



HOWDENS

Statement by the Board of Directors on Human Rights and Modern Slavery*

Made pursuant to Section 54 of the Modern Slavery Act 2015

Howdens is a growing business. Sustainable behaviour will help us continue to grow in a way that preserves our culture, supports our business model, mitigates our risks and addresses the needs of our stakeholders

We describe the Howdens culture as being 'worthwhile for all concerned' and 'creating the conditions that allow everyone to succeed'. That means that our business needs to be worthwhile for our staff, our customers, our suppliers, the environment and the communities we work in.

Howden Joinery Group Plc Annual Report 2020

* All figures contained in this statement were accurate as at 13 April 2021

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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. We're therefore always mindful 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 in this statement 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 2020 continued to 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 companies¹.

¹ Including Howden Joinery Group Plc, Howden Joinery Ltd, Howden Joinery Corporate Services Ltd, Howden Joinery People Services Ltd, Howden Joinery Properties Ltd, Howden Kitchens Properties Ltd, and Howden Joinery Holdings Ltd.

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 over 700 depots. As a vertically integrated business, we manufacture a significant amount of the products we sell. We have one of the largest rigid cabinet manufacturing capacities in Europe as well as operating a global network of over 270 product suppliers from over 22 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 essential to us 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.

Internally, we have increased the focus further on all human rights and sustainability matters through the appointment of a Director of ESG. This agenda includes enhancing the rigour around wellbeing matters identified as part of the Covid-19 response.

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Product

80% of the products we supply to the builder are timber or timber-based products (up from 74% in 2019). 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 sustainability report.

People

In total, Howdens employs over 10,000 people across our depot networks, manufacturing and logistics operations, as well as support functions. During 2020, Howdens engaged just over 1,200 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, which was conducted across the Group during 2016, identified human resources, procurement and supply chain operations as being our highest areas of modern slavery risk.

The business has fully embedded the new Commercial structure and working practices throughout 2020, including a dedicated resource aligned to ESG. A refresher risk review is planned for the latter half of 2021 which will identify any material changes to our exposure to modern slavery risk.

Human Resources

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 or inappropriate activity by Howdens as a business, a confidential, 24-hour, multi-lingual whistleblowing facility is in place. This is available to all employees, customers, agency workers or contractors and it accepts telephone calls and raising of issues via a dedicated website.

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The helpline is advertised on posters in all places of work (offices, depots, and warehouses) and it is administered by an independent third party, with investigations handled by an independent internal team. 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.

During 2020, the Board of Directors and the Executive Committee received reports on the number of occasions that the helpline was accessed as well as the nature of complaints. An additional awareness campaign was also launched in February 2021 following a change of provider for these services. This was made available to employees with updated awareness messages (which reinforce the independence and confidentiality of the whistleblowing hotline, as well as its purpose and its availability in different languages).

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

The SEDEX (Supplier Ethical Data Exchange) system is embedded in our Tier One supply base and we now have 146 suppliers across 23 countries, connected and sharing ethical trading data with us.

As part of the ESG agenda, we have committed to review and update our Supplier Code of Conduct in 2021 to reinforce our expectations of our supply base. Our ability to understand our ethical trading risk profile is aligned with current best practice methodology developed by SEDEX and our Category Directors are fully accountable for any improvement action required within their supplier portfolio.

Our business and customer requirements are ever-changing and so our supplier network changes too, to keep pace with our product offering. We therefore understand that ongoing review of best practice is essential to continually provide us with the desired levels of transparency within our supply chain.

Communicating with our suppliers

We adopt a top-down, bottom-up approach for communicating with our suppliers. We expect our Category Directors and Buyers to have ongoing conversations with them about ethical sourcing and modern slavery, as well as commercial matters. We expect these conversations to happen at a senior manager and business owner level as well. We only want to work with suppliers who share our ethical values and we are clear about our expectations, which we aim to align through our whole supply chain.

Every year we bring our main suppliers together at a forum to talk about shared issues. This benefits both us and our suppliers, and is an example of the principle that our business needs to be "worthwhile for all concerned". As well as talking to our suppliers about product development, we use the supplier forum as an opportunity to repeat and reinforce our expectations for sustainability and ethical behaviour. We tell our suppliers what we need from them and we work together to come up with solutions.

We have continued to facilitate this level of communication through virtual means during the Covid-19 pandemic in 2020, including the Supplier Forum.

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Training

Following the internal restructure, all Human Resources, Procurement and Compliance team members have completed the modern slavery awareness training through our online Academy system.

This training forms part of the L&D compliance training framework rolled out to all indirect staff who are targeted to complete it by the end of 2021.

Mandatory completion of the Chartered Institute of Procurement and Supply Chain (CIPS) Ethical training is under review, with a view to making it available to more than the core staff who have already completed it.

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 2019.

Approved by the Board of Directors on 22nd April 2021.

Signed on behalf of the Board by

Paul Hayes
Chief Financial Officer