Measuring our performance

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Striving to be better

Ray Baker, Director of Social Responsibility

As a business we face hundreds of environmental and social issues, linked to our people, stores, customers and products. The big question is not whether we deal with them, but how?

To help us prioritise, we and the other operating companies have worked with our parent company Kingfisher to identify 12 key trends in society which will affect how we do business – such as the growing problem of climate change or the way we dispose of our waste.

By focusing on 12 trends, we can target the key areas of our business where we can work towards change. At the same time, each trend is broad enough to be an umbrella for a range of related issues, so no important issue should be outside our radar.

The trends form the foundation of our approach to social responsibility. Some are directly relevant to our people, both employees and customers. Others refer to our products, our stores and our supply chains.

They all form part of the same goal, however – making sure we're working to improve the quality of life of all the people our business touches.

The 12 trends we've identified are:

- Respect for people
  the way we treat all our people is becoming more important than ever
- Store neighbourhoods
  communities will reject businesses who are not good neighbours
- Store waste
  when we throw rubbish away it takes our profits with it
- Transport
  moving more stock is good – more traffic congestion is bad
- Product stories
  every product will soon be telling a story – and they all need to be good
- Factory working conditions
  we will be judged by the way the people who make our products are treated
- Greener suppliers
  our suppliers need to be cleaner and greener too
- Timber
  we are selling more wood, but it is becoming harder to find
- Chemicals
  chemicals are causing increasing concern and controversy
- Climate change
  climate change equals changes to homes – appliances will change too
- Packaging
  packaging waste will become a bigger financial waste
- Product disposal
  we need to plan what happens when our customers want to dispose of the products they bought from us

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Climbing the Ladders

There are hundreds of ways B&Q could respond to the many issues identified by the 12 trends.

Store waste is one example – laws that were created to protect our environment have actually made waste disposal more expensive so our profits get thrown away with our waste. That's why we're looking at lots of different options for keeping waste disposal down – more recycling, more donations to schools and charities, less transit packaging, more efficient ways of bringing products into stores such as the new cage system and working more closely with suppliers on product return issues.

We need to look at each trend individually and decide how to respond to it. We could do the minimum we need to do legally or we could choose to lead the debate – these four rungs on our specially created Ladders will help us make these decisions and measure our progress –

- **Leadership**
  For trends where we're considered to be one of the best businesses in the field.
- **Creating Opportunity**
  For when we're seeing a real business benefit and building a better reputation because of how we responded to the trend.
- **Managing the Issue**
  For when we're taking a systematic approach – spotting and managing issues before they arise.
- **Managing the Risk**
  The lowest rung of the Ladder means we're reacting to a trend as issues arise so as we can protect our reputation and make sure we operate legally and safely.

This Ladder approach identifies how we can keep working towards being a better neighbour whilst accepting that we can't always be leaders. We work in a fast-changing world with a fast changing product range and we don't have to be on the top rung of every Ladder to be a good business.

We're proud of the progress we've made but we know there's lots more work to be done – the Ladders approach gives us clear goals to work towards. Kingfisher will be measuring all it's operating companies against these 12 Ladders. For more details visit www.kingfisher.com

Ladder position of the12 trends:

- Respect for people
  Creating Opportunity
- Store neighbourhoods
  Creating Opportunity
- Store waste
  Managing the Issue
- Transport
  Creating Opportunity
- Product stories
  Managing the Issue
- Factory working conditions
  Managing the Issue
- Greener suppliers
  Leadership
- Timber
  Leadership
- Chemicals
  Managing the Issue
- Climate change
  Creating Opportunity
- Packaging
  Managing the Issue
- Product disposal
  Managing the Issue

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In the last 11 years, we've made good progress towards understanding the key issues that face our business and finding solutions for them. We've set ourselves targets for continuous improvement and we've put performance indicators in place to monitor how we're doing.

Our reputation as a responsible company is a crucial part of our brand – if we're a world class business we must have a world class social responsibility programme too. In 2001 we started comparing our performance with other companies – the awards we've been given (see the awards section) are useful benchmarks and strong indicators that we're on the right track. Our new Ladders approach will give us something else to measure our progress with – more news on this next year.

Outlined below and the following pages are the key targets and performance indicators for each of the 12 trends.

Our year runs from 1 February to 31 January so the figures below run as follows – the year 2001 refers to 1 February 2001 to 31 January 2002, 2002 refers to 1 February 2002 to 31 January 2003.

Some figures have been rounded up and some are based on best estimates. This year we're working hard to improve the quality of the data we get and to develop our list of indicators which we hope to get independently verified as from 2004.

