

# Sustainability Committee report

## 2022 meeting attendance

Peter Ventress (1/1) Appointed 1 July 2022  
 Richard Pennycook (1/1) Retired 17 September 2022  
 Andrew Cripps (2/2)  
 Karen Caddick (2/2)  
 Geoff Drabble (2/2)  
 Louise Fowler (2/2)  
 Debbie White (2/2)

## Key activities in the year ahead

- Receive updates on workforce skills and development.
- Receive updates on sustainability strategy, including Net Zero plans.
- Review of the Sustainability Committee Terms of Reference.
- Approval of the 2024 Sustainability Committee calendar.

**Peter Ventress**  
 Sustainability Committee Chairman



## Introduction from the Sustainability Committee Chair

Howdens has a sustainable business ethos. Being 'worthwhile for all concerned' means that having a positive impact on our environment is a key part of our overall growth plans. But we are also committed to making our business more diverse, creating opportunities for all, and removing barriers to employment. These are the matters, in line with commercial considerations, that matter most to our employees, our investors, and our wider stakeholder base.

Many of the items considered and approved at the Sustainability Committee are considered in detail in the sustainability matters report (which begins on page 46), 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 and I am pleased to report that the first full year of the Sustainability Committee has been a successful one.

The key duties the Committee carries out in relation to any environment and climate action and Howdens' contribution to society were set out on page 143 of the 2021 Annual Report and Accounts, which can be accessed on our corporate website ([www.howdenjoinerygroupplc.com](http://www.howdenjoinerygroupplc.com)). 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 2022

#### Reducing carbon

Having made great progress on energy and waste reduction in 2021, particularly achieving carbon neutral in manufacturing at our Howden and Runcorn sites, the Committee was mindful to keep the momentum into 2022. Building a credible SBTi Net Zero plan and extending carbon neutral to Howdens Work Surfaces were two priorities for the Committee during the year. More information on our SBTi Net Zero plans can be found on page 52. The Committee will monitor the development of these plans, particularly the initiatives to reduce Scope 3 emissions which make up 90% of the Group's total emissions.

To support the implementation of the Net Zero plan, the Remuneration Committee has for the first time introduced carbon reduction measures as part of our Executive remuneration framework (see page 114).

### 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 54 to 61. The Committee has encouraged a simple and pragmatic approach to business resilience. Building on the disclosures in 2021, the Committee considered three model scenarios, a materiality impact assessment and associated action plan. These are integrated with the SBTi Net Zero plans which include comprehensive supply chain mapping, a compelling customer sustainability offer and regular review of Howdens sustainability strategy.

Supported by external consultancy, TT Impact Strategies, the Group utilised the following methodology for TCFD implementation:

1. **Governance and oversight:** Board and management oversight to ensure that climate issues are embedded in the strategic planning/ enterprise risk management.
2. **Assess materiality of climate-related risks:** Understand potential climate related risks and opportunities for Howdens' business involving all relevant internal stakeholders.
3. **Develop and define scenarios:** Construct appropriate scenarios to develop relevant narratives according to Howdens' context and business model.
4. **Evaluate business impacts:** For each scenario (three scenarios), identify key strategic and financial impacts - qualitative to quantitative.
5. **Identify potential responses:** Use the results to identify realistic strategic responses to manage risks and opportunities.
6. **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 Group HR Director and the senior HR team on the progress made during the year in respect of the EDI Group. Building on the progress made during 2021, the Committee considered updates on Executive Sponsorship of priority areas, training, engagement and data. In the short term, business focus is on building foundations, increasing confidence and capability, but in the longer term, the business believes that a mature EDI programme will provide a competitive advantage and will be fully integrated into our ways of working.

In September, the Committee received the Best Companies diversity data. Data captured as part of the Best Companies survey provided the Company with its first diversity census. The Committee noted that the data was being used to drive local EDI activities. Around 5,900 of the 7,300 employees who participated in the survey completed the EDI questions, equating to an average response rate of 80%.

The Committee also considered the work done to date on employee wellbeing.

## 2022 Sustainability Committee activity

April

### Committee meeting

- Sustainability progress
- EDI, wellbeing and apprenticeships
- Modern Slavery Statement

September

### Committee meeting

- Sustainability progress, including Net Zero plans, TCFD disclosures and industry leadership
- EDI and apprenticeships
- 2023 Committee calendar
- Terms of reference

### Apprenticeships

The Committee received updates on Howdens' apprenticeship programmes at each of its meetings during the year. Having committed to transferring 20% of the apprenticeship levy to fund construction apprenticeships in small businesses across the UK, it was particularly pleasing to receive the UK Social Mobility Award for Innovation in October.

More information on Howdens' approach to social mobility can be found on page 65.

### Sustainability in 2023

The Committee will continue to focus on the core environmental and social matters that matter the most to our stakeholders. This will include further development 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 Chairman

6 March 2023