Sustainability matters

Worthwhile for all concerned

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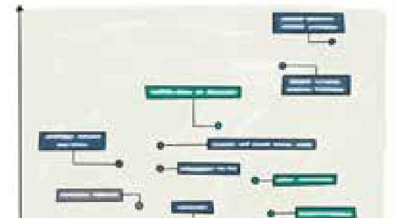

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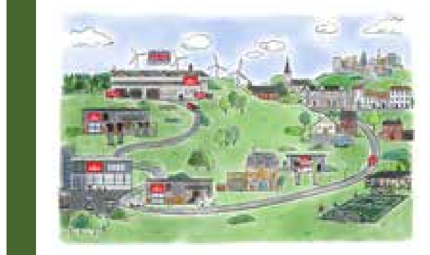

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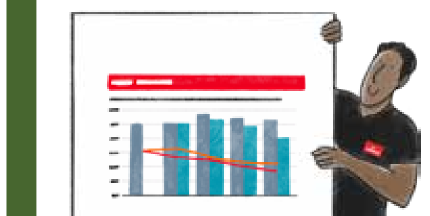

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Why Sustainability matters to us

Sustainability generates long-term value

Sustainable behaviour helps Howdens to grow in a way that preserves our culture, supports our business model, increases business resilience, mitigates our risks and addresses the material needs of our stakeholders.

Sustainability is part of our culture

The Howdens culture is to be 'worthwhile for all concerned'. Our business needs to be worthwhile for our staff, our customers, our suppliers, the environment and the communities we work in.

Sustainability supports our business model

Sustainable behaviour gives us a competitive advantage and builds business resilience.

Lowest cost production in our own UK factories leads naturally to minimising waste, energy and raw materials.

Being trusted partners to our suppliers and customers means that our relationships need to be worthwhile for all parties over the long term.

We have over 900 depots in the UK and Europe. Each one of them relies on strong local relationships to trade profitably, so we need to be a good neighbour in each of those communities.

Sustainability mitigates our risks

We discuss our principal risks beginning on page 38. Sustainable behaviour helps us to address some of those risks.

For example, we invest in keeping our people safe, developing their skills, and offering them a great place to work. We do this because it's the right thing to do, but it also mitigates our 'Health & Safety' and 'Loss of key personnel' risks.

Developing and maintaining sustainable supplier relationships mitigates our 'Interruption to continuity of supply' risk. Energy-efficient, safe and durable product, where sustainability considerations are built in as a pillar of the design process, mitigates our 'Product design relevance' risk.

Our material sustainability areas and our ESG strategy

We previously carried out an assessment of our material sustainability areas in 2020. During 2023 we refreshed this by commissioning an independent review with third party specialists, consulting both external and internal stakeholders.

We present the findings of the materiality assessment and show how the material topics are aligned to the strategic pillars and foundation principles of our ESG strategy at page 48. Our ESG strategy is summarised on the next page.

Our sustainability KPIs, Our Net Zero SBTi targets, ESG and remuneration

Our sustainability KPIs cover safety, use of wood from certified sources, and avoiding sending waste to landfill. You can find them on pages 50, 56 and 57.

Our SBTi Net Zero targets were submitted in the first half of 2023 and were approved in January 2024. We present these targets on page 46 and will be tracking progress against their first 6-year phase in future reports.

Our PSP share plan includes ESG-related vesting targets which are aligned with our Net Zero goal. Please see page 130 for details of the targets.

ESG strategic highlights of 2023

Road to Net Zero

- Science-based targets submitted and approved (pages 46 and 47).
- Extensive supplier engagement - linked to our SBTs (page 49).
- Reporting our Scope 3 data for first time (page 68).

Climate resilience

- Physical risk assessment (pages 49, 66).

Materiality

- Materiality assessment reperformed (page 48).
- Interviews with internal and external stakeholders.

Charities and communities

Our work in these two important areas is covered in the Chairman's statement on page 17.

The Board and Executive Committee lead our commitment to sustainability

The importance of sustainable behaviour is recognised right through the business. You can see the Board's Statements of Intent on Health & Safety and Sustainability at: www.howdenjoinerygroupplc.com/sustainability/group-health-safety-and-sustainability-policies. The Board's Sustainability Committee met regularly throughout the year and their report begins on page 140.

Our ESG strategy

Our vision

UK's leading responsible kitchen business

A sustainable product offering, responsibly manufactured or sourced, that meets the needs of the builder and the end-consumer.

A unique and sustainable culture

Maintaining and building on our culture of being worthwhile for all concerned. Continuing to grow a sustainable business that appeals to current and future stakeholders.

Leader in risk and resilience governance

An agile and resilient business, proactively managing ESG risks, with transparent high-quality stakeholder reporting.

Our strategy

Strategic Objectives	Net Zero			Climate Resilience	
Strategic Pillars	Renewable energy /sustainable operations See page 50	Supply chain emissions See page 49	Decarbonise the fleet See page 51	Sustainable product offer & innovation See page 52	Supply chain risk mapping & resilience See pages 49 & 66
Foundations	EDI: Strategic priorities & wellbeing — See pages 54 & 55				
	Behavioural health & safety: Maintain & next steps — See page 56				
	Effective waste management: Zero to landfill — See page 57				
	Emissions reductions: Carbon neutral — See page 56				
Governance	Effective reporting & disclosure				

Our material SDGs

UN SDG description and relevant targets under each SDG

8 DECENT WORK AND ECONOMIC GROWTH — 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'
SDG targets: 8.4, 8.5, 8.6, 8.7, 8.8.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 'Ensure sustainable consumption and production patterns'
SDG targets: 12.2, 12.5, 12.6, 12.7.

13 CLIMATE ACTION — 'Take urgent action to combat climate change and its impacts'
SDG targets: 13.1, 13.2.

15 LIFE ON LAND — 'Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests... and halt biodiversity loss'
SDG targets: 15.1, 15.2.

Our Net Zero commitment and targets

TARGET: Net Zero by 2050

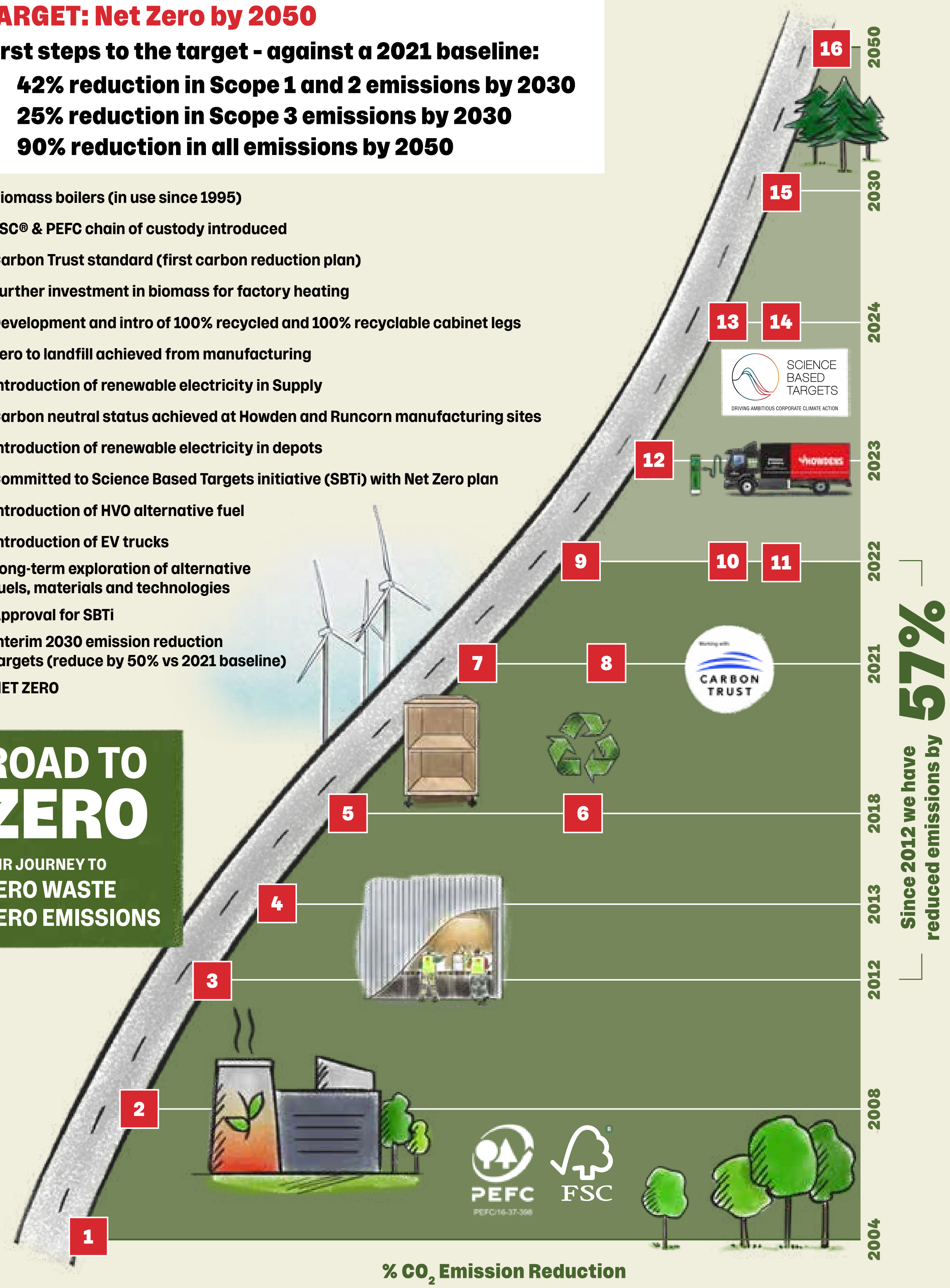
First steps to the target - against a 2021 baseline:

