

Building a better business

The Group's sustainability programme addresses Wolseley's main sustainability issues, mitigating the associated risks and offering business opportunities to accelerate profitable growth. The programme comprises seven components which support the Group's strategy (see page 10).

Our experience tells us that engaged employees deliver great levels of customer service – a key driver of faster profitable growth. We will continue to develop and motivate our people, embedding a strong culture of execution, to deliver our improved business models. To do this, we must above all keep our people safe and healthy.

Supplying our customers with products of ever-greater quality and performance will gain us a greater share of their business. Working closely with our customers to select the energy-efficient materials they need deepens our relationships and opens up new markets. Running operations that consume less energy and fuel reduces costs and improves margins.

During 2014/15, a comprehensive review of the Company's sustainability strategy was conducted. A wide stakeholder group was consulted including investors, customers, suppliers, employees and senior management. The review confirmed that we are focused on the right issues. Further work is planned over the next three years to improve our performance in these areas.

Sustainability and strategy

The symbols below are displayed on the following pages to indicate which of our strategic objectives are most directly supported by each sustainability programme component. The objectives are summarised on page 10.



Further detail on progress in 2014/15 and objectives for 2015/16
www.wolseley.com

Additional information, including case studies
www.wolseley.com

	Our people We value our people and are committed to train and develop all of our employees. We understand, respect and value personal and cultural differences and promote diversity.
	Health and safety We provide a safe and healthy working environment and we will not compromise the health or safety of any individual.
	Ethics and compliance We are committed to observing both the spirit and the letter of the laws of all jurisdictions in which we operate, and to comply with our Code of Conduct.
	Environmental performance We run efficient operations that consume less energy and fuel, produce less waste and reduce any negative effects of our business activities on the environment. We explore opportunities to reduce the environmental impacts of our suppliers and customers.
	Product integrity We work with our suppliers to maintain excellent standards of product quality and safety. We expect our suppliers, contractors and agents to adhere to our Code of Conduct and to adopt similar standards.
	Sustainable construction We will be a positive link in the sustainable construction supply chain.
	Community engagement We voluntarily contribute our time and our financial support to the communities in which we work.

	Our people 1 2 3 4 5 6
	Maximising opportunities Skilled, motivated and engaged employees deliver excellent customer service, develop strong supplier relationships, maximise operational efficiencies and fast-track the development of new business models.
	Managing risks The behaviour of our employees underpins all of the Company's principal risks. For more detail on Wolseley's principal risks, please see pages 44 to 51.

Progress against our objectives in 2014/15

As part of our people and organisation strategy, we have identified the critical capabilities we need to drive the evolution of our future business models. These include e-commerce, pricing and sales effectiveness. Development of these new capabilities presents opportunities for our employees to learn new skills while supporting the future growth of the Company.

E-commerce

E-commerce is a relatively new capability for Wolseley and our businesses are at different levels of maturity. We have developed a framework and common language to describe each of our e-commerce roles and how our resource requirements will evolve over time as the channel grows within each business. This framework has enabled us to build on lessons learned and plan for future skills requirements in terms of the number of resources required and the relevant hiring strategy and source.

Pricing

We are investing in our pricing teams starting with strong team leaders who can develop the strategy and champion the importance of pricing so we can serve our customers better. These teams develop frameworks and conduct analysis of trends and data to inform pricing strategy or to support new initiatives. The efforts of these teams are supported by regular communications about our pricing philosophy and clearly defined roles and responsibilities regarding pricing decisions within the organisation. For further information on pricing management, see page 14.

Sales effectiveness

All our businesses are focused on the development of consistently high performing sales managers. Each sales manager must be capable of expanding sales and profits. Our reporting structure has been modified so that sales teams receive feedback and direction from their own sales managers instead of through general management. We have communicated the objectives and expectations to the sales managers as well as delivered extensive training so that our employees are knowledgeable and prepared to deliver on expectations. We have created tools and metrics to drive market share growth, margin expansion and sales productivity. A monthly dashboard showing performance and key performance indicators at the aggregate and individual levels allow us to investigate individual performance issues as well as opportunities within our comprehensive sales process.

