


# How we think


Social and environmental issues are integrated into our day-to-day work and we see no conflict between responsible management and business as usual.

We have established a corporate responsibility management structure that actively involves all our business functions. It gives clear accountability all the way up to Board level, while placing responsibility with the individuals who are best placed to make things happen.


We regularly consult our stakeholders on the appropriateness of our CR strategy and management. This includes scanning the horizon for future regulatory changes and business risks.

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## Our corporate responsibility strategy



In these challenging economic times, our commitment to being a responsible retailer remains just as relevant. We continue to seek out opportunities across the business to create shared value – a meaningful benefit for society that is also valuable to our customers and our business.

### Across our operations and activities we:

- Actively seek ways to minimise our impact on the **environment** in the way we do business
- Help our **customers** to be responsible consumers by giving them information and choices
- Behave ethically and with integrity when **sourcing products** and dealing with our **suppliers**
- Provide our **colleagues** with a safe and healthy environment and enable them to act responsibly in their jobs and to develop rewarding careers
- Support the local and national **communities** in which we operate.

“With trading conditions likely to remain tough, we see no conflict between corporate responsibility (CR) and good business practice. It is more important than ever that we maintain a relationship of trust with our customers, and provide our colleagues with a working environment where they can contribute to the long-term success of our business, but also to the sustainability of the wider environment and communities in which we operate.”

This strategy is supported by the objectives and targets we set ourselves at the beginning of each year. These can be found in the relevant sections of this report or you can read a summary in our ‘Performance against objectives’ section.

 And of course, the efficiency benefits we have achieved as a result of our CR actions are helping to keep costs as low as possible across the business. 

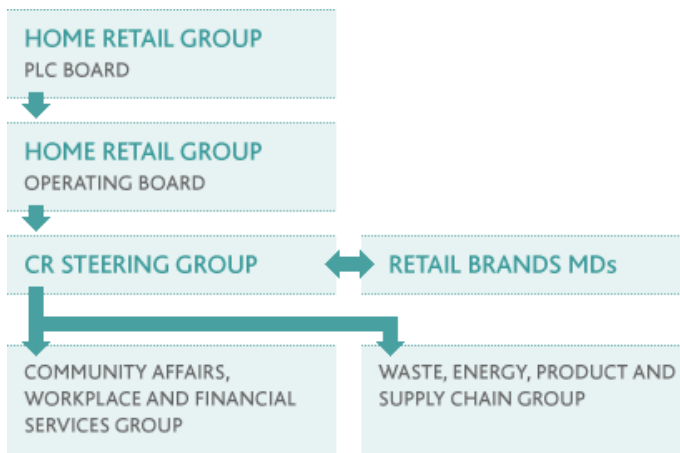
# Our corporate responsibility management

Our CR management structure actively involves all our business functions. It gives clear accountability up to Board level while placing responsibility with the individuals best placed to make it happen.

The Group Company Secretary has overall responsibility for CR, leading discussion and decision-making at the operating board and plc board and chairing the CR steering group. He is supported by a small team of professionals, strengthened this year by the appointment of a new head of CR.

The CR steering group provides strategic direction, with input from two management groups. One addresses issues relating to waste, energy, products and the supply chain, while the other focuses on community affairs, the workplace and financial services; they are chaired by the Group commercial director and Group HR director respectively.

Our management of CR is integrated within our management of business risks as explained more fully in our annual report.



## Group policies

We use a range of policies, procedures and standards in the management of our business; the following may be of particular interest to stakeholders.

These policies are regularly reviewed by our corporate responsibility management groups to ensure that they remain appropriate.

### Community policy

- Charitable giving

### Environmental policies

- Environment
  - Environment
  - Waste
  - Energy
- Products
  - Chemicals
  - Genetically modified organisms
  - Paint

### Ethical trading policies

- Animal welfare
- Ethical trading standards
- Financial Services – responsible lending
- Guidelines on socially acceptable products
- Jewellery

### Product sustainability policies

- Use of natural resources
- Timber products

### Workplace policies

- Bullying and harassment
- Business principles
- Equal opportunities
- Health and safety
- Colleague stress
- Whistleblowing

Please refer to page 76 onwards for details of all our Group policies.

## Our stakeholder engagement

Stakeholders are the people and groups that we may affect through our business or who could have an influence on us.

### Four main groups of stakeholders are:

- Our customers
- Our colleagues
- Our suppliers
- Our shareholders (and banks and other lenders who take some financial risk in exchange for a share of our profit).

A fifth group is the wider community at large – everyone from those living near our shops and distribution centres, the Government and media, to the special interest groups speaking out for particular social causes.

We try to work closely with all stakeholders, both to understand their perspectives and reflect them in the planning and running of the Company. This dialogue often raises new issues requiring a response from us. We deliberate on our stakeholders' views, weighing them against one another and our own objectives before we act.

More detail on how we interact with our customers, employees and suppliers can be found in the relevant sections of this report. The table on the right gives a brief overview if some of our other relationships.