- **42% reduction in Scope 1 and 2 emissions by 2030**
- **25% reduction in Scope 3 emissions by 2030**
- **90% reduction in all emissions by 2050**

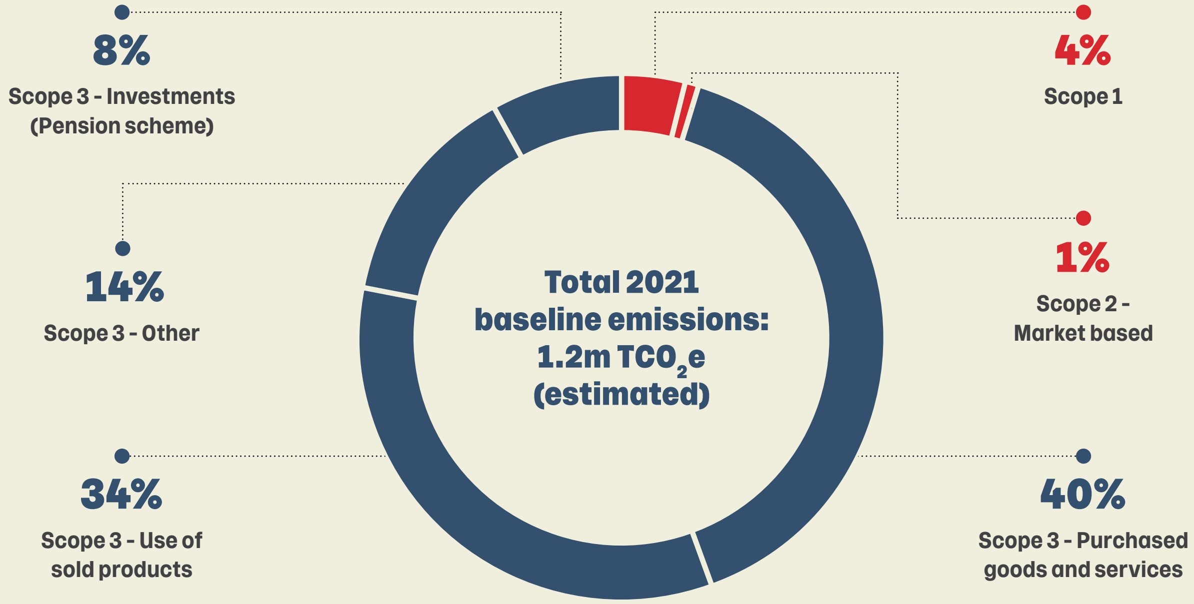
1. Biomass boilers (in use since 1995)
2. FSC® & PEFC chain of custody introduced
3. Carbon Trust standard (first carbon reduction plan)
4. Further investment in biomass for factory heating
5. Development and intro of 100% recycled and 100% recyclable cabinet legs
6. Zero to landfill achieved from manufacturing
7. Introduction of renewable electricity in Supply
8. Carbon neutral status achieved at Howden and Runcorn manufacturing sites
9. Introduction of renewable electricity in depots
10. Committed to Science Based Targets initiative (SBTi) with Net Zero plan
11. Introduction of HVO alternative fuel
12. Introduction of EV trucks
13. Long-term exploration of alternative fuels, materials and technologies
14. Approval for SBTi
15. Interim 2030 emission reduction targets (reduce by 50% vs 2021 baseline)
16. NET ZERO

ROAD TO ZERO

OUR JOURNEY TO
ZERO WASTE
ZERO EMISSIONS



Our emissions and how we plan to reduce them



"We are developing the options to meet our SBTi targets"

Scope 1 & 2		Scope 3
A - Distribution LNG trials and HVO usage underway Electric vehicles where feasible - test and develop business case Engaging logistics providers for solutions	**B - Renewable energy** All sites to switch 100% renewable energy. Invest in solar generation **C - Electric fleet** Company car transition to 100% electric/PHEV	**D - Supply chain** Initial focus on top 6 suppliers then roll out our findings across supply base (page 49) Capture emissions data Establish reduction plans and metrics Identify risks and opportunities

Costs of change

1) Minimal cost of change so far - including moving depots to renewable energy tariff in 2022. No material financial impact of meeting our SBTi targets in short or medium term (page 60)
2) Driving energy efficiency is an opportunity to tackle escalating costs in an inflationary environment
3) Increasing confidence that suppliers will be able to achieve 2030 targets without significant adverse cost impact

Our material sustainability issues

Refreshing our ESG materiality assessment in 2023

We last carried out an ESG materiality assessment in 2020 as part of a wider ESG Strategic Review. One of our priorities in 2023 was to refresh the assessment by commissioning an independent specialist review and carrying out interviews with both internal and external stakeholders.

Methodology and results of the materiality assessment and stakeholder engagement:

1. Desktop analysis and issue identification

Research into our initial internal views and communications around material issues. Identifying issues which external stakeholders and peer companies, sector guidance and frameworks commonly identify as being material.

Identifying a list of possible material topics for stakeholder interviews.

2. Stakeholder engagement

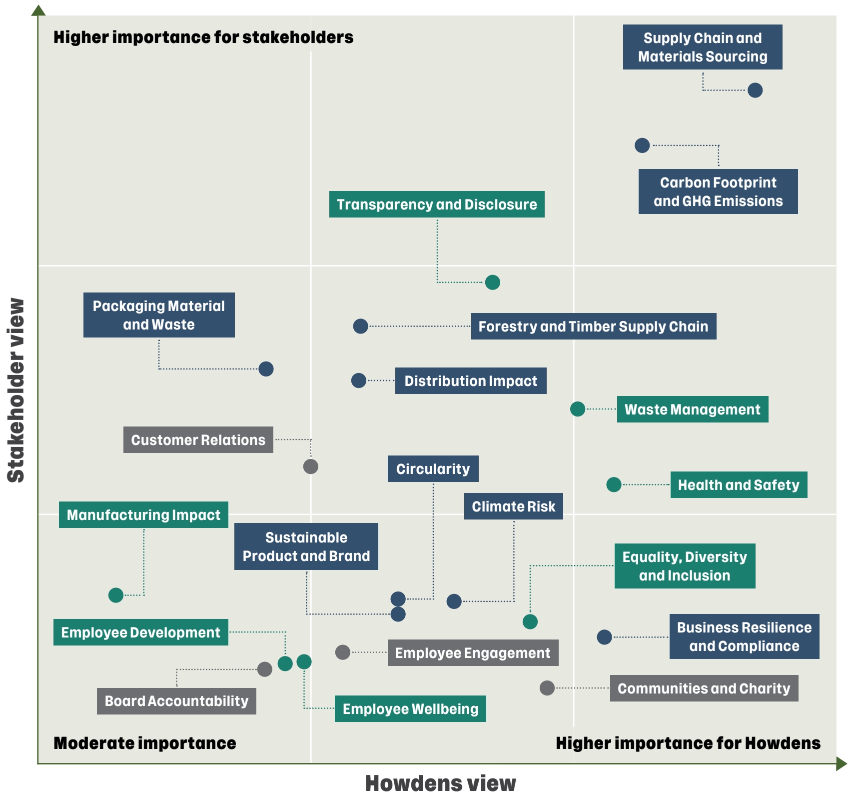
Interviews with key stakeholders to discuss the possible material issues identified in step 1, and to get their views on any other issues which they considered to be material.

This involved interviews with investors, suppliers, depot managers, other employees, and members of the senior leadership team.

3. Refinement and consolidation of issues

The findings from all the stakeholder group interviews were examined and consolidated into the matrix below.

We then compared them with our existing ESG strategic pillars and foundation values. Whilst there were variations in some of the terminology used, we were encouraged to see that the issues identified were the issues we were already focusing on.



Link to our ESG strategic pillars
Link to our ESG foundation values
Link to wider business strategy and governance

Stakeholder view
Gathered from interviews with depot managers, employees, suppliers and investors.

Howdens View
Gathered from interviews with the senior leadership team.

Correlation of material topics with our ESG strategy

As well as showing the relative importance of each of the topics that arose in our stakeholder interviews, the diagram above shows how they link to our ESG strategic pillars and foundation values, set out at page 45, or in some cases, how they link with our wider business strategy and our governance.

Supplier engagement - addressing Scope 3 emissions together

Why supplier engagement is important

95% of our baseline total emissions are Scope 3. 76% of these relate to goods purchased from our suppliers and the use of products that we source from our suppliers.

We can only achieve our Net Zero SBTi targets by collaborating with our key suppliers.

Engaging with our top suppliers in 2023

During the first part of 2023, we engaged with our top 28 suppliers. It then became clear that we were likely to learn more by narrowing this down and concentrating in depth on our top six suppliers, who account for 25% of our total supplier emissions.

Whilst these six were the largest suppliers by spend, and the most critical to our business, they also covered a variety of business structures, product types, and geographies.

Engagement in action: supplier ESG summits

In July, we co-hosted our first ESG supplier collaboration summit in Venice in partnership with one of our largest cabinet frontal suppliers, Friul. Together we gathered Friul's key suppliers from around the world to share decarbonisation activities and to discuss solutions for future emissions reductions and other ESG priorities.

Our joint aim for the conference was to send a strong message to the Tier 2 and further upstream suppliers and focus on shared ESG objectives that will give mutual benefit. Main outcomes were:

- Giving a strong demonstration of industry leadership and a message to our wider supply chain.
- Confirming that all the suppliers are active on ESG, from emissions reduction to sustainable material innovation.
- Discussing and sharing Initiatives which are already underway, including: MDF recycling; renewable energy; Net Zero targets, and product circularity.
- Encouraging future investments in resource, technology and data verification.

