

CEO's introduction

THIS YEAR WE CELEBRATE

THE 50TH ANNIVERSARY OF THE BRAND IN THE UK

Over the past 50 years, the way people use and enjoy their homes has changed dramatically, never more so than in recent history during the pandemic. At Wickes, we are very proud to have played our small part in the history of home improvement.

As a digitally-led, service-enabled home improvement retailer, we offer customers choice, convenience, value and best-in-class service, and we fulfil all of this through a low-cost, efficient and integrated operating model.

Our uniquely balanced business, across the three different customer propositions of Local Trade, Do-it-for-me (DIFM) and Do-it-yourself (DIY), means we are perfectly placed to help all customers, whatever their home improvement project might be. We look forward to many more decades of helping the nation feel house proud.

**DAVID WOOD**

Chief Executive Officer

Financial and strategic highlights

FINANCIAL HIGHLIGHTS

Adjusted revenue (£m)

2021: £1,534.9m

£1,559.0m

2022	1,559.0
2021	1,534.9
2020	1,346.9
2019	1,292.4

Net debt (£m)

2021: £618.7m

£591.8m

2022	591.8
2021	618.7
2020	783.5
2019	829.6

LFL sales growth³

2021: 13.0%

3.5%

2022	3.5
2021	13.0
2020	5.0
2019	8.7

Adjusted PBT (£m)¹

2021: £85.0m

£75.4m

2022	75.4
2021	85.0
2020	49.5
2019	62.3

Adjusted basic earnings per share (p)²

2021: 27.2p

23.8p

2022	23.8
2021	27.2
2020	16.1
2019	20.0

TradePro accounts (k)

2021: 634k

746k

2022	746
2021	634
2020	553
2019	509

Statutory PBT (£m)

2021: £65.4m

£40.3m

2022	40.3
2021	65.4
2020	28.9
2019	22.7

Statutory basic earnings per share (p)²

2021: 23.3p

12.6p

2022	12.6
2021	23.3
2020	10.4
2019	5.1

Stores in new format (%)

2021: 65%

70%

2022	70
2021	65
2020	61
2019	57

STRATEGIC HIGHLIGHTS

DIGITAL INNOVATION

Building on our strong digital foundations, 2022 saw some exciting innovations in customer service and insight. Using handheld digital technology, our colleagues have been able to speed up the product picking process so customers can now Click & Collect in just 30 minutes. We have also put into action our Missions Motivation Engine tool, which uses data and analytics to better understand our customers, and have rolled out ten programmes to inspire and support customers with their home improvement projects.

INVESTING IN OUR STORES

In 2022, we welcomed customers to our new Bolton store, our first new store to open in three years and the first of around 20 new stores to open over the next five years. 2022 was also a successful year for our refit programme with the refitting of 12 stores, typically delivering sales growth and ROCE over 25%.

LAUNCHED NEW 'WICKES LIFESTYLE KITCHEN' RANGE

We repositioned and expanded our ready-to-fit kitchen ranges as 'Wickes Lifestyle Kitchens', which is aimed at the lower budget kitchen market. The range, which includes eight new ready-to-fit kitchens, has a digital design element to it, which is managed through a virtual sales hub in our Bicester store.

¹ Refer to the Income Statement on page 127.

² Refer to note 11 on page 141.

³ Refer to note 5 on page 137.

Responsible Business highlights

RESPONSIBLE BUSINESS HIGHLIGHTS

SUSTAINABLE HOUSE GUIDE

We have launched our online Sustainable House where customers can find out how they can make their homes more sustainable with hints and tips to save energy and reduce costs

**PRODUCT CATEGORISATION**

We have categorised every single product we sell, which will help our colleagues and customers understand their environmental impact

I&D LEADERSHIP AWARDS

Our I&D employee network leads have been recognised within the national EMpower, HERoes and OUTstanding lists 2022



We have been recognised in the Financial Times Diversity Leaders report 2023

£2m+

SUPPORTING YOUNGMINDS

We have raised over £2 million for our charity partner, YoungMinds

SCIENCE BASED TARGETS

We have announced our near-term Science Based Targets to reduce our absolute emissions across our business and supply chain by 2030



SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

PERIOD POSITIVE

We launched a Period Positive campaign which offers free sanitary products for all colleagues across all stores, distribution centres and support centres

**COMMUNITY PROGRAMME ORGANISATIONS**

We have supported over 800 organisations across the UK, with over 200 of our stores participating in the programme to support their local communities

Overview

WICKES
AT A GLANCE

OUR VISION

A Wickes project in every home

OUR MISSION

To be the partner of choice for
Home Improvers and Local Trade

OUR PURPOSE

To help the nation feel house proud

8100

colleagues

230

stores

A uniquely balanced
business supporting
three customer
propositions:

LOCAL TRADE

From trade-trusted brands and a flat 10% discount, we can save you time and money when you shop with TradePro:

- ✓ Extension
- ✓ Loft conversion
- ✓ Driveway

DO-IT-FOR-ME

From concept to completion, plus all the finishing touches, we can help you with your project every step of the way:

- ✓ Kitchen
- ✓ Bathroom
- ✓ Tiling

DIY

From our curated range to bringing you the right quality products at the right prices, we can help you to tackle your project, providing advice, guidance and knowledge:

- ✓ Painting
- ✓ Hang a shelf
- ✓ Gardening

Supported by an efficient
and integrated model:



Curated
product ranges



Digitally-led



Distinctive
service model



Low-cost,
physical estate



Simple,
clear pricing

OUR COMMITMENT TO
GROWING RESPONSIBLY

We are building a business we are proud of, where all our colleagues can feel at home and are empowered to support their communities and customers; we're supporting the fight against climate change and taking action to protect the natural environment; and we're helping the nation make their homes more sustainable.



A sound investment case

WE ARE A SUCCESSFUL, GROWING AND PROFITABLE HOME IMPROVEMENT BUSINESS, WITH A COMPELLING INVESTMENT CASE

WE OPERATE IN A MARKET WITH LONG TERM STRUCTURAL GROWTH

The UK home improvement market has been growing at an average 2.5% per annum for the last ten years (source GfK) and this is expected to continue, with growth being driven by:

- a rising number of UK households;
- increasing UK home ownership;
- more time spent in the home and garden as a result of hybrid working practices;
- investment by consumers to reduce energy costs and make their homes more energy efficient.

Rising mortgage rates may have some impact on housing market activity and disposable income in the short term, although unemployment remains low and a large proportion of expenditure across the market is carried out by older, wealthier homeowners.

25%

ROCE from store refits

BALANCED BUSINESS MODEL

The business is split across three distinct customer propositions – Local Trade, Do-it-for-me (DIFM), and DIY Retail. This balanced business model gives us greater exposure to the fastest growing sectors in the market, and provides us with greater resilience to consumer trends. In addition, our range of proven growth levers across our customer three propositions has driven additional market share gains. These growth levers, particularly digital development, TradePro and store refits, are relatively immature, and should, along with the white space catchments we have identified, continue to drive revenue growth and share gains over the next few years. Any capacity reduction from weaker competitors could enhance these likely share gains.

ABILITY TO BENEFIT FROM OPERATING LEVERAGE AS BUSINESS GROWS

A combination of market growth and share gains should generate mid single digit revenue growth over the cycle. Our growth levers have successfully driven sales densities, and, looking ahead, this will be supplemented by the contribution from new stores. At the same time, our occupancy costs are stable, and our three customer propositions allow us to schedule colleagues efficiently across the trading week. As a result of this efficient model, we would expect to grow profit at least as fast as revenue over the economic cycle.

98%

of sales are touched by our stores

STRONG OPERATIONAL CASH FLOW SUPPORTING FUTURE GROWTH AND DIVIDENDS FOR SHAREHOLDERS

Our profitable business model generates strong operational cash flow. The cash generated funds new capital investment into our proven growth levers – store refits, new stores, digital – which deliver revenue and profit growth with a good return on capital. In addition to re-investing for growth the business is able to deliver healthy dividends to shareholders from its operational cash flow.

BALANCE SHEET STRENGTH AND POTENTIAL ADDITIONAL CAPITAL RETURNS

At demerger, we outlined the rationale for a strong balance sheet to give us flexibility for future investments or to trade through periods of uncertainty. In March 2022, we outlined a target to reduce lease-adjusted net debt / adjusted EBITDA to below 2.75x; when the ratio consistently falls below this, we would expect to return surplus cash to Shareholders in the form of special dividends or share buy-backs.

2/3rds

of sales digitally-enabled

Chair of the Board's statement

INVESTING IN GROWTH AND DOING SO RESPONSIBLY



CHRISTOPHER ROGERS

Chair of the Board

2022 was a milestone year for Wickes as we celebrated our 50th anniversary. On pages 12-15 we reflect on some of the trends and changes within the home improvement sector and our business over the past five decades, and look ahead to a bright future as we continue to help the nation feel house proud.

Performance

In 2022 we delivered sales of £1.6bn and an adjusted profit of £75.4m, and whilst this represented a decline in profits year on year we nevertheless continued to strengthen the business and grow market share in an uncertain environment. This is only possible thanks to our fantastic team of colleagues who come to work every day to provide outstanding service and care for each other and their customers. On behalf of the Board and myself, I'd like to extend our sincerest thanks for everything that they do to make Wickes the great business it is.

This has been a pivotal year for the home improvement market as two years of pandemic disruption have receded and we've returned to more normal business patterns. Thanks to our balanced business model, we have been able to successfully navigate volatile trading conditions. At the beginning of the year, we benefited from carrying over a strong DIFM order book and passing the anniversary of the showroom closures in the first four months of 2021. Throughout 2022, Local Trade has seen a strong performance as tradespeople were allowed back into people's homes. And in DIY, whilst sales have come off their pandemic heights, they remain significantly ahead of 2019 levels.

Supporting customers and colleagues

2022 stands out as a year of considerable geopolitical and economic disruption following the Russian invasion of Ukraine. The resulting energy insecurity, supply chain disruption and rising inflation have put significant pressure on household finances. We are very conscious of the environment we are now living in and are focused on supporting our customers and colleagues during this cost of living crisis.

As consumers keep a watchful eye on their household expenditure, we are attracting customers with great-value products and services they can trust and are well placed to help people tackle their rising energy costs. The recent launch of our online interactive Sustainable House guide provides a plethora of hints and tips to help customers make their homes more energy efficient and bring down their utility bills.

Equally important is how we can support our c.8,100 colleagues through these challenging times. In addition to bringing forward and upweighting 2023 annual salary increases, we have set up a cost of living colleague working group which has produced a comprehensive resource to help with budgeting, financial planning, savings, debt support and the provision of accessible short term loans through payroll. We also recognise the toll that the cost of living crisis and pandemic are taking on people's mental health and wellbeing, and we are working hard to ensure we offer colleagues the support they need.

Investing in a bright future

Looking ahead to 2023, we face significant cost headwinds with material increases to our energy bill and wages. We continue to run our business as efficiently and effectively as possible and, whilst we are operating in an uncertain economic environment, we remain confident in our strategic growth levers (see pages 23-30) and are committed to continuing to invest in them.

In our Preliminary results last March, we announced plans to accelerate our store refits programme and to open around 20 new stores over the next five years, and I was delighted when our first new store in three years opened in Bolton in October. Innovation is key to a bright future, and across our three customer propositions we are developing exciting new products and services. A great example is the recent launch of our Wickes Lifestyle Kitchens range, where we identified an opportunity to reposition and innovate our ready-to-fit range to grow our market share of the lower-budget kitchen market.

“ We remain confident in our strategic growth levers.

Dividend

The Board is pleased to recommend a final dividend of 7.3 pence per share, taking our full year ordinary dividend to 10.9 pence per share. We recognise the importance of cash returns to our Shareholders and, given the strength of our balance sheet, we have maintained the full year dividend per share at the same level as 2021.

Board

In January 2022, we announced the retirement of our Chief Financial Officer, Julie Wirth. Julie played a pivotal role in the successful demerger and listing of the Company, and on behalf of the Board I would like to thank Julie for her huge contribution, particularly as we demerged from Travis Perkins Plc. Julie stepped down from the Board on 29 July and was succeeded by Mark George, who joined Wickes from The Gym Group PLC, where he was Chief Financial Officer.

With a strong track record in a listed company environment, Mark brings extensive financial leadership, strategy and investor experience combined with a passion for the customer. As a result of this change, the gender diversity of the Board was reduced. We believe that having a diverse Board is in the best interests of the business and we are currently in the process of recruiting another Non-executive Director and will keep diversity at the front of our minds during this recruitment process.



2022 has been a year of evolution and transformation for Wickes. We have made great progress with the separation from Travis Perkins Plc and we remain on track to complete the separation in 2023, as planned.

We have firmly positioned ourselves as a market leading business that is investing in growth and doing so responsibly. You can learn more about our progress on environmental, social and governance matters in the Responsible Business section of this report. Whilst the external environment continues to be challenging, Wickes has the tools and resources to emerge as a stronger and more focused business, and we look forward to an even brighter future.

Christopher Rogers
Chair of the Board
22 March 2023

“ The Wickes culture is stronger than ever and I’m tremendously proud of our colleagues who work tirelessly everyday to help our customers feel house proud.

Chief Executive Officer's review

WE'RE HERE TO HELP
THE NATION FEEL HOUSE PROUD

In our 50th year I'm delighted to report we achieved record sales and made further market share gains. While profit declined, the outcome is still ahead of the pre-Covid period. Our performance was underpinned by our uniquely balanced business model, our digital leadership and our ability to offer the best value and service proposition across Trade, DIFM and DIY. I'd like to thank all our fantastic colleagues for their hard work, passion and commitment to giving our customers outstanding service and helping create our unique Wickes' culture.

We are encouraged by how 2023 has started, with performance in line with our expectations. Whilst we are mindful of the macroeconomic backdrop, we remain confident in our ability to drive further market share gains, given the strength of our proposition and improvements we have made to the offer. Inflationary pressures will affect our cost base in 2023, although we have efficiency plans in place, which will offset all these increases, except for energy. Like all businesses we remain watchful of the external consumer environment. However, we have the right strategy and a strong and compelling offer. We will continue to invest across our distinctive growth levers, and are well-placed to achieve further market share gains.

Market

2022 proved to be a challenging year for the market, driven by well-documented challenges facing the consumer. The need to combat rising inflation has seen UK and global interest rates rise, and, as a result, house price inflation and transaction volumes are now starting to moderate.

Despite this softer economic environment, which we expect to continue in 2023, UK home improvement remains a large and attractive market. The structural drivers remain intact, which will continue to support market growth over the medium term. These include behavioural changes brought about by the pandemic, the need to improve energy efficiency to reduce heating costs and emissions, and the age and composition of the UK housing stock. Importantly, at the same time it is worth noting that most homeowners either remain in work, choose not to be, or are retired. Our exposure to new build, which may be more cyclical, is very limited.

We continue to believe that behavioural changes post Covid remain supportive. Many businesses have retained hybrid working practices, increasing time spent at home, fuelling further desire for homeowners and tenants to invest in their properties. While some DIY activities were brought forward into the early phases of the pandemic, some larger projects – involving our Local Trade and DIFM segments – may have been deferred. The growth of our TradePro customer base showed continued momentum and accelerated in 2022, reflecting strong order books across the trade and the increasing importance of value for money in an inflationary environment.

More recently, the sharp rise in energy prices has seen increased focus on the energy efficiency of UK housing. Wickes is well-placed to help with the drive for energy efficiency through the products and services we sell, such as insulation, lighting and smart meters, and through the advice we offer.

In 2022 we launched our interactive Sustainable House Guide, highlighting the measures that can be taken in each room of the house (or garden), with a click through to the relevant products. This complements our online Energy Saving advice guide, and our work with the Energy Saving Trust (EST) to verify the financial benefits from each product.

The UK also has the oldest housing stock in northern Europe, with an average age of 65 years. One third were built before 1945. This is supportive in itself for structural growth in the RMI (Repair, Maintenance and Improvement) market, but ongoing government measures taken to improve energy efficiency are likely to require a multi-year investment in the UK housing stock. For example, it is estimated that around half of UK housing requires some form of investment to meet an EPC rating of C or better.

DAVID WOOD
Chief Executive Officer

Under current proposals, all UK homes will need to achieve this by 2030, and rental properties by 2025. Add in an element of likely population growth, and a trend towards more single person dwellings, and the outlook for the home improvement market remains bright.

The homeownership demographic into which our Local Trade and DIFM end propositions face also leave us well placed to continue to take share, as do our credentials for value, quality and convenience. Although as yet we have seen little sign of trading down or rising own label participation, our surveys tell us that customers are becoming more discerning on price and are shopping around more. We believe that our value credentials, the strength of the Wickes brand, our simple and clear pricing policy, alongside our 10% flat rate discount to all TradePro members, stand us in good stead if market conditions become more challenging.

Operational progress

We are pleased to have made strong operational progress since demerger, reflected in continued growth in Core market share and a strong recovery in delivered DIFM sales.

During the year, we demonstrated the flexibility of Wickes' operating model, including a number of actions undertaken to respond to more challenging market conditions, and to drive further efficiencies within the business to offset increases in our cost base. Our balanced model gives us the agility to respond to changes in customer demand, leading to efficiencies across both store and distribution centre fulfilment costs.

We have continued to invest in the customer proposition. We refitted another 12 stores in 2022, showcasing our full offer of kitchens and bathrooms, and taking the number in the new format to 162. We continue to see strong returns and sales uplifts in our refitted stores.

Our store refresh programme also continues, with particular focus on the efficiency of multi-channel order pick and despatch, which drives selling densities and underpins our 30-minute click & collect promise. We have added Klarna to our online payment options, and continue to have a very competitive APR of 4.9% in our DIFM business despite rising base rates. All these initiatives are reflected in our customer satisfaction metrics, which have risen in all areas of the business (in-store, click & collect and home delivery).

“ Our balanced model gives us the agility to respond to changes in customer demand, leading to efficiencies across both store and distribution centre fulfilment costs.

LFL sales across the Group were up 3.5% despite very tough comparatives in our Core business. Core LFL revenue declined by 2.0%, with the second half stronger as comparatives eased and as sales of energy-saving products helped our DIY category towards the end of the year. During the year we continued to prioritise our price leadership by working closely with our suppliers. We remained committed to managing supply chain inflation responsibly and our selling price inflation has been significantly less than our cost price inflation.

The estimated level of selling price inflation for the full year was 13% (first half 15%, second half 10%), driven mainly by categories such as timber and cement. Inflationary pressures eased in the second half, with the timber price declining year on year, and we would expect this trend to continue into 2023.

Despite the well documented industry shortages in certain categories in the first half, our strong supplier relationships, curated range and operational agility served us well to continue to provide customers with the products they need. Together with our price leadership and own brand credentials, we believe our strong focus on availability helped to drive increased revenues and awareness of Wickes, as reflected in our Core market share gains and the strong performance of TradePro, where both membership and sales increased by almost 20%.

We entered FY 2022 with an elevated pipeline of DIFM orders due to the impact of Covid on the ability of our installation teams to deliver projects in the final quarter of 2021. Despite moderately lower orders over the course of the year, the successful work through of the order book resulted in LFL delivered sales increasing by 26.1%. Although there was some disruption in the first half relating to Covid and the supply of appliances, these issues faded as the year progressed.

There was another strong performance in bathrooms, where new ranges in sanitaryware and accessories, and a wider range of pricing options, have helped to broaden our appeal. Refitted stores also continue to perform strongly in DIFM due to the welcoming nature of new showroom displays.

We noted in our July trading update that DIFM orders had slowed in early summer, as customers were taking longer to commit to big ticket purchases. However, the pace of order decline moderated into Q4, and in the first 11 weeks of 2023 ordered sales are in line with the same period last year.

“ Despite the impact of heightened build costs during the year, store investments continue to deliver sales uplifts of 25% and ROCE of over 25%.

At the end of 2022, the order book was below the prior year, although still ahead of pre-Covid levels. Given improvements in product availability and labour scheduling, we would expect the order book to return to more normal levels by the end of 2023. This will result in delivered sales being above ordered sales for the year, although this is expected to stabilise in 2024 and beyond.

Winning for Trade

Our TradePro membership scheme showed increasing momentum in the period. We enrolled 112,000 customers in the year, taking its total membership to 746,000 as we continued to grow the awareness and appeal of the scheme through its compelling proposition. Our local trade customers indicate that they are increasingly conscious of rising material costs and are switching to Wickes for its strong value credentials and simple discount scheme. We also believe the recent addition of 30 minute click-and-collect to our offering has increased the attraction of the scheme during a period where tradespeople are finding ways to most efficiently use their time whilst balancing full order books.

Chief Executive Officer's review continued

We are encouraged that the TradePro members joining the platform during the year have adopted characteristics in line with previous cohorts using the platform. Sales from TradePro customers in the year increased by 19% compared to 2021. Our TradePro customers continue to represent strong strategic value to Wickes in terms of average order value and frequency of visit, and we have plans to evolve our offering in 2023 to drive further loyalty and engagement.

To this end, we are encouraged that the results of our February Mood of the Nation survey showed that 45% of tradespeople have a pipeline of work for over three months. Although this is moderately down on the prior year, it remains healthy by historical standards.

Accelerating DIFM

Developing our digital expertise and continuous innovation of our product range continues to be a key focus within DIFM. During the year we completed the major refresh of our kitchen ranges initiated in Autumn 2021, introducing a number of new ranges and trending colourways during the period.

Following the introduction of a completely new bathroom range during the second half of 2021, we continued to introduce new products to our showroom displays. We have also further improved our end-to-end bathroom service by driving greater engagement with our design consultants, supported by focused recruitment of installers with bathroom capabilities. Across kitchens and bathrooms our installer network continues to grow and now stands at 3,000 teams of independent contractors (March 2021: 2,600), enabling Wickes to continue to offer market-leading lead times whilst retaining a flexible approach to capacity.

We continue to see encouraging attachment rates of tiling, flooring and joinery sales to kitchen and bathroom projects, confirming the opportunity to increase overall project spend within the home.

DIY Category Wins

As communicated in our July trading update, following the Jubilee weekend in June, we experienced signs of the DIY market softening from the very high levels of demand experienced during the pandemic. DIY sales continued to underperform Local Trade for most of the second half, although towards the end of the fourth quarter DIY sales started to recover with strong growth in sales of energy-related products such as insulation, smart meters, lighting and draught excluders.

We have made it easier for customers to access these products with the launch of our Sustainable House Guide on our website, with advice on sustainable living and energy reduction for all rooms in the house with a click to purchase option for the most important products.

In line with our strategy to capture share in underweight categories, we have grown market share in key segments such as garden and décor following recent range reviews. This has included the roll out of our new Crown colour emulsion paint range to support greater customer choice across different price points. The continued growth of our extended online range continues to support range depth whilst our curated range in store lends itself to high stock turn and limited exposure to highly seasonal lines and markdown activity across the wider sector.

Within our ready-to-fit kitchen offer, we have launched six new ranges as part of a rebranding of this offer to Wickes Lifestyle Kitchens. This range is now offered with an online design option, which enables us to provide an excellent design service for projects with lower price points than our showroom ranges, thus allowing us to operate over a broader section of the market.

Digital developments

Despite the unwinding of Covid influences we have continued to grow the proportion of our digitally-enabled sales on a year-on-year basis. We completed a number of enhancements to our digital capabilities in the year, including greater use of push messaging, personalisation and targeted campaigns across our digital channels. Underpinned by our predictive Missions Motivation Engine, which is generating identifiable incremental sales, we have also stepped up the digital experience for our trade customers, increasing the levels of engagement throughout the project journey. Increased use of social campaigns and display marketing has also grown the awareness of the TradePro mobile app.

We launched our Wickes eBay store during the year with 4,000 lines, extending our customer reach to a younger audience. We are currently looking at opportunities with marketplace platforms, including eBay, to extend our range accessibility to a wider audience of home improvers. We also now offer Klarna as an online payment solution.

IT SEPARATION

Following initial mobilisation during the previous financial year, 2022 saw good progress with the transition of technology and processes from our previous parent Travis Perkins plc. The second half of the year saw new Finance and HR systems go live, plus a successful migration of our office collaboration platform. We remain focused on delivery of the separation of the IT infrastructure in 2023 as planned. All aspects of the programme continue to be overseen by the Wickes Executive and PLC Boards who monitor delivery and any operational risk arising.

Our digital marketing campaigns have been recognised across the industry with Wickes receiving a number of prestigious awards. At the recent Marketing Week Awards Wickes claimed the coveted Grand Prix award, a large part of which was based on the success of the Mission Motivation Engine. Wickes also received the awards for Retail and Ecommerce and Best Use of Segmentation, making it the most decorated brand at the 2022 awards.

Growing our estate of new format stores

12 store refits were completed during the year, including the downsize and refit of our Maidstone store. In addition to a new format showroom, our refitted stores also benefit from an improved order fulfilment layout which increases our home delivery capacity.

Despite the impact of heightened build costs during the year, store investments continue to deliver sales uplifts of 25% and ROCE of over 25%. Sales increases by category are very consistent, with over 50% uplift in DIFM sales and around 10% in Core. We will continue our refit programme in 2023, where possible tied to lease renewals.

Our property team is continuing to review and stress test a number of white space catchments and we remain confident on the opportunity to expand into 20 new locations over the next five years. Our first new store for some time opened in Bolton in October, and further openings are planned in 2023.

IT separation

Following initial mobilisation during the previous financial year, 2022 saw good progress with the transition of technology and processes from our previous parent Travis Perkins plc. The second half of the year saw new Finance and HR systems go live, plus a successful migration of our office collaboration platform. We remain focused on delivery of the separation of the IT infrastructure in 2023 as planned. All aspects of the programme continue to be overseen by the Wickes Executive and PLC Boards who monitor delivery and any operational risk arising.

Responsible Business Strategy update

In 2022, we launched our new Responsible Business Strategy, Built to Last and this has been a year of strategy development, target setting and action planning, with significant progress made across all three pillars of the strategy.

People

Inclusion and Diversity remains central to our people strategy. Our 'Feel at Home' Inclusion & Diversity programme continues to go from strength to strength and receive national recognition and awards. We were recently recognised as the no.1 retailer in Stonewall's Top 100 UK Employers List 2023, ranking no. 11 in the overall list of public, private and third sector employers. We have also been included again within the Financial Times Diversity Leaders report, ranking as a top five retailer.

As our charity partnership comes to an end in March 2023 we're proud to have achieved our £2 million fundraising goal for YoungMinds, thanks to the generosity of our customers, suppliers and colleagues who have been so committed to supporting young people's mental health. In the year we have rolled out the Wickes Community programme to all stores, and to date over 200 stores have supported 800 projects in their local communities.

Environment

We have worked hard over the last year to embed climate change and sustainability across the business. For our first-ever CDP (Carbon Disclosure Project) Climate submission we were pleased to achieve a rating of B-, placing us in the 'Management' category. We also submitted a basic response for the Timber category survey ahead of our full response next year.