Human Rights

Both the United Nations Global Compact and Universal Declaration of Human Rights have been considered in determining the human rights issues that are material to

Wolseley. These topics include employee policies (covering topics such as anti-discrimination and a right to collective bargaining), health and safety, ethics and conduct. All of these issues are managed through policies and programmes of work and are regularly monitored for compliance. Business partners and suppliers are expected to conform to Wolseley's Code of Conduct.



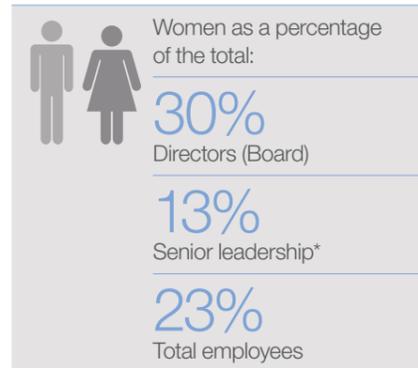
Specialised training in Ferguson

Following the acquisition of HP Products, a distributor of janitorial and sanitation products, our business in the USA provided specialist training to its employees.

Over 200 commercial Maintenance, Repair and Operation ("MRO") sales employees received a week of training and hands-on experience of the products at the HP Products headquarters in Indianapolis, Indiana.

Newly-hired MRO sales specialists also completed a week of training and spent time at the Ferguson headquarters to understand the US business processes. Particular focus was given to solution selling and customer service to ensure that Ferguson's commercial MRO sales employees are well equipped to grow the business.

Gender diversity



* The Senior Leadership group at Wolseley consists of managers drawn from business units and central functions with responsibility for planning, directing or controlling the activities of the Company.

Diversity and inclusion

According to the annual Davies Report, which charts the progress of companies in appointing women to their boards, Wolseley is the second most improved firm in the FTSE 100 and in the top 25 overall. A number of diversity measures are regularly tracked and gender diversity statistics are presented below. Our diversity and inclusion policy statement can be seen on page 71.

	Total men	Total women
Directors (Board)	7	3
Senior leadership	90	13
Total employees	30,938	9,404

Total employee numbers of 40,342 are reported above. The lower number of 38,357 reported on page 7 is the number of Full Time Equivalent employees.



Denotes an objective which may be directly impacted by the risk identified (see page 10 for strategic objectives)

Health and safety

2 3

Maximising opportunities
 A robust health and safety programme is aimed at protecting and motivating our employees. It also improves productivity by reducing the number of days lost to injury and enhances profitability by reducing our liabilities.

Managing risks
 The principal risks relate to manual handling, working at height, the use of motorised equipment and vehicle collisions. The Group has introduced improved standards to mitigate these risks.

Health and safety risks are addressed through implementation of the Group's Minimum Standard for health and safety. This provides a framework of expected practices, while allowing standard operating procedures to be adapted to local regulations. Health and safety performance is monitored quarterly via three key performance indicators and through qualitative reviews. Performance is reported quarterly to the Executive Committee and the Board.

Progress against our objectives in 2014/15

Our primary objectives for the year were to reduce our injury, lost workday and collision rates by 2 per cent each and to embed the Group's Minimum Standard for health and safety. We are pleased to report solid performance against these targets, although we remain dissatisfied with procedures in some areas of our front-line operations. Work will continue to improve standards across all areas of our business and to further reduce our injury, lost workday and vehicle collision rates.

Injury, lost workday and collision rates



Site-level internal audits of health and safety compliance

Health and safety practices in over 700 branches were reviewed by the Company's internal audit function during the year. The audits include health and safety matters, taking into account both compliance with legal requirements and key aspects of the Group's Minimum Standard for Health and Safety. Although performance is improving, the results were disappointing and corrective action is being taken. This includes actions to improve training, standard operating procedures, infrastructure and general housekeeping.

Weaknesses identified are reported to the Managing Director of each business and to the Group Chief Executive Officer.

Branch operational audits and re-audits will continue on a rolling basis to ensure that all sites are assessed and improvements sustained.

Ethics and compliance

1 2 3 4 6

Maximising opportunities
 Compliance with the letter and the spirit of the law and a commitment to high ethical standards strengthens our reputation with customers, suppliers and other stakeholders.

Managing risks
 The business is exposed to risks of bribery and fraud. Non-compliance with governmental regulations is one of our principal risks. For more detail, see page 50.

