

Governance

Sustainability Committee report

2023 meeting attendance

- Peter Ventress (3/3)
- Karen Caddick (3/3)
- Andrew Cripps (3/3)
- Geoff Drabble (2/2)
- Louis Eperjesi (1/1)
- Louise Fowler (3/3)
- Debbie White (3/3)

Peter Ventress
Sustainability Committee Chair



Key activities in the year ahead

- Receive updates on execution of the Group's sustainability strategy, including the roadmap for SBTi net zero targets.
- Receive updates on the Group's equality, diversity and inclusion priorities, workforce skills and development.
- Review the Sustainability Committee's Report and Terms of Reference.
- Approval of the 2024 Sustainability Committee calendar.

Introduction from the Sustainability Committee Chair

Having a sustainable business is a strategic priority for the Howdens Board and the reference to our work in this area can be found in almost all other parts of this Annual Report, from the CEO statement to the Governance reports. It is central to everything we do and the Sustainability Committee, now in its fourth year, helps to ensure that it is given as much of the Board's time and attention as our other business priorities.

The Committee received confirmation that Howdens' greenhouse gas emission targets had been validated by SBTi (the Science Based Targets initiative) with SBTi classifying Howdens' scope 1 and 2 target ambition as in line with a 1.5°C trajectory. Validated targets include to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 and our scope 3 supply chain emissions by 25% by 2030 from a 2021 base year, and to increase sourcing of renewable electricity from 30% in 2021 to 100% by 2027. The Committee will regularly monitor progress against these targets in the coming years.

Sustainability in our workforce was also a key focus for the Committee during the year and we have detailed some of our key activities later in the report. I was pleased that the Remuneration Committee introduced environmental remuneration measures for the Executive long-term incentive plan for the first time in 2023 and we will continue to work with them to build on these further in the future.

Many of the items considered and approved at the Sustainability Committee are considered in detail in the sustainability matters report (which begins on page 42), part of the strategic report, so this Committee report is necessarily shorter than other Committee reports to avoid duplication. However, it is important to detail the role, remit, and responsibilities of the Committee, to highlight some of the key work of the Committee during the year, and to consider the work of the Committee in the year ahead.

Role, remit and responsibilities

The primary purpose of the Howdens Sustainability Committee is to assist the Board in articulating and developing its sustainability strategy and providing oversight of sustainability initiatives across the business, in line with the purpose, values, and strategy of Howdens as established by the Board. This includes monitoring the content and completeness of Howdens' external statements, disclosures, and other reporting on sustainability matters.

Setting the tone from the top on environmental and social matters, ensuring that these priorities are embedded in wider strategy, and developing robust KPIs are key functions of the Committee.

The key duties the Committee carries out in relation to any environment and climate action and Howdens' contribution to society are set out in the Committee's Terms of Reference, which are reviewed annually and can be accessed on our corporate website (<https://www.howdenjoinerygroupplc.com/governance/corporate-governance-report/terms-of-reference-of-the-sustainability-committee>). However, it will also consider any other matters referred by the Board or its Committees relevant to sustainability.

The remit of the Sustainability Committee does not cover governance matters per se and these remain a matter for the Board and its Committees. The Committee will also liaise as necessary with all other Board Committees as required.

The work of the Committee in 2023

Environmental sustainability

The Committee received updates at all its meetings from the Director of Sustainability and remain committed to management's goal of becoming the UK's leading responsible kitchen and joinery business.

A significant amount of the Committee's time was spent considering the initiatives and engagement necessary to help reduce the Group's indirect, scope 3 carbon emissions (mainly the emissions of our suppliers). This significant undertaking involves aligning our global supply base with our emissions objectives across all product categories. In 2023, a new supplier code of conduct was introduced which included obligations for emissions reductions and sustainability targets. The Committee also received updates on supplier visits and the ESG supplier conference held in July. This workshop-style conference was held jointly with one of our key kitchen frontal suppliers, Friul, with the objective to send a strong message to our tier 2 supplier and focus them on our objectives.

Achieving significant reductions in our scope 3 emissions, in addition to reducing direct carbon emissions from our business, is key to supporting our validated SBTi carbon reduction targets.

The Committee also received regular updates on waste and more widely on the product and packaging programme. There were regular demonstrations of packaging innovation and new technologies and the Head of Design updated the Committee on innovations from the teams at Howdens, demonstrating that sustainability by design had become embedded in our product development processes.

More information on our environmental sustainability can be found in the sustainability matters report (which begins on page 42).

2023 Sustainability Committee activity

February
Committee meeting <ul style="list-style-type: none"> • Sustainability strategy update • EDI and workforce skills • 2022 Sustainability Report
April
Committee meeting <ul style="list-style-type: none"> • Sustainability strategy update • Progress against SBT Net Zero Plans
September
Committee meeting <ul style="list-style-type: none"> • Sustainability strategy update • EDI update • 2024 Sustainability Committee calendar • Committee Terms of Reference

TCFD - business resilience

The Sustainability Committee is mindful to understand key climate risks and opportunities. We do this through our business resilience framework, which is documented through our TCFD disclosures.

These disclosures are contained in the strategic report on pages 60 to 66. The Committee has encouraged a simple and pragmatic approach to business resilience. Building on the disclosures in 2022, the Committee considered three model scenarios, a materiality impact assessment and associated action plan. These are integrated with the Science Based Targets Net Zero Plans, which include comprehensive supply chain mapping, a compelling customer sustainability offer and regular review of Howdens sustainability strategy.

Governance

Sustainability Committee report continued

Supported by external consultancy, ESG360, the Group utilised the following methodology for TCFD implementation:

- **Governance and oversight:** Board and management oversight to ensure that climate issues are embedded in the strategic planning/ enterprise risk management.
- **Assess materiality of climate-related risks:** Understand potential climate related risks and opportunities for Howdens' business involving all relevant internal stakeholders.
- **Develop and define scenarios:** Construct appropriate scenarios to develop relevant narratives according to Howdens' context and business model.
- **Evaluate business impacts:** For each scenario (three scenarios), identify key strategic and financial impacts - qualitative to quantitative.
- **Identify potential responses:** Use the results to identify realistic strategic responses to manage risks and opportunities.
- **Document and disclose:** Communicate to relevant parties - the inputs, assumptions, methods, outputs, and potential management responses.

Equality, diversity and inclusion (EDI)

The Sustainability Committee received updates from the senior HR team on the progress made during the year in respect of the EDI strategy, noting that management had reframed its inclusion strategy around three key areas:

- Being 'worthwhile for all' - providing clarity on its approach to inclusion.
- Support for all - helping managers to get the best out of all their people.
- Accessible for all - broadening our reach and being accessible to all.

The Committee considered communication strategies and events undertaken during the year and how better-quality quantitative data was being collected and used to promote better inclusion across the business.

Skills

A key area of focus for the Sustainability Committee during the year was employee skills and development. Updates on developing core skill frameworks and training for critical roles were provided in addition to updates on apprenticeships and core skills training.

A new Kitchen Sales Designer 'Better Buy Design' training programme has been piloted and launched with 21 designers in the initial trial. We have also trained 284 managers in our leadership programme 'Leading the Way'. Both programmes will be rolled out across our Depots in 2024.

Sustainability in 2024

The Committee will continue to focus on the core environmental and social matters that matter the most to our stakeholders. This will include further monitoring of our SBTi Net Zero carbon reduction strategy and promoting our EDI agenda. We will continue to communicate our progress and priorities as part of Howdens wider strategy.

By order of the Board

Peter Ventress

Sustainability Committee Chair

28 February 2024