Towards the end of last year we launched our near-term Science Based Targets, which are: to reduce absolute scope 1 and 2 emissions by 42% by 2030 (from a 2021 base year); for 45% of our suppliers by emissions covering purchased goods and services to have science-based targets by 2027; and to reduce scope 3 Greenhouse Gas (GHG) emissions from the use of sold products by 42% by 2030 (from a 2021 base year).

Homes

In line with our purpose to make the nation feel house proud, we want to help customers feel proud of their homes for saving energy and protecting the environment. To that end, we are focused on providing customers with a broad range of sustainable and energy efficient products and services to achieve long term decarbonisation targets and short term relief on the cost of living. In FY2022 we introduced our 'Energy Saving Advice' pages on our customer website, in conjunction with the Energy Saving Trust, supported by our interactive Sustainable House Guide. During the year we undertook a comprehensive programme to taxonomise and label our products into a new set of categories in order to understand the environmental performance of those products and assess any gaps in our ranges to support energy efficiency.

Whilst we are mindful of the macroeconomic backdrop, we are confident in our ability to continue to grow ahead of the market, due to our distinctive customer proposition, balanced business model and proven growth levers.

David Wood Chief Executive Officer

22 March 2023

50 years and a bright future

FROM SMALL BEGINNINGS

The Wickes brand was born in 1854 in the United States, when Henry Dunn Wickes and his brother started a modest operation in the local timber business in Michigan. Fast forward to the mid 1950s and an American property boom saw the brand develop into a one-stop shop selling construction materials to builders. It wasn't until 1972 that Wickes crossed the Atlantic to set up shop in the UK, at its first store in Whitefield, Manchester.

Over the following years, Wickes steadily grew its store network in the UK and underwent a change of ownership in 2000, and again in 2005 when it was acquired by Travis Perkins Plc. In 2021, Wickes demerged from Travis Perkins Plc to become a standalone company listed on the London Stock Exchange. Fifty years on from its first store in Manchester, Wickes has grown to 230 stores, with the most recent addition in Bolton, which opened its doors to customers in October 2022.

It's our Wickes culture that makes this business so special. Over 50 years, the business has evolved from a traditional, male-dominated builders' merchant to a modern retail business, where everyone, regardless of their gender, ethnicity, sexual orientation, disability or age, can feel at home and has the opportunity to grow their skills and their career.

I was lucky enough to join Wickes in 1990 and have great memories of unloading lorries, stocking timber and picking customer deliveries in the Coventry store. This led to lots of different opportunities in what, back then, was a relatively small business. One thing that has stayed true is the brilliant culture and people in our business. The opportunity for anyone to build a career and help others still remains strong, if not stronger, and we are now a much more inclusive business.

KEITH ASH

Director of Store Operations (32 years' service)



BOLTON STORE OPENING

Bolton colleagues celebrate the store opening on 7 October 2022

FEEL AT HOME

Wickes' first I&D network was set up by colleagues in 2016, there are now six networks helping all colleagues to feel at home



Wickes has grown from its first store in the UK in 1972 to 230 stores today

50 YEARS

OF HELPING THE NATION FEEL HOUSE PROUD

The UK has always been a nation of homeowners and in recent decades people have grown to lavish more attention, love and money on their homes. Interior design and home improvement became popular as products became more varied, creative and affordable, with interior design magazines, TV shows and social media channels inspiring, encouraging and enabling people to create living spaces they can enjoy and be proud of.

Over the past five decades, Wickes has helped DIYers with useful hints, tips and ideas to improve their homes. Long before social media, we published a hardback book called 'Winning Ideas from Wickes'; it cost 99p in 1984 and had over 240 pages of customer projects and good ideas.

It showed customers standing proudly in front of their projects and provided detailed accounts as to how others could create the same thing.

Fast forward almost 40 years and these images of finished projects and how to achieve them can be found online: we're focusing digital content across our website and YouTube, and creating short hacks and tips on Instagram and TikTok. The way that customers shop has radically changed and Wickes has been at the forefront of digital developments in the home improvement market. Our continued focus and investment in our digital capability has led to two thirds of our sales being generated online, with 98% of orders touched by our stores.

Wickes has always been there to help the nation improve their homes

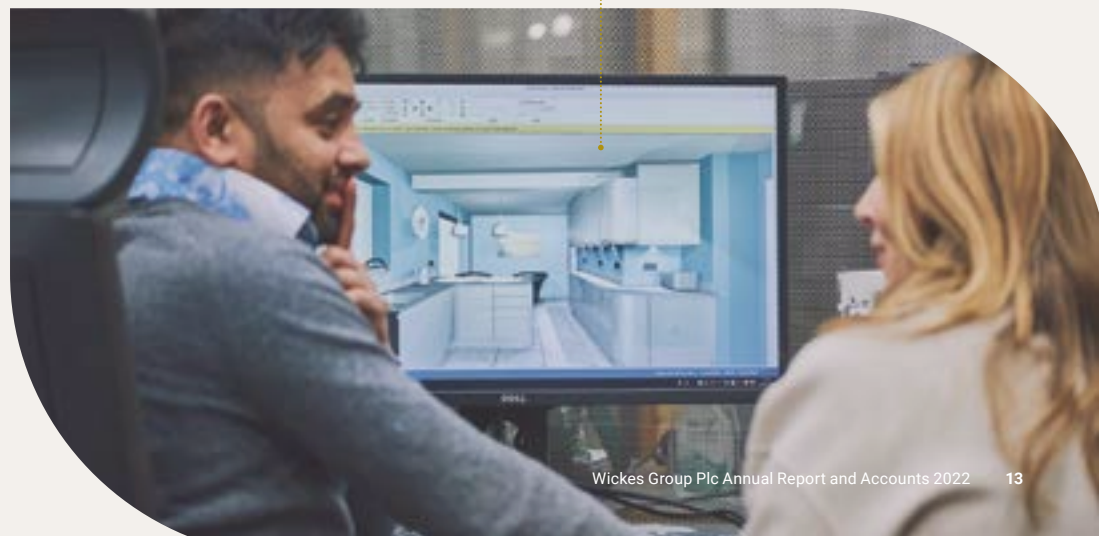


I remember pampas green and pink bathrooms were all the rage back in the '70s and '80s, and everyone had 'chicken' tiles which were textured vein tiles, so called because if you looked closely at the pattern you could see the outline of a chicken!

KEVIN GREENLEY

Store Manager, York (44 years' service)

Customers are increasingly turning to our virtual showroom experience and design process to create their dream kitchen



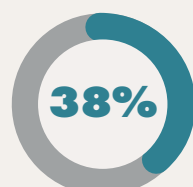
50 years and a bright future continued

THE CHANGING FACE OF DIY

The Covid-19 pandemic has left its own legacy on home improvement, ushering in a new wave of DIYers who have come to enjoy the wellbeing benefits it offers.

At Wickes, we have conducted our own research to better understand these shifts in consumer trends and have learned that DIY is no longer the preserve of older men. To be at the forefront of these changes and create further momentum, Wickes is embracing these new audiences, targeting them through social media and influencer campaigns.

In a study of over 2,000 respondents, we found that almost half of women (47%) are now taking on more DIY in the home than men, and over half (59%) take on far more DIY tasks around the home than their mothers and grandmothers ever did 50 years ago. We have also learned that almost half of Brits (46%) are turning to social media platforms such as TikTok, YouTube or Instagram when taking on a DIY project instead of asking for help from a professional tradesman or family member.



increase in Wickes' female customer base since 2019



of followers on Wickes' Instagram are women

“The biggest stumbling block has been the lack of visibility of women in senior roles. In the first 15 years of my career, I had no role models to show me what I could do. This is now changing. It's so important to have role models in senior positions.”

CLAIRE SKINNER

Store Manager, Ashford (15 years' service)



We have teamed up with celebrities and influencers such as Kimberley Walsh (shown above) to appeal to younger and female consumers

DIY IS GOOD FOR YOU¹

86%

saying doing some form of DIY such as upcycling, putting up a shelf or laying tiles, has been beneficial to their wellbeing and eased anxieties

72%

feel carrying out a DIY task gives them a sense of accomplishment

51%

said DIY is the best outlet for helping to improve wellbeing

52%

said it helps them step away from their phone or laptop

¹ Source: Wickes Prospectus Global survey August 2022



A BRIGHT FUTURE

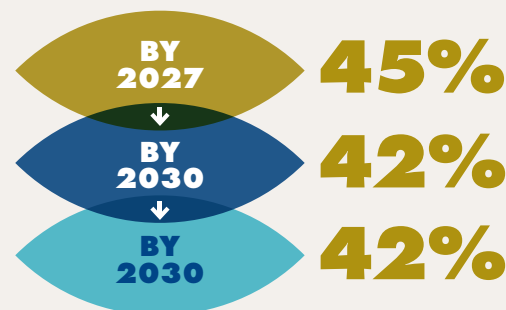
WHAT'S NEXT?

We have ambitious plans to grow our business with around 20 new stores over the next five years, creating new jobs and welcoming more customers as we increase our customer base both online and in store.

We are determined that, as we grow, we do so responsibly and give back to our colleagues, customers and communities. Our near-term Science Based Targets will ensure that we are watchful of our impact on the environment and we want to help our customers become more sustainable too. We believe we can play a valuable role in helping customers transform their homes to use less energy. In the future, we will be even more focused on providing products and services that can do just that, giving customers the information and advice they need to make decisions that will help in the fight against climate change.

Digital will continue to shape how customers shop, and at Wickes we are excited to further explore the opportunities of machine learning and virtual reality to anticipate our customers' shopping missions and give them inspiration, ideas and practical advice to help them with their home improvement projects.

Our culture has come a long way over the last five decades and we are passionate about making Wickes a place where absolutely everyone feels at home, and empowered and enabled to be at their best. We know we've got lots more to do to build a diverse and balanced team at all levels of the organisation and we want to play our part in connecting young people with careers and skills, creating future generations of talent.



Wickes commits that 45% of its suppliers by emissions will have Science Based Targets

Wickes commits to reduce absolute Scope 1 and 2 emissions by 42%*

Wickes commits to reduce Scope 3 emissions from the use of sold products by 42%*

* from a 2021 base year.

Market review

WICKES IS WELL PLACED TO WIN IN THE UK'S LARGE HOME IMPROVEMENT MARKET

We support customers however they decide to undertake their home improvement plans through our three customer propositions of Local Trade, Do-it-for-me and DIY. This balanced business model stands us in good stead as consumer trends shift. This has never been more apparent than during the past three years, which has been a period of unprecedented change for business.

During the height of the pandemic, DIY experienced a boom as people were locked down in their homes. They had more time on their hands to undertake DIY tasks and wanted to improve their living spaces as they were spending so much time there. However, the pandemic also meant that tradespeople were prevented from entering people's homes and our DIFM showrooms were closed to the public. As a consequence, the DIY side of our business grew rapidly, compensating for a reduction in Local Trade and DIFM sales. These trends reversed as society returned to normal and restrictions were lifted, resulting in strong growth in Local Trade, DIFM sales moving closer to pre-pandemic levels and DIY sales moderating, albeit still ahead of 2019.

At Wickes, we keep a close eye on both short term and long term market trends and, whilst the home improvement market has experienced challenges in 2022, the structural fundamentals of this market remain strong.

Key market growth drivers...



UK HOUSING MARKET



HOUSEHOLD ENERGY EFFICIENCY



BROADENING DIY MARKET



DIGITAL AND OMNICHANNEL RETAILING



ROLE OF THE HOME

UNDERSTANDING OUR CUSTOMERS

We want all our colleagues to get closer to our customers, to be curious about what our customers are thinking, feeling and doing, and to make sure customer insight is not just the preserve of the marketing department. We run monthly consumer research of over 1,000 UK households and tradespeople, which we call our 'Mood of the Nation' survey, and we also hold monthly customer focus groups, which are conducted online and are available for all colleagues to watch either in real time or playback on demand.

This gives us a finger on the pulse of immediate consumer sentiment and short to medium term trends. In 2022, our research highlighted a number of key trends, the most significant of which is how the cost of living crisis is impacting the home improvement market.

Over

1,000

households and tradespeople surveyed in our monthly consumer research



MARKET DRIVER

HOUSING TRANSACTIONS

The housing market is an important indicator and driver of spending on home improvement projects, in particular the bigger ticket items such as kitchens and bathrooms, as homeowners tend to undertake a major renovation within 12 months of buying a new house. The UK has seen record housing market sales between 2010 and 2022, buoyed by the temporary suspension of stamp duty in 2021. Whilst housing transactions began to moderate in late 2022 due to rising mortgage interest rates, during the year they were still ahead of the ten-year average.

OUR APPROACH

- When choosing to undertake a major home improvement project, customers turn to our DIFM service, which offers inspiration, trustworthy support across the design and installation process, and post-completion assurance on the quality of the work.
- We continue to see encouraging attachment rates of tiling, flooring and joinery sales to kitchen and bathroom projects, and trials for new service propositions are confirming the opportunity to extend our DIFM offering to increase overall project spend within the home.
- In 2022, we extended and innovated our ready-to-fit kitchen offer with the launch of Wickes Lifestyle Kitchens, appealing to a broader demographic, including first time buyers and younger, less affluent customers.
- We continue to grow our strong base of trusted, Wickes approved installers and in 2022 we added a further c.400 installer teams to our network.
- Through our lending partner, we offer a highly competitive finance rate of 4.9% APR to make it more affordable for customers to have their dream kitchen or bathroom.



MARKET DRIVER

THE NEED TO MAKE OUR HOMES MORE ENERGY EFFICIENT

40%¹ of the UK's carbon emissions come from the residential sector and, to achieve the Government's net zero target by 2050, there will be increasing pressure to decarbonise our homes through retrofitting energy saving solutions. According to the latest English Housing Survey, 50% of the UK's homes are graded EPC band D or lower. Under current proposals, all UK homes will need to achieve an EPC rating of C or better by 2030. As energy costs rise, it is even more imperative for consumers to reduce their energy consumption and we are seeing increasing demand for more sustainable and energy efficient products.

OUR APPROACH

- This presents a tremendous opportunity for Wickes. We are well placed to help consumers reduce their energy consumption as we sell numerous energy saving products, from LED light bulbs to draught excluders and insulation.
- We are focusing our trading and pricing plans on making energy efficient products more affordable to help customers lower their household energy consumption.
- We have introduced Energy Saving Advice pages and launched a Sustainable House Guide on our website that customers can explore to find great tips on how to make their homes more energy efficient and reduce their utility bills.
- We continue to look at ways that we can help customers make sustainable choices and are working on a taxonomy and labelling strategy to enable customers to make informed decisions about the products they purchase and their environmental impact.

65%

of the UK's housing stock is owner occupied and the lion's share is well over 50 years old, generating an ongoing need for repair and maintenance

We have seen strong demand for energy saving products such as loft insulation

¹ Source: Committee on Climate Change.



Market review continued



MARKET DRIVER

A NEW WAVE OF DIYERS

The pandemic has introduced a new wave of younger DIYers, many of whom are women. Whilst in the past, DIY tended to be undertaken by homeowners looking to improve their homes, rental tenants are now increasingly doing so too. We have seen a 38% increase in female DIY customers on our database since 2019 and 70% of followers on Wickes' Instagram feed are women.

OUR APPROACH

- As part of our customer research programme, we continue to explore DIY's appeal to these new audiences and are proactively marketing to them.
- To address their desire for content rich environments and to help them develop their DIY skills, we are creating hints and tips, delivered to them online and through social media, to help bring DIY to life in a relevant way.
- We have been working with key female influencers such as Kimberley Walsh and Rochelle Humes to front our social media campaigns, and we are increasing investment in female orientated publications and channels such as TikTok.

38%

increase in female customer base since 2019



MARKET DRIVER

THE CONTINUED GROWTH OF DIGITAL AND OMNICHANNEL RETAILING

Another legacy of the pandemic has been the rapid acceleration in online shopping and the use of digital channels as a source of inspiration and information for customers embarking on a home improvement project. Customers are more digitally savvy and will conduct their entire shopping mission online, from searching social media for ideas, to comparing prices, to buying online and getting their product through Home Delivery and Click & Collect services.

OUR APPROACH

- During the pandemic, we doubled our customer base from 2.5 million to around 5 million. This has strengthened our understanding of the customer, and we use machine learning and artificial intelligence to tailor our proposition. We call this our Missions Motivation Engine, which uses data and analytics of customers' interactions with social and digital channels to better understand their shopping missions and to tailor and personalise our communications and services to them.
- We are focused on integrating digital capabilities with our physical store network and in 2022 we increased the fulfilment areas of 28 stores, adding a further 25,000 sq ft, to better fulfil our customer Click & Collect and Home Delivery orders. The roll-out of handheld technology to help our colleagues pick and pack orders has meant that we have been able to reduce our Click & Collect delivery times to 30 minutes.
- We continue to make enhancements to our virtual showroom journey and 360° virtual tour to provide our DIFM customers with innovative new tools to help them design their dream kitchen or bathroom.

c.90%

of households engaged in a home improvement project



MARKET DRIVER

THE CHANGING ROLE OF THE HOME

Perhaps one of the most significant shifts in consumer behaviour has been how people are spending more time at home. The pandemic lockdowns forced people to fundamentally rethink how they used their homes. They became multi-purpose, serving as an office, a classroom, a gym and, for those with outdoor space, a place to socialise with friends and family. Many of these trends have continued with a long term shift to hybrid working patterns and the increased use of outdoor space. We want our homes and gardens to better reflect the way we're living and working today, and this is encouraging people to invest in their living space.

OUR APPROACH

- Typically, a customer has three possible routes to undertake their home improvement project – Local Trade, DIFM or DIY. We ensure that however a customer wants to improve their home, they are able to get everything they need from Wickes.
- We continue to invest in our growth levers (see pages 23-30) to provide our customers with great value, innovative products and services, and a best-in-class in-store and digital shopping experience to help them improve their homes and gardens.
- We successfully use digital and social channels to give our customers inspiration, ideas and information as to how they can improve and repurpose their homes.

UNDERSTANDING OUR CUSTOMERS

COST OF LIVING CRISIS

2022 has been a turbulent year, defined by economic and geopolitical uncertainty. The impact of the war in Ukraine has led to growing energy insecurity and supply chain disruption, which have resulted in rapid inflation. This, coupled with increasing mortgage interest rates, has led to a squeeze on household finances and, as consumers curb their spending, they are increasingly looking for affordability and great value.

In times of difficulty, people look to their homes as a place of comfort, safety and security. Our monthly 'Mood of the Nation' surveys continue to show that around 90% of households are engaged in a home improvement project, and Local Traders tell us that whilst their pipeline of work is softer than a year ago it remains strong, with 45% saying they have worked lined up for over three months.

OUR APPROACH

We are very mindful of the economic hardship that people are facing and are well placed to support increasingly value conscious customers. Our market leading proposition, strong own brand, efficient low-cost operating model and highly curated product range mean we can have a laser sharp focus on providing the lines that matter most at the best possible value. We are doing this in a number of ways across our three customer propositions.

For Local Trade

- Local Trade are increasingly seeking value to be able to mitigate rising costs for their customers and they look to Wickes to save them time and money. Our TradePro scheme offers a flat 10% discount across the store and we have seen an 18% increase in sign-ups in the year. One in two local trades are doing more price research than normal and turning to Wickes products more frequently as a result.
- As important as saving them money is saving them time, ensuring good product availability on the lines that matter most. As 70% of our products are sourced domestically we are relatively protected from global supply chain disruption and our strong supplier partnerships mean that Local Trade can trust us to have the products they need in stock. They can also save themselves time by placing their order through the TradePro app and taking advantage of our Click & Collect and Park & Collect services, which offer collection within 30 minutes.

• We have repositioned our lower-price, ready-to-fit kitchen range as Wickes Lifestyle Kitchens, which is targeted at the volume kitchen market.

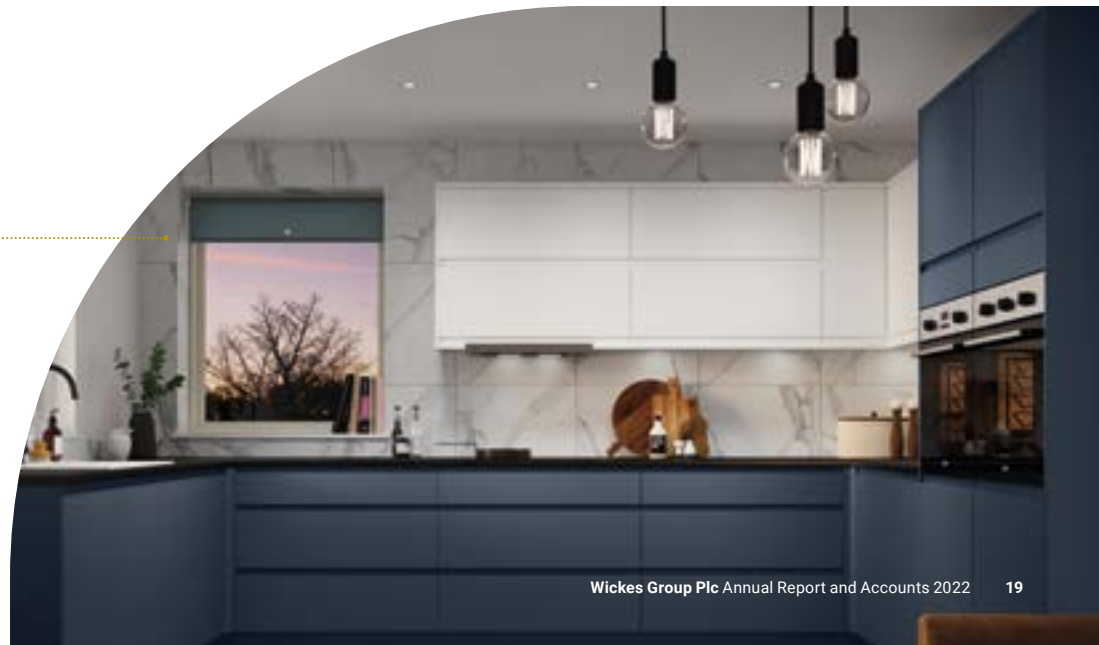
For DIFM

- Typically, our DIFM customers are older and more affluent, with a higher degree of resilience to the cost of living crisis, many of whom will use savings to purchase their new kitchen or bathroom. That said, we are responding to the softer consumer environment with a highly competitive finance rate of 4.9% APR through our lending partner. We're making it more affordable so they don't have to compromise on their new dream kitchen or bathroom.
- In 2022, we extended and innovated our ready-to-fit kitchen offer with the launch of Wickes Lifestyle Kitchens, appealing to a broader demographic, including first time buyers and younger, less affluent customers.

For DIY

- Our well-regarded own brand, which accounts for two thirds of sales, has strong brand recognition, having built up half a century of goodwill. As consumers search for value, we are seeing them shift to our Wickes own-brand products, testament to the inherent strength of the brand.
- We conduct regular range reviews to ensure we are providing customers with great product choice and maintaining our position as market leader on price.
- With rising energy costs making up an increasingly large percentage of household costs, we are helping customers reduce their utility bills with hints and tips on how to make their homes more energy efficient.

1 Source: Wickes Mood of the Nation survey



Business model

WE HAVE A UNIQUE BUSINESS MODEL TO WIN IN THE HOME IMPROVEMENT MARKETPLACE

With our differentiated customer proposition of Local Trade, DIFM and DIY we can support customers however they decide to undertake their home improvement plans.

Our assets enable us to...

OUR PEOPLE

8,100- highly engaged colleagues who are passionate about delivering our purpose – to help the nation feel house proud

OUR CULTURE

An inclusive and diverse modern workplace where colleagues can 'feel at home' and perform to the best of their ability

OUR BRAND

For 50 years the Wickes brand has been synonymous with home improvement in the UK

OUR PHYSICAL ESTATE

230 stores across the UK, working in harmony with our digital offer to provide an integrated and seamless shopping experience for the customer

OUR DIGITAL CAPABILITY

We maximise our digital capability to gain greater customer insight and loyalty, drive operational efficiencies and create a seamless shopping experience

OUR PRODUCT SUPPLY

Strong relationships with our suppliers ensuring we offer quality products at the right price and industry leading availability. We are committed to protecting the environment and ensure natural materials such as wood are sourced responsibly

...offer a unique proposition

OUR PURPOSE

TO HELP THE NATION FEEL HOUSE PROUD

CUSTOMER PROPOSITION	<h3>LOCAL TRADE</h3> <p>From trade-trusted brands to always being 10% cheaper, we can save you time and money when you shop with TradePro</p>	<h3>DO-IT-FOR-ME (DIFM)</h3> <p>From concept to completion, plus all the finishing touches, we can help you with your project every step of the way</p>	<h3>DIY</h3> <p>From our curated range to bringing you the right quality products at the right prices, we can help you to tackle your project providing advice, guidance and knowledge</p>		
ENABLER	Delivering brilliant customer experience through engaged colleagues, a winning culture and growing responsibly				
FOUNDATION	Curated product ranges	Digitally-led	Distinctive service model providing inspiration, service and fulfilment	Low-cost, right-sized physical estate	Simple, clear pricing offering value to customers

Our strong sales densities and curated ranges result in rapid stock-turn at 4-5x

Two thirds of sales are digitally-enabled with 98% of sales touching the store

We save customers time and money by offering great value, excellent service and availability. Our different customer propositions shop in store at different times of the day and week, helping drive sales densities and service levels

Our stores are located on retail parks with, on average, 28,000 sq ft of rentable internal space. This enables operational efficiencies, and is convenient and easy for our customers

We reinvest our buying and efficiency gains back into the customer proposition, so we can sell more, buy for less and maintain our great value offer

Underpinned by our Winning Behaviours, sound corporate governance and responsible business practices

We are focused on creating future value through our strategic growth levers...

WINNING FOR TRADE

TradePro growth

ACCELERATING DIFM

Natural category extensions, broadening the proposition

DIY CATEGORY WINS

Getting our fair share in underweight categories

DIGITAL CAPABILITY

Continued development of a seamless offer

STORE INVESTMENT

High return on refits, exploit new space opportunities

ENHANCED STORE SERVICE MODEL

Laying the foundations for future growth

DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE THROUGH ENGAGED COLLEAGUES, A WINNING CULTURE AND GROWING RESPONSIBLY

Delivering long term value for all our stakeholders

COLLEAGUES

80%

employee engagement

We provide a great place to work where colleagues are supported to build their skills and careers

CUSTOMERS

3

distinct customer propositions

We help our customers create their perfect home and feel house proud, however they choose to undertake their home improvement project

COMMUNITIES

£2m

raised for YoungMinds

We have met our goal to raise £2 million by the end of 2022 for our chosen charity, YoungMinds, and are supporting hundreds of local community projects around the UK

SHAREHOLDERS

10.9p

dividend

We create long term and sustainable value by growing the business responsibly and increasing our market share, driving profitable growth with strong cash generation enabling strong returns

SUPPLIERS

99.8%

timber FSC or PEFC certified

With our track record of market share gains, we deliver additional volume to our suppliers and work closely with them to target areas of product growth, as well as supporting them to develop their responsible sourcing practices

ENVIRONMENT

42%

goal to reduce Scope 1 and 2 emissions

We have committed to reduce absolute Scope 1 and 2 emissions by 42% by 2030 from a 2021 base year

Strategy at a glance

OUR VISION

A WICKES PROJECT IN EVERY HOME

We have a clear framework to win, which is guided by our vision, mission and purpose to help the nation feel house proud.

