UKCIP Adaptation Wizard Case study: Kingfisher Plc

About Kingfisher Plc

Kingfisher is an international retail business with nearly 900 stores in eight countries. They employ 80,000 people and nearly six million people visit their stores every week. Kingfisher's main retail brands are B&Q, Castorama, Brico Dépôt, Screwfix and Koçta□. Kingfisher also has a 50% joint venture business in Turkey with Koç Group, and a 21% interest in, and strategic alliance with Hornbach, Germany's leading large format DIY retailer.

UKCIP ran a workshop with Kingfisher Property Managers to explore current vulnerability of the Property Group and initiate a process to take forward a programme of work that will reduce Group vulnerability to weather and climate risks, ensure the business is better prepared to trade in a changing climate and enable Kingfisher to demonstrate leadership in this field. The workshop was structured around Steps 1 and 2 of the UKCIP Adaptation Wizard v3.0 and effectively illustrates how the activities in these steps can be conducted in practice.

Kingfisher contact: Jonathan Fabian, Group Risk Financing Manager
UKCIP contact: Megan Gawith, Science Officer

STEP 1: Getting started

Tasks	Outputs
1.1 What is our motivation for adapting to climate change?	Cost savings are the main driver for the desire to reduce vulnerability to climate change at Kingfisher. Below deductible and insured losses due to weather are a particular concern and already incurring significant costs. The company feels that fire risk is now very robustly managed and that climate risks represent the next area that requires attention. Shareholders and customers are also looking for Kingfisher to show leadership in preparing for a future climate and embracing new technologies.
1.2 Who needs to be involved?	This project was initiated by the Social Responsibility Advisor on Climate Change and the Risk Financing Manager. The project team that was drawn together to initiate this work comprised: *Internal* • B&Q's Social Responsibility Manager who later became Environmental Affairs Manager • Group Risk Financing Manager • Property managers from Spain, Russia, Poland, France and the UK (B&Q and Castorama) • Group Property Services Director • Group Director of International Property *External:* • UKCIP • Deloitte Sustainability Consultant
1.3 What do we want to achieve?	Specific objectives of this workshop were therefore to: • Explore current vulnerability of Property Group to weather and climate risks (as opposed to focussing on managing Fire safety, which is well established in store design).

	• Consider how a changing climate will alter weather and climate risks to stores • Share good practise from store managers across Europe in addressing current extremes of temperature and precipitation and explore climate change adaptations • Plan a process to take forward a programme of work that will reduce Group vulnerability to weather and climate risks, ensure the business is better prepared to trade in a changing climate and enable Kingfisher to demonstrate leadership in this field.
What are the criteria against which we will judge a successful outcome?	Awareness amongst property managers is raised and a process for taking the work forward is agreed and implemented.
Task 1.4: What difficulties might I face and how could they be overcome in progressing the adaptation agenda within Kingfisher Plc?	The Force Field diagram in Step 1.4 of the Wizard was used to draw out those features of Kingfisher and its operational environment that could make it difficult to progress work on adapting the Kingfisher property estate to climate, as well as those factors that would enable progress to be made. Constraints included: • Short term rewards for store managers make it difficult to plan for long term consequences. • Up-front costs and competing priorities including different values and priorities across Europe. • Disruption and downtime if measures were to involve store closures. • Lack evidence, particularly of the short term risks • With such a large estate there is a general feeling of not knowing where to start. • Where there is little time left on the lease there is little incentive to invest. • Building codes and standards that don't account for climate change. • The challenge of dealing with a mix of issues that are within and outside the control of the company. Enablers inclued: • Technological improvements. • Transnational experience. • With leasehold properties there may be the opportunity at the time of lease renewals to re-negotiate contracts for properties at risk. In particular, with 'Green leases' there may be the opportunity to pay a bit more for resilient buildings. • Board support. • Strong evidence from current insurance costs. • Rising energy costs are driving sealing of buildings. • TSB project potential. • Grenelle Regulations in France include lots of targets for

	new and existing buildings on climate, biodiversity and water.

STEP 2: Am I vulnerable to the current climate?

