

Sustainability Matters

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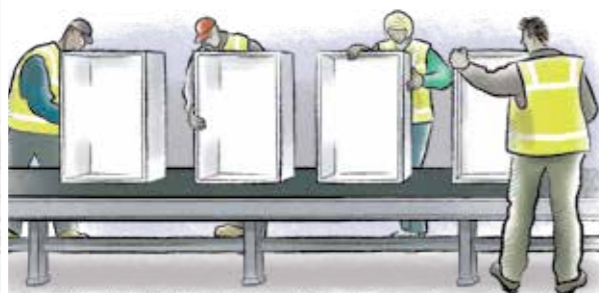
Keeping our people safe, offering them rewarding careers and a great place to work and grow.



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Sustainability Matters



Howdens is a growing business, with exciting prospects for the future. Sustainable behaviour will help us continue to grow over time in a way that preserves our culture, maintains focus on our business model, mitigates our risks and addresses the needs of our stakeholders.

Sustainability Matters

Why sustainability matters to us

Generating long-term value

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.

Part of our culture

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.

Supporting our business model

Sustainable behaviour gives us a competitive advantage.

Lowest cost production in our dedicated UK factories leads naturally to minimising waste, energy and raw materials. Our mission statement aim of 'no-call-back quality' means that we need to produce and source product which is durable and safe.

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 750 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.

Mitigating our risks

We discuss our principal risks on pages 38 to 47. Sustainable behaviour helps us to address some of those risks.

For example, we place great emphasis on looking after our people. We invest in keeping them safe, developing their skills, and offering them rewarding careers and 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 mitigates our 'Product design relevance' risk.

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 on our website at: <https://www.howdenjoinerygroupplc.com/sustainability/group-health-safety-and-sustainability-policies>.

Our 2020 Environment Social and Governance strategic review

The Board and Executive Committee reinforced their commitment in 2020 through a wide-ranging Strategic Review of our Environmental Social and Governance priorities, that we set out on the next two pages, and which is reflected throughout this report.

The review clarified our ESG Vision for the future. It identified four main commitments, as well as a range of other potential targets and research projects. It included engaging with key stakeholders to test our assessment of our material ESG areas, as well as selecting our material United Nations Sustainable Development Goals.

What are the material areas for us and our stakeholders?

We've organised the main body of this report into five sections, reflecting the material areas for us and our stakeholders:

People: keeping them safe, embracing diversity and inclusion, offering rewarding careers.

Sustainable supply chain: certified wood, responsible purchasing, efficient distribution.

Sustainable product: developing new sustainable products, re-engineering existing products, having a sustainable sourcing strategy.

Environment and operations: reducing waste, responsible operations, lowering emissions.

Communities: local community projects, our nationwide work with Leonard Cheshire Disability and I can & I am.

As part of our 2020 ESG Strategic Review we consulted key stakeholders, and were pleased to reconfirm that they continued to see these five areas as being the most material ones for us.

Our sustainability KPIs

Our sustainability KPIs cover safety, use of wood from certified sources, recycling of waste and recycled packaging, and you can find them on pages 56, 58 and 60.

Our 2020 ESG Strategic Review has resulted in a number of future commitments, targets and research projects. As we work towards the commitments, and learn more about the targets and research projects, this may lead to new KPIs and key metrics in the future.

Our 2020 Environment Social and Governance strategic review

1 - Overview

Aims

Building on the existing good work across the Group, the aims of the 2020 Environment Social and Governance strategic review were: to engage with key stakeholders and test our existing assessment of material ESG areas; to identify ESG risks and opportunities, and to develop guiding principles and commitments for the longer term.

Findings

- Key internal and external stakeholders confirmed that they agree with our existing assessment of material ESG areas (people, supply chain, product, environment and operations, and communities). Investors share our belief that sustainable behaviour is an important part of delivering long-term value.
- Stakeholders want clear communication on ESG, with links to trusted frameworks and systems of measurement.

- There are opportunities to build on our good work to date, and to strengthen our ESG operations, governance and reporting in the future.

