

BUILT TO LAST

Responsible Business Snapshot

Increasing our I&D network

We have increased our I&D networks to six, launching a new Forward Focus Network, which will focus on supporting younger colleagues, and how they can help to future proof our business.



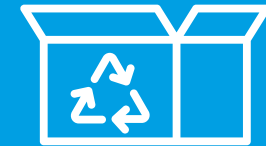
Talking to our customers

We are working with our customers to understand what products and services they need to help decarbonise their homes and live more sustainably. This initiative has included several Customer Closeness sessions with a sustainability focus.



Packaging targets

We have three new packaging targets aimed at reducing our absolute packaging use, increasing the recyclability of our packaging, and the use of recycled materials within it.



Carbon reduction

We are testing new technologies, such as electric heating, upgraded building controls and new low-carbon vehicles.



Supporting YoungMinds

We have already raised over £1m for our charity partner YoungMinds to help support its ambition for no young person to feel alone with their mental health.

£2m

pledge for our charity partner



Climate action

We are committed to supporting the British Retail Consortium's Climate Action Roadmap which sets out pathways to achieve net zero carbon emissions across operations and supply chains.

2040

Net Zero



Leader in diversity



We have been recognised in the Financial Times Diversity Leaders in Europe report as No. 2 in the top 10 retailers in the UK.

Strong governance



We have built strong governance through our Responsible Business Committee and Working Group, and we have strengthened our supply chain governance, with a new Responsible Sourcing Policy, Supplier Manual and supplier ESG questionnaire.

Partnering with Peppy

We launched an award winning partnership with Peppy, which focuses on supporting our colleagues and their families during stages of menopause and fertility.



Responsible Business

Strong commitment to growing responsibly

Sonita Alleyne

CHAIR OF THE RESPONSIBLE
BUSINESS COMMITTEE



Our role in society

We see our role as much more than just a home improvement retailer. Wickes exists to help the nation feel house proud. We employ over 8,200 colleagues and operate in hundreds of communities across the UK, supporting our Local Trade, DIY and Do-it-for-me customers with projects big and small. We believe we have an important role to play in society, from the products we sell to the stores we run and the infrastructure we use to serve our customers, and we need to take responsibility for our impact and our influence.

Our strategy for Responsible Business

Just as our business balances Local Trade, DIY and DIFM, our Responsible Business Strategy looks to address key environmental, societal and governance (ESG) issues across our business. We will support our people and communities, protect the environment and offer sustainable products and services, all of which support our customers living in homes they are proud of. This strategy is just the beginning. It sets out a framework for all our future ESG targets, and will act as an engagement tool with all our stakeholders.

Governance

When we demerged and became an independent Company, we established a governance framework to provide Board level oversight and assurance of ESG matters. I chair the Board's Responsible Business Committee which meets quarterly to review, approve and monitor progress of our Responsible Business Strategy. We have set up a Responsible Business Working Group, comprising colleagues from all areas of the business, to gather ideas and work on projects. ESG matters, including outputs from the Working Group, are regularly discussed by the Executive Board through our existing management framework of executive meetings including people, customer, property, IT and cost and efficiency meetings. These all aim to drive our strategy forward, and they keep the Board and Responsible Business Committee informed of their developments and decisions made.

Priorities for the year ahead

This year has been about establishing our strategy and the governance to support it. We have also been focused on consolidating, improving and understanding our data, which will enable us to measure our progress in the coming months and years. The year ahead will see us setting more targets across our strategy, continuing to engage with our customers to understand what we can do to help them achieve their own sustainability goals, and setting out our long term ambitions to fight climate change.

Key achievements from the year

Diversity Leaders report

Wickes has been recognised in the Financial Times Diversity Leaders in Europe Report 2022, where we indexed as a top 10 UK retailer.

Responsible business governance

Wickes has established a framework to support our responsible business ambitions. Our Board level Responsible Business Committee is supported by the Executive Board and our Responsible Business Working Group, which has members representing all areas of the business.

Supplier ESG forum

Every year Wickes hosts supplier forums to discuss important issues with our sourcing partners. This year we dedicated a meeting to key ESG issues across both our business and supply chain, and set out our ambitions to work more closely with our suppliers in the future.

Forward Focus Network

To strengthen our inclusion and diversity networks, we have launched our Forward Focus Network. Its aim is to support the next generation of colleagues and customers, looking at influencing business sustainability, colleague development and customer communications.

Responsible Business

Our Responsible Business Strategy

What is Responsible Business at Wickes?

Built to Last

Our Responsible Business Strategy supports a diverse and inclusive society, an environment that is protected for the next generation and homes fit for a sustainable future for all.

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

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 & 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, transport and operations, to fight climate change and protect the natural environment

Carbon

Waste

Water

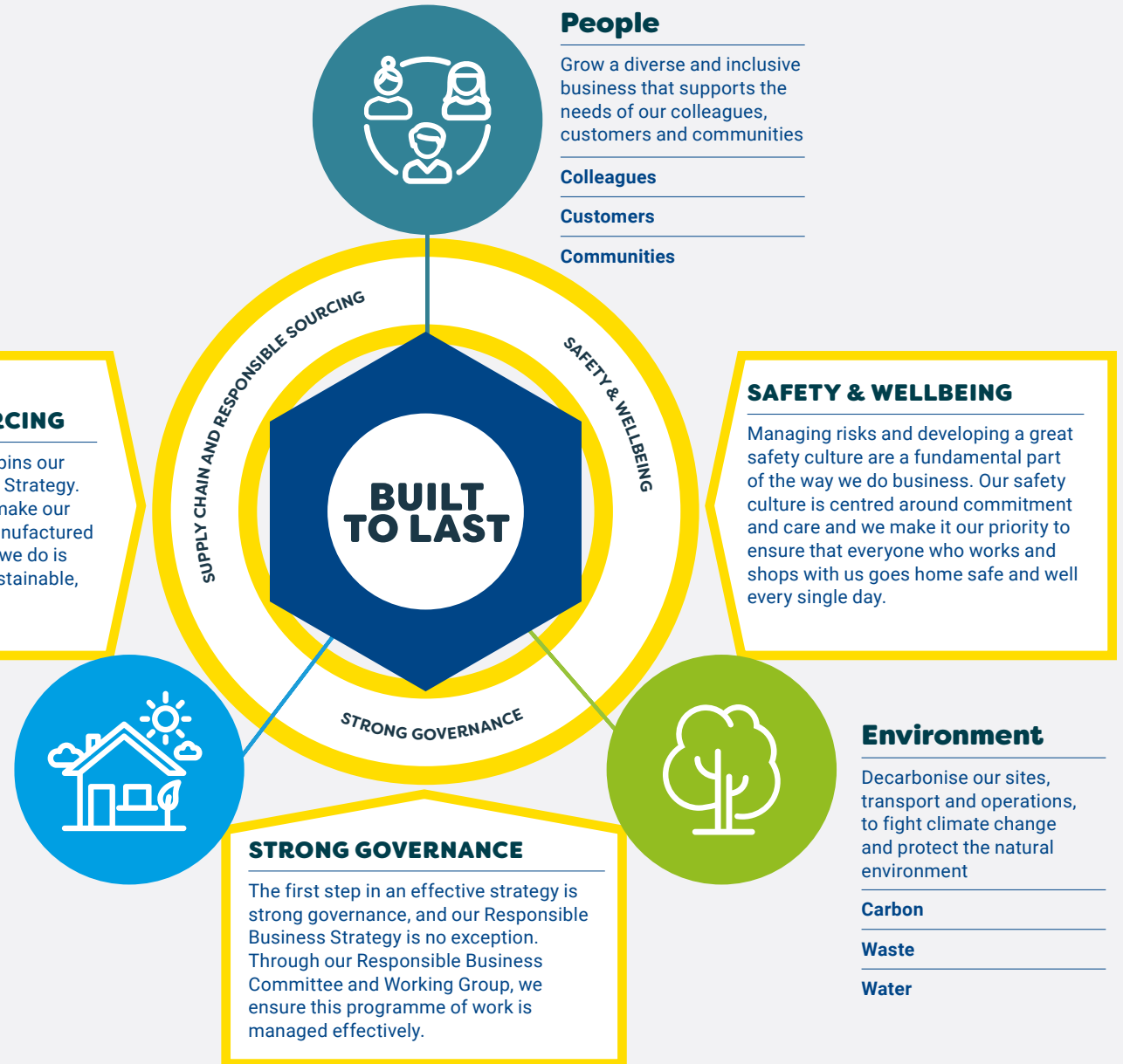
People

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

Colleagues

Customers

Communities



Responsible Business

Q&A with our Responsible Business Working Group

Q What does Responsible Business mean to Wickes?

