

Governance

Sustainability Committee report



Peter Ventress
Sustainability Committee Chair

Introduction

I am pleased to present the Sustainability Committee report for 2025. This report is organised into the following sections:

1. **Committee member attendance, Committee evaluation results, Committee activity in 2025 and key activities in the year ahead**
2. **Committee environmental and social considerations in the year**

Having a sustainable business is a priority for the Board. It is central to everything we do and the Sustainability Committee helps to ensure that it is given as much of the Board's time and attention as our other business priorities. Many of the items considered and approved at the Committee are considered in detail in the Sustainability Matters report (beginning on page 42), so this Committee report is necessarily shorter than others to avoid duplication but to still highlight some of the key work of the Committee during the year, and to consider the work in the year ahead.

Peter Ventress
Sustainability Committee Chair

Committee meeting attendance in 2025

Peter Ventress	(3/3)	
Andrew Cripps	(2/2)	Retired 1 May 2025
Roisin Currie	(3/3)	
Louis Eperjesi	(3/3)	
Louise Fowler	(3/3)	
Tim Lodge	(3/3)	
Vanda Murray	(3/3)	
Suzy Neubert	(3/3)	

2025 Sustainability Committee activity

February

Committee meeting

- ESG strategy update
- Reporting and assurance: update on limited assurance by KPMG and the Carbon Trust review
- Deforestation Policy approval
- EDI update
- Gender pay gap report and gender pensions gap
- 2024 Sustainability Committee report
- Sustainability Committee effectiveness review

April

Committee meeting

- ESG strategy update
- Reporting and assurance
- Sustainable product demonstration

September

Committee meeting

- Compliance and regulatory update
- Product innovation
- EDI update
- Employee wellness initiatives
- 2026 Sustainability Committee calendar
- Committee Terms of Reference

Key Committee activities in the year ahead

- Receive updates on execution of the Group's sustainability strategy, including the roadmap for SBTi Net Zero targets.
- Receive updates on the Group's equality, diversity and inclusion priorities, workforce skills and development.
- Review the Sustainability Committee's Report and Terms of Reference.
- Approval of the 2027 Sustainability Committee calendar.

Committee environmental and social considerations in the year

ESG compliance

A significant proportion of the Committee's activity during the year was in consideration of the regulatory burden relating to ESG disclosure and compliance. Whilst the provisions in the Corporate Sustainability Reporting Directive (CSRD) applicable to the French business have been delayed, seemingly until 2028, the overall reporting obligation on the Group remained significant. In order to support our disclosure activities during the year, a dedicated data analyst was recruited to the ESG team and the Director of Commercial Finance was given accountability for carbon and waste reporting. The Committee was supportive of both of these developments and welcomed the rigour and audit-readiness this would provide.

KPMG have been engaged since 2024 to provide private limited assurance over the Group's carbon disclosures (as mentioned in the Audit Committee report, which starts on page 126). Sustainability Committee will work with the Audit Committee on CSRD readiness and to support the Group's ESG reporting going into 2026.

Net Zero¹

The Committee received regular updates on progress against the Group's SBTi approved Net Zero targets from the Director of ESG and will continue to do so in 2026 and in future years. During the year, the Committee received updates on various carbon reduction initiatives throughout the Group. This included the installation of solar panels at the Howden site. More information on these initiatives can be found in the Sustainability Matters report, which begins on page 42.

The Committee is mindful of 2030 targets, which include the reduction of absolute Scope 1 and 2 GHG emissions by 42% and absolute Scope 3 GHG emissions by 25%. In addition, the Committee will monitor the target for 25% of suppliers (by spend) to set science based targets by 2027.

More information on the Group's sustainability activities can be accessed at <https://howdens.foleon.com/sustainability/our-road-to-zero/>

¹ See page 47 for a definition of 'Net Zero'.

Supplier engagement

Identifying and reducing emissions from Howdens' supply chain represents the biggest challenge to achieving the Group's Net Zero goals. The Committee received updates from the Director of ESG throughout the year on the supplier engagement strategy and the focus on supplier emissions data.