In November we applied this successful format for a collaboration summit in Turkey, with appliance supplier BEKO and their parent company. Seven of their main material suppliers shared their ambitions and decarbonisation plans with us and we discussed how their own Net Zero plans could work alongside ours, for our mutual benefit.

Engagement in action: Net Zero commitments strengthen bonds with long-term supply partners

Our sustainability strategy hinges on working with engaged and proactive suppliers. Many have been working on improving efficiencies and adding value for some time, however, understanding the investments required to gather the data and turn it into meaningful sustainable actions remains a challenge.

Our biggest chipboard supplier, Egger, has always placed sustainability at the heart of its operations, in line with its founder's belief that 'wood is far too valuable to just throw it away'. As a result Egger has defined emissions targets, aiming to achieve Net Zero by 2050, with near term 2030 targets, many of which were initiated to support and align to our SBTI targets. Egger has committed significant investments to ensure delivery of its, and our, Net Zero plan.

Engagement in action: ESG objectives included in standard supplier terms of business

Initial ESG objectives were introduced into our Supplier Code of Conduct in 2022. Throughout this year we have worked to increase our understanding of the complexities around gathering and sharing good quality data, particularly around Scope 3, and how this effects the way we do business.

In 2024 we will be introducing clauses into our standard supplier terms and conditions making it clear that we expect our suppliers to comply with Net Zero obligations and carbon data reporting.

Agenda for the future

Key points for the future agenda on supplier engagement will be:

- Improving accuracy of supply chain emissions data to ensure a robust emissions figure.
- Working with our main suppliers to capture real emissions data from the value chain, supported by science-based targets.
- Continuing to lead and work with our supply partners to encourage actions that support our Net Zero emissions reduction targets.

Supply chain risk mapping and resilience to climate change

As we describe in our TCFD report (page 66), we are currently in Phase 2 of our physical climate risk assessment work, that involves using a specialist climate diagnostic tool to assess current and future potential supply chain exposures. Physical climate-related risks are captured across multiple scenarios including extreme winds, flooding, heat stress, sea level rise, etc. We have started by analysing exposure of our key suppliers and expect to have finished and reviewed this analysis in H1 2024.

Renewable energy & sustainable operations

KPI

All of chipboard & MDF used in our manufacturing processes is from FSC® or PEFC certified sources

KPI - FSC®/PEFC

We used 270,000 cubic metres of chipboard and 60,000 cubic metres of MDF in our factories in 2023 - enough to fill the Albert Hall more than 3 times - so it's natural that we have a long-standing KPI requiring all wood to be from certified sources.

FSC® or PEFC certification means that the wood comes from responsibly-managed forests and that we have independent documented evidence of an unbroken chain of ownership all the way from the forest to us - via the mill, the importer and our suppliers.

Emissions reduction developments in 2023

Waste heat recovery

As part of our Net Zero strategy towards a 42% reduction in our emissions by 2030, we have started a project at our manufacturing site at Howden which recovers heat from our generators and uses it to heat another part of the factory. This will reduce our reliance on gas and reduce our emissions by 600 TCO_2e/year. The project will be operational in 2024.

Energy monitoring

Energy-efficient production has always been part of our business model, so over the years we've already identified and implemented several large-scale energy-saving opportunities.

In 2023 we've started to install energy monitors at a process level. This gives our engineering and operations teams the ability to see the energy consumption at an individual process level. In the first phase of this project we've identified emission reductions of over 300 TCO_2e/year.

Solar energy investment approved

Solar panel investment has been approved in 2023 at our manufacturing site in Howden. The first phase will see PV panels installed on our main warehouse roof, covering an area of 350,000 ft². The work will begin in 2024 and we expect to see the benefit fully in 2025. Whilst dependent on the sun, the emissions reduction is calculated to be 1,000 TCO_2e/year and an 8% reduction in purchased energy.

Sustainable sourcing

We are members of Timber Development UK and are recognised by them as a 'Responsible Purchaser', which means that we have third-party assurance on our timber purchasing due diligence systems.

All of our buyers and our compliance team have taken and passed the Chartered Institute of Procurement and Supply's Ethical Procurement & Supply training, and we have a rolling programme of refresher training on Modern Slavery, Anti-Bribery and the SEDEX RADAR tool.

Recognising that our highest exposure to modern slavery is through our supply chain, we have taken a robust approach to ethical and sustainable procurement. We continue our partnership with SEDEX (Supplier Ethical Data Exchange); and over 90% of our current suppliers are registered and completed their self-assessments on the platform. The remaining suppliers share their ethical data with us by different means, including SAP Ariba.

During 2023 we continued to risk rate all our suppliers by using the SEDEX RADAR tool. We have onboarded 55 new sites and currently 324 supplier sites share their ethical data with us. One third of suppliers sites have had a SEDEX Members Ethical Trade Audit ('SMETA', an audit designed to help protect workers from unsafe conditions, overwork, discrimination, low pay, and forced labour) in the last 3 years.

Using SEDEX insight, we are continuing to work with suppliers to deliver improvements in working practices across our supply chain.

Since last year we have successfully implemented SAP Ariba SLP (Supplier Lifecycle and Performance) to enhance supplier onboarding and requalification to align with anti-corruption, human rights and sustainability goals, as well as the Group's code of ethics.

Our modern slavery statement can be found on our website here: www.howdenjoinerygroupplc.com/governance/modern-slavery-statement.

Whilst we have always taken a zero tolerance approach to any infraction on human rights we have introduced a more comprehensive Human Rights Policy, which was approved by the Board in 2023 and which is on our website: https://investorcom.sitefinity.cloud/docs/librariesprovider25/archives/governance/human-rights-policy.pdf

Decarbonising the distribution fleet

Strategic importance and current position

We operate our own transport fleet, and it accounts for around a third of our Scope 1 baseline CO_2 emissions, so it's a clear ESG strategic priority area for us.

All of our trucks comply with the latest emissions standards, and we've fitted refinements to the standard build to increase efficiency and reduce emissions even further. With existing technology, the scope for step changes in a fleet that's already operating at a high level of efficiency is small but given the size of our distribution operation our fleet drove around 18m miles in 2023, every incremental gain is worthwhile.

Adopting new technologies where available

Where possible, we are trialling new technologies. In 2022 we began using Hydrotreated Vegetable Oil ('HVO') as part of our fleet fuel mix. HVO is a sustainably sourced second-generation biofuel. It is plant-based and can replace diesel without requiring engine modifications. It reduces CO_2 by 90% compared to diesel, and also has lower nitrogen oxide and particulate emissions. We continued to use HVO in 2023, and we have committed to double our 2023 usage in 2024.

We have also begun to trial trucks which run on Bio-LNG, a fuel produced by anaerobic digestion of organic waste, manure and sewage which produces 80% less CO_2 than diesel. We have six LNG vehicles in the fleet at the end of 2023 and we plan to add to that number in 2024.

Sharing ideas and aims with our partners

With current technology, there isn't a viable electric vehicle option that has the range to replace our long-haul fleet. Our XDC network (described at page 26), involves shorter-range deliveries and is operated on our behalf by third party logistics partners. In 2023 we engaged with one of our partners and came to an agreement whereby they are operating two electric vehicles to deliver on our behalf. Plans are in place to increase the use of electric vehicles in 2024.

We have been engaging and collaborating with our sub-contractors to understand what they are doing to reduce carbon emissions. For instance, in 2023 we shared an idea with our XDC partners around adjusting the layout of their vehicles' cargo area, which allows them to increase the volume of product on each delivery and reduce the total miles travelled.

Efficiency and safety through driver training and route planning

We invest in safety and energy-efficiency training for our drivers. We combine this with the latest in-cab telemetry and a system of daily debriefs where driver behaviour is assessed against energy-efficiency and safety targets. We reward drivers who reach the highest standards, and we work with any drivers who need help to improve. In recent years, we have invested in training our own new drivers via a driving apprenticeship scheme. This helps to encourage our high standards from the beginning of a driver's career. We have had an improvement in driver telematic scores of 5% year on year, delivering increased efficiency and safety.

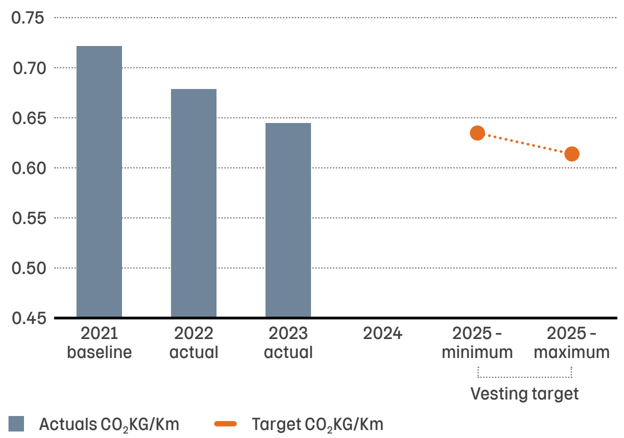
As our depot network has expanded over the years, we plan to reassess our delivery schedule in 2024 with the aim of driving down the distance we travel.

Metrics and targets

Our fleet is in the process of developing a 2030 emissions reduction plan, aligned with our SBTi Net Zero commitments.

The first step of this is the emissions reduction targets which are built into our PSP share awards (page 127) and are aligned with the first 5-year targets in our SBTs, giving minimum vesting at a total cumulative reduction from our 2021 baseline of 12%,and a maximum payout at 15%.

