Sustainability Matters

Worthwhile for all concerned

HOWDENS

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Why Sustainability matters to us

Sustainability generates long-term value

- Helps to preserve our culture, supports our business model, increases business resilience, mitigates our risks and addresses the material needs of our stakeholders.

Sustainability is part of our culture

- Our culture is to be 'worthwhile for all concerned'. For our staff, our customers, our suppliers, the environment and the communities we work in.

Sustainability supports our business model

- Gives us a competitive advantage and builds business resilience.
- Lowest cost production in our own UK factories leads us naturally to minimising waste, energy and raw materials.
- Being trusted partners to our suppliers and customers means that our relationships need to be worthwhile for all over the long term.
- Each of our depots relies on strong local relationships to trade profitably, so we need to be a good neighbour in each of those communities.

Sustainability mitigates our risks

We discuss our principal risks beginning on page 37. Sustainable behaviour helps us to address some of those risks.

- Investing in keeping our people safe, developing their skills, and offering them a great place to work is the right thing to do, but it also mitigates our 'Health & Safety' and 'Loss of key personnel' risks.
- Developing and maintaining sustainable supplier relationships mitigates our 'Interruption to continuity of supply' risk
- Sustainability is a core principle of our new product design. This gives us energy-efficient, safe and durable product, and mitigates our 'Product design relevance' risk.

Our material sustainability areas and our ESG strategy

We last refreshed our ESG materiality assessment in 2023 by commissioning an independent review with third party specialists, consulting both external and internal stakeholders.

We present the findings of the materiality assessment and show how the material topics are aligned to the strategic pillars and foundation principles of our ESG strategy at page 48. Our ESG strategy is summarised on the next page.

Our sustainability KPIs, Our Net Zero SBTi targets, ESG and remuneration

Our sustainability KPIs cover safety, use of wood from certified sources, and avoiding sending waste to landfill. You can find them on pages 50 and 56.

Our SBTi Net Zero targets were submitted in the first half of 2023 and were approved in January 2024. We present these targets on page 47 and will be tracking progress against their first 6-year phase in future reports.

Our PSP share plan includes ESG-related vesting targets, which are aligned with our Net Zero goal. Please see page 137 and 140 for details of the targets.

ESG strategic highlights of 2024

Investment in solar power

£3.5m solar panel investment almost completed - expected to go live in H1 2025 (page 50).

Supplier engagement

Extensive supplier engagement - linked to our SBTs and increasing the accuracy of our Scope 3 data (page 49).

Climate resilience

Climate physical risk assessment updated (pages 49, 66).

Materiality

Double materiality assessment begun in readiness for CSRD reporting (page 48).

The Board and Executive Committee lead our commitment to sustainability

The importance of sustainable behaviour is recognised right through the business. You can see the Board's Statements of Intent on Health & Safety and Sustainability at: www.howdenjoinerygroupplc.com/sustainability/group-health-safety-and-sustainability-policies. The Board's Sustainability Committee met regularly throughout the year and their report begins on page 150.

Our sustainability strategy

Our sustainability vision

UK's leading responsible kitchen business	A unique and sustainable culture	Leader in risk and resilience governance
A sustainable product offering, responsibly manufactured or sourced, that meets the needs of the builder and the end consumer.	Maintaining and building on our culture of being worthwhile for all concerned. Continuing to grow a sustainable business that appeals to current and future stakeholders.	An agile and resilient business, proactively managing ESG risks, with transparent high-quality stakeholder reporting.

Our sustainability strategy

Strategic objectives	Net Zero			Climate resilience	
Strategic pillars	Supply chain emissions See page 49	Renewable energy /sustainable operations See page 50	Decarbonise the fleet See page 51	Sustainable product offer & innovation See page 52	Supply chain risk mapping & resilience See pages 49 & 66
Foundations	EDI: Strategic priorities & wellbeing — See pages 54 & 55				
	Behavioural health & safety: Maintain & next steps — See page 56				
	Effective waste management: Zero to landfill — See page 56				
	Emissions reductions: Carbon neutral — See page 56				
Governance	Effective reporting & disclosure				

Our material SDGs

UN SDG description and relevant targets under each SDG

SDG	Targets
8 DECENT WORK AND ECONOMIC GROWTH	SDG targets 8.4, 8.5, 8.6, 8.7, 8.8: resource efficiency; sustainable growth; full, productive and worthwhile employment; equal pay for work of equal value; youth training; eradicate modern slavery and child labour; safe and secure working environments.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG targets 12.2, 12.5, 12.6, 12.7: sustainable management and efficient use of natural resources; reduce waste, increase recycling and reuse; publish sustainability information; sustainable procurement.
13 CLIMATE ACTION	SDG targets 13.1, 13.2: strengthen resilience to climate-related hazards; integrate climate change and emission reduction measures into strategic planning.
15 LIFE ON LAND	SDG targets 15.1, 15.2: conservation and sustainable use of forests.

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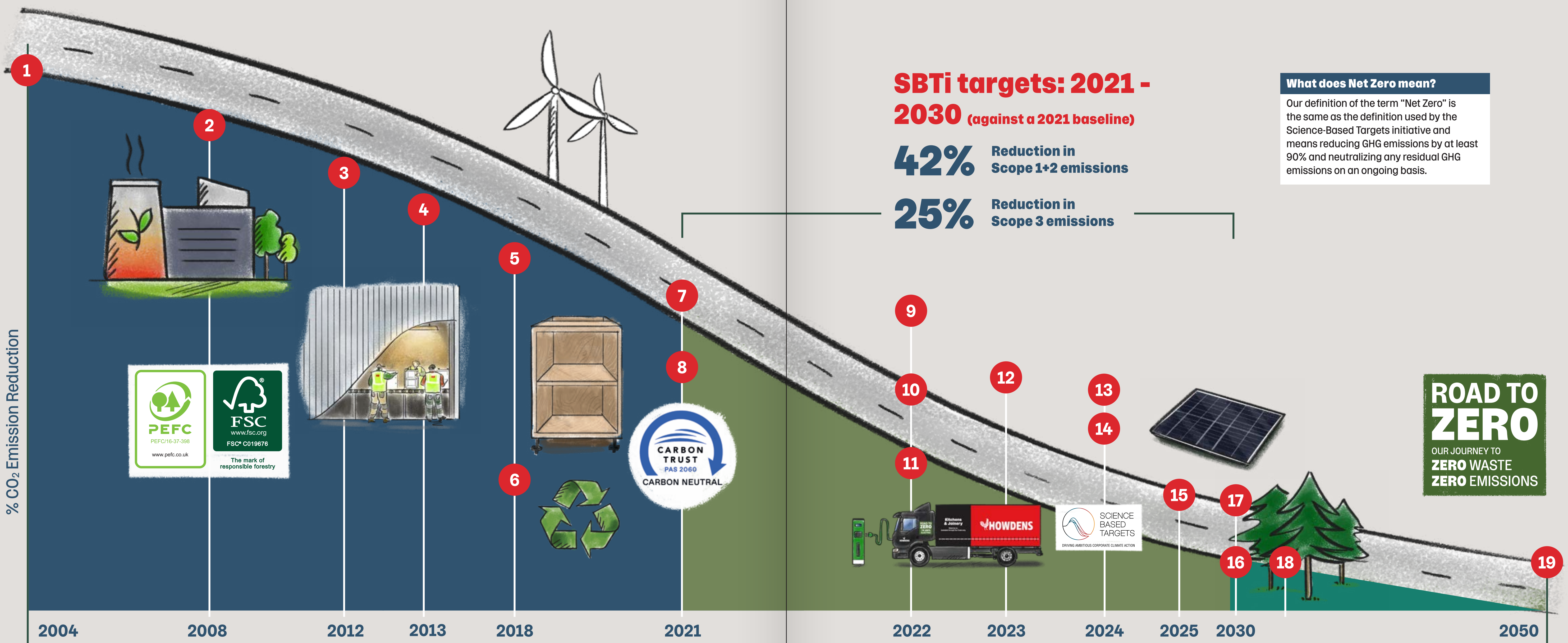
Our Net Zero commitment and targets

How we plan to reduce our emissions



SBTi targets: 2021 - 2030 (against a 2021 baseline)

42% Reduction in Scope 1+2 emissions

25% Reduction in Scope 3 emissions

What does Net Zero mean?

Our definition of the term "Net Zero" is the same as the definition used by the Science-Based Targets initiative and means reducing GHG emissions by at least 90% and neutralizing any residual GHG emissions on an ongoing basis.

