

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Ferguson plc is the largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials to the professional market. The Group primarily purchases pre-assembled products such as industrial pipes, valves and fittings, plumbing supplies, heating ventilation equipment, and building materials. The products are then delivered to Group branches or regional distribution centres for onward sale to customers either against order or over the counter, and they may be collected by the customer or delivered to a site. The Group typically contracts with local, as well as international, suppliers for products. Contracts with customers range from individual purchases to supply arrangement for entire systems of plumbing and heating systems. The Group distributes and supplies products in the residential, commercial, civil/infrastructure and industrial sectors.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	August 1 2016	July 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Canada
- Denmark
- Finland
- Netherlands
- Norway
- Sweden
- Switzerland
- United Kingdom of Great Britain and Northern Ireland
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Financial control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Other C-Suite Officer	During this specific time period (FY17), Sustainability reported to the Group General Counsel, Richard Shoylekov. Following a re-brand and re-organization of the business, Chief Marketing Officer, Mike Brooks succeeded Shoylekov in this role. He is now the corporate officer with the responsibility for sustainability and climate-related issues. He is a member of the Executive Leadership Committee (http://www.fergusonplc.com/en/who-we-are/our-leadership/executive-committee.html#item8) and serves on the newly created Sustainability Leadership Council.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding risk management policies Setting performance objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Board has set targets for Ferguson plc's carbon and waste performance, and receives updates three times a year regarding Group performance.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

As reported in C1.1a, sustainability reports into the Chief Marketing Officer (CMO), who is a member of the Executive Leadership Team.

In addition to this leadership, a cross-functional executive steering committee has been established, which oversees organizational performance on sustainability goals and objectives. The committee, which meets quarterly, includes the COO, CIO, CFO, CHRO, CLO, CMO, SVP of Business Development, SVP of Supply Chain, and VP of Communications and Public Relations. This group reviews metrics including carbon performance, waste performance, customer inquiries, shareholder inquiries, and receives project updates. Critically, the members of this committee also participate on the Risk Committee and the Financial Review Committee, which approve all capital expenditures. Sustainability risks are evaluated with other corporate risks and incorporated onto the company's Risk Register as appropriate. We report publicly on our Risk Management in both our Annual Report of Accounts and website. Our principal risks include sustainability issues such as Health & Safety and Talent management and retention: <http://www.fergusonplc.com/en/investors-and-media/risk-management.html>. In addition to these internal controls, the Sustainability Leadership Council reviews external reporting indices including MSCI, CDP and Ecovadis scoring.

Each primary geographic area of the business has also formed Sustainability Action Teams, which not only provide data for reporting, but also propose projects to improve sustainability performance. Members of the Sustainability Action Teams include the Hazardous Waste Manager for each region, Procurement Managers responsible for energy and waste procurement, Fleet Manager, Outsourced Transportation Manager, Travel Manager, Logistics Manager, Real Estate and Facilities Manager, the Philanthropy Manager and the Diversity and Inclusion Manager.

Climate-related issues are also monitored by the Director of Security, who leads efforts for disaster response throughout the company, and works directly with the Group Head of Risk Management to ensure that business continuity and resiliency strategies are in place.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction project

Comment

Ferguson plc's Head of Sustainability had a bonusable objective in the year under review regarding performance against carbon and waste goals.

Who is entitled to benefit from these incentives?

Other, please specify (All employees at Stark, Denmark)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Behavior change related indicator

Comment

Continued ranking of waste handling costs by branch to increase waste sorting and reduce waste generation.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Environmental Business Partner at DT Group (in Ferguson plc's Nordic region) has bonusable objectives regarding the achievement of environmental performance targets.

Who is entitled to benefit from these incentives?

Other, please specify (Sales Managers at Wolseley UK)

Types of incentives

Monetary reward

Activity incentivized

Efficiency target

Comment

Wolseley UK employs a team of Renewables Sales Managers who are specifically targeted and rewarded on development of sales of low-carbon products.

Who is entitled to benefit from these incentives?

Other, please specify (All employees at Beijer)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Behavior change related indicator

Comment

All employees have received environmental education including energy efficiency, waste management, chemical usage, etc. in order to raise awareness and improve behaviours. The employees receive recognition for their improved behaviors.

Who is entitled to benefit from these incentives?

Business unit manager

Types of incentives

Monetary reward

Activity incentivized

Efficiency target

Comment

Wasco, in the Netherlands, employs a Business Unit Manager for Sustainable products who is targeted and rewarded on development of sales of low-carbon products.

Who is entitled to benefit from these incentives?

Other, please specify (Auto-allowance recipients at Ferguson)

Types of incentives

Monetary reward

Activity incentivized

Behavior change related indicator

Comment

All employees at Ferguson who receive an auto-allowance can receive an increased allowance per month for driving vehicles that achieve at least 30 miles per gallon and meet Ferguson's vehicle standards.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	Each area of the business has a Strategic Plan, and also has Business Risks evaluated with a 3 year time horizon.
Medium-term	3	5	Medium-term is described at 3-5 years at Ferguson plc.
Long-term	5	10	As our business is always changing, long-term is considered 5-10 years.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	3 to 6 years	Over 80 standard risk types are evaluated over this period.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Ferguson plc operates a multi-disciplinary company-wide risk management process covering strategic, operational, financial and legal/regulatory risks. There are over 80 standard risk types. This includes, for example, changes in customer behavior, changes in taxes and regulations and natural catastrophe/ weather related risk exposures.

