Havwoods

Annual Net Zero Report 2024

HAVWOODS

positive planet

Executive Summary

2023 footprint:
2,474.6 tCO_2e*

Our highest emitting categories in 2023 were:

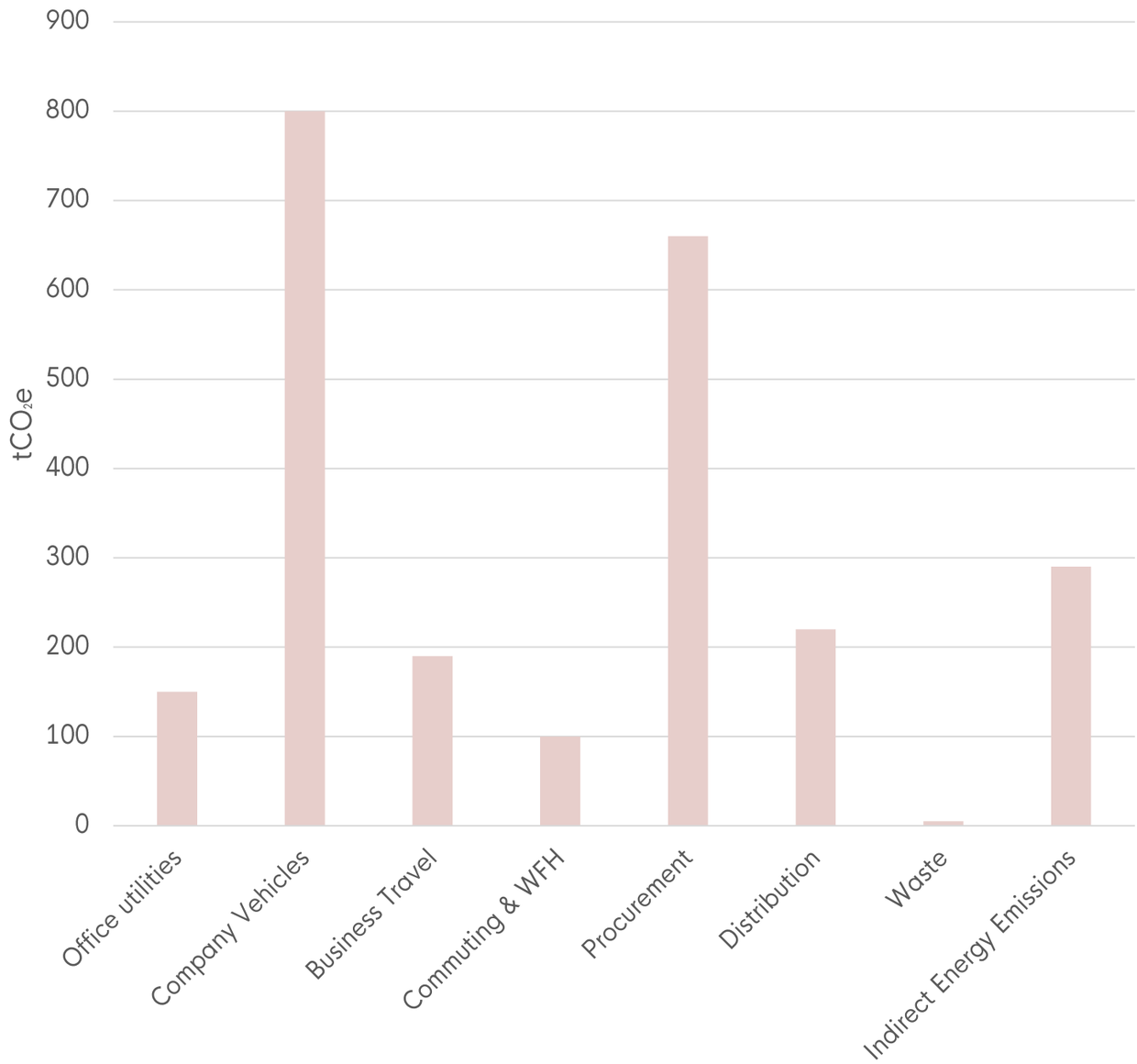
- Company Vehicles (scope 1)
- Supply Chain (scope 3)
- Upstream Fuel & Energy (scope 3)

We intend to:

- Electrify 100% of our company fleet by 2030.
- Procure 100% renewable energy by 2030
- Reduce scope 3 emissions 42% by 2030*
- Reach Net Zero by 2050**

*Excluding downstream emissions
**Against a 2023 baseline

Havwoods UK's business activities have been categorised, measured and reported in line with established carbon accounting methodologies, as defined by the Greenhouse Gas (GHG) Protocol, Measurement results, utilized data and steps to reduce emissions are explored further within this report.