Progress against these targets is show below:



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Sustainable product offer and product innovation

Our ambition is to create sustainable products that we're proud of. We make almost 5 million cabinets a year in our own UK factories, so this is a product where our choices can make a real difference. We buy our chipboard from sustainably managed UK forests. For every acre of trees used, an acre or more is planted.

When the cabinet has come to the end of its life in the home it can be recycled and broken down to produce more chipboard, which can be used to make more cabinets in the future.

We don't only want to do things to an incredibly high standard - we want them to be sustainable too. Sustainability is built into our product design process and is one of our five standard pillars that we base new product design and sourcing decisions on, sitting alongside quality, design, cost and availability.

Some recent examples of building sustainable considerations into new product are shown below.

1 Cabinet guarantees and recycling

The product that sits at the heart of our business, all our cabinets come with a 25-year guarantee. We can offer that because we know quality and longevity are built into the design. We hold the furniture industry (FIRA) gold award for product excellence for our rigid cabinets. They are also 90% recyclable at end of life.

The chipboard in our cabinets is made using 35% recycled content. The cabinet feet are made of 100% recycled plastic and are 100% recyclable at end of life.

2 Recycled laminate worktops

Our own-manufactured laminate worktops are now made using 75% recycled content.

3 New developments

We are always looking for ways to improve the environmental impact of our products. Notable developments in 2023 are:

- Our new Halesworth frontals are made using 50% less plastic, resulting in 50% less CO_2 emissions.
- Our bestselling Greenwich Matt frontals are now 100% recyclable.

4 Plastic pledge

Our 'Plastic pledge' is an initiative looking across all the products we sell, and aiming to reduce, remove, and replace plastic in our packaging wherever possible.

Finding plastic-free replacements for some elements of packaging can be difficult because the product has to be protected all the way through the supply chain from manufacture to end-user.

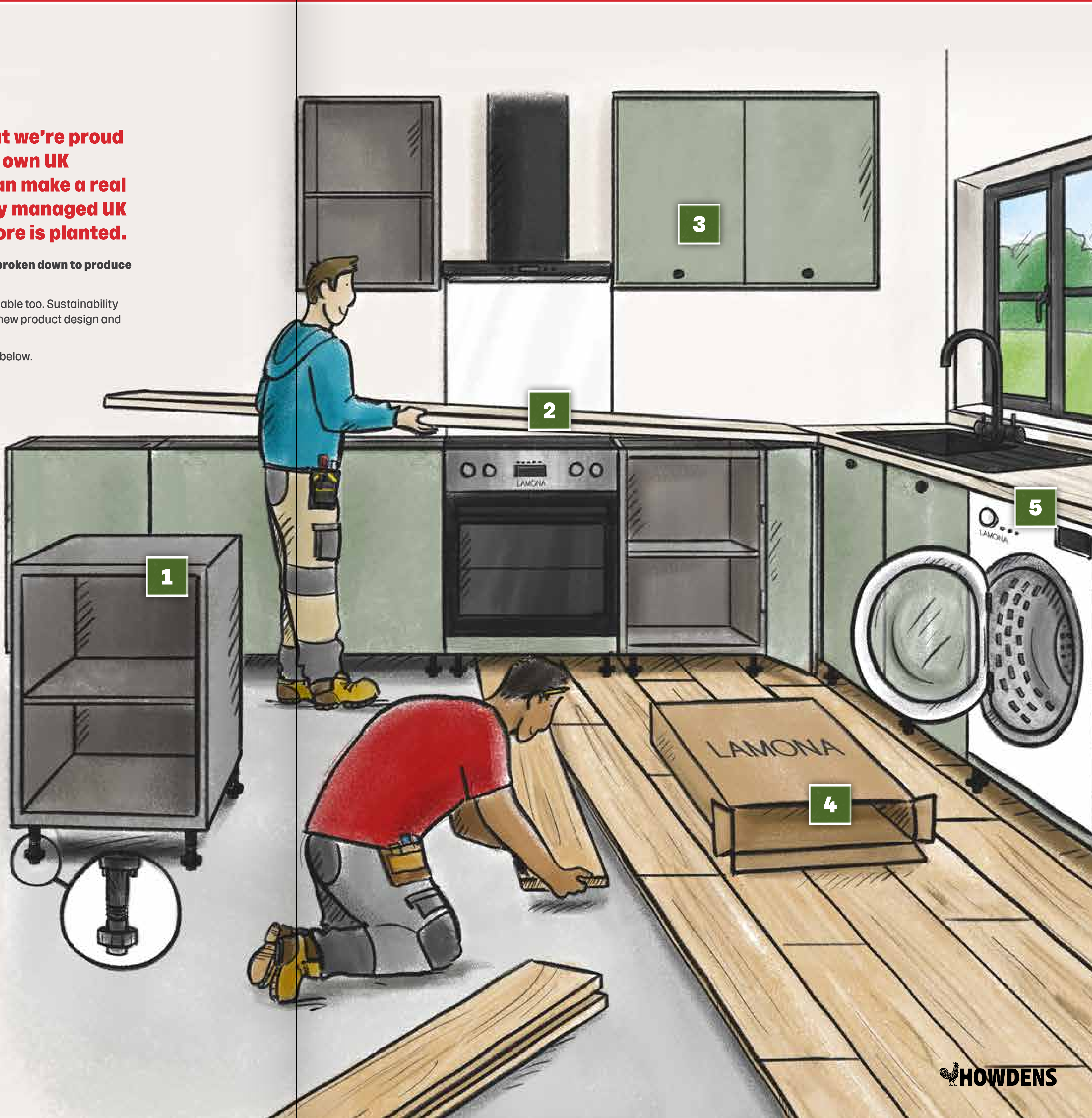
We are very pleased to have launched our first Lamona own-brand appliances with polystyrene-free packaging. Polystyrene is not commonly recyclable in domestic waste collections, and where it is recycled it takes a lot of energy to break it down. We've managed to find a solution which replaces the polystyrene with cardboard but which still offers the protection that our customers need.

In 2023 we removed approximately 300k pieces of polystyrene from the products we sold. Our aim is to increase this figure as we find more wins across the product range.

5 Eco washing machines

On Lamona washing machines, we worked with our third-party manufacturer to make the eco setting the default setting for the wash programme. This is not the case on all other brands.

We work hard to build reliability into all our own-brand Lamona appliances and we're proud to back that up with a 3-year warranty as standard. Where we have warranty claims we encourage end-users to accept our offer of sending an engineer to repair their appliance rather than replace it under the terms of the warranty. This happens in over 90% of claims.



HOWDENS

EDI & wellbeing

Rewarding careers, opportunities to develop and thrive

"I want Howdens to always be a 'home from home' place to work, where you are valued for who you are and where you can give the best of yourself, make meaningful contributions and build life-long friendships."

Andrew Livingston - CEO

At Howdens, we pride ourselves on being a place where every individual is actively encouraged to succeed, both for their personal growth and for the benefit of the business. This ethos is deeply rooted in our inclusive culture, which respects and values diverse backgrounds.

Our Inclusion Strategy

We have structured our inclusion strategy around three key areas:

1

Worthwhile for ALL

Clarifying and demonstrating our dedication to inclusion. Making a tangible difference, ensuring that everyone feels valued and supported.

2

Support for ALL

Empowering our managers. By providing them with the right tools and knowledge, they can foster an inclusive environment and get the best out of all their team members.

3

Accessible for ALL

Broadening our reach. By attracting diverse talent, we're not just filling positions; we're enriching our workplace with a variety of perspectives and experiences.

These values are at the heart of our workplace culture, where we want every employee to feel an integral part of the Howdens family. Our diversity priorities - Gender, Ethnicity and Disability - provide a framework for locally driven activities, led by our Executive Committee-sponsored employee working groups.

Worthwhile for ALL

This year we've taken further tangible steps forward. Employees can share their own career success stories via a dedicated space on our intranet so that we can encourage others to progress themselves too. A highlight was the launch of a powerful social mobility video featuring employees sharing their personal journeys.

We're also enhancing our approach to diversity data. Our aim is to have a more comprehensive data set in 2024, which will help us tailor our efforts more effectively.

Support for ALL

The role of managers in creating an inclusive workplace is critical. That's why we launched a development programme for managers, including modules on Actively Supporting Your Team and Creating an Environment of Trust and Openness.

We've also continued to deliver specific Equality, Diversity, and Inclusion ('EDI') awareness training for managers and their teams. We've refreshed our e-learning resources and launched new manager toolkits to reinforce practical learning and provide support when needed.

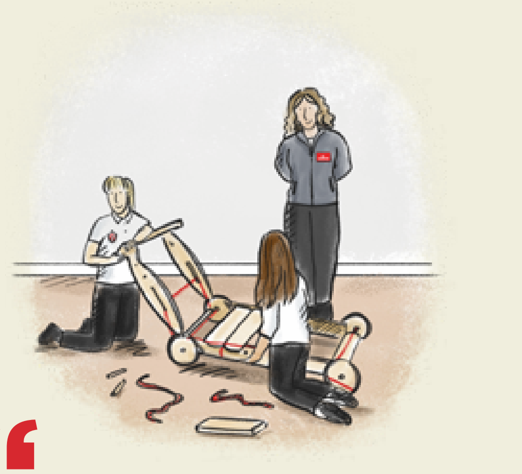
Case study

Women in Manufacturing and Engineering (WIME)

Our partnership with Longcroft School in Yorkshire is a good example of our outreach. This collaboration, part of the WIME initiative, showcases STEM careers to young female students.