Responsible Business is our new name for all of our ESG work. It builds on our award winning people programmes, with carbon reduction, environmental protection, and sustainable products and services front and centre of the new strategy. It is not only supported by our Responsible Business Committee, but also a working group of colleagues from across the business, all of whom are focused on delivering a broad range of activity.

Owen Anderson
Head of Sustainability

Q How does safety fit into our Responsible Business plans?

Working safely is at the heart of everything we do, and we take our responsibilities very seriously. Our safety agenda is driven by our desire for learning and continuous improvement, and above all our care for colleagues, customers, communities and everyone we work with. Our focus, as we come out of the pandemic, is to understand how we can positively impact their safety and wellbeing and build that into our future plans.

Liz Davidson
Head of Health and Safety

Q What plans do we have to be a more representative business in the future?

To drive greater change and build a more diverse and inclusive workforce, we are focused on three main goals: to ensure our Executive Board leads the industry in gender and ethnicity mix; to deliver a significant shift in the diversity of our leadership team with more women in influential leadership roles; and to ensure a gender and ethnically diverse makeup of our early careers colleagues to secure a diverse talent pipeline for future leaders.

Claire Singh
Inclusion and Diversity Manager

Q What has been the most memorable achievement in our Community programme?

Creating an initiative where our colleagues donate products to community organisations that are important to them has been massively rewarding. Providing autonomy for who they can support has given our teams a real sense of pride in the programme; I have no doubt this will continue to be the backbone of its success.

Helena Keane
Community Manager

Q Do you think a transition to electric heavy goods vehicles (HGVs) is the way forward, or do you see other technologies contributing to our decarbonisation?

Plug-in electric vehicle technology is not yet ready for HGVs, but may be viable for operating localised vehicles such as refuse lorries. I believe that hydrogen fuel cell technology will be the way forward for general haulage and national distribution.

Mark Wheeler
Fleet Manager

Q What are the key elements to a responsible sourcing strategy?

Understanding the impact that we have on communities, the environment and people involved along the supply chain. It's about being transparent and traceable in our operations, working with all stakeholders to create positive conditions that benefit everyone in the supply chain, giving customers, investors and colleagues the confidence and assurance we are doing the right things.

John Grant
Head of Responsible Sourcing and Quality

Q How are we helping customers understand more about the products they are buying?

We are working with our suppliers to review all products and simplifying language on product descriptions, adding helpful sustainability information and providing more images showing the product in use. Providing relevant and factual information in a simple way is key to helping customers find the right product.

Leroy Pugliese
E-Commerce Manager

Q What needs to change about the products that we offer to help customers live more sustainable lives?

There are already products in our range that help customers live more sustainably, such as FSC certified timber, insulation and energy efficient lighting to name a few. However, awareness of this is very limited, so our first step is to help inform customers about energy conservation and efficiency in their homes to help them live more sustainably.

We are also building on our existing ranges with new technologies that are right for our customers and offering them more sustainable choices on the home improvement projects they are completing.

Teresa Paul
Head of Commercial

Q What are your ambitions for next year?

Next year we will continue to remove plastic packaging from our product ranges where it is not necessary. We will be reducing the reliance on polystyrene in a bid to remove it completely and we will continue to increase the recycled content of our plastic and paper packaging to make better use of resources.

Victoria Ellis
Packaging Sustainability Manager

We will look to review and invest in electric vehicles, LED lighting, and electric heating systems, working with our landlords to drive carbon reduction across our estate.

Tom Major
Head of Facilities

Responsible Business

People

Goals

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

- Industry leading gender diversity across our leadership teams.
- Positive local impact through our community and charity partnerships.
- Connect young people with careers and skills in retail and DIY.

Targets

- Set gender diversity leadership targets.
- Raise £2 million for YoungMinds by the end of our partnership.
- All stores and sites to participate in Wickes' Community programme.
- Offer and support 200 early career places each year for the next three years.



– We were delighted when our partnership with Peppy won two awards at the Personnel Today Awards for 'Best Employee Benefit' and 'Overall Winner'.



Winning



Can do spirit



Being at your best



Humility



Authentic

Feel at home

Here at Wickes, we're building a space where anyone – no matter who they are or where they're from – can feel at home. This means that everyone can bring their authentic selves to work, knowing their safety, happiness and wellbeing is at the heart of our thinking. Our People pillar sets out our ambition to grow a modern and engaged workforce, build an environment for our customers where we care for each other and to build skills in the communities that we serve.

Colleagues

Inclusion and diversity at Wickes has grown organically over the last five years, seeing a grassroots-fed movement creating six colleague-led networks all of which have our Winning Behaviours at heart, which have sought to underpin an inclusive culture. These networks cover LGBTQ+, awareness and action on culture and ethnicity, gender, wellbeing, ability focusing on disabilities, and support for young colleagues in how they can future proof our business. Each network, supported by a senior leadership team sponsor, challenges our way of thinking, pushing us to evolve or establish policies that represent our people.

Our people have created a driving force for change through awareness and education, continuously celebrating key dates to join events like Pride, International Women's day, Black History Month, Mental Health Awareness Week and International Day of People with Disabilities; whilst also strengthening the voice of our colleagues from around the business to speak openly with the Executive Board about their experience being from one of our diverse groups.

Across the networks we have driven allyship and hosted workshops for colleagues to learn more about issues faced and what they can do to support. We've grown our group of LGBTQ+ Allies with 150 active Allies across the business and 383 managers taking part in

our Race, Ethnicity and Identity Cultural Allyship programme. In 2021 we launched our Gender Ally programme designed to help individuals gain key skills in sponsorship and championing female colleagues.

We have significantly enhanced our maternity, paternity and adoption leave policies to allow colleagues to take more than double the amount of paid absence and have added support for those experiencing miscarriage and fertility issues. To ensure that every colleague has a fair opportunity to be selected for roles, we are implementing a policy in which all management grade and above roles are required to have a balance of genders and at least one person from an underrepresented ethnic minority at interview.

We want to do it right and we're working with partners such as Stonewall and The Valuable 500 to encourage change, share knowledge and achieve ambitious standards. We are a founding member of Diversity in Retail and have joined its Global Female Leader Programme with two colleagues on the first cohort. We have signed up to the British Retail Consortium's Diversity & Inclusion Charter, committing to share our learnings and data to support the wider retail community.

| Turnover | As at 1 January 2022 | |
|----------------------|-------------------------|-------------|
| | Year | % |
| Total leavers | 3,326 | 37.1 |
| Full time | 4,910 | 59.9 |
| Part time | 3,292 | 40.1 |

| Gender | As at 1 January 2022 | | | |
|-----------------------------|-------------------------|-------------|--------------|-------------|
| | Male | % | Female | % |
| Plc Board | 4 | 66.7 | 2 | 33.3 |
| Executive Board | 5 | 62.5 | 3 | 37.5 |
| Senior managers | 45 | 65.2 | 24 | 34.8 |
| All other colleagues | 4,931 | 60.7 | 3,194 | 39.3 |

Responsible Business People continued



SUPPORTING OUR LOCAL COMMUNITIES

We are passionate about our local communities and through our Wickes Community Programme our store team in Crewe has stepped in to support its local primary school, Wybunbury Delves, with a sensory garden development, by donating a huge selection of paint and equipment to freshen up the play area, making it a vibrant and exciting space for the children.



INSTALLATION APPRENTICESHIP

The launch of our own unique Wickes Installer Apprenticeship scheme addresses the skills gap and helps maintain the future supply of skilled tradespeople. Our first apprentice from the Wickes pilot Installer Apprenticeship scheme, Nathan Taylor, successfully completed his apprenticeship and launched his own installations business in August 2021.