At both Ferguson plc and operating company level, risks of all types are reviewed and scored by impact on the company (financial, reputational, operational or health & safety impacts) and likelihood of occurrence.

The company-level assessment does include considerations of key assets, primarily key distribution centres and IT systems. In addition, approximately 20-25 of these key sites are subject to individual risk assessments for natural catastrophe and other physical risks each year.

Businesses and Group functions submit risk reports approximately one month ahead of the March and September Audit Committee meetings. Risks are first assessed on a 'gross' basis (i.e. pre-control) by multiplying probability and impact. Scores are selected using predefined scales. This multiplication of probably by impact gives a gross risk rating from 1 up to a maximum score of 25. Risks are plotted on a heatmap to provide a summary view. For each risk, a control effectiveness rating is then applied to reduce the gross risk is linked with the level of current controls in place. Applying the control rating to the gross risk gives the net risk score. Once received, risk reports are consolidated by the Group Head of Risk and Compliance. They are then analysed with Group functions to produce draft scores for each of the principal Group risks. These scores (and prioritisation) are then discussed with members of the Executive Committee at a risk review meeting before being submitted to the Audit Committee for its consideration. To date, risk assessments have been qualitative in nature, based on discussion and experience and using the scales above as guidance.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The Group's operations are affected by various statutes, regulations and standards in the countries and markets in we conduct business. We always evaluate the impact of current regulations concerning climate change, waste reduction, and environmental compliance.
Emerging regulation	Relevant, sometimes included	The Group's operations are affected by various statutes, regulations and standards in the countries and markets in which we conduct business. The amount of such regulation and the penalties can vary. We closely monitor proposed regulations and policy developments regarding climate change, waste reduction and environmental compliance.
Technology	Relevant, always included	New competitors and technology were the highest identified risk in our Annual Report of Accounts 2017.
Legal	Relevant, always included	The Group's operations are affected by various legal considerations in the countries and markets where we conduct business. We always evaluate the impact of current regulations concerning climate change, waste reduction, and environmental compliance.
Market	Relevant, always included	The Group's operations are affected by various market considerations where we conduct business.
Reputation	Relevant, always included	Ferguson plc is exposed to reputational risk if the company is judged as not engaging effectively with sustainability and climate change. While the Group is not engaged in a high regulated industry, it is subject to laws governing businesses generally, including laws related to land usage, the environment, and transportation. A breach of any legal or regulatory requirement could result in damage to the Company's reputation with our customers and wider stakeholders.
Acute physical	Relevant, always included	Our Business Continuity planning includes response plans for the acute physical risks of climate change. Changes in precipitation extremes and droughts could significantly impact our operations. We supply 1 million customers with over 1 million products carefully sourced from over 44,000 trade suppliers. Product availability is vitally important to our business so a highly efficient distribution network is key to delivering on our customers' needs. There are instances where changes in precipitation patterns could cause significant physical damage to property and stock held in our locations. Changes in precipitation patterns could also lead to interruptions to Ferguson plc's business operations by restricting our delivery service levels. Unusual weather patterns can also affect the wider supply chain, which can negatively affect the supply of inventory and other services to our business.
Chronic physical	Relevant, always included	Our company includes climate change on our risk register and examines the chronic physical impacts of climate change in our business continuity planning.
Upstream	Relevant, sometimes included	We work with our suppliers when possible to include climate risk planning.
Downstream	Relevant, sometimes included	We include our customers in our climate change reporting and offer a range of products to help our customers meet their goals.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The Company's strategy combines a top-down resource allocation process with a strong emphasis on bottom-up, local business unit strategies. Climate change is integrated into these local business strategies as one of a number of factors. For example, sustainable building product opportunities and environmental targets were formally part of the agenda for the Board's strategic planning meetings for 2014-2017. Where it is considered, the primary drivers are the need to capitalise on market opportunities presented by climate change and the publicly stated desire to reduce carbon emissions. Market opportunities primarily relate to the development of new business revenues from energy-efficient, sustainable or renewable energy products. Example of such products include low flow products, programmable thermostats, high efficiency lighting fixtures, energy efficient boilers and ground source heat pumps.

In some of our businesses, specific revenue and profit based targets have been set regarding the sale of high efficiency products, which represent a driver of growth for these businesses. For other areas of our business, new product development has offered an opportunity for growth. For example, Ferguson developed a PROFLO Greenlee toilet that not only meets WaterSense standards, but also has an ultra high efficiency MaP rating while only using 0.8 gallons per flush (the lowest in the market for gravity fed toilets). Ferguson has also developed a "green choice" product label that is available on our website and allows consumers to filter for energy efficient or low flow products.

All businesses have targets to reduce their carbon emissions and waste sent to landfill. These business-level targets are aggregated to Group-level targets which are published in the Annual Report. Ferguson plc has implemented the ISO 14001 environmental management system across the full business in Sweden and some locations in Wolsley UK.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Risk of increased cost of energy consumption through carbon taxes and fuel taxes, across the regions in which we operate, leading to reduced profit margins. These may result from country/region specific implementation of international agreements (such as the Paris Climate Agreement) or local regulations. For example, the Climate Change Levy on consumption and the Carbon Reduction Commitment "tax" in the UK.

