

INTRODUCTION TO **RESPONSIBLE BUSINESS**



SONITA ALLEYNE

Chair of the Responsible
Business Committee

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 LGBTQI+ 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.

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

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



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.

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



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

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.



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.



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.

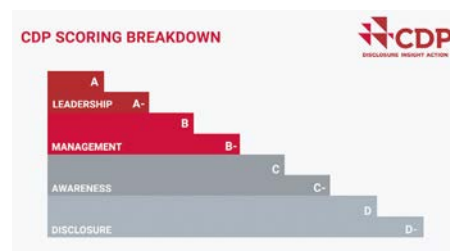


Our ambition is to improve our Climate submission score in 2023, and also complete a full Forestry submission for scoring.

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.

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.

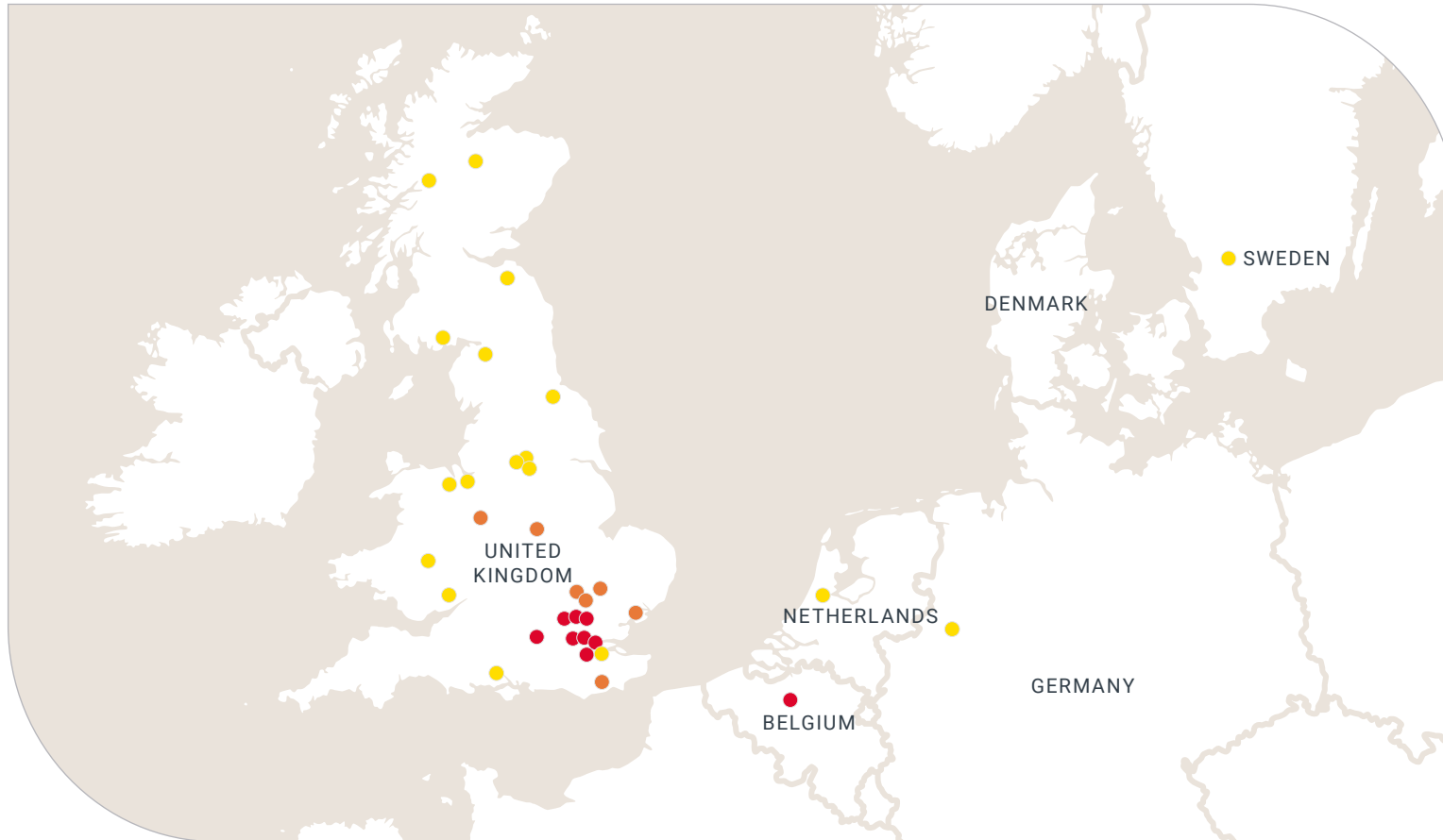
1 IEA (2022) World Energy Outlook.

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.

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



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 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.