During an event at the school, some of our female operations managers spoke about their careers. Later, we hosted the students at our Howden site for a factory tour and team activities, giving them a taste of the wide range of career opportunities that Howdens can offer.

The feedback from the event was very positive.



"Thanks for a really great day! The students got a lot out of it and felt really welcome... a huge thank you to you and your teams for arranging and supporting our visit.

Teacher at Longcroft School

Accessible for ALL

Our goal is for everyone who works with us to feel that Howdens is somewhere they are welcomed and supported to thrive. Part of this is our commitment to social mobility. We help career progression through apprentice programmes and in-house training. We're creating new learning pathways, especially for critical roles. An example is our new programme to train Kitchen Sales Designers.

Our commitment to nurturing 'homegrown' talent continues. In 2023, we recruited 362 new apprentices across the business.

We also launched a Chartered Management Degree Apprentice Scheme, providing work experience across different operational areas along with a degree qualification and real opportunities for career progression.

We remain committed to transferring 20% of our apprenticeship levy to fund construction apprenticeships in small businesses across the UK, directly addressing a skills gap relevant to our customer base. To date we have committed more than £880,000.

disability confident COMMITTED

Committed to being a menopause friendly employer PROUD to display the BADGE

2023 Update on Our EDI priorities

Our Executive Committee sponsors continue to lead employee working groups focusing on gender, disability, and ethnicity.

Gender

An International Women's Day event in March 2023 was a highlight, featuring inspiring stories and interactive sessions.

The Gender group has also organised events and educational sessions on the Menopause, developed toolkits for managers and employees, and introduced wellbeing baskets in restrooms. An e-learning module for managers is part of our journey towards Menopause-friendly accreditation.

Ethnicity

This year we've published an EDI Toolkit for managers which includes guidelines for considering the diversity of local communities in recruitment and learning resources on different religions and cultures.

We launched awareness communications on festivals such as Ramadan and Diwali. We held a listening session with ethnic minority employees in Birmingham. The focus was on understanding their lived experiences and how we can be more inclusive. More sessions are planned for 2024.

Disability

We've achieved Disability Committed status, the first stage of the Disability Confident Government scheme.

Update on our wellbeing strategy

In 2023, we delivered a series of events on the key aspects of our wellbeing strategy: physical, mental, and financial wellbeing.

Financial Wellbeing

We held sessions during National Pensions Week, attended by hundreds of employees. We also introduced a new workplace ISA and a Cycle to Work scheme. A new retail discount platform provides savings for all employees.

Mental wellbeing

We've partnered with Retail Trust for our Employee Assistance Programme (EAP). A Mental Health toolkit for managers was launched, and events like 'Walk this May' encouraged walking for mental health benefits.

Physical wellbeing

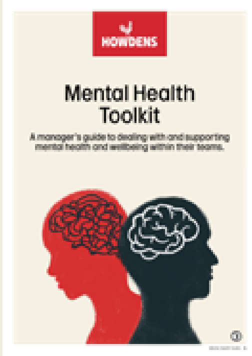
As well as our focus on the Menopause, mentioned above, we hosted webinars on various health topics for everyone including 'Know your numbers' - blood pressure and resting heart rate checks - and CPR/Defibrillation sessions as part of National Heart Month.

We have continued promoting our health benefits, including more accessible discounted gym memberships and we have trained more Employee Wellbeing Representatives.

Case study

Counter Talk podcast

Our Counter Talk podcast, featuring employees telling their own mental health stories and support strategies, was a significant step in promoting open conversations about mental health. It highlighted the supportive culture at Howdens.



I've been with a lot of companies where I've known I needed to keep it to myself, because it's going to cause a problem, but with Howdens you know that if you open up there is going to be a whole load of support.

Quote from an employee who shared their experiences.

Strategic Report - Sustainability Matters

Health & safety, carbon neutral, renewable energy and waste

Keeping our people safe and healthy

Our safety KPI has remained low at 153 RIDDOR reportable injuries per 100,000 employees in 2023. This is 29% below the 2022/2023 HSE All-Industry rate of 215.

Our accident severity rate has also remained low at 33.4 hours lost to accidents per 100,000 hours worked.

Our network of over 850 depots in the UK and Republic of Ireland was awarded the ISO 45001 certification in early 2022. This was achieved by implementing simple and visual safety management systems and actively encouraging the participation of all staff to help continuously improve Health & Safety (H&S) performance. We had already held ISO 45001 certification across our manufacturing and distribution network since 2009.

We have developed our construction-based H&S systems for our Solid Work Surface Installations and Contracts operations, which are rapidly expanding areas of growth.

Across the business we continue to work hard to embed the cultural value that safe operations is our way of doing things. In 2023 we introduced H&S recognition initiatives, such as the 'Safety Good Spot' and 'Local Safety Hero' Awards, celebrating the positive impacts of employee participation and proactive behaviour.

To maintain momentum on our safety culture improvement plan we have partnered with the Centre for Human Factors (CFHF) at the University of Hull. In 2024, the CFHF will be working with us to get a deeper understanding, through engagement, of the human factors and cultural elements that we can foster and, where necessary, improve on to embed and mature our safety culture.

Carbon Neutral certification changes to Route to Net Zero Standard

Manufacturing accounts for a significant proportion of our total Scope 1 and 2 emissions, and is entirely under our control, so it always made sense for us to start our emissions reduction efforts there. It also has a direct benefit to our profitability as it reduces input costs.

We previously had a commitment to achieve carbon neutral manufacturing at our Howden and Runcorn sites by 2021, which we achieved and which we had certified by the Carbon Trust, a global climate consultancy (with evidence provided in accordance with PAS 2060:2014 - Specification for the demonstration of carbon neutrality).

Our approach was to reduce emissions as much as possible with current technology or renewable energy, and then to offset residual emissions with Gold Standard carbon offsets (shown on the independent GSF Registry here: https://registry.goldstandard.org/projects/details/583). We committed to annual recertification which we successfully received in 2022.

From 2023 the Carbon Trust is no longer offering Carbon Neutral verification at a site level and is transitioning to a more demanding certification - the Route to Net Zero Standard. This standard aims to ensure transparency and clarity of environmental claims with an expectation of high ambition. It has a greater emphasis on reduction, more rigorous and ambitious requirements and a focus on language to enhance clarity of meaning. The scope of the Net Zero Standard is wider than the previous Carbon Neutral certification as it will cover the whole Group's operations.

We consider achieving the Route to Net Zero Standard as the next step in our Net Zero journey and a way to demonstrate our commitment to climate leadership, moving on from the achievement of Carbon Neutrality. The standard is aligned with our science-based carbon reduction targets with SBTi and, if achieved, will provide assurance that we are on track to achieve our targets and adopting sustainability best practices. We have begun working with the Carbon Trust with the aim of achieving the standard and will report on our progress and targets as they develop.

Working with:
CARBON TRUST

Reducing waste

Maintaining zero to landfill in 2023 in our manufacturing and logistics operations. We were very pleased to achieve this in 2020 through our approach of removing or minimising the use of resources in the first instance, and then maximising the amounts of waste that we can reuse, recycle and recover. Rather than sending our waste offsite to be burnt for energy recovery, we took the more difficult but more responsible method of using the principles of the 'Waste Hierarchy' and maximising the amount that we can reuse, recycle or recover. We have maintained this performance in 2021, 2022 and 2023, and this is our target for the future.

All UK depots zero to landfill at the end of 2023. It's a lot more challenging to achieve zero waste to landfill in our network of over 800 UK depots. From a baseline of 60% of depot waste avoiding landfill in 2019, we set the target of getting to over 95% by the end of 2022. We exceeded that target in 2021, and made further progress in 2022. In 2023 we have found a partner who can service our UK depot network with waste collection that offers 'cradle to grave' due diligence and tracing which means that by the end of 2023 all of our depots are now zero to landfill. We intend to maintain this performance in the future.

ISO 14001. Our manufacturing, warehousing and transport are certified to ISO 14001 Environmental Management System. This assures us that we have sustainable processes in place and encourages us to look for improvements.

Sawdust-to-heat. In 2023 we converted over 10,000 tonnes of sawdust into energy in biomass boilers at our Runcorn and Howden factories. This is enough sawdust to fill 13 Olympic swimming pools, and it would otherwise have to have been transported elsewhere to be reused. Using it to heat our factories also saves us money. The energy generated by our biomass boilers was equivalent to the average electricity consumption of almost 9,000 households.

Use of renewable energy sources

Our commitment to renewable energy use expanded in 2022 to include substantially all our depot and office estate. Our manufacturing, distribution and depot network now use grid electricity from renewable sources backed by Renewable Energy Guarantees or Origin ('REGOs'), and by the end of 2023 96% of all UK energy was coming from renewable sources.

Each year, this will avoid around 10,000 tonnes of indirect carbon emissions. The impact of this can be seen in our market-based emissions reporting figures.

Biomass heat generation has been a feature of our Howden and Runcorn sites for almost 25 years with a combined heat output of 46,000MWh pa, we can heat 1m sq ft of manufacturing space with 98% less carbon emissions.

During 2023 we have approved investment in solar panels at our manufacturing site in Howden, which will come online in 2024 and which we discuss further at page 50.

We also use alternative, plant-based, HVO fuel in our lorry fleet, as we discuss further on page 51.