Our history of positive action

1. Biomass boilers (in use since 1995)
2. FSC® and PEFC chain of custody introduced
3. Carbon Trust standard (first carbon reduction plan)
4. Further investment in biomass for factory heating
5. Development and introduction of 100% recycled and 100% recyclable cabinet legs
6. Zero to landfill achieved from manufacturing
7. Introduction of renewable electricity in our supply operations
8. Carbon neutral status achieved*
9. Introduction of renewable electricity in depots

* In our Howden and Runcorn factories.
** (t CO_2 per £m).

Our SBTi targets to 2030

10. Committed to Science Based Targets initiative (SBTi) with NET ZERO plan
11. Introduction of HVO alternative fuel
12. Introduction of EV trucks in our XDC network
13. Long-term exploration of alternative fuels, materials & technologies
14. Approval of our SBTi targets
15. Solar panels start to generate energy at our Howden factory

2030-2050

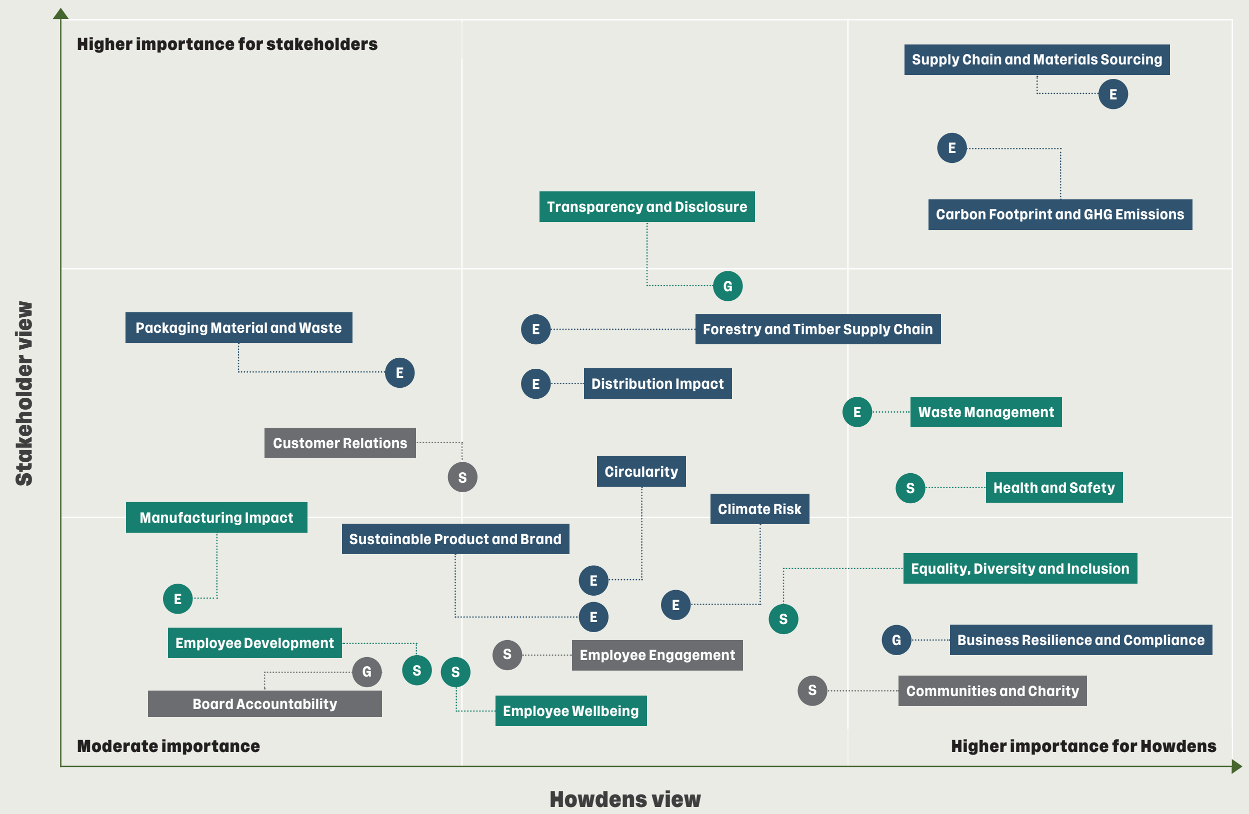
16. Increased use of HVO and solar
17. Interim 2030 emission reduction targets (reduce by 50%)**
18. Monitoring and using new technologies, where appropriate for our business
19. NET ZERO - 90% reduction in emisisons against a 2021 baseline

Our material sustainability issues

Our ESG materiality assessment

In 2023 we refreshed our existing ESG materiality assessment by commissioning an independent specialist review and carrying out interviews with both internal and external stakeholders. The results are below.

Results of the materiality assessment and stakeholder engagement:



- Aligns to our ESG strategic pillars
- Aligns to our ESG foundation values
- Aligns to wider business strategy and governance

E Environment
S Social
G Governance

Stakeholder views are gathered from interviews with depot managers, employees, suppliers and investors. **Howdens views** are gathered from interviews with the senior leadership team.

When examining the answers from both sets of interviews, we found that the scoring for some topics was being given on a net basis, because the interviewees were aware that the Group had effective plans of action in place for these topics and were taking account of this in their answers.

Correlation of material topics with our ESG strategy

As well as showing the relative importance of each of the topics that arose in our stakeholder interviews, the diagram above shows how they link to our ESG strategic pillars and foundation values, set out at page 45, or in some cases, how they link with our wider business strategy and our governance.

Double materiality

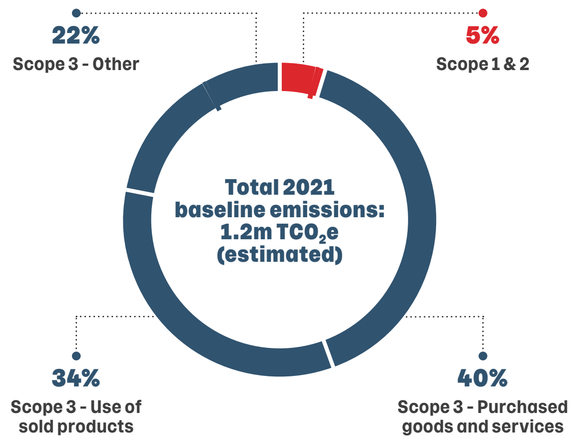
We have started work in 2024 on a double materiality assessment, which we hope will give us further strategic insight and will also prepare us for reporting under the European Corporate Sustainability Reporting Directive ("CSRD") in the future. The requirement to report under CSRD will apply first in our French subsidiary in FY2025, and then will apply later on a Group basis.

Supplier engagement - addressing Scope 3 emissions together

Why supplier engagement is important

95% of our baseline total emissions are Scope 3, i.e. they are incurred by our suppliers. Three quarters of these relate to goods purchased from our suppliers and the use of products that we source from our suppliers.

We can only achieve our Net Zero SBTi targets by collaborating with our key suppliers.



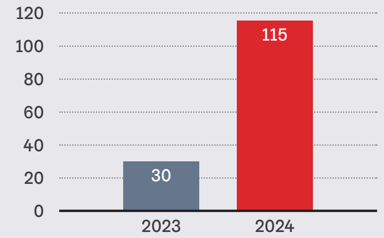
Our history of supplier engagement

See our website:
www.howdenjoinerygroupplc.com/sustainability/supplier-engagement

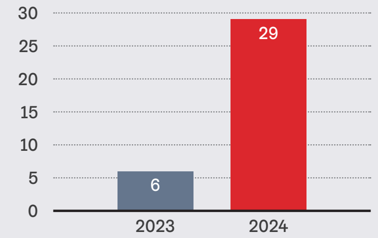
Supplier engagement headlines in 2024

1. Continued increase in supplier commitment to providing more accurate emissions data.

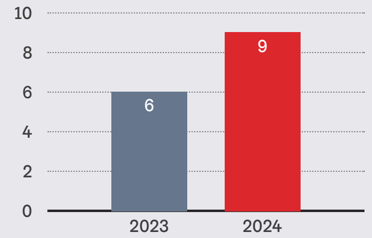
Suppliers signed up to Howdens' decarbonisation programme



Suppliers who have submitted decarbonisation plans



Number of our top 30 suppliers who have submitted finalised emissions data for 2021-2023



8 suppliers with approved SBTi plans
(meeting our SBTi target)

264 delegates from suppliers attended Howdens sustainability training webinars in 2024

2. Our CEO's message to suppliers at our 2024 Supplier Conference: "ESG is non-negotiable".

A clear message to our suppliers that they need to be aligned with our Net Zero plan.

3. ESG objectives now included in standard supplier terms of business.

Defined targets in line with our SBTi objectives, and commitment to provide carbon reporting data.