We aim to continue developing our digitally-led, service-enabled proposition across Local Trade, DIFM and DIY through focused efforts on key strategic levers, which we call our **'growth levers'**.

To win in this market, we have a strong portfolio of growth levers that are relatively immature, with more to go for.

In 2022, we have made great progress on each of our growth levers as we continue to evolve and enhance our proposition through product and service innovation.



OUR VISION

**A WICKES PROJECT
IN EVERY HOME**

OUR MISSION

**TO BE THE PARTNER
OF CHOICE FOR HOME
IMPROVERS & LOCAL TRADE**

OUR PURPOSE

**TO HELP THE NATION
FEEL HOUSE PROUD**

GROWTH LEVERS

WINNING FOR TRADE

TradePro growth

ACCELERATING DIFM

Natural category extensions,
broadening the proposition

DIY CATEGORY WINS

Getting our fair share in
underweight categories

STORE INVESTMENT

High returns on investment refits,
exploit new space

DIGITAL CAPABILITY

Continued development
of a seamless offer

**ENHANCED STORE
SERVICE MODEL**

Laying the foundations for future growth

**DELIVERING EXCEPTIONAL CUSTOMER
EXPERIENCE THROUGH ENGAGED COLLEAGUES,
A WINNING CULTURE AND GROWING RESPONSIBLY**

Strategy in action

GROWTH LEVERS

WINNING FOR TRADE

Our TradePro membership scheme offers a simple, entirely digital scheme for Local Trade designed to save them time and money and offering a flat 10% discount across the store and online.

746,000

registered TradePro members

Targeting

1 million

TradePro members

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- People, culture and safety
- Cyber security and data

STRATEGIC FOCUS

- Expand our most strategically valuable customer base through growing membership of our TradePro scheme, engaging in new trade markets and developing a stronger business to business (B2B) offer.
- Continue to develop our Missions Motivation Engine to use data and analytics to gain greater understanding of our Local Trade customers and their shopping 'missions' to further personalise the customer experience and increase the relevance of our communications.
- Leverage strong media partnerships and expert influencers to increase the visibility of the TradePro proposition.
- Create a compelling loyalty offer for all trade customers.

WHAT WE ACHIEVED

- Increased TradePro membership, enrolling over 112,000 new customers, bringing total membership to 746,000 and growing sign-ups and sales by almost 20%.
- Our Missions Motivation Engine is increasing engagement and sales. In 2022, we went live with three mission-based customer communication programmes, which are performing significantly better than our control communications.
- Continued our sponsorship with Sky Sports darts tournaments, targeting a trade customer base, and developed new partnerships with 'On the Tools' and 'Bald Builders' to increase our presence in social channels.

OPPORTUNITIES

- Grow TradePro membership to over one million members without diluting the quality of our TradePro sign-ups, through extending our reach into the trade B2B market.
- Increase the frequency tradespeople shop with us by creating greater loyalty through a rewards programme and improved digital experiences.
- Buoyant pipeline of work for trade professionals, with almost half of trade saying they have jobs in the pipeline for the next three months.



GROWTH LEVERS

ACCELERATING DIFM

Accelerate growth in DIFM through digital development and product innovation.

3,000

installer teams

Installer base up

16%

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- People, culture and safety

STRATEGIC FOCUS

- Grow DIFM by enhancing and innovating the existing proposition, introducing new kitchen and bathroom ranges and refreshing our showrooms.
- Develop natural extensions into adjacent categories to increase overall home improvement project spending.
- Maximise our Missions Motivation Engine to create digital communications that inspire and engage customers with their home improvement projects.
- Expand our proposition into the lower-budget kitchens market to appeal to a broader customer base.
- Continue to strengthen our installer base of 3,000 Wickes approved installer teams to increase competitive advantage.
- Run the Wickes Installer Apprenticeship programme to secure a future generation of skilled installers.

WHAT WE ACHIEVED

- There are now 34 apprentices undertaking our Installer Apprenticeship scheme, 17 of whom joined the scheme in 2022.
- Continued to see encouraging attachment rates of tiling, flooring and joinery sales to kitchen and bathroom projects, with trials of new DIFM service propositions ongoing.
- Saw continued strong customer demand for our DIFM virtual showroom journey, with almost 2 million interactions with the tool.
- Digital development has delivered improved imaging, video content, features and pricing illustrations on the website for DIFM projects.

OPPORTUNITIES

- Highly fragmented marketplace with opportunity to take share through our market leading national proposition.
- Continue to grow installer base.
- Identify additional home improvement categories to extend installer services.



Strategy in action continued

GROWTH LEVERS

DIY CATEGORY WINS

Provide an in-depth and carefully curated range in store with an extended range online to offer customers the best range, price, availability and convenience.

9,500

products in store

17,500+

products online

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- People, culture and safety
- Cyber security and data



STRATEGIC FOCUS

- Grow our existing DIY proposition. Grow volumes by targeting large markets for common DIY projects and aim to get our fair share in underweight categories.
- Conduct an active programme of range reviews, seeking to innovate and evolve our product offering.
- Ensure good availability of our highest-demand products in store, and limit the use of promotional periods and discounting activity to increase sales.
- Our highly curated product range supports our efficient operating model, enabling simpler and more efficient product refreshing, and reducing complexity for distribution and in store stocking activities.
- Utilise our Missions Motivation Engine to target DIY customers to drive conversion and average spend.

WHAT WE ACHIEVED

- Completed range reviews in a number of key areas including gardening, decorating, tools, hardware, mouldings and light bulbs.
- These reviews continued to expand our product range in key customer segments, addressing range gaps and building on successful previous changes. These have included strengthening our own Wickes brand in selected areas such as woodcare, hardware, hand tools and light bulbs, as well as introducing new brands in key areas, such as Crown Paints in decorating.
- Rebranded our ready-to-fit kitchen ranges as Wickes Lifestyle Kitchens, tailored to the lower budget kitchen market.
- Ran two communication programmes targeting DIY customers using our Missions Motivation Engine.

OPPORTUNITIES

- Continue to target further categories where we are currently underweight to increase market share.
- Capitalise on our entry into the lower-spend segment of the ready-to-fit kitchen market.
- Identify new categories to develop, particularly for our extended online only ranges, working with key suppliers to ensure we develop non-cannibalising ranges that broaden our appeal and sales opportunities.
- Help customers understand and make more sustainable choices through our product ranges, labelling and promotional activity.

GROWTH LEVERS

STORE INVESTMENT

We continually review the footprint of our store network, utilising a 'right size, right place, right cost' approach, to ensure our stores are strategically located for maximum footfall and to act as fulfilment centres for digital sales across the network.

12

stores refitted

Bolton

opened new store

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Finance and Treasury
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- Climate change
- Autonomy



STRATEGIC FOCUS

- Accelerate our new store opening programme, targeting around 20 new stores in the next five years in new catchments or existing Wickes conurbations with high demand and high customer density.
- Continue to invest significantly in our store refit programme.
- Improve the quality of our store estate and right-size certain stores to support more efficient operations and to offer a more welcoming, easier-to-use and consistent customer experience.
- Target high-volume stores with a lower-investment refit model to increase their storage capacity to facilitate more Click & Collect and Home Delivery orders.

WHAT WE ACHIEVED

- We refitted 12 stores including resizing our Maidstone store. 162 stores are now in our new store format.
- Refitted stores increase sales by c.25% (c.60% in DIFM and c.15% across DIY and Local Trade) which is sustained in subsequent years and, on average, continue to exceed their 25% ROCE target.
- We opened our first new store in three years in Bolton in October 2022.
- We reconfigured 28 stores (excluding refits) to create an additional 25,000 sq ft of storage space, thereby increasing capacity to fulfil online customer orders for Click & Collect and Home Delivery.

OPPORTUNITIES

- Introduce the Wickes brand to more customers through building a pipeline of sites for new stores across the UK.
- Continue to increase sales per square foot and improve our existing store estate as a result of our accelerated refit programme.

Strategy in action continued

GROWTH LEVERS

DIGITAL CAPABILITY

We are investing significantly in our digital capabilities to integrate our online and in-store offerings to deliver a seamless and inspiring shopping experience for our customers.

2/3

of sales digitally enabled

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Cyber security and data
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- Reputation and brand integrity
- Autonomy

STRATEGIC FOCUS

- Deliver an ongoing programme of improved features across all digital channels.
- Continue to develop our Missions Motivation Engine, using data and analytics to identify customer 'missions' and gauge the commercial volume and value within them.
- Create targeted personalised communications through our marketing channels to increase the quality and quantity of the missions customers shop with us.
- Augment our colleague digital picking app to improve operational efficiency.
- Improve our fulfilment capability and customer offer by modernising our order management solutions and carrier management capability.
- Explore how we can profitably deliver the Wickes range through marketplace solutions and reach more customers.

WHAT WE ACHIEVED

- Launched our first marketplace store with eBay with 4,000 product lines, extending the reach of the Wickes brand to potential new customers.
- Introduced Klarna as a payment option.
- Introduced new functionality across our digital channels, improving website navigation, the checkout and purchase journey, new account functionality for customers and creating content such as our new online Sustainable House.
- Rolled out our first missions for Local Trade, DIY and DIFM customers through our MME, inspiring customers to commence projects and targeting stronger conversion from customers already undertaking a project.
- Updated our fulfilment capability to open up future Home Delivery options and added a number of new carriers to our network.

OPPORTUNITIES

- Further develop our digital capabilities to increase operational efficiency.
- Improve our DIFM customer experience, making it easier for customers to design and curate their new kitchen or bathroom digitally.
- Grow our Click & Collect and Home Delivery services, with particular focus on leveraging our new reduced 30-minute Click & Collect collection window.
- Enhance our Local Trade and DIY customer apps to improve functionality and features.
- Accelerate our Missions Motivation Engine development by introducing new programmes and enhancements to the machine learning.
- Continue to explore our marketplace offer.



GROWTH LEVERS

ENHANCED STORE SERVICE MODEL

Our unique '4C' model is designed to meet all our customers' needs through the DIFM, Assisted Selling, Self Serve and Order Fulfilment areas of the store.



New

30 minutes

Click & Collect service

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Operations
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Finance and Treasury
- People, culture and safety

STRATEGIC FOCUS

- Continue to develop and roll out our unique 4C model, which is critical to offering a seamless shopping experience for all our customers.
- Integrate digital capabilities across the four areas of the store to improve efficiency and give us significant competitive advantage.
- Grow Click & Collect and Home Delivery services through increased storage capacity, introducing service-enabling technology and securing best-in-class delivery partners.

WHAT WE ACHIEVED

- Launched a digital picking app which has helped us to reduce the time to pick our Click & Collect orders from 60 minutes to 30 minutes.
- Launched a new delivery picking app to improve service quality and efficiency. 90% of our customers rate the delivery service as Excellent or Good.

OPPORTUNITIES

- Continue to roll out the enhanced 4C model across the estate.
- Maximise future digital innovations to become more efficient and to enhance the customer experience through the four areas of the store.

Strategy in action continued

GROWTH LEVERS

DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE
THROUGH ENGAGED
COLLEAGUES, A
WINNING CULTURE AND
GROWING RESPONSIBLY

80%

employee engagement score

210

Early Careers placements

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- People, culture and safety
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- Climate change

STRATEGIC FOCUS

- Build on our strong foundations of inclusion and diversity to maintain a culture where everyone can feel at home.
- Build a strong and diverse pipeline of talent that focuses on early careers.
- Upskill and develop our colleagues through learning and development programmes.
- Create a modern workplace, with opportunities for colleagues to work flexibly and access benefits to support their overall wellbeing.
- Engage with colleagues so they are informed, listened to, inspired and motivated to play their part in delivering our strategy and purpose through providing exceptional levels of customer service.
- Develop and implement our Responsible Business Strategy.
- Living our Winning Behaviours to support our strategy and culture (for more information see page 81).

WHAT WE ACHIEVED

- Introduced a number of cost of living initiatives to help colleagues, including bringing forward the 2023 annual salary review, breakfast provision in stores and adjusting our store 'Gainshare' incentive targets to reflect economic conditions.
- Made significant progress in improving the diversity of our store teams.
- Achieved national recognition for the great work of our I&D network leads (see page 35).
- Awarded 'Best Reward Strategy' at the 2022 Reward Strategy magazine awards.
- Broadened our Apprenticeships provision, developed our Early Careers proposition and started 138 apprenticeship placements (see page 36).
- Enhanced our learning and development offer with our 'Under One Roof' leadership programmes.
- Made significant progress across all areas of our Responsible Business Strategy (see pages 33-53).

OPPORTUNITIES

- Continue to improve our data and insight to help us accelerate our I&D strategy.
- Strengthen our employer brand through a clear employee value proposition and attraction strategy.
- Continue to build a modern flexible workplace with the conclusion of our flexible working trials and the implementation of the outcomes.
- Continue to build skills in our community and drive diverse pipelines through our Early Careers proposition.
- Enhance our learning and development offering with new tools and a Winning Behaviours programme for all colleagues.
- Continue to develop future talent and skilled tradespeople through our apprenticeship programmes.
- Increase awareness of our Responsible Business Strategy with internal and external stakeholders.



Key performance indicators

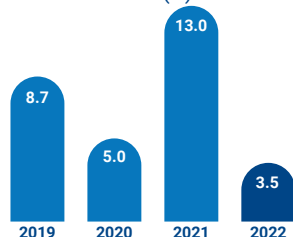
KEY PERFORMANCE INDICATORS

FINANCIAL

GROWTH LEVERS KEY:

- 1 Winning for Trade
- 2 Accelerating DIFM
- 3 DIY category wins
- 4 Store investment
- 5 Digital capability
- 6 Enhanced store service model
- 7 Delivering exceptional customer experience through engaged colleagues, a winning culture and growing responsibly

Overall LFL sales (%)



DESCRIPTION

A measure of the underlying sales growth of products to Core and DIFM customers.

DEFINITION

The performance of sales to Core and DIFM customers from stores that have been open for more than 12 months

LINK TO GROWTH LEVERS

LFL sales is a measure of how successful we have been in developing our growth levers



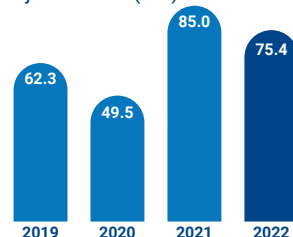
REMUNERATION LINKAGE

Linkage will be via the impact of LFL sales growth on Adjusted PBT

TARGET

We aim to grow market share profitably in our target market, and this is closely linked to LFL performance against our peer group

Adjusted PBT (£m)



DESCRIPTION

Profit before tax adjusted for one-off or unusual costs in the financial year, as reported in the income statement

DEFINITION

Adjusted PBT is our key profit target to measure underlying performance and is calculated before deducting adjusting items, such as demerger costs and IT separation costs, although statutory pretax profit is also important

LINK TO GROWTH LEVERS

Adjusted PBT is a key measure of the efficiency of the business and how we are investing in future growth



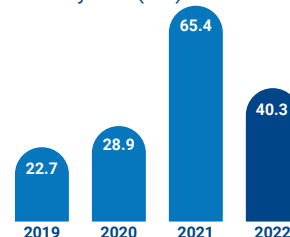
REMUNERATION LINKAGE

Adjusted PBT will represent 70% of the annual bonus target for Executives

TARGET

We aim to grow adjusted PBT each financial year, although this will be dependent on market and competitive conditions

Statutory PBT (£m)



DESCRIPTION

Profit before tax in the financial year on a statutory basis, as reported in the income statement

DEFINITION

Statutory profit before tax

LINK TO GROWTH LEVERS

Profit before tax is a key measure of the efficiency of the business and how we are investing in future growth



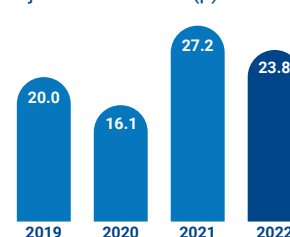
REMUNERATION LINKAGE

Linked to Adjusted PBT profit before tax

TARGET

Not applicable

Adjusted basis EPS (p)



DESCRIPTION

A measure of how much profit after tax a company makes for each share in issue

DEFINITION

Post-tax adjusted profit divided by the average number of shares in issue, before adjusting for share options

LINK TO GROWTH LEVERS

EPS growth is closely linked to profit growth for businesses that have not issued new shares during the year

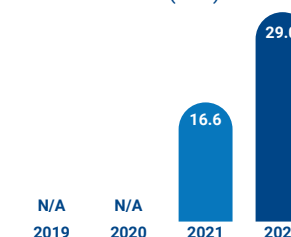


REMUNERATION LINKAGE

Adjusted basic EPS will represent 60% of the Long Term Incentive Plan target for Executives

TARGET

We expect adjusted EPS to grow in line with adjusted profit before tax, before any movements in the corporation tax rate

Free Cash Flow¹ (FCF)

DESCRIPTION

Cash flow available for distribution or debt repayment in any given financial year, after investing in the business and paying tax and interest

DEFINITION

Cash generated from operations, before the impact of adjusting items, after capex, interest and tax

LINK TO GROWTH LEVERS

All growth levers are important in driving sales and profitability, which in turn support free cash flow (all six growth levers needed here)



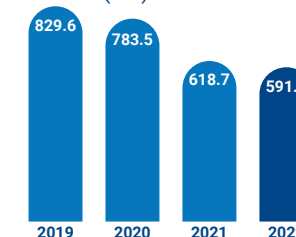
REMUNERATION LINKAGE

Free cash flow will represent 20% of the annual bonus target for Executives

TARGET

Under normal conditions we would expect to generate positive free cash flow, although this will be dependent principally on the level of profitability and investment in capex and working capital

Net Debt (£m)



DESCRIPTION

A measurement of year end net debt including lease liabilities

DEFINITION

The total value of our year end lease liabilities plus year end cash

LINK TO GROWTH LEVERS

Net debt is not directly linked to growth levers but will be influenced by our performance across the business



REMUNERATION LINKAGE

Linkage is via profit and free cash flow performance

TARGET

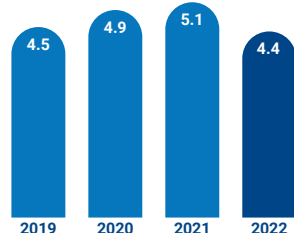
Our target IFRS 16 net debt leverage is 2.75x Adjusted EBITDA¹

¹ Refer to APMs on page 164

Key performance indicators continued

OPERATIONAL

Stock turn¹



DESCRIPTION

A measure of how efficient we are in converting our stock into sales

DEFINITION

Cost of goods sold excluding installation services divided by the average of financial year start and financial year end inventory

LINK TO GROWTH LEVERS

More rapid stockturn, especially relative to the creditor payment cycle, is a key driver of FCF

1 2 3

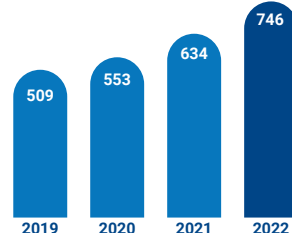
REMUNERATION LINKAGE

Linkage is via the impact on FCF

TARGET

We aim to maintain stock turn at around 5x, although this is dependent on trading conditions, product mix, supply chain issues, and targets for product availability

TradePro accounts (k)



DESCRIPTION

TradePro is our digital membership club for Local Trade, offering a 10% discount on all purchases

DEFINITION

Year-on-year account growth across the TradePro membership base

LINK TO GROWTH LEVERS

Servicing trade customers is central to our offer, and reflects our strengths in digital, pricing and convenience

1 3 4 5

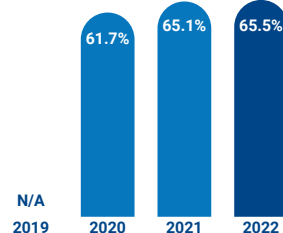
REMUNERATION LINKAGE

Linkage will be via profitable growth of trade sales

TARGET

We aim to have one million TradePro accounts which would ensure sales here continue to grow faster than the Company average

Digital sales progression



DESCRIPTION

This measures how successfully we are engaging with our increasingly digital customer base

DEFINITION

The proportion of customer journeys which start online, plus direct digital sales such as TradePro, Click & Collect and Home Delivery orders

LINK TO GROWTH LEVERS

Our customer base is increasingly digital, and if we do not serve them well here then our market share and profitability will suffer over the long term

1 2 5 6

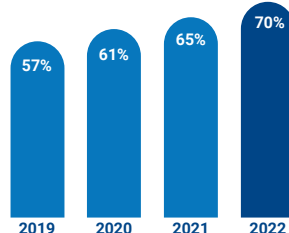
REMUNERATION LINKAGE

Linkage is via the impact on sales and profit performance, and the returns we generate from our digital investments

TARGET

We expect our digital participation to grow over time as we serve our customers' digital demands

Proportion of stores in new format



DESCRIPTION

New format stores are a key driver of brand image and sales growth, especially in digital and DIFM

DEFINITION

The number of stores in the new format at financial year end, as a percentage of total stores

LINK TO GROWTH LEVERS

Focus on digital, DIFM and extended range is a key driver of customer service and revenue growth

4

REMUNERATION LINKAGE

Linkage is via stronger short and medium term revenue growth, which in turn will drive profitability

TARGET

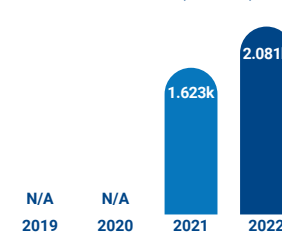
We plan to have all stores in the new format within five years

GROWTH LEVERS KEY:

- | | | |
|---------------------|--------------------------------|--|
| 1 Winning for Trade | 4 Store investment | 7 Delivering exceptional customer experience through engaged colleagues, a winning culture and growing responsibly |
| 2 Accelerating DIFM | 5 Digital capability | |
| 3 DIY category wins | 6 Enhanced store service model | |

NON-FINANCIAL

Carbon emissions² (tonnes)



DESCRIPTION

We are acutely aware of our impact on the environment and this measure covers emissions from our own stores, transportation and our wider supply chain

DEFINITION

Scope 1, 2, and 3 carbon emissions as measured by our third party partner, South Pole

LINK TO GROWTH LEVERS

We are committed to being a responsible business, and emissions reductions are a key part of this.

7

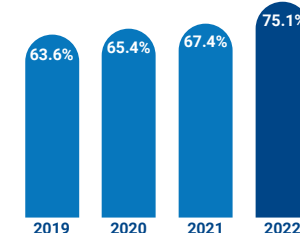
REMUNERATION LINKAGE

Near-term Science Based Targets will represent 10% of the Long Term Incentive Plan for Executives

TARGET

Deliver near-term Science Based Targets

Store leadership diversity



DESCRIPTION

We want to build a more diverse and inclusive workforce, for the good of our employees and customers

DEFINITION

The proportion of stores that have at least one female in every store leadership team

LINK TO GROWTH LEVERS

We strive to grow an inclusive and diverse business in order to best support the needs of our customers and communities

7

REMUNERATION LINKAGE

Gender diversity targets will represent 10% of the annual bonus for Executives

TARGET

Over the long term the aspiration is to achieve a balance of male and females across all our store leadership teams

¹ Refer to the APM on page 163.

² The 2021 number for Carbon emissions has been restated following an improved methodology that was applied for the calculation of our Science Based Targets. See page 43 (GHG) for further information.

Responsible Business

INTRODUCTION TO RESPONSIBLE BUSINESS

2022 has been an exciting and challenging year for Responsible Business at Wickes. Global events continue to shine a light on social and environmental issues in the UK, and we have worked hard to position our strategy to address these issues.

The World Cup in Qatar has ignited conversations around LGBTQ+ rights, as well as labour standards and cultural diversity. We have always put people at the heart of our business, and the strength of our 'Feel at Home' Inclusion and Diversity networks are a testament to that commitment. Our LGBTQ+ PRIDE network in particular, has strengthened our position as a leader in the space, receiving several awards and recognition throughout the year.

The Conference of the Parties (COP 27) in Egypt has once again positioned climate change as a generational crisis, and placed a greater focus on the contributions of more developed nations and businesses to support those on the front line of climate change. Wickes is now in a position to drive this conversation with our suppliers, colleagues and customers, and do what we can to support their ambitions to lower their carbon footprint. In December, we were delighted to announce our near-term Science Based Targets, the details of which are laid out on page 42.

The war in Ukraine, and the subsequent energy crisis, has driven citizens to prioritise energy saving as part of the cost of living crisis. We have developed energy saving advice and guidance for customers and colleagues, and will be working to make our products more efficient, as well as expanding our ranges to support energy efficiency across the home.

In 2022 we launched our new Responsible Business Strategy, Built to Last. As a recently listed and standalone company, we initially focused our efforts on data collection, measurement and benchmarking across the three pillars of People, Environment and Homes. With the majority of this groundwork now complete, 2022 has been a year of strategy development, target setting and action planning, and I'm delighted to report that we have made significant progress across all three pillars of the strategy.

Through our three pillars of People, Environment and Homes, we will look to address key issues throughout our supply chain, our own business and our customers.



SONITA ALLEYNE

Chair of the Responsible Business Committee

Responsible Business continued

A BUILT TO LAST RESPONSIBLE BUSINESS STRATEGY

WE ARE BUILDING A BUSINESS WE ARE PROUD OF:

- where all our colleagues can feel at home and are empowered to support their communities and customers,
- by supporting the fight against climate change and taking action to protect the natural environment, and
- helping the nation make their homes more sustainable.

Supply chain and responsible sourcing

Responsible sourcing underpins our entire Responsible Business Strategy. From the materials used to make our products to how they are manufactured and transported, everything we do is built on a foundation of a sustainable, responsible supply chain.

HOMES

Focus our products, services and installations to support sustainable homes that everyone can be proud of.

PRODUCTS – SERVICES
– INSTALLATIONS

PEOPLE

Grow a diverse and inclusive business that supports the needs of our colleagues, customers and communities.

COLLEAGUES – CUSTOMERS
– COMMUNITIES



Strong governance

The first step in an effective strategy is strong governance, and our Responsible Business Strategy is no exception. Through our Responsible Business Committee and Working Group, we ensure this programme of work is managed effectively.

Safety and wellbeing

Managing risks and developing a great safety culture are a fundamental part of the way we do business. Our safety culture is centred around commitment and care and we make it our priority to ensure that everyone who works and shops with us goes home safe and well every single day.

ENVIRONMENT

Decarbonise our sites, operations and supply chain to fight climate change and protect the natural environment.

CARBON – WASTE – WATER

We're proud of our Responsible Business Strategy and the work that we're doing, and we want to be able to share it in an engaging, interesting and inspiring way with all our stakeholders.

To do this, we've developed a visual identity that creatively illustrates the three pillars using photography, video and animation, bringing to life all the great work that our teams are doing. We're excited to start using this across all our internal and external communication channels.





