretation of law and the failure to comply with the applicable rules and procedures. The Group seeks to take a balanced approach to tax risk having regard to the interests of all stakeholders including investors, customers, staff and the governments and communities in the countries in which it

operates. The Group manages and controls this risk through local management, the tax specialists that it employs and agile monitoring of changes in law and interpretation of law. The Group may engage with reputable professional firms on areas of significant complexity, uncertainty or materiality, to support it in complying with its tax strategy. Group companies work within a tax controls framework, and compliance with this is monitored by the Internal Audit and Risk team.

The Group seeks to engage with tax authorities with professionalism, honesty and respect. It works with all tax authorities in a timely and constructive manner to resolve disputes where they arise, although it is prepared to litigate where this is not possible.

Tax contribution

Kingfisher makes a significant economic contribution to the countries in which it operates. In 2018/19 it contributed £2.1 billion in taxes it both pays and collects for these governments. The Group pays tax on its profits, its properties, in employing 77,000 people, in environmental levies, in customs duties and levies as well as other local taxes. The most significant taxes it collects for governments are the sales taxes charged to its customers on their purchases (VAT) and employee payroll-related taxes. Taxes paid and collected together

represent Kingfisher's total tax contribution which is shown below.

Kingfisher participates in the Total Tax Contribution survey that PwC perform for the Hundred Group of Finance Directors. The 2019 survey ranked Kingfisher 28th (2018: 30th) for its Total Tax Contribution in the UK. In 2019, 99 (2018: 97) companies contributed to the survey.

Total taxes paid as a result of Group operations £billions

	2018/19	2019/20
Taxes borne	0.8	0.8
Taxes collected	1.3	1.3
Total tax contribution	2.1	2.1

The Kingfisher Code of Conduct applies high standards of transparency, honesty and fairness to employees and suppliers.

Public policy

We interact with regulators and government officials in our markets and at EU level. We give our views on proposed legislation and inform the development of policies that will impact our business and the retail sector.

We also engage on sustainability topics, supporting measures that incentivise sustainable business practice and encourage investment in sustainable business and innovation; see opposite for examples from 2019/20.

Our approach and standards

Our Group Director of Corporate Affairs manages our public policy activities and reports to a member of our Group Executive. The Board of Directors reviews the key aspects of our public policy activity at least twice a year.

All our public policy work must meet the ethical standards set out in our Code of Conduct and our Group Corporate Affairs Policy and reflect our public sustainability commitments. We are registered on the EU Transparency Register of lobbying activities.

In line with EU and UK corporate governance best practice and as stated in our Code of Conduct, it is our policy not to make donations directly to political parties or politicians.

We follow government guidelines in relation to employing former public officials (the 'revolving-door').

Examples from 2019/20

1. In May 2019, Kingfisher's Sustainability Director for Offer & Sourcing, gave evidence to the UK Parliament's Environmental Audit Committee 'Toxic Chemicals in Everyday Life' inquiry. This provided an opportunity to elaborate on our plans to phase out chemicals including high-priority phthalates, PFCs, halogenated flame retardants and metaldehyde from our supply chains.
2. In 2019/20, Kingfisher implemented its Brexit contingency planning ahead of EU Exit on 31st January 2021. This included securing customs facilitations (such as our status as an Authorised Economic Operator) and making necessary changes to labels on our own-brand products. We continued to engage with government directly and through our UK trade bodies on our key themes of trade, people and regulation.
3. In January 2020, the French Government announced that it would be replacing the 'Crédit d'impôt pour la transition énergétique' (CITE) income tax reduction scheme for domestic energy efficiency projects with a new bonus scheme called 'Ma Prime Renov', which can be directly claimed for by lower-income households. We supported this change and have long advocated for a more direct way for customers to claim government funding to complete home energy efficiency projects.

In 2020/21, one of our priorities will be to ensure that the UK continues to maintain a high standard of environmental regulation after Brexit.

Working with lobbying companies

We work with a number of external lobbying companies, which are all members of recognised self-regulatory organisations such as the Association of Professional Political Consultants in the UK and the European Public Affairs Consultants' Association (EPACA) in the EU and governed by their codes of conduct. The lobbying companies we use in the EU are also listed on the EU Transparency Register.