4. Supply chain risk mapping and resilience to climate change.

We have included key supplier operations in our updated 2024 physical climate risk exercise - see pg 66.

Strategic Report - Sustainability Matters

Renewable energy & sustainable operations

KPI

All chipboard & MDF used in our manufacturing processes is from FSC® or PEFC certified sources

KPI - FSC®/PEFC

We used 265,000 cubic metres of chipboard and 48,000 cubic metres of MDF in our factories in 2024 - enough to fill the Albert Hall more than 3 times - so it's natural that we have a long-standing KPI requiring all wood to be from certified sources.

FSC® or PEFC certification means that the wood comes from responsibly managed sources and that we have independent documented evidence of an unbroken chain of ownership all the way from the forest to us - via the mill, the importer and our suppliers.

Renewable energy headlines in 2024

Solar energy investment at Howden

The Board approved an investment of £3.5m at our manufacturing site in Howden to put PV panels on our main warehouse roof, covering an area of 350,000ft². The work began in 2024 and we expect to see the benefits start in 2025. Whilst dependent on the sun, the emissions reduction is calculated to be in the region of 1,000 TCO_2e/year, with an 8% reduction in purchased energy. The investment is expected to pay back within 5 years. We intend to install more solar panels across our estate in the future.

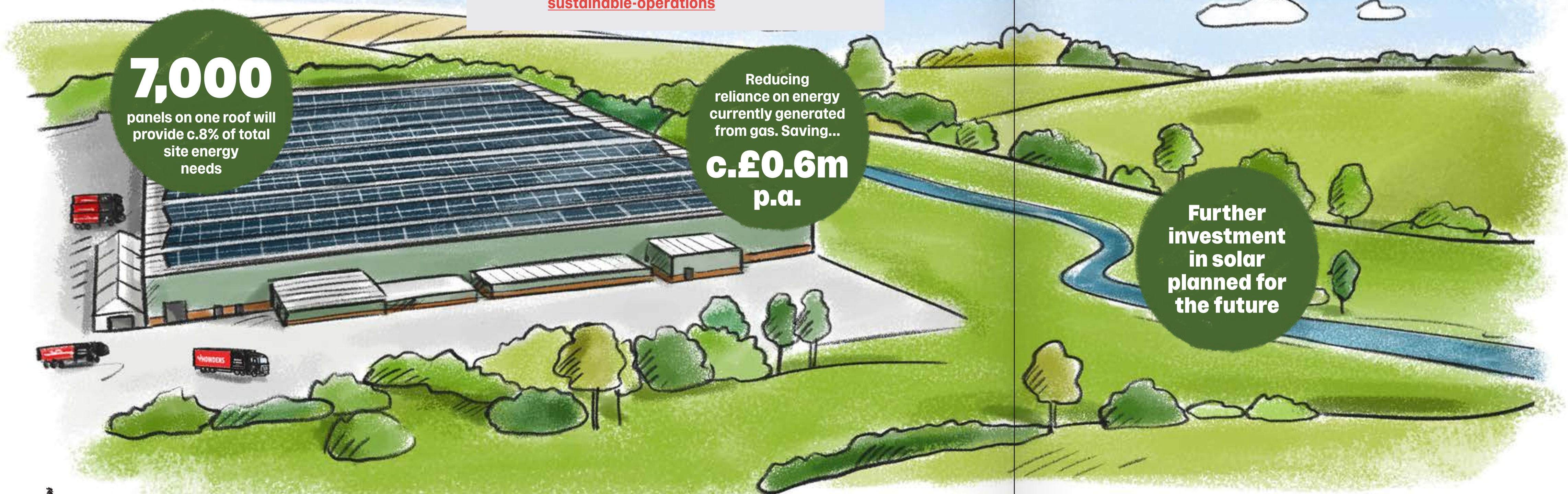
Policies

Read our Modern slavery statement:
www.howdenjoinerygroupplc.com/governance/modern-slavery-statement

Read our human rights policy:
https://investorcom.sitefinity.cloud/docs/librariesprovider25/archives/governance/human-rights-policy.pdf

More information

More information on renewable energy and sustainable operations on our website:
www.howdenjoinerygroupplc.com/sustainability/renewable-energy-and-sustainable-operations



Decarbonising the distribution fleet

Strategic importance and current position

We operate our own transport fleet, and it accounts for around a third of our Scope 1 baseline CO_2 emissions, so it's a clear ESG strategic priority area for us, as well as being a key part of our SBTi 2030 emission reduction target.

The scope for step changes in a fleet that's already operating at a high level of efficiency is small but our fleet drove over 19 million miles in 2024, so every incremental gain is worthwhile.

Fleet decarbonisation headlines in 2024

Doubling the use of HVO in our fleet vs 2023

Hydrotreated vegetable oil ("HVO") is a sustainably sourced biofuel. It is plant based and can replace diesel without requiring engine modifications. It reduces CO_2 by 90% compared to diesel, and also has lower nitrogen oxide and particulate emissions. We doubled our 2023 usage in 2024, and we plan to increase HVO usage further in 2025.

Trialling LNG lorries in our fleet

Bio-LNG is produced by anaerobic digestion of organic waste, manure and sewage and produces 80% less CO_2 than diesel. We have 15 LNG vehicles in the fleet at the end of 2024.

Electric vehicles in our XDC network

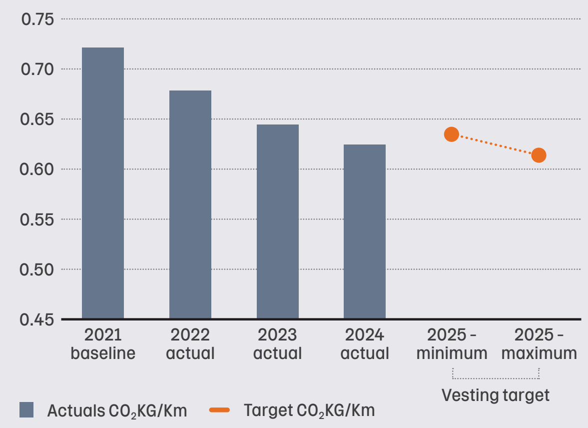
With current technology, there isn't a viable electric vehicle with the range to replace our long haul fleet. Our XDC network, described at page 26, involves shorter range deliveries and is operated on our behalf by third party logistics partners. We have engaged with one of our partners and between us we are now operating four electric vehicles at the end of 2024.

Metrics and targets: link to LTIPs

Our distribution fleet has a 2030 emissions reduction plan, aligned with our SBTi Net Zero commitments.

The first step of this is the emissions reduction targets, which are built into our PSP share awards (page 137) and are aligned with the first 5-year targets in our SBTs, giving minimum vesting at a total cumulative reduction from our 2021 baseline of 12%, and a maximum payout at 15%.

Progress against these targets is show below:



More information

More information on reducing fleet emisisons, on our website:
www.howdenjoinerygroupplc.com/sustainability/decarbonising-the-distribution-fleet

Strategic Report - Sustainability Matters

Sustainable product offer and product innovation

We want to create sustainable products that we're proud of. We make almost 5 million cabinets a year in our own UK factories, so our choices here can make a real difference. We buy our chipboard from sustainably managed UK forests. For every acre of trees used, an acre or more is planted.

When the cabinet has come to the end of its life in the home it can be recycled and broken down to produce more chipboard, which can be used to make more cabinets in the future.

We don't only want to do things to an incredibly high standard - we want them to be sustainable too. Sustainability is built into our product design process and is one of the five pillars that we base new product design and sourcing decisions on, sitting on an equal footing alongside quality, design, cost and availability.

Some recent examples of building sustainable considerations into new product are shown below.

1 Cabinets

The product that sits at the heart of our business, all our cabinets come with a 25-year guarantee. We can offer that because we know quality and longevity are built into the design. We hold the furniture industry (FIRA) gold award for product excellence for our rigid cabinets. They are also 90% recyclable at end of life.

The chipboard in our cabinets is made using 30% recycled content. The cabinet feet are made of 100% recycled plastic and are 100% recyclable at end of life.

2 Worktops

Our own-manufactured laminate worktops are now made using 87% recycled content, a 10% increase from 2023.

3 Plastic pledge and packaging

Our 'Plastic Pledge' is an initiative looking across all the products we sell, and aiming to reduce, remove, and replace plastic in our packaging wherever possible.

Finding plastic-free replacements for some packaging can be difficult because the products have to be protected all the way through the supply chain from manufacture to end user.

Last year we launched our first Lamona own-brand appliances with polystyrene-free packaging. We have continued this in 2024 and 7% of Lamona volume now has completely polystyrene-free packaging. We have also reduced the amount of polystyrene used in packaging our other product by a further 11% in 2024.