Outcomes

- A long-term ESG Vision, supported by four main commitments and a range of additional focus areas, targets and research projects.
- Ownership of the four main commitments assigned to individual Executive Committee members and the Company Secretary.
- Mapping our existing material ESG areas and projects, our four future commitments and our future focus areas and research projects to the United Nations Sustainable Development Goals and their underlying targets.

3 - How our Environment Social and Governance Vision fits with UN Sustainable Development Goals and our existing ESG focus areas

Alignment to UN Sustainable Development Goals		Existing focus areas		Existing focus areas		Outputs of 2020 ESG strategic review	
Our material SDGs	UN SDG description and relevant targets under each SDG	Mapping to our 5 material ESG areas	Existing KPIs	Existing projects, actions and metrics	Mapping to our four 2020 ESG Vision commitments	Details of our ESG Vision commitments, plus other key targets and ongoing work	
	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”</p> <p>SDG targets: 8.4, 8.5, 8.6, 8.7, 8.8.</p>	<p>People</p> <p>Communities</p> <p>Sustainable supply chain</p>	<p>Health & Safety - reportable injury rates.</p>	<p>Equal pay, responsible employment practices, good development opportunities. Best Companies to work for.</p> <p>Apprenticeship programmes.</p> <p>ISO 45001 in Supply. Behavioural H&S programmes.</p>	<p>Behavioural Health & Safety embedded across the Group.</p> <p><i>ExCo owners: COO Trade and Supply Chain Op's Director</i></p>	<p>Continue to develop existing Behavioural Safety programmes.</p> <p>Plan to achieve ISO45001 for UK depot network by end 2021.</p> <p>Initial training for all managers in Equality, Diversity and Inclusion in 2021. Develop Group EDI roadmap and strategy for 2022-2025.</p> <p>Develop Group wellbeing strategy in 2021.</p>	
	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>“Ensure sustainable consumption and production patterns”</p> <p>SDG targets: 12.2, 12.5, 12.6, 12.7.</p>	<p>Sustainable supply chain</p> <p>Sustainable product</p> <p>Environment</p>	<p>% of FSC® or PEFC certified wood.</p> <p>% of production waste reused, recovered or recycled.</p>	<p>Factory, warehouse and depot energy reduction initiatives. Renewable heat - turning factory waste sawdust into heat.</p> <p>Working with suppliers to develop energy-efficient appliances.</p>	<p>Carbon Neutral Manufacturing.</p> <p><i>ExCo owner: Supply Chain Op's Director</i></p>	<p>Achieve carbon neutral manufacturing by end 2021.</p> <p>Review carbon neutral opportunities for depot and distribution operations over longer term.</p> <p>Pursue 2021 and 2023 energy consumption and energy efficiency targets for our distribution fleet.</p>	
	<p>13 CLIMATE ACTION</p> <p>“Take urgent action to combat climate change and its impacts”</p> <p>SDG targets: 13.1, 13.2.</p>	<p>People</p> <p>Sustainable supply chain</p> <p>Environment</p> <p>Sustainable product</p>		<p>Carbon trust standard.</p> <p>Consistent reduction in greenhouse gas emissions measured against turnover.</p> <p>ISO 14001 Environmental Management System in Manufacturing, Logistics and Distribution.</p>	<p>High quality ESG governance and external reporting.</p> <p><i>Owner: Company Secretary</i></p>	<p>Progressive, phased implementation of Taskforce on Climate-related Financial Disclosure reporting.</p> <p>Implement the well-known ISS external ESG reporting platform in 2021 to make our ESG information more accessible to stakeholders.</p> <p>Embed integrated risk and governance framework.</p> <p>Integrate ESG into business planning and product development cycles.</p>	
	<p>15 LIFE ON LAND</p> <p>“Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests...and halt biodiversity loss”</p> <p>SDG targets: 15.1, 15.2.</p>	<p>Sustainable supply chain</p> <p>Environment</p> <p>Sustainable product</p>	<p>% of FSC® or PEFC certified wood.</p> <p>% of production waste reused, recovered or recycled.</p>	<p>Reducing packaging.</p> <p>Increasing reuse and recycling - reducing waste to landfill.</p> <p>Supplier audits, ethical procurement training.</p>	<p>Zero waste to landfill.</p> <p><i>ExCo owners: COO Trade and Supply Chain Op's Director</i></p>	<p>Maintain zero waste to landfill in manufacturing and distribution.</p> <p>Zero waste to landfill in depots over time. Target less than 5% to landfill by end 2022.</p> <p>Target 100% of kitchen frontals FSC® or PEFC by end 2022.</p>	