PEOPLE



OUR GOAL

We are building a business we are proud of where all our colleagues feel at home and are empowered to support their communities and customers

OUR TARGETS

- Progress gender diversity in leadership roles
- Offer and support 200 Early Career places each year for the next three years
- Raise £2 million for our charity partner over the 2-year partnership
- Wickes' Community programme to support 1,500 projects across our local communities

Colleagues

Inclusion and diversity at Wickes continues to be driven by six 'Feel at Home' networks led by our colleagues, who are the driving force for change. They raise awareness and understanding of the different communities whilst supporting the introduction of policy and practice changes to deliver our goals.

To drive awareness, at this year's Pride events, the Wickes LGBTQ+ community used its voice to share a strong and important message supporting trans inclusion. Our work with strategic partners such as Trans in the City has helped us to better target our support for trans colleagues and customers, and raised much wider awareness of our business amongst the trans and non-binary community. Wickes was shortlisted for the British LGBT Inspirational Leader and INvolve Ally of the Year awards – Ben Jackson, Pride Network Lead, and Fraser Longden, Chief Operating Officer, respectively – and achieved Gold standard in Stonewall's Workplace Equality Index. Wickes participated in Mind's Workplace Wellbeing survey and achieved a Silver award, recognising the efforts in promoting colleagues' mental health and demonstrating impact. We continue to educate our teams and during Black History Month we launched a RAACE Allyship programme (Raising Awareness and Action on Culture and Ethnicity).

Our efforts to create an inclusive and diverse workplace continue to see traction this year in actioning policy and practice change. We've worked with trans and bisexual colleagues to build a strategy for marginalised LGBTQ+ groups and made improvements to our Transgender Policy, which includes the most up to date recommendations, such as the introduction of Line Manager and Colleague toolkits.

We continue to listen to our colleagues about their lived experiences of being menopausal whilst at work. We've provided tools for managers to support colleagues, including the Peppy app, giving personalised expert advice. Our Period Positive campaign offers colleagues free period products in all stores, distribution centres and support centres.

We continue to build a modern, flexible workplace and have partnered with Timewise and the Institute for Employment Studies to evidence the positive benefits of flexible working practices within store-based roles. In 2022, we conducted a pilot with seven store managers giving them full flexibility in a working week.

The pilot has proven to be successful and in 2023 we are moving into a second phase to further test how we embed a consistent organisational culture, mindset and understanding of the benefits and opportunities for flexible working in all store-based leadership roles.

We believe that a balance of genders in our leadership teams is only going to benefit our business and our colleagues. We're working to ensure all our store teams have a balance of male and female colleagues leading the store, and we've increased the number of gender balanced leadership teams from 67.4% in 2021 to 75.1%.

Director, senior manager and employee gender breakdown information

Gender	As at 31 December 2022			
	Male	Male %	Female	Female %
PLC Board	5	83.3	1	16.7
Executive Board	6	75.0	2	25.0
Senior managers	59	68.6	27	31.4
All other colleagues	4,835	61.2	3,061	38.8

Responsible Business continued



RAACE ALLY PROGRAMME

Our newly formed RAACE Ally programme is designed for colleagues to understand issues such as privilege and micro-aggression, providing tools about how to have conversations about race and actions on how to reduce their unconscious bias. We launched this programme as part of Black History Month and it has started with our leadership teams. We hope to take as many colleagues as possible through the programme and help the many move from great intentions to great actions!



EARLY CAREERS

Nathan Taylor was part of the Wickes Installer Apprenticeship pilot programme and is now a certified Wickes Installer. In November, he took on his own installer apprentice, Keenan Hasancevic (seen here) who is part of our ninth cohort.

“Wickes is a great career opportunity for me! Being with two great installers who have both given me the knowledge and valuable experience required to become a great installer in the future. They really inspire me to start my own business and gain great connections in the trade industry.”

Customers

We want to reflect our customers and wider society so we can properly serve them. Our customers care about seeing an inclusive, diverse workplace full of happy employees. We're committed to supporting our customers in store and online through strong accessibility, support and education. Our Let's Care for Each Other ethos is internally and externally focused and makes clear the zero tolerance stance on physical, verbal or racial abuse against colleagues or customers. We launched a new e-learning module this year to every colleague in our stores providing them with training on how to defuse potentially dangerous situations. We stand with other retailers and support the Shop Kind initiative, which also tackles violence and abuse against shopworkers.

Communities

Building skills in our local communities through an Early Careers offering is essential to ensuring we continue to attract and develop the skills required for future growth and drive diverse pipelines. Our focus has been on understanding the external early talent landscape and defining our Early Careers proposition which is supported by new Job Board partnerships and social media marketing to amplify our presence in this space.

Our core offering of nine apprenticeship programmes supports our ambition to offer 200 Early Careers placements every year for the next three years. This year we've seen an increase in demand for our programmes and are delighted to have 210 Early Careers placements, which includes 138 people starting their apprenticeship with us. Positively, we've over-indexed on female and under-represented ethnic minority colleagues in this population when compared with our colleague population overall. As part of the separation from Travis Perkins Plc, we now have a Wickes Apprenticeship Levy pot. Our Installer Apprenticeship proposition remains a key point of differentiation for us in the market. With the national skills shortage and limited Government funding for this key skills area, we plan to continue to invest in developing these skills to protect future growth.

Through our Driver Apprenticeship, which trains internal colleagues to become a driver for classifications Van, C1, C and C&E, we've focused on attracting female talent to these opportunities. We are delighted to now have three women on the scheme. Our ambition is to grow the number of internal female colleagues on this programme and to broaden it to external delegates in the future.

We've achieved Youth Verified accreditation with the Youth Group, giving us access to their network of 1.7 million young people and a range of tools to help us improve the experience for early talent.

As our charity partnership with YoungMinds comes to an end in March 2023, we're proud to have achieved our £2 million fundraising goal, thanks to the generosity of our customers, suppliers and colleagues, who have been so committed to supporting young people's mental health. This year we've seen colleagues paddle on the Thames and take on a 'step up' challenge, and our suppliers participated in our annual Charity Dinner which alone raised £148,000. The £2 million raised will help the YoungMinds Parents Helpline answer another 40,000 calls, offering advice and emotional support to parents about a young person in their care.

The Wickes Community Programme enables and encourages our colleagues to support causes in their local communities. Stores have access to an umbrella programme with a dedicated fund of £250,000 for product donations. This programme is able to showcase the collective and significant difference Wickes makes in local communities. In 2023, as a trial we will offer 500 colleagues the opportunity to volunteer in their local communities.

“The roll-out of our community programme this year to all stores has seen over 200 stores support 800 projects in our local communities, including helping schools, community centres and animal shelters.”

NAOMI WOODSTOCK

Community programme manager



YOUNGmINDS
fighting for young people's mental health

SUPPORTING YOUNG PEOPLE'S MENTAL HEALTH

We've been able to help YoungMinds support ordinary people to do extraordinary things. YoungMinds has been working with adults who support young people within community settings and has provided them with training to help them feel able to act when they are concerned about a young person's wellbeing. In the last year, it has delivered over 80 courses and trained over 1,000 community leaders, including launching dedicated online resources on its website for adults working in community settings, which received over 13,000 page views in the first six weeks of launch.

“At YoungMinds we are working towards a world where no young person feels alone with their mental health, and Wickes have helped us to make that a reality for even more young people. This fundraising milestone is a huge achievement and we are hugely grateful to every customer, Wickes staff member and supplier who has contributed to it.”

EMMA THOMAS
Chief Executive, YoungMinds

80

courses delivered

1,000

community leaders

13,000

page views in the first six weeks of launch



COMMUNITY PROGRAMME

Wickes store team in Canning Town supported St Luke's Primary School with timber and paint to give a much-needed facelift to its Eco Garden. The children have been actively involved in the design of the Eco Garden and each class has its own allotment to grow vegetables; there's also a campfire and garden house.

“School funds are always stretched, so this donation from Wickes has made a real difference to us.”

MATT HIPPERSON
Head Teacher

LOOKING FORWARD

Like any good project, we know there's always more to be done. In 2022, we laid the foundations. Now we'll continue to evolve and make changes until everyone at Wickes feels at home. In 2023, we will:

- align our policy and practices to deliver our goals
- connect young people with careers and skills in retail and DIY
- improve the quality of our data to enable us to measure progress against targets that bring the greatest shift around ethnicity and gender

Responsible Business continued

EVERYONE HOME SAFE AND WELL, EVERY SINGLE DAY

At Wickes, we believe that nothing is more important than making sure that everyone goes home safe and well every single day. We are actively developing and maintaining an embedded safety culture with the care of our people and strong, active safety leadership at its centre.

We have a low risk tolerance for safety, and have a three lines of defence model in place to manage this risk. Our operations have accountability for ensuring that any risk of harm is identified and controlled. They are supported by an expert Safety team which oversees our safety management framework and provides safety assurance. Our third line of defence involves assurance activities by both the Safety team and Group Internal Audit. Our model is supported by strong governance, with monthly reporting to the Executive Board on safety performance and six monthly to the PLC Board.

Our safety management framework

Our safety policies are supported by procedures that ensure those managing risks understand how to manage them properly, supported by job specific training and reference material on our Safety Management System. We continually seek to reduce the risk of harm in our operations and have a robust accident investigation process. We take pride in our learning culture, and always seek to understand how we can do better when things go wrong. Incident review meetings are held for more serious incidents to show our commitment to getting it right and learning from when things go wrong. Through this process, we have led significant improvements in a number of areas, including how we manage workplace transport risks and the use of mechanical handling equipment across our stores.

Our progress

In 2022, our initial focus was emerging safely from the pandemic, ensuring colleague and customer safety and trust as we returned to previous ways of working. We then began to focus on establishing our operational Safety Risk Registers, and build our risk improvement and assurance plans for safety.

- Safety Risk Registers were established across our operations to help prioritise our safety improvement plans and our assurance activity for 2023. The work led to better consistency of our risk controls across distribution sites and provided assurance that our established retail improvement plans contained the right priorities.
- Colleagues moved back into our Support Centre and, following consultation, we provided new safety notice boards and familiarisation packs for all colleagues which included guidance on hybrid working and safety procedures. A new Committee was established to manage risk and culture improvement activities.
- Under our 'Let's Care For Each Other' programme, we launched training to better support our colleagues with the skills required to manage conflict situations and keep themselves safe. We continue to investigate all incidents of physical abuse and provide support to colleagues through our Employee Assistance Programme, as needed.
- We continued a successful Primary Authority Partnership with West Northamptonshire Council, which has provided advice on our Safety Policy and expressed a high level of confidence in our store managers' general health and safety experience and knowledge during a number of store familiarisation visits.

- We introduced a more detailed risk-based Safety Review Programme, ensuring that all stores have a thorough review of their safety procedures at least every three years, and included our distribution and support centres in the reviews. The new audit was designed to align to our operational risk areas and provide improved insight into our Safety Risk Registers and future improvement plans.
- The mental health of our colleagues has continued to be high on our wellbeing agenda and we now have over 500 trained Mental Health First Aiders (MHFAs). Our Wellbeing Committee has the largest community within the business and delivered a Wellbeing Month in September, providing leader-led stories and tips on financial, mental and physical wellbeing for all colleagues.

Our performance

- In 2022, we raised the profile of our injury reporting system across our Support Centre and installation teams, encouraging the reporting of any injury or near miss associated with our work. Even with a potential increase in reporting, we showed a strong safety performance across the year.
- A reduction of 27% total injuries reported.
 - A reduction of 16% in Lost Time Accident Frequency Rate.
 - An increase of 16% in hours worked before a Lost Time Incident.
 - A 14% reduction in actual customer accidents.
 - A 21% increase in the active reporting of hazards and near misses.

OUR THREE LINES OF DEFENCE

- 1 Operation Accountability**
Responsible for the implementation of safety, our policy, standards and the development of safe procedures
- 2 Stay Safe Team Oversight**
Responsible for the development of our Safety Management Framework and provision of risk assurance to the Wickes Board
- 3 Internal/independent audit Assurance**
Responsible for the independent validation of our Safety Policy and its implementation

Looking forward

We will continue to support colleague wellbeing and ensure that our risks are effectively managed, listening to both our colleagues' needs and external requirements. Our focus will be on our operational risk improvement plans, and the development and maintenance of an embedded safety culture that all our team can be proud of.

In 2023, our focus will be:

- the effective management of business wide risk registers and safety improvement plans to demonstrably reduce the risk of harm to our people;
- establishing a colleague safety culture survey to help identify where we can proactively improve our safety culture and better engage our teams; and
- reviewing our injury reporting system to help improve the insight from safety incidents and support the implementation of effective safety improvement plans.

COLLEAGUE VOICE

At Wickes our highly-engaged colleagues are key to our success and we want them to be successful both individually and as a team. Seeking their feedback regularly and ensuring they have a voice is fundamental to continuously improving our business and creating a workplace where everyone feels at home.

We are committed to ensuring we use a number of formal and informal ways to have open, robust and regular two-way dialogue with colleagues across a wide range of topics. Our Non-executive Director Sonita Alleyne takes the lead on ensuring colleague views are heard by the Board and taken into consideration in their decision making.

Our listening initiatives in 2022 supported our 'always on' approach and consisted of the following activities:

Colleague Engagement survey: This is an annual survey that seeks both quantitative and qualitative feedback from all colleagues on a range of subjects and is used to assess overall engagement. In 2022, our colleague engagement was 80%.

'Ask the Exec' roadshow: We hold an annual roadshow where managers from our stores and distribution centre have the chance to ask the Executive Board questions about the business.

Colleague Voice: Led by Non-executive Director Sonita Alleyne we invite a cross-section of colleagues to meet with the Board once a year, when they get the chance to ask questions on various topics, including remuneration.

Inclusion and Diversity Network Surveys: During the year we undertake a variety of external surveys to support the objective and insights of our I&D colleague networks

Cost of living working group: In 2022, we have brought together a cross-section of colleagues to share their thoughts, insights and ideas as to how the business can provide support to colleagues during the cost of living crisis.

COLLEAGUES' FEEDBACK & OUTCOMES

Culture

Feedback: Our colleagues continue to tell us that they believe Wickes has a strong culture, with people at the heart of what makes this a great place to work. A high level of empathy is demonstrated across the organisation from leaders to colleagues. New members joining the team feel our culture is our best kept secret. Our Winning Behaviours are well embedded and demonstrated across the business, and we have further opportunity to enhance this through our recognition activities.

Outcome: Feedback inputted to our employer brand strategy and reward and recognition strategy.

Strategy and purpose

Feedback: Colleagues are confident in the direction of our business strategy. They feel that our balanced business gives us a competitive edge. Our strategic framework is clear and colleagues are keen to hear more consistently as to how this plays into their role.

Outcome: Create more opportunities through our internal communication channels to bring to life the strategic framework.

Inclusion and diversity

Feedback: Colleagues are proud to work for a modern business that is truly leading in terms of inclusion and diversity, and feel that we celebrate everyone's differences. We have a greater opportunity to move at pace with implementing action plans and offering flexibility across the business areas.

Outcome: Comments fed into the flexible working programme, which is in partnership with Timewise.

Pay and benefits

Feedback: Colleagues value our total package. They appreciate our colleague discounts, the Wickes Reward scheme and the other benefits we offer, and they feel we have a greater opportunity to advertise these. Colleagues appreciate that in more senior roles the variable pay increases versus the fixed pay, as there are more elements linked to business performance.

Outcome: Improved regular communication highlighting the benefits available, including the introduction of new benefits.

Working environment and communication

Feedback: Colleagues appreciate the consistent, regular and transparent communication from the Executive Board. Colleagues believe that communication is very effective up to manager level; however, we have a further opportunity with the wider store team to engage with them independently.

Outcome: Feedback inputted towards internal communications channel strategy.

Career development

Feedback: Colleagues recognise that our culture of personal responsibility encourages them to drive their own development, supported by their manager. They appreciate the internal progression opportunities across the organisation and recognise that this can also include 'squiggly careers'.

Outcome: Introduction of new Step Up leadership programme accessible to all levels of colleagues to self nominate themselves to take part.

Cost of living

Feedback: We set up a cost of living working group to develop meaningful and practical support to help colleagues with the cost of living pressures. Colleagues identified that we needed targeted support for those most in need. We had a greater opportunity to improve communication and education on promotional benefits and discounts. Finally, they expressed the need to enhance pay and benefits for the wider population.

Outcome: Colleague concerns on food prices led us to introduce the 'Breakfast on Us' provision to all stores in October 2022. An enhanced Wickes colleague discount of 30% was offered during October as part of our cost of living promotion which saw colleagues save £750,805. We adjusted 'Gainshare' incentive targets to reflect economic conditions, and we invested £3.5m in bringing forward our annual pay review for all colleagues from April to January 2023.



Responsible Business continued



ENVIRONMENT



OUR GOALS

Fight climate change and protect the natural environment

OUR TARGETS*

- **Science Based Target 1 Operations:** reduce absolute scope 1 and 2 emissions by 42% by 2030
- **Science Based Target 2 Goods and Services** 45% of suppliers by emissions to have Science Based Targets by 2027
- **Science Based Target 3 Use of sold products:** reduce absolute scope 3 GHG emissions from the use of sold products by 42% by 2030

* The baseline year for all targets is 2021.

Fighting climate change and protecting the natural environment

Climate change and sustainability continue to grow in importance and impact. We are now feeling the physical and transitional impacts of climate change in the UK. In July, record temperatures of more than 40°C gave us a glimpse of a warmer future, and continuing challenges around energy supply, including electric vehicle (EV) infrastructure, have brought into question whether we are truly ready to transition to a low-carbon economy. Wickes is positioning itself not only to support the UK's 2050 net zero target, but also to help colleagues and customers transition to the low-carbon economy. We have pledged our support to the British Retail Consortium (BRC) Climate Action Roadmap to fully decarbonise the retail industry and achieve net zero by 2040.

Through engagement with suppliers we are working to better understand and reduce the emissions associated with the products we sell, how they are packaged and the energy they use.

Carbon emissions

We continue to track our carbon emissions across all three scopes within our business. The vast majority of our emissions sit within our supply chain, due to the large volume and range of products we sell.

Through engagement with suppliers, we are working to better understand and reduce the emissions associated with the products we sell, how they are packaged and the energy they use. We are also continuing to work on reducing our operational emissions through energy efficiency in our stores, LED lighting upgrades in our heritage estate, heating and cooling control upgrades, and EV chargers for support centre and distribution centre colleagues. In 2022, we reduced our store energy consumption by 2.3% primarily through the work of our store colleagues managing their consumption, and the upgrades as part of our store refit programme.

We have introduced a new EV policy for company cars, which allows colleagues to transition to electric vehicles and charge them at the Support Centre. All of our corporate cars will be electric by 2025. We are also exploring affiliations with EV partners to support colleagues, as well as customers in prominent EV ownership areas, to be able to charge their vehicles at our stores.

Waste

In 2022, we produced 60,007 tonnes of waste through our operations and our supply chain. In total, we recycle 92.8% of our waste, with 4.6% going to energy recovery. Some of our waste, however, is not suitable for recycling or energy recovery, which means that 2.6% is sent to landfill.

We have spent 2022 assessing our waste in more detail in order to set better recycling targets across the different parts of our business. We now understand that the lowest recycling rates in our business are those of our colleagues and customer waste in stores, and as such we have set recycling targets of 50% by 2025 in our store waste.

STORE ENERGY EFFICIENCY

In 2022, we created a group of sustainability representatives for each of our stores to drive energy efficiency across the estate. Using our half-hourly energy data and store expertise, we were able to identify behavioural changes and control fixes that helped us to reduce our energy consumption. We have also invested in our store heating controls and have started upgrading our store heating controls so that we can monitor and manage our store heating remotely.

Energy efficiency will be central to our store decarbonisation programme, and also ensure our stores are comfortable over the winter for colleagues and customers.



MAPPING OUR WASTE AND RESOURCES

In order to improve our understanding of our waste and recycling, we are working to map out all of our waste and recycling across the business, to not only find improvements in our recycling practices but also see how we can best manage our donations to our charity and community partners. We have also been working with our partners to better understand our waste and recycling journey, including a tour of the Biffa Materials Recovery Facility (MRF) where our support centre and store waste is processed.

Water

We do not use much water in our business operations. Our total water consumption for 2022 was 66,388 m³, made up of colleague and cleaning consumption in our stores, distribution and support centres. Most of the water consumption sits within our supply chain, integral to the growth of the timber industry and water intensive manufacturing processes. We have used our Task Force on Climate-related Financial Disclosures (TCFD) report this year to investigate the impact of water scarcity on our supply chain. This will help us to understand water sensitivities in our supply chain, and help suppliers to manage their risk. You can read more about water risk in our TCFD section on pages 49-50.

Engagement

Environmental engagement at Wickes is delivered by colleagues across the business and driven primarily by the Responsible Business Working Group with oversight from the Executive Board. Members of the Working Group have contributed to our annual supply away day to talk about sustainable products and services, presented at our monthly business briefing on the fundamentals of climate change and carbon emissions, and launched a sustainable store working group to test new technologies in our stores.

Using our colleague learning and communication platform, Campus, the Forward Focus network created a Climate and Sustainability learning platform that brings together information about our broader Responsible Business Strategy, as well as updates from COP 26 and 27, and giving access to learning materials.

The Forward Focus colleague network has delivered several events in 2022, driving engagement on environmental issues across the business. These have included a clothes donation drive, a waste awareness week for store colleagues, and communications supporting the British Retail Consortium Climate Action Week.

Disclosure

Disclosure is an essential part of any sustainability strategy. It helps us to understand our performance, benchmark ourselves against our peers and our industry, and inform our customers and investors on our progress. We have completed our second year of greenhouse gas accounting and TCFD reporting. We also completed our first CDP Climate Response.

Our TCFD report addresses three key risks and opportunities, building on our 2021 report, which investigated risks to our timber business. This year we have reviewed the impact of water stresses on key supply chains, the potential future impacts of carbon prices, and the opportunities of low-carbon products and services as the UK tackles the energy and cost of living crisis. We have also included in this report a Sustainability Accounting Standards Board (SASB) response, aligned to the guidance as a Building Products and Services business.

Responsible Business continued



Near-term Science Based Targets

Near-term Science Based Targets are the gold standard of climate change commitments. We identified the setting of near-term Science Based Targets as one of our key deliverables for 2022. We are pleased to announce that we have had our near-term Science Based Targets approved by the SBTi, joining other businesses in the UK by committing to emissions reductions by 2030. Our journey to Science Based Target approval began in 2021, with the collection and verification of our base year data. This base year data was used to calculate our decarbonisation pathway across all three scopes of emissions, in line with SBTi guidelines, and support from our climate partner South Pole.

Operational emissions (Scope 1 and 2)

We intend to address operational emissions through absolute carbon reduction by focusing on decarbonising our estate and fleet by switching gas boilers for Air Source Heat Pumps, transitioning towards HVO and purchasing Renewable Energy Certificates.

Purchased goods and services (Scope 3.1)

We intend to address product emissions through partnership Science Based Target setting, supporting our key suppliers to set their own Science Based Targets by 2027.

Use of sold products (Scope 3.11)

We intend to address use of product emissions through absolute carbon reduction by reviewing our ranges of carbon intensive products, grid decarbonisation and improved efficiencies.

We will be reporting against our near-term Science Based Targets every year.



Our ambition is to improve our Climate submission score in 2023, and also complete a full Forestry submission for scoring.

CARBON DISCLOSURE PROJECT

For our first CDP submission, we set ourselves a target of a D rating, placing ourselves in the Disclosure category, and a stretch target of C, reaching the Awareness category. We are pleased to announce that we achieved a rating of a B-, placing us in the Management category and above our stretch target.

This submission has highlighted areas of improvement, specifically in our risk management and strategy. We also completed the basic Forestry CDP questionnaire, in order to understand how we can improve our responsible sourcing strategy and inform and develop our timber policy. This submission was not scored. We intend to complete the full Forestry disclosure in 2023.



Chemicals

Wickes recognises the concerns of safe use, content and labelling of chemicals. We actively abide by all UK legislation to reduce the impact of substances of concern and, where possible, use a suitable alternative. Wickes has committed to identifying any products that are supplied to us that contain any substances of very high concern (SVHCs), explosives precursors or poisons, and we take steps to replace any products that contain restricted substances or SVHCs with suitable alternatives. We require our suppliers to ensure that products supplied to Wickes are free of any banned substances and compliant with any restrictions detailed in the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). We also ensure that all our packaging and products are compliant with volatile organic compound (VOC) and REACH standards.

Chromium 6 (Dangerous chemicals)

Chromium 6 is used in industrial processes and can be responsible for negative health effects. Our goal is to remove Chromium 6 from all our own brand products and replace it with Chromium 3, which does not have the same negative properties. All new chromed products being developed by Wickes are Chromium 6 free and we are working with our suppliers with the aim of being completely free of Chromium 6 in the production of Wickes branded products by the end of 2023.

LOOKING FORWARD

2023 will be an important year in our decarbonisation journey. We will begin our work to deliver our near-term Science Based Targets, with a particular focus on energy supply and efficiency in our stores. This will include a new electricity contract starting in April, which will be sourced with 100% renewable electricity, and our continued upgrade to our heating controls, to better manage our gas consumption. We will also continue to increase our support to our key suppliers, in order for them to better understand their environmental impact, and set Science Based Targets of their own over the next five years.

GREENHOUSE GAS AND STREAMLINED ENERGY AND CARBON REPORTING

Greenhouse gas emissions

	2022 Total Tonnes of CO ₂ e	2021 ⁽¹⁾ Total Tonnes of CO ₂ e
Scope 1	17,484	23,087
Scope 2 Market	15,722	14,541
Scope 2 Location	8,585	9,687
Total Scope 1 & 2 (Market)	33,206	37,628
Scope 1 & 2 Carbon Intensity (tCO ₂ e/1,000 sq ft)	5	5
Scope 3.1 Purchased goods and services	1,590,648	1,075,463
Scope 3.11 Use of sold products	294,996	362,655
Scope 3.12 End of life treatment	119,973	120,951
Scope 3 Other	42,940	26,351
Total Scope 3	2,048,557	1,585,420
Total Emissions	2,081,763	1,623,048

(1) Following submission to the SBTi in 2022 Q3 for our 2021 Science Based Targets, updated methodologies were applied to categories 3.1 Purchased Goods & Services, 3.11 Use of Sold Products and 3.12 End of Life Treatment. This provided more accurate emissions data upon which our targets for a 2021 baseline were approved. There has been no change to the 2021 base data.

Emissions overview

Our focus for GHG reporting in 2022 was to continue our data collection in line with our environmental strategy. It was important for us to fully understand our emissions and be able to provide more detail than the previous year. 2022 has been the first year we are able to directly report against our carbon reduction targets, which are aligned to the British Retail Consortium (BRC) Climate Action Roadmap and Science Based Targets (SBTi).

We spent much of 2022 improving our data collection methodologies and verifying our data. We consolidated our multiple water suppliers across the estate to improve visibility, as well as bringing our gas meters online into the same platform as our electricity for better control of our energy consumption. We have collaborated with our operational waste contractors to improve our waste and recycling data for our operations and installations by increasing the frequency of reports received and refreshing our validation process. We have also been able to report fully on our purchased goods and services, including our core ranges and kitchens and bathrooms, as well as goods not for resale such as office equipment. The vast majority of our emissions still sit within our Scope 3, specifically our purchased goods and services, use of sold products, and end of life treatment of products.