We have redesigned our tower cabinets in 2024, removing the need for a fifth leg, which reduces our annual plastic use by around 39 tonnes and our annual emissions by 110 tonnes of CO_2.

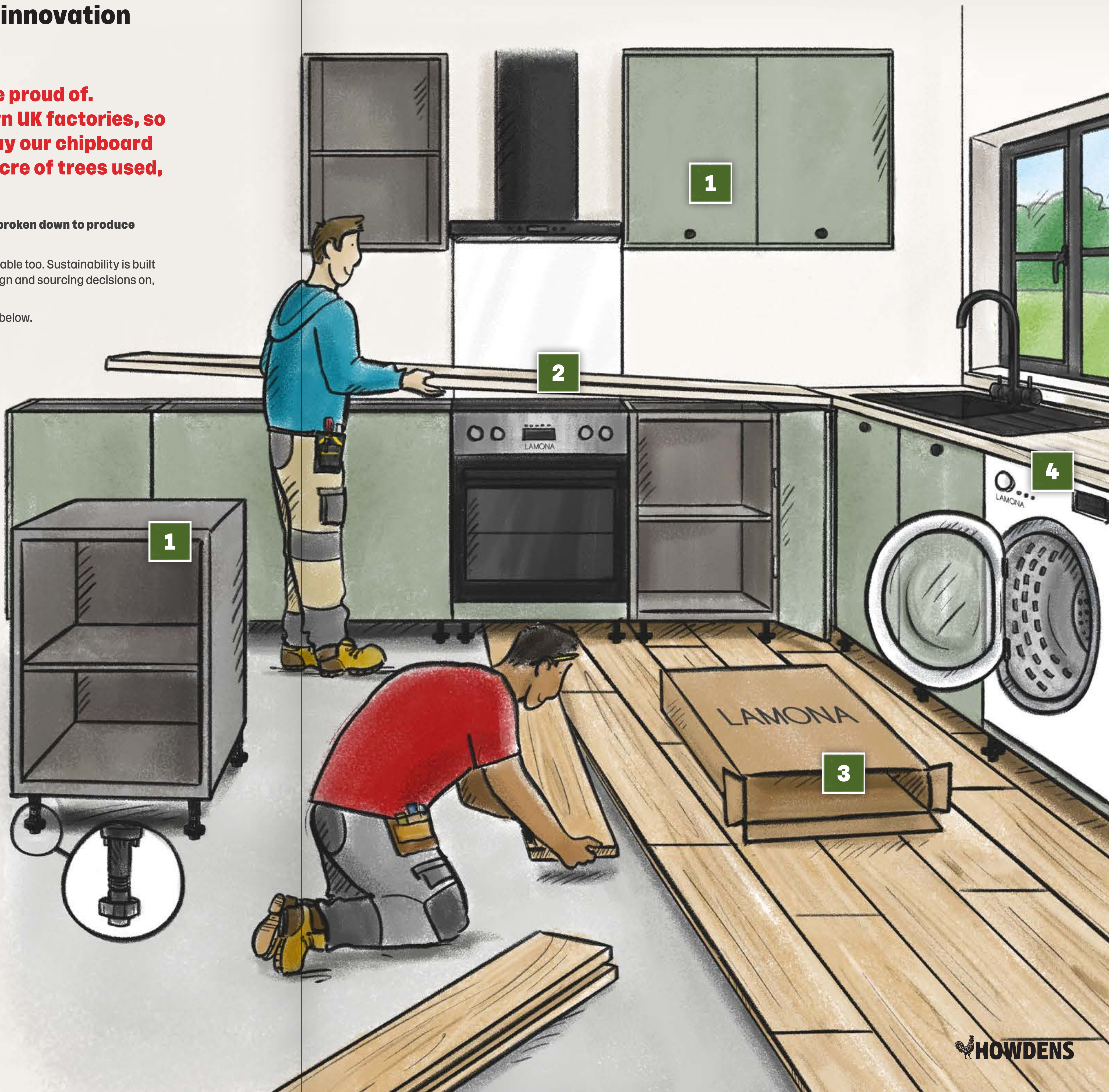
4 Appliances

We have introduced a new dishwasher in 2024 which uses grey water for the start of a wash, reducing average water use by 50%.

Energy efficiency improvements in cooling, our performance on cooling products has improved with reduction equivalent to 9,656 tonnes of CO_2 over the lifetime of the products.

We work hard to build reliability into all our own brand Lamona appliances and we're proud to back that up with a 3-year warranty as standard. Where we have warranty claims we encourage end users to accept our offer of sending an engineer to repair their appliance rather than replace it under the terms of the warranty. This happens in 97% of claims.

As we continue to improve the high quality of our Lamona products, we saw 4,600 fewer engineer visits in 2024 than in 2023. Each engineer visit for a simple repair emits 2.4Kg of CO_2 so this is an annual reduction of 11 tonnes of CO_2.



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EDI & wellbeing

Worthwhile careers, opportunities to develop and thrive

"I want Howdens to always be a 'home from home' place to work, where you are valued for who you are and where you can give the best of yourself, make meaningful contributions and build lifelong friendships."

Andrew Livingston - CEO

Our Inclusion Strategy: Worthwhile for ALL, Support for ALL, Accessible for ALL.

See our website: www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing

Headlines from 2024

Employee inclusion survey

We conducted our first employee inclusion survey measuring our ambition to be "Worthwhile for ALL concerned":

73%

said Howdens is a great place to work.

70%

of respondents said Howdens is a place where everyone has the opportunity and is encouraged to succeed at work.

68%

said they were proud to work for Howdens.

Worthwhile careers for ALL

Our refreshed careers website is now live (Nov 2024), highlighting the variety of opportunities we offer to attract diverse talent. For more info see careers.howdens.com

Building manager capability

We ensure we maintain our inclusive culture by developing better leaders. Over 550 managers have completed our bespoke development programme this year, and we've had feedback from both managers and team members that the training has resulted in tangible increases in performance.

Apprentice levy transfer - training tomorrow's customers

There is a recognised shortage of tradespeople in the construction industry. Since starting a small trial in 2021 we have committed to transferring up to 20% of our apprenticeship levy to small construction related businesses so that they can bring on the new generation of skilled tradespeople. To date this levy transfer has resulted in over 140 apprenticeships, and we hope to see it continue in the future.

Developing skills to sell more kitchens

Our externally accredited Kitchen Sales Designer (KSD) programme saw over 500 KSD's develop skills to sell more kitchens by building stronger relationships, understanding customer needs and converting more opportunities. 92% of new designers have said there has been a positive impact on their performance as a result.

Our EDI priority areas

Our Executive Committee sponsors continue to lead employee working groups focusing on gender, disability and ethnicity.

More information

More information on our EDI priorities: www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing

Our wellbeing strategy

Our Wellbeing strategy has 3 key elements: **Financial, Mental and Physical.**

More information

More information on our Wellbeing strategy: www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing

Wellbeing headlines in 2024

Supporting mental wellbeing

We have a range of initiatives to support mental wellbeing for all our employees.

Mental wellbeing is a known issue in the building trade. According to the British Safety Council, workers in the construction industry are 4 times more likely to take their own lives.

We also know that men are considerably less likely than women to seek support when they are worried or feeling low (according to Mind, the mental health charity), so one of the initiatives we support is Andy's Man Club, who run regular talking groups and places for men to come together in a safe environment to talk about issues and problems they have faced or are currently facing.

This year, we ran a mock session in our Howden and Raunds sites - a first for Andy's Man Club and for Howdens - to give employees a taste of what they could expect from attending an external Andy's Man Club meeting. Over 80 employees attended and at least 3 men from Howden visited an external Monday night club after attending the mock session.

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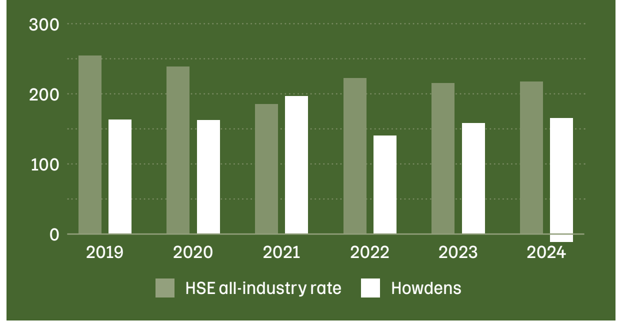
Health & safety, carbon neutral, renewable energy and waste

Keeping our people safe and healthy

KPI Reportable injuries/100k employees -
Reportable injury rates remain low



- Our safety KPI has remained low at 176 RIDDOR reportable injuries per 100,000 employees in 2024. This is 19% below the 2023/2024 HSE All-Industry rate of 217. We continue to be vigiant on all aspects of health and safety.
- Our accident severity rate has also remained low at 28.8 hours lost to accidents per 100,000 hours worked.
- We continue to hold ISO 45001 Health & Safety management certification across our UK and Republic of Ireland depots and our manufacturing and distribution network.