2 - Summary of our ESG Vision and our four main commitments

Horizon goal	<p>Environment</p> <p>UK's leading responsible kitchen business</p>	<p>Social</p> <p>A unique and sustainable culture</p>	<p>Governance</p> <p>Leader in risk and resilience governance</p>
Our four 2020 ESG Vision commitments...	<p>1 - Zero waste to landfill</p> <p>2 - Carbon neutral manufacturing</p>	<p>3 - Leader in UK Behavioural Safety and wellbeing</p>	<p>4 - Highly effective ESG reporting and disclosure, including KPIs</p>
...and other main focus areas	<p>Responsible operations, product and sourcing</p> <p>Circular and customer-centric waste recycling</p>	<p>Best in class social mobility</p> <p>Fully embrace diversity & inclusion</p> <p>Outstanding community engagement</p>	<p>Clear and effective ESG governance structure</p> <p>Strong business resilience and local control frameworks</p>
Key enablers	<p>Our culture of 'worthwhile for all concerned', underpinning responsible behaviour and leadership by example. Sustainability embedded in the commercial decision making and long-term planning process. KPIs with clear accountability by Executive member.</p>		

Our impact on stakeholders

Environment

220,000m³ of chipboard from sustainably managed UK forests

100% of manufacturing waste reused recycled or recovered

11,000 tonnes of waste sawdust converted to energy to heat our factories



People

450 apprentices in training. Tailored apprentice programmes across the Group

10,000 full-time jobs with prospects. In UK manufacturing, in over 750 local depots and in distribution, systems and support

100% of employees in share ownership schemes, or similar

Winner 2020 25 Best Big Companies To Work For

People

£460m of wages, salaries and benefits paid to our employees

Responsible for all or part of the pensions of over

18,000 people

£260m cash contributed to our pension schemes in the last 5 years

Employing people in over **750** local communities

Shareholders

£108m total proposed dividends, including a special dividend in lieu of the cancelled 2019 dividend.

Wider economy

£70m of rent paid to over 650 commercial landlords

£320m of tax generated or collected. Corporation tax, NI, PAYE and VAT

£270m of working capital extended to 400,000 small businesses in our peak trading period. No fees, up to 8 weeks to pay

£70m capital investment in the year. Investing in UK manufacturing and distribution. Expanding our depot network in the UK and France

All Government COVID financial support and rates relief repaid in the year

Community & charity

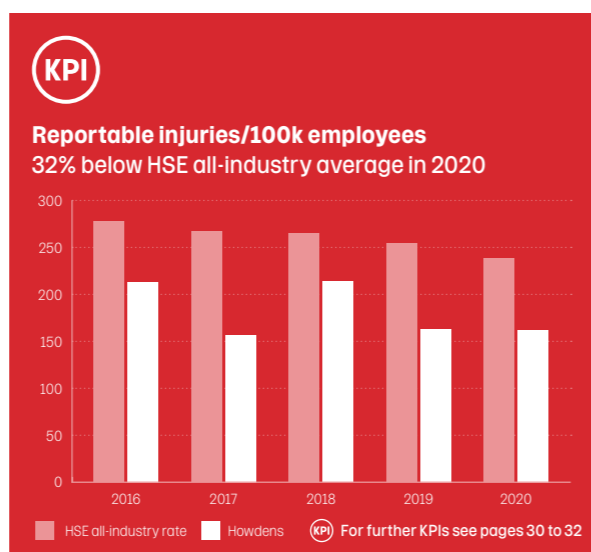
16th year of our national partnership with Leonard Cheshire. Supporting disabled young adults to find valuable roles within their communities