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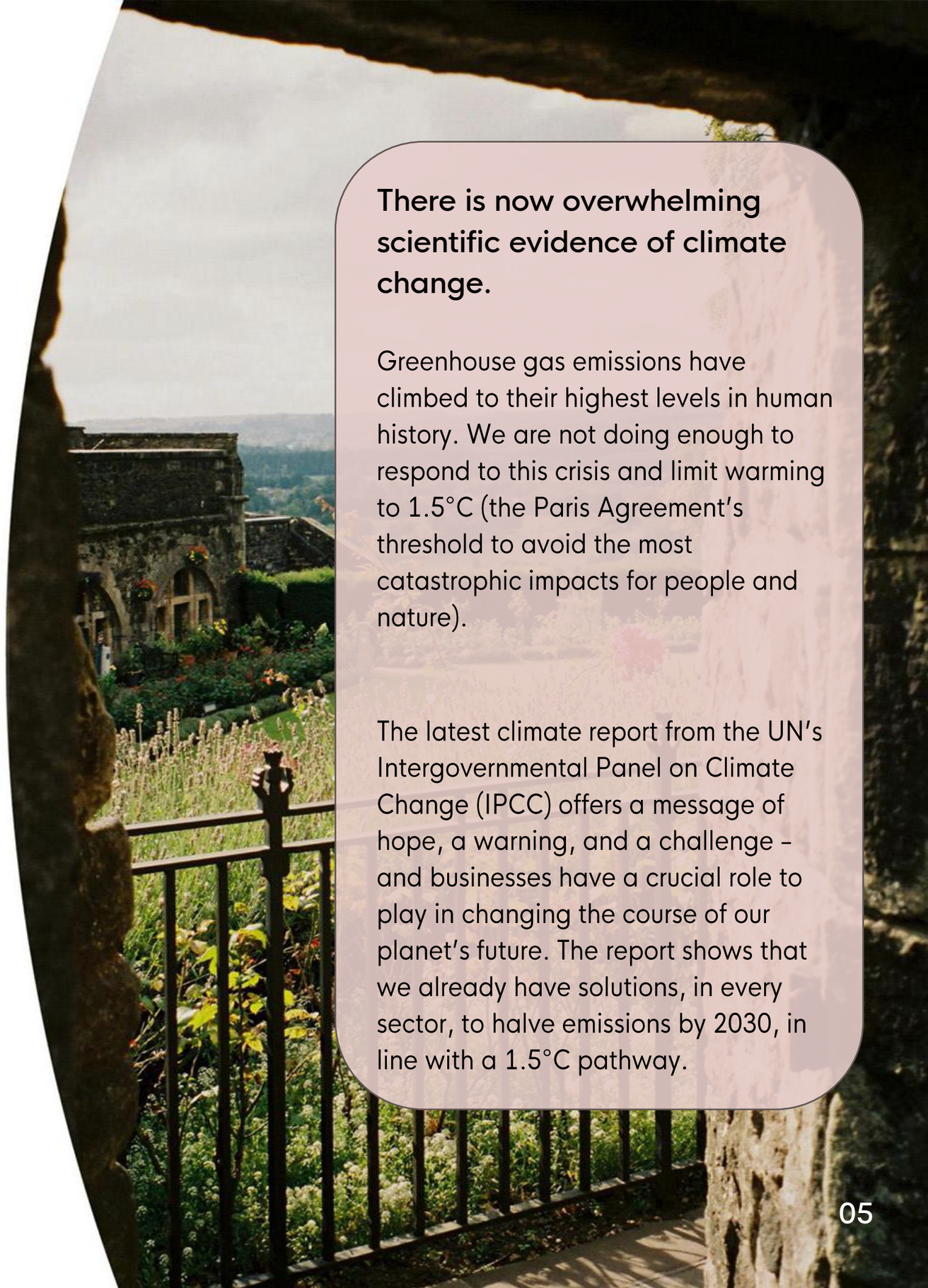
Our Why

Why we're taking action

Inspiring both commercial and residential customers for almost 50 years, Havwoods is the prevailing name in beautiful wood surface products for floors, walls and ceilings. Our products can be found in some of the world's finest restaurants, hotels, workspaces, private residencies and more, and our superior collection of products is available in an extensive range of species, finishes and colours to ensure the perfect fit for any interior.

Sourcing timber from sustainably responsible forests is extremely important to us and we work only with reputable timber companies. We are proud to be working with a number of environmental certifications including FSC®, PEFC, Cradle to Cradle, FloorScore® and our own seal of approval, HavSeal™. The business is also proud to be ISO14001 certified, which is an internationally agreed and recognised standard for Environmental Management Systems.

We are proud to commit to our Net Zero Target, recognising that environmental sustainability is a shared responsibility. By taking action, we are creating lasting benefits for both our customers and our staff – now and for generations to come.



There is now overwhelming scientific evidence of climate change.

Greenhouse gas emissions have climbed to their highest levels in human history. We are not doing enough to respond to this crisis and limit warming to 1.5°C (the Paris Agreement's threshold to avoid the most catastrophic impacts for people and nature).

The latest climate report from the UN's Intergovernmental Panel on Climate Change (IPCC) offers a message of hope, a warning, and a challenge – and businesses have a crucial role to play in changing the course of our planet's future. The report shows that we already have solutions, in every sector, to halve emissions by 2030, in line with a 1.5°C pathway.

Risks and opportunities

Risks

- Existing clients are already requiring sustainable practices from suppliers
- Supply chain disruptions
- Human health risks (extreme weather and pollution)
- Rapidly changing regulations
- Increased insurance costs
- Increased heating and cooling costs

Opportunities

- Attract and retain talent and customers
- Develop new offerings
- Decrease insurance costs
- Optimise efficiencies, reduce costs
- Increased resilience to change
- Brand enhancement
- Maintain reputation

It is important that we acknowledge both the climate risks to business, and the opportunities presented by embracing environmental sustainability.