Developments in 2024

- **Partnership with University of Hull.** We have partnered with the Centre for Human Factors (CFHF) at the University of Hull to help benchmark our safety culture maturity and identify possible action plans for the future.

More information

More information on our approach to Health & Safety on our website: www.howdenjoinerygroupplc.com/sustainability/health-safety

Successfully achieving the Carbon Trust Route to Net Zero Standard in 2024

We previously achieved carbon neutral manufacturing at our Howden and Runcorn sites in 2021, which we had certified by the Carbon Trust, an independent global climate consultancy.

Since 2023, the Carbon Trust no longer offers Carbon Neutral verification at a site level and is transitioning to a more demanding certification - the Route to Net Zero Standard. This standard has an expectation of high ambition from participating companies, along with a greater emphasis on reduction and more rigorous and ambitious requirements. The scope of the Net Zero Standard is wider than the previous Carbon Neutral certification as it covers the whole Group's operations.

We were very pleased to achieve the Route to Net Zero Standard at the Taking Action tier in 2024. This tier is the first of three tiers, and it required us to show historical reduction in operational emissions, greenhouse gas emissions reduction targets, and foundational CO_2e management practices. We look on this achievement as an important step in our Net Zero journey and a way to demonstrate our commitment to climate leadership, moving on from the achievement of Carbon Neutrality. The standard is aligned with our science-based carbon reduction targets and provides assurance that we are on track to achieve our targets and are adopting sustainability best practices.

CARBON TRUST | ROUTE TO Net Zero STANDARD TAKING ACTION

Reducing waste

KPI

Zero to landfill across all UK operations

Our baseline: zero to landfill across all UK operations

Effective waste management is one of our longstanding ESG foundation activities. We were pleased to achieved zero waste to landfill across all UK operations in 2023, we've maintained that in 2024, and we see that as our baseline for the future.

Future challenges for our waste management

Our waste management performance is strong, but we want to keep on improving. We are now working to develop more challenging targets for the future, which concentrate on opportunities for reuse and recycling of waste streams that have previously gone to energy recovery.

More information

More information on our approach to reducing waste on our website: www.howdenjoinerygroupplc.com/sustainability/waste-management

Task Force on Climate-Related Financial Disclosures - building climate resilience

Our approach to TCFD

We see the TCFD reporting process as a useful framework to help us assess our climate resilience, to identify our climate risks and opportunities, to build them into our strategy and to measure our progress.

We have made good progress in 2024. Mainly in working with suppliers to collect more, and more accurate, Scope 3 data page 68, and also in updating our physical risk assessment page 66.

No identified material climate-related risks in the medium term

The results of our scenario modelling agree with the results of our existing business risk management process (described starting on page 36), in that they did not identify any material climate-related risks in the medium term. This also agrees to the results of the work done in 2024 on assessing physical climate risks (page 66).

No identified material financial impact of meeting our SBTi targets in the medium term

We have examined the estimated incremental costs of meeting our SBTi targets over the next three years, and neither the incremental capex requirement nor the net annual effect on operating profit is material.

Confirming compliance with the TCFD recommendations

The following pages set out the 11 TCFD recommended disclosures, showing where we are now, the progress we've made this year, and our main areas of focus for the future.

We consider that we're fully compliant with Listing Rule 6.6.6R (8) (UK Listing Rules), i.e. that we are fully compliant with all 11 of the TCFD recommendations, and that we have taken into account all relevant and material elements of the recommended TCFD disclosures - including the TCFD's all-sector guidance and, where appropriate, the supplemental guidance for non-financial groups. The statement includes the climate-related financial disclosures required by section 414CB(A1) and (2A) of the Companies Act 2006.

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
GOVERNANCE		
A **Describe the Board's oversight of climate-related risks and opportunities.**	• This process is led by the Board's Sustainability Committee, whose report is at page 150. • The Sustainability Committee met three times during 2024. The Director of ESG* reported to the Sustainability Committee at each meeting and provided updates on the climate-related risks and opportunities. • The Board considers climate risks together with other risks as part of its overall risk review processes described in detail starting at page 36. • When considering any material investment proposition, the Board considers the likely climate-related consequences.	• The Sustainability Committee will meet regularly in 2025 and will make recommendations to the Board as appropriate. • The Director of ESG will provide regular progress updates. • The Board incorporated environmental measures for the 2024 executive share plan. The Remuneration Committee regularly monitor progress against each of these measures. Updated environmental measures are in place for the 2025 plan - see page 137.

Strategic Report - Sustainability Matters

TCFD - building climate resilience continued

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
GOVERNANCE CONTINUED		
B Describe management's role in assessing and managing climate-related risks and opportunities.	• It is the Executive Committee's (ExCo) responsibility to execute Group strategy and to manage and mitigate climate risks and take advantage of opportunities. The role of the ExCo is set out on pages 80 and 81. • The ExCo are responsible for delivering the climate-related targets determined by the Board. • In 2024, the ExCo established a Sustainability Steering Group (SSG) which is chaired by the Supply Chain Director. The role of the SSG is to monitor progress against our 2030 SBTi targets, including costs and data requirements to achieve those targets. The SSG met 5 times in 2024. • The Director of ESG advises both Board and ExCo on progress against targets and other initiatives. He presented at all of the Sustainability meetings in 2024. • ExCo reviewed the TCFD materiality impact assessments and scenario analysis in 2023, when they were last refreshed. • The Director of ESG worked with ExCo during the year to develop strategies to manage risks and pursue opportunities. • Our supplier engagement activities in 2024 (pages 49, 90 and 91) demonstrated industry leadership and provided clear messaging that our suppliers need to be active on emissions reductions.	• ExCo members have been assigned key responsibilities on managing climate risks and opportunities. • The SSG will meet regularly in 2025 and will make recommendations to the ExCo as appropriate. • Management will continue to engage with our supply chain in 2025.
STRATEGY		
A Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	• Our climate risk assessment identified no significant short or medium-term climate-related risks. • We give more detail on the potential risks and opportunities starting at page 61.	• Continuing to engage with our supply chain to obtain further data, which may also give additional information on ESG risks and opportunities as they evolve.
B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• We updated our physical climate risk assessment over various timeframes and pathways in 2024. No significant short or medium-term risks were identified. • We have continued to explore ways of building potential risks and opportunities into strategic and financial planning. • We give more detail on possible impacts starting on page 61. • We discuss our Net Zero commitment on page 46.	• Climate-related risk screening is being incorporated into the due diligence process for major capital expenditure decisions. • As we continue to collect data from more of our suppliers (page 49), this will increase our knowledge on specific climate risks and opportunities that may inform our strategy and financial planning. • The outputs of our double materiality assessment (page 48) will inform our strategy.

* The Director of ESG is a management role and is not a Director of the Board of Howden Joinery Group Plc.

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TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
STRATEGY CONTINUED		
C Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• We constructed draft climate impact scenarios in 2021, including a scenario aligned with below 2°C. These were scrutinised by management, ExCo and Board in 2022 and are described on page 61. They did not identify any material challenges to strategy in the short or medium term. • In 2023, we established a TCFD working group to review the Net Zero strategy. No significant short or medium-term implications for our strategy were identified. In 2024 this group's role was expanded and it now has an ExCo owner (Supply Chain Director).	• We intend to refresh our scenario analysis in 2025. • We will continue to review various options for decarbonisation, including new technology, as and when it becomes available, and to consider whether there are any emerging implications for our future strategy.