2,500 other charity donations. £1.1m given to local charities and community activities across our network

Keeping our people safe and healthy

2020 highlights

- We have around 10,000 employees and we want all of them to be able to work safely every day.
- We are pleased that our safety KPI - the level of RIDDOR reportable injuries - continues to be significantly lower than the Health & Safety Executive's all-industry average. This gives us a strong base to build on as we continue to look for further improvements in working practices and ways to develop our safety culture.
- We successfully achieved the international safety standard ISO 45001 in our factories and logistics network. This standard builds on the outgoing standard, OHSAS 180001, and expands its focus from safety systems to safety leadership and culture.
- We continued to roll out our behavioural safety/safety culture approach across the business. We have always committed to developing, implementing and improving safe systems of work, and this has continued during 2020 with particular emphasis on re-engineering working processes in our factories, warehouses and depots in response to COVID-19.
- Our manufacturing and distribution operations were awarded a distinction - the highest grade - in the British Safety Council International Safety Awards. These prestigious international awards are evidence-based, and they recognise best practice in occupational health, safety and wellbeing.
- In our depot network we were very pleased to be awarded the International Institute of Risk & Safety Management's Technology Risk Management Initiative of the Year. This award was in recognition of a major project that involved us working with our fork lift supplier to develop a bespoke warning alarm system that alerts our fork lift drivers against trying to lift loads which are above the recommended capacity of the fork lift truck. Following a successful development phase, we then made the investment to retrofit the alarm system to our fleet of over 700 fork lift trucks. All new trucks are fitted with this system as standard.
- During 2020 we continued to see the benefits of our Safe to Trade change management programme in the depot network. Amongst a range of measures which we featured in detail in our 2018 report, this programme uses video books in each depot to deliver health & safety information and training in an appealing and easy to access format. This way of getting up to date messages to the depots was particularly useful in 2020 when we were able to use it to get the latest COVID operating procedures, bulletins and alerts to depots at the drop of a hat.



Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

- **COMMITMENT:** Achieve ISO 45001 across our UK depot network by the end of 2021.
- **TARGET:** Achieve the British Safety Council 5-star safety standard across all manufacturing and logistics sites by the end of 2023. This standard requires an independent audit of our safety practices and goes far beyond the requirements of current health and safety management systems. Undertaking this audit will allow us to objectively demonstrate our commitment to achieving excellence in health and safety standards.
- **ONGOING WORK:** Continue to roll out a behavioural safety and safety culture approach across the Group. We will do this based on outputs of the HSE Safety Climate Tool. This tool gives local managers tangible information on where their safety culture strengths and areas of improvement are and allows us to set objective-based targets. Enhance the maturity of Health & Safety in the workplace.
- **ONGOING WORK:** Development of a wellbeing strategy across the Group in 2021.

Rewarding careers, opportunities to develop and thrive

2020 highlights



- We were very pleased to win 14th place in the Sunday Times 2020 Best Big Companies to Work For survey. We received a two-star Best Companies accreditation recognising our outstanding commitment to workforce engagement and were also given special recognition in the 'Giving Something Back' category for the support we do for our local communities and the environment.
- We've done extensive work throughout 2020 to support employees dealing with the impact of COVID. During the national lockdown over 8,000 employees were furloughed and the Group kept staff pay ahead of Government requirements throughout the year. We prioritised staff health and safety, with regular risk assessments and new controls to ensure COVID-secure environments across all locations.
- We've done detailed work to support ongoing remote working arrangements for office-based staff. Over 800 staff continue to work remotely, and we've supported them to ensure they have safe working environments at home. We've communicated regularly with our remote workers and surveys have shown that over 91% have said that we've supported them well throughout the disruptions.
- Further work is in hand to teach managers new skills to best support and lead their teams as remote working continues.
- We've continued to invest in developing the next generation. We currently have over 450 apprentices on a range of tailored programmes throughout all areas of the business.

Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

- **ONGOING WORK - Equality Diversity and Inclusion:** Building on our 2020 pilots, we will roll out initial EDI introductory training to all line management in 2021. We will also further develop our EDI roadmap and strategy for 2021-2025.
- **ONGOING WORK - Social Mobility:** In 2021 we will begin our investigation and data-gathering phase to see what contribution we can make to improve social mobility through the career development opportunities we offer our people.