Which issues did we prioritise in 2019/20?

Our public policy priorities during 2019/20, included: the impact of Brexit; changes to property taxes (UK and Poland); employment policies including the UK's National Living Wage; housing policy; the responsible sale of knives (UK); the circular economy; the removal of specific chemicals in products (e.g. metaldehyde); peat policy; and Sunday Trading laws (Poland).

Which trade associations do we work with?

Sometimes we engage with policymakers via trade associations and industry groups. This can increase the impact of our policy messages. Relationships with trade associations in the UK, France and Brussels are overseen by our Group Director of Corporate Affairs and, in other markets, by the relevant local CEO.

Our memberships include:

- **EU:** The European DIY Retail Association (EDRA) and EuroCommerce
- **UK:** The British Retail Consortium (BRC), Confederation of British Industry (CBI), London First and the GC100 – the Association of General Counsel and Company Secretaries working in FTSE 100 Companies
- **France:** The French Association of Private Businesses (AFEP), and the French Federation of DIY Retailers (FMB)
- **Ireland:** Retail Excellence Ireland
- **Russia:** AKORT, the Russian retail association, the Franco Russian Chamber of Commerce and the Foreign Investment Advisory Council (FIAC)
- **Poland:** The Polish Confederation of Private Employers and the Polish Organisation of Commerce & Distribution (POHID)
- **Portugal:** Portuguese Association of Retail Companies (APED)
- **Spain:** Association of Distributors of Hardware and DIY (ADFB)
- **Turkey:** Chain Stores Association (KMD), Turkish Industry and Business Association (TÜSIAD).



Pensions

The Kingfisher Pension Scheme (KPS) manages the pensions of past and present employees. Reflecting our commitment to sustainability, the KPS integrates responsible investment principles into its work and communicates with stakeholders on its approach to environmental, social and governance (ESG) issues.

Principles

Investment decisions at KPS are governed by the Scheme's Statement of Investment Principles (SIP). This sets out KPS's commitment to act as a responsible investor and states the Trustee Board's belief that all companies should be run in a responsible way.

Investment managers acting on behalf of the KPS are required to take account of social, environmental and ethical considerations where these may have a financial impact on investment performance. They are encouraged to engage with investee companies on these issues, including exercising voting rights where appropriate.

Investment managers must disclose their investment approach to KPS and state whether this integrates ESG factors.

Investments

The KPS Trustees have explored opportunities to invest in specific funds that support progress on sustainability issues, such as renewable energy. Existing investments include a £20 million stake in a global farmland fund which invests in farmland operated according to sustainable farming methods and a £20 million investment in a global renewable energy fund.

The Trustees take into account the potential risks and opportunities associated with climate change and the transition to a low carbon economy. The investment strategy for their passive equity holdings aims to hedge climate change risk by prioritising companies who invest in low carbon innovation and reducing investment in carbon intensive industries.

The KPS also offers participants in its Money Purchase scheme the opportunity to select an Ethical Fund for their pension. This fund aims to provide long-term growth by investing in the shares of companies that meet a set of ethical criteria.

The KPS aims to make its pension provision inclusive so that it meets the needs of all employees. For example, the Money Purchase scheme offers a Shariah fund which invests in shares of companies around the world whose practices are consistent with Shariah principles.



Assurance statement

Independent Limited Assurance Report to the Directors of Kingfisher plc

Kingfisher plc (“Kingfisher”) commissioned DNV GL Business Assurance Services UK Limited (“DNV GL”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in their Responsible Business Report 2019/20 and the Performance Data Appendix 2019/20 (together the “Report”) for the reporting year ended 31 January 2020.

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained on page 56.

Our observations

Our observations and areas for improvement will be raised in a separate report to Kingfisher’s Management. Selected observations are provided below. These observations do not affect Our Conclusion set out to the left.