Time horizon

Current

Likelihood

About as likely as not

Magnitude of impact

Low

Potential financial impact

3000000

Explanation of financial impact

Estimate up to £3 million across the Group as a whole, based on existing taxes (such as the Carbon Reduction Commitment). If we were to incur increased taxes of 5% across all fuel and energy consumed within the Group this could result in additional tax burden of £6 million.

Management method

We have reduction targets in place to minimise potential cost increases. Each business is one year into the five year targets for carbon and waste reduction and are taking steps to increase the percentage of waste that is diverted from the landfill. At a Group level, our targets for 2021 are a 10 percent reduction in carbon, a 15 percent reduction in waste (both per £m revenue). To ensure we meet our reduction targets, we invest in energy efficiency measures. For example, opened in 2015, Ferguson's Distribution Center in Cocksackie, NY is LEED certified. LEED, which stands for Leadership in Energy and Environmental Design, is a green building certification that is awarded to facilities that meet certain energy efficiency standards. The DCs have been installed with equipment that provides cost savings and allows it to operation more efficiently. This includes high-efficiency battery chargers for the fork-lift trucks, LED lighting, motion-sensor taps, and skylights to increase natural light.

Cost of management

10000000

Comment

The main cost of managing this risk related to energy efficiency and carbon reduction initiatives, for example, lighting improvement programmes, fleet upgrades, and routing programmes such as telematics. Each year, an estimated £10 million is spent on such initiatives.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact driver

Other, please specify (Envr. Regulations including planning)

Company- specific description

Risk of increased environmental regulations relating to, for examples, planning laws for new sites, air pollution restrictions for distribution vehicles, and/or mandatory environmental audits of existing sites (E.g. ESOS in the U.K.). These would not only impact our Group operations, but also those of our customers, which could potentially slow demand for our products. While the Group is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws related to land usage, the environment, and transportation. A breach of any legal or regulatory requirement could result in significant fines and penalties.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Potential financial impact

150000000

Explanation of financial impact

We estimate the cost of complying with new environmental legislation, coupled with a possible slow down in customer demand (as they also bear the costs of new legislation) to be less than 1% of Group revenue (circa £150 million).

Management method

The risk of non-compliance with increasing levels of governmental regulations is a priority. We have identified legal compliance and energy efficiency as Material Issues for our Group's sustainability. Legal and compliance teams across the Group work with the businesses to adhere to all legal and regulatory requirements. We take preemptive action to reduce our environmental impacts. For example, Wolseley Canada has moved a significant proportion of its cross-country deliveries from road to rail in 2015. The change brings both supply chain efficiencies and environmental benefits as approximately 1,800 tonnes of carbon are avoided per year.

Cost of management

10000000

Comment

The main cost of managing this risk relates to energy efficiency and carbon reduction initiatives, for example, lighting improvement programmes, fleet upgrades, and routing programmes such as telematics. Each year, an estimated £10 million is spent on such initiatives.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description

The continued operation of important physical assets, such as branches, showrooms, distribution centres and offices is threatened by natural and man-made perils. For example: some of the Group's physical assets are located in areas exposed to natural catastrophe risks, such as earthquakes, hurricanes or severe storms. Risk of extreme weather events become more frequent or more severe as a result of climate change, particularly in our tropical cyclone prone North America, Central American and the Caribbean.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Potential financial impact

6000000

Explanation of financial impact

The loss of a major site, such as a large distribution centre, could interrupt our business operations. This might lead to loss of revenue, increased operating costs and lower profit margin. The average insured loss cost to Ferguson plc from a hurricane or tropical cyclone (including business interruption) is between £6m- £8m for each event.

Management method

The loss of an important branch or distribution centre is naturally hedged by the diversified nature of our locations, customers and suppliers. The Group has documented and tested business continuity plans for its major distribution centres, head office building and data centres where the risk is considered to be greatest. Contracts have been established with external companies providing immediate support in the event of a natural catastrophe or other incident. In conjunction with our insurers, 10 to 15 of our highest value sites are audited each year to evaluate fire and other business continuity risks. A comprehensive insurance programme is purchased, covering property damage and business interruption risks.

Cost of management

6000000

Comment

A comprehensive insurance programme is purchased, covering property damage and business interruption risks- between £6m and £8m for each event.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description

We supply 1 million customers with over 1 million products carefully sourced from over 44,000 trade suppliers. Product availability is vitally important to our business so a

highly efficient distribution network is key to delivering on our customers needs. There are instances where, changes in precipitation patterns could cause significant physical damage to property and stock held in our locations. Changes in precipitation could also lead to interruptions to Ferguson's business operations by restricting our delivery service levels. Unusual weather patterns can also affect the wider supply chain, which can negatively affect the supply of inventory and other services to our business.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Potential financial impact

7500000

Explanation of financial impact

Ferguson has over 2,300 sites, including branches and distribution centres, therefore the impact on any one site is naturally hedged. An analysis of historical loss data indicates that even a significant increase in flooding, droughts or similar events is unlikely to have an impact on the business of more than 1%/£7.5m of Group trading profit.