Customers

We want to reflect our customers and wider society so we can properly serve our customers. Our customers care about seeing an inclusive, diverse workplace full of happy employees. We are 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 our zero tolerance stance on physical, verbal or racial abuse against colleagues or customers. We stand with other retailers and support the ShopKind initiative which also tackles violence and abuse against shopworkers. All of our new stores and refits going forward will have gender neutral facilities alongside standard binary facilities for customers as well as colleagues.

Communities

Our focus on early careers is an important part of our talent strategy to build colleague capability and support future business growth. We have joined the government's Kick Start scheme and had 72 people in the scheme, of whom now 24 have joined us permanently and are enjoying the success of the programme. Apprenticeships remain an important part of our early careers offering but we believe that a broader offering will support more diversity in our pipelines and build skills in our community. We have 48 graduated apprentices and 129 currently on our

apprenticeship programmes. We are the first national retailer to have developed an Installer Apprenticeship standard and to offer this programme across the UK.

We're delighted to have achieved our £1 million pledge for our charity partner YoungMinds and we aim to raise £2 million by the end of our partnership to support young people's mental health.

The Wickes Community Programme helps our colleagues support their local community with a dedicated fund for product donations, with an umbrella programme to showcase the collective and meaningful difference Wickes makes in local communities. In 2021 we trialled the programme with four regions and supported 101 projects. Now in 2022 we are launching our Community Programme nationally to all stores and sites.



SUPPORTING YOUNG PEOPLE'S MENTAL HEALTH

Our North and South divisions took to the streets in summer 2021 taking on serious challenges of cycling from Inverness to Perth to Dundee and doing mega walks with 12 teams walking in tandem, starting in Weston Super Mare and finishing in Southend. Their efforts and passion to support our charity partner YoungMinds to fight for young people's mental health raised an incredible £137,000.

Looking forward

Like any good project, we know there's always more to be done. We've laid the foundations.

We'll continue to evolve and make changes until everyone at Wickes feels at home. Next year we intend to:

- Set industry leading targets around ethnicity and gender
- Continue to educate, raise awareness and challenge, whilst we align our policy and practices to deliver our goals



Everyone home safe and well every single day

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

We operate a three lines of defence model to manage our safety risk.

- 1 Accountability – OPERATIONS**
Responsible for the implementation of our Safety Policy and Standards and the development of safe procedures.
- 2 Oversight – STAY SAFE TEAM**
Responsible for the development of our Safety Management Framework. The central Stay Safe team provides expert advice on risk management, training and assurance on our risk management performance and reports monthly to the Executive Board.
- 3 Assurance – INTERNAL/ INDEPENDENT AUDIT**
Responsible for the independent validation of our Safety Policy and its implementation.

Our framework

Following the demerger we reviewed and relaunched our Safety Policy, clearly communicating our commitment and engaging our colleagues in the part they play in ensuring everyone is looked after at work. Our policies are supported by operational procedures that ensure those managing risk are equipped to manage them properly, with access to job specific training and reference material on our Safety Management System, to support compliance. Our aim is to continually reduce our risk of harm, so we ensure that our accidents are always investigated to learn from them and put steps in place to prevent another. We hold a monthly Incident Review Board to show our commitment to getting it right and learning from when things go wrong. Through this process we have made significant improvements in a number of areas, including how we merchandise safely, how we manage our racking inspections, our colleague training programmes, and simplification of our safety procedures to ensure greater compliance.

PEPPY BENEFIT

We launched an innovative wellbeing benefit for our colleagues and their families with Peppy Health, providing one-to-one contact with specialist practitioners for subjects like fertility, menopause and parenthood. The Peppy health app is also available to all colleagues to support their mental wellbeing through these situations, making Wickes the first retailer to offer such a service to all colleagues. We were delighted when our partnership with Peppy won two awards at the Personnel Today Awards for 'Best Employee Benefit' and 'Overall Winner'.

Responding to the pandemic

As an essential business our stores have remained open throughout the pandemic. To ensure we keep our colleagues and customers safe we continually review government guidance, our risk assessments and store operations, putting in place the following safety measures:

- the provision of masks and sanitisers
- personal hygiene and cleaning arrangements
- limiting customer numbers where required and the closure of non essential areas
- safe queueing arrangements and navigational markers to support social distancing
- lateral flow testing facilities at our distribution centre to support safe working

During the pandemic we identified an increase in violence and aggression against our colleagues, and produced new training under our Let's Care For Each Other programme, to better support our colleagues with escalating issues and provide them with the skills required to manage conflict situations and keep themselves safe. All cases are reviewed and if necessary investigated by our security or safety team, with colleague care and support provided as needed. Our training was produced in collaboration with the British Retail Consortium, and in line with the 2021 retail ShopKind campaign aimed at reducing the rising aggression and violence faced by essential workers. During 2021 we saw a 50% reduction in reported cases of violence and aggression across our business.

Colleague wellbeing

To help tackle the negative impact of the pandemic on peoples' mental health we have increased our focus on supporting the mental health and wellbeing of our colleagues. In 2021 all store managers were trained as Mental Health First Aiders, whilst our 'Music Diet' programme gave colleagues access to DJ, guitar and neurobics workshops. Our I&D Wellbeing network actively promoted key events such as International Stress Awareness Week, Mental Health Awareness Week and International Suicide Prevention Day to encourage rich conversations around mental health. We also provide an employee assistance 24/7 confidential helpline.

Our performance

Whilst the number of RIDDORS (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) we reported increased on the previous year from 33 to 43, we showed an improvement in a number of key areas:

- Reduction of 12% in Lost Time Accident Frequency rate.
- Increase of 22% in hours worked before a Lost Time Incident.
- 9% reduction in actual customer accidents
- 171% increase in the active reporting of hazards and near misses.
- 34% reduction in accident numbers in the second half of 2021.

We pride ourselves on maintaining good relationships with our external enforcement agencies; in 2021 we received no formal safety notices or action, and initiated a Health and Safety Primary Authority Partnership agreement with West Northamptonshire Borough council.

Looking forward

In 2022 we will focus on:

- Clearer oversight of our risk areas and their management through the development of business wide risk registers and safety improvement plans
- Reviewing and improving our safety communication strategy to support better colleague engagement and embed our safety culture
- Continuing to review and improve colleague wellbeing, finalising our colleague Mental Health First Aiders programme and providing support and advice to improve physical wellbeing.

Responsible Business People continued

Colleague Voice

We are enabled by our highly engaged colleagues and winning culture.

Our people are key to our success and we want them to be successful individually and as a team. Seeking their feedback regularly is fundamental to improving our business and creating a workplace where everyone feels at home. In 2021 we held a number of colleague listening initiatives, both informal and formal, to provide the opportunity for open and robust two-way feedback on a range of topics with all initiatives supported or led by a Board member. Our Non-executive Director, Sonita Alleyne, takes the lead on ensuring colleague views are heard by the Board and taken into consideration in Board decision making.

Listening initiatives conducted to engage with our colleagues

Our engagement aims when seeking feedback are to ensure that Colleague Voice reflects the demography of our workforce. We provide regular and structured input from our workforce to management and colleagues, covering a broad range of topics of interest. This ensures that we have meaningful dialogue with colleagues with an effective feedback loop built in.

Colleague engagement survey

Purpose

Annual survey held to harvest quantitative and qualitative feedback from all colleagues simultaneously on a range of subjects and to monitor engagement.

How our Board engages directly

Our designated Colleague Voice Non-executive Director, Sonita Alleyne, receives the results of the survey to examine

Colleague Voice

Purpose

Held annually and gives a cross section of colleagues and managers access to the Board for the opportunity to ask questions on various topics including remuneration

How our Board engages directly

Our Non-executive Director, Sonita Alleyne, lead for Colleague Voice, attends and facilitates this listening session.

'Ask the Exec' roadshow

Purpose

Annual roadshow giving a two-way opportunity for store managers to ask the Board questions on any subject of the business.

How our Board engages directly

Attended by the CEO and CFO.

Inclusion and diversity listening sessions

Purpose

Gain an in depth understanding of the challenges and issues faced by minority groups and provide an opportunity to be heard in a safe environment.

