



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

Made pursuant to Section 54 of the Modern Slavery Act 2015

"Howdens was founded on the principle that its business should be worthwhile for all concerned - customers, prospective customers, homeowners, tenants, local communities, our suppliers, our investors, our staff and their families.

This founding principle has shaped our business model and our strategic decisions for more than 20 years."

Andrew Livingston, CEO
Howden Joinery Group Plc Annual Report 2018



* All figures contained in this statement were accurate as at 29 December 2018

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Introduction

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

Set out in this statement are the steps taken during the year to safeguard against modern slavery and other human rights violations in both our own business and our supply chain. Our efforts against modern slavery in 2018 continued to build on our existing safeguards against human rights violations.

This statement is intended to fulfil the legal requirement for a slavery and human trafficking statement on behalf of all companies within the Howden Joinery Group of companies¹.

Organisational Structure

Howdens supplies trade customers (principally small builders) with a range of rigid kitchens and joinery products that are always available from local stock via our network of over 700 depots. As a 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 240 product suppliers from over 20 countries.

We work closely with our suppliers to ensure that not only do they meet our specifications in terms of quality, volume, availability and cost but also that the manner in which they operate and produce these goods is ethical and sustainable.

It is essential to us that our suppliers respect their employees' health, safety and welfare in terms of working conditions and rights. We have built strong relationships with our suppliers and this creates an environment conducive to positive change.

We employ processes for continuous monitoring, regular assessment and audit to ensure that suppliers share our own business values and ethics. These are considered in more detail below.

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

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Product

61% of the products we supply to the builder are timber or timber-based products (down from over 75% in 2017). 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 over 9,500 people across our depot networks, manufacturing and logistics operations, as well as support functions. During 2018, Howdens engaged around 1,250 agency workers, predominantly in our manufacturing operations and distribution centres.

Policies

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

Areas of Risk

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

Whilst our operations have not changed significantly since 2016, a further risk review will be conducted during 2019 to ensure that these remain the highest areas of risk for the Group.

Human Resources

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

In order to further reduce the likelihood of the exploitation of our employees 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.

The helpline 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.



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During 2018, the Audit Committee of the Board of Directors received reports on the number of occasions that the helpline was accessed as well as the nature of complaints. From 2019 onwards, this matter will be considered by the full Board at least annually. Further, during 2019 an additional awareness campaign will be launched and made available to employees with updated awareness messages (which reinforce the independence and confidentiality of the whistleblowing hotline, as well as its purpose and its availability in different languages).

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

Throughout 2018, we have continued to improve our on-going Supplier due diligence programme.

We reported in our 2017 Modern Slavery Statement that we were transitioning from our own quantitative Supplier Self-Assessment process to optimising the use of a leading worldwide platform for sharing responsible sourcing data, SEDEX (Supplier Ethical Data Exchange).

SEDEX is used by over 50,000 members in over 150 countries. It is a place where suppliers can share a wide range of sustainability data and accreditation information for their companies and their individual operating sites, as well as the results of independent third party sustainability audits.

This initial phase of engagement is due for completion in 2019. We are working with the final 25% of our suppliers, and their multiple operational sites, to complete the data capture and the sharing facility.

To further strengthen our approach we have made our standards and expectations even clearer to our Suppliers. We have modified our supplier contract terms and conditions to include specific ethics and sustainability clauses supported by a Supplier Code of Conduct, in which we have set out what we expect and how we will monitor compliance.

The purpose of this programme is to provide us with credible information, enabling us to understand the risk profile of our product sources globally. This, in turn, allows us to focus our attention and resources where they are needed, with the Category Managers remaining responsible for creating and managing individual action plans pertaining to each supplier.

Our business and our customer requirements are ever-changing and so our supplier network changes too to keep pace with our product offering. We therefore understand that this is not a short-term programme and must be a sustainable process that continues to provide us with the desired levels of transparency within our supply chain.

Communicating with our suppliers

We adopt a top-down, bottom-up approach for communicating with our suppliers. We expect our 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.

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We only want to work with suppliers who share our ethical values. We are clear about our expectations and we aim to align them through our whole supply chain.

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

Training

In order to improve awareness of modern slavery within the business, we offer targeted online training to all employees working in human resources and compliance functions across the Group.

A training framework has been developed for all new employees in the Supply division who become part of our human resources, procurement and compliance teams ensuring that they receive training and awareness relating to our policies and commitments relating to Modern Slavery.

All buyers and members of the compliance team in the Supply division have completed “Ethical Procurement & Supply” training accredited by the Chartered Institute of Procurement and Supply and this will be refreshed on a triennial basis.

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.

In addition to the “Ethical Procurement & Supply” training, all buyers and members of the compliance team in the Supply division undertake internal annual Modern Slavery refresher training.

Conclusion

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

Howdens is not a complacent business and therefore we intend to make further improvements beyond the existing safeguards implemented during 2019.

Approved by the Board of Directors on 18 July 2019.

Signed on behalf of the Board by

Mark Robson
Deputy Chief Executive and
Chief Financial Officer