Progress against our objectives in 2014/15

Our focus for 2014/15 was to continue to ensure that our compliance programmes in relation to fraud, bribery and corruption and anti-trust laws are fully embedded in business practice.

Third party screening of higher-risk business partners

Business partners providing services to Wolseley businesses were risk assessed during the year. Organisations regarded as higher risk were screened by a third party during 2014/15.

Compliance training programmes

All Wolseley businesses provide training for relevant employees on anti-corruption and anti-trust matters. This is typically provided through online training material. Face-to-face training is provided for selected employees on more complex topics such as anti-trust. Training is provided for new employees on induction.

Whistleblowing

We continue to encourage our employees to raise concerns of any nature through our Group-wide confidential reporting system, "Speak Up!". Employees can disclose information in any language, confidentially and anonymously via an international hotline, voicemail or web message.

Environmental performance

2 3

Maximising opportunities
 The reduced consumption of energy, fuel and water and reduction of waste decreases costs and improves both operational efficiencies and profit margins.

Managing risks
 Rising energy prices and increasing "green" taxes can reduce Wolseley's profit margins. All business units have reduction targets in place to minimise these rising costs.

Progress against our objectives in 2014/15

Our objectives for 2014/15 were to reduce carbon emissions and to better manage our waste in order to achieve our two-year reduction targets of 5 per cent tCO₂e (carbon) and 5 per cent total waste by 31 July 2016 (both per £ million of revenue*). We also have a two-year target to increase the percentage of waste that is recycled from 23.5 per cent to 29 per cent.

Strong performance in carbon and waste reduction

One year into our two-year target period, we reduced carbon emissions by 10.5 per cent and tonnage of waste by 8.6 per cent (both per £ million of revenue*). We increased the percentage of waste sent for recycling from 23.5 per cent to 24.7 per cent. Examples of how the businesses have improved their environmental performance are detailed on the Wolseley plc website www.wolseley.com.

Carbon and waste data accuracy continues to improve

Data accuracy continues to improve with only 12 per cent of carbon data being based on estimated numbers in 2014/15 (16 per cent in 2013/14). Only 34 per cent of waste data (42 per cent in 2013/14) was based on estimated numbers in 2014/15. PricewaterhouseCoopers ("PwC") were engaged in the previous year (2013/14) to test the reliability of the Group's carbon and waste data and provided a limited assurance statement at that time. The Group has continued to maintain its reporting discipline in 2014/15.

Carbon emissions and waste



* Total revenue of £13,919 million (including discontinued businesses) is used when calculating the relative carbon and waste performance. The lower number of £13,300 million reported on the inside front cover is the revenue for the ongoing business.



Canada curbs fuel and energy consumption

Wolseley Canada moved a significant proportion of its cross-country deliveries from road to rail during the year. The change brings both supply chain efficiencies and environmental benefits as approximately 1,800 tonnes of carbon are avoided per year.

Since 2013, lighting upgrades have been taking place across the estate, so far reducing carbon emissions by approximately 330 tonnes per year.

An environmental committee, including employees from operations, finance, sourcing, legal, supply chain, facilities and communication teams, oversees a number of projects to improve the sites or activities that generate the most carbon or waste.

Carbon emissions and waste

Wolseley's reported data includes all major businesses and head office locations (with 25 employees or more), representing over 99 per cent of Wolseley Group's total employee numbers. All Scope 1 and 2 emissions and selected Scope 3 emissions are reported. Scope 1 emissions include vehicle fuel emissions (from owned or leased vehicles) and fuels used for operation including natural gas, LPG, diesel, petrol,

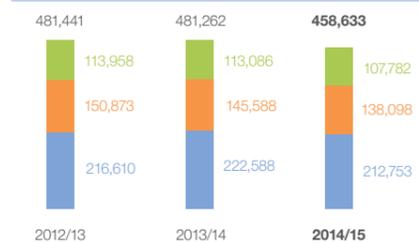
oil and refrigerants. Scope 2 emissions include purchased electricity and heat (i.e. district heating). Scope 3 emissions include the road or rail-based transportation of goods by outsourced transport providers, road-based business travel in private vehicles and air and rail-based business travel. Further detail on the data provided can be found in the "Basis of Reporting" document on the Wolseley plc website www.wolseley.com.