How our Board engages directly

Attended by the CEO and CFO.

Check-in surveys

Purpose

Ad hoc surveys to obtain feedback from all colleagues on specific, topical subjects (e.g. return to work after the pandemic).

How our Board engages directly

Insight and outcomes are shared with the CEO and CFO.

For more information, please see section 172 on page 50



Colleague feedback and outcomes

| | | | | | |
|----------------------------------|--|--|---|--|--|
| <h3>Culture</h3> | <p>OVERALL COLLEAGUE FEEDBACK</p> <p>Colleagues are proud to be part of a modern Company that positively supports all colleagues and has a supportive leadership with a great open door policy. The culture embodies a strong sense of kindness amongst each other which creates a culture where everyone can feel at home. New colleagues feel that our culture is our best-kept secret. There's a great mentality to continually improve the business and if things go wrong the focus is on how to fix the issue and how to learn for next time.</p> | | | | <p>OUTCOME</p> <p>Feedback built into employer branding plans.</p> |
| <h3>Strategy and purpose</h3> | <p>OVERALL COLLEAGUE FEEDBACK</p> <p>Colleagues have a clear understanding of our Strategy supported by regular CEO communication and feel that our balanced customer proposition demonstrates our agility to easily shift focus.</p> | <p>STORES</p> <p>Colleagues understand how their role adds to our purpose and feel that it is simple to articulate.</p> | <p>SUPPORT CENTRE</p> <p>Colleagues are excited by our DIFM proposition and are keen to know more about our Responsible Business Strategy.</p> | <p>DISTRIBUTION CENTRE</p> <p>Management understands our Strategy, and since joining our virtual business briefings managers are able to receive a broader picture to relay back to the team.</p> | <p>OUTCOME</p> <p>Share our Responsible Business Strategy using our internal communication channels.</p> |
| <h3>Inclusion and diversity</h3> | <p>OVERALL COLLEAGUE FEEDBACK</p> <p>Colleagues honour being able to come to work and be themselves. They enjoy working for a modern business with colleague-led networks at the forefront of the business.</p> | <p>STORES</p> <p>Colleagues welcome our focus on hiring different people for different jobs and would like to see even more diversity come through our application process for new roles.</p> | <p>SUPPORT CENTRE</p> <p>Colleagues appreciate the efforts of the I&D networks to raise awareness and educate.</p> | <p>DISTRIBUTION CENTRE</p> <p>Colleagues feel part of a diverse and inclusive team.</p> | <p>OUTCOME</p> <p>Implemented a policy in which all management grade and above roles are required to have a balance of genders and at least one person from an underrepresented ethnic minority at the interview stage.</p> |
| <h3>Safety and wellbeing</h3> | <p>OVERALL COLLEAGUE FEEDBACK</p> <p>Colleagues are proud to have all managers Mental Health First Aid (MHFA) trained and feel that everyone needs different help in different ways.</p> | | | | <p>OUTCOME</p> <p>Planned further MHFA training for managers.</p> |



Responsible Business People continued

Workplace flexibility

OVERALL COLLEAGUE FEEDBACK

Colleagues think that our ambition to be a modern workforce is clear through the business actions and that the pandemic has shown us other ways of working flexibly in roles we would have thought were not possible.

STORES

Colleagues feel that we have revolutionised our ways of working through the pandemic, allowing us to be even more family friendly and to support teams with a better work-life balance.

SUPPORT CENTRE

Colleagues feel a better balance now we have a hybrid working model in the Support Centre and are empowered to take personal responsibility.

DISTRIBUTION CENTRE

We hold three shifts over 24 hours so colleagues feel that this gives them flexibility to choose their preferred shift.

OUTCOME

Comments fed into the group for flexible ways of working.

Development and training

OVERALL COLLEAGUE FEEDBACK

Colleagues recognise that our culture of personal responsibility encourages them to drive their own development and opportunities are given to try something different.

STORES

Colleagues appreciate the drive to promote within and feel that career paths are clear.

SUPPORT CENTRE

Colleagues would like to understand more about what is available to drive development.

DISTRIBUTION CENTRE

Colleagues appreciate the opportunities available to them such as driving courses and the opportunity to transfer to roles in store.

OUTCOME

Introduced Wickes Campus, a new learning and development website to help colleagues with their development.

Communication

OVERALL COLLEAGUE FEEDBACK

Colleagues appreciate the consistent, regular and transparent communication from the Board. Especially during the pandemic the communication stepped up and was very supportive.

STORES

Colleagues expressed that the communication is very effective up to a manager level; however, we have a further opportunity with the wider store team to engage them independently with communications.

SUPPORT CENTRE

Colleagues feel that there is a regular drumbeat of communication with a blend of virtual methods and face to face.

DISTRIBUTION CENTRE

Colleagues feel that face-to-face communications are effective as email is not always used.

OUTCOME

Feedback inputted towards the internal communications channel plan.

Pay and benefits

OVERALL COLLEAGUE FEEDBACK

Colleagues value our colleague discounts and the MyPerks scheme. The Free Share award and SAYE plans awarded in 2021 were well communicated and enabled them to make an informed choice. Colleagues understood the construct of how we approach pay and appreciated that in more senior roles the variable pay increases versus the fixed pay, as there are more elements linked to business performance.

STORES

Colleagues value and understand Gainshare – our store-based profit share scheme allowing them to influence their own reward.

SUPPORT CENTRE

The Free Share and SAYE awards were well received, and colleagues would like to see continued communication.

DISTRIBUTION CENTRE

Drivers and warehouse operatives felt their pay was uncompetitive, mainly due to external pressures widely publicised at the time. We took this feedback and increased pay as a result which has been positively received.

OUTCOME

Feedback inputted towards reward strategy. Addressed concerns from drivers and warehouse operatives by making positive changes to pay.

Responsible Business



Environment

Goals

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

- Be a net zero business by 2040.
- Set Science Based Targets.
- Remove operational waste from our business.

Targets

- Develop a net zero pathway to support the BRC Climate Action Roadmap.
- Commit to set Science Based Targets in 2022.
- Set targets to increase our operational recycling rates and reduce our waste to landfill.



Protecting the environment

Climate change is one of the challenges of our lifetime, and to tackle it the world has set goals to limit global warming to 1.5°C by the end of the century, and the UK has committed to net zero carbon by 2050. At Wickes, we are building a strategy to support the delivery of these targets, and ensure we play our part.

Our Environment pillar sets out our ambition to decarbonise our stores, transport and operations, to fight climate change and protect the natural environment. Protecting the environment isn't just about reducing our carbon emissions. It's about how we use our resources like water efficiently, limit the waste we produce and how it is managed, and protect natural environments and biodiversity.

Carbon

Our first full carbon footprinting exercise allows us to better understand where our emissions are coming from and what we need to do to reduce them in line with the BRC Climate Action Roadmap. Our carbon footprint stands at 2,346,057 tonnes CO₂e, with the vast majority of emissions coming from our Scope 3, totalling 2,309,079 tCO₂e. This is due to the products we sell and their lifetime use. Our Scope 1 and 2 operational emissions stand at 36,978 tCO₂e and are fairly evenly split between the electricity we use to keep the lights on, the gas we use to heat our stores and the vehicles we use to transport our goods. Decarbonising our estate over the coming years will be a priority, and we are setting out our plans to achieve this goal.

When we renew our energy contracts in 2023, we will be switching to a green electricity contract, ensuring all of our stores, distribution centres and support centres will be powered by renewable electricity. We will be reducing our absolute gas emissions through improved heating controls and management. We are also trialling new electric heating systems in our stores, as a potential alternative to gas heating systems in the future.

We transport and deliver a lot of products, not only to restock our stores, but also to deliver directly to customers. This means we cover a lot of miles in the

process, around 14 million miles a year. In order to reach all of our customers across the UK, we rely on a variety of distribution partners and vehicles. Most of our distribution network relies on HGVs (heavy goods vehicles), as electric and hybrid technology currently doesn't have the range to support our needs and the charging infrastructure for these vehicles is still in development. However, we are exploring new low-carbon vehicle technologies such as electric vans for shorter routes, and we are getting ready to test hydrogenated vegetable oil (HVO) in 2022.