Management method

The loss of an important branch or distribution centre is naturally hedged by the diversified nature of our locations, customers and suppliers. The Group has formally documented and tested business continuity plans for its major distribution centres, head office building and data centres where the risk is considered to be greatest. Contracts have been established with external companies providing immediate support in the event of a natural catastrophe or other incident. In conjunction with our insurers, 10 to 15 of our highest value sites are audited each year to evaluate fire and other business continuity risks. A comprehensive insurance programme is purchased, covering property damage and business interruption risks.

Cost of management

6000000

Comment

A comprehensive insurance programme is purchased, covering property damage and business interruption risks- between £6m and £8m for each event.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description

As consumer preferences shift to higher efficiency "eco" products, our business is well-positioned to offer sustainable products and services that help consumers use less energy and less water, and better monitor their carbon footprint.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Potential financial impact

600000000

Explanation of financial impact

The ability for Ferguson to differentiate its brand by leading in the supply of sustainable building materials provides an opportunity to grow market share, revenue and profit. Our Marketing Analytics group is working to characterize this market opportunity, but more forward work must be completed to confidently quantify this financial impact.

Strategy to realize opportunity

Following the market characterization study, the business intends to build this strategy. In the past, our business has seized opportunities to offer training and advice to our customers. For example, Wolseley UK helps customers to comply with the government's new energy-labeling initiative. In past years, the business ran a road show of 40 seminars to introduce over 3,000 customers to a governmental initiative to disclose energy efficiency through new Energy-related Product labeling on boilers, heat pumps, cylinders and solar thermal products.

Cost to realize opportunity**Comment**

The cost to realize this opportunity has not yet been characterized by the business- opportunity management costs are a part of existing marketing and operational budgets.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Product labeling regulations and standards.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

600000000

Explanation of financial impact

The ability for Ferguson to differentiate its brand by leading in the supply of sustainable building materials provides an opportunity to grow market share, revenue and profit. Our Marketing Analytics group is working to characterize this market opportunity, but more forward work must be completed to confidently quantify this financial impact.

Strategy to realize opportunity

In the past, our business has seized opportunities to offer training and advice to our customers. For example, Wolsley UK helps customers to comply with the government's new energy-labeling initiative. In past years, the business ran a road show of 40 seminars to introduce over 3,000 customers to a governmental initiative to disclose energy efficiency through new Energy-related Product labeling on boilers, heat pumps, cylinders and solar thermal products.

Cost to realize opportunity**Comment**

The cost to realize this opportunity has not yet been characterized by the business- opportunity management costs are a part of existing marketing and operational budgets.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not yet impacted	While we anticipate consumer preferences to shift toward "eco" products, which would present an additional opportunity for our business in this area, that trend has not yet been demonstrated in our business.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	As a company with a large fleet network, improvements in fleet fuel economy and telematics have the potential to significantly reduce our greenhouse gas emissions.
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	An increase in natural disasters due to changing weather patterns resulting from climate change has increased the need for Business Continuity planning and a resiliency strategy.
Investment in R&D	Not yet impacted	Depending on consumer preferences, our business may need to invest more resources in the R and D of "eco" products that offer a sustainability benefit.
Operations	Impacted for some suppliers, facilities, or product lines	An increase in natural disasters due to changing weather patterns resulting from climate change has increased the need for Business Continuity planning and a resiliency strategy. Our Group Head of Risk Management oversees this function.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	We anticipate that the opportunities outlined for the "eco" products market will impact revenues but our revenues have not yet been impacted by this area.
Operating costs	Impacted for some suppliers, facilities, or product lines	As climate change occurs, our operating costs for facilities increase with extreme weather events.
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	Resiliency strategy is being incorporated into capital expenditures that occupy a physical imprint in low-lying areas affected by climate change.
Acquisitions and divestments	Impacted	All acquisitions and divestments are reviewed by the Risk Management group and are evaluated for financial risk and climate change considerations.
Access to capital	Not impacted	Access to capital has not been impacted by climate change risks or opportunities outlined by the business.
Assets	Not yet impacted	Owned buildings in low-lying coastal areas may have associated liabilities, and resiliency measures are being incorporated in the planning of these facilities.
Liabilities	Not yet impacted	Owned buildings in low-lying coastal areas may have associated liabilities, and resiliency measures are being incorporated in the planning of these facilities.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

As outlined in earlier responses, while climate-related issues are integrated into our risk management process and business continuity plans, we are still characterizing the market opportunity offered by the expansion of "eco" products and the related business objectives and strategy in that product market (while we have long advertised sustainable products offered by our vendor partners, we have the opportunity to expand our own brand in this regard).

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We recently hired a new Group Director of Sustainability, who has been tasked with performing climate-related scenario analysis to continue to improve our business strategy in regards to climate change. We anticipate using climate-related scenario analysis in the near future.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

% reduction from baseline year

10

Metric

Metric tons CO2e per unit revenue

Base year

2016

Start year

2016

Normalized baseline year emissions covered by target (metric tons CO2e)

27.1

Target year

2021

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% achieved (emissions)

3

Target status

Underway

Please explain

Ferguson plc set a five-year target (from August 1st, 2016 to July 31st, 2021) to reduce carbon by 10 percent per £m revenue. The time period for this goal was set to align with Ferguson plc's financial year. Performance at the end of 2016/2017, one year into the target period, was positive. There was a 3% improvement (26.3 tCO2e per £m revenue), and this was achieved by each business setting its own targets for carbon to support the achievement of the Group goals. The value for the normalized based year emissions is given in metric tonnes of CO2e per million British pounds. The target includes Scope 3 emissions that are within Ferguson plc's reporting boundary: outsourced road-based transport and air/rail travel.