The increase in overall emissions from 2021 can be attributed to a combination of the improved methodologies in data analysis, business growth, and external database updates. We have used the same emissions factor databases in 2022 as with our previous year, namely BEIS and CEDA, however some cost-based factors have increased significantly. Therefore emission scopes which are calculated using this cost-based methodology have been impacted, and may also be influenced by other external factors including inflation. Our aim for the 2023 data collection process will be to minimise the use of cost based methodologies even more to continue our improvement in emissions accuracy.

For more detail on our emissions calculations and methodology, our method statement is available to view on our website www.wickesplc.co.uk.

Emissions commentary

Our emissions across Scope 1 and 2 have reduced following energy saving initiatives across our operations, including updated heating controls in our stores and installing LED lighting in our refurbished stores and heritage replacements.

The majority of our emissions continue to sit within our Scope 3, specifically our purchased goods and services, use of sold products, and end of life treatment of products. Our approved near-term Science Based Targets for Scope 3 are a partnership target to collaborate with our top suppliers to help them set their own Science Based Targets, and an absolute reduction of our Use of Sold Products emissions.

Assurance

Our independent limited assurance was carried out by LRQA using ISO 14064-3 2019 assurance standards. This assurance covers all of our Scope 1, 2 and 3 emissions, with the exception of our water data. Our assurance statement is available online in our Responsible Business pages.

Streamlined Energy and Carbon (SECR) Reporting

	Group / UK 2022	Group / UK 2021
Annual emissions (Scope 1 & 2 Market tCO ₂ e)	33,206	37,628
Annual Energy Use (GWh)	98,141	114,515
Emissions Intensity (tCO ₂ e/1,000 sq ft)	5	5

SECR – Methodology

We have reported our GHG emissions and energy consumption in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations. To calculate our emissions, we have followed the GHG Protocol Corporate Accounting Standard, using an operation control approach, and the emissions factors used were from the Department for Business, Energy & Industrial Strategy Greenhouse gas reporting: conversion factors 2022, and CEDA emissions database. Our Scope 1 was collected through monthly invoice data for stationary emissions, mileage data for mobile emissions, and heating and cooling asset registries for fugitive emissions. Our Scope 2 emissions were calculated through monthly electricity invoice data, using market and location based emissions factors to reflect our current operational energy contracts. Market based emissions were also used for our Scope 1 and 2 intensity metric. Our Scope 3 emissions reporting includes all relevant scopes, with the vast majority of emissions representing purchased goods and services, and use of sold products. Our purchased goods and services used a weight, and volume-based methodology. We have improved our methodologies for transportation by providing transport categories, as well as using accurate capital goods and goods not for resale spend data. For more detail on our emissions calculations and methodology, our method statement is available to view on our website www.wickesplc.co.uk. For more information about how we are managing our impacts, and identifying risks and opportunities associated with these emissions, please see our TCFD response on pages 45-50.

Energy efficiency measures

Energy efficiency measures this year include:

- upgrading our gas meters to enable half-hourly data reporting;
- upgrading our heating controls to allow for remote management and monitoring;
- trials of electric heating systems in a sample of stores;
- energy champions in stores seeking to drive behavioural changes around energy efficiency.

Responsible Business continued

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

SASB 2022

BUILDING PRODUCTS & FURNISHINGS

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODIFIED METRIC CODE	RESPONSE
ENERGY MANAGEMENT IN RETAIL AND DISTRIBUTION				
(1) Total energy consumed	Quantitative	Gigawatt hours (GWh)	CG-MR-130a.1	(1) 98,141 GWh of energy across our estate
(2) Percentage grid electricity		Percentage (%)		(2) 100% grid electricity
(3) Percentage renewable				(3) 0% renewable
				Annual Report page 43
MANAGEMENT OF CHEMICALS IN PRODUCTS				
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	n/a	CG-BF-250a.1	Wickes maintains chemical commitments and guidance that ensure we manage our risks and hazards appropriately, and compliant with REACH and VOC standards. Annual Report page 42
Percentage of eligible applicable products meeting volatile organic compound (VOC) emissions and content standards	Quantitative	Percentage (%) by revenue	CG-BF-250a.2	We do not currently track the total % of products at SKU level; however, all of our applicable products meet VOC emissions and content standards. Annual Report pages 42
PRODUCT LIFE CYCLE ENVIRONMENTAL IMPACTS				
Description of efforts to manage product life cycle impacts and meet demand for sustainable products	Discussion and analysis	n/a	CG-BF-410a.1	We continue to report against our carbon reduction targets to understand the life cycle impacts of our products, and are currently reviewing potential new ranges to increase the number of responsibly sourced and energy efficient products available to customers. We will also be trialling a take back scheme for key products, and improving our packaging to include more recycled materials. Annual Report page 40 and 53
(1) Weight of end of life material recovered	Quantitative	Metric tonnes (t),	CG-BF-410a.2	(1) 60,007 tonnes
(2) Percentage of recovered materials that are recycled		Percentage (%) by weight		(2) 92.79% of recovered materials
				Annual Report page 40
WOOD SUPPLY CHAIN MANAGEMENT				
(1) Total weight of wood fibre materials purchased	Quantitative	Metric tonnes (t),	CG-BF-430a.1	(1) Total weight of wood fibre 377,686 tonnes
(2) Percentage from third party certified forestlands		Percentage (%) by weight		(2) 100% from third party certified forests
(3) Percentage by standard				(3) 99.8% by FSC or PESC standard
(4) Percentage certified to other wood fibre standards				(4) 0.2% to other wood standards
(5) Percentage by standard				(5) 0% by other standards
				Annual Report page 53

ACTIVITY METRIC

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODIFIED METRIC CODE	RESPONSE
ENERGY MANAGEMENT IN RETAIL AND DISTRIBUTION				
Annual production	Quantitative	Tonnes	CG-BF-000.A	1,366,848 tonnes of goods
Area of manufacturing facilities	Quantitative	Square foot	CG-BF-000.B	6,586,448 sq ft stores, 748,556 sq ft distribution

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We have set out below our climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures for Governance (all recommended disclosures), Risk Management (all recommended disclosures), Strategy (disclosure a), and Metrics and Targets (all recommended disclosures) taking into account the 'Guidance for All Sectors', the 'Supplemental Guidance for Non-Financial Groups', and the 'TCFD Guidance on Scenario Analysis for Non-Financial Companies'. Our disclosures in relation to the TCFD Strategy recommended disclosures b) and c) are not yet consistent and further work will be undertaken over the coming year (2023) to gather the data required to better understand the impact of climate-related risks and opportunities on Wickes' strategy and financial planning, and to continue to test the resilience of our strategy under different scenarios with a view to providing consistent disclosures in our Annual Report next year.

GOVERNANCE

The relevant organisational structures for climate issues are summarised in the chart and described below.

Plc Board

The Board has overall responsibility for the delivery of the Group's strategy. The Board has delegated responsibility for ESG matters, including climate-related issues, to the Responsible Business Committee and receives regular updates from the Committee on its work. The Board considers climate-related issues and risks when guiding strategy, annual budgets and business plans as well as performance objectives. The Board level Audit and Risk Committee oversees the management of climate-related risks and opportunities as part of our risk management process (see Risk management on page 69).

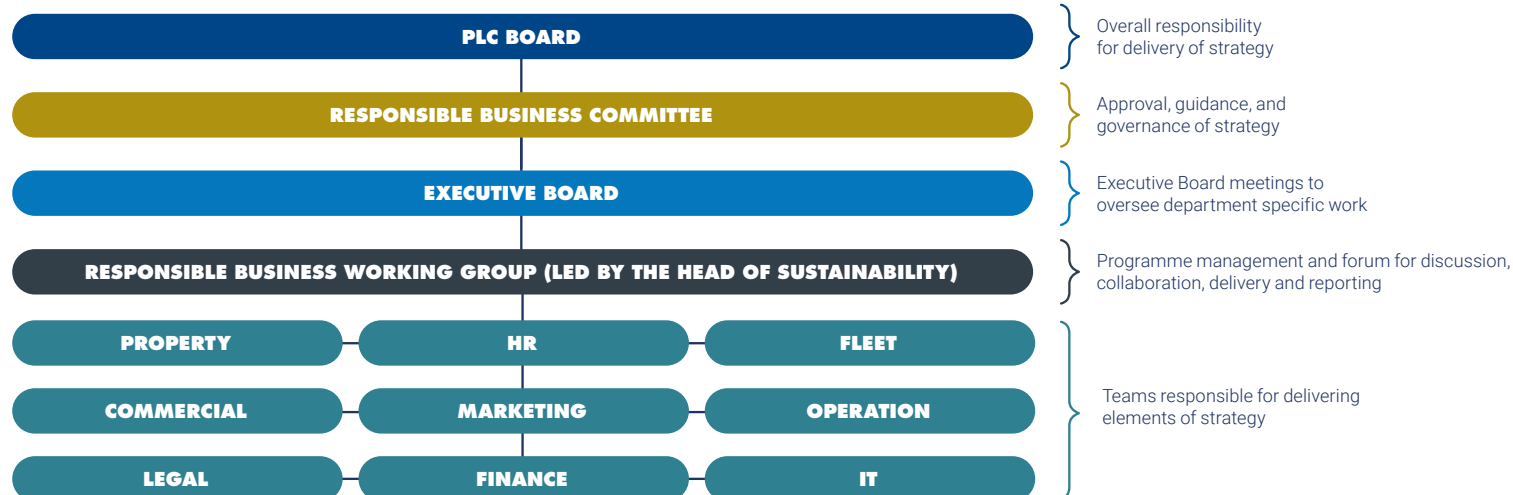
Responsible Business Committee

The Responsible Business Committee's primary purpose is to oversee the development of Wickes' Responsible Business Strategy and monitor performance in relation to environmental, societal and governance matters, as set out on pages 98-100.

The members of the Responsible Business Committee are the Chair of the Board and the Non-executive Directors. The Committee is chaired by Sonita Alleyne, one of our Non-executive Directors. Key members of our management, including the CEO, General Counsel and Company Secretary, Chief People Officer, Head of Sustainability and Investor Relations Director attend all meetings.

Climate-related issues are part of the Responsible Business Committee's duties to oversee the Group's ESG conduct, and are a regular agenda item for the Committee, which meets on a quarterly basis. The Committee monitors and oversees progress against goals and targets for addressing climate-related issues by reviewing and discussing the reports presented.

The Committee reviews our operational energy consumption, our annual CDP submission and score, and our near-term Science Based Targets, which together provide a view of our performance against our climate-related ambitions.



Responsible Business continued

Task force on climate-related Financial disclosures (TCFD) continued

Executive Board

Department specific initiatives are overseen by the Executive Board ensuring climate-related decision making is integrated across the business. One example of how climate-related issues are considered when implementing strategy and financial planning is the integration of delivery of our near-term Science Based Targets into our operational and commercial planning, including the budgeting for delivery of such programmes, negotiations with our key suppliers, and range reviews within the products we sell. The Executive Board is regularly updated by the Head of Sustainability and operational leads (who are members of the Responsible Business Working Group) on progress with climate-related matters.

Responsible Business Working Group

The Responsible Business Working Group, with membership from heads of functions across the business, is chaired by the Head of Sustainability. The Responsible Business Working Group is responsible for the delivery of climate related initiatives across the business. It reports to the Executive Board and the Responsible Business Committee on a regular basis through the Head of Sustainability.

STRATEGY

Time horizons: short, medium and long term

We continually monitor climate-related risks and opportunities across three time horizons:

- Short term (2025): our existing enterprise risk management process already covers short term climate-related risks in the next two years.
- Medium term (2030): this time horizon was selected for climate-related risks and opportunities as it aligns with global standards and climate policy as well as our near-term Science Based Targets.

- Long term (2040): this time horizon was selected for climate-related risks and opportunities as it aligns with global standards and climate policy as well as our long term target.

Last year, we focused on identifying a longlist of climate-related risks and opportunities across the business and the value chain via engagement with the Responsible Business Working Group. A description of the specific climate-related issues potentially arising in each time-horizon that could have a material financial impact on the Group is set out on page 48. Risks are considered to be consistent across locations and sectors.

The scenario analysis was performed in two stages. In 2021, we engaged with cross-functional stakeholders to prioritise risks and opportunities based on their importance to the business. When determining importance a wide range of factors were considered, including the impact on key stakeholders, the achievement of strategic objectives and cost-benefit analysis. We then conducted an initial scenario analysis to identify 'hotspots' of climate change risks and opportunities.

This year, we also short listed three climate-related risks and opportunities for further assessment. These were:

- **Exposure to carbon pricing mechanisms:** We assessed our level of exposure to future carbon pricing mechanisms based on future carbon prices under two climate scenarios across our entire footprint.
- **Water risks across the supply chain, focused on key suppliers:** We assessed our vulnerability to water scarcity across the supply chain, with a focus on key locations for our major suppliers, especially those with water intensive manufacturing processes.

- **Opportunities related to the sale of products and services related to heat pumps, solar panels and EV chargers:** We assessed the market opportunities for Wickes from three products supporting the low-carbon transition including solar panels, heat pumps and EV chargers.

These risks were selected as they were considered to be high potential future climate-related risks or areas where we have limited knowledge of the potential impact.

Potential impacts on strategy and financial planning

In 2022, we explored how these climate-related issues might affect our strategy and financial planning at a high level (see 'Potential financial impacts' column in the table on page 48). Based on the latest assessment of the potential financial impacts of these risks and opportunities, we plan to explore in more detail during 2023 how these will serve as inputs to our financial planning process. We will also be using the analysis to inform our commercial strategy in new product areas, and in our engagement with suppliers to aid in their decarbonisation, reduce their emissions and set Science Based Targets, and mitigate risks in water shortages. Our near-term Science Based Targets form the start of the development of our climate transition plan, which we will continue to build on in the coming months. Now that our climate related risks and opportunities are fully assessed, we can undertake further analysis to better understand their potential impacts across areas of the business including products and services, value chain, adaptation and mitigation activities, investment in research and development, operations, acquisitions or divestments, and access to capital. We intend to provide an update on our work in this area in our Annual Report next year.

Resilience of strategy under different scenarios

This year, we started to test the resilience of our business strategy against prioritised climate-related risks and opportunities, and identified what strategic response is required to address gaps identified (see 'Strategic response' in the table on page 48). We plan to continue testing the resilience of our strategy as we better understand how these risks and opportunities are likely to impact our business. Further information on the scenarios we have used this year and the findings of our scenario analysis to date are set out on pages 49-50. We intend to provide an update on our work in this area in our Annual Report next year.

RISK MANAGEMENT

Our climate-related risk management processes follow four main steps: risk identification and monitoring, risk assessment, risk prioritisation and risk integration and management.

Risk identification and monitoring

Climate-related risks and opportunities identified as part of our first TCFD assessment in 2021 were logged in a newly-developed Climate Risk Register. Owned by the Head of Sustainability, this Register sits separately to our main Group Risk Register, and is used to monitor climate-related risks and opportunities on an annual basis. This year, three climate-related risks and opportunities were shortlisted for further assessment (see Strategy).

Risk assessment

Prioritised climate-related risks and opportunities are then assessed via a scenario analysis.

Scenario analysis is one of the processes that Wickes utilises to identify and assess our climate risk. We also use our EarthScan platform, to identify any significant risks in our property estate, and assess their impact on our ability to operate. Significant risks are then tracked and managed accordingly. In our operational estate we have identified high-risk properties in our future estate strategy, and invested in technology within our estate to lower our carbon footprint and energy consumption. Our improved understanding of our supply chain in terms of their carbon footprint and risk to changes in carbon pricing, for example, have allowed us to begin engagement with them to reduce these risks for both businesses. The scenarios used to assess these future risks are based on both existing and emerging regulatory requirements. This year, we undertook a detailed scenario analysis exercise to assess the three prioritised climate risks and opportunities in a rapid warming 4°C scenario, a high emission 'limited transition' 3°C scenario, and a 'rapid transition low emissions' 1.5°C scenario (see Scenario analysis section on page 49).

Risk prioritisation

Climate-related risks and opportunities are prioritised on the basis of the strength of the climate change signal, and the extent of the potential financial or strategic impact on our business, to help us determine the relative significance of climate-related risks when compared to the Group's other risks. The Group's Enterprise Risk Management framework requires the evaluation of risks based on their impact and likelihood to arrive at an assessment score. This is a process that Wickes already has in place for the identification, assessment and management of risks other than climate-related risks. Risks that scored highly are then brought to the attention of the Risk Management team.

Risk integration and management

Priority climate-related risks and opportunities are then integrated into our Group risk register using the prioritisation process described on pages 64-66 as part of risk management and internal control. Climate change risks have already been integrated into our Group risk register as part of our 2021 TCFD response, with additional risks identified as part of our 2022 response also included, ensuring that we anticipate and manage the strategic, operational and reputational risks associated with climate change. Climate is one of the Group's principal risks and uncertainties (see page 69 for further information).

The Audit and Risk Committee is responsible for the management of key risks through Group Risk Registers, with key risks regularly collated and reviewed by management and the Board to assess the potential impact and likelihood of occurrence, after taking into account key controls and mitigating factors, as well as interdependencies. The Group risk register is discussed at Board level on a regular basis, and scores have been attributed to each risk (before and after mitigation), along with a mitigation plan and risk owner. Wickes has assessed each risk against a risk appetite level.



METRICS AND TARGETS

GHG emissions

We have calculated our full 2022 GHG footprint for our business, covering absolute Scope 1, 2 (market and location) and 3 emissions and carbon intensity, following best practice guidance from the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI)'s Greenhouse Gas Protocol. This full GHG footprint is provided on page 43 including for historical periods (from 2021) to allow for trend analysis.

Scope 1, 2 and 3 GHG emissions are key metrics in monitoring our climate impact over time, and are independently verified. Wickes is a signatory of the BRC Climate Action Roadmap, with an emissions reduction roadmap which was defined in 2022 using our verified 2021 base year. Wickes does not currently use internal carbon prices.

Near-term Science Based Targets

In 2022, we submitted near-term Science Based Targets for approval to the SBTi, using our 2021 data as our baseline year, with a target year of 2030 (see pages 40-42). These targets were approved, and we are now working to deliver our decarbonisation pathway in line with the BRC Climate Action Roadmap and our own intervention pathway. One of these targets relates to our purchased goods and services emissions, and aims to encourage our major suppliers to set Science Based Targets of their own. This supplier engagement will also help to address our key transition opportunities and risks identified in our 2022 scenario analysis.

Additional Metrics and Targets

We have defined a number of additional targets related to packaging, including eliminating unnecessary packaging by 2023, making all packaging easy to recycle by 2025, and having at least 50% of packaging volume containing recycled materials, with progress being monitored using relevant metrics. We also target 100% responsible sourcing in our timber sourcing, monitoring our suppliers through PESC and FSC.

Executive remuneration

Members of the Executive Board have an ESG metric as part of their bonus targets (see Directors' Remuneration report on pages 101-114), which in 2022 was focused on Environmental and Social metrics. Environmental targets were to achieve a submission and score of our first every CDP response, as well as reduce our absolute energy use across electricity and gas in our store estate.

This year, our ESG targets will be integrated into our Executive Long Term Incentive Plan (LTIP), and will be linked to our near-term Science Based Target roadmap.



Responsible Business continued

Task force on climate-related Financial disclosures (TCFD) continued

TCFD category	Climate-related risk/opportunity topic	Potential financial impact	Climate scenario	Potential impact			Strategic response
				2025	2030	2040	
Transition: Policy, Market	Opp: Transition to heat pumps to heat homes across the UK as part of UK Government's plans to decarbonise buildings	Increased sales/revenues from increase in demand for heat pumps	STEPS (<2°C)	○	●	●	<ul style="list-style-type: none"> Monitoring relevant policy developments Defining strategy related to heat pumps and services
			NZE (<1.5°C)	○	●	●	
Transition: Policy, Market	Opp: Opportunities related to new products and services related to energy storage and microgeneration	Increased sales from new products and services related to solar PV panels and EV chargers	STEPS (<2°C)	○	●	●	<ul style="list-style-type: none"> Monitoring relevant policy developments Exploring new products and ranges as part of internal strategic initiatives
			NZE (<1.5°C)	○	●	●	
Transition: Policy	Risk: Implementation of carbon pricing mechanisms including emissions trading schemes (ETS)	Increased costs passed on by suppliers	STEPS (<2°C)	○	●	●	<ul style="list-style-type: none"> Focusing on decarbonisation targets (incl. near-term Science Based Targets) Engagement with suppliers on climate-related targets/reduction plans Monitoring relevant policy developments
			NZE (<1.5°C)	○	●	●	
Transition: Policy, Market	Risk/Opp: Phase out of gas boilers and replacement with low-carbon heating alternatives, driven by the UK target of no new gas boilers by 2035	Reduced sales of gas boilers/ Increased sales from alternatives to gas boilers	NZE (<1.5°C)	●	●	●	<ul style="list-style-type: none"> Exploring phase out and new ranges as part of internal strategic initiatives
Transition: Policy, Market	Opp: Expansion of existing and development of new products and services relating to improving the thermal efficiency of buildings, energy efficient lighting and appliances and smart controls	Increased sales from new products and services supporting these areas	NZE (<1.5°C)	●	●	●	<ul style="list-style-type: none"> Exploring existing and new products and ranges as part of internal strategic initiatives
Transition: Policy	Risk: Implementation of product specific standards related to embodied emissions	Increased costs to meet product specific standards	NZE (<1.5°C)	●	●	●	<ul style="list-style-type: none"> Monitoring relevant policy developments
Transition: Policy	Risk: Implementation of a carbon border adjustment mechanism (CBAM) in the UK and the EU	Increased costs passed on by suppliers	NZE (<1.5°C)	●	●	●	<ul style="list-style-type: none"> Monitoring relevant policy developments
Transition: Policy	Risk: UK Government targets to decarbonise transport	Increased costs linked to the decarbonisation of the fleet	NZE (<1.5°C)	●	●	●	<ul style="list-style-type: none"> Engaging on long term decarbonisation strategy of main transport providers Defining business case for potential low/zero-carbon fleet options
Transition: Policy	Risk: Increased adoption of green clauses in building leases	Increased costs linked to stores' building leases	NZE (<1.5°C)	●	●	●	<ul style="list-style-type: none"> Monitoring energy usage and emissions of stores Exploring emission reduction possibilities in stores
Physical	Risk: Water availability across the supply chain	Production disruptions due to water scarcity	RCP8.5	●	●	●	<ul style="list-style-type: none"> Engaging with identified suppliers to discuss mitigation actions
Physical	Risk: Climate change risks related to timber sourcing	Production and supply disruptions	RCP8.5	●	●	●	<ul style="list-style-type: none"> Monitoring weather conditions in sourcing regions

Selected for potential impact

Climate-related risks and opportunities selected for focus in 2022

● Low
 ● Medium
 ● High
 ● Uncertain
 ○ Not deemed material in this time horizon

SCENARIO ANALYSIS

Climate scenario analysis is an essential tool for us to better understand how climate change is likely to affect our business in the future. This year, we conducted the second stage of our scenario analysis and assessed three climate-related risks and opportunities in more detail. Two of the risks and opportunities are transitional risks – business exposure to future carbon pricing mechanisms, and opportunities related to future products and services supporting the low-carbon transition under a rapid transition scenario. One physical risk, assessment of water risks across our supply chain under a high-impact scenario, was considered in more detail.

Rapid transition scenario (<1.5°C)

Wickes explored climate-related transition risks and opportunities using two reference scenarios provided by the International Energy Agency (IEA). The Net Zero Emissions by 2050 Scenario (NZE) is a 1.5°C-aligned scenario, showing a narrow but achievable pathway to achieve net zero emissions by 2050. We also used the Stated Policies Scenario (STEPS), as a “business as usual” (BAU) comparative scenario. This scenario considers current policy settings (already implemented or confirmed upcoming policies) and is the IEA’s ‘worst-case’ scenario given the current policy and market landscape and trends.

The scenario analysis for transition risks and opportunities focused on two material transition topics: the potential exposure to future carbon pricing mechanisms and the opportunities related to products that support the transition to net zero. These topics were selected based on last year’s scenario analysis results, which pointed towards potential high risks related to our sourcing of carbon intensive products as well as potential opportunities arising from policy and market developments related to heat pumps, solar panels and electric vehicle (EV) chargers.

Exposure to future carbon pricing mechanisms

Explicit carbon costs under the IEA’s STEPS scenario¹ are due to increase to ~£90/tCO₂e by 2030 and ~£98/tCO₂e by 2040.² Under the IEA’s NZE scenario, prices are projected to increase to ~£146/tCO₂e by 2030 and ~£205/tCO₂e by 2040.

Under a BAU STEPS scenario, we estimated that our exposure to carbon costs in the medium term is lower relative to other scenarios due to lower carbon prices. In the long term, there is a continued but small increase in carbon price projections leading to a sustained but low risk exposure relative to other scenarios. Achieving net zero by 2040 with STEPS scenario price projections presents the lowest risk outlook.

Under a NZE scenario, the business could be subject to high carbon prices by 2030. This presents a high carbon cost risk given that we will still be at relatively early stages of decarbonisation towards net zero by 2040.² If we achieve net zero in this timeframe, our risk exposure will be mitigated through a low GHG emissions profile. Failure to decarbonise under a NZE scenario by 2040 presents the highest risk outcome to Wickes.

Thus decarbonisation presents the primary risk mitigation action to reduce exposure to carbon costs. Achieving both our near-term and long-term, net zero Science Based Targets could substantially reduce our exposure to these costs. With Scope 3 carbon costs more material than Scope 1 and 2 costs under all pathways (reflecting our GHG footprint), engaging with our suppliers to reduce emissions is a priority mitigation action to reduce the impacts of future carbon costs.

Opportunities from products supporting the low carbon transition

To meet its net zero target, the UK will need to reduce emissions from heat and buildings by 100% by 2050 compared with 2019.³ With the majority of emissions coming from heating buildings, the primary focus of current and future policies is on decarbonising heat while improving the energy efficiency of UK homes. UK Government policies like Future Home Standard (new homes), the Boiler Upgrade Scheme and The Ten Point Plan For A Green Industrial Revolution present opportunities in relation to expanding and developing low carbon products and services across our Sustainable Home offerings, specifically heat pumps, EV chargers and solar panels.

The climate scenario analysis we conducted found that:

- **Heat pumps** represent the biggest market opportunity in terms of revenues as they are key to decarbonising home heating. However, there is a significant gap between the BAU and NZE scenarios reflecting a misalignment between ambitious targets and current policy and market conditions.
- **EV chargers** also represent a significant opportunity based on current policies (aligned with national emission reduction plans) and market conditions, including the ban of new sales of internal combustion engine cars by 2030, the incentive for new builds to be ‘EV charger ready’ and grant schemes. This is reflected in a smaller gap between scenarios, presenting a more certain opportunity.
- **Solar panels** represent a smaller opportunity which is likely to be boosted in a NZE scenario, as the lack of current economic incentives (e.g. the end of the Feed-in-Tariff Scheme) is translated into a lower uptake in a BAU scenario.