- Kingfisher’s Sustainability Reporting Tool was supported by comprehensive internal data collection guidelines. We recommend data collection processes are documented internally for all indicators at group and operating company level, to ensure consistency each year in data preparation.
- We found that many of the processes used to collect data from source into the Reporting Tool relied predominantly on manual processes using spreadsheets. To reduce the risk of error in the data collection process, we recommend that Kingfisher introduce automated processes and use systems-based solutions where possible. This relates to the three areas of data discussed below and in addition: Sustainable Home Products, carbon footprint property data, haulage, energy use and waste disposal.
- Community investment: we found material manual data entry errors in the internal data collection spreadsheet for B&Q and that management costs had not been reported for all operating companies. These errors were corrected by Kingfisher and subsequent additional testing proved satisfactory.
- Supplier assessments: material errors were found in our sample testing of supplier site audit grades. As a result Kingfisher agreed to update the site grade guidance to match current working practice; and completed re-grading for all supplier site audit grades. Subsequent additional sample testing of an increased sample size proved satisfactory.
- Responsibly sourced wood and paper products:
 - We noted a number of limitations as the data consolidation process relied on manual creation of a core wood and paper data set. We recommend Kingfisher defines their business-as-usual data consolidation and collection methodology, involving the core purchasing and procurement business.
 - We noted the inherent risks related to the completeness of this data as it cannot be reconciled with an independent data source, such as products purchased data. We recommend that Kingfisher considers undertaking regular checks against products sold and other metrics on a sample basis to further increase confidence that the data is complete.

Selected Information

The scope and boundary of our work is restricted to selected 2019/20 performance data included within the Report (the “Selected Information”), as indicated with “0” in the Performance Data Appendix 2019/20 for the following areas:

Colleagues

- Diversity (page 15)

Planet

- Responsibly sourced wood and paper products (page 16)
- Carbon footprint (page 17 and 18)
- Haulage – dedicated fleet vehicles (page 20)
- Energy use (page 21)

Customers

- Sustainable Home Products sales (page 22)
- Customer energy (page 24)
- Customer water use (page 24)

Communities

- Community investment (page 26 and 27)

Responsible sourcing

- Supplier assessments (page 30)
- Supplier assessments – site grades (page 30)

Waste and recycling

- Waste disposal (page 31)

Sustainability Targets

- Progress towards Sustainability Targets (page 5)

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Kingfisher’s Sustainability Data Collection Methodology 2019/20 (the “Criteria”), which can be found at [sustainability_data_collection_methodology](#). We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Kingfisher’s website for the current reporting period or for previous periods.

Standard and level of assurance

We performed a **limited** assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for Our Conclusion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

Basis of Our Conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with Kingfisher management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Visiting to two operating companies, B&Q and Castorama Poland, to review processes and systems for preparing operating company level data consolidated at group level. We were free to select operating companies and they were chosen on the basis of materiality and frequency of audit visit over the past two years;
- Visiting head office to review processes and systems for preparing and consolidating group level data;
- Additional testing was undertaken on community investment and supplier assessments site grade data due to material errors found in our initial sample testing. Kingfisher undertook corrective actions and our subsequent sample testing proved satisfactory;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing whether Kingfisher followed its stated process in the Criteria to determine progress towards its Sustainability Targets;
- Assessing the appropriateness of the Criteria for the Selected Information;
- Reviewing that the evidence, measurements and their scope provided to us by Kingfisher for the Selected Information is prepared in line with the Criteria; and
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

Our competence, independence and quality control

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by Kingfisher have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Responsibilities of the Directors of Kingfisher and DNV GL

The Directors of Kingfisher have sole responsibility for:

- Preparing and presenting the Selected Information in accordance with the Criteria;

- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Kingfisher in the form of an Independent Limited Assurance Conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

DNV GL Business Assurance
Services UK Limited
London, UK
24th August 2020



DNV GL Business Assurance

DNV GL Business Assurance Services UK Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.co.uk/BetterAssurance

Read more

Our Responsible Business website
www.kingfisher.com/responsible-business

Annual Report and Accounts
www.kingfisher.com/annualreport

Our performance data appendix
www.kingfisher.com/dataappendix

Our data collection methodology
www.kingfisher.com/datamethodology

Our Sustainable Home Product guidelines
www.kingfisher.com/shpguidelines

Contacts

What do you think about our performance?
We'd love to hear your views on sustainability
at Kingfisher at sustainability@kingfisher.com