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
RISK MANAGEMENT		
A Describe the organisation's processes for identifying and assessing climate-related risks.	• We use the same approach as for other risks (see pages 36 - 37), combined with horizon scanning to improve identification of medium and longer-term climate transition and physical risks. • We use an approach modelled on British Standards, based on risk impact and our adaptive capacity. • We have built the outputs of our climate risk assessment into operational risk registers. • We updated our climate physical risks assessment in 2024 using our modelling tool that covers all of our operations over a short, medium and long term for three different recognised climate pathways see page 66. • We have engaged with our stakeholders, including our insurers, to understand how their focus on climate risk is likely to develop.	• Continue to improve our risk identification process, incorporating more data streams and trends. • Review the external environment for changes in climate risks and new mitigation strategies (e.g. through our brokers, insurers, external professional bodies and forums).
B Describe the organisation's processes for managing climate-related risks.	• We manage climate-related risks in the same way as our other risks (see pages 36-37), albeit that time horizons may be longer. • A member of the ExCo owns each risk and leads the relevant operational teams as they control day-to-day risk management and mitigation.	• Challenge the business on the effectiveness and accuracy of mitigation plans, including evidence of progress. • We continue to have no climate risk which we treat as a principal risk, and to view potential climate risks as emerging risks (see page 41).
C Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• We use the same approach as for other risks (see pages 36-37). We record them in our risk registers alongside our other operational, financial and strategic risks, albeit that we typically use longer time horizons when looking at climate risks. • We review and update them twice a year. • We have an emerging risk identification and management approach, with dedicated reporting to Exec and Board.	• Continue with specific climate-focused risk register reviews. • Continue to develop reporting to Exec and Board.

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Strategic Report - Sustainability Matters

TCFD - building climate resilience continued

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
METRICS AND TARGETS		
A **Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**	• Our emissions reporting starts at page 67. This is central to our SBTi targets (42% reduction in Scope 1 and 2 emissions, and 25% reduction in Scope 3 emissions by 2030. 90% reduction in all emissions by 2050 - all against a 2021 baseline), which were approved in January 2024, and which will be key metrics for the future. • We have long-standing KPIs on use of FSC® and PEFC raw materials (target of 100% of all wood used in manufacturing to be certified) and on production waste recycling (target of 100% of waste not going to landfill). We report on these on pages 50 and 56. • We have amended our standard contract terms with all direct suppliers to make it clear that we expect them to set SBTi targets or a clear and validated Net Zero plan.	• As we continue with supplier engagement, we will collect further supply chain emissions data, which will allow us to encourage suppliers to set SBTi targets and Net Zero plans (page 49).
B **Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.**	• See our emissions reporting, starting on page 67. We have disclosed estimated Scope 3 emissions for the first time in 2023. • We consider the risks relating to emissions as part of our overall climate risk reporting, summarised above.	• We will continue to work with our supply chain to gather additional data to inform our Scope 3 emissions reporting and progress against our SBTi targets.
C **Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**	• Performance against non-financial KPIs is shown on pages 29, 50, 56 and 57. • Our SBTi Net Zero targets are shown at page 47. • We have incorporated environmental targets, aligned with our SBTi Net Zero targets, into the terms of our employee share awards since 2022. More details are given on pages 137 and 140.	• Continue to monitor performance against targets, including assessing the industry specific metrics and targets introduced by latest frameworks and standards such as TPT (Transition Plan Taskforce) and ISSB. • We plan to publish our Transition Plan in 2025.

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Main risks and opportunities from our scenario modelling so far

Details of the scenarios and time horizons

We did our first climate scenario planning in 2021. We looked at both physical and transition risks and held a series of workshops with stakeholders across the business to identify and discuss potential significant risks and opportunities. Our discussions concentrated on the time period to 2030 for transition risks and opportunities, which we further split into time horizons, which we classified as short-term (to 2024), medium-term (to 2026) and long-term (to 2030). We chose the long-term horizon as it aligned with our first major milestone in our Net Zero plans (see page 46). We chose the duration of the short and medium terms because they aligned with the Group's strategic business and financial planning cycle time horizons at the time we carried out our initial exercise in 2021. Physical risks are assessed using longer time horizons, as explained at page 66.

We had planned to refresh our scenario analysis in 2024, which would have included an exercise to review and refresh the time horizons. However we have chosen to prioritise our resources in 2024 to work on our CSRD readiness (see page 48), our Transition Plan, and on further detailed work on our physical climate risk assessment (see page 66). We intend to refresh our climate scenario modelling in 2025 and will revise our time horizons as part of that exercise.

We developed three scenarios to frame our discussions of potential climate risks and opportunities. These scenarios were based on the well regarded and widely used scenarios developed by Inevitable Policy Response, and were then enhanced to include additional factors specific to Howdens. The scenarios are:

1) Less than 2°C scenario: Where governments and regulators act quickly and take the lead with a series of measures aimed at achieving the Paris Agreement targets. This scenario envisages swift action, a high level of legislation and emphasis on mechanisms such as carbon pricing and financial incentives for decarbonisation.
2) Where lack of agreement between governments leads to an initially slow pace of change, but where a series of social tipping points see a response to climate change which is led by citizens putting pressure onto governments and companies to act.
3) Where there is some commitment from governments, companies and citizens to a Net Zero transition, but where these commitments aren't always fully developed or enforced, and may sometimes be overridden by political, commercial, or individual concerns in the short and medium term, requiring more severe policy action and enforcement in the longer term.

Results and next steps

Our initial scenario modelling work has given us an increased understanding of the qualitative impacts of climate change on our business across various time horizons, although we recognise that it is an iterative and dynamic process. The results of our scenario modelling agreed with the results of our existing business risk management process (pages 36 to 41) and also indicated the resilience of our current strategy, in that they did not identify any material climate-related risks.

Under each scenario there were several possible short, medium and long-term risks and opportunities. We have summarised the most likely ones below. Whilst we have indicated the most relevant time horizon(s) for each risk and opportunity, there is inevitably significant crossover between the outputs of the different scenarios and time horizons, so our description of each risk and opportunity, as well as of the related impact, contains an element of aggregation.

Over time we will continue to refresh and develop our scenario analysis. Our intention is to refresh the scenario calculations in 2025.

Strategic Report - Sustainability Matters

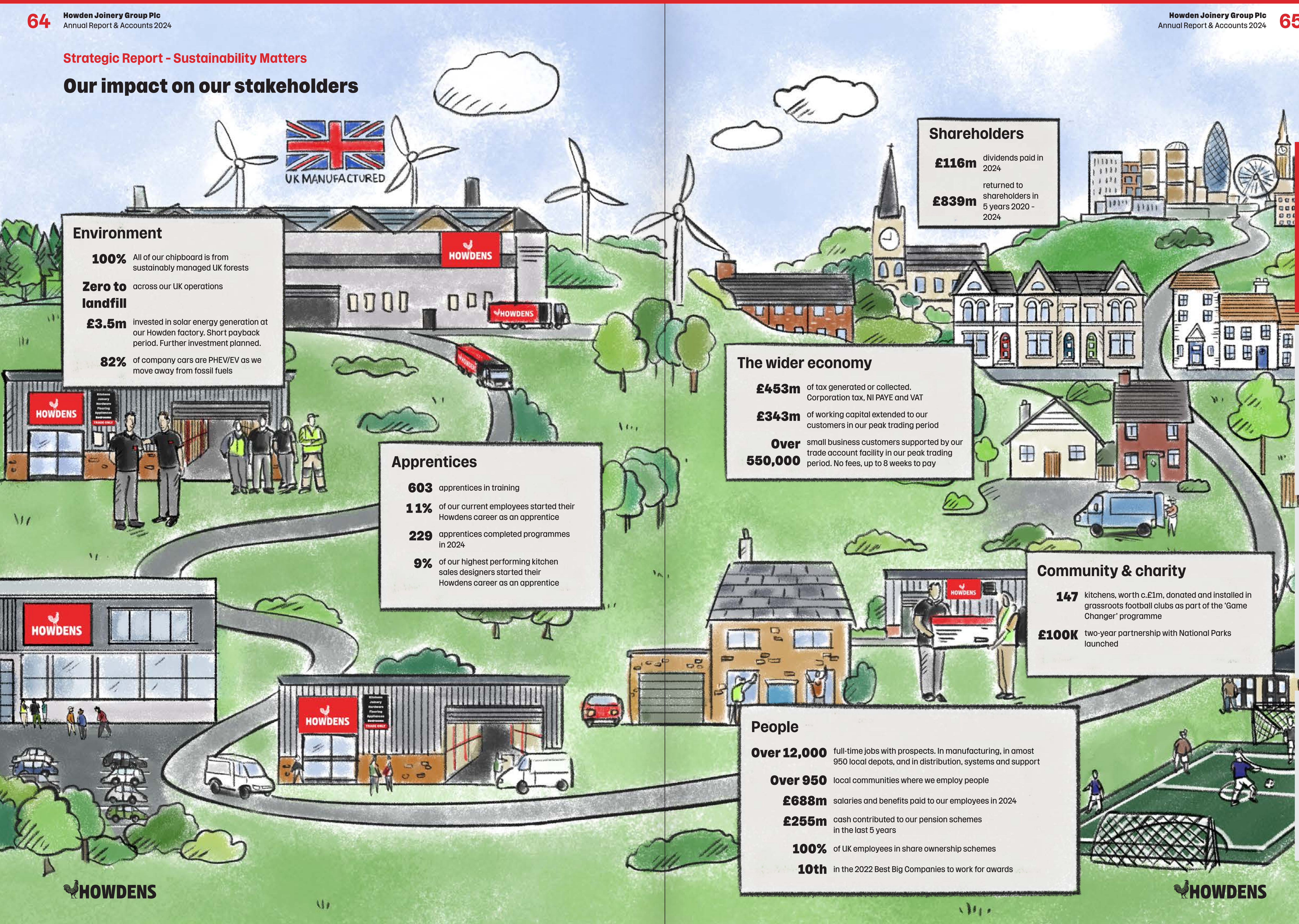
TCFD - building climate resilience continued