High physical impact scenario (4°C)

Physical risks

We used the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 scenario to project the most likely climate outcomes associated with a trajectory where global emissions continue rising at current rates, leading to a temperature increase of 4°C by 2100.

As water use across our own operations is negligible in comparison to that of our supply chain, the analysis of physical risks focused on water availability risk across the supply chain only. The majority (62%) of our products are sourced from industries with very high or high water intensity, making them vulnerable to water availability risks in the future.

An exploratory scenario analysis of our supplier locations was carried out with the purpose of identifying water availability risk hotspots. 45 locations from the top 20 suppliers were identified for the scenario analysis. The analysis (summarised on the map on page 50) showed that 11 out of the 45 supplier sites are projected to be in locations with high water availability risk by 2030 under an RCP8.5 scenario; these suppliers are located in the south of the UK (Thames basin) and in Belgium (Scheldt basin). By 2040 and under an RCP8.5 scenario, only the location in Belgium is projected to be at high water availability risk, while the sites in the south of the UK are projected to be at moderate water availability risk.

¹ IEA (2022) World Energy Outlook.

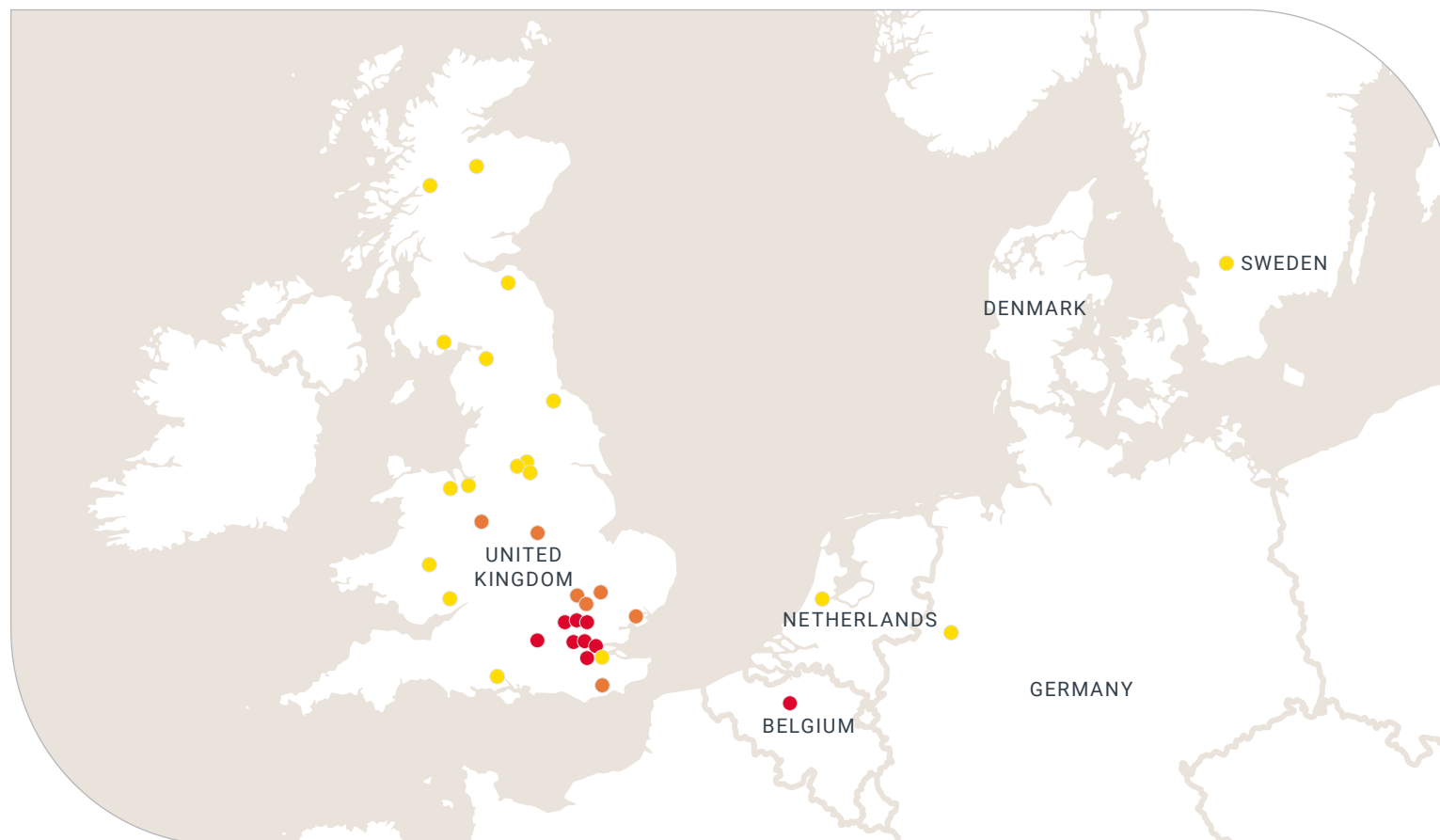
² Using the IEA categorisation of European Union for price projections equitable to the UK’s.

³ HM Government (2021) Net Zero Strategy: Build Back Greener.

Responsible Business continued

Task force on climate-related Financial disclosures (TCFD) continued

Projected water availability risk for selected Wickes' supplier locations by 2030



PROJECTED WATER STRESS:

- High
- Moderate
- Low

Property and supply chain

Throughout 2022, Wickes has been working with Cervest to better understand how the physical risks of climate change will affect our property and supply chain portfolio. Using Cervest's Earth Scan technology, Wickes has created portfolios of property and supply chain assets, and assesses the risk of climate change through various warming scenarios and physical climate risks such as temperature, flooding and wind. The subsequent reports act as intelligence for our property estate, to integrate their findings into future property strategy, as well as provide climate risk reports for category managers for our largest product portfolios such as timber and aggregates. We will continue to build out our supply chain portfolios, to include a wider range of suppliers covering a large geographic range, with special focus on locations which are particularly susceptible to the physical risks of climate change.



HOMES



OUR GOAL

Help the nation to make their homes more sustainable

OUR TARGETS

- Eliminate all unnecessary packaging and all packaging to be easy to recycle or reuse by 2025
- 50% of our own brand products classified as sustainable
- Reduced in-use emissions of our products

Sustainable homes for everyone

Whilst making homes more sustainable ultimately leads to them lowering their environmental impact and carbon emissions, it also helps to address the cost of living crisis gripping the UK. With the dramatic rise in energy prices, reducing energy consumption is an absolute priority for our customers. Wickes is focused on providing customers with a broad range of sustainable and energy efficient products and services to achieve long term decarbonisation targets and short term relief on the cost of living.

Products

In 2021, we identified sustainable products and services as a major growth lever for the business, and so 2022 has been about understanding our products, and their impact on the environment and customers' homes. At the start of the year, we set out to taxonomise our products into a new set of categories, understand the environmental performance of those products and assess any gaps in our ranges to support energy efficiency.

Sustainable products are those that are sustainably sourced, made, packaged or delivered.

Sustainable living are those that provide positive social and environmental impacts through their use. Each of these categories has a series of subcategories depending on the qualities of the product. You can read more about our classification and their definitions on our website.

Services and support

Currently we do not offer any specific services for customers on energy efficiency. We are working with our customer insight and commercial teams to assess how best to build our service offering, looking especially at energy generation technologies.

We now offer energy advice and guidance in the form of our 'Energy Saving Advice' pages on our customer website. These pages provide product information and installation guidance for key products for customers to save energy. This page is supported by a new partnership with the Energy Saving Trust, which allows us to use verified energy.

Wickes Sustainable House Guide

In November, we released a new shopping experience for our customers in the form of a Sustainable House on our customer website. This interactive shopping experience allows customers to explore energy saving and sustainable products for their homes and understand their environmental impact, whilst being integrated into our existing customer journey. The house highlights not only the products available, but also useful hints and tips to lower energy consumption through behaviours and conservation. The house is also available to customers in store, through prompts in the form of 'wobblers' positioned next to key products, and as part of our assisted selling model.



SCAN ME

OUR SUSTAINABLE HOUSE GUIDE

Learn what you can do to save money and live more sustainably. Visit [wickes.co.uk/sustainable-house](https://www.wickes.co.uk/sustainable-house) to find out more

Responsible Business continued



BETTER PACKAGING

In addition to improving the recyclability and recycled content in our packing, we have also been developing a new labelling system for our own brand products that help to make your home more sustainable. These icons are currently in testing, and will begin to be integrated into our own brand products through our range review process in 2023.

“ It is really rewarding to see the improvements we’ve made so far to our own label packaging, and to have had such great levels of engagement and collaboration from colleagues and suppliers.

VICTORIA ELLIS

Sustainable Materials Manager



Installations

We continue to focus on ensuring the waste from our kitchen and bathroom installations is recycled, and that all product packaging waste, and removed kitchen and bathroom units are not sent to landfill. Working with our waste partners AnyJunk and Hippo, 98% of our installations waste is recycled, with only a small amount of unrecyclable ceramic waste being sent to landfill.

Packaging

We are continuing to deliver against our three key packaging strategy targets:

We will eliminate all unnecessary packaging across our business by 2023

This target is designed to focus our teams on efficient packaging strategies, and to make an absolute reduction in our packaging volumes. All own label packaging has been assessed and we have removed all unnecessary packaging from our own brand products. We have eliminated 6% of plastic and any new packaging introduced is as minimal as possible.

All our packaging will be easy to recycle or reuse by 2025

This target focuses on the materials we use in our packaging – moving away from unrecyclable materials such as PVC and polystyrene to those that offer the opportunity for a second lease of life as future packaging materials or construction materials, or those that are biodegradable.

50% of our customer plastic and paper packaging will come from recycled materials by 2025

This target aims to reduce the use of virgin materials within our packaging strategy. To support these targets, we have built a new packaging management system, which allows us to monitor and manage the packaging within our business, and work with our suppliers and colleagues.

New packaging data portal

We have now started transitioning our packaging data into our new portal, Valpak. This will enable us to conform with all legal compliance requirements, manage our costs, and focus on improving recycled content in our packaging. We are on target to achieve this transition in 2023.

LOOKING FORWARD

We recognised that customers needed help and advice on how to live more sustainably and reduce their energy consumption. In 2022 we developed an Energy Saving Advice guide and a virtual Sustainable House on our website. The aim of this virtual tool is to help guide customers on how they can live more sustainably through modifying their behaviours, and implementing projects with Wickes products to make their homes more sustainable and energy efficient.

In 2023 we will continue to support and guide our customers on the right products and projects they can implement through all our channels including stores. We will also continue to build our product offer to enable customers to be more energy efficient and explore what role we want to play in the installation of energy efficient products and technologies.



GOVERNANCE AND RESPONSIBLE SOURCING

GOVERNANCE

Our established Responsible Business Committee is responsible for guiding and overseeing the development of our Responsible Business Strategy. Further information on our governance arrangements are set out in the TCFD report on pages 45-50 and the Responsible Business Committee report on pages 98-100.

RESPONSIBLE SOURCING

Our Responsible Business Strategy is built on the foundation of a sustainable, responsible supply chain.

Wickes Supplier Manual

We ensure our suppliers demonstrate and share similar values to our own, especially for their employees' health and safety, the environment, business ethics and product quality. These values make up the five pillars of our Supplier Manual, and we have made a series of commitments to establish these principles throughout our supply chain.

Labour standards

Wickes is committed to upholding human rights and promoting positive working conditions and practices throughout our supply chain. We aim to work collaboratively, and to create an environment that enables transparency throughout the supply chain.

Health and safety

Wickes is committed to providing a safe environment to work and shop in so that everyone returns home safe and well every day. You can find more information on our health and safety culture on page 38.

Environment

Wickes is committed to making positive choices that will reduce our impact on the environment. Wickes' environmental management controls are externally aligned to the international standard ISO 14001, with an independent audit due in the first half of 2023 followed by certification audits later in 2023. We are members of the On-Pack Recycling Label (OPRL) scheme, and we encourage all suppliers to sign up to the scheme and use the labels on their products. We understand the nature and scale of our impact, and the importance of working with our supply chain and partners to reduce it.

Business ethics

Wickes is committed to conducting our operations honestly and with integrity.

Product quality

Wickes aims to source only products that are safe, fit for purpose and meet or exceed our customers' expectations. We require each product that enters our supply chain to comply with all applicable legislation.

Responsible Sourcing Policy

Our Responsible Sourcing Policy ensures that we source products and partners responsibly and set minimum standards across our supply chain. This policy is intended to meet all relevant legislative requirements, as well as to provide confidence for our customers and stakeholders that Wickes is a trusted partner and retailer. We continue to conduct our ESG questionnaire with key suppliers, which looks to better understand the risks within our supply chain and the opportunities for improvement and collaboration. We regularly review the outcomes of the ESG supplier questionnaires and report these to the Executive Board annually. We review our minimum standards each year to make sure that our policy remains fit for purpose.

Auditing and risk assessments

Thanks to improved travel opportunities in the last 12 months, we have conducted in-person verification with key suppliers in India, South Africa and China. Our next ESG supplier questionnaire in March 2023 will help to inform our future in-person verification plans for the next 12 months.

Engagement

This year, we have focused on engagement with key suppliers, including training sessions on requirements and legislation. We connect with third parties who can verify these suppliers, as well as ensuring continued compliance with UK law.

Near-term Science Based Targets

As part of our work to set and deliver near-term Science Based Targets, we have begun to engage our top 20 suppliers on their own carbon reduction targets. Our ambition is to have 42% of our suppliers by emissions to have also set Science Based Targets by 2027. We will report on this target annually.

Timber Policy

Timber remains a key resource for our business, making up 45% of our sold products. Under our Timber Policy, each timber product that enters our supply chain has to comply with all applicable legislation, including FSC and PEFC. We require full chain of custody on all timber and joinery products. We carry out regular inspections of our suppliers, conduct a supplier risk assessment every two years, and conduct Sedex ethical audits to complement our process. This strategy means that all our timber is responsibly sourced, with 99.8% being certified under FSC and PEFC. The results of the inspections carried out against our Timber Policy are reported to the Executive Board.

Environment Policy

We set out our commitment to becoming a sustainable business, along with all the responsibilities that come with it, in our Environment Policy. This includes working with our supply chain partners to reduce our indirect impacts, improving the efficiency of our estate and reducing waste and packaging. Relevant business leads monitor compliance and report regularly to the Executive Board.

Forestry CDP response

To support our main climate CDP response, which you can read about in our Environment section, we also submitted a basic forestry CDP response. The purpose of this submission was to better understand the requirements of a full forestry response in the future, as well as our own timber and forestry practices. Although our response was not scored, it provided us with an overview of key strengths and focus areas, including:

- innovation – we are using new and innovative methods to better understand risk in our timber supply chain, such as mapping our exposure to various physical climate-related risks across our supply chain geographies, which you can read more about in our TCFD section;
- certification – our alignment to responsible sourcing certifications including PEFC and FSC;
- auditing – our key suppliers are audited regularly through our Sedex platform; and
- policy – we have a Wickes Timber Policy that brings together our sourcing, auditing and governance into a single document, which enforces our approach to sourcing these key products.

We will complete a full forestry response in 2023.

Non-financial information statement

NON-FINANCIAL INFORMATION STATEMENT

The following table sets out where the key content requirements of the Non-financial information statement (as required by sections 414CA and 414CB of the Companies Act 2006) can be found in this document and also on our website.

Non-financial matter	Disclosures of policies and standards	Page
Employees	Section 172 statement: colleagues	56
	Board leadership and company purpose	79
	Strategic report: People, Inclusion and diversity, Colleague voice, Health and wellbeing	35-39
	Safety Policy	38
	Nominations Committee report: Inclusion and diversity	89-90
	Principal risks and uncertainties: People, culture and safety	68
	Directors' Remuneration report	112
Stakeholders	Section 172 statement	55-59
Human rights	Code of Business Ethics	81-82
	Human Rights Policy, Modern Slavery and Human Trafficking Policy	116
	Our Modern Slavery statement can be found on our website	
Social matters	Section 172 statement	55-59
	Strategic report: People, Environment, Homes	35-53
Anti-corruption and anti-bribery	Board leadership and company purpose	79
	Modern Slavery Statement	116
	Anti-bribery Policy	116
	Anti-Fraud Policy	116
	Whistleblowing Policy	81
Environmental matters	Task Force on Climate-related Financial Disclosures	45-50
	Principal risks and uncertainties: Climate change	69
	Strategic report: Environment	40-53
	Responsible Business Committee report	98-100
	Responsible Sourcing Policy	53
	Environment Policy	53
	Timber Policy	53
Principal risks and impact of business activity	Principal risks and uncertainties	66-70
	Audit and Risk Committee report	93-97
Business model	Business model	20
Non-financial key performance indicators	Key Performance Indicators:	
	Carbon emissions; Leadership group diversity	32

Section 172 statement

PROMOTING THE SUCCESS OF THE COMPANY

Section 172 of the Companies Act 2006 requires the Directors to promote the long term success of the Company for the benefit of its members as a whole, having strong regard to our stakeholders when making decisions, and seeking to conduct business responsibly, including reducing our environmental impact. The differing interests of stakeholders are considered in the business decisions we make at all levels across the business and these decisions are guided by our culture and purpose and by the Board setting the right tone from the top.

Our stakeholders have an important role to play in the success of our business and throughout our Strategic report you can see how our decisions and actions have been influenced by our stakeholders.

In this section we describe how the Board has factored section 172 considerations into decision making.

During the year the Board has had to act in an agile and responsive way to the uncertain economic environment, the considerable geopolitical and economic disruption following the Russian invasion of Ukraine, as well as adjusting to the post-pandemic business patterns and finalising the separation programme after the demerger. The Board has closely monitored business performance during these uncertain trading conditions and stakeholder feedback on market expectations of our trading results.

Board decision making is supported by our structured governance framework, which includes regular Board meetings, as well as having clear policies and authority levels in place for management. The Board ensures that it receives quality information, including views from stakeholders, to inform decision making. The Board has approved a suite of policies, including our Code of Business Ethics, which establish a robust system of control and oversight in matters of ethics and compliance. The main activities of the Board during the year are set out on pages 83-84.

Engaging with stakeholders

The Board engages with our different stakeholder groups to enable the Board to gain a good understanding of stakeholders' views and places great emphasis on their feedback as part of its decision making considerations. In order to fulfil its duties, the Board takes care to have regard to the likely consequences on all stakeholders of the decisions and actions which it takes. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business at its core.

The needs and views of our stakeholders are also considered by colleagues and leaders throughout the business, which helps us make good decisions at all levels. By understanding each stakeholder group, the business and the Board can ensure that they are taking all views into account and reaching conclusions that will benefit the Company as a whole. Where possible and relevant, decisions are carefully discussed with affected groups to ensure they are fully understood and supported when taken. Details of our key stakeholders, how they link with our business model and how we engage with them is set out on pages 56-57.

s.172 duties

Examples of how the Directors have undertaken their Section 172 duties and have had regard for these matters when making decisions is included through this Annual Report:

s.172 factor	More information	Page ref.
a) The likely consequences of any decision in the long term	Strategy and business model	22-30, 20
	Principal risks and uncertainties	66-70
	Performance review	8-11
b) The interests of the company's employees	People strategy	35-39
	Responsible Business	33-53
	Section 172	55-59
	Principal risks and uncertainties	66-70
	Board leadership and Company purpose	79
	Directors' report	115-117
c) The need to foster the company's business relationships with suppliers, customers and others	Directors' Remuneration report	101-114
	Strategy	22-30
	Responsible Business	33-53
	Section 172	55-59
	Principal risks and uncertainties	66-70
	Board leadership and Company purpose	79
d) The impact of the Company's operations on the community and the environment	Responsible Business Committee report	98-100
	Section 172	55-59
	Responsible Business	33-53
	TCFD disclosure	45-50
e) The desirability of the company maintaining a reputation for high standards of business conduct	Responsible Business Committee report	98-100
	Strategy and business model	22-30, 20
	Responsible Business	33-53
	Responsible Business Committee report	98-100
	Board leadership and Company purpose	79
	Division of responsibilities	85
f) The need to act fairly as between members of the company	Whistleblowing	81
	Section 172	55-59
	Board activities	83-84
	Shareholder information and AGM	160

Section 172 continued

Stakeholder	 COLLEAGUES	 CUSTOMERS	 SUPPLIERS
Priorities	<p>Our colleagues want a great place to work where everyone feels at home and can bring their true authentic self to work. They want to work for a business that prioritises the health and wellbeing of colleagues, provides development opportunities, values inclusion and diversity, and is an environment where colleagues feel recognised and rewarded for the work they do. More recently colleagues have also wanted support and guidance with managing the cost of living crisis and more information on environmental matters.</p>	<p>Our customers want good quality, affordable and sustainable products which have been ethically sourced, which they can buy easily. They also want excellent service and for all our colleagues and suppliers to be treated fairly.</p> <p>Our customers want to know that we will conduct business ethically, including protecting the environment and keeping their personal data safe.</p>	<p>Our suppliers want to be treated fairly and with respect. To receive a fair price for the products and services they provide and be paid on time. They welcome our collaborative approach and want to develop long term partnerships based on trust to build capability together and create value that can be shared.</p> <p>Suppliers want our guidance and support to help them understand their climate-related risks and set their own Science Based Targets.</p>
Business model & strategy link	<p>Our passionate colleagues and the winning culture are an enabler at the foundation of our business model and strategy to deliver our Purpose – to help the nation feel house proud.</p>	<p>With our vision of a Wickes project in every home and our mission to be the partner of choice for home improvers and Local Trade, customers are at the heart of our business however they decide to undertake their home improvement plans.</p> <p>We recognise that getting it right for customers is key to achieving our growth levers by delivering exceptional customer experience and growing responsibly.</p>	<p>Having strong relationships with our suppliers to ensure that we offer quality products, at the right price and have good availability underpins our business model and our three customer propositions.</p> <p>Working with suppliers on our Responsible Business Strategy means we can have a greater impact on environmental issues, such as packaging. We will work with suppliers to achieve our Scope 3.1 near-term Science Based Target by helping them set their own Science Based Targets by 2030.</p>
How we engage & outcomes	<p>Our people are key to our success and we want them to be successful individually and as a team. The Board ensures its understanding of colleague interests through many forums, including a regular review of talent and succession, reward and benefits and safety and wellbeing reports, along with listening to colleague views.</p> <p>We engage with and listen to our people in many ways, including colleague surveys, site visits, forums, Support Centre monthly briefing meetings, listening groups, face-to-face briefings, internal communities, newsletters and through our anonymous whistleblowing service. To help understand how colleagues are being affected by the cost of living crisis, we have set up a cost of living colleague working group. In response, the Board decided to bring forward the annual pay review from April to January so that colleagues could benefit from pay increases earlier.</p> <p>Key areas of focus in our communications with colleagues include business updates, new products and services, health and wellbeing, inclusivity programmes, development programmes, pay and benefits, and charity activities. The Board receives regular reports about what is important to our colleagues and one of our Non-executive Directors, Sonita Alleyne, takes the lead on ensuring colleague views are heard by the Board and taken into consideration in Board decision making.</p> <p>Through colleague engagement on environmental awareness and changes made by colleagues in store we have seen a reduction in our electricity usage during the year.</p>	<p>The business spends considerable time analysing customer trends and reviewing customer feedback, including from customer listening groups and surveys, to understand their needs and views and to listen to how we can improve our offer and service. Our senior management team meets on a monthly basis to review customer insights and discuss the customer proposition in depth. Outputs are reported to the Board at every meeting and Board members also attend customer listening groups from time to time.</p> <p>In response to customer interest we partnered with Klana in November 2022 to provide customers with an alternative payment method. We now offer customers the option to: pay now, pay later in 30 days, or pay in three installments.</p> <p>During 2022 we launched our 30 minute click & collect service to meet customers' needs for a faster fulfilment service for online orders.</p> <p>In response to customer focus on environmental and sustainability issues, we launched our sustainable house guide and energy saving advice pages on our website to help support customers to engage in environmental matters. We are looking at opportunities to bring this knowledge and information to life in our stores by curating specific ranges of energy saving products and providing better signposting for customers in store to these products. We also provide information on our website on our Responsible Business Strategy.</p>	<p>The Board places great importance on ensuring suppliers are treated fairly and we build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. This enables us to provide the best products at the best prices for our customers and a great platform for our suppliers to grow with us.</p> <p>Engagement with our suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include innovation, product development, health and safety, sustainability and payment practices. We also host supplier conferences each year with our largest suppliers. The Board's forward plan includes a strategic supplier visit and this year the Board visited one of our kitchen cabinetry suppliers, receiving direct feedback from the supplier's management team.</p> <p>We want to encourage our suppliers to be environmentally focused and to set Science Based Targets by actively helping suppliers to understand their climate-related risks.</p> <p>To improve our ways of working with suppliers, we updated our standard Terms of Business in 2022, both to simplify the structure of the terms and to make them more commercially balanced to enable a more efficient process for onboarding new suppliers. We also published an updated Supplier Manual and set of Supplier Commitments on our corporate website, setting out how we work with Suppliers and the values and behaviours we expect our suppliers to align with.</p>

Stakeholder	 LANDLORDS	 SHAREHOLDERS	 COMMUNITIES	 GOVERNMENT AND REGULATORS
Priorities	Our landlords want successful and reliable tenants, to understand the environmental impact of their assets and work with tenants to reduce their carbon footprints.	Our Shareholders want us to achieve long term, sustainable growth and returns. Shareholders want us to set targets and deliver strong performance on ESG matters and link executive performance to ESG metrics.	Our communities want us to: be a responsible employer that operates ethically, bring value to the community, and be committed to reducing our impact on the environment. They want our colleagues to be representative of the communities that they serve and to provide equal opportunities.	The Government and regulators want us to operate in a safe and ethical way and comply with laws and regulations.
Business model & strategy link	A low-cost, right-sized physical estate is part of the foundation of our business model and having strong long term relationships with our landlords supports our store investment decisions.	We aim to deliver long term sustainable growth and returns to Shareholders through the delivery of our strategy. Our Responsible Business Strategy provides a framework to communicate our ESG targets and ambitions with Shareholders.	Our Responsible Business Strategy sits alongside our business model and supports an inclusive and diverse society, an environment that is protected for the next generations and homes fit for a sustainable future for all.	Our sound corporate governance and high ethical standards underpin our business model.
How we engage & outcomes	<p>Engagement with landlords is conducted via the property team on a day-to-day basis and in formal quarterly meetings. Discussions focus on leasing arrangements and extensions, ESG initiatives, energy data sharing and reporting, and early stage green lease clauses. The Board receives an annual update on property and landlord matters.</p> <p>We want to work together to help decarbonise our estate. We have actively engaged in conversations with our landlords on environmental matters, such as installing solar panels and heat source pumps. As part of these projects, we have entered into Power Purchase Agreements to set a fixed rate for solar energy to be paid to landlords who install solar panels on our stores.</p>	<p>Our Shareholders are key to the long term success of the business and we value their input and views. We engage with our Shareholders in a number of ways, including one-to-one and group meetings with Board Directors and senior management, written communications, store visits, roadshows, regulatory reports, market announcements and presentations, and our Annual General Meeting.</p> <p>Our executive remuneration performance metrics are strategically aligned with Shareholders' interests by linking incentive plan metrics with KPIs, such as earnings per share growth, total shareholder return and ESG objectives. In response to shareholder views we have incorporated a decarbonisation target into our 2023 Long Term Incentive Plan.</p>	<p>We engage with the communities in which we operate to build trust and understand the local issues that are important to them.</p> <p>We engage with our communities at a local level through our stores and distribution centres. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment</p> <p>In addition to our main national charity partnership, through our Community Programme we support local charitable activities at a store level to raise awareness and funds and complete community projects. To support our Community Programme further we had a dedicated fund of £250,000 for product donations in 2022.</p> <p>We engage with our communities at a local level through our stores and distribution centres. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment.</p>	<p>We engage with the Government and regulators to understand their views and priorities and to share our views and experience to help shape future policy.</p> <p>We engage through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business.</p> <p>Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board also receives regular updates on legal and regulatory developments.</p> <p>This year, we wrote to the Government to express our support for the Government's commitment to energy efficiency, including the new ECO+ scheme and the establishment of the UK Transition Plan Taskforce.</p>

Section 172 continued

STAKEHOLDER KEY



Colleagues



Communities



Shareholders



Suppliers



Customers



Government and regulators



Landlords

NEAR-TERM SCIENCE BASED TARGETS¹

Background

Science Based Targets (SBTs) are the gold standard of climate change commitments. Growing our business sustainably and managing the impact of our business on the environment is important to the Board. The Board wants to be able to demonstrate that protecting the environment is an integral part of our Responsible Business Strategy and to set firm commitments to decarbonise our business by having approved near-term SBTs building on the collection of baseline data in 2021.