Respect for people

The way we treat all our people is becoming more important than ever

Respect for people is one of our core values. Monitoring the diversity of our staff team helps us understand what we need to do to make sure we treat everybody with dignity and respect and that we reflect the communities we trade in.

Target: All stores must comply with Part III of the Disability Discrimination Act as it will apply on 1 October 2004.
Progress: All the stores that opened in 2001 and 2002 must comply with the requirements of the DDA. By 31 January 2003 210 stores (60% of our total estate) were compliant.

Target: By the end of 2003 we want all staff to understand what they can do to help prepare B&Q for a more sustainable society.
Progress: Since mid November 2002 all new staff have been encouraged to complete an e-learning programme exploring sustainability and diversity issues. In the first six weeks, 2,500 staff had completed at least one of the modules.

Performance Indicators:	2001	2002
Number of employees in company:	30,283	34,117
Proportion of working patterns:	49% full-time 51% part-time	48% full-time 52% part-time
Gender profile:	53% male 47% female	51% male 49% female
Proportion of disabled employees: (disabled people account for 15% of the working age populations)	4%	5%
Proportion of minority ethnic employees: (national average 9%)	6%	7%
Age profile of employees:		
18–24:	22%	21%
25–49:	57%	55%
50+:	19%	20%

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Store neighbourhoods

Communities will reject businesses who are not good neighbours

We support our stores' local neighbourhoods in a number of ways – through grants, employee time and skills and donation of products and other materials. We can measure these contributions as their cash equivalent – although of course they are often worth far more to communities than their value in money.

Target: All stores to achieve and maintain Five Star standard at yearly assessment.

Progress: At the end of 2001, 93% of stores achieved a Five Star standard as measured by self–assessment. Since the end of 2002, stores are being assessed by external assessors on a rolling three year programme.

Target: The better neighbour approach will be recognised and understood by key parties in the store planning process, measured by independent surveys.

Progress: Through our better neighbour approach, B&Q is developing close links with key personnel in local councils, regeneration boards and statutory authorities.

Performance Indicators:	2001	2002
Total amount of community assistance given in £s:	800,658	968,889

Store waste

When we throw rubbish away it takes our profits with it

The majority of our waste is cardboard and plastic packaging. We have two aims – to reduce the amount of waste we produce, and to recycle an increasing proportion of the remaining waste. We measure our waste disposal by volume – the number of containers of waste collected.

Target: By the end of 2005, the amount of waste disposed of by stores will be reduced to an average of two wheely bins ($1.1m^3$) per week per Supercentre and one mini skip ($4m^3$) per week per Warehouse.

Performance Indicators:	2001	2002
Average weekly wheely bin ($1.1m^3$) equivalent uplifts per Supercentre:	14 (est)	12 (est)
Average weekly mini skip ($4m^3$) equivalent uplifts per Warehouse:	4 (est)	5 (est)

Transport

Moving more stock is good – more traffic congestion is bad

Getting our products from our suppliers to our stores involves thousands of train, lorry and ship journeys every year. To reduce the impact this could have on congestion and climate change, we need to both reduce the number of miles travelled by our products, and the amount of carbon dioxide (the major gas causing climate change) emitted by our distribution fleet.

Target: Average UK miles travelled for each m^3 of load delivered to stores will be reduced from 11.8 to 5.9 by the end of 2005, based on 1999 baseline.

Target: CO_2 emissions will be reduced by 50% to 9.6 kg for each m^3 of product delivered, when compared to the 1999 baseline of 19.2 kg for each m^3.

Performance Indicators:	2001	2002
Average miles travelled by road and rail in the UK for each m^3 of product delivered:	7.91	7.25
CO_2 emitted by the distribution fleet for each m^3 of product delivered, in kg:	10.7	9.3
Miles travelled by B&Q's UK distribution fleet (values exclude Northern Ireland):	19,351,119	23,879,116

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Product stories

Every product will soon be telling a story – and they all need to be good

B&Q sells too many products for us to list our performance in all of them. We have selected soil conditioners and plant growing media for measuring because they are some of our biggest selling lines, and it is our policy to reduce the amount of peat we sell in these products, because of the damage peat extraction causes to delicate habitats.

Target: The total volume of growing media and soil conditioners we sell contains the following minimum percentage levels of peat alternatives per year:

By the end of 2001:	30%
By the end of 2003:	50%
By the end of 2004:	65%
By the end of 2005:	75%
By the end of 2006:	85%

Performance Indicators:	1999	2000	2001	2003
Percentage total sales volume of peat free growing media versus peat based growing media:	27%	29%	31%	on track for 50%

Factory working conditions

We will be judged by the way the people who make our products are treated

Our customers expect us to take responsibility for working conditions in our supply chains. QUEST for Suppliers principle 8 (Supply Chain Transparency) is a key tool in ensuring that the people making our products are working in safe environments where they are fairly treated.