Case study

COVID-19

H&S response in the depots

When lockdown started we temporarily closed all our depots as staff and customer safety was our first priority.

We used this time to study safety guidelines and best practice and to develop safe systems of work so that we could reopen responsibly.

We supported our staff on their return to work and were pleased when they told us that they quickly felt reassured by the measures in place, and in fact felt 'safer than in supermarkets'.

H&S response in the supply chain

As a manufacturing business, we were not required to close our factories and warehouse under lockdown. However, we chose to close them for a short period of time so that we could assess the risks, re-engineer processes where necessary, and keep our people safe.

Returning to work after the temporary shutdown was not easy. Our people, culture and commitment to keep each other safe helped us to come back to work with confidence. We worked together on the new controls, we were sensitive to peoples' anxieties and home circumstances and we listened to each other where things could be improved.

It is testament to each of our staff that we adapted to new ways of working, protected service to our depots and their customers and most importantly, kept each other safe.

Employee wellbeing

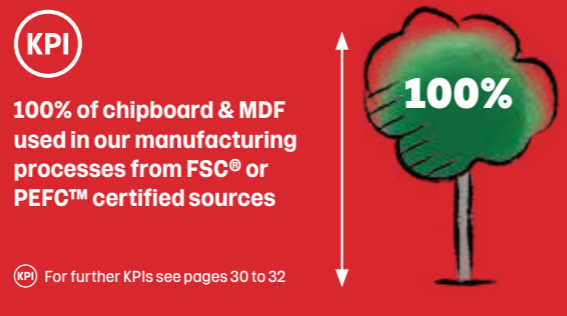
As a response to the pressures of lockdown, we tripled the number of wellbeing sessions we ran in 2020. These covered topics such as resilience in difficult times, and also helped employees with practical tips for dealing with the pressures of change, the stresses of working remotely, and the importance of exercise and good diet.

Sustainable supply chain

Certified wood, responsible purchasing, efficient distribution

2020 highlights

- We used 220,000 cubic metres of chipboard and 49,000 cubic metres of MDF in our factories in 2020 - enough to fill the Albert Hall 3 times - so we need to know where our timber comes from.
- FSC/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.
- We are also members of the Timber Trade Federation and are recognised by them as a 'Responsible Purchaser' which means that we have third-party assurance on our timber purchasing due diligence systems.
- Our transport fleet drove around 15 million miles in 2020 so we need it to be both efficient and safe. All of our trucks comply with the latest emissions standards, and we've fitted further refinements to the standard build to increase efficiency and reduce emissions even further.
- We also 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. We were very proud in 2020 when one of our drivers who had come through this apprentice scheme was awarded Young Driver of the Year in 'the UK's premier HGV Driver Awards'. The award recognised the highest level of achievement in both safety and fuel economy.
- 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 and Anti-Bribery. We've supplemented this in 2020 with a bespoke online course on FSC and PEFC chain of custody standards and timber regulations.
- Our Modern Slavery Statement can be found here: <https://www.howdenjoinerygroupplc.com/governance/modern-slavery-statement>.



Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

- TARGET to reduce energy consumption:** MPG improvement targets for our distribution fleet. Targeting a 1% improvement by 2021, with a further 2% by 2023.
- TARGET to increase energy use efficiency:** CO₂ KG/M3 emission targets for our distribution fleet. Targeting a 5% reduction in 2021, with a further 2% by 2023.

Case study

UK depot waste backhaul

One of the new projects that helped us cut our UK depot waste percentage to landfill by 30% in 2020 was developing a 'backhaul' waste recovery system using our own distribution fleet.

When we deliver stock to depots, we collect waste from them. Depending on the type of waste material, we then either return it to our factory or warehouse sites where we already have sophisticated reprocessing facilities, or we take it directly to wood processing facilities across the country. This means that a large volume of this waste is recycled into chipboard and ultimately back into our new cabinet production.