	tCO ₂ e/£m revenue			
Carbon emissions	2012/13	2013/14	2014/15	One-year variance
Scope 1 and 2 emissions	27.9	28.2	25.2	-10.6%
Scope 3 emissions	8.7	8.6	7.7	-10.5%
Total emissions	36.6	36.8	32.9	-10.5%

Total carbon emissions

Tonnes of CO₂ equivalent

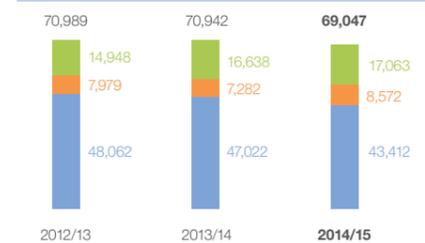
● Scope 1 ● Scope 2 ● Scope 3



Total waste

Tonnes

● Landfilled ● Incinerated ● Recycled



Any waste volumes for which it is unknown whether the waste is sent to landfill or is incinerated are included in the landfill totals.

Our approach to measuring carbon was developed in accordance with the Greenhouse Gas Protocol ("GHG Protocol"). Emissions are calculated using DEFRA carbon factors and are reported as tonnes of CO₂ equivalent (abbreviated as tCO₂e), based on the Global Warming Potential ("GWP") of each of the "basket of six" greenhouse gases, as defined by the Kyoto Protocol.

Inaccuracies identified in prior year numbers resulted in immaterial adjustments to the 2013/14 carbon and waste data.

Due to rounding of the figures in the bar charts and table, there is not a precise correlation with the totals and accurate percentage performance figures.



UK driving down emissions

The UK business attached tracking devices to its entire distribution centre fleet resulting in a 20 per cent reduction in fuel consumption. The trackers measure fuel consumption, idling time and driver behaviour. Drivers are debriefed on their performance in order to address areas for improvement such as harsh braking or acceleration. The initiative also improved driver safety as drivers are more aware of their behaviours.

Besides fleet fuel efficiencies, the UK business continues to benefit from the installation of 8,000 solar panels on the National Distribution Centre roof in Royal Leamington Spa. The installation produced over 1.7 million kW of electricity in its first year, equivalent to the electricity used by 522 homes in the UK during the same period*.

*Energy calculation based on the Ofgem average of medium home usage being 3,300 kW per annum.

Product integrity

2 3 6

Maximising opportunities

Sourcing and supplying safe, quality products improves our margins, enhances customer satisfaction and confidence and enables branch employees to devote more time to sales and customer service.

Managing risks

Product-related litigation is recognised as one of our significant risks. For more detail on how we are managing the risk, please see page 49.

Progress against our objectives in 2014/15

The focus for the year under review was to keep all businesses on track to meet their targets under the product integrity programme, and to share best practice across the Group.

Product Integrity managers share best practice

Product Integrity managers from across the Group met in June 2015 to discuss approaches and develop new ideas to comply with the Group minimum requirements for product and supplier due diligence. Significant progress has been made with processes and capabilities during the year, resulting in reduced risk to the Group. All businesses continue to report against a standard set of KPIs every six months and progress is monitored by the Board.

Sourcing timber responsibly

Wolseley has assessed its timber products for a number of years and works with specialist business partners to ensure that the systems we have in place meet regulatory requirements.

Sustainable construction

2 3

Maximising opportunities

Where the opportunity exists, we can gain market share by stocking sustainable construction products and by offering training and advice to our customers.

Managing risks

Suppressed market conditions and pressure on margins are two of the Group's most significant risks (see pages 47 and 48). These risks can be mitigated by opening up new market opportunities and improving customer service.

Progress against our objectives in 2014/15

The objective remains for our businesses to continue to provide access to sustainable products and training, in line with the local market opportunity.

1 2 3 4 5 6

Denotes an objective which may be directly impacted by the risk identified (see page 10 for strategic objectives)



Nordic region mitigating risk in the supply chain

All sourcing teams across the Nordic region have access to a bespoke supplier assessment tool to support more informed sourcing decisions and to improve governance.