Our Carbon Footprint

Measured by Positive Planet

How we measure our footprint

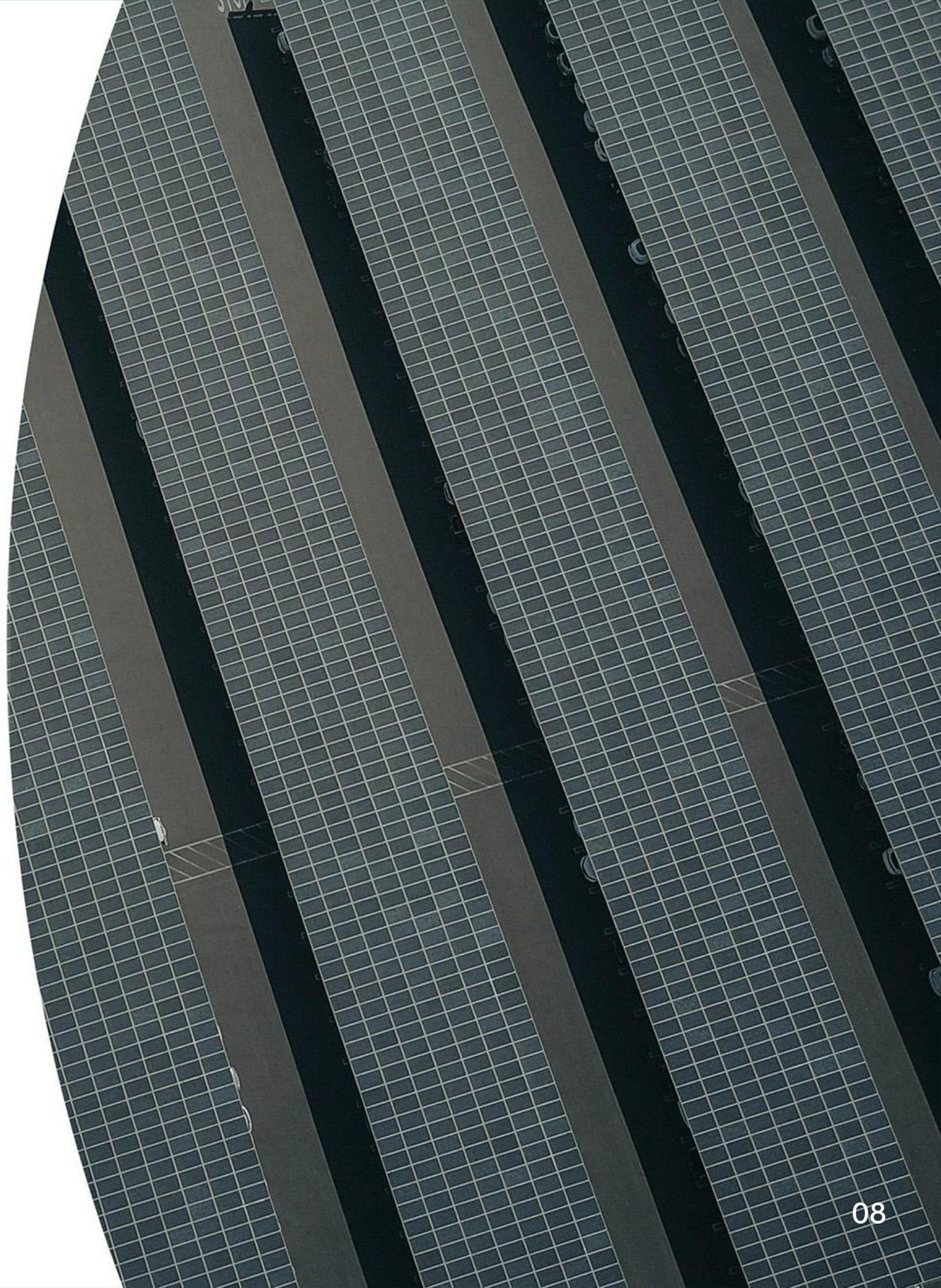
In devising a carbon reduction plan with the goal of achieving net zero, it is critical that we first understand where our emissions come from. To support this, we have partnered with Positive Planet to measure our emissions.

How our carbon footprint is calculated:

Using the GHG Emissions Protocol Standard, business emissions are identified using three scopes of emissions.

Six Greenhouse Gases are calculated as part this emissions report, known as the six Kyoto Protocol GHGs. These gases occur the most often as a result of business activities, with the highest Global Warming Potential. For the purposes of emissions reporting, these gases are simplified and measured in the unit of tonnes of carbon dioxide equivalent (tCO_2e).

We have measured our scope 1, 2, and upstream scope 3 emissions. Downstream emissions from the disposal of our products are currently outside of our measurement boundary due to difficulty of data collection and measurement.



Our baseline emissions: Jan' - Dec' 2023

2023 was Havwoods' first year of measurement and will act as our baseline year moving forward. When reporting scope 2 emissions a market-based approach has been used, this allows us to account for renewable energy purchased through chosen energy tariffs across UK offices and showrooms.

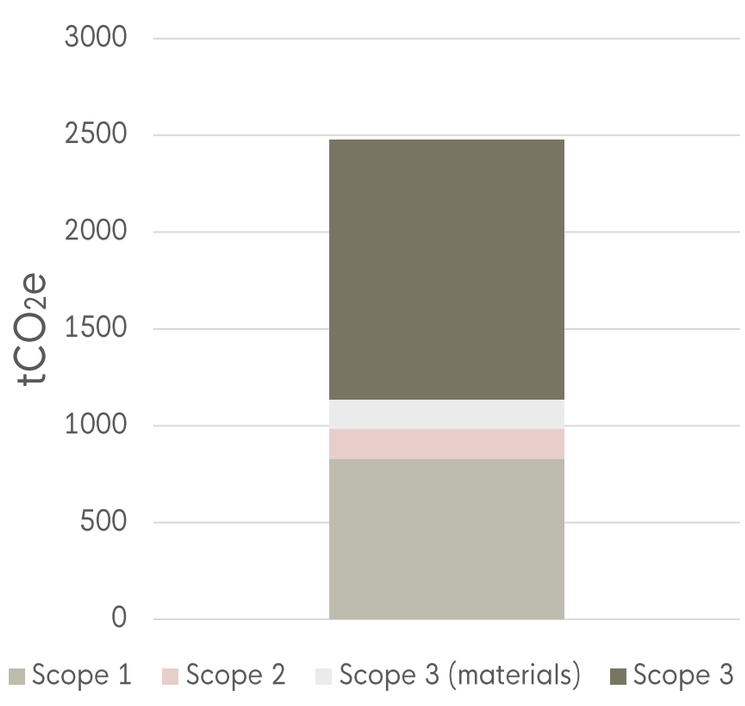
Total emissions*
2,477.0 tCO_2e
27.5 tCO_2e / employee