In the first part-year of this project, we have made over 8,000 waste backhaul collections and dealt with 2,000 tonnes of waste.

Sustainable product

Development, re-engineering and a sustainable strategy

2020 highlights

New product development

- All the new kitchen frontals introduced in 2020 were from either FSC or PEFC certified sources.
- We introduced a new engineered stone flooring which has a pre-attached underlay made from 100% recycled plastic bottles. Every 50m² saves 550 bottles from ending up in our oceans and polluting our landscapes. In 2020 this equated to Howdens saving 400,000 bottles. This underlay also takes 90% less water and 50% less energy to produce.
- We also launched two of our own-brand Lamona washing machines with a drum made from plastic containing recycled plastic bottles. Each drum contains 60 recycled bottles, and sales of these appliances were equivalent to an energy saving from the recycled plastic of 0.9m kWh per year, enough energy to power 270 homes.

Product re-engineering

Because of the scale that we operate at, small changes can have big effects. Some 2020 highlights were:

- We used to supply spare plastic installation clips with some of our cabinets, but we realised that our customers were not using them. Instead we made the clips stronger and supplied fewer clips with each cabinet. This simple change will avoid using around 10 tonnes of plastic per year.
- We did a similar thing with hinge packs on some of our units, which will avoid using around 9 tonnes of steel per year.
- Looking again at the protective packaging on one of our larger units meant that we'll avoid using enough packaging each year to fill a small house.
- Two-thirds of our Lamona ovens have an integrated plastic handle to aid with lifting during installation, this year we have changed the plastic to one made from 100% recycled fishing nets recovered from the oceans.

Our sourcing strategy

- Our sourcing strategy helps us to build sustainable partnerships with our suppliers. In lockdown we committed to support our customers by sticking to our in-stock business model. This gave us a commercial advantage, but it also had a significant positive impact on our suppliers. By maintaining the inbound flow of products we kept the production lines and supply chains of several factories both in the UK and abroad flowing when they were facing big reductions in demand from their other customers.
- We have invested in our own UK manufacturing so that we can make more of the new product which we previously bought in from Europe. This supports local communities and staff where our factories are based, and also brings the environmental benefits of shorter supply chains. As an example of this, the additional product we made in-house in 2020 saved us transporting nearly 100 container loads into the UK from Italy.
- We take control of our bought-in products from the EU at producers' factory gates wherever possible. This means that we can make the transport more efficient, by consolidating loads and moving them from road to rail. In 2020 around 90% of our freight from the EU was dealt with in this way, saving around 2,000 tonnes of CO₂ as well as giving us much greater control, transparency and flexibility in an extremely challenging period for our supply chains.

Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

- TARGET:** 100% of our kitchen frontals to have FSC or PEFC timber accreditation by the end of 2022.
- TARGET:** 100% recycled corrugated cardboard in our own packaging by the end of 2022.
- TARGET:** Introduce code of practice for all timber suppliers. This is to enhance our existing trading terms with suppliers and be clear on our commitment and expectations regarding ESG standards within the supply base and throughout the supply chain.