The tool assesses a number of factors including the suppliers' financial health, ethical history, insurance protection and product risk. The total risk score generated for each supplier informs the level of approval or consultation required in order to trade with the supplier.

The dashboard generated for each supplier supports local supplier discussions and allows each Nordic business to reduce the level of risk in their supply chain.

Helping our customers to meet their carbon obligations

Through the sale of products and active promotion of sustainable low carbon products, Wolseley businesses contribute to reduced energy consumption and consequently reduced CO₂ emissions from customer buildings. Additionally, Wolseley's sales teams offer information to customers on how to reduce energy consumption through the use of more sustainable and higher-efficiency products.

Leading by example and upgrading our own estate

Where possible, we install more energy-efficient products across our own estate to demonstrate to our customers that we recognise the value of the more sustainable products within our ranges. During 2014/15, the UK business achieved a Building Research Establishment Environmental Assessment Method ("BREEAM") rating of "Excellent" for the building management centre in Milton, Ontario, won a National Earth Award from the Building Owners and Managers Association of Canada ("BOMA") in the Light Industrial Building category.

UK helps installers to sell better products

As part of an "Energy-efficient installer" scheme, the UK business unit provides sales-training to installers to increase end customer knowledge and purchases of higher efficiency products. Wolseley UK trains customers at its Sustainable Building Center, a showcase for commercial building products and construction methods with enhanced environmental performance.

Community engagement

3

Maximising opportunities

Engagement with the communities in which we operate promotes our business, attracts high quality recruits, teaches us about our customers and enhances employee skills and engagement.

Managing risks

Wolseley operates in a highly competitive marketplace, with many locally established competitors. Community engagement can enhance our local reputation and allow us to compete more effectively.

Progress against our objectives in 2014/15

Our businesses seek to be contributing members to the communities in which they operate. The Group also supports a number of charitable organisations both at a Group and a business unit level.

Charitable support

During 2014/15, Wolseley's businesses contributed to a great number of charities, including support for neglected and vulnerable children and provision of care for sufferers of cancer and other illnesses.

Employee involvement

Our employees engaged in a great number of community and charity events. Visit the Wolseley plc website www.wolseley.com for examples of the events and schemes our employees and businesses have supported over the last year.



Ferguson tackles labour shortage in the USA

Ferguson is working to address the increasing lack of skilled labour in the USA. The business is working alongside several trade-specific organisations to change this growing trend and to offer more opportunities for young people to enter the industry.

Ferguson is a corporate founder and a member of the Plumbing-Heating-Cooling Contractors Association ("PHCC") and for more than a decade has supported its educational programmes and scholarships.

Additionally, Ferguson works with local vocation schools and community colleges in their headquarter state of Virginia to develop solutions to address the workforce challenge both short and long term.

Governance

Accountability

The overall sustainability programme is agreed by the Board and reviewed annually to ensure its ongoing relevance to business strategy, stakeholder expectations and international sustainability agendas. The Group's General Counsel is responsible to the Board for the overall sustainability programme.

Implementation

With direction from the Board, the businesses define and execute local action plans according to their own particular level of development and the greatest opportunities for progress in line with strategy. The Group Risk, Compliance and Sustainability team oversees implementation.

Managing performance

Objectives and, where appropriate, quantified targets are set for all sustainability programme components. For some focus areas, Group-wide KPIs have been defined. KPIs have not been set for all elements of the programme as it is not always practical to bring distinct local methods under one unified metric. Improved performance is the primary goal.

Monitoring performance

Business units monitor performance against our most important sustainability issues throughout the year. Performance reports are submitted to the Executive Committee and the Board at regular intervals. For example, health and safety and fraud metrics are reported quarterly. Product integrity and environmental data is reviewed at the half-year and year-end. The Group Risk, Compliance and Sustainability team monitor performance across all areas of the sustainability programme (except for "Our people" which is overseen by the Group HR function). Wolseley's Internal Audit teams periodically test compliance with policy and adherence to procedures.

Risk management

Non-financial as well as financial risks are assessed as part of the Group's comprehensive risk management process. These include fraud, corruption, product quality, employee, health and safety and environmental risks. For further information on the Group's risk management programme, see pages 44 to 51.

1 2 3 4 5 6

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