

Statement by the Board of Directors on Human Rights and Modern Slavery under Section 54 of the Modern Slavery Act 2015*

Introduction

Howdens is a local business with a global supply chain. It is also a business that employs a significant number of people and, due to the seasonal nature of our business, we engage workers not directly employed by us to meet peak demand. As such, we acknowledge that the risk of modern slavery and of exploitation is not limited to the businesses of our suppliers and could occur anywhere within the sphere of influence of our business.

Set out below are the steps taken during the year to safeguard against modern slavery and other human rights violations in both our own business and our supply chain. Our efforts against modern slavery in 2017 build on our existing safeguards against human rights violations. This statement is intended to fulfil the legal requirement for a slavery and human trafficking statement on behalf of all companies within the Howden Joinery Group of companies.



Organisational Structure

Howdens supplies trade customers, principally small builders, with a range of rigid kitchens and joinery products that are always available from local stock via our network of 661 UK depots and 24 European depots. As a predominately vertically integrated business, we manufacture a significant amount of the products we sell. We have the largest rigid cabinet manufacturing capacity in Europe as well as operating a global network of over 250 product suppliers from over 30 countries. We work closely with our suppliers to ensure that not only do they meet our specifications in terms of quality, volume, availability and cost but also that the manner in which they operate and produce these goods is ethical and sustainable. It is important to Howdens that our suppliers respect their employees' health, safety and welfare in terms of working conditions and rights. We have built strong relationships with our suppliers and this creates an environment conducive to positive change. We employ processes for continuous monitoring, regular assessment and audit to ensure that suppliers share our own business values and ethics. These are considered in more detail below.

Product

Over 75% of the products we supply to the builder are timber or timber-based products. The raw materials we source for our own manufactured products are predominately from UK forests. Howdens has been approved by the Timber Trade Federation as

having an environmental due diligence system in place which is equivalent to their Responsible Purchasing Policy. More information about our ethical sourcing of raw materials can be found in our [Corporate Social Responsibility](#) report.

People

In total, Howdens employs 9,044 people across our depot networks, manufacturing and logistics operations, as well as support functions. In addition, during 2017, Howdens engaged c.1,300 agency workers, predominantly in our manufacturing operations and distribution centres.

Policies

Howdens promotes the observance of internationally recognised labour standards, with particular regard to human rights. The Board will keep under review the need for specific human rights or modern slavery policies but, given the procedural safeguards described in this statement, we have concluded that the introduction of these policies are not necessary at this time.

Areas of Risk

A modern slavery risk review was conducted across the Group during 2016 identified human resources, procurement and supply chain operations as being our highest areas of modern slavery risk. Consideration of each of these is set out below. Whilst our operations have not changed significantly during the period, a further risk review will be conducted during 2018 to ensure that these remain the highest areas of risk for the Group.

Human Resources

As stated previously, Howdens' employment contracts provide that the Company will promote internationally recognised labour standards and that all our employees must adhere to a code of ethics in order to achieve the highest possible standard of integrity in our business relationships. We have specific policies in relation to anti-bullying and harassment.

In order to further reduce the likelihood of the exploitation of our employees a confidential, 24-hour, multi-lingual whistleblowing helpline is in place. The helpline is available to all employees, agency workers or contractors and it accepts telephone calls and emails. It is advertised on posters in all places of work be they offices, depots, or warehouses and it is administered by an independent third party. Howdens encourages all workers, customers or other business partners to report any concerns related to the direct activities, or the supply chains of, our business. The Howdens' Audit Committee receives reports at least annually on the number of occasions that the helpline is accessed as well as the nature of complaints.

Whilst it might seem an obvious control, absolutely no Howdens employees are paid cash in hand. This ensures that we minimise the risk of illegal working as well as modern slavery offences.

Procurement and Supply Chain Operations

As part of improving our ongoing supplier due diligence programme, we are transitioning from our own internal quantitative supplier self-assessment process (as reported in our 2017 Modern Slavery Statement) to utilising SEDEX (Supplier Ethical

Data Exchange), the global non-profit membership organisation, as a partner to help identify risk, make better-informed business decisions and to drive continuous improvement across our supply chain by focusing our CSR Risk Management process on our higher risk supplier sites.

We are using the SEDEX supplier engagement programme to link to our suppliers where we can view up to date information about them and view their current audits to understand where the ethical, social and environmental risks are, allowing us to focus our attention and resources where it is needed.

We have now extended the scope of our CSR Risk Management process to cover all Tier 1 supplier operational sites as well as our Agent's supplier sites.

Category Managers are responsible for creating and managing individual action plans pertaining to each supplier.

Communicating with our suppliers

We adopt a top-down, bottom-up approach for communicating with our suppliers. We expect our Product Category managers and buyers to have ongoing conversations with our suppliers about ethical sourcing and modern slavery, as well as commercial matters. We also expect these conversations to happen at a senior manager and business owner level as well. At our two annual Supplier Conferences in May and June, presentations were given on the ethical standards expected by Howdens of its suppliers and included specific reference to the issues of modern slavery in supply chains and the zero tolerance approach adopted by Howdens in this regard.

Training

In order to improve awareness of modern slavery within the business, we introduced targeted online training to all employees working in human resources and compliance functions across the Group.

A training framework has been developed for all new employees in the Supply division who become part of our human resources, procurement and compliance teams ensuring that they receive training and awareness relating to our policies and commitments relating to Modern Slavery.

All buyers and members of the compliance team in the Supply division have completed "Ethical Procurement & Supply" training accredited by the Chartered Institute of Procurement and Supply and this will be refreshed on a triennial basis. This training provided in depth information on modern slavery and forced labour in supply chains. All participants who undertook this training were required to complete, and pass, a comprehensive assessment.

In addition to the "Ethical Procurement & Supply" training, all buyers and members of the compliance team in the Supply division undertake internal annual Modern Slavery refresher training.

Conclusion

It is a fundamental tenet of the Howdens business that it is worthwhile for all concerned. We know that the social and commercial aspects of our business are inextricably linked. Therefore we expect that all of the people who act for, or in

conjunction with, Howdens behave in a manner, both individually and collectively, which adheres to our values.

Howdens is not a complacent business and therefore we intend to make further improvements beyond the existing safeguards implemented during 2018.

Approved by the Board of Directors on 22 February 2018.

Signed on behalf of the Board by

Mark Robson
Deputy Chief Executive and Chief Financial Officer

* All figures contained in this statement were accurate as at 30 December 2017.