Our environment

Reducing waste, responsible operations, lowering emissions

2020 highlights

- **Zero to landfill in 2020 in our manufacturing and logistics operations.** We've had less than 5% of this waste going to landfill for several years, but getting to zero in 2020 represents a terrific achievement and is the culmination of years of hard work.
- When we started on this journey five years ago, we recognised that we could achieve zero to landfill immediately - by sending all our site's produced waste to offsite energy recovery. However, we also knew the right way for us was to follow the internationally recognised principals of the 'Waste Hierarchy'. This approach promotes 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. Doing things this way takes longer as it is significantly more difficult due to the need for finding innovative solutions for the small amounts of residual waste that remains. However, it's the better solution in the long term for all concerned.
- An example of how we were able to move from 0.2% of waste to landfill in 2019 to zero in 2020 is the boiler ash we generate at one of our factories. Historically we'd had to send this to landfill as it couldn't be processed further in transfer stations or sent direct for recovery.
- During 2019, we worked with our on-site's waste management contractor to explore alternative routes for this ash by re-analysing the content and then looking for alternative disposal outlets. We identified an opportunity for it to be taken to composting and aggregate recycling sites in the UK for them to further process and recreate a reusable end product. Following stringent compliance checks carried out on various suppliers we were successful in approving an aggregate recycler who now accepts our boiler ash in its current form and blends with their existing products to recreate a reusable material, giving it a new life and avoiding it ending up in landfill.
- **Moved from 40% to landfill to 10% to landfill in our UK depots.** Waste management across our 750 depot network is a bigger challenge than it is in our manufacturing and logistics operations, but we are pleased to have made significant progress in 2020, and we give more details of how we have found an innovative solution to the wood waste in the case study on page 58. There is still work to do to close the final 10% gap and we continue to put in place processes to deal with the difficult items and scenarios. We set out our commitment to close that gap below.
- **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 also encourages us to look for improvements.
- **Sawdust-to-heat.** In 2020 we converted 11,000 tonnes of sawdust into energy in biomass boilers at our Runcorn and Howden factories. This is enough sawdust to fill over a dozen 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. We generated over 40,000 MWh of energy from our biomass boilers, equivalent to the average electricity consumption of over 10,000 households.
- **Green Gas.** We've reduced our electricity demand from the grid in 2020 by using gas to generate electricity onsite at both of our factories. We've offset the impact of this change using certified biomethane or 'Green Gas', which has reduced our net carbon equivalent emissions from manufacturing by around 33% compared to 2019.



100% of production and warehouse waste reused, recovered or recycled



For further KPIs see pages 30 to 32

Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

- **COMMITMENT:** Zero to landfill across our UK depot network over time, with a target of less than 5% to landfill by the end of 2022. As we've done with our manufacturing and logistics waste, above, we intend to use the principles of the waste hierarchy to eliminate the 10% of depot waste that currently goes to landfill in a responsible way.
- **COMMITMENT:** Carbon neutral manufacturing by the end of 2021.

Greenhouse gas and emissions reporting

Greenhouse gas and emissions reporting

Gross emissions have increased in by 0.3% in 2020 but carbon offsetting has reduced net emissions by 22.6%

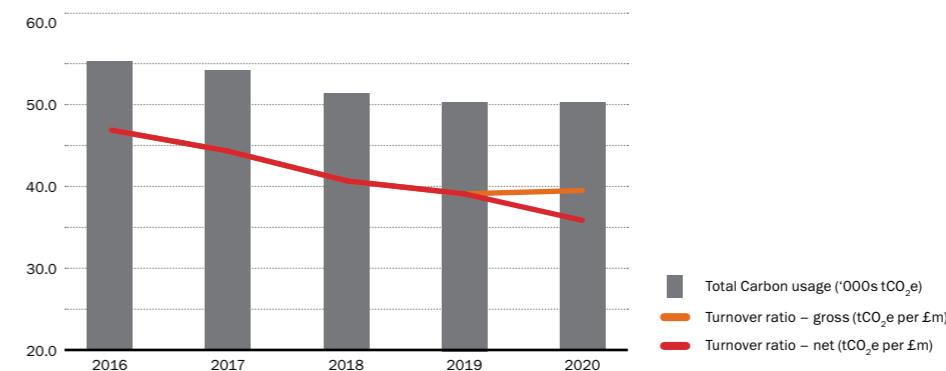
We reduced our electricity demand from the grid in 2020 by using natural gas to generate electricity at our factories. This increased our gas use which in turn has increased our gross emissions. However we have offset this by using 'Green Gas' biomethane, backed up by certificates of Renewable Gas Guarantee of Origin, with the result that our total net carbon equivalent emissions from manufacturing after the offset are 33% lower than 2019.

Howdens are Standard Bearers for the Carbon Trust Standard, and we have committed to being carbon neutral in manufacturing by the end of 2021.