Overview of opportunities	Most relevant time horizons	Impact	Potential outcomes/enabling actions
OPPORTUNITY: Area of impact - Access to capital			
Building a climate resilient strategy and communicating it effectively to the market could increase the demand for our shares and could also give us access to lower-cost financing.	Short to medium term (2024-2026)	Increased demand for shares. Access to sustainable finance opportunities.	Clearly communicating our sustainability and climate resilient actions to our existing and future investors.
OPPORTUNITY: Area of impact - Brand			
Delivering on our aim to be the UK's leading responsible kitchen business and creating a brand that is recognised as a leader in managing climate-related risk could result in increased sales, greater brand awareness, increased market share and increased attractiveness to current and future employees.	Medium to long term (2026-2030)	Increased sales. Greater brand awareness. Increased market share. Stronger employee retention/relations.	Promoting awareness of our sustainability and Net Zero ambitions to employees, customers and end users. Sustainable customer offering and bringing the suppliers on the Net Zero and sustainability journey with us.
OPPORTUNITY: Area of impact - Cost reduction			
Continuing to focus on energy efficiency, pushing through our targeted improvements and taking future steps on the path to decarbonisation could lead to a lower cost base. Relevant factors could be things such as: • Access to grants, subsidies and favourable tax treatment for adopting decarbonisation technologies. • Absolute reductions in energy and materials consumption will lower costs, particularly in times of rising energy prices, extended application of carbon pricing and an increase in the underlying carbon price.	**Grants and subsidies:** short to medium term (2024-2026) **Absolute reductions in energy consumption:** medium to long term (2026-2030) **Deployment of decarbonisation technologies such as hydrogen:** medium to long term (2026-2030)	**Capitalise on energy opportunities:** installation of solar panels/wind turbines etc., will help in reducing costs and lead to carbon emission savings. **Own energy generation:** by accessing grants and subsidies and deploying latest decarbonisation technologies.	Reducing energy consumption will help mitigate the impact of rising energy prices/carbon pricing. Deploying new renewable technologies with grants will lower the own capex requirements and improve energy security.
OPPORTUNITY: Area of impact - Product design			
Taking the lead in producing sustainable products before our competitors could increase our competitive advantage and market share.	Medium to long term (2026-2030)	Support the future sustainability of our assets and the Howdens brand.	Sustainable design is built in as a pillar of our new product development process.

Overview of risks	Most relevant time horizons	Impact	Mitigation actions
RISK: Area of impact - Sourcing			
Future physical or legal barriers arising from climate change could bring challenges to sourcing some of our products in the future - principally items which we currently source from overseas. Causes could be things such as: • Carbon pricing. • Pressure on supply chains to decarbonise, especially in emerging markets. • Some current raw materials could increase in cost or become unavailable in the future, so alternatives would have to be found.	**Carbon pricing:** medium to long term (2026-2030) **Pressure on supply chains to decarbonise:** medium to long term (2026-2030) **Raw materials cost increase/ unavailability:** medium to long term (2026-2030)	**Carbon pricing:** £2.9m - £5.1m (assumption of £50 per tonne of CO_2e carbon price). **Pressure on supply chains to decarbonise:** as climate change is a global issue, our supplier base will also be impacted with the drive to decarbonise. **Raw materials cost increase/ unavailability:** there may be adverse impact on availability of certain raw materials in the future.	Our commitment to SBTi Net Zero targets will help with mitigating the impact of future carbon prices due to absolute reductions in our emissions. We are using technology to collect data directly from our suppliers, which will give us an increased understanding of potential supply chain impacts and allow us to collaborate with suppliers to mitigate the potential future effects. For instance, the supply chain data should give us a more detailed view of potential effects on key raw materials and help us formulate mitigation strategies where necessary.
RISK: Area of impact - Operations			
The physical risk to our operations from climate change can include extreme weather events and rising sea levels. These risks could require additional capital expenditure or could interrupt operations.	**The physical risk assessment:** identifies potential risks in the short, medium and long term for three separate recognised pathways (RCPs 2.6, 4.5 and 8.5).	**Interruption to operations:** No significant inherent physical climate risk has been forecasted in our modelling for any of our critical infrastructure, distribution, and/or manufacturing locations over short, medium or long term perspectives for any climate pathway. No significant inherent climate risk to our global depot network with just 2% of sites potentially affected by climate risk in the poorest case pathway by 2100. No significant climate risk exposures in the short or medium term for our key suppliers with an increasing potential exposure to drought across some European suppliers in the long term (by 2100) in the worst climate scenario.	We have modelled our exposure to physical climate risk over short, medium and long term perspectives for three separate recognised climate pathways. We will conduct further detailed validation workshops on key assets to understand specific climate risks, local mitigations and plans. (See Physical Climate Risk Case Study on page 66 for more details).
RISK: Area of impact - Decarbonisation			
Decarbonisation of our distribution and depot fleets could require transitional investment and/ or adjustments to current working practices.	**Adjustments to current working practices:** short to medium term (2024-2026) **Transitional investment:** medium to long term (2026-2030)	**Additional capital expenditure:** to decarbonise our own operations, e.g. our buildings and fleet.	We are currently carrying out a study, which will clarify levers of decarbonisation available to us. We have estimated the incremental costs of meeting our SBTi targets over the next three years, and neither the capex requirements nor the net annual effect on operating profit are material.
RISK: Area of impact - Customer expectations			
Failure to meet customer demands for sustainable products could reduce market share.	**Failure to meet demands:** medium to long term (2026-2030)	**Impact on future sales:** from inability to meet customer needs.	Our ESG strategic ambition is to be the UK's leading responsible kitchen business. This commitment drives us to maintain a focus on sustainable product (pages 52 and 53).

Strategic Report - Sustainability Matters

Our impact on our stakeholders



Environment

100% All of our chipboard is from sustainably managed UK forests

Zero to landfill across our UK operations

£3.5m invested in solar energy generation at our Howden factory. Short payback period. Further investment planned.

82% of company cars are PHEV/EV as we move away from fossil fuels

Apprentices

603 apprentices in training

11% of our current employees started their Howdens career as an apprentice

229 apprentices completed programmes in 2024

9% of our highest performing kitchen sales designers started their Howdens career as an apprentice

Shareholders

£116m dividends paid in 2024

£839m returned to shareholders in 5 years 2020 - 2024

The wider economy

£453m of tax generated or collected. Corporation tax, NI PAYE and VAT

£343m of working capital extended to our customers in our peak trading period

Over 550,000 small business customers supported by our trade account facility in our peak trading period. No fees, up to 8 weeks to pay

Community & charity

147 kitchens, worth c.£1m, donated and installed in grassroots football clubs as part of the 'Game Changer' programme

£100K two-year partnership with National Parks launched

People

Over 12,000 full-time jobs with prospects. In manufacturing, in amost 950 local depots, and in distribution, systems and support

Over 950 local communities where we employ people

£688m salaries and benefits paid to our employees in 2024

£255m cash contributed to our pension schemes in the last 5 years

100% of UK employees in share ownership schemes

10th in the 2022 Best Big Companies to work for awards

HOWDENS

Strategic Report - Sustainability Matters

2024 Physical Climate Risk assessment

The work that we have done in 2024

We have done detailed work in 2024 to assess our physical climate risks. This helps us understand the parts of our business most at risk from physical climate change and assess the potential financial impact.

We've used a third-party physical risk assessment tool built on the Intergovernmental Panel on Climate Change's Recognised Climate Pathways (RCPs). We've used the tool to analyse the risk of rain, river floods, storms, sea level rises, heat, fire and drought. We assessed potential risks for:

- Our depots, including those in our international operations, manufacturing and distribution sites, and other critical infrastructure locations.
- All suppliers across the world where we rely upon their products to derive £2.5m or more of our profit.
- Planned major future investment locations with the capability to check down to individual new depot locations.