We also acknowledge that our own charging infrastructure requires improvement. We currently have electric vehicle chargers at our Support Centre and one of our distribution centres. We will be working with our landlords to explore the integration of electric vehicle charging stations across our estate.

Waste

We produce a lot of waste through our operations and installations, around 44,600 tonnes a year, and managing this is a huge area of focus for us. We recycle 91% of our waste, and send 5% for energy recovery. We aim to send as little waste to landfill as possible; however, for some waste streams in our business there is currently no alternative, meaning a small amount, around 3.5% is still sent to landfill. Our ambition is to ensure everything that can be diverted from landfill will be either recycled or incinerated to generate energy.

There is more we can do with our waste and in 2022 we will be looking to set operational recycling targets across our stores and landfill reduction targets.

Water

This is an area of our strategy that is still in its infancy. We spent 2021 consolidating our water suppliers and billing so we can paint an accurate picture of our consumption. Our aim is to review this data, and work with a new single supplier for our estate, to set water reduction targets that match our other ambitions.

Although we do not expect our water consumption to be high, we know that water stresses will become more prevalent in the UK as temperatures rise, and we will make sure we do our part to relieve these pressures.



CASE STUDY – ELECTRIFYING OUR BUSINESS

The UK is moving away from fossil fuels, with more businesses and customers looking at alternatives to gas, petrol and diesel. We know the gas we use in our stores contributes to our carbon emissions, as does the petrol and diesel in our vehicles.

In 2021 we tested our first fully electric heating system in the form of an air source heat pump in our Macclesfield store. We have also lined up an additional three stores to trial this technology in the first half of 2022 and this, combined with our transition to green electricity, will mean our stores will be on their way to net zero emissions.

This year we also began trials of a new electric van at our distribution centre. Over a three week trial we tested the range and load capacity of the van to better understand its capabilities and integration into our delivery strategy. One of the biggest challenges will be establishing an effective charging network for these vehicles, and we will be working with our landlords and transportation partners to understand this over the coming year.

Engagement

Our new strategy has been a learning experience for all those involved, and we are making sure all our colleagues understand what being a responsible business means and how they can get involved.

We have been hosting introductions to sustainability in the business at our departmental monthly meetings, as well as building a new section in our learning and development site, Wickes Campus, that introduces the fundamentals of climate change, the UK's carbon reduction commitments and Wickes' own ambitions, as well as sharing a review of the latest climate change conference in Glasgow.

In 2021 we established a new I&D network that looks to the future of the business. The Forward Focus Network has been positioned to address key issues faced by young people, and has placed sustainability as one of its key focus areas for 2022. The network will be driving colleague engagement and looking at new and innovative ways to address key environmental issues.

Outside of the business, we have started to explore how we can work with other organisations to provide training on sustainability. As part of a career mentoring programme at the University of Cambridge, Sonita Alleyne and Owen Anderson hosted a sustainability session with students from Jesus College. This gave the students an opportunity to ask about careers in sustainability and how businesses like Wickes are tackling key issues of climate change.

Disclosure

We fully support responsible disclosure as this helps our stakeholders understand the risks and opportunities related to climate change in our business.

We have completed our first full year of greenhouse gas (GHG) accounting, as well as our first Task Force on Climate Related Financial Disclosure (TCFD) response, which looks to address climate risk and opportunity within the business, and included scenario analysis and a focus on timber and transitional risks.

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. In addition to this, in 2022 we will look to complete our first Carbon Disclosure Project (CDP) response for climate.

Governance

The first step to an effective Responsible Business Strategy is sound governance, and this was a priority in the work preparing for our demerger. In April 2021, we established our Responsible Business Committee, chaired by an independent Non-executive Director, Sonita Alleyne, which oversees our Responsible Business Strategy and monitors our ESG performance. We support this with a management framework including our Responsible Business Working Group and the incorporation of ESG matters into our existing executive meetings which includes people, customer, property, IT and cost and efficiency, and within our day-to-day operations.

British Retail Consortium Climate Action Roadmap

Wickes is a signatory of the British Retail Consortium Climate Action Roadmap, which is a commitment to net zero across Scope 1, 2, and 3 emissions by 2040. The Roadmap sets out five pathways to decarbonisation which we will be addressing across our business.

Over the next year we will develop a roadmap to deliver this target, aligned to the 5 pathways of:

1. Placing GHG data at the core of business decisions
2. Operating efficient sites powered by renewables
3. Moving to low carbon logistics
4. Sourcing sustainably
5. Helping our employees and customers live low carbon lifestyles

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 expect our suppliers to ensure that products supplied to Wickes are free of any banned substances and compliant with any restrictions detailed in REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals).

We also ensure that all of our packaging and products are compliant with volatile organic compound (VOC) and REACH standards.

Looking forward

2021 has seen us focus our work on establishing a base year for our environmental targets. This has seen us consolidate our environmental data in order to report our first year of GHG emissions, and position us to set Science Based Targets in 2022.

Ultimately we want our environmental strategy to be a benchmark for the industry – one that doesn't just focus on the reduction of carbon emissions but our wider environmental impact, and address the growing concerns around biodiversity loss, water scarcity and the circular economy. We still have a lot of work to do, and looking forward will look to understand:

- How we can work to limit biodiversity loss in the UK
- How we can use our store and distribution network to support customer recycling
- How we can reduce our water consumption, in both our operations and supply chain

Responsible Business Environment continued

Greenhouse gas and Streamlined Energy and Carbon Reporting

Understanding our greenhouse gas emissions is the first step in decarbonising our business. Our first full year of reporting includes assured Scope 1, 2, and 3 data.

2021 Greenhouse gas emissions

| | Total Tonnes of CO ₂ e |
|---|-----------------------------------|
| Scope 1 | 22,437 |
| Scope 2 (Market based) | 14,541 |
| Scope 2 (Location based) | 9,687 |
| Total Scope 1 & 2 (Market) | 36,978 |
| Scope 1 & 2 carbon intensity (tCO ₂ e/1,000 sq ft) | 5 |
| Scope 3.1 Purchased goods and services | 1,233,170 |
| Scope 3.11 Use of sold products | 936,894 |
| Scope 3.12 End of life treatment | 112,682 |
| Scope 3 Other | 26,333 |
| Total Scope 3 | 2,309,079 |
| Total Emissions | 2,346,057 |

Emissions overview

Our focus for GHG reporting in 2021 was to establish a sound base year for our environmental strategy. It was important for us to fully understand our emissions, where our largest impacts are and what our immediate focus should be. This base year also enables us to develop carbon reduction targets across all scopes, aligned to the British Retail Consortium (BRC) Climate Action Roadmap and future Science Based Targets.

We spent much of 2021 improving our data collection methodologies and verifying our data. We consolidated our utilities invoices using a new reporting platform, as well as bringing together all of our waste and recycling data for both our operations and installations for the first time.

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.

Unsurprisingly, the results of this reporting highlight that the vast majority of our emissions sit within our Scope 3, specifically our purchased goods and services, use of sold products, and end of life treatment of products.

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.

2021 Streamlined Energy and Carbon Reporting (SECR)

| | Group / UK 2021 |
|--|-----------------|
| Annual emissions (Scope 1 & 2 Market tCO ₂ e) | 36,978 |
| Annual energy use (GWh) | 114,515 |
| Emissions Intensity (tCO ₂ e/1000 sq ft) | 5 |

Methodology

We have reported our GHG emissions and energy consumption in accordance with the Companies and Limited Liability Partnerships 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 2021.

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 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-based methodology.

We have improved our methodologies for commuting and transportation by using mileage data rather than estimates, 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 42-45.