In March 2026, members of the Committee will attend the Howdens Supplier Conference and will take direct feedback from suppliers.

Biodiversity

In February, Howdens announced details of a two-year sponsorship partnership programme with National Parks. The programme supports nature recovery projects that focus on enhancing biodiversity, restoring local ecosystems, and contributing to urgent climate action across the UK's National Parks.

In April, the Committee reviewed the Group deforestation policy. This policy can be found at www.howdenjoinerygroupplc.com/docs/librariesprovider25/archives/sustainability/deforestation-policy-approved-24th-march-2025.pdf

Nature and the environment are a key aspect of Howdens' wider sustainability agenda and the partnership with National Parks supports this. The Committee will receive regular updates from the Director of ESG during 2026 on Howdens approach to nature and biodiversity. Further information is available at www.newforestnpa.gov.uk/about-us/uk-national-parks/howdens/

Incentivising sustainable behaviour and training

In 2023, the Remuneration Committee introduced an ESG performance measure into the long-term incentive plan used for executive management. The measure included a basket of carbon reduction measures and an underpin to provide that more than 99% of the Group's operating waste was diverted from landfill. This award will vest in April 2026. Details of how management performed against the targets set can be found on pages 116 and 117 of the Remuneration Committee report. The Sustainability Committee will continue to work with the Remuneration Committee to agree suitably stretching targets on environmental matters.

In 2025, a training module on ESG strategy and sustainable behaviours was made available to all employees through the Howdens Academy platform. The Committee is committed to ensuring that information and incentives are used to promote the Group's wider ESG strategy.

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Sustainability Committee report continued

Equality, diversity and inclusion (EDI) and skills

The Committee continued to have oversight of management's EDI strategy and received regular updates from the HR team throughout the year.

The Committee considered and approved the Group's Gender pay gap report in February and will continue to monitor this with the Remuneration Committee in 2026. Information was also provided to the Committee on the gender pensions gap.

The Committee received updates on employee diversity data and the results of pulse surveys undertaken throughout the year. The introduction of the Workday HR system in 2026 will provide the Committee with more detailed information and analysis.

Employee wellness

Safeguarding the health of our employees (physical and mental) underpins our sustainable business. By providing better access to healthcare and support services, we improve the lives of our employees and reduce the number of lost time hours for the business.

During the year, the Committee received updates on various wellbeing initiatives introduced by management. These included the ongoing use of wellbeing reps throughout the business, 'know your numbers' health screening, gambling and alcohol awareness support sessions and access to a virtual GP service. These services are available to all employees and the Committee will continue to support management on new wellbeing initiatives in the year ahead. More information on these initiatives can be found on page 55.

Governance

Directors' report continued

Located in the financial statements:

Employees: The average number of employees and their remuneration are shown in note 21. Details of the SIP can be found in note 23.

Financial risk management (relating to SI 2008/410 Schedule 7 Part 1.6): note 20.

Disclosure required under UKLR 6.6.1R:

- Details of long-term incentive schemes: note 23.
- Details of any tax relief, including amount and treatment: note 7.

The remaining disclosures required by UKLR 6.6.1R (with the exception of those described below under subheading 'Located in the additional information section') are not applicable to the Company.

Dividend: note 17.

Located in the Additional Information section:

Annual General Meeting (AGM): Information about the AGM can be found on page 215. The recommendation to reappoint KPMG LLP as the Group's auditor can be found on page 126.

Share capital, substantial shareholdings and whether the Company's acquired its own shares (including nominal value of shares purchased): pages 215 and 216.

Directors' Indemnity and Insurance: page 216.

Significant agreements, which take effect, alter or terminate upon a change of control: page 216.

Disclosure required under Listing Rule 6.6.1R:

- Dividend waivers: page 215.
- Published profit forecasts made during the reporting period to 27 December 2025: page 216.

Political donations

The Group made no political donations during the current and previous financial years. Nor has it made any contributions to any non-UK political party during the current or previous financial years.