Strategic Report
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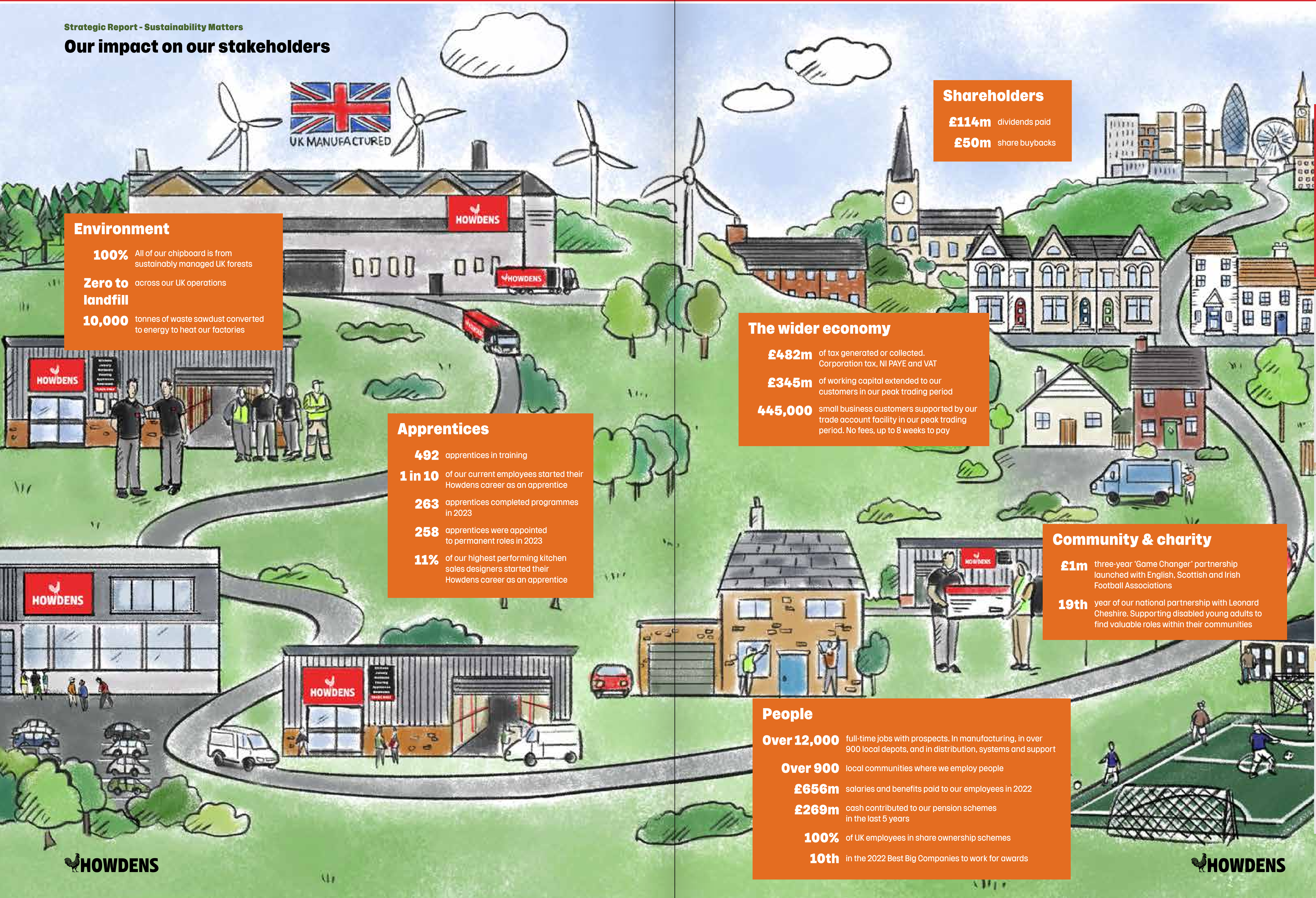
Additional Information

Strategic Report - Sustainability Matters

Our impact on our stakeholders



Environment

100% All of our chipboard is from sustainably managed UK forests

Zero to landfill across our UK operations

10,000 tonnes of waste sawdust converted to energy to heat our factories

Apprentices

492 apprentices in training

1 in 10 of our current employees started their Howdens career as an apprentice

263 apprentices completed programmes in 2023

258 apprentices were appointed to permanent roles in 2023

11% of our highest performing kitchen sales designers started their Howdens career as an apprentice

Shareholders

£114m dividends paid

£50m share buybacks

The wider economy

£482m of tax generated or collected. Corporation tax, NI PAYE and VAT

£345m of working capital extended to our customers in our peak trading period

445,000 small business customers supported by our trade account facility in our peak trading period. No fees, up to 8 weeks to pay

Community & charity

£1m three-year 'Game Changer' partnership launched with English, Scottish and Irish Football Associations

19th year of our national partnership with Leonard Cheshire. Supporting disabled young adults to find valuable roles within their communities

People

Over 12,000 full-time jobs with prospects. In manufacturing, in over 900 local depots, and in distribution, systems and support

Over 900 local communities where we employ people

£656m salaries and benefits paid to our employees in 2022

£269m cash contributed to our pension schemes in the last 5 years

100% of UK employees in share ownership schemes

10th in the 2022 Best Big Companies to work for awards

HOWDENS

HOWDENS

Strategic Report - Sustainability Matters

Task Force on Climate-Related Financial Disclosures - building climate resilience

Our approach to TCFD

We see TCFD as a useful framework to help us assess our climate resilience. We use it to talk about our climate risks and opportunities, to build them into our strategy and to measure our progress.

We have made good progress in 2023. We are using specialised technology to collect both physical and transition climate risk and opportunity data across our value chain. We've started to connect this technology with our key suppliers so we can access and challenge this data more easily and use it to build a collective picture of the challenges and solutions together.

We committed to SBTi Net Zero in 2022 and have had our targets approved in January 2024. We have started to collect real Scope 3 emissions data through our value chain. This is a complex exercise, and still involves some estimations, but we are making progress (page 68).

No identified short or medium-term material climate-related risks

The results of our scenario modelling agreed with the results of our existing business risk management process (described starting on page 36), in that they did not identify any material climate-related risks in the short or medium term.

We are reviewing our supply chain in greater depth and are not currently aware of any material physical risks. We evaluate physical risks for time horizons to 2050.

No identified material financial impact of meeting our SBTi targets in the short or medium-terms

We have examined the estimated incremental costs of meeting our SBTi targets over the next three years, and neither the incremental capex requirement nor the net annual effect on operating profit is material.

Compliance with the TCFD recommendations

The following pages set out the 11 TCFD recommended disclosures, showing where we are now, the progress we've made this year, and our main areas of focus for the future.

We consider that we're fully complaint with Listing Rule 9.8.6R, i.e. that we are fully compliant with all 11 of the TCFD recommendations, and that we have taken into account all relevant and material elements of the recommended TCFD disclosures - including the TCFD's all-sector guidance and, where appropriate, the supplemental guidance for non-financial groups, as well as the climate-related financial disclosures required by section 414CB(A1) and (2A) of the Companies Act 2006.

TCFD recommended disclosure	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
GOVERNANCE		
A Describe the Board's oversight of climate-related risks and opportunities.	• This process is led by the Board's Sustainability Committee, whose report is at page 140. • The Sustainability Committee met three times during 2023. The Director of ESG* reported to the Sustainability Committee at each meeting and provided updates on the climate-related risks and opportunities. • The Board considers climate risks together with other risks as part of its overall risk review processes described in detail starting at page 36. • When considering any material investment proposition, the Board considers the likely climate-related consequences.	• The Sustainability Committee will meet regularly in 2024 and will make recommendations to the Board as appropriate. • The Director of ESG will provide regular progress updates. • The Board incorporated environmental measures for 2023 executive share plan. The Remuneration Committee regularly monitor progress against each of these measures. Updated environmental measures are in place for the 2024 plan see page 130.

* The Director of ESG is a management role and is not a Director of the Board of Howden Joinery Group Plc.

TCFD recommended disclosure	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
GOVERNANCE CONTINUED		
B Describe management's role in assessing and managing climate-related risks and opportunities.	• It is the Executive Committee's (ExCo) responsibility to execute Group strategy and to manage and mitigate climate risks and take advantage of opportunities. The role of the ExCo is set out on pages 75, 80 and 81. • The ExCo are responsible for delivering the climate-related targets determined by the Board. • The Director of ESG advises both Board and ExCo on progress against targets and other initiatives. He presented at all of the Sustainability meetings in 2023. • ExCo reviewed the TCFD materiality impact assessments and scenario analysis in 2023. • The Director of ESG worked with ExCo during the year to develop strategies to manage risks and pursue opportunities. • Our supplier engagement activities in 2023 (pages 49, 88 and 89) demonstrated industry leadership and provided clear messaging that our suppliers need to be active on emissions reductions.	• ExCo members have been assigned key responsibilities on managing climate risks and opportunities. • Management will continue to engage with our supply chain in 2024.
STRATEGY		
A Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	• Our climate risk assessment identified no significant short or medium-term climate-related risks. • We give more detail on the potential risks and opportunities starting at page 64.	• Continuing to engage with our supply chain to obtain further data, which may also give additional information on ESG risks and opportunities as they evolve.
B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• We did a physical climate risk assessment over various timeframes in 2021, and we have built on this by doing additional physical climate risk assessment in 2023. No significant short or medium-term risks were identified. • We have continued to explore ways of building potential risks and opportunities into strategic and financial planning. • We give more detail on possible impacts starting on page 64. • We discuss our Net Zero commitment on page 46.	• Climate-related risk screening is being incorporated into the due diligence process for major capital expenditure decisions. • Further collaboration with our top 30 suppliers should give us additional data on specific climate risks and opportunities that may inform our strategy and financial planning.