% change anticipated in absolute Scope 1+2 emissions

10

% change anticipated in absolute Scope 3 emissions

10

Target reference number

Int 2

Scope

Scope 3: Waste generated in operations

% emissions in Scope

100

% reduction from baseline year

15

Metric

Other, please specify (Metric tonnes of waste per £m revenue)

Base year

2016

Start year

2016

Normalized baseline year emissions covered by target (metric tons CO2e)

9215

Target year

2021

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% achieved (emissions)

3.9

Target status

Underway

Please explain

Ferguson plc also set a five-year target (from August 1st, 2016 to July 31st, 2021) to reduce waste by 15 percent per £m revenue. The time period for this goal was set to align with Ferguson plc's financial year. Performance at the end of 2016/2017, one year into the target period, was positive. There was a 3.9% improvement (4.4 tonnes per £m revenue), and this was achieved by each business setting its own targets for waste to support the achievement of the Group goals. This is measured in tonnes (not in carbon). Ferguson plc produced 75,397 tonnes of waste in the baseline year. Using a conversion factor of 0.199tCO2e of landfilled waste (source: UK Government conversation factors for Company Reporting; Waste for Disposal; Refuse; Commercial and industrial waste; Landfill) and 0.021 tCO2e/t of either recycled or incinerated waste (source: DEFRA) this translates to 9,215tCO2e. The value for the normalized base year emissions is given in metric tonnes of CO2e per million British pounds.

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

15

Target reference number

Int 3

Scope

Scope 3: Waste generated in operations

% emissions in Scope

100

% reduction from baseline year

1.6

Metric

Other, please specify (% of total waste recycled)

Base year

2016

Start year

2016

Normalized baseline year emissions covered by target (metric tons CO2e)

5

Target year

2021

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% achieved (emissions)

1.6

Target status

Underway

Please explain

This goal is an absolute goal, which adds to the intensity goals that Ferguson plc has set for carbon and waste. In 2016/2017, the percentage of total waste recycled by the Group improved by 1.6% from 30.1% to 31.7%.

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

15

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	12	145000
To be implemented*	9	13500
Implementation commenced*	2	2839
Implemented*	2	1375
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Other, please specify (Telematics System to Reduce Idling)

Description of activity

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

1000

Scope

Scope 1
Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

Investment required (unit currency – as specified in CC0.4)

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

The Telematics Program was started by the Ferguson U.S. business in 2016. The goal of the software is to notify Fleet when vehicles are idling, or braking in an inefficient manner, and incentive drivers to reduce their fuel usage. Each day, a report is sent to the appropriate Branch Manager regarding all vehicles assigned to the branch, with the assigned driver, the periods of inefficiency tracked (if applicable), and gives the Manager the chance to coach the associate on the behavior. The program has significantly improved driver behavior and saved fuel and carbon emissions.

Activity type

Energy efficiency: Building services

Description of activity

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

375

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

Investment required (unit currency – as specified in CC0.4)

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

A distribution centre in the Ferguson U.S. business retrofitted existing lighting, replacing ballast and installing more energy efficient T5 fixtures. Additionally, motion sensors were installed so that the lighting would turn off when forklifts were not operating in the area. As a secondary benefit, the fixtures created a safer work environment by improving the quality of the lighting.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	In order to comply with regulations, investment is required for the maintenance of building appliances and company vehicles (both commercial fleet and company cars) which in turn is being increasingly viewed as opportunity to install products or update assets to achieve both environmental goals and operations efficiencies.
Dedicated budget for energy efficiency	Investment in emissions reductions activities across all Ferguson plc businesses is made on a case by case basis depending on the carbon savings and return on investment for each project. There is a dedicated budget for planned energy efficiency initiatives.
Financial optimization calculations	The primary driver of investment in emissions reduction activities is the financial business case.
Employee engagement	The Group and business unit environmental performance team works with the businesses to raise awareness of the cost-saving initiatives that will support the environmental targets.
Internal incentives/recognition programs	A number of employees at Ferguson plc and the individual business units are incentivised to deliver against environmental targets. This promotes the development of business cases to secure investment in emissions reduction activities.
Internal finance mechanisms	Members of the Environmental performance team are also included in Finance Committee notifications so that they can review the proposed capital expenditure and propose improvements to the project that would lower the carbon footprint.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

Wolseley UK use their own distribution fleet to collect stock from suppliers when they are delivery nearby, which reduces the mileage that our suppliers make. During FY17, over 1,500,000 supplier kilometers were avoided through Wolseley UK's backhaul programme. Over 100,000 wooden pallets were also collected and reused.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Please select

% revenue from low carbon product(s) in the reporting year

Comment

Level of aggregation

Company-wide

Description of product/Group of products

Ferguson US use their own distribution fleet to collect stock from suppliers when they are delivering nearby, which reduces the mileage that our suppliers make. During FY2017, over 5,000,000 supplier kilometres were avoided through Ferguson's backhaul program.

Are these low-carbon product(s) or do they enable avoided emissions?