Energy efficiency measures

Some of our energy efficiency measures this year include

- Investing in a new energy analytics platform with our facilities management partners
- Upgrading our heating controls
- Trials of electric heating systems
- LED lighting installations in new and refitted stores

Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) is an independent, standards-setting organisation whose mission is to develop comparable sustainability metrics for public corporations to disclose material, decision-useful information to investors. We have considered the industry standards (as defined by SASB's Sustainable Industry Classification System) for Building Products & Furnishings, and we have provided below the relevant data and/or the location of the applicable information in our Annual Report.

| BUILDING PRODUCTS & FURNISHINGS | | | | |
|---|-------------------------|---|----------------------|---|
| ACCOUNTING METRIC | CATEGORY | UNIT OF MEASURE | CODIFIED METRIC CODE | RESPONSE |
| ENERGY MANAGEMENT IN RETAIL AND DISTRIBUTION | | | | |
| (1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | CG-MR-130a.1 | (1) We consume 114,515 GWh of energy across our estate (2) 100% of this energy is grid electricity (3) 0% is currently renewable Annual Report page 38 and 40 |
| 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 39 |
| 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 page 39 |
| 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 have completed our first carbon footprint exercise to understand the life cycle impacts of our products, and are currently reviewing our 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 pages 38, 40 and 47 |
| (1) Weight of end of life material recovered (2) Percentage of recovered materials that are recycled | Quantitative | Metric tonnes (t), Percentage (%) by weight | CG-BF-410a.2 | (1) 44,652 tonnes (2) 91.41% of recovered materials Annual Report page 38 |
| WOOD SUPPLY CHAIN MANAGEMENT | | | | |
| (1) Total weight of wood fibre materials purchased (2) Percentage from third party certified forestlands (3) Percentage by standard (4) Percentage certified to other wood fibre standards (5) Percentage by standard | Quantitative | Metric tonnes (t), Percentage (%) by weight | CG-BF-430a.1 | (1) Total weight of wood fibre 317,867 tonnes (2) 100% from third party certified forests (3) 99.8% by FSC or PESC standard (4) 0.2% to other wood standards (5) 0% by other standards Annual Report page 48 |
| ACTIVITY METRIC | | | | |
| ACCOUNTING METRIC | CATEGORY | UNIT OF MEASURE | CODIFIED METRIC CODE | RESPONSE |
| ENERGY MANAGEMENT IN RETAIL AND DISTRIBUTION | | | | |
| Annual production | Quantitative | Tonnes of goods | CG-BF-000.A | 1,365,443 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)

In this Annual Report, we are reporting our first climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures, taking into account relevant sections of the TCFD Annex (including recent revisions), specifically the 'Guidance for All Sectors', the 'Supplemental Guidance for Non-Financial Groups', and the 'TCFD Guidance on Scenario Analysis for Non-Financial Companies'. We aim to build on this first disclosure to continue to integrate climate risks and opportunities into our business and build long-term resilience to climate change, and will increasingly work on assessing the financial impacts of the business risks and opportunities already identified.

Governance

The Executive Board is responsible for managing climate-related issues, risks and opportunities. On the Executive Board, the General Counsel and Company Secretary leads on climate matters, with ultimate accountability sitting with the CEO. The Plc Board is informed on climate-related issues by the Board level Responsible Business Committee (RBC). The RBC'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 28-48. Climate-related issues are part of the RBC'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 RBC members are the Chairman and the Non-executive Directors and it 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. The Board level Audit & Risk Committee oversees the management of climate-related risks and opportunities as part of our risk management process (see Risk management on page 57). Climate issues are also managed and progress monitored at relevant Executive meetings for people, customer, property, IT and cost and efficiencies, on an ad hoc basis ensuring climate-related decision making is integrated across the business.

The RBC is informed by the Responsible Business Working Group with membership from heads of functions across the business. 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 RBC on a quarterly basis through an update by the Head of Sustainability. There are also individuals with embedded sustainability and climate responsibilities at management levels across the business, including responsible sourcing, packaging, waste, transportation and property. Through the Responsible Business Working Group, we are beginning to integrate climate issues into long term planning for our fleet and stores. As Wickes continues to develop relevant climate metrics and targets, progress against these will be monitored through the relevant Executive meeting for cost, property, customers, IT, or people.

Strategy

We have defined three time horizons to assess climate-related risks and opportunities across the short term (0 - 3 years), medium term (3 - 8 years) and long term (8 years and beyond to 2050). In 2021 we conducted a series of internal climate workshops with leaders from across the business and undertook a dedicated scenario analysis exercise to identify and analyse key climate-related risks and opportunities for our business.

We tested the resilience of the business strategy across two opposing climate scenarios. This included a 4°C scenario, focusing on physical climate change risks in the supply chain, and a rapid mitigation scenario in line with a 1.5°C trajectory by 2050, focusing on risks and opportunities relating to the low-carbon transition (see Scenario analysis section for highlights on page 44). We are now in the process of assessing the potential impacts of prioritised climate risks and opportunities on business strategy and financial planning; for example in relation to developing new sustainable products and services to address transitional opportunities. We are also planning to further assess impacts of climate change on business resilience in 2022.

Risk Management

We have undertaken a detailed scenario analysis exercise to identify and explore strategic climate-related business risks in a 'high mitigation' <2°C scenario, and a 'high physical impact' 4°C scenario (see Scenario analysis section on page 44). Risks were 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. This analysis is being used to define additional priority climate-related risk and opportunity topics to be added into our Group risk register using the prioritisation process described on page 59 as part of risk management and internal control.

Climate and ESG risks have already been integrated into our Group risk register, including ensuring that we anticipate and manage the strategic, operational and reputational risks associated with climate change (see ESG risk on page 63). The Audit and Risk Committee is responsible for the management of key risks through Group risk logs, 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

We have calculated the full GHG footprint for our business, covering absolute Scope 1, 2 (market and location) and 3 emissions and carbon intensity (see page 40), following best practice guidance from the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI)'s Greenhouse Gas Protocol. 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 to be defined in 2022 using our verified 2021 base year. 2022 will also see the exploration of setting Science Based Targets using the same baseline, and of defining climate-related targets based on risks and opportunities identified. Members of the Executive Board have an ESG metric as part of their bonus targets (see Directors' Remuneration report on page 95), which in 2021 was focused on establishing strategy across environment and people, and developing robust data for the 2021 base year to support target setting for the 2022 bonus.

In addition to our carbon metrics and targets, specific metrics and targets are used to track progress against our circular economy ambitions. We have defined a number of targets relating 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. We are working towards sending zero waste to landfill from our Do-it-for-me services.

Responsible Business Environment continued

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. With timber representing 45% of our products, we focused our first physical climate risk analysis on assessing the impacts of climate change on our timber supply chain. We also assessed the transition risks and opportunities related to future products and services, potential increases in carbon costs, decarbonising our fleet, and decarbonising our estate.

High physical impact scenario (4°C)

We have used the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 high emissions global warming 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. We selected two tree species sourced from specific regions for the analysis, based on their material significance to our timber sourcing: Scots pine (*Pinus sylvestris*) in Scandinavia and eucalyptus (*Eucalyptus grandis*) in China. We analysed

the potential impacts of climate-related hazards including extreme temperatures, heatwaves, extreme precipitation, storms and heavy winds, drought, forest fires and frost on both species in these regions across the medium (2030) and long (2050) term.

The analysis showed that, overall, eucalyptus is more tolerant of extreme weather events than Scots pine. Whilst drought, storms and fire can cause tree damage and forest loss, eucalyptus has the capacity to recover from such shocks faster than competing tree species. In the RCP 8.5 scenario, the majority of climate-related physical risks for Eucalyptus and Scots pine are not projected to undergo considerable change in the medium and long term (see risk ratings in the chart below). The key risks from climate change are: projected increases in the frequency of extreme precipitation events across the 2030 and 2050 time horizons, which could slow the growth of young Scots pine plants; projected extreme high temperatures across the 2050 time horizon which could slow the growth of young eucalyptus plants; an increase in the risk of forest fires across the 2030 and 2050 time horizons which could cause

loss of eucalyptus trees; and projected increases in frequency of storm events and extreme temperatures across the 2050 time horizon which could cause loss of eucalyptus trees and could slow the growth of young eucalyptus plants.

Rapid transition scenario (<2°C)

We also explored climate-related transition risks and opportunities using a high mitigation scenario in line with a 1.5°C trajectory by 2050. The primary source for this analysis was the targets and assumptions underlying the UK Net Zero Strategy,¹ supplemented by sector-specific scenarios and projections.² We assessed the potential impacts to the business of four transition risks and opportunity topics: products and services for the low-carbon transition, climate policy developments in the supply chain, decarbonising transport and decarbonising our estate.

Products and services for 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 from buildings arising from powering and heating, the primary focus of current and future policies is on decarbonising heating while improving the energy efficiency of UK homes. This presents us with transition risks and opportunities related to expanding and developing low carbon products and services across our Sustainable Home offerings, in particular expanding products and services that support energy efficiency in the home in the short term, phasing out gas boiler ranges and capitalising on the significant projected rise in demand for heat pumps in the medium term, and monitoring policy development related to hydrogen in the long term.

Carbon pricing and policy risk in the supply chain

Explicit carbon costs (as used in the UK Emissions Trading Scheme (ETS)) are projected to increase to ~£101/tCO₂e in 2030 and ~£195/tCO₂e in 2050 under the International Energy Agency (IEA)'s Net Zero Emissions (NZE) scenario.⁴ 'Shadow' carbon costs, encompassing the full range of costs and investments needed to align with a net zero by 2050 pathway, could reach £153–449/tCO₂e by 2030 and £232–830/tCO₂e by 2040 with some cost pass-through from suppliers highly likely.⁵ Meanwhile, increasing restrictions and 'emissions caps' on emissions-intensive products can be expected, as well as a ban on the sale of peat by 2022-2023. This presents our business with risks related to exposure to carbon prices through our sourcing of carbon-intensive goods, as well as potential restrictions on the sale of certain products in the future.

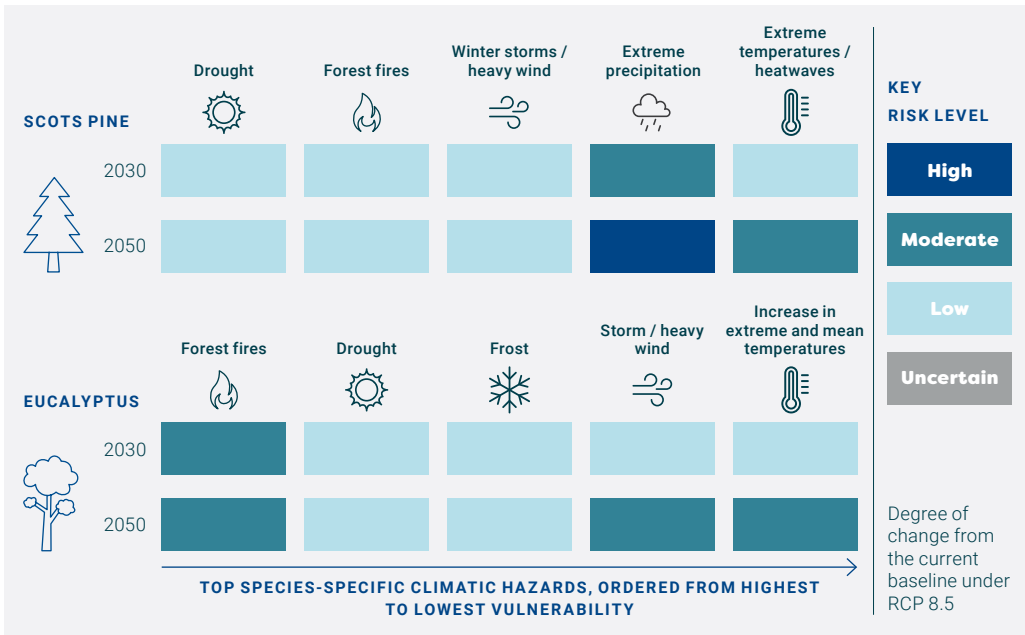
Decarbonising the fleet

The UK will need to reduce total emissions from transport by 76%–86% compared with 2019 by 2050 to achieve its net zero target.⁶ The majority of these emissions come from passenger cars, followed by heavy goods vehicles (HGVs) and light goods vehicles (LGVs).⁷ Whilst electric vehicles offer significant decarbonisation potential, there is still a lot of uncertainty regarding the most suitable technology for long-distance HGVs. This presents us with risks and opportunities related to decarbonising our HGV fleet: it may be possible to use a higher biofuel blend or hydrotreated vegetable oil (HVO) as a direct drop-in for our existing fleet in the short term, whilst driving efforts to electrify our fleet as much as possible in the medium term (pending technology developments related to electrification of HGVs) and monitoring developments related to hydrogen in the long term.

Decarbonising the estate

It is expected that energy efficiency standards will be implemented for the rented commercial sector, with a requirement of Energy Performance Certificate (EPC) C by 2027 and EPC B by 2030, and a parallel performance standard and required disclosure on energy usage and emissions from commercial buildings planned for introduction in 2022. In 2022, it is also expected that reporting requirements, net zero elements (including sources of energy, renewable technologies, energy efficiency measures, and fleet management), and public disclosures under the Energy Savings Opportunity Scheme (ESOS) framework will be strengthened.⁸ This presents us with risks including potential increases in operating costs and changes in our relationship with landlords.

- 1 HM Government (2021) Net Zero Strategy: Build Back Greener
- 2 HM Government (2021) Heat and Building Strategy and HM Government (2021) Transport Decarbonisation Plan
- 3 HM Government (2021) Net Zero Strategy: Build Back Greener
- 4 IEA (2021) World Energy Outlook
- 5 Network for Greening the Financial System (2021) NGFS IIASA Scenario Explorer
- 6 HM Government (2021) Net Zero Strategy: Build Back Greener. This figure is based on a whole system modelling by the UK Government and includes international aviation and shipping
- 7 HM Government (2021) Net Zero Strategy: Build Back Greener
- 8 Department for Business, Energy and Industrial Strategy (2021) Net Zero Audits: State of the Market and the Potential to Drive Action



Climate risk ratings for Scots pine and eucalyptus based on projected changes from the baseline in 2030 and 2050 across different climate hazards (under the RCP8.5 scenario)

Priority Policy, Market and Technology climate-related transition risks and opportunities in the short, medium and long term.

Products and services for the low-carbon transition

SHORT TERM HORIZON (0-2 YEARS)

- Policy, Market. Phase out of gas boilers and replacement with low-carbon heating alternatives, driven by the UK target of no new gas boilers by 2035
- Policy, Market. Projected increase in demand for heat pumps across the UK
- Policy, Market. Exploration of bio-energy for heating based on the government's expected decision on the role of bio-energy for heating in the mid 2020s
- Policy, Market. 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

MEDIUM TERM HORIZON (2030)

- Policy, Market. Phase out of gas boilers and replacement with low-carbon heating alternatives, driven by the UK target of no new gas boilers by 2035
- Policy, Market. Projected increase in demand for heat pumps across the UK
- Policy. Exploration of hydrogen-ready boilers based on monitoring of UK government decision on the role of hydrogen in heating buildings in 2026
- Market. Opportunities related to new products and services related to energy storage and microgeneration

LONG TERM HORIZON (2050)

- Policy. Risks and opportunities related to continued policy developments on hydrogen used in heating buildings

Carbon pricing and policy risk in the supply chain

SHORT TERM HORIZON (0-2 YEARS)

- Policy. Projected implementation of bans for peat and point-of-sale charge for products containing peat
- Policy. Potential product-specific standards related to embodied emissions

MEDIUM TERM HORIZON (2030)

- Policy. Potential carbon price increases passed on by suppliers under UK ETS or a future carbon border adjustment mechanism.

LONG TERM HORIZON (2050)

- Policy. Potential carbon price increases passed on by suppliers under UK ETS

Decarbonising transport, with a focus on the HGV fleet

SHORT TERM HORIZON (0-2 YEARS)

- Policy. Use of HVO as transition fuel, depending on supply options
- Policy. Electrification of the car fleet

MEDIUM TERM HORIZON (2030)

- Policy. Use of HVO as transition fuel, depending on supply options
- Policy, Technology. Monitoring of technology developments for electric HGVs
- Policy, Technology. Monitoring of technology developments related to hydrogen fuel cells for HGVs

LONG TERM HORIZON (2050)

- Policy, Technology. Monitoring of technology developments for electric HGVs
- Policy, Technology. Monitoring of technology developments related to hydrogen fuel cells for HGVs

Decarbonising the estate

SHORT TERM HORIZON (0-2 YEARS)

- No short term risks identified.

MEDIUM TERM HORIZON (2030)

- Policy. Future requirements for a minimum EPC rating planned around 2027 and 2030
- Policy. Increased adoption of green clauses in building leases

LONG TERM HORIZON (2050)

- No long term risk identified.

Responsible Business



Goals

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

- Improve our offering of sustainable products and services to customers
- Reduce the amount of the packaging we use, and increase the use of recyclable materials
- Reduce the impact of our installations

Targets

- Eliminate all unnecessary packaging across our business by 2023
- All our packaging will be easy to recycle or reuse by 2025
- 50% of our packaging materials will come from recycled materials by 2025

We have committed to eliminating all unnecessary packaging, making all our packaging easy to reuse and recycle, and 50% will be made from recycled materials.

Homes for the future

According to the British Retail Consortium, the UK's homes contribute up to 25% of the UK's carbon emissions, and the challenge of retrofitting these homes with sustainable technologies remains one of the largest in achieving the UK's net zero targets.

The UK is also facing cost of living increases that make energy efficient homes even more essential to combat rising energy costs. Our Homes pillar will look to help to address these challenges, as well as ensure our products are responsibly sourced and sustainable.

Products

Wickes sells a wide range of products that are both responsibly sourced and support sustainable homes and living.

All our timber products are responsibly sourced and certified; we offer customers peat free compost, and a variety of smart heating and lighting solutions to make homes more energy efficient. We have also developed project pages on our customer website that support customers with their energy efficiency home improvement projects, including insulation, lighting and smart homes.

We need to do more to support sustainable homes in the UK and this starts with understanding the needs of our customers.

Services

Currently we offer limited services to customers with a focus on sustainable homes. We are working to understand how we can integrate sustainable thinking into our existing services, such as kitchen and bathroom design, as well as offering customers a new range of services to support their own sustainable ambitions. In 2022 we will continue to engage with customers to better our understanding and underpin this work.



CASE STUDY – GIFT CARDS

Wickes launched our social housing decorating scheme in 2011, aimed at helping social housing and local authority tenants improve their homes by providing Home Improvement gift cards

This allows these communities access to a variety of products to improve their homes in their own taste and empowers tenants to invest in their homes. It provides access to a wide range of decorating products at over 200 Wickes stores, and tenants are given decorating tips and advice via a bespoke Decorating Card Welcome Pack, as well as access to Wickes' 'How to' guides.





PROMOTING ENERGY EFFICIENCY

Improving energy efficiency in our homes is more important than ever. To support our customers in saving money and energy, we have created project guides on our customer website that provide step by step guidance on key energy efficiency measures that customers can carry out themselves.

Our loft project guide provides customers with key benefits of insulation, product guides and accessory requirements, as well as preparation and installation guides and smart homes technology. These pages on our customer website include benefits of these projects and installation instructions.

Our smart home guide focuses on how smart products can reduce energy consumption, with smart heating and lighting systems, and even smart appliances.

We also now offer a wider range of other efficiency products such as water butts and solar lighting.

Packaging

With thousands of products of all shapes and sizes, packaging is an essential part of our business. We also recognise that we need to work hard to improve and reduce packaging in our business, and have set ourselves some challenging packaging improvement and reduction targets over the next few years.

By 2023, we will eliminate all unnecessary packaging across our business. This target is designed to focus our teams on efficient packaging strategies, and looks to make an absolute reduction in our packaging volumes.

By 2025, all our packaging will be easy to recycle or reuse. This target will focus 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 either future packaging materials, construction materials, or those that are biodegradable.

Also, by 2025, 50% of our customer plastic and paper packaging will come from recycled materials. 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 to understand and reduce its impact.

Engaging with customers

To improve our customer offering, we have taken steps to better understand their needs and concerns, especially on climate change and the environment.

Through our home improvement research sessions, we have established that although home improvers and trade are concerned about climate change, in reality few homes actually have available sustainable products installed. Therefore there is an opportunity for retailers to play a far greater role in educating and supporting consumers. These findings were supported by our Customer Closeness session, where we discussed climate change and

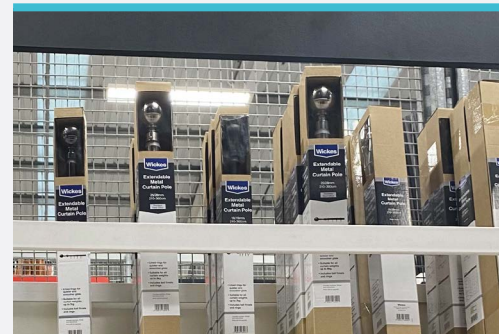
sustainability with a cross-section of our customers. This feedback will help us focus our products, ranges and services on what customers actually want and need, with our focus in 2022 being continued engagement with customers.

Installations

Wickes is one of the largest installers of kitchens and bathrooms in the UK, and we work with customers to design, deliver and install thousands every year.

However, each of these installations produces waste, in the form of both the product packaging and the removal of the previous kitchen and bathroom units.

We are currently working with our installation waste management partners to better track and understand this waste stream, and to explore how we can best process and even repurpose these materials in the future.



CURTAIN POLE PACKAGING

All curtain poles and blinds typically have been supplied in plastic packaging. We tasked our suppliers during development of new ranges to swap the plastic for cardboard and supported the packaging change with an in-store product display. We are the first retailer in the UK to make this positive packaging material change

Looking forward

We have spent 2021 speaking with our customers to better understand their views on sustainability and climate change, and what they expect to need from us in the future.

It is clear that customers want to live more sustainably, and their homes are key to this vision. However, the lack of guidance and support is limiting their ability to make sustainable choices and invest in key technologies that will help with home decarbonisation. In 2022, we will look to explore what role we can play

- What products are affordable and effective in home decarbonisation
- What services Wickes could offer to make this task simpler, and cheaper for customers
- How Wickes can support installations of energy efficient products and technologies

Responsible Business



Responsible sourcing

The foundation of our Responsible Business Strategy

The foundation of our strategy

Our business is built on the foundation of a sustainable, responsible supply chain. The vast majority of our impact as a business is in the indirect impacts of the products we buy, and so this will be a key focus of our strategy going forward.

Wickes Supplier Manual

We always look to 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.

Responsible Sourcing Policy

In addition to managing our suppliers through our supplier manual, we have also launched our Responsible Sourcing Policy, which 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 have also launched our first ever ESG questionnaire for existing partners, which looks to better understand the risks within our supply chain, and the opportunities for improvement and collaboration.

Timber Policy

Timber makes up around 45% of our business, and we sell over 300,000 tonnes of it every year, so it is a key

area of focus for our responsible sourcing strategy.

We have strict requirements to ensure we only source products that are safe, fit for purpose and which meet or exceed our customers' expectations. We require each product that enters our supply chain to comply with all applicable legislation including FSC and PEFC, and 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 of our timber is responsibly sourced, with 99.8% being certified under FSC and PEFC.

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.

New Strategy, New Responsible Sourcing Team

We have taken the opportunity to restructure our commercial team to focus our efforts on supply chain decarbonisation and responsibility. The new Responsible Sourcing and Technical team will be positioned to support the wider commercial function.

Responsible timber sourcing

Sourcing



Our timber is sourced nationally and internationally, with the majority of our soft wood coming from Scandinavia and Asia.

Forestry



Our timber comes from well-managed, sustainable forests that are accredited under the FSC or PEFC schemes.

Milling



Some of our timber is milled locally in the country of origin, before it is imported to the UK. All of the mills in our supply chain are FSC or PEFC certified.

Importing and manufacturing



Our timber is imported to the UK, and is subject to UK Timber Regulations diligence checks, as well as checks by our suppliers, and Wickes. Once our timber arrives at our distribution partners, the timber is profiled and moulded, labelled ready for sale, and from here is either delivered straight to customers' homes or sent to store.

Stores and homes



Timber is merchandised and ready for sale in one of our 232 stores, or delivered straight to customers' homes or tradespeople at site. We also conduct regular timber inspection to ensure products reach customers in the best possible condition.