HOWDENS

TCFD - building climate resilience continued

TCFD recommended disclosure	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
STRATEGY CONTINUED		
C **Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	• We constructed draft climate impact scenarios in 2021, including a scenario aligned with below 2°C. These are described on page 64. They did not identify any material challenges to strategy in the short or medium-term. • We tested the scenario results with management, ExCo and Board in 2022. • In 2023, we established a TCFD working group to review the Net Zero strategy. No significant short or medium-term implications for our strategy were identified.	• We will refresh our scenario analysis in 2024. • We will continue to review various options for decarbonisation, including new technology, as and when it becomes available, and to consider whether there are any emerging implications for our future strategy.
RISK MANAGEMENT		
A **Describe the organisation's processes for identifying and assessing climate-related risks.**	• We use the same approach as for other risks (see pages 36 - 37), combined with horizon scanning to improve identification of medium and longer-term climate transitional and physical risks. • We use an approach modelled on British Standards, based on risk impact and our adaptive capacity. • We have built the outputs of our climate risk assessment into operational risk registers. • In 2023 we have improved our identification process for climate physical risks by using a modelling tool, covering all operations over a short, medium and long term. • We have engaged with our stakeholders, including our insurers, to understand how their focus on climate risk is likely to develop.	• Continue to improve our risk identification process, incorporating more data streams and trends. • Continue to assess key metrics and targets, and the operational plans to meet them. • Review the external environment for changes in climate risks and new mitigation strategies (e.g. through our brokers, insurers external professional bodies and forums). • Board will formalise a risk appetite for climate-related risk.
B **Describe the organisation's processes for managing climate-related risks.**	• We manage climate-related risks in the same way as our other risks (see pages 36 - 37), albeit that time horizons may be longer. • A member of the ExCo owns each risk and leads the relevant operational teams as they control day-to-day risk management and mitigation.	• Challenge the business on the effectiveness and accuracy of mitigation plans, including evidence of progress. • We continue to view climate risks as emerging risks see page 36.
C **Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**	• We use the same approach as for other risks (see pages 36 - 37). We record them in our risk registers alongside our other operational, financial and strategic risks, albeit that we typically use longer time horizons when looking at climate risks. • We review and update them twice a year. • We have an emerging risk identification and management approach, with dedicated reporting to Exec and Board.	• Continue with specific climate-focused risk register reviews. • Continue to develop reporting to Exec and Board.

TCFD recommended disclosure	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
METRICS AND TARGETS		
A **Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**	• Our emissions reporting starts at page 67. This is central to our SBTi targets, which were approved in January 2024 and which will be key metrics for the future. • We have long-standing KPIs on use of FSC® and PEFC raw materials and on production waste recycling - we report on these on pages 50 and 57.	• We are in the process of amending our standard contract terms with our long-term suppliers to make it clear that we expect them to work with us to reduce carbon emissions in the supply chain. The aim is that this will eventually lead to mutually agreed targets. • As we continue with supplier engagement, we will collect further supply chain emissions data, which will allow us to encourage suppliers to set SBTi targets.
B **Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.**	• See our emissions reporting, starting on page 68. We have disclosed estimated Scope 3 emissions for the first time in 2023. • We consider the risks relating to emissions as part of our overall climate risk reporting, summarised above.	• We will continue to work with our supply chain to gather additional data to inform our Scope 3 emissions reporting.
C **Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**	• Performance against non-financial KPIs is shown on pages 29, 50, 56 and 57. • Our SBTi Net Zero targets are shown at page 46. • We incorporated environmental targets, aligned with our SBTi Net Zero targets, into our share plans for the first time in 2022. More details are given at pages 127 and 130.	• Continue to monitor performance against targets including assessing the industry specific metrics and targets introduced by latest frameworks and standards such as TPT (Transition Plan Taskforce) and ISSB.

TCFD - building climate resilience continued

Main risks and opportunities from our scenario modelling so far

Details of the scenarios and time horizons

We began our work on climate scenario planning in 2021. We looked at both physical and transition risks and held a series of workshops with stakeholders from across the business to identify and discuss potential significant risks and opportunities. Our discussions concentrated on the time period to 2030 for transition risks and opportunities, which we further split into time horizons, which we classify below as short term (to 2024), medium term (to 2026) and long term (to 2030). Physical risks are assessed using longer time horizons to 2050 and beyond (for chronic risks such as sea-level rise).

We have chosen the long-term horizon as it aligns with our first major milestone in our Net Zero plans (see page 46). We have chosen the duration of the short and medium terms because they align with the Group's strategic business and financial planning cycles. We plan to refresh our scenario analysis during 2024, an exercise which will include reviewing the time horizons.

We developed three scenarios to frame our discussions of potential climate risks and opportunities. These scenarios were based on the well-regarded and widely-used scenarios developed by Inevitable Policy Response, and were then enhanced to include additional factors specific to Howdens. The scenarios are:

1) Less than 2°C scenario: Where governments and regulators act quickly and take the lead with a series of measures aimed at achieving the Paris Agreement targets. This scenario envisages swift action, a high level of legislation and emphasis on mechanisms such as carbon pricing and financial incentives for decarbonisation.
2) Where lack of agreement between governments leads to an initially slow pace of change, but where a series of social tipping points see a response to climate change which is led by citizens putting pressure onto governments and companies to act.
3) Where there is some commitment from governments, companies and citizens to a Net Zero transition, but where these commitments aren't always fully developed or enforced, and may sometimes be overridden by political, commercial, or individual concerns in the short and medium term, requiring more severe policy action and enforcement in the longer term.

Results and next steps

Our initial scenario modelling work has given us an increased understanding of the qualitative impacts of climate change on our business across various time horizons, although we recognise that it is an iterative and dynamic process. The results of our scenario modelling agreed with the results of our existing business risk management process (pages 38 to 41) and also indicated the resilience of our current strategy, in that they did not identify any material climate-related risks.

Under each scenario there were several possible short, medium and long-term risks and opportunities. We have summarised the most likely ones below. Whilst we have indicated the most relevant time horizon(s) for each risk and opportunity, there is inevitably significant crossover between the outputs of the different scenarios and time horizons, so our description of each risk and opportunity, as well of the related impact, contains an element of aggregation.

Over time we will continue to refresh and develop our scenario analysis. Our intention is to revisit it in 2024.

Overview of opportunities	Most relevant time horizons	Impact	Mitigation actions
OPPORTUNITY: Area of impact - Brand			
Delivering on our aim to be the UK's leading responsible kitchen business and creating a brand that is recognised as a leader in managing climate-related risk could result in increased sales, greater brand awareness, increased market share and increased attractiveness to current and future employees.	Medium to long term (2026-2030)	Increased sales. Greater brand awareness. Increased market share. Stronger employee retention/relations.	Promoting awareness of our sustainability and Net Zero ambitions to employees, customers and end users. Sustainable customer offering and bringing the suppliers on the Net Zero and sustainability journey with us.
OPPORTUNITY: Area of impact - Cost reduction			
Continuing to focus on energy efficiency, pushing through our targeted improvements and taking future steps on the path to decarbonisation could lead to a lower cost base. Relevant factors could be things such as: • Access to grants, subsidies and favourable tax treatment for adopting decarbonisation technologies . • Absolute reductions in energy and materials consumption will lower costs, particularly in times of rising energy prices, extended application of carbon pricing and an increase in the underlying carbon price.	**Grants and subsidies:** short to medium term (2024-2026) **Absolute reductions in energy consumption:** medium to long term (2026-2030) **Deployment of Decarbonisation technologies such as hydrogen:** medium to long term (2026-2030)	**Capitalise on energy opportunities:** installation of solar panels/wind turbines etc., will help in reducing costs and lead to carbon emission savings. **Own energy generation:** by accessing grants and subsidies and deploying latest decarbonisation technologies.	Reducing energy consumption will help mitigate the impact of rising energy prices/carbon pricing. Deploying new renewable technologies with grants will lower the own capex requirements and improve energy security.
OPPORTUNITY: Area of impact - Access to capital			
Building a climate resilient strategy and communicating it effectively to the market could increase the demand for our shares and could also give us access to lower-cost financing.	Short to medium term (2024-2026)	Increased demand for shares. Access to sustainable finance opportunities.	Clearly communicating our sustainability and climate resilient actions to our existing and future investors.
OPPORTUNITY: Area of impact - Product design			
Taking the lead in producing sustainable products before our competitors could increase our competitive advantage and market share.	Medium to long term (2026-2030)	Support the future sustainability of our assets and the Howdens brand.	Sustainable design is built in as a pillar of our new product development process.
RISK: Area of impact - Sourcing			
Future physical or legal barriers arising from climate change could bring challenges to sourcing some of our products in the future - principally items which we currently source from overseas. Causes could be things such as: • Carbon pricing. • Pressure on supply chains to decarbonise, especially in emerging markets. • Some current raw materials could increase in cost or become unavailable in the future, so alternatives would have to be found.	**Carbon pricing:** medium to long term (2026-2030) **Pressure on supply chains to decarbonise:** medium to long term (2026-2030) **Raw materials cost increase/ unavailability:** medium to long term (2026-2030)	**Carbon pricing:** £2.9m - £5.1m (assumption of £50 per tonne of CO_2e carbon price). **Pressure on supply chains to decarbonise:** as climate change is a global issue, our supplier base will also be impacted with the drive to decarbonise. **Raw materials cost increase/ unavailability:** there may be adverse impact on availability of certain raw materials in the future.	Our commitment to SBTi Net Zero targets will help with mitigating the impact of future carbon prices due to absolute reductions in our emissions. We are using technology to collect data directly from our suppliers, which will give us an increased understanding of potential supply chain impacts and allow us to collaborate with suppliers to mitigate the potential future effects. For instance, the supply chain data should give us a more detailed view of potential effects on key raw materials and help us formulate mitigation strategies where necessary.

