

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

Introduction

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

Set out below are the steps taken during the year to safeguard against modern slavery and other human rights violations in both our own business and our supply chain. Our efforts against modern slavery in 2016 build on our existing safeguards against human rights violations. This statement is intended to fulfil the legal requirement for a slavery and human trafficking statement on behalf of all companies within the Howden Joinery Group of companies.

Organisational Structure

Howdens supplies trade customers, principally small builders, with a range of rigid kitchens and joinery products that are always available from local stock via our network of 642 UK depots and 24 European depots. As a predominately vertically integrated business, we manufacture a significant amount of the products we sell. We have the largest rigid cabinet manufacturing capacity in Europe as well as operating a global network of over 180 product suppliers from over 30 countries. We work closely with our suppliers to ensure that not only do they meet our specifications in terms of quality, volume, availability and cost but also that the manner in which they operate and produce these goods is ethical and sustainable. It is important to Howdens that our suppliers respect their employees' health, safety and welfare in terms of working conditions and rights. We have built strong relationships with our suppliers and this creates an environment conducive to positive change. We employ processes for continuous monitoring, regular assessment and audit to ensure that suppliers share our own business values and ethics. These are considered in more detail below.

Product

Over 75% of the products we supply to the builder are timber or timber-based products. The raw materials we source for our own manufactured products are predominately from UK forests. Howdens has been approved by the Timber Trade Federation as having an environmental due diligence system in place which is equivalent to their Responsible Purchasing Policy. More information about our ethical sourcing of raw materials can be found in our [Corporate Social Responsibility](#) report.

People

In total, Howdens employs 8,635 people across our depot networks, manufacturing and logistics operations, as well as support functions. In addition, during 2016, Howdens engaged c.1,470 agency workers, predominantly in our manufacturing operations and distribution centres.

Policies

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

Areas of Risk

A modern slavery risk review conducted across the Group during 2016 identified human resources, procurement and supply chain operations as being our highest areas of modern slavery risk. Consideration of each of these is set out below:

Human Resources

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

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

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

Procurement and Supply Chain Operations

As part of our ongoing supplier due diligence programme, in the second half of 2015 Howdens introduced a quantitative supplier self-assessment process. This process was implemented during 2016 and is now standardised across all product categories. As part of this process our suppliers are asked to make representations as to how they address corporate social responsibility, health and safety, environmental issues and modern slavery. Scores in each category are weighted according to risk and, where appropriate, the supplier is asked to produce evidence to support the representations they have made to us. At the end of 2016, all critical product suppliers and those identified as high risk had been fully assessed under the new self-assessment process.

Our self-assessment process identified that, in 2016, 56 of our suppliers had operations in countries which we have categorised as 'very high risk'. All 180 product suppliers have completed the ethical sourcing sections of the supplier assessment and provided additional supporting evidence where appropriate. All self-assessment scores were validated by the compliance team and further risk assessments completed on the results. The resulting assessments were then used together with the home country's Corruption Perception Index (from Transparency International) and the home country's Global Slavery Index score (from the Walk Free Foundation) to generate a final risk score for each supplier manufacturing site.

The final risk register for each supplier is owned by the Category Managers who are responsible for creating and managing individual action plans pertaining to each supplier and in particular reducing the risk score of suppliers.

Communicating with our suppliers

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

specific reference to the issues of modern slavery in supply chains and the zero tolerance approach adopted by Howdens in this regard.

Training

In order to improve awareness of modern slavery within the business, we introduced targeted online training to all employees working in human resources and compliance functions across the Group. We delivered this training to 50 employees and intend to use the same training programme to improve awareness amongst our field based teams and senior management during 2017.

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

Conclusion

It is a fundamental tenet of the Howdens business that it is worthwhile for all concerned. We know that the social and commercial aspects of our business are inextricably linked. Therefore we expect that all of the people who act for, or in conjunction with, Howdens behave in a manner, both individually and collectively, which adheres to our values.

Howdens is not a complacent business and therefore we intend to make further improvements beyond the existing safeguards implemented during 2016.



Howdens supplied the doors for Juliet Sargeant's award winning Modern Slavery Garden at the 2016 Chelsea Flower Show.

Approved by the Board of Directors on 19 January 2017

Signed on behalf of the Board by

Mark Robson
Deputy Chief Executive and Chief Financial Officer

* All figures contained in this statement were accurate as at 24th December 2016.