Stakeholder considerations



Shareholders

The Board considered the need to deliver long term sustainable value to shareholders and to provide shareholders with globally recognised and measurable targets to assess our environmental performance. The Board also considered the balance needed between a return of capital to shareholders and the capital investment required to support a programme of works to decarbonise the business, which will underpin our ability to achieve our near-term SBTs.



Customers

The Board recognises that customers are looking for ways to reduce their own impact on the environment and to make their homes more energy efficient to help manage costs more effectively, as well as wanting businesses that they deal with to look after the natural environment. The Board has taken these views into account when setting our SBTs, which will help us to demonstrate our commitment and monitor our progress so that customers can be confident that we are taking action.



Suppliers

Engagement with suppliers will be critical to deliver our near-term SBTs. The Board recognised the importance of our supplier relationships and the opportunity to strengthen relationships through support on common environmental matters, as well as identifying further opportunities for suppliers to provide new sustainable products and services.



Landlords

As a business operating a leasehold structure of our physical estate, the Board considered the support and collaboration needed with landlords to decarbonise. In particular, the opportunity to support landlords to install solar panels so that our store energy can be sourced from solar power and to move from gas boilers to air source heat pumps. We also want to help landlords to achieve their own environmental reduction targets.



Colleagues

The Board felt that committing to near-term SBTs would support a culture where protecting the environment was recognised as being important for the long term success of the business. Colleagues are passionate about wanting to work for a responsible business and to feel that they can play a part in contributing to a more sustainable future. Colleagues' support will be crucial to delivering our near-term SBTs through implementing our in store energy saving initiatives and encouraging more environmentally friendly behaviours.



Communities

The communities that we operate in expect us to behave ethically as a responsible business and to commit to reducing the impact of our business on the environment. Our near-term SBTs will enable us to measure and demonstrate our environmental performance to these communities.



Government and Regulators

By setting near-term SBTs the Board is able to demonstrate our commitment to environmental issues. SBTs will help us to meet our legal and regulatory climate related disclosure requirements by making environmental matters integral to our business strategy.

Outcome

The Board approved the near-term Science Based Targets submission and the capital investment required to support the programme of works to decarbonise the business. Our near-term SBTs were approved by the SBTi in December 2022 and the Board will closely monitor progress to achieve them.

¹ s172 paragraphs (a), (b), (c), (d), (e) and (f).

SUPPLY CHAIN LOGISTICS CONTRACT²

Background

As part of a strategic review of our distribution and supply chain logistics services, the Board reviewed the contractual arrangements with our current suppliers. An opportunity was identified to simplify our contractual arrangements and achieve cost efficiencies, whilst maintaining excellent service delivery and good outcomes for colleagues by entering into a new medium term supply chain logistics contract with a key strategic supplier.

Stakeholder consideration



Suppliers

The Board considered the longstanding and collaborative supplier relationship that had been established and supported the opportunity to simplify the existing supplier arrangements into a single contract. This set consistent performance measures, whilst also developed the relationship by including additional services, providing certainty to both parties on the duration of the contract, and benefiting from the supplier's expertise.



Colleagues

The Board considered the impact of the new supply chain logistics contract on colleagues, which would require the majority of colleagues

affected to transfer to the supplier pursuant to TUPE regulations, with a small number of colleagues put at risk of redundancy. The Board recognised the excellent health and safety record of the supplier and the specialist skills and learning opportunities for colleagues to further their careers. It was felt that the supplier's safety and wellbeing values aligned with our own.



Customers

The Board recognised that the new contract would enable the business to deliver a better service to our customers in the longer-term by expanding the scope of services to a specialist logistics partner.



Shareholders

The Board considered the cost efficiencies associated with the new contract, which would support the need to deliver long term sustainable value to shareholders.



Communities

The Board considered the implication of the new contract on the Company's related carbon emissions and noted that the supplier already had strong decarbonisation initiatives in place.

Outcome

On balance, the Board decided that entering into the new contract was in the best interest of the Company because it provided favourable cost savings and budget certainty for the duration of the contract.

² s172 paragraphs (a), (b), (c), (d), (e) and (f).

WICKES LIFESTYLE KITCHENS RANGE³

Background

As part of a strategic review of our ready-to-fit kitchen range, an opportunity was identified to expand the range under a new brand and offer customers a new digital design element. The rebranded Wickes Lifestyle Kitchens range targets the lower budget kitchen market and offers an alternative to our DIFM showroom offering.

Stakeholder consideration



Customers

The Board considered the needs of customers with a lower budget, customers who wished to take advantage of a fully virtual sales and design service, and already wanted a ready to fit option.



Shareholders

The Board considered the importance of making investment decisions that support long term sustainable growth and provide new opportunities to grow market share. The Board wanted to act in an agile way to respond to market trends and develop an already popular product range.



Suppliers

The Board recognised that expanding the number of products in the Wickes Lifestyle Kitchens range would help to deepen existing supplier relationships and provide opportunities for suppliers to offer new products to us.



Colleagues

The Board felt that the expanded product range would enable colleagues to better meet customer needs. New jobs would be created at the virtual sales centre in Bicester providing opportunities for existing colleagues and for new colleagues to join the business from the local community.

Outcome

The Board decided that investing in the Wickes Lifestyle Kitchen range was a sound investment case, which would give the business the opportunity to increase market share and better meet customers' needs.

³ s172 paragraphs (a), (b), (c) and (f).



Financial review

FINANCIAL REVIEW

We are pleased to report another period of sales growth and market share gains in Core (source: GfK). This builds on our long term track record of growth, which reflects the effective business model and the investments we have made in our digital and service propositions. LFL sales for FY2022 were ahead by 3.5%, with a strong finish to the year in DIFM delivered sales, and, within Core, strong Local Trade sales over the year. Adjusted operating profit declined moderately from the record high of 2021, with a lower adjusted gross margin as a result of inflation and mix factors, plus higher P&L investment costs in areas such as distribution, refits and IT.

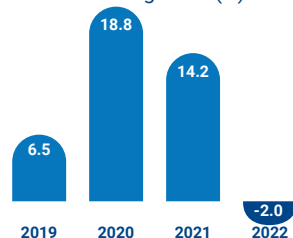
Adjusted profit before tax also declined, despite reduced interest costs which were primarily a result of lower leasehold debt. Note that from FY2022 onwards we will be excluding unrealised gains and losses from forward currency contracts from adjusted profit before tax, as these can potentially be material, are non-cash and do not reflect underlying business performance.

Statutory profit before tax also declined, reflecting the reduction in adjusted profit before tax, a full year of IT separation costs, and a right-of-use asset impairment charge. The business was broadly cash neutral in the year, other than the expenditure on IT separation.

Adjusted revenue

Adjusted revenue for the 52 weeks to 31 December 2022 was £1,559.0m, an increase of 1.6% on the prior year. In FY2021, the 53rd week added £24.5m of sales, so revenue growth on a 52 week basis was 3.2%. With a small net reduction in floorspace (closure of two stores and a Kitchen and Bathroom standalone unit, and the opening of a new store at Bolton), full year LFL sales growth was 3.5%.

Core LFL sales growth (%)



Core revenue, encompassing Local Trade and DIY segments, declined by 3.8% to £1,187.9m, down 2.2% on a 52 week basis. LFL sales declined by 2.0%, although this improved over the course of the year. This was partly as a result of weaker one-year sales comparatives as Covid comparatives eased, but also from some stabilisation in DIY sales, which had softened from June onwards as a result of the cost of living crisis. Stronger sales of energy-saving products were a notable feature here. There was also some impact from very hot weather in late summer, which may have shifted some activity from Q3 into Q4.

On a three-year basis, Core LFL sales growth was 33.0%, driven by growth in Trade sales as our TradePro business goes from strength to strength. Looking ahead, the three-year comparatives become less meaningful as the base year will include the first Covid lockdown, so this measure will no longer be provided.

Core sales performance was strongest in a number of areas which have seen specific range reviews and product development, such as garden, decorative and SNAF (screws, nails and fittings). The building category also performed well. Other categories, such as outdoor decking, were affected by a strong Covid-related performance in 2021.



MARK GEORGE

Chief Financial Officer

Although profits stepped back from a record year in FY2021, we are very pleased to report another year of improving sales densities and Core market share.

Selling price inflation for the full year was 13%, moderating as the year progressed. In the first half, inflation was 15% (H1 2021 3%), as we experienced the full impact of Covid recovery and the war in Ukraine. Inflation then moderated in the second half to 10% (H2 2021 11%) as we started to see some price increases moderate and, in some categories reverse (e.g. timber). We would expect a lower level of inflation overall in 2023, although some price inflation remains in energy-intensive categories such as cement.

Our trading strategy remains to be very competitive on price (even before the 10% TradePro discount), and in 2022 our selling price inflation was significantly less than cost price inflation. Historically this strategy has helped to drive market share gains.

This unprecedented level of price inflation had several implications. Firstly, industry volumes came under pressure, as consumer spending could not grow in cash terms as fast as inflation. Our own volume performance, excluding mix effects, declined by 15% in 2022, although this improved sharply as the year progressed and in the fourth quarter was down by less than 5%.

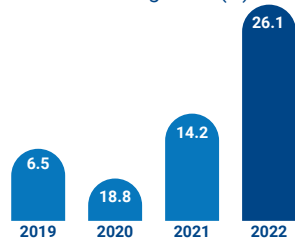
Secondly, our customer surveys show an increasing focus on value for money and shopping around, especially using digital channels. Projects that have been priced to a budget may be at risk unless inflation can be managed out of raw materials inputs. TradePro gives the trade the opportunity to lower the cost of their materials, and we believe this is one reason why our TradePro customer growth has accelerated in 2022. As yet, however, we have not seen a marked increase in the proportion of

Wickes branded products within the mix, although we are well placed to benefit if this does materialise. Finally, as outlined below, inflation affects both gross margin and cost ratio measures.

DIFM delivered sales were £371.1m, an increase of 23.6%, as we successfully worked through the elevated order book. LFL sales increased by 26.1%. The performance was particularly strong in the fourth quarter, where we benefited from reaching our target of 3,000 installer teams (March 2022 2,600), as well as some impact in the prior year from Omicron. On a three-year basis, delivered sales were close to the level reported in 2019, with LFL sales down 1.3% versus this pre Covid period.

DIFM orders in value terms were slightly down year-on-year, although the trend improved over the course of the second half. Orders have been particularly strong in new designs, both in kitchens and bathrooms, and the attachment rate (flooring, tiling, doors) continues to rise. Our credit offer, currently at 4.9% APR, remains very attractive. Cancellations remain at low levels.

DIFM LFL sales growth (%)



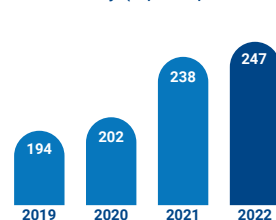
At the end of 2022, the order book was below December 2021, but still higher than 2019. With our installer base now at the optimum level, we see the order book returning to more normal levels by the end of 2023, which will provide some benefit to delivered sales in the current year.

Taken together, our growth levers have contributed to a 27% improvement in sales per square foot since FY2019. For FY2022, this metric improved from £238 to £247.

Adjusted gross profit

Adjusted gross profit for the full year was £567.1m, in line with the prior year. Adjusted gross profit margin declined 70bp for the full year (H1 2022 -70bp) as a result of mix effects in Core and selling price inflation below cost price inflation. Mix effects included the consistent growth of TradePro (lower percentage margin in trade products, plus the 10% TradePro discount), and, in the second half, the softening of DIY sales.

Sales density (£ per square foot)



Mix effects between Core and DIFM had a limited impact on adjusted gross margin. Inclusive of installation revenue, DIFM overall gross margin percentage is similar to that within Core.

Distribution costs, taken within gross profit, were flat as a percentage of sales. Despite inflation in related cost areas, some of these costs are volume, not value linked, allowing some improvement in ratios. The proportion of in-store sales also increased, with online sales falling back slightly as trading patterns normalised post pandemic.

Adjusted operating profit

Adjusted operating profit was £103.9m, down 10.7% on the £116.3m reported in FY2021. Incremental profit from the strong recovery in DIFM sales was more than offset by a lower contribution from Core as a result of lower LFL sales and the reduction in adjusted gross profit margin percentage. The impact of cost inflation and investment in growth initiatives were also not fully offset by cost savings of over £20m.

The adjusted operating profit margin was 6.7%, down from 7.6% last year. The majority of the reduction was driven by the decline in the adjusted gross margin, as noted above.

The cost to sales ratio¹ deteriorated by 20bps. Selling costs were broadly flat, with cost inflation offset by lower transaction numbers and elimination of the final portion of Covid costs. Adjusted administration costs were up moderately, with increases in IT, Support Centre salaries, and annualisation of PLC costs more than offsetting a lower bonus pool.

¹ Cost to sales ratio is the total of Selling costs and Administrative expenses as a proportion of Revenue.

Net finance costs

Adjusted net finance costs were £28.5m, down from £31.3m last year. There was a £2m reduction in IFRS16 lease interest as a result of a lower average lease term, and a £1.8m increase in interest receivable as a result of higher rates on cash deposits. 2021 net finance costs included an unrealised gain of £0.7m on forward currency contracts. The corresponding figure for 2022 was £1.7m, but this, and any unrealised gains and losses in future years, will be taken as adjusting items as explained above. 2021 results have not been restated as the impact was immaterial.

Adjusted profit before tax

After finance costs adjusted profit before tax for the full year was £75.4m, a decline of 11.3% on the £85.0m reported in 2021. Excluding unrealised foreign exchange gains in both years, the decline would have been 10.6%.

Adjusting items

Adjusting items within revenue represent the £3.4m VAT reclaim. Statutory revenue in FY 2022 was £1562.4m, compared with adjusted revenue of £1559.0m.

Pre-tax adjusting item charges for full year 2022 were £35.1m (FY2021 £19.6m). IT separation costs were in line with expectations at £24.4m, and there was a non-cash impairment charge of £15.8m. These were partially offset by the unrealised foreign exchange gain of £1.7m referred to above, a reclaim of VAT overpaid in previous years of £3.4m and a tax credit of £6.8m.

Financial review continued

Profit before tax

Profit before tax in full year 2022 was £40.3m, compared with £65.4m in the prior year. The decline reflects the reduction in adjusted profit before tax and higher adjusting items.

Tax

Tax for the period is charged on profit before tax, based on the forecast effective tax rate for the full financial year. The underlying effective tax rate (before adjusting items) for the 52 weeks ended 31 December 2022 is 20.1% (53 weeks ending 1 January 2022 19.4%). In FY2021 the underlying effective tax rate was lower primarily reflecting a significant deferred tax credit (£6.7m) arising from changes to the UK corporation tax effective from 1 April 2023 from 19% to 25%.

Tax on adjusting items in full year 2022 was £6.8m (FY 2021 £9.9m).

Capital expenditure

Capital expenditure in FY2022 totalled £40.4m, slightly below our expectations at the start of the year but ahead of the £26.5m in 2021.

The main components were £24.7m investment in the store estate (2021 £13.0m), of which refits were £16.2m, the new store in Bolton £1.4m and other store capex across the estate of £7.1m. Separately, there was a £6.1m investment in one freehold at Braintree. There was £9.3m investment in our digital IT capability (2021 £6.1m), as we continue to develop our multi-channel offer.

We expect FY2023 capital expenditure once again to be £40-45m. Although we are not expecting to acquire further freeholds in FY2023, IT capital expenditure will step up further during the year as we continue to enhance our customer experience and operating systems.

Cash / net debt

Net cash as at 31 December 2022 was £99.5m, down from £123.4m in the prior year. Operating profit was broadly equal to the capex investment, working capital movement and dividend outflows, and the net movement in cash overall was therefore driven by the £24.4m of IT separation costs. As expected, net cash has also moderated from the £166.5m reported at the half year stage, as the latter is a seasonally high figure benefitting from the sell through of seasonal stock, the build up of deferred income from the DIFM Winter Sale, and is also struck before payment of the second half dividend.

The inventory position of £201.6m compared with £188.2m in the prior year. The increase resulted from the impact of product inflation, which more than offset the reduction in stock volumes. Despite lower Core sales and the stock rebuild at the end of 2021, which has seen an improvement in availability, stock turn remained healthy at 4.4x.

IFRS 16 net debt reduced to £591.8m (FY2021 £618.7m), driven by a fall in lease liabilities to £691.3m (FY2021 £742.1m) due to the low level of lease renewals during the period, partly offset by the lower cash balance.

On a last twelve month basis, IFRS 16 leverage was 2.90x compared with our target of being consistently below 2.75x.

Dividend

The Board has declared a final dividend of 7.3p per share, in line with prior guidance, which will be paid on 7 June 2023 to shareholders on the register at the close of business on 21 April 2023. This will bring the full year dividend for FY2022 to 10.9p. The proposed final dividend is subject to the approval of shareholders at this year's Annual General Meeting.

The shares will be quoted ex-dividend on 20 April 2023. Shareholders in the UK may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 16 May 2023.

Capital allocation policy

The company plans to announce a revised capital allocation policy at the time of its Q2 trading update in July.

Mark George Chief Financial Officer

22 March 2023

Risk management overview

RISK MANAGEMENT OVERVIEW

Background

At Wickes, we recognise that effective risk management reinforces our short, medium and long term success, safeguarding value and enabling us to meet and exceed the expectations of our stakeholders.

In our second year since demerger, we have further refined our risk management approach to better take into account the environment in which we operate, as well as to further embed risk management throughout our business operations and decision making processes. Good awareness of our current and emerging risks, together with a sound understanding of our own strengths and improvement areas, has continued to be a key aspect of how we have operated our business throughout 2022.

During the past 12 months, we have seen the emergence of several new challenges, including the war in Ukraine and inflationary pressures, together with a return to normality after the significant impact of the Covid-19 pandemic.

Although Wickes does not have any operations in Ukraine or Russia and has minimal direct supply chain exposure from the conflict, we have nonetheless maintained a close eye over our operations and supply chain arrangements to ensure, if necessary, we are able to invoke continuity plans to minimise any potential disruption.

Inflationary pressures have increased during 2022, with the resulting effect being felt not only within the UK, but globally. Contributing to the rising cost of living, these economic forces have had a significant effect on the markets we serve, with fiscal projections indicating that the cost of living crisis will continue deep into 2023. Although a crystallising risk, the impact of this risk and the

mitigations that we can apply are likely to remain a key focus of the Board and management teams going forwards.

Emerging risks

The Board's processes for assessing risks that may emerge in the medium to long term continue to operate efficiently. Where updates are required, these updates have been reflected within Wickes' risk profile and, where appropriate, form a key focus for the Board and management teams.

Structural changes to our markets first seen in 2020, driven by changes in working practices because of the pandemic, have become established, with levels of flexible working higher than pre-pandemic levels. We continue to adapt our service offering and evolve our strategy to meet the needs of our customers, while continuing to create long term value. Our approach of focusing on innovation, our supply chain and our ability to scale solutions that take advantage of emerging trends in the home improvement sector has proved effective and remains a core part of our strategy.

Although a risk driver rather than an emerging risk in its own right, climate change and its influence on our operations, and the world around us, continue to evolve. As an ongoing focus, Wickes is working hard to reduce its impact on the environment and, through supporting customers to make greener choices and decarbonise their homes, is supporting the wider climate change agenda. Details on our approach to supporting efforts to combat climate change are provided on pages 40-50.

Over the last 12 months, we have seen the cost of living increase in magnitude. Whilst largely driven by macro-economic factors, through our intelligent sourcing strategy we have sought to maintain the value that we are able to deliver to our customers.

Risk appetite

A critical part of a well-functioning risk management process includes defining the level of risk an organisation is willing to bear in the pursuit of its objectives. The Board has established the Company's risk appetite for each principal risk, and regularly reviews the suitability of these levels considering our operating environment. No changes to organisation's risk appetite has been made during 2022.

Risks that fall outside of appetite levels form the basis of deeper-dive reviews on a periodical basis. These assessments seek to provide assurance that mitigating activity is sufficiently focused to either reduce the level of risk exposure to within appetite in an appropriate timeframe or, where appetite has been purposefully set low, ongoing mitigations are in place to manage the risk as far as practicable.

Risk evolution

To be considered truly effective, risk management should enhance, support and enable the achievement of strategy. Building and operating a framework to do this is challenging and requires

a good level of commitment and engagement from risk owners and the wider business. From the base understanding of risks relating to our strategic priorities, we have interlaced a more operational view of risk management. Combined, these two perspectives support a more rounded and effective decision making approach.

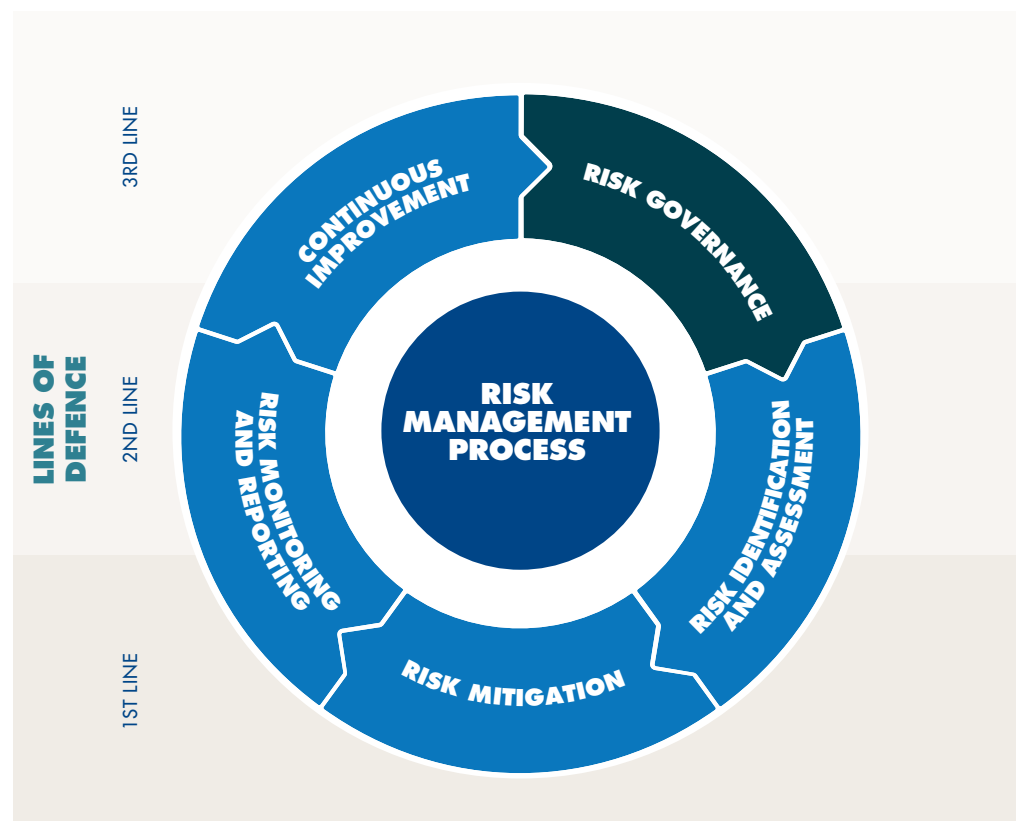


Risk management overview continued

Risk management framework

Our risk management framework is constructed around a five-point model. Integrated across the three lines of defence, our framework has been designed to ensure that suitable oversight is applied throughout the risk management cycle, while ensuring that assurance is provided to those tasked with oversight responsibility. Risk identification,

assessment, mitigation monitoring and reporting processes take place from both a top down and a bottom up perspective. This is to ensure that a comprehensive and complete view of organisational risk is captured, managed and monitored. Each of the five points in our risk framework is further explained across the following pages.



The three lines of defence model was designed to provide a blueprint of how effective governance, risk management and internal control processes work together.

The first line of defence is responsible for operating systems of risk management and control, the second line oversees the activities of the first line, with the third line providing independent assurance that the first and second lines are operating as intended. Together, the three lines provide assurance to governance structures that risks are being managed effectively.

Risk Governance

We have a formal risk management process, part of which assesses and prioritises the Company's principal risks (highlighted on page 66). The Board has overall responsibility for risk management and oversight of the system of internal controls. Risks are reviewed by risk owners on an ongoing basis and are assessed to identify and document

corresponding mitigating actions. Risk updates form an integral part of periodic management reviews and are reviewed by other members of the Company's senior leadership team and the Audit and Risk Committee. The Board sets the risk appetite and monitors and reviews its application and ongoing relevance.