TCFD - building climate resilience continued

Overview of opportunities	Most relevant time horizons	Impact	Mitigation actions
RISK: Area of impact - Operations			
The physical risk to our operations from climate change can include extreme weather events and rising sea levels. These risks could require additional capital expenditure or could interrupt operations.	**The physical risk assessment:** identifies potential risks in the short, medium and long term. However, no significant physical risks were identified in the short or medium-term. We are currently working with suppliers for more granular data throughout the supply chain. This work is ongoing.	**Interruption to operations:** physical impacts of climate change could cause supply chain disruption/ physical route disruptions. We will have a fuller view of potential value at risk once we have completed Phase 2 of our physical risk assessment. We consider that we have a high level of expertise in supply chain planning and successfully planned for and dealt with the disruptions of COVID and Brexit. **Additional capital expenditure:** physical climate risks may require us to improve/update our infrastructure, which will increase our capex.	To further understand the risks at a granular level, we have deployed a two-phase physical risk assessment of our own locations in the UK and our suppliers' locations around the world. Phase 1, which is completed, identified the physical risks such as coastal flooding, rising sea levels, heat stress and drought in certain regions and locations, using timeframes up to 2050. Phase 2, which is in progress will deliver a vulnerability and resilience option assessment and it will allow us to estimate our Value at Risk for physical exposure and to understand our suppliers' adaptive capacity.
RISK: Area of impact - Decarbonisation			
Decarbonisation of our distribution and depot fleets could require transitional investment and/or adjustments to current working practices.	**Adjustments to current working practices:** short to medium term (2024-2026) **Transitional investment:** medium to long term (2026-2030)	**Additional capital expenditure:** to decarbonise our own operations, e.g. our buildings and fleet.	We are currently carrying out a study, which will clarify levers of decarbonisation available to us. We have estimated the incremental costs of meeting our SBTi targets over the next three years, and neither the capex requirements nor the net annual effect on operating profit are material.
RISK: Area of impact - Customer expectations			
Failure to meet customer demands for sustainable products could reduce market share.	**Failure to meet demands:** medium to long term (2026-2030)	**Impact on future sales:** from inability to meet customer needs.	Our ESG strategic ambition is to be the UK's leading responsible kitchen business. This commitment drives us to maintain a focus on sustainable product (pages 52 and 53).

Our SECR and Scope 3 reporting

SECR - Emissions reporting

Absolute carbon emissions reduced 3.6% against 2022

Emissions reporting methodology

Footprint calculations performed in accordance with the WRI GHG Protocol and market-based emissions are reported in accordance with the GHG Protocol Scope 2 Guidance - An amendment to the GHG Protocol. Emissions are reported in accordance with HMG Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting (SECR). All footprint calculations are subject to internal quality checks at source data and final report stages. The intensity measure was chosen because it was felt most relevant to show changes in emissions relative to changes in turnover.

We have used the Operational Control boundary, which includes all UK and International operations with the exception of our new Paint to Order factory, which was commissioned in the second half of 2023. There are no process emissions within Howdens, as defined in the GHG protocol, and fugitive emissions from air conditioning systems are omitted due to insignificant materiality to the overall footprint.

The 2023 data below includes additional emissions from the trade of Sheridan Fabrications Ltd, a business which we acquired part way through 2022, for the first time. Reliable data was not available for this business for 2022 or earlier years, so prior year figures have not been adjusted. Total scope 1 and 2 emissions for the Sheridans business in 2023 were less than 1% of total Group emissions.

	Total CO_2 emissions (Tonnes)	
	2023	2022*
Scope 1 - Direct: Gas	13,075	13,032
Scope 1 - Direct: Owned Transport (LGV/Van/Car)	24,665	28,302
Scope 1 - Direct: Other fuels	1,380	1,354
Scope 1 - Direct: Biomass	408	469
Scope 1 - Direct: Total	39,528	43,157
Scope 2 - Indirect: Electricity - location-based	13,725	12,067
TOTAL Scope 1 and 2 absolute emissions - location-based	53,253	55,224
Scope 2 - Indirect: Electricity - market-based*	1,266	5,193*
TOTAL Scope 1 and 2 - market-based	40,794	48,350
Turnover (£m)	2,310.9	2319.0
Carbon intensity ratio (tCO_2e per £m) gross, location-based	23.0	23.8
Inflation adjusted intensity ratio (tCO_2e per £m) gross, location-based	28.7	28.4
Additional carbon intensity ratio (tCO_2e per £m) net, market-based	17.7	20.8*
Additional inflation adjusted intensity ratio (tCO_2e per £m) net, market-based	22.0	24.9*
Energy consumption used to calculate above emissions (kWh)	290,613,944	321,585,787
Proportion of CO_2 emissions generated in the UK:	98.6%	98.6%
Proportion of total energy consumed (kWh) in the UK:	98.3%	98.5%

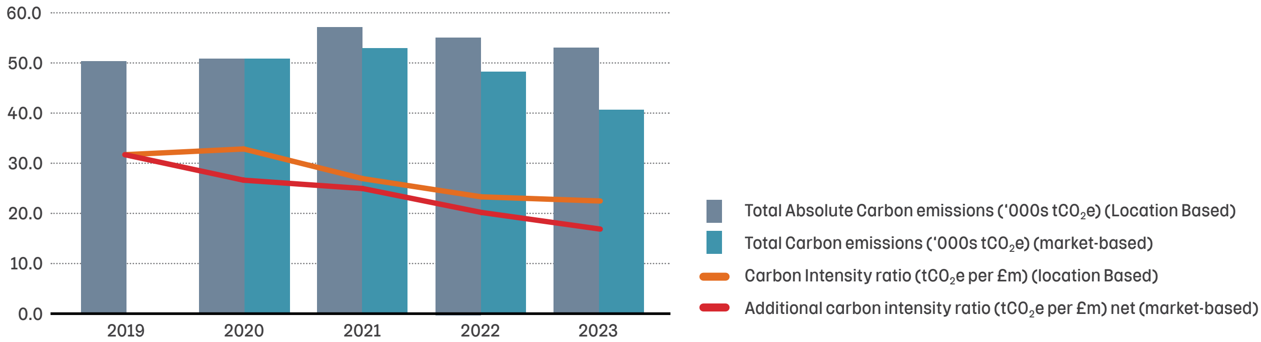
* **Restated data for 2022**. In our 2022 reporting, the figure for Scope 2 - Indirect: Electricity - market-based was incorrectly reported as 101 tCO_2e, when it should have been 5,193 tCO_2e. This error came to light in 2023. The 2022 data has been restated to reflect the correct figure. The 2023 market-based figure for indirect electricity is significantly lower because it reflects a full year of renewable energy.

Strategic Report - Sustainability Matters

Our SECR and Scope 3 reporting continued

SECR Reporting

Our record over the past five years is shown on the chart below:



Energy efficiency initiatives

See pages 50 and 51 for examples of developments in 2023 in our manufacturing and transport operations, our most significant sources of Scope 1 and 2 emissions.

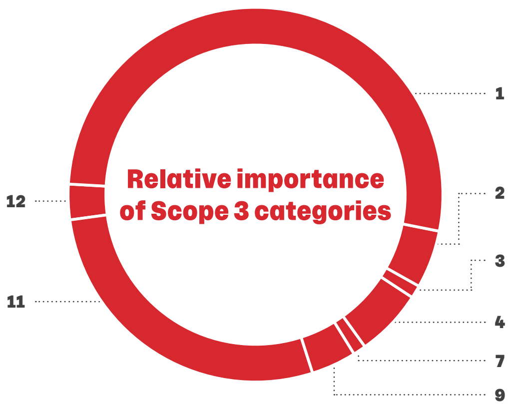
Use of renewable energy sources

We discuss this on pages 50 and 51.

Our 2023 Scope 3 emissions

As shown below and on page 47, around 95% of our emissions fall outside of our direct control and are reported as Scope 3 emissions. Renowned for being a more difficult area to gather consistent and quality data, we are continuing to make good progress with improving the integrity of our Scope 3 numbers and, for example, are working with our largest suppliers initially to collate and improve the quality of data on the emissions associated with our purchased goods and services (see page 49).

The majority percentage of our Scope 3 data has been calculated using available primary data. Where necessary, estimates have been used for some categories and therefore are subject to change. In accordance with the Science Based Target Initiative's recalculation policy, updated data will be published when available. Any estimates are in line with the GHG Protocol Corporate Accounting and Reporting Standard and are based on a combination of internal data coupled with the best available public sources on CO_2 emissions factors. To further aid transparency, we have coded the data below to show its source and status.



	Category	TCO_2e	%
1	Purchased goods and services	493,845	53%
2	Capital goods	48,684	5%
3	Fuel and energy related activities	10,856	1%
4	Upstream transportation & distribution	43,166	5%
5	Waste	945	0%
6	Business travel	2,391	0%
7	Employee commuting	12,961	1%
8	Upstream leased assets	N/A	0%
9	Downstream transportation	34,858	4%
10	Processing of sold products	N/A	0%
11	Use of sold products	257,811	28%
12	End-of-life treatment	31,581	3%
13	Downstream leased assets	N/A	0%
14	Franchises	N/A	0%
15	Investments (Pensions)	N/A	0%
	Total	937,098	100%

Key to Scope 3 data

Source of data

- Derived from data that is within our direct control or that we can more easily verify
- Derived from data that is not within our direct control or that is more difficult to verify
- Not applicable

Status of data

- Most secure - Good quality data/high confidence in estimations
- Less secure - some work to do to verify data quality/reasonable reliance on Industry estimations
- Least secure - more work to do to verify data quality/high reliance on industry estimation/assumption
- Not applicable