Scope 1
828.8 tCO_2e

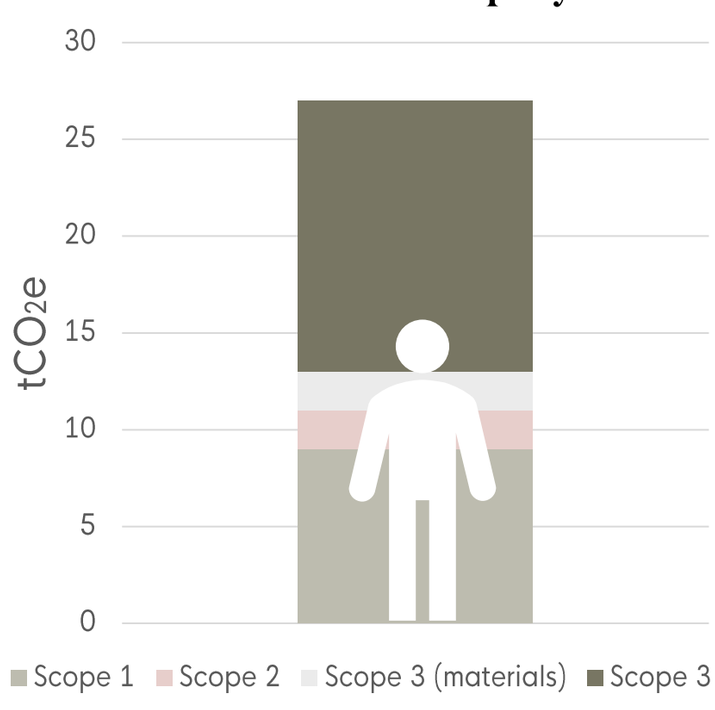
Scope 2
153.7 tCO_2e

Scope 3
1,495.4 tCO_2e

Total Emissions

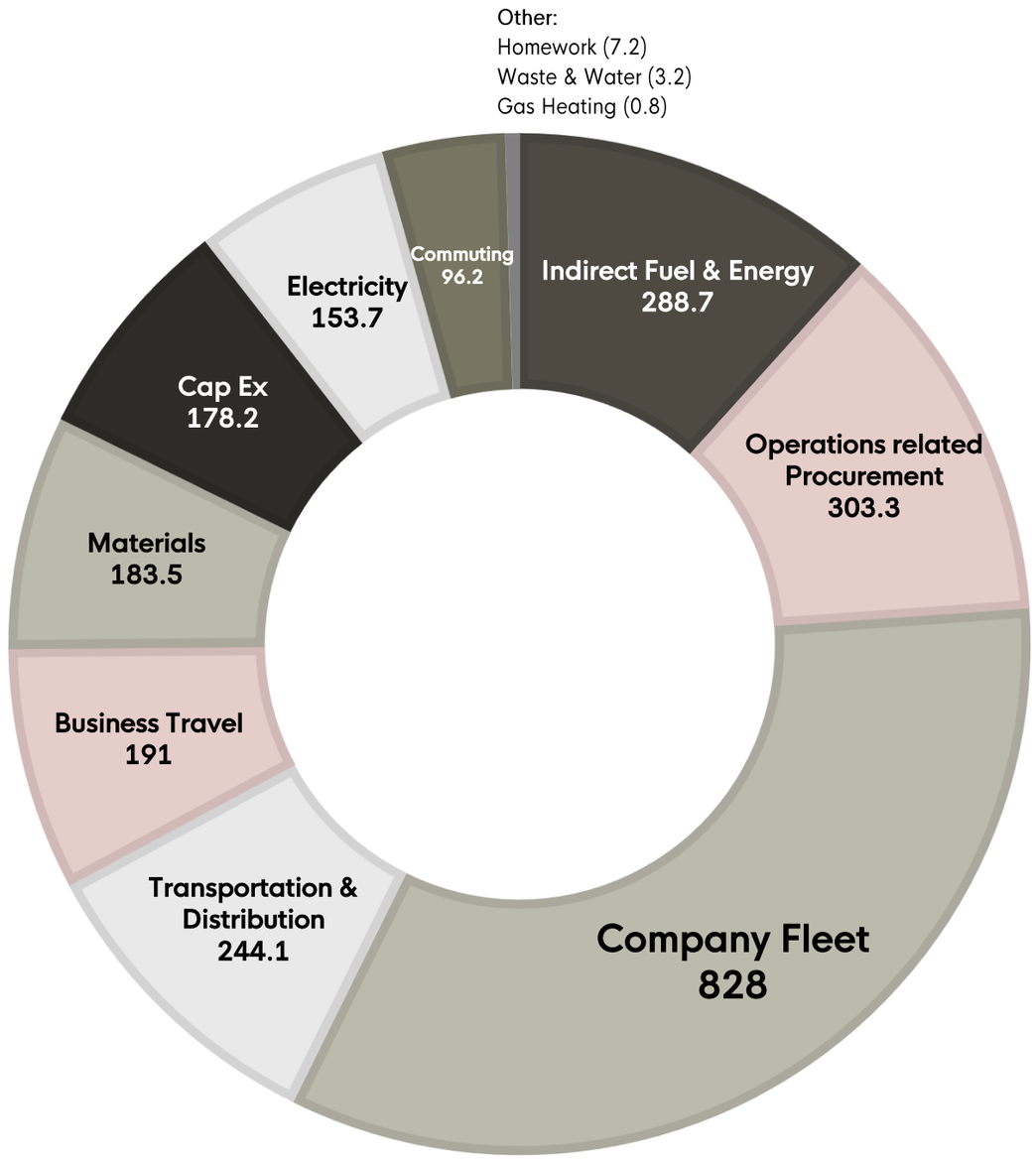


Emissions / employee



Annual emissions measurement (tCO2e)

2023 was Havwoods' first year of measurement and will act as our baseline year moving forward. When reporting scope 2 emissions a market-based approach has been used, this allows us to account for renewable energy purchased through chosen energy tariffs across UK offices and showrooms.