The tool shows us our current exposure, and also provides insight on short (to 2030), medium (to 2050) and long (to 2100) term time horizons. These time horizons extend further than in our original physical risk assessment, done in 2021, because of the passage of time and access to modelling tools which can model further into the future. This insight is given against climate scenarios covering three separate pathways, (RCPs 2.6, 4.5 and 8.5) providing good, intermediate and poor climate change scenario perspectives. The tool is updated regularly to ensure perspectives take advantage of latest climate projections.

Carrying out this analysis involved a lot of detailed work. For instance, we had to get accurate geolocational data for:

- 915 depots in the UK and Europe.
- Each individual major building at each of our 4 manufacturing plants across the UK.
- 43 of our suppliers' factories.
- 12 major distribution sites across the UK and Europe.
- 12 other critical infrastructure locations, including our major IT hubs and office locations.

For each of these locations we identified both the value of the contribution they make to our profit and the value of the assets at each location and entered them into our climate diagnostics tool so that we could assess the scale of any potential climate risks.

What our analysis identified

Our current modelling outcomes forecast:

- **No significant inherent physical climate risk to our critical infrastructure, manufacturing or distribution** locations over short, medium or long term perspectives for any climate pathway.
- **No significant inherent climate risk to our global depot network** with just 2% of sites potentially affected by climate risk in the poorest case pathway by 2100.
- **No significant climate risk exposures in the short or medium term for our key suppliers** with an increasing potential exposure to drought across some European suppliers in the long term (by 2100) in the worst climate scenario.
- **Some flooding risks** were identified in the medium term to sites planned for new development, which will be discussed with the developer to ensure adequate mitigation is in place.

Future actions

- Conduct detailed validation workshops on key assets to understand specific climate risks, local mitigations and plans.
- Addition of non-Howden assets to the risk assessment tool to further understand how climate change may impact on the business, for example adding key ports in our supply chain.
- Continue to use the physical risk assessment tool to refresh the view periodically to ensure we capture the changing climate scenarios and how they may affect the business.

Our SECR and Scope 3 reporting

SECR - Emissions reporting

Absolute carbon emissions reduced 1.7% against 2023

Emissions reporting methodology

Footprint calculations performed in accordance with the WRI GHG Protocol and market-based emissions are reported in accordance with the GHG Protocol Scope 2 Guidance - An amendment to the GHG Protocol. This report is produced in accordance with HMG Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting (SECR). All footprint calculations are subject to internal quality checks at source data and final report stages. The intensity measure was chosen because it was felt most relevant to show changes in emissions relative to changes in turnover.

We have used the Operational Control boundary, which includes all UK and International operations. There are no process emissions within Howdens, as defined in the GHG protocol, and fugitive emissions from air conditioning systems are omitted due to insignificant materiality to the overall footprint.

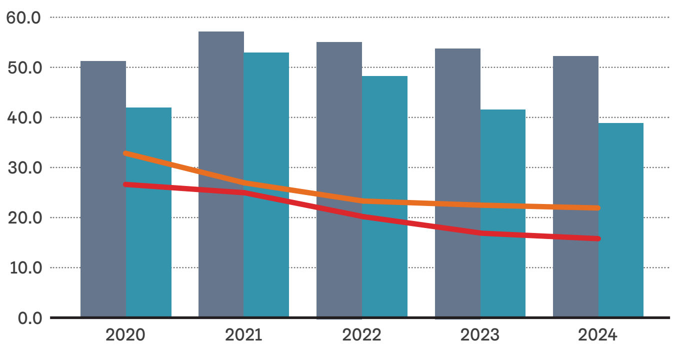
	Total emissions (tonnes CO_2 equivalent)	
	2024	**2023**
Scope 1 - Direct: Gas	11,489	13,075
Scope 1 - Direct: Owned Transport (LGV/Van/Car)	24,356	24,665
Scope 1 - Direct: Other fuels	1,225	1,380
Scope 1 - Direct: Biomass	408	408
Scope 1 - Direct: Total	37,478	39,528
Scope 2 - Indirect: purchase of electricity, heat, steam or cooling - location-based	14,857	13,725
TOTAL Scope 1 and 2 absolute emissions - location-based	52,335	53,253
Scope 2 - Indirect: Electricity - market-based*	1,205	1,266
TOTAL Scope 1 and 2 - market-based	38,683	40,794
Turnover (£m)	2,322.1	2,310.9
Carbon intensity ratio (tCO_2e per £m) gross, location-based	22.5	23.0
Inflation adjusted intensity ratio (tCO_2e per £m) gross, location-based	29.1	28.7
Additional carbon intensity ratio (tCO_2e per £m) net, market-based	16.7	17.7
Additional inflation adjusted intensity ratio (tCO_2e per £m) net, market-based	21.5	22.0
Energy consumption used to calculate above emissions (kWh)	287,276,782	290,613,944
Proportion of Scope 1 CO_2e emmissions generated in the UK	98.5%	97.9%
Proportion of Scope 2 CO_2 emissions generated in the UK	98.8%	98.9%
Proportion of total energy consumed (kWh) in the UK	98.2	98.3%

Strategic Report - Sustainability Matters

Our SECR and Scope 3 reporting continued

SECR Reporting

Our record over the past five years is shown on the chart below:



Energy efficiency initiatives

See pages 50 and 51 for examples of developments in 2024 in our manufacturing and transport operations, our most significant sources of Scope 1 and 2 emissions.

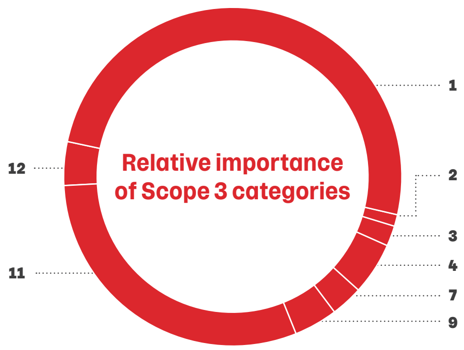
Use of renewable energy sources

We discuss this on pages 50 and 51.

Our Scope 3 emissions

As shown below and on page 49, around 95% of our emissions fall outside of our direct control and are reported as Scope 3 emissions. Renowned for being a more difficult area to gather consistent and quality data, we are continuing to make good progress with improving the integrity of our Scope 3 numbers and, for example, are working with our largest suppliers initially to collate and improve the quality of data on the emissions associated with our purchased goods and services (see page 49).

The majority of our Scope 3 data has been calculated using available primary data. Where necessary, estimates have been used for some categories and therefore are subject to change. In accordance with the GHG Protocol and the Science Based Target Initiative's recalculation policy, updated data will be published when available.



Category		2024 TCO_2e	2024 %	2023 - restated* TCO_2e
1	Purchased goods and services	381,127	50%	493,845
2	Capital goods	10,292	1%	6,270
3	Fuel and energy related activities	13,228	2%	10,856
4	Upstream transportation and distribution	38,800	5%	38,319
5	Waste	1,020	0%	945
6	Business travel	2,703	0%	2,391
7	Employee commuting	23,779	3%	25,907
8	Upstream leased assets	-	0%	-
9	Downstream transportation	31,417	4%	34,858
10	Processing of sold products	-	0%	-
11	Use of sold products	229,607	30%	233,242
12	End-of-life treatment	30,094	4%	34,608
13	Downstream leased assets	-	0%	-
14	Franchises	-	0%	-
15	Investments	-	0%	-
	Total	**762,068**	**100%**	**881,241**

Key to Scope 3 data

Source of data

- Derived from data that is within our direct control or that we can more easily verify
- Derived from data that is not within our direct control or that is more difficult to verify
- Not applicable

Status of data

- Most secure - Good quality data/ confidence in estimations
- Less secure - some work to do to verify data quality/reasonable reliance on Industry estimations
- Least secure - more work to do to verify data quality/higher reliance on industry estimation/assumption
- Not applicable

* 2023 restatement: During 2024 we discovered that some of the published 2023 Scope 3 emissions data was inaccurate and so it has been restated accordingly. Total Scope 3 emissions were overstated by 55,857 tCO_2e. Category 2 was overstated by 42,414 tCO_2 due to double-counting of certain parts of the input information. Category 11 was overstated by 24,569 tCO_2e as a result of incorrect emissions factors being applied. Categories 4, 7 and 12 required restatement due to the inconsistent application of estimates on which they were based, resulting in an understatement of 12,946 tCO_2e and 3,027 tCO_2e in categories 7 and 12 respectively, and an overstatement of 4,847 tCO_2e in Category 4.

The processes for capturing Scope 3 information continue to evolve as the Group is working on making further improvements. The root causes of the data quality issues identified in 2023 data have been taken into consideration when preparing 2024 information.