Please select

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Please select

% revenue from low carbon product(s) in the reporting year

Comment

Level of aggregation

Product

Description of product/Group of products

Ferguson US offers a range of products that decrease a customer's carbon footprint, including programmable thermostats, high efficiency HVAC products, and high efficiency lighting.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

% revenue from low carbon product(s) in the reporting year

Comment

We are working on internal reporting to quantify the carbon reduction achieved through these products.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

August 1 2015

Base year end

July 31 2016

Base year emissions (metric tons CO2e)

194079.2

Comment

FY16

Scope 2 (location-based)

Base year start

August 1 2015

Base year end

July 31 2016

Base year emissions (metric tons CO2e)

144189.8

Comment

FY16

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

N/A

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

DEFRA Greenhouse Gas Conversion Factor Repository: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Bitzer International Refrigerant Report: https://www.bitzer.de/shared_media/documentation/a-501-19.pdf

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

199415.6

End-year of reporting period

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

Comment

We have operations where we are able to access electricity supplier emissions factors or residual emissions factors, but are unable to report a Scope 2, market-based figure.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

139472.2

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Excluded locations include sourcing offices in Taiwan (59 employees), and China (73 employees). Excluded locations will be assessed annually to ensure that it is still suitable to deem them immaterial.

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why the source is excluded

Very small office locations. Excluded locations will be assessed annually to ensure that it is still suitable to deem them immaterial.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson has a vast supplier base and a large complex supply chain. Carbon emissions related to Ferguson's purchased goods and services have not been measured.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson is not a manufacturer and with the sale of the French business in the prior fiscal year, no machinery for capital goods has been purchased by any other areas of the business.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Scope 3 emissions related to electricity (distribution) and other fuels (well-to-tank) are relevant but have not yet been calculated.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

13795.68

Emissions calculation methodology

The emissions related to outsourced transportation are based either on a % of total transportation costs that is attributed to fuel (as agreed with the transport provider) and an average cost per litre, or on known litres of fuel or kms traveled (as confirmed by the transport provider or calculated internally). The reported kms and litres are covered in carbon using the DEFRA emissions factors for fuel consumption or for freighting goods (kms).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Some Ferguson businesses use an owned fleet. Others have chosen to outsource all or part of their goods transportation requirements. The carbon related to this outsourced goods transportation is tracked and reported (both internally in Ferguson's external disclosures). Note: There are additional Scope 3 emissions that could be included within 'Upstream transportation and distribution' such as supplier deliveries to Ferguson. Ferguson has a large and complex supply chain which involves over 100,000 vendors delivering product and using third party logistics. These emissions are relevant but have not yet been calculated.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9215.28

Emissions calculation methodology

Waste tonnage is reported to Group by all businesses every 6 months. An emissions factor of 0.199 is applied to landfilled waste tonnage and 0.021 to incinerated or recycled waste tonnage, per the DEFRA emissions factors for waste.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

42,876 tonnes of waste were sent to landfill during FY2017. Using an emissions factor of 0.199 this translated to 8,532.32 tCO2e. In FY16, this figure was 8,935.66 tCO2e. 33,522 tonnes of waste were either recycled or incinerated during FY17. Using an emissions factor of 0.021 this translates to 682.96 tCO2e. In FY16, this figure was 596.6 tCO2e. This shift can be contributed to the Group's increased diversion rate.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

96044.72

Emissions calculation methodology

Business travel in employee owned vehicles is tracked through expense management systems, either in litres purchased or kms travelled. Air and rail travel, in Ferguson's larger businesses, is tracked by dedicated business travel organisations and in smaller business through expense management systems. Air travel data is split by short (0-500 km), medium (500-1600km), and long haul (>1600km) and the appropriate emissions factors applied. The reported kms and litres are converted into carbon using the DEFRA emissions factors for business travel and people transport.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Business travel includes air and rail travel and travel in employee- owned vehicles for business purposes.

Employee commuting

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

With nearly 33,000 employees commuting to work across the Group, this is likely to represent a significant amount of emissions. It has not yet been calculated.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson's leased assets are included in Scope 1 and Scope 2 reporting. There are no upstream leased assets.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson has a large and complex supply chain which involves over a million customers collecting product. The carbon emissions relating to customer transportation have not yet been calculated.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Not applicable to Ferguson. Ferguson sells "finished" products that are used but not processed further.

Use of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

The use of some of Ferguson's products will result in carbon emissions, for example, gas boilers. The emissions related to product use have not yet been calculated.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson has a vast product portfolio which requires disposal in a number of different ways (recycling, recovery as WEEE under the Waste Electrical and Electronic Equipment Directive etc). The carbon related to end of life treatment of sold products has not yet been calculated.