Reporting Period
Jan′ – Dec′ 2023

Carbon Intensity Per FTE
27.5 tCO_2e / Employee

Carbon Intensity Per Revenue
61.8 tCO_2e / £million

High Impact Activities:

- Company Fleet
- Operations related Procurement
- Transportation & Distribution

Exclusions:

- Dowstream Activities

Our net zero targets

Measured by Positive Planet

What does net zero mean?

To achieve net zero, companies aim to reduce emissions in line with science-based targets (SBTs). These are set by organisations in our "science based" when they align with the reductions needed to keep global temperature rise well below 2°C and preferably 1.5°C as per Paris Agreement. SBTs provide companies with a pathway for sustainably transforming to a low carbon economy.

Current guidance from the Science Based Targets Initiative (SBTi) states that **most businesses should reduce their total emissions across all scopes by 90%** by 2050 at the latest. Carbon removals should then be used to neutralise the residual emissions. Net zero targets must include Scopes 1, 2 and 3.

Scope 1 emissions

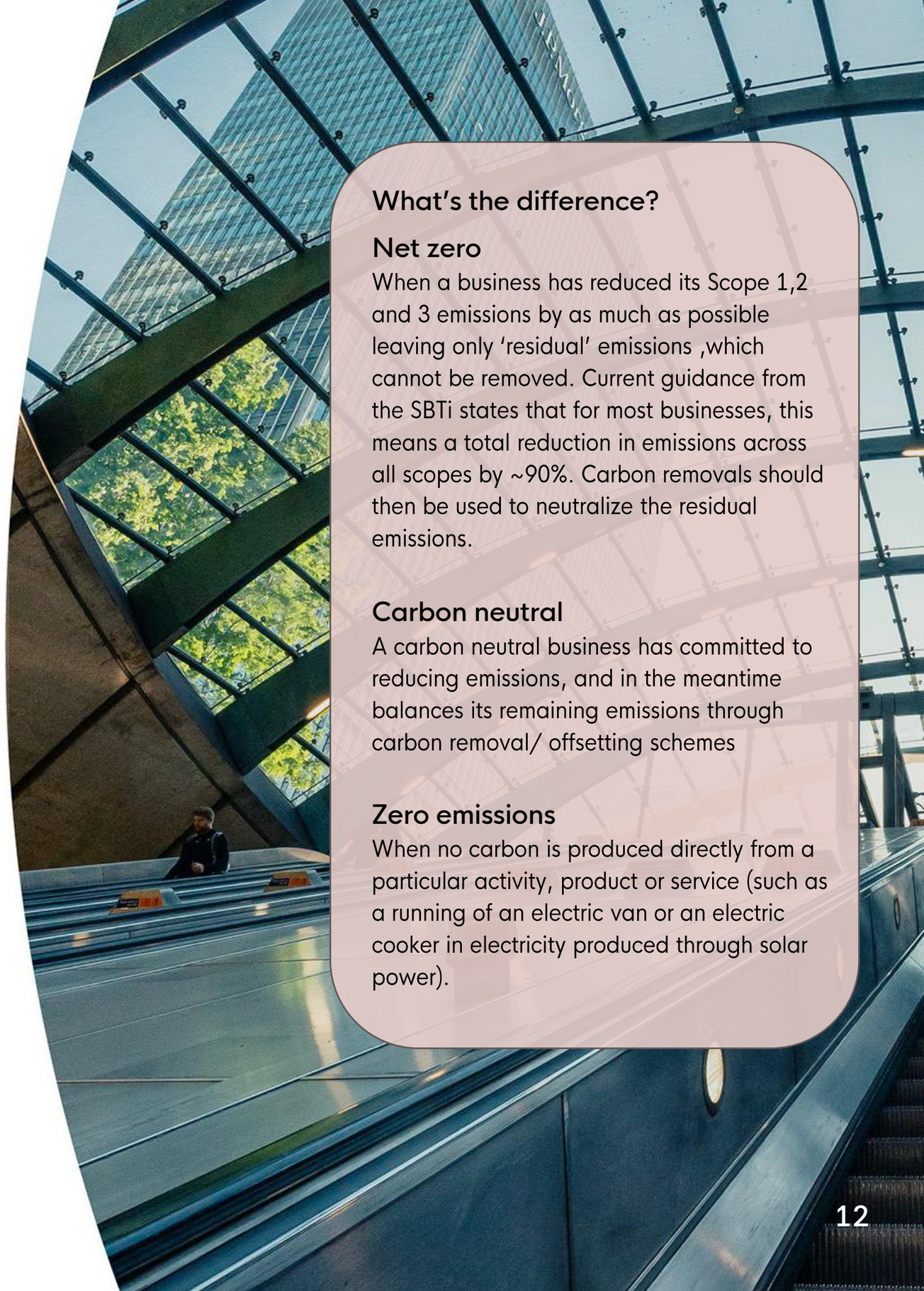
Direct greenhouse gas emissions that occur from sources owned or controlled by a company, such as emissions from combustion of fuels in on-site boilers, furnaces, or vehicles.