BOARD OVERSIGHT

Develops vision and strategy

Defines organisational Code of Business Ethics

Sets risk appetite and tolerance

Monitors the nature and extent of principal risk exposure

TOP DOWN

Oversight, identification, assessment and mitigation of risk across the Company

EXECUTIVE BOARD

Represents all key functions and teams of Wickes. Maintains policies and programmes, monitors risk exposure, mitigation and internal controls, and manages business risk on a day-to-day basis

AUDIT AND RISK COMMITTEE

Reviews the design and implementation of Wickes' risk management and internal control programmes
Supports the Board in monitoring exposure against risk appetite

INTERNAL AUDIT

Supports Wickes to identify risks and gaps in compliance, and recommends mitigating actions
Facilitates the maintenance of the corporate risk register and monitors progress in the mitigation of each risk
Reviews and tests the effectiveness of internal controls and provides assurance

BOTTOM UP

Identification, assessment and mitigation of risk across key functional areas

RISK MANAGEMENT PROCESS

RISK IDENTIFICATION AND ASSESSMENT

Identifies and owns relevant risks assigning responsibilities at operational/functional level

RISK MITIGATION

Ensures internal control systems are embedded across the business

RISK MONITORING AND REPORTING

Ensures mitigating actions are monitored and implemented. Escalates risk identified at operational or grass roots level to Executive, Audit and Risk Committee and the Board

CONTINUOUS IMPROVEMENT

Reviews the outputs of the risk management process, identifies improvements and supports the further embedding of effective risk management processes within the business



Risk identification and assessment

Formal risk identification and re-evaluation exercises are completed twice yearly with individual members of the Executive Board, functional leads and through the Executive Risk Committee. In addition, regular touch points with the Executive Board, both formally through the monthly Executive Board meeting and as part of regular liaison activities, help to ensure that our view and assessment of risks remain current and accurate.



Risk mitigation

As the primary means by which we can influence the impact and probability of our risks, review and assessment of our mitigation strategies form a crucial aspect of our risk management framework.

As an independent and objective assurance provider, Internal Audit, through delivery of its annual audit plan and regular reporting to the Audit and Risk Committee, provides a thorough assessment of the design and operation of our internal control environment.

Where applicable, second line functions (such as compliance teams) continuously assess the application of controls, providing assurance that appropriate mitigation is being maintained.



Risk reporting and monitoring

The Board, Audit and Risk Committee and the Executive Board remain the three principal governance groups to which the corporate risk register and principal risk view are regularly reported to. The Audit and Risk Committee and Executive Board regularly reviews risks outside current risk appetite levels challenging management on the extent and efficacy of mitigating actions.



Risk continuous improvement

Regular risk assessment and reporting activities enable a more refined assessment of risks to take place. As past understanding is built upon, this helps to create a better view of risk and a greater level of self challenge towards recorded mitigations. Through the risk management cycle, the quality of risk management improves.



Principal risks and uncertainties

To facilitate effective risk management, our principal risks have been further subdivided to provide a level of meaningful granularity, where individual risks and their causes and consequences can be identified and managed. These risks are reflected in the Corporate Risk Register. A view of our principal risks provides a valuable insight into our risk environment. We have identified eight principal risks, which remain from the prior year. In alphabetical order, these principal risk themes are:

Autonomy	Finance and Treasury
Climate Change	Operations
Customer Experience	People, Culture and Safety
Cyber Security and Data	Reputation and Brand Integrity

The Board, supported by the Audit and Risk Committee, has confirmed that it has undertaken a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

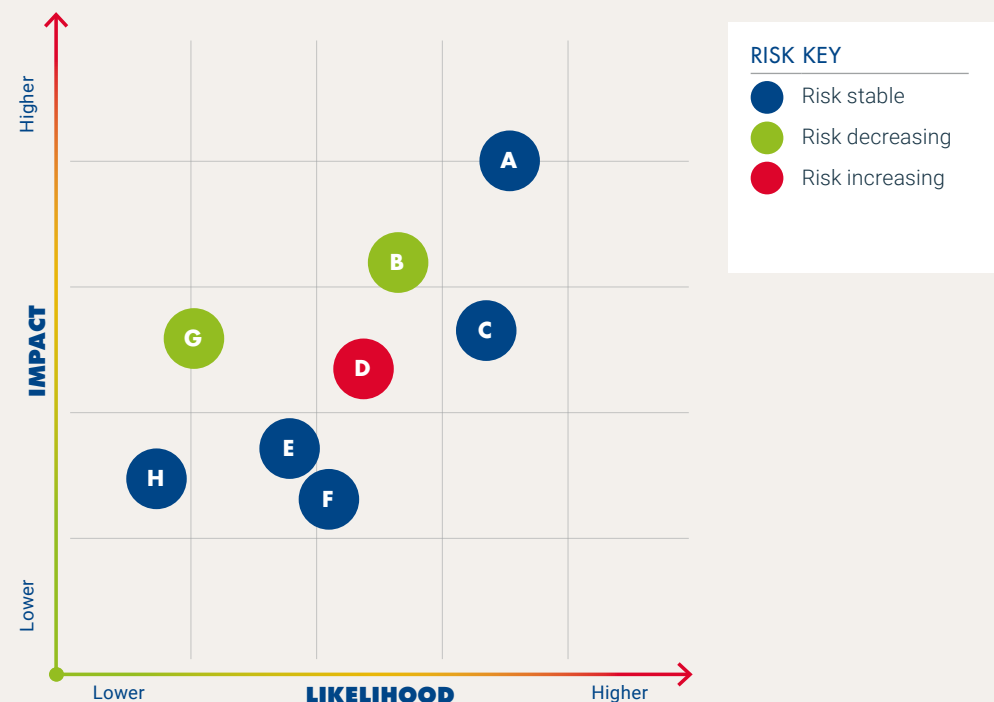
Opposite, a risk map shows the relative likelihood and impact for Wickes' principal risks, and the movement of risks across the period under review. A more detailed assessment of each principal risk is provided over the next few pages.

RISK MAP

PRINCIPAL RISKS THEMES

- A** Cyber Security and Data
- B** Autonomy
- C** People, culture and safety
- D** Finance and Treasury
- E** Reputation and Brand Integrity
- F** Climate change
- G** Operations
- H** Customer experience

The risk map is designed to show the relative exposure of each principal risk theme on a net basis rather than establish the absolute level of impact and likelihood for each risk. The assessment on whether the risk has increased, decreased or remains stable has been made on the basis of the net risk exposure to Wickes.



HOW RISK MANAGEMENT WORKS AT WICKES

Following the demerger from the Travis Perkins Plc and listing as an independent entity, the Wickes Board and Executive team have prioritised developing a sound understanding of our risks, our mitigations and additional efforts that are required to manage our principal risks within agreed risk appetite levels.

This has required risk management thinking to permeate through decision making processes at all levels, from operational teams through to those key strategic decisions driven by the Board.

The approach taken has sought to avoid reliance on box ticking and form filling, instead focusing on developing a sound understanding of risks within the operational context of the business and using this understanding to inform rather than constrain thinking.

Red lines have been defined through risk appetite discussions, empowering management to operate within the boundaries set, supporting innovation and a customer centric mindset.

RISK MOVEMENT KEY



Stable



Decreasing



Increasing

RISK

CYBER
SECURITY
AND DATA

Executive

responsibility:

CEO, General Counsel
and Company Secretary,
and Chief Information
Technology Officer

Trend:



DESCRIPTION

Robust and secure IT systems and accurate data are fundamental requirements for any successful business. Failure to adequately prevent or respond to a data breach or cyber incident could adversely impact our reputation and reduce the level of trust that customers, colleagues and other key stakeholders have in us, as well as leading to significant fines, loss of information and business disruption.

MITIGATIONS

As a digitally-led, service-enabled home improvement business, maintaining a secure IT domain and protecting data is an absolute priority. We adopt a 'Privacy by Design' approach to ensure data security is embedded into our business process. Policies are in place, as well as training and awareness for all colleagues to support a secure culture. We have security controls to prevent, detect and mitigate unauthorised activity and these are regularly tested to provide assurance. Our data and security governance committee, made up of a network of internal data champions in key business areas, meets regularly throughout the year and oversees the development and implementation of our data and security programme. We also report to the Board on data and cyber risk at least twice a year. Data and security provisions are included in third party contracts and a vendor assurance programme is in place to ensure appropriate due diligence is carried out on any third parties we work with who process our data.

PROGRESS

Globally, 2022 has followed a similar trend as previous years, with the frequency and sophistication of cyber attacks, particularly in the retail sector, continuing to increase. Given the external environment, cyber and data is an increasing area of focus for the business, with additional resources being allocated to reflect the additional work required.

Against this backdrop of increasing levels of threat, the direct management of our own systems following the demerger has improved the extent to which we can influence the controls we apply to cyber threats. It has also driven increased visibility and awareness in the business of how we manage and process data, enabling us to focus our efforts on key risk areas. This has been helped by the ongoing work to refine and improve our Record of Processing Activities. We have had one reportable data incident this year, which was dealt with quickly and effectively to mitigate any impact to customers, with no regulatory action taken.

RISK

AUTONOMY
(SYSTEMS
SEPARATION FROM
TRAVIS PERKINS PLC)

Executive

responsibility:

CEO, CFO and
Chief Information
Technology Officer

Trend:



DESCRIPTION

Prior to demerger, Wickes was reliant on back office systems designed and managed by the Travis Perkins Plc. A key aspect of the demerger has been the transition to Wickes systems; however, there are other aspects covered under the autonomy programme, which are required to ensure that Wickes can continue to operate and thrive as a standalone entity. Failure to optimise the outcome of this transition may have a negative consequence on several aspects of back office operations.

MITIGATIONS

Ahead of the demerger and listing in 2021, a detailed transition strategy, programme and individual project plans were put in place to establish our future direction and drive our separation from the Travis Perkins Plc.

As with all projects and programmes at Wickes, an effective project governance approach is taken to provide effective oversight and management of our projects, helping to ensure that they remain on track and on budget to deliver the outcomes required. In addition to following defined best-practice project management frameworks, regular, independent third party assurance is sought to help ensure that things are operating as intended.

PROGRESS

2023 will see Wickes enter its third year as an independent entity and, as such, the Autonomy programme is well advanced and remains on track to deliver full separation as per original timeframes.

To date we have moved across over 300 applications to Wickes and completed the implementation of new HR and finance systems.

As individual projects are completed and the number of projects still to do reduces, there is a reduction in both the gross and the net risk associated with autonomy.

On completion of the separation programme in 2023, Autonomy will cease to be a principal risk.

Principal risks and uncertainties continued

RISK

PEOPLE
CULTURE
AND SAFETYExecutive
responsibility:
Executive Board

Trend:



DESCRIPTION

Our people are our biggest asset; together we are all responsible for making Wickes successful and providing the best service possible to our customers.

Failure to support our colleagues effectively and in the right way may impact their ability to bring 'their best selves to work' and therefore our ability to meet our strategic objectives. Maintaining the safety of our colleagues and customers in store and during installations in their homes is a key priority.

MITIGATIONS

People: The four pillars of Awareness, Education, Policy and Practice, around which our people strategy is built, remain a key focus to embed effective approaches in all that we do. We regularly canvass our colleagues to understand their views and challenges, and have built upon our colleague assistance programme to support good mental health through our 'it is okay not to be okay' campaign, underpinned by our Stevenson/Farmer programme and signed charter. As the cost of living crisis has deepened, additional mechanisms to provide support to those colleagues who need it have been identified, recognising that our colleagues are vital to our continued success.

Culture: We have a well-embedded set of values and leadership behaviours that are hardwired into people processes, ensuring a consistent messaging and approach throughout Wickes. Our motto of 'Let's do it right' extends right across Wickes, from what we do to how we engage with customers, suppliers and colleagues.

Health and safety: The safety of our colleagues and customers is our top priority. Health and safety training is provided to new colleagues during their induction, and regular refresher training is provided to ensure that awareness of this key topic remains high. Regular store health and safety audits are conducted to ensure that our operations remain as safe as possible.

PROGRESS

Our colleagues are vital to the current and ongoing success of the business. The cost of living crisis has also impacted our colleagues and we have recognised that additional support has been needed to help reduce some of the external pressures that are being experienced and support our colleagues to bring their best self to work.

Health and safety incidents have continued their downward trend throughout 2022 and maintaining our good record remains a key area of focus for the business. We are also maintaining a watching brief over our stores and existing safeguards as incidents of violence from members of the public to our colleagues and staged accidents have increased towards the latter half of the year.

RISK MOVEMENT KEY



RISK

FINANCE AND
TREASURYExecutive
responsibility:
CFO

Trend:



DESCRIPTION

Managing finances, including understanding and managing the impact of external influences on our costs and revenue, in an effective and sustainable manner is key to our long term success. It helps to ensure that we are able to continue investing in our growth levers, operational capability, and digital and IT innovation. Failure to effectively manage our financial position sustainably may result in the inability to invest in the future of Wickes and meet our short and long term liabilities.

MITIGATIONS

Effective financial control and financial management enable us to support the delivery of our strategy and ensure that we are able to continue to invest in our colleagues and stores, and in innovating our products and services.

Through the development and introduction of better finance system modules during 2022. The efficacy of financial reporting and associated financial control processes have been substantially improved. These processes support timely monitoring and reporting of performance, including cash flows, which includes a breakdown per store, forming the basis of detailed financial analysis and performance assessment used by the Board and the Executive for decision making purposes.

In addition, detailed modelling, as presented in our financial viability assessment (see page 71) has been developed to provide insight into our financial position and sensitivities to external and internal stressors.

PROGRESS

2022 has seen the emergence and development of macro-economic headwinds. Rising inflation and energy costs, driving the cost of living crisis, have become more pronounced during the year. Impacts from both a cost of goods and energy perspective, and from customers having less disposable income, have contributed to a softening of demand. These factors have resulted in both the gross and net risks scores for this principal risk theme increasing. However, despite these challenges, we remain well positioned within the market, having maintained market share through focusing on our value driven customer proposition.

Although the external environment has softened, we have made good progress in terms of financial process and controls in our second year as a PLC, separated from our previous parent. An important milestone was the successful implementation of a new finance system, Oracle Netsuite, in the last quarter of 2022.

RISK MOVEMENT KEY



Stable



Decreasing



Increasing

RISK

REPUTATION
AND BRAND
INTEGRITYExecutive
responsibility:
Executive Board

Trend:



DESCRIPTION

Maintaining and growing our reputation and brand underpins our long term strategic aims. Failure to do so may prevent us from achieving our strategic objectives.

MITIGATIONS

Our brand integrity and reputation are fundamental factors in ensuring that we are able to achieve our strategic aims, and to maintain and grow our position in the home improvement market. These key elements are woven into the fabric of everything that we do here at Wickes.

Multiple strands contribute to our approach in this area, including significant investment in training our colleagues to ensure the highest levels of consistent customer service are maintained in whichever channel our customers choose to engage with us.

In addition, we work closely with our suppliers to deliver high-quality products that provide value for money, with extensive product testing protocols to ensure our quality expectations are met, together with a customer alert and recall process through the Wickes website, if required.

PROGRESS

Our strategy is underpinned by our strong brand, a distinctive customer proposition, a uniquely balanced business and curated product range delivered through a low-cost and efficient operating model. Great progress has been made throughout the year in delivering our strategy and putting in place strong foundations for future years.

Our brand monitoring programme has helped to protect our brand.

In light of the increasing expectations of our customers, Government and investors towards probity and integrity both at an individual level and at an entity level, the Board and Executive team are focused on ensuring Wickes continues to build upon its strong reputation and brand.

RISK

CLIMATE
CHANGEExecutive
responsibility:
Executive Board

Trend:



DESCRIPTION

The long term success of our business depends on the health of the natural environment. Although the direct impact of climate change on our operations is relatively small due to the business being located solely in the UK, it has the potential to significantly impact our business during the transition to a low-carbon environment. Environmental matters are increasingly important to our colleagues, customers, suppliers, investors and communities in which we operate, driving changes to expectations and information requirements. Failure to manage our operations and influence our value chain towards a low-carbon future may impact our ability to meet our strategic objectives and could adversely impact our reputation and reduce the level of trust that customers, colleagues and other key stakeholders have in us.

MITIGATIONS

Protecting the natural environment is one of the three pillars of our Responsible Business Strategy. We track our carbon emissions across all three scopes within our business and have developed plans to reduce our operational emissions. Through engagement with our suppliers, we are working to better understand and reduce the emissions associated with the products we sell, how they are packaged and the energy they use.

Given the importance of ESG matters to our strategy and our stakeholders, we put our Responsible Business Committee in place on listing as an independent company to oversee the delivery of our climate commitments. The Committee is chaired by Sonita Alleyne, an independent Non-executive Director.

PROGRESS

The impact of climate-related disasters on a global scale highlights not only the fragility of the world we live in but also the necessity for all organisations to act as responsible custodians of our planet.

In 2022, we set near-term Science Based Targets (SBTs) and had these approved, aligning us with other businesses in the UK that are also committed to reducing emissions by 2030 and support the Paris Climate Agreement to limit global temperature rises to 1.5C. We also continue to report on our climate-related financial disclosures (see TCFD section on pages 45-50).

We submitted our first CDP submission in 2022, achieving a B- rating, and completed our first basic forestry submission to better understand the environmental impact of our timber sourcing.

We continue to work on reducing our operational emissions through energy efficiency in our stores, including LED lighting upgrades, heating and cooling control upgrades, and the addition of EV chargers and solar panels. In 2022, we also created a group of sustainability representatives from each of our stores to drive energy efficiency across the estate.

Principal risks and uncertainties continued

RISK

OPERATIONS

Executive responsibility:
CEO, Chief Operating Officer and Chief Commercial Officer

Trend:



DESCRIPTION

Effective operations support us in our drive to be the home improvement partner of choice, whether a customer opts to do it themselves, hires local tradespeople or works with Wickes directly to achieve their home improvement dreams. Failure to manage our operations effectively will impact our ability to provide the right level of customer help, the right volume of stock to support their needs or a timely connection to our installation teams, reducing the high quality of customer experience we strive to deliver.

MITIGATIONS

Our digitally-led and service-enabled strategy continues to build on the solid foundations created in previous years.

Initiatives including Park & Collect, in-store digital picking and in-store fulfilment space to support multi-channel sales have supported customers with the products and services they need at the best possible value and have enabled us to maintain excellent product availability across our range.

We continue to maintain a close view on product demand, stock availability and supply to ensure that we can continue to bring customers the level of service, product range and value that our brand is known for.

PROGRESS

The pandemic and resulting global supply chain disruption proved challenging for many businesses, however, our team was able to build on strong relationships with our supply base to navigate inflationary pressures and raw material constraints over the period. As the pressures relating to the pandemic have eased, the measures that were put in place have maintained a robust and resilient supply chain. We remain well positioned despite the challenging global environment.

RISK MOVEMENT KEY



Stable



Decreasing



Increasing

RISK

CUSTOMER SERVICE AND EXPERIENCE

Executive responsibility:

CEO, Chief Operating Officer, Chief Marketing and Digital Officer

Trend:



DESCRIPTION

Our success is dependent on providing our customers with the highest levels of customer service and a positive customer experience that results in customers coming back to Wickes. Failure to maintain high standards of customer service and experience may impact sales.

MITIGATIONS

Throughout 2022, Wickes has maintained a sharp focus on our customer first approach, further enhancing and refining several customer focused activities including our Customer Closeness programme, our seven customer personas, our customer satisfaction programme and our rich understanding of data which fuels our Missions Motivation Engine.

Daily and weekly customer surveys gather feedback on customer experiences with Wickes. We also collect customers' views on their experience through our digital platform, store channels and our Click & Collect and Home Delivery services. Verbatim feedback is triaged and fed into functional ownership so that we can tackle the root cause of any issues found. This approach has delivered year-on-year customer experience benefits. All customer contact is captured and profiled to increase our understanding of why customers contact us; through this process, we can identify and fix the root causes of issues rather than addressing symptoms. All complaints are treated seriously and individually, and the customer contact process and root cause approach has helped us achieve an 80% Good or Excellent satisfaction rating when looking at customer complaints resolution. We also measure and report customer satisfaction at every stage of the DIFM customer journey, helping us to drive continuous improvement by targeting those parts of the process which receive lower satisfaction scores.

PROGRESS

We have seen a year-on-year improvement in our customer satisfaction scores, partly driven by our investment in technology and focus on measurement, corrective action and root cause analysis. This investment has resulted in improvements to back-office infrastructure and functionality which deliver a better customer experience. We have also made a significant investment in technology within our stores to support our unique '4C' (four channel) store service model.

Viability statement

VIABILITY STATEMENT AND GOING CONCERN

Introduction

The UK Corporate Governance Code requires companies to state whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of assessment. Several scenarios have been modelled to support our viability statement, which assess the impact of our principal risks on the solvency and liquidity of the Company.

Assessment period

The Directors' assessment of viability has been made over a five-year period. This is considered appropriate as it is consistent with the period over which the Group considers its principal risks and aligns with the Company's Five-Year Plan, which is regularly presented to the Board, and covers the period up to December 2027.

Assessment of prospects

This viability statement should be read in conjunction with the description of the Group's business model and strategy, which are set out on pages 20-21 and 22-30, respectively. The Directors assess the Group's prospects on a regular basis and in particular progress against the strategic objectives set out in its Five-Year Plan. The Plan delivers forecasts of the Group's financial performance including cash flows, and allows the Directors to assess the Group's liquidity position and adequacy of funding. Sensitivity analysis of the main assumptions underlying the plans is also carried out. The plans are approved by the Directors and financial budgets and KPIs are subsequently used to monitor performance in the Board's monthly review of the Group's results.

In its assessment of the Group's prospects, the Board has taken into account:

- Uncertain trading conditions and expectations of the future economic environment, as well as the potential influence of climate change on our business. There remains a lot of uncertainty over macro-economic risks brought about by the recessionary environment in the UK, high inflation, and global supply chain issues; despite the impact of these uncertainties in 2022, the Group has maintained revenue levels and continued to be profitable, although at a slightly reduced level.
- The Group's financial position: despite the ongoing and increasing challenges of the wider economic environment, the Company has reported a strong set of results and positive operating cash flows, offset by our continuing commitment to invest in our business and maintain our dividend policy. We have continued to demonstrate that Wickes is resilient as a standalone entity and we remain confident that our Five-Year Plan shows strong sustainable growth.
- The progress of the Group's demerger from Travis Perkins Plc and the impact of any delays that might be experienced as we move towards the final completion of separating our systems and processes in 2023: we are progressing well into the final stages of the plan across multiple workstreams and anticipate that this will continue to the point of completion of separation.

Assessment of viability

The scenarios for assessing the viability of the company were identified by considering the potential impact of individual principal risks and potential combinations (as shown in the table on page 72).

All eight principal risks have been considered when completing the modelling. These risks combine to represent severe but plausible scenarios covering a range of different operational and financial impacts on the business. In total, six individual scenarios have been created, with a seventh 'collective' scenario, which combines all of the individual scenarios to model a worst-case hypothetical situation (as these could theoretically all run together, with different impacts on our business).

None of the individual scenarios modelled were found to have an impact on the long term viability of the Company over the assessment period. The modelling showed we are in a strong position to withstand each of the individual scenarios. The collective scenario is more extreme and not considered possible to occur: in this scenario, without any mitigations applied, the Group would run out of cash, but limited and achievable mitigations could be applied to return the scenario to a positive cash position. Although covenant breaches are noted, the model does not assume use of the bank facility.

Additionally, reverse stress tests were performed on each scenario to identify what level of sensitivity on each scenario would cause the business to no longer be viable, and the likelihood of these reverse stress tests was considered and found to be remote.

Viability statement

Having assessed the current position, principal risks and prospects of the Company, and taking into account the assumptions above, the Directors confirm they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year assessment period.



Viability statement continued

Scenario modelled	Link to principal risks
Scenario 1 REDUCED CUSTOMER CONFIDENCE AND LOWER SPENDING Reduced customer confidence and lower spending, either through external economic factors or through loss of customer confidence in Wickes as a brand. The budgeted sales increases are not delivered: sales decline in 2023 and return to growth in 2024. ASSUMPTIONS Sales decline by 6% in 2023, followed by growth percentages in line with the Five-Year Plan but from a lower starting point. No change to margin and administrative costs.	Risk A: Cyber Security and Data; Risk E: Reputation and Brand Integrity; Risk H: Customer Experience
Scenario 2 INABILITY TO DELIVER AUTONOMY PROJECT TO BUDGET OR TO TIME The significant ongoing Autonomy project requires additional further investment over a longer time period than currently budgeted to enable the business to meet its strategic targets. Significant further cost is spent on the project up to the deadline of final separation of the remaining functions from Travis Perkins Plc in April 2023. Sufficient additional cost is invested into the project that there is no impact on sales or margin. ASSUMPTIONS Separation costs are increased by 20% each month over the current budgeted lifespan of the project, and the lifespan of the project is increased by another three months. No changes to sales or margin.	Risk B: Autonomy
Scenario 3 SUPPLY CHAIN AND COST MANAGEMENT DIFFICULTY Costs to obtain and distribute goods are impacted by internal factors (operational efficiency, people factors) or external factors (macro-economic factors such as inflation and the cost of living crisis, the cost implications of ESG, and the ongoing challenging global environment having an impact on the availability of goods and the costs of delivery). The business is able to maintain revenue levels but is required to increase the cost base to do so. ASSUMPTIONS No change to sales. Margin rate reduced by 1%. Customer delivery costs increased by 5%	Risk D: Finance and Treasury; Risk F: Climate change; Risk G: Operations
Scenario 4 FURTHER INCREASES IN ENERGY COSTS Energy cost increases driven by the current uncertain economic environment result in costs beyond the level currently budgeted. The business is able to maintain revenue levels but is required to increase the cost base to do so. ASSUMPTIONS Energy costs are £5m above those budgeted in each year of the plan.	Risk D: Finance and Treasury
Scenario 5 INCREASE IN PAYROLL COSTS The cost of living crisis and potential future increases in minimum wage results in salary increases in excess of those budgeted. The business is able to maintain revenue levels but is required to increase the cost base to do so. ASSUMPTIONS No change to sales. Payroll costs in relation to store and warehouse colleagues increased by 5%.	Risk C: People, Culture and Safety
Scenario 6 OPERATIONAL SHOCK A significant external disruption (e.g. a cyber attack or a disease outbreak) requires the business to shut down fully for a short period of time, returning to budget within two months as soon as the effects of the disruption have been addressed. ASSUMPTIONS Zero revenue for two weeks, returning to budget within one month. No change to gross margin percentage: all costs other than direct cost of stock assumed to remain in line with budget, as it is anticipated that any potential cost reductions during a shutdown would be offset by increased costs required to mitigate the potential losses.	Risk A: Cyber Security and Data
Scenario 7 A COMBINATION OF SCENARIOS 1-6 AS SET OUT ABOVE This is seen as a worst-case scenario and the likelihood of occurrence is highly remote.	As above

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report, including the principal risks of the Group set out on pages 66 to 70. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 60 to 62. The Directors have considered the above and how they may impact going concern as well as modelling a severe but plausible downside scenario which assesses the impact on the Group's liquidity headroom of a combination of all six scenarios as set out above.

As a result of this review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and therefore consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Furthermore, based on the Group's strong performance, prospects and liquidity position, the Directors do not consider going concern to be a critical accounting judgement. Further detail in relation to the use of the going concern assumption and the scenarios modelled by the Directors are detailed in note 1 of the Group financial statements.

The Strategic report has been approved by the Board of Directors and is signed on its behalf by:

David Wood
Chief Executive Officer
22 March 2023

Mark George
Chief Financial Officer
22 March 2023