Downstream leased assets

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson sublets a small number of locations for which emissions have not been calculated.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Ferguson does not operate under any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Not applicable to Ferguson.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

19.6

Metric numerator (Gross global combined Scope 1 and 2 emissions)

455144

Metric denominator

unit total revenue

Metric denominator: Unit total

1732400000

Scope 2 figure used

Location-based

% change from previous year

4

Direction of change

Decreased

Reason for change

Improvement in the intensity metric is attributed to growth in the size of the business and emissions reductions project, which have together improved the tCO2e/£revenue.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	146035.7
United Kingdom of Great Britain and Northern Ireland	25785.2
Canada	13724.9
Denmark	7119.7
Sweden	1178.4
Finland	1595.7
Norway	82.6
Switzerland	0
Netherlands	1390.6

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Ferguson- USA	146035.7
Wolseley UK	25598.7
Ferguson Group Services- UK	141.7
Wolseley Canada	1390.6
Stark- Denmark	6341.1
Silvan- Denmark	776
Stark Group HQ- Denmark	82.6
Beijer- Sweden	1179.4
Stark- Finland	1595.7
Neumann- Norway	392
Ferguson plc HQ- Switzerland	0
Wasco- Netherlands	1390.6
Soak.com- UK	22.4

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	108601.3		108601.3	
United Kingdom of Great Britain and Northern Ireland	10513.6		10513.6	
Canada	5565.7		5565.7	
Denmark	7050.1		7050.1	
Sweden	999.1		999.1	
Finland	4689.4		4689.4	
Norway	45.9		45.9	
Switzerland	0.3		0.3	
Netherlands	1356.9		1356.9	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Ferguson- USA	108601.3	
Wolseley UK	10508	
Soak.com-UK	324.5	
Ferguson Group Services- UK	156	
Wolseley Canada	5565.7	
Stark- Denmark	4316.7	
Silvan- Denmark	2733.4	
Stark Group HQ- Denmark	116.2	
Neumann- Norway	45.9	
Ferguson plc HQ- Switzerland	0.3	
Wasco- Netherlands	1356.9	

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities		<Not Applicable>		
Divestment	10812.7	Decreased	2	Divested of Wolseley France (7024.8) and Tobler in Switzerland (3,787.9). Near the 3Q of the FY2016, the business sold the Nordics businesses and we expect that will have an impact in the following reporting year.
Acquisitions		<Not Applicable>	4	Small bolt-on acquisitions occur frequently in the Ferguson U.S. business, which are expected to increase our carbon footprint annually.
Mergers		<Not Applicable>		
Change in output	20	Increased		Ferguson Group's revenue increased from £14,430m in FY2016 to £17,324m in FY2017. This increase of 20% represents an overall increase in Ferguson's output under the year in review.
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	No
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired electricity	<Not Applicable>	0	380737.85	380737.85
Consumption of purchased or acquired heat	<Not Applicable>	0	42651.86	42651.86
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	0	423389.71	423389.71

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Carbon Intensity per FTE Employee)

Metric value

11.59

Metric numerator

Metric tonnes CO2e (Gross Global tCO2e)

Metric denominator (intensity metric only)

Full Time Equivalent Employee

% change from previous year

2.16

Direction of change

Increased

Please explain

Overall increase attributed to increased output and growth from mergers and acquisitions.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Biennial process

Status in the current reporting year

Underway but not complete for reporting year-previous statement of process attached

Type of verification or assurance

Limited assurance

Attach the statement

Wolseley ISAE 3000 (Revised) Limited Assurance Report_December 2016_191216.pdf

Page/ section reference

The appropriate assurance letter from PwC is attached.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Biennial process

Status in the current reporting year

Underway but not complete for reporting year-previous statement of process attached

Type of verification or assurance

Limited assurance

Attach the statement

Wolseley ISAE 3000 (Revised) Limited Assurance Report_December 2016_191216.pdf

Page/ section reference

Location-based Scope 2 emissions are included in the PwC assurance.

Relevant standard

Please select

Proportion of reported emissions verified (%)

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Biennial process

Status in the current reporting year

Underway but not complete for reporting year – previous statement of process attached

Attach the statement

Wolseley ISAE 3000 (Revised) Limited Assurance Report_December 2016_191216.pdf

Page/section reference

Selected Scope 3 emissions are included in the verification from PwC.

Relevant standard

ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Other, please specify (Utilizing Backhauls for Suppliers)

% of suppliers by number

80

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

3

Rationale for the coverage of your engagement

Where possible, we work with our suppliers to reduce their environmental impacts. For example, we help our suppliers to avoid unnecessary travel- and prevent potential "unloaded" miles by "backhauling" product from their factories when our trucks are returning empty to our distribution centres.

Impact of engagement, including measures of success

In 2016/17, we saved our suppliers in the USA and UK from travelling 4.2 million miles. This equates to 5,946 tonnes of avoided carbon emissions (the equivalent of taking 1,256 passenger vehicles off the road for a year*). *www.epa.gov

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Showrooms in our U.S. market hold events that educate customers on products with sustainability benefits, including products with "Low Flow" or "Watersense" designation, or provide increased lighting or heating efficiency. A great example is highlight PROFLO products, one of which, the Greenlee (https://www.ferguson.com/product/proflo-greenlee-elongated-toilet-bowl-in-white-pf9803wh/_/R-4668832) offers the lowest gallon per flush out of any gravity fed toilet on the market.

