



HOWDENS

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 the 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, and it continues to be at the heart of what we do.

Howden Joinery Group Plc Annual Report 2019

* All figures contained in this statement were accurate as at 28 December 2019

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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 2019 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 vertically integrated business, we manufacture a significant amount of the products we sell. We have one of the largest rigid cabinet manufacturing capacities in Europe as well as operating a global network of over 270 product suppliers from over 25 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

74% of the products we supply to the builder are timber or timber-based products (up from over 61% in 2018). 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 [Sustainability Report](#).

People

In total, Howdens employs nearly 10,000 people across our depot networks, manufacturing and logistics operations, as well as support functions. During 2019, Howdens engaged just over 1,200 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.

During 2019, the business underwent an internal structure change and introduced a new Commercial function. This new function provides clearer accountabilities for ranging decisions and sets out closer working practices between our internal functions as well as with our suppliers.

The business will continue to embed the new Commercial structure and working practices in the organisation throughout 2020. Once the change process is complete, a further modern slavery risk review will take place; however, we have continued to ensure that modern slavery remains an important area of consideration for our procurement team.

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 facility is in place. This is available to all employees, customers, agency workers or contractors and it accepts telephone calls, emails and contact via a website.

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The helpline is advertised on posters in all places of work (offices, depots, and 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.

During 2019, the Board of Directors and the Executive Committee received reports on the number of occasions that the helpline was accessed as well as the nature of complaints. An additional awareness campaign was also 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).

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

During 2019, we have continued to develop our internal processes by further increasing the number of our Tier One Suppliers using the SEDEX (Supplier Ethical Data Exchange) system. We now have 141 suppliers with a total of 191 operating sites across 23 countries connected and sharing ethical trading data with us.

The roll out of our revised Supplier Code of Conduct and modified contract terms and conditions continued which sets out our expectations for responsible operations within our Supply base and how we assess risk and monitor compliance through the SEDEX system.

Following the internal Commercial Team restructure and significant system development improvements at SEDEX, we are now reviewing our internal procedure to re-engage our Tier one suppliers. We want to make sure our ability to understand our ethical.

trading risk profile is aligned with current best practice methodology developed by SEDEX. This is our objective for 2020 and beyond.

Our Category Directors remain responsible for supplier relationships including, where necessary, creation, implementation and monitoring of collaborative improvement action plans with their Supplier portfolio.

Our business and 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 which 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 Category Directors and buyers to have ongoing conversations with them about ethical sourcing and modern slavery, as well as commercial matters. We expect these conversations to happen at a senior manager and business owner level as well. We only want to work with suppliers who share our ethical values and we are clear about our expectations, which we aim to align 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.

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Training

In 2017 we implemented a structured training plan for our Human Resources, Procurement and Compliance teams, which included modern slavery awareness training through our online Academy system. Those that held key supplier relationship or compliance positions completed the Chartered Institute of Procurement and Supply (CIPS) Ethical Procurement training.

Following the internal restructure, we have redefined this learning and development framework accordingly to ensure all organisational structure changes have been captured and will be delivering this training throughout 2020. We committed to a triennial refresh of modern slavery awareness training and this will also be completed throughout 2020.

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 15 July 2020.

Signed on behalf of the Board by

Mark Robson
Deputy Chief Executive and
Chief Financial Officer