Scope 2 emissions

Indirect greenhouse gas emissions that result from the generation of purchased electricity, steam or other forms of energy consumed by a company.

Scope 3 emissions

All other indirect greenhouse gas emissions that occur in an organisation's value chain, including emissions from upstream and downstream (excluded) activities.



What's the difference?

Net zero

When a business has reduced its Scope 1,2 and 3 emissions by as much as possible leaving only 'residual' emissions ,which cannot be removed. Current guidance from the SBTi states that for most businesses, this means a total reduction in emissions across all scopes by ~90%. Carbon removals should then be used to neutralize the residual emissions.

Carbon neutral

A carbon neutral business has committed to reducing emissions, and in the meantime balances its remaining emissions through carbon removal/ offsetting schemes

Zero emissions

When no carbon is produced directly from a particular activity, product or service (such as a running of an electric van or an electric cooker in electricity produced through solar power).

CO_2 CH_4 N_2O HFCs PFCs SF_6 NF_3

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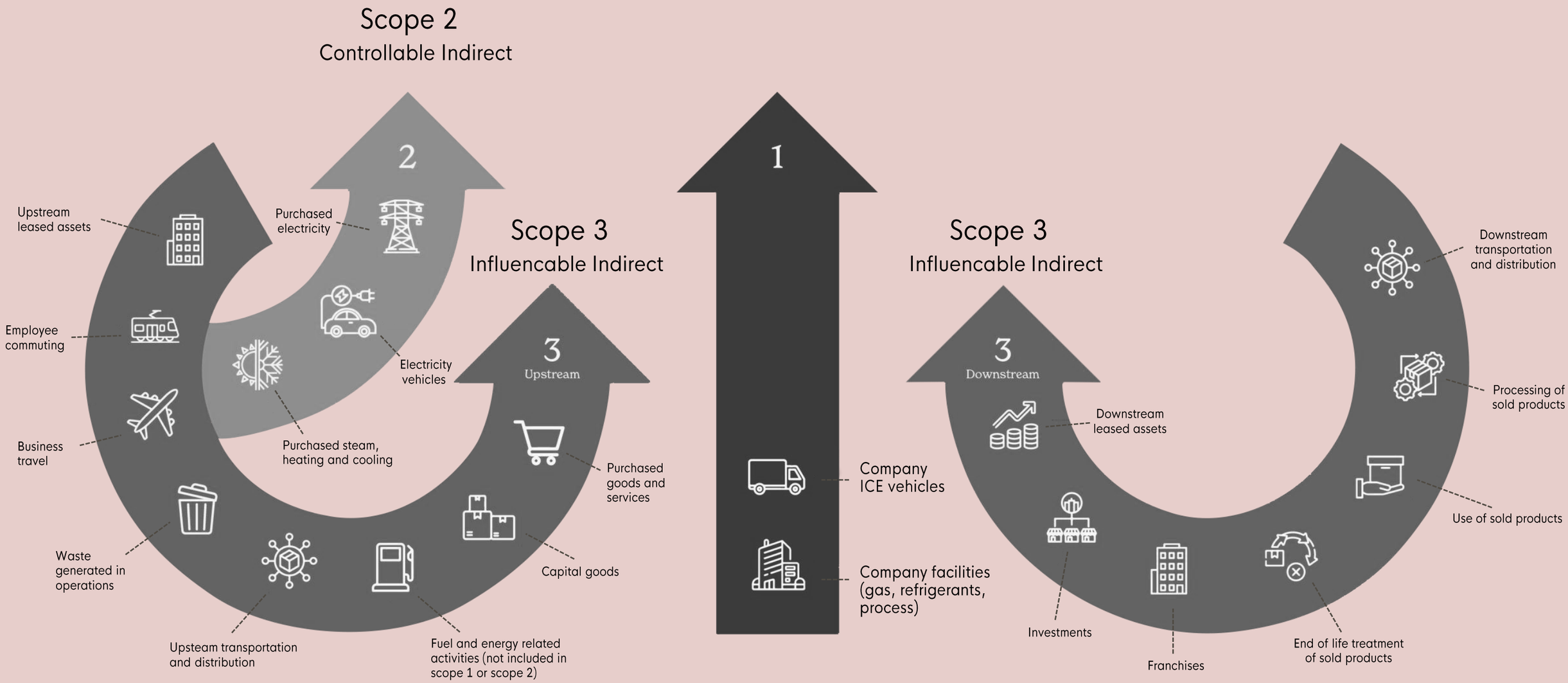


Upstream Activities | Reporting Company | Downstream Activities

Our short-term net zero targets

By 2030 we will:

1

Reduce scope 1 emissions by 42%

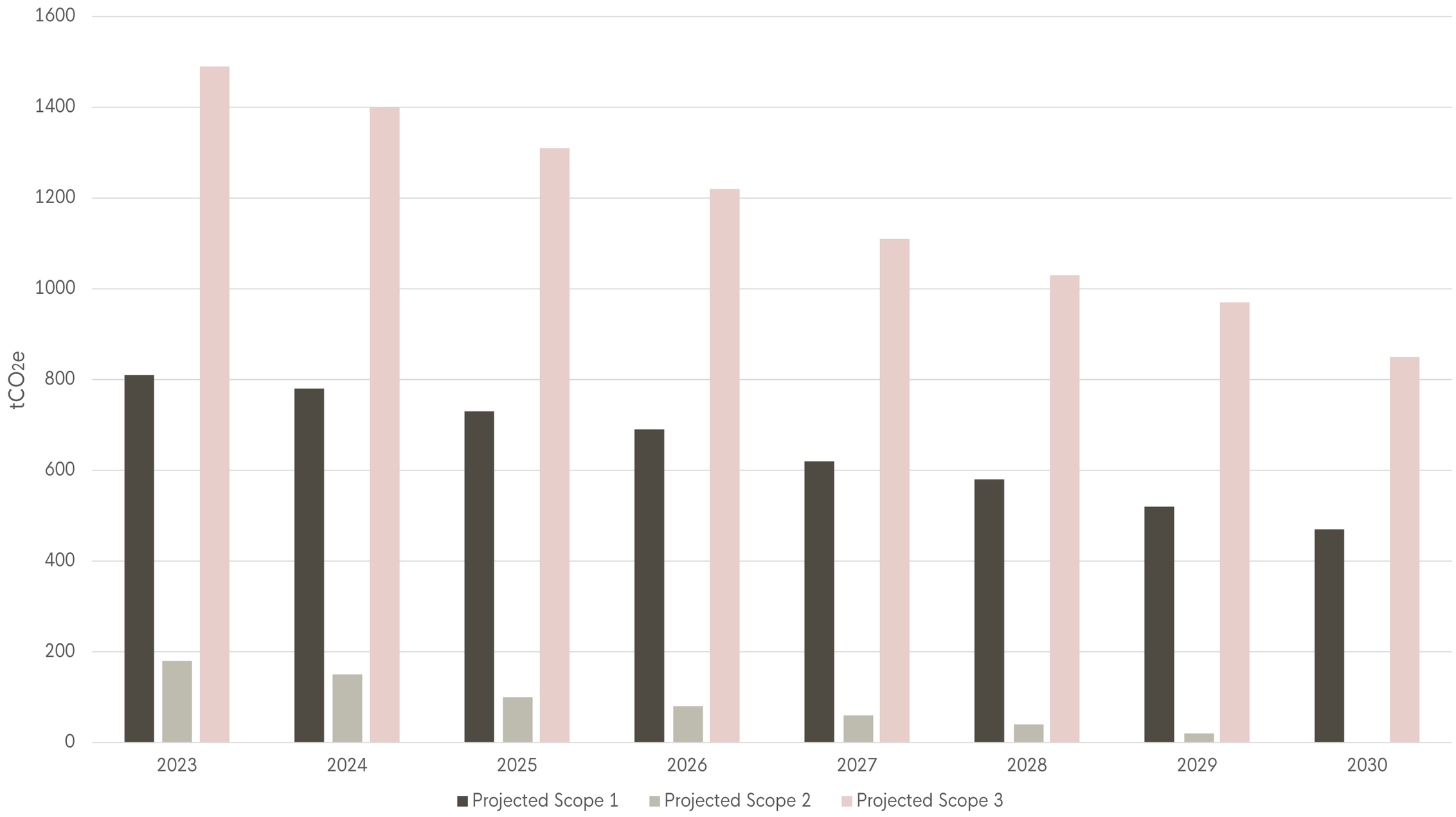
2

Reduce scope 2 emissions to zero

3

Reduce scope 3 emissions by 42%

Targeted Annual Reduction



Progress to Date

Measured by Positive Planet

Steps we've taken to reduce emissions

Measuring our carbon footprint

In 2024, we committed to measuring and reporting our business' carbon footprint annually, allowing us to understand where our emissions come from and take action to reduce them. We appointed experts Positive Planet to support.

Distribution Optimisation

In 2022, we changed our distribution network to encompass a dedicated core fleet of Euro 6 compliant vehicles.

Sustainable Products

For our largest range, Pureplank, we have an EPD (Environmental Product Declaration) which covers the entire range plus some of our V collection range we are working with our supply chain to increase the number of products we are able to offer with an EPD.

ISO 14001

We have been accredited since 2024 and are committed to monitoring and managing our environmental impact through continuous improvement of our environmental management system, regular audits, and proactive implementation of sustainable practices.

Packaging Waste

Our pallet wrap machine has been upgraded to allow a 270% pre stretch on the film, meaning less waste, and improving pallet stability in transit. Additionally, all our packaging materials are recycled, recyclable or both.

Steps we've taken to reduce emissions (cont.)

Currently 89% of the company vehicles are hybrid or fully electric with two internal combustion engine vehicles due for placement in 2025. We also continue to conduct regular reviews around low or no emission HGVs as solutions evolve.

To date have woods has installed 10 EV charging points of our head office alongside the first at our Earls Burton showroom at 2024, these are available for use by employees, and it is hoped visual facilitate switching to hybrid and electric vehicles. In turn this will address employee commuting emissions.

To reduce our reliance on the National Grid we have confirmed installation of solar paneling at our head office. This work is due for 2025 and will further support electrification of company and employee vehicles by reducing energy costs.

In 2023 58% of all electricity produced across our UK sites was from renewable sources with all sites switching to 100% renewable tariffs as a 1st December 2024 this will translate to reduce and zero scope 2 emissions in our 2024 and 2025 measurements respectively.

Additionally, our head office has been fully retrofitted with LED lighting and we are in process of introducing this across all our showrooms with Chelsea and Clerkenwell scheduled four works early in 2025.

Our net zero roadmap

Measured by Positive Planet

Reducing emissions from procurement

In 2023 the goods and services we purchased produced 665.0 tCO_2e equating to 27% of our baseline emissions.

The materials we purchase for use in our fit outs makeup 27.5% of our baseline procurement emissions, while other goods and services (excl. cap ex) make up 45%. The figure has been estimated using spend-based data, which means it cannot tell us much about emissions of our specific suppliers; but it does tell us that this is an area where we need to focus our efforts.