Impact of engagement, including measures of success

Engagement is measured by number of attendees, and amount of product sold.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Recognizing that our customers may not understand what a carbon footprint is and why it matters to their business, our Marketing Team developed a "Green Ideas" section of our website, which is updated regularly with content. Stories include awareness articles about LEED Building, tankless water heaters and LED lighting. The content can be accessed here: <https://www.ferguson.com/content/green-ideas>

Impact of engagement, including measures of success

We measure the amount of traffic that this section of the website receives, and track customer and vendor inquiries regarding sustainability- whether they are searching for products that will help them meet their sustainability goals, or would like to learn more about Ferguson's efforts to improve sustainability within our operations.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (EU Timber)	Support with minor exceptions	Active involvement with policy makers in the adaption of the EUTR (EU Timber regulations) to the laws of the Nordic EU countries.	Continuous involvement in interpretation of the law of the Nordic countries.
Clean energy generation	Support	The Renewable Heat Incentive: Submission to the UK's government consultation.	Strongly supported the proposed changes to the scheme designed to accelerate the uptake of renewable heating systems.
Clean energy generation	Support with major exceptions	ECO: Help to Heat- Submission to the UK's government consultation.	Whilst we indicated our strong support for the overall scheme to help those most in need we disagreed with the retrogressive steps to limit boiler replacements.
Energy efficiency	Support with minor exceptions	The Industrial Strategy: Submission to the UK's government consultation.	Our response to the consultation focused on the 'delivering affordable energy and clean growth' pillar. We did highlight concerns regarding the possibility of further complexity and regulatory burdens for the heating and energy efficiency sector.
Energy efficiency	Support	The Heat and Energy Efficiency Strategy: Submission to the Scottish government's consultation.	Our submission strongly supported the Scottish Government strategy of increasing the use of low carbon heating systems and the uptake of energy efficiency policies.
Energy efficiency	Support with minor exceptions	The Future of Heat: Domestic Buildings: Submission to the UK's government consultation.	We strongly supported the proposals outlined in the consultation mandating the use of products designed to improve efficiency and control. However we felt that there was further scope for improvement by including other measures.
Other, please specify (Renewable Energy- Biomass Suppliers List)	Support	Renewable Energy- Biomass Suppliers List: Submission to the UK government's consultation.	We supported the consultation designed to continue the BSL providing evidence of the quality and impact of biomass fuel for heating.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

HHIC (Heating and Hotwater Industry Council) (Wolseley UK)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The HHIC are actively tackling all the challenges that the Zero Carbon targets have provided to industry. They currently have a very active campaign to influence the UK Government on how best to meet the 2020 and 2050 targets including the establishment of an industry/government policy on 'Heat in Building' an active campaign on ERP labeling and promoting the benefits of quality standards through the 'Benchmark' scheme.

How have you, or are you attempting to, influence the position?

Wolseley UK is an active member of the HHIC providing the chair of the Merchants Group and broadly agrees with the strategy of reducing demand and incentivising the uptake of energy efficiency and renewable technologies.

Trade association

Associated Builders and Contractors (ABC)- Ferguson U.S.

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

The Associated Builders and Contractors hold the position that environmental regulations will stifle economic opportunity and increase energy and material prices for the construction industry. ABC also states that in addition to alternative and renewable energy development, a traditional mix of domestic fossil fuels must also be developed.

How have you, or are you attempting to, influence the position?

We have not tried to influence the position, but are actively pursuing ways to reduce our own carbon footprint.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our efforts to align our business strategy with our climate change risks and opportunities will ensure that our direct and indirect activities that influence policy in the countries where we operate are consistent with our overall climate change strategy. Ferguson's "Better Business" framework has 13 material issues which actively support our growth, improve employee engagement, address our top risks and compliance requirements or are important to our stakeholders, customers and suppliers. All our direct and indirect activities that influence policy are guided by our "Better Business" framework and a process for reviewing our engagements is in place with each of our operating regions.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Ferguson_FullAnnualReport2017.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Our business changed significantly in FY2017. Wolseley plc went through a re-branding process to recognize the size and the importance of Ferguson in the USA which today generates nearly 90 percent of the Group's trading profit. As a result of those changes, many of the Group roles previously located in the U.K. were transitioned to the U.S.

The sale of the Nordic businesses (STARK and DT Group) was completed at the end of Q3. Therefore, going forward, Ferguson will no longer report on operations in Denmark, Sweden, Finland and Norway.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Mike Brooks, Chief Marketing Officer and member of the Group Executive Committee.	Other C-Suite Officer

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Ferguson plc is the largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials to the professional market. The Group primarily purchases pre-assembled products such as industrial pipes, valves and fittings, plumbing supplies, heating ventilation equipment, and building materials. The products are then delivered to Group branches or regional distribution centres for onward sale to customers either against order or over the counter, and they may be collected by the customer or delivered to a site. The Group typically contracts with local, as well as international, suppliers for products. Contracts with customers range from individual purchases to supply arrangement for entire systems of plumbing and heating systems. The Group distributes and supplies products in the residential, commercial, civil/infrastructure and industrial sectors.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	19224711846

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

No

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

N/A- unable to provide this level of detail.

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	With over 44,000 suppliers, we must implement a more robust supplier management system to accurately provide this information to our customers.
Customer base is too large and diverse to accurately track emissions to the customer level	We are working to develop an omni-channel approach that will track emissions for each order, regardless of the channel.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

Developing these capabilities will require integrating carbon data into our supplier management platforms and our logistics network. We will be developing a 5 year plan for our Sustainability Program that will include these goals.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

Yes

SC2.2a

(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.

SC3.1

(SC3.1) Do you want to enroll in the 2018-2019 CDP Action Exchange initiative?

No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2017-2018 Action Exchange initiative?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services, if so, what functionality will you be using?

No, I am not providing data

SC4.2d

(SC4.2d) Have any of the initiatives described in SC4.2c been driven by requesting CDP Supply Chain members?

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms