

Sustainable product

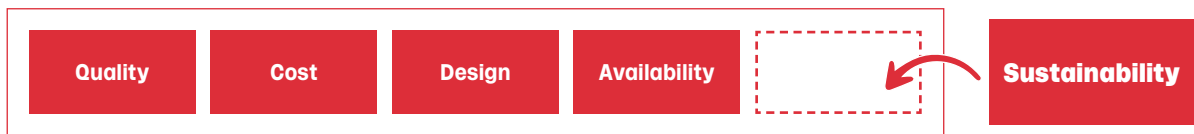
Product development and re-engineering. Sustainable sourcing strategy

2021 highlights

Sustainability is integral to our new product development

- We've formalised a change in our approach to new product design and sustainability is now one of five standard pillars of consideration when designing new products.

Making sustainability part of business as usual



Improving the sustainability of our products by design

Product re-engineering

- We manufactured over 4.5 million cabinets in 2021, so this is an area which we control and where we can make a big difference. That's why we are trying to produce a fully recyclable cabinet. At present we're at around 90%, and we're working on how to improve this even further.
- We're also looking at the beginning of our cabinet's lifecycle and aiming to maximise the percentage of recycled materials that they are made from. At present 35% of the wood content in the chipboard used to make our cabinets is recycled. Some of that is from our own wood waste which we collect from depots and take back to our main board supplier who then recycles it into new board. We're using our membership of the Ellen MacArthur Foundation Network to look at other circular opportunities.

Our sourcing strategy

- In lockdown we committed to support our customers by sticking to our in-stock business model. This gave us a commercial advantage, but it also had a significant positive impact on our suppliers. By maintaining the inbound flow of products we kept the production lines and supply chains of several factories both in the UK and abroad flowing when they were facing big reductions in demand from their other customers.
- We have invested in our own UK manufacturing so that we can make more of the new product which we previously bought in from Europe. This supports local communities and staff where our factories are based, and also brings the environmental benefits of shorter supply chains.

Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

TARGET: 100% of our kitchen frontals to have FSC® or PEFC timber certification by the end of 2022.

2021 update: At the end of 2021, 95.5% of all our kitchen frontals were made from FSC® or PEFC certified materials. We are on track to achieve our 100% target by the end of 2022. All the frontals which we manufacture ourselves are certified, and we insist that all new frontals which are manufactured by third parties are accredited. The small number of frontals which are not accredited belong to old ranges which have been discontinued and will no longer be offered for sale after the first quarter of 2022.

TARGET: Introduce code of practice for all timber suppliers. This is to enhance our existing trading terms with suppliers and be clear on our commitment and expectations regarding ESG standards within the supply base and throughout the supply chain.

2021 update: Our new Supplier Code of Conduct has been issued to all suppliers, and mandates that they use the Sedex responsible sourcing platform. We are in the process of working with our suppliers to make sure that they are on credible pathways to achieving this.

TARGET: 100% recycled corrugated cardboard in our own packaging by the end of 2022.

2021 update: 100% of the cardboard packaging used in our own-manufactured frontals and panels is recycled, recyclable and FSC® certified.

The packaging we use to protect our cabinets uses a specialist type of paper as part of the packing cushion which is recyclable and FSC® certified but which is not made using recycled cardboard. Our packaging suppliers have tested alternatives and established that in order to make the cushions 100% recycled the processes they would have to adopt would have a more detrimental effect on the environment than continuing with the current product. We continue to look for a recycled alternative.