Research and development (R&D)

The Group undertakes development activities in relation to its product design and innovation work. The five pillars that new product design and sourcing decisions are based on are: sustainability, quality, design, cost, and availability (further information on new product introductions can be found on pages 22 and 23). The Group also undertakes development work in relation to its digital capabilities to make life easier for our trade customers and our depots (further information about our digital developments can be found on pages 23 and 27).

By order of the Board

**Forbes McNaughton
Company Secretary**

25 February 2026

Non-financial and sustainability information

Non-financial measures are an important part of our business and we have recognised the importance of non-financial information in our annual reports for many years. The Board is committed to acting responsibly and working with our stakeholders to manage the social and ethical impact of our activities. The Howdens culture is to be 'worthwhile for all concerned' and so we aim to treat all our stakeholders fairly and with integrity.

We have a number of Group policies to provide guidance to our employees. The policies are designed to be easily understood and they generally include examples of acceptable and unacceptable behaviours.

To consolidate our reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of non-financial reporting and sustainability information, the table below shows where in this Annual Report and Accounts to find each of the disclosure requirements.

Focus area	Policies and statements	More information and outcomes
Environmental matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"> • Greenhouse gas emissions and streamlined energy and carbon reporting (pages 60 and 61). • Discussion about the Company's sustainability strategy and SBT Net Zero commitment and targets (pages 44 to 47). • Climate-related financial disclosure as defined in section 414CA(2a) Companies Act 2006 (Governance - (a) on pages 206 and 207; Strategy - (f) on pages 207 and 208; Risk management - (b), (c), (d) and (e) on pages 208 to 211; Metrics and Targets - (g) and (h) on page 209). • Discussion of the Company's progress on implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (pages 58 and 206). • Discussion of the UN Sustainable Development Goals (UN SDGs) (page 45). • Discussion of our progress on 'zero waste to landfill' (page 29), Route to Net Zero (pages 46 and 47), decarbonisation of the distribution fleet (page 51), our sustainable product offer and product innovation (page 52) and our use of renewable energy sources (page 50). • KPIs on production waste reduction (page 29) and our target of 100% of wood-based material used in manufacturing processes being made from FSC® or PEFC certified sources (page 29).
Social matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"> • Our impact on our stakeholders (pages 56 and 57) and engagement with stakeholders (starting on page 80). • Our progress on equality, diversity and inclusion and wellbeing matters (pages 54 and 55). • Our Boardroom and Group Diversity Policies (page 98).
Respect for human rights	Human Rights Policy and Modern Slavery Statement (see Group website).	<ul style="list-style-type: none"> • Discussion of our EDI and wellbeing initiatives (pages 54 and 55). • Our Modern Slavery Statement (see Group website) sets out how we actively monitor suppliers and train our procurement staff. • Internationally recognised labour standards form part of our contracts of employment.
Anti-bribery and corruption	Anti-bribery and corruption, conflicts of interest, corporate gifts and hospitality, anti-money laundering, anti-tax evasion, anti-competition law and anti-fraud.	<ul style="list-style-type: none"> • The Board considers and approves the following Group policies: anti-bribery and corruption, anti-money laundering, anti-tax evasion, competition law policy, anti-fraud, market abuse compliance and the Modern Slavery Statement and whistleblowing. • We have a rolling programme of refresher training on human rights, modern slavery, and anti-bribery for our compliance team and buyers. • Further information about our whistleblowing facility may be found on page 133.
Employees	Health & Safety Statement of Intent (see Group website), market abuse compliance, data protection and privacy, and whistleblowing.	<ul style="list-style-type: none"> • KPI on Health and Safety and discussion of Health and Safety performance and initiatives (page 29). • Discussion of employee rewards and benefits, development opportunities and apprentice schemes (pages 54, 55, and 109). • Diversity policies and statistics (pages 97 and 98). • Workforce engagement (pages 82 and 83). • Directors' Remuneration Policy (see Group website for the full current policy).

We outline our resilient business model on pages 16 and 17. All of our non-financial KPIs are presented together on page 29. A discussion of our principal and emerging risks, including those related to our business relationships, products and services, as well as a description of our risk management process, starts at page 36.