	Total CO ₂ emissions (Tonnes) 2020	Total CO ₂ emissions (Tonnes) 2019
Scope 1 - Direct: Gas	13,032	2,622
Scope 1 - Direct: Diesel	24,744	28,705
Scope 1 - Direct: Other fuels	629	690
SCOPE 1 - DIRECT: TOTAL	38,405	32,016
Scope 2 - Indirect: Electricity	11,968	18,517
SCOPE 2 - INDIRECT: TOTAL	11,968	18,517
TOTAL (Scope 1 and 2) gross emissions	50,373	50,532
Carbon Offset: Green Gas credits	(9,168)	0
Total net emissions after carbon offset	41,205	50,532
Turnover (£m)	1,547.5	1,583.6
Turnover ratio (Gross tCO₂e per £m)	32.6	31.9
Inflation adjusted turnover ratio (Gross tCO₂e per £m)	34.0	33.1
Additional turnover ratio (Net tCO ₂ e per £m)	26.6	31.9
Additional Inflation adjusted turnover ratio (Net tCO ₂ e per £m)	27.8	33.1
Total energy consumed (kWh)	179,523,458	201,067,293
Proportion of CO ₂ emissions generated in the UK:	98.9%	99.0%
Proportion of total energy consumed (kWh) in the UK:	98.2%	98.4%

Emission source data is converted to carbon tonnes using the conversion factors published by BEIS.

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



Our communities

Local and national donations

2020 highlights

Local donations, nationwide reach: £1.1m donated to over 2,500 local charities

Despite all of the challenges 2020 has thrown at us, our enthusiasm for supporting the communities in which we operate is as strong as ever. Lockdowns and ongoing restrictions have made it harder for charities, community groups and public services to operate, and we have had to adapt how and where we give our support.

In the first half of the year, when the full extent of lockdown restrictions were unknown, depots donated personal safety equipment and cleaning materials to the NHS and other key workers. From hospitals in Antrim to hospices in Weymouth, our depots donated stock to where it was needed most.

Later in the year we focused on our cash donations. We made an additional £1,000 available per depot for depots who had already used their 2020 charity budgets and any unutilised charity budget was split locally and donated to hospices, care homes, mental health and homeless charities.

More information about our 'Truly Local' approach to charity and community giving can be found at <https://www.howdenjoinerygroupplc.com/about/in-the-community/truly-local>

Employee donations

Howdens once again received the Charities Aid Foundation Gold Award in respect of charitable donations made via payroll giving. In 2020, our employees donated over £200,000 to their chosen charities. The generosity of our employees, even during times of crisis, is something of which we are very proud.

In recognition of the difficulties facing charities resulting from COVID-19 restrictions, members of the Howdens Board and Executive Committee donated a proportion of the salaries to charities in 2020 via payroll giving. In total, these donations amounted to £104,000.

Leonard Cheshire Disability partnership

Our partnership with Leonard Cheshire Disability entered its 16th year in 2020. Whilst our joint fundraising activities were curtailed by COVID-19 restrictions, Howdens donated over £120,000 to the 'Can Do' programme during the year.

We regard the principle of independent living as being central to our enduring partnership with Leonard Cheshire Disability and five inclusive kitchens were fitted in Leonard Cheshire care homes across the UK in 2020. We would have liked to have installed more and will increase this number in 2021.

Case study

'I can & I am'

'I can & I am' is a charity whose purpose is to inspire confidence and to 'inflate balloons of self-belief'. The charity was founded by the inspirational educational speaker James Shone, who visits hundreds of schools and businesses every year speaking to teachers, parents, pupils and employees.

Following James' speech at The Golden Rooster Awards 2020, our annual awards event attended by nearly 1,000 employees, Howdens gifted a refurbished double-decker bus to 'I can & I am'. The lower level of the bus features a Howdens kitchen used for groups of young people to learn new skills, whilst the upper level is used for mentoring as well as teaching a variety of different skills and workshops.

More information about the 'I can & I am Bus' can be found at <https://www.icanandiam.com/the-bus/>



Results of our 2020 ESG Strategic Review - Future commitments, targets and ongoing work

ONGOING WORK: We will take the learnings from the COVID-19 crisis and will look to make more impact with our community donations in the future. We want to improve how we organise ourselves in respect of charitable giving and better help the communities in which we work, whilst retaining our core strength of local giving through local networks.