### RELATED AREAS

#### British Heart Foundation

Group charity partner in the UK since July 2008

#### British Retail Consortium

Active member of BRC's policy and working groups that address consumer, ethical and environmental issues. Signatory to the BRC's 'Better Retailing Climate' initiative

#### British Toy and Hobby Association

Review of toy safety and environmental issues

#### Business in the Community (BiTC)

Membership and participation in the BiTC 'Companies that Count' index

#### Carbon Disclosure Project

Correspondence on disclosure of greenhouse gas emissions

#### Catholic Agency for Overseas Development (CAFOD)

Meetings and correspondence on the campaign to promote sustainable and ethical gold mining

#### Community RePaint

Support for this award-winning UK network of 65 community-based paint reuse projects

#### Department for Business, Enterprise and Regulatory Reform

Discussions on implementation of the Waste Electrical and Electronic Equipment (WEEE) Directive and the Batteries Directive

#### Department for Energy and Climate Change

Discussions on the Carbon Reduction Commitment

#### Department for Environment, Food and Rural Affairs

Discussions on policy regarding carrier bags, batteries and energy-efficient labelling

#### Eden Project

Collaboration on the 21st Century Living Project

# Our stakeholder engagement continued

## RELATED AREAS CONT.

### Energy Saving Trust

Sharing information on how to encourage customers to purchase energy-efficient products

### Furniture Reuse Network (FRN)

Homebase donates products to this national body which supports, assists and develops charitable re-use organisations across the UK in order to help households in need access furniture, white goods and other household items at affordable prices

### Heart Children Ireland

Group charity partner in Ireland since July 2008

### Insight Investment

Discussions on social, ethical and environmental risks and labour conditions in the supply chain

### Irish Business and Employers Confederation / Retail Ireland

Ongoing dialogue on employment, environment and consumer policy issues

### Marie Curie Cancer Care

Charity partner for 'Pots of Care' programme

### Milton Keynes Community Foundation

Support for this independent grant-making charity which directs funds to meet the needs of the local community around the Group's head offices in Milton Keynes

### National Business Travel Network

Discussions to share best practice and promote the rationale for travel plans

### Responsible Jewellery Council

(RJC – formerly the Council for Responsible Jewellery Practices). The Group is a member of the RJC. Participation in efforts to improve social and environmental standards in the supply chain

### SHRINK

A collective of NGOs committed to seeking reductions in paper consumption. Ongoing discussions on managing paper consumption

### Soil Association

Auditors of the Group's Forest Stewardship Council (FSC) and PEFC chain of custody accreditation and advisers to the Homebase horticultural team

### United Kingdom Climate Impacts Programme (UKCIP)

Provision of advice on meeting the challenges of adaptation to climate change

### Waste & Resources Action Programme

Dialogue on: recyclable packaging; packaging-reduction measures; battery collection trials; carrier bag reduction initiatives; using the recycle logo on products, catalogues, flyers and carrier bags

### Wildlife Trust

Donations to the Staffordshire Wildlife Trust to continue environmental improvements at Doxey Marshes, which is close to the Acton Gate distribution centre

### World Wildlife Fund

Homebase is a member of the Global Forest and Trade Network and submits annual data on timber sourcing

## Regulatory developments

This year has seen a continued increase in regulation and Government interest in corporate responsibility issues, both in the UK and at a European level. We track proposed legislation and look for opportunities to engage in constructive discussion over its implementation.

Much of this work is done in conjunction with other retailers through the British Retail Consortium, supplemented by our own direct contacts with Government.

Examples of such legislative developments are:

- The Carbon Reduction Commitment – a mandatory emissions-trading scheme for large, non-energy intensive commercial and public sector organisations, which will be effective from April 2010
- Ofgem's 'Developing Guidelines for Green Supply' consultation, which proposes changes to how companies report their CO<sub>2</sub> emissions
- EuP (Energy Using Products) Directive: New energy efficiency standards and product labelling for energy-using products.

We carefully consider these developments, the potential effect on our business and how we should respond. During this year, Group chief executive, Terry Duddy, wrote to Government Ministers to urge reductions in VAT on energy-efficient appliances and also to confirm the Group's support for the retail sector's voluntary initiative to reduce carrier bag consumption.

The Group has responded to Government consultations on waste battery legislation, due to be implemented at the beginning of 2010, and to the review of legislation regarding waste electrical and electronic equipment.

## Risk

Our management of corporate responsibility is effectively integrated with our management of business risks. The corporate governance section of our annual report provides information on these processes.

Understanding the views of stakeholders also enables us to identify and respond to new concerns and issues, thereby reducing our overall risk and compliance costs.

Many of the corporate responsibility topics that we tackle help to insulate us from cost rises: for example, cutting our use of energy and bulk materials – which are two of our environmental commitments – reduces our exposure to future price rises.

Social, ethical and environmental risks are included in our risk assessment process. These are reviewed twice yearly to identify, assess and record possible risks with the results being used to plan our internal audit and risk management programmes. The Group Internal Audit Programme for 2008/09 included audits on product safety, customer complaint management and packaging. In 2009/10 we plan to conduct audits on energy management; data relating to waste electrical and electronic equipment (WEEE) and batteries; and general waste contracts.