Ultimately, our supply chain emissions are responsible for the majority of our total business emissions. It is therefore imperative that we develop and sustainable procurement policy and begin engaging with suppliers to collect emissions and reduction strategy data, which will form a reduction strategies further and allow for Net Zero supply chain integration.

We're aiming for a 42% reduction in procurement emissions by 2030.

This would require a 6% annual reduction from our baseline 2023 emissions, however, it is not possible to track reductions without first obtaining primary emissions data.

In 2025, we will develop a sustainable procurement policy and communicate our intentions to suppliers. From 2026 we will begin implementing this policy and collect data as part of our annual emissions measurement.

Collaboration with suppliers will be key to achieving reductions following the implementation of this policy and surveying we will increasingly include sustainability as a key factor in procurement decisions inclusive of materials, packaging, logistics and service based solutions.

Reducing emissions from transporting and distributing goods

The transportation of materials is a key part of our business and the electrification of our company fleet, which is used in the delivery of fit outs, is well underway and expected to progress at pace as a phase out internal combustion engines (ICEs) as they reach end of life.

Outside of Havwoods' own fleet rely on 3rd party providers to deliver goods and materials to our facilities. Though we have less control over our supplier's fleet electrification they're committed to working with providers to obtain supplier-specific data around emissions and supply chain the carbonization strategies.

This effort will be supported by our wider efforts to begin factoring sustainability and to all our procurement activities as previously outlined in this document.

Reducing travel emissions

Business Travel

The majority (63%) of our business travel emissions are currently estimated using a spend-based rather than distance-based mythology. Collecting higher quality data in the future be imperative if we are to accurately measure reductions in emissions as a result of sustainable choices

While working to improve data capture processes it is actively reviewing the below options for addressing high impact travel methods such as flights.

- Sustainable business travel policy
- Carbon budget for projects / frequent flyers
- Link bonuses to travel

Commuting

While we have less influence over how employees commute to work can encourage sustainable choices by making it easier for employees to adopt them have woods of therefore explore the feasibility and offering cycle to work an/or EV salary sacrifice schemes along with options to create shower and bike storage facilities across our sites as part of our 2025 and 2026 planning.

Embedding sustainability into our culture

As an organisation, we aim to inspire positive change in every area of our work. We are responsible for maintaining positive relationships with our stakeholders-whether that's our team members, clients, partners or our local community.

Building a sustainable workforce

The formation of a Green Team is a priority for 2025. This team will be made up of members from different departments and sites to support the role out of initiative, management of data and communication of progress throughout the organisation.

To kick-start our net zero journey four Havwoods employees received Carbon Literacy Training with Positive Planet in October 2024. We will assess the scope of further training and engagement options for the wider company in early 2025.

Sustainable Travel

We will engage our employees to identify key obstacles in facilitating more sustainable commuting choices while working internally to drive improved decision making when booking business travel, in addition to improving data capture processes to inform future measurement efforts.

Engaging clients

We are committed to engaging with our clients to help them understand the climate impact of their own decisions in a non-judgmental, supportive way. In line with this we are committed to transparency through continued celebration of success as well as addressing challenges.

Getting to net zero

Our Net Zero strategy can be summed up into three major steps:

1 Measure

We will measure our emissions each year and review our priorities for the year ahead each time. During this time, we will place a particular emphasis on gathering supplier-specific data from our suppliers.

2 Reduce

We've already outlined some short to medium term initiatives to begin work on this year. Using future measurements, we should be able to provide more insight into emissions hotspots as data quality improves.

3 Offset & Inset

In a short to medium term, we will invest funds into our own operations to reduce emissions. Once we see we have reduced the emissions that we can control and influence (especially as we approach the original 90% emissions reduction target), we will look to offset or inset the remaining emissions, thus reaching net zero.

Appendix – emissions

Measurement results – all in tCO_2e

Total market-based
2, 477.90

Total location-based
2, 490.80

Scope 1	**828.77**
Stationary combustion	0.76
Mobile combustion	828.01
Fugitive emissions	0.0
Process emissions	0.0
Scope 2	**153.69**
Electricity (location-based)	166.59
Electricity (market-based)	153.69
Heat & steam	0.0

Scope 3 (upstream)	**1,495.44**
Purchased goods & services	486.80
Capital goods	178.20
Fuel & energy related activities	288.69
Upstream transportation & distribution	244.11
Operational waste & water	3.20
Business travel	191.03
Employee commuting & homeworking	103.43
Upstream leased assets	0.0
Scope 3 (downstream)	**0.0**
Downstream transportation & distribution	0.0
Processing of sold products	0.0
Use of sold products	0.0
End-of-life treatment of sold products	0.0
Downstream leased assets	0.0
Franchises	0.0
Investments	0.0

Measured by Positive Planet

Appendix – methodologies

- This report has been prepared for Havwoods in collaboration with our Net Zero Advisory partner Positive Planet.
- The calculation has been completed using the methodologies established and reviewed by Positive Planet.
- All the calculations are based on total emissions considering Global Warming Potential for a 100-year period (GWP100) and expressed in CO2 equivalent (CO2e).
- The factors unless mentioned specifically to be otherwise, are from UK Government Conversion Factor for Company Reporting.
- This procedure is based on one of the most established standards, the Greenhouse Gas (GHG) Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The principles of the widely accepted GHG protocol's Corporate Accounting and Reporting Standard. This translates to - completeness, accuracy, transparency, relevance, and consistency are used for the review and benchmarking of the data.
- Intensity metrics have been calculated utilising the reporting year's reportable f igures for the relevant metrics and tCO2e for both individual sources. Total emissions were then divided by this figure to determine the tCO2e metric.
- For rebaselining and measurement - any variation between re-calculated footprint and previously reported footprint will be considered as significant if it is more than 5%. In such cases re-calculation of base year should be undertaken.