Task 2.1: How have previous weather events affected my organisation? Demonstrate how your organisation has been affected by recent weather events by completing Table 2.2.	Representatives of stores in the UK, France, Russia and Poland completed Table 2.2 of the UKCIP Adaptation Wizard prior to the meeting to record their store's experience of past weather events, with the costs of /losses from previous events noted where possible. These were presented at the workshop. Examples of the types of incidents that were experienced are:		
	Climate event	**Impacts**	**Consequences**
	High temperature / heat wave	Fires in and around Moscow with associated smoke.	• A/C couldn't cope. • Health impacts. • Difficult to travel, therefore shortages of staff/customers. • Lost sales
	High winds/storms	Three major Windstorm events in France in two years damaging over 100 stores (including Storm Klaus and Storm Xynthia).	• Repair costs. • Disruption to business
		Snow on roof the clearance of which damages roof surface leading to increased rust. Snow that had been pushed off the roof lands immediately around the building where it builds up and can lean against the building.	• By law in Poland, all snow has to be moved off site. If there is more snow than can be easily handled by core staff, contractors need to be used increasing costs. • Increased maintenance and refurbishment costs. • Cost of hiring snow clearing equipment. • H&S risks associated with working on the roof in the dark (during heavy snowfall they need people working 24 hours a day
		Sustained and extremely cold temperatures in the winter of 2010 in	• Significant disruption and costs.

		the UK led to infrastructure failures in over 100 stores in the UK e.g. sprinkler systems, drop doors and external taps frozen, and blocked smoke vents	
Task 2.2: How well did your properties cope with previous events?	There are several examples of effective responses to weather events providing vital learning for future adaptation responses. A selection of these are given below: • In Russia, free drinks and additional H&S equipment are provided during heatwaves. Shorter shifts have also been implemented. • Spanish stores provide shade in car parks. • Permeable paving has been used in a store in the UK to reduce the risk of surface water flooding. It was clear from this exercise that Kingfisher's distribution across Europe means managers are well placed to learn from the experiences of those who currently deal with the types of weather events are likely to become more frequent or more extreme elsewhere in future.		

STEP 3: How will I be affected by climate change?

Task 3.1: How is the climate in your region expected to change?	As the purpose of this work was to explore current vulnerability and initiate further consideration of how a changing climate could affect the company's property assets, a detailed impacts assessment exercise was not conducted at this stage. Instead, headline messages from the UKCP09 climate change projections and similar information from the IPCC and country-specific climate projections was presented to show how climatic conditions in Spain, Russia, Poland and France are expected to change in future by way of raising awareness of the scale of changes that can be anticipated and to inform future discussions.
Task 3.6: What are my priority risks that require an adaptation response?	Kingfisher's property portfolio across Europe comprises 623 stores, plus data centres and offices. The latter are a mix of building types but the stores tend to be large warehouse units made of corrugated steel. These have a design of 25 year and 15 year leases are signed although in some cases the company is the freeholder. Regardless of whether they are the leaseholder or the freeholder, they are responsible for design, maintenance and repair. The climatic changes presented in 3.1 pose challenges to the design and management of Kingfisher's buildings with regard to: • Designing for comfort: keeping cool (including external spaces) and keeping warm.

	• Construction: structural stability, weather proofing, detailing and materials. • Managing water: water conservation, drainage, flooding (Based on Gething (2011) Design for Future Climate: Opportunities of Adaptation in the Built Environment. Technology Strategy Board

Next steps

1. Following the workshop it was planned that Property managers will obtain further country-specific climate information using the contacts provided by UKCIP and explore appropriate ways of responding. This is likely to include investigating the likely costs to the business with and without adaptation and working with design teams so that new stores are built for whole life climate conditions.

2. Experience and best practice will continue to be shared through the property network.

3. Kingfisher are exploring the potential to take part in the TSB competition, which could provide funding for research into designing for climate change.

Transferable lessons learned

1. Insurance is becoming a strong driver for action on climate change adaptation with evidence available from weather related losses.

2. Multi-national companies can benefit from sharing learning between countries with different climate and institutional challenges.

3. Approaches to adaptation at a business need to respect the organisational culture.

4. Climate change adaptation can bring together the risk and environmental parts of a business developing working relationships that will then have benefits in other areas of work.