Target: All suppliers should achieve at least grade B for QUEST 8.

Performance Indicators:

By the end of 2002, 41% of suppliers had achieved A or B grades in QUEST 8.*

*Not all suppliers have been assessed against the new QUEST 8 criteria introduced in October 2002. We aim to assess a further 50 suppliers by the end of 2003.

Greener supplier

Our suppliers need to be cleaner and greener too

We monitor our suppliers' environmental policies and performance through principles 6 (Environmental Policy and Awareness) and 7 (Environmental Action and Achievements) and key environmental issues through principle 10 (Product Integrity) in the QUEST for Suppliers programme.

Target: All suppliers should achieve at least grade B for QUEST 6, QUEST 7 and QUEST 10.

Performance Indicators:

By the end of 2002, 75% of suppliers had achieved A or B grades in QUEST 6.

By the end of 2002, 74% of suppliers had achieved A or B grades QUEST 7.

By the end of 2002, 22% of suppliers had achieved A or B grades in QUEST 10.*

*Not all suppliers have been assessed against the new QUEST 10 criteria introduced in October 2002. We aim to assess a further 50 suppliers by the end of 2003.

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Timber

We are selling more wood, but it is becoming harder to find

We want our customers to trust that all our wood and paper products come from well-managed forests or recycled material.

Target: All timber products come from well-managed forests certified by a respected independent body, such as the Forest Stewardship Council.

Performance Indicators:	2001	2002
Total volume of wood sold by the business in m^3 roundwood equivalent:	1,180,794	1,287,065
Proportion certified by the Forest Stewardship Council:	80%	80%
Proportion certified by the Finnish Forest Certification Scheme:	15%	15%
Proportion from forests managed as an approved project:	3%	3%
Proportion from known forests but not under a specific project:	2%	2%

Chemicals

Chemicals are causing increasing concern and controversy

Our chemicals 'radar' picks up concerns about chemicals as they emerge, and places the issues on a 'red' list if we have yet to resolve them in our product lines. Once they have been resolved to our satisfaction, they are placed on the 'green' list.

Target: By the end of 2005, we will have placed the vast majority of existing issues onto the green list, which we intend to make publicly available.

Performance Indicators:

At the end of 2002, 358 separate issues had been logged on to our lists. Of these 91 had been resolved and placed onto the green list, giving an overall resolution rate of around 25%.

From 1996 to 2001, average VOCs per litre reduced by 35% while sales increased by 88% over the same period.

	1996	1997	1998	1999	2001
Average VOC concentrate (gram per litre) in paint sold by B&Q:	191.0	178.6	166.7	154.5	124.4

B&Q

TARGETS & INDICATORS FACT SHEET 7

B&Q Social Responsibility
Environment | Diversity | Ethical | Community

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Climate change

Climate change equals changes to homes – appliances will change too

As well as making our appliances more energy efficient, we need to make our own operations more efficient. This means reducing the amount of energy we use for every m^2 of retail floor space in our stores. It also means reducing the amount of carbon dioxide produced by that energy use.

Target: By the end of 2005, we will reduce CO_2 emissions from store operations by 9.7% to 90kg per m2 of retail floor space when compared to the 1999 baseline of 99.7 kg per m^2.

Performance Indicators:	1999	2000	2001	2002
Total amount of energy used in stores (internal floor space), in GWh:			445.5	476.9
Amount used per m^2 of retail floor space, in kWh:			327.4	325.9
Total amount of carbon dioxide gas produced as a result of this energy use, in tonnes:			141,810	158,977
CO_2 emitted per m^2 of retail floor space, in kg:	99.7	109.7	104.2	108.7 estimate

Packaging

Packaging waste will become a bigger financial waste

We are working with our suppliers to reduce the amount of packaging coming into our stores, and passed on to our customers. Principle 9 (Packaging and Environmental Claims) in QUEST for Suppliers helps us to do this.

Target: All suppliers should achieve at least grade B for QUEST 9.

Performance Indicators:

By the end of 2002, 86% of suppliers had achieved A or B grades in QUEST 9.

Product disposal

We need to plan what happens when our customers want to dispose of the products they bought from us

We are only just beginning to tackle this area of our responsibility. Some of our stores provide facilities for customers to return products and packaging for re–use or recycling. We intend to expand this in the future.

Performance Indicators:

Proportion of stores with a Community Re>paint or similar scheme in operation at the end of 2002: 6%