deceuninck | BUILDING A SUSTAINABLE HOME

WHITE PAPER

Why we need to double down on sustainability

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Why we need to double down on sustainability

Foreword – Rob McGlennon, Managing Director, Deceuninck

The window and door industry is uniquely placed to positively contribute to UK sustainability. This includes the contribution that our products make in making homes warmer.

Our homes account for around 14% of the UK's CO2 emissions. Cutting the amount of energy that we use to keep them warm in winter is now a key infrastructure priority - something recognised in this June's revision of Part L of the Building Regulations.

The current cost-of-living crisis serves to reinforce the critical importance of home energy efficiency, not only environmentally but socially and economically.

The raising of the energy price cap in April has been the primary driver of inflation. Forecast to rise by a further 47% this October, average fuel bills could hit £2,900 a year.

This has perhaps done more to drive home - in a literal sense - the importance of home energy efficiency than any of the environmental campaigns that have preceded it. It creates a direct link between heat loss, hard economics and sustainability. Heat loss through poorly insulated properties is not sustainable environmentally or economically. It is also not sustainable politically.

This is driving a shift in expectation. The energy efficiency of their homes has new resonance with consumers, something which, despite the pressures on household incomes, creates opportunity for the window and door industry if we're effective in driving the energy efficiency message.

It is accompanied by an expectation that as manufacturers and suppliers we are also embracing our responsibilities; that we are manufacturing not only better products but that we are doing so in a more sustainable way.

This includes how we reduce waste and recover and recycle end of life products, bringing material back into use in a new generation of energy efficient and low maintenance home improvements.

The arguments for doing so are clear: globally we're at a tipping point. How things have been done in the past are now unsustainable and we need to change.

Today's consumer has changed. Sustainability is already driving purchasing decisions, something progressive brands and businesses from car manufacturers to makers of trainers, are embracing.

The window and door industry is behind this curve. Progress has been made - but we have far more to do.

This White Paper is meant as a contribution to that journey. It highlights the findings of our research programme, which set out to understand if, and how our perceived sustainability of home improvements influences our willingness to buy them.

The findings highlight immense opportunities – but also threat and challenge. Which way the pendulum swings is dependent on which direction we take, not tomorrow but today.

Rob McGlennon
Managing Director, Deceuninck

Introduction

To support the window and door industry understand how sustainability is influencing homeowner purchasing decisions, Deceuninck commissioned YouGov to carry out a piece of consumer research.

It was conducted online between the 15th and 16th of November 2021 and timed to coincide with the end of the COP26 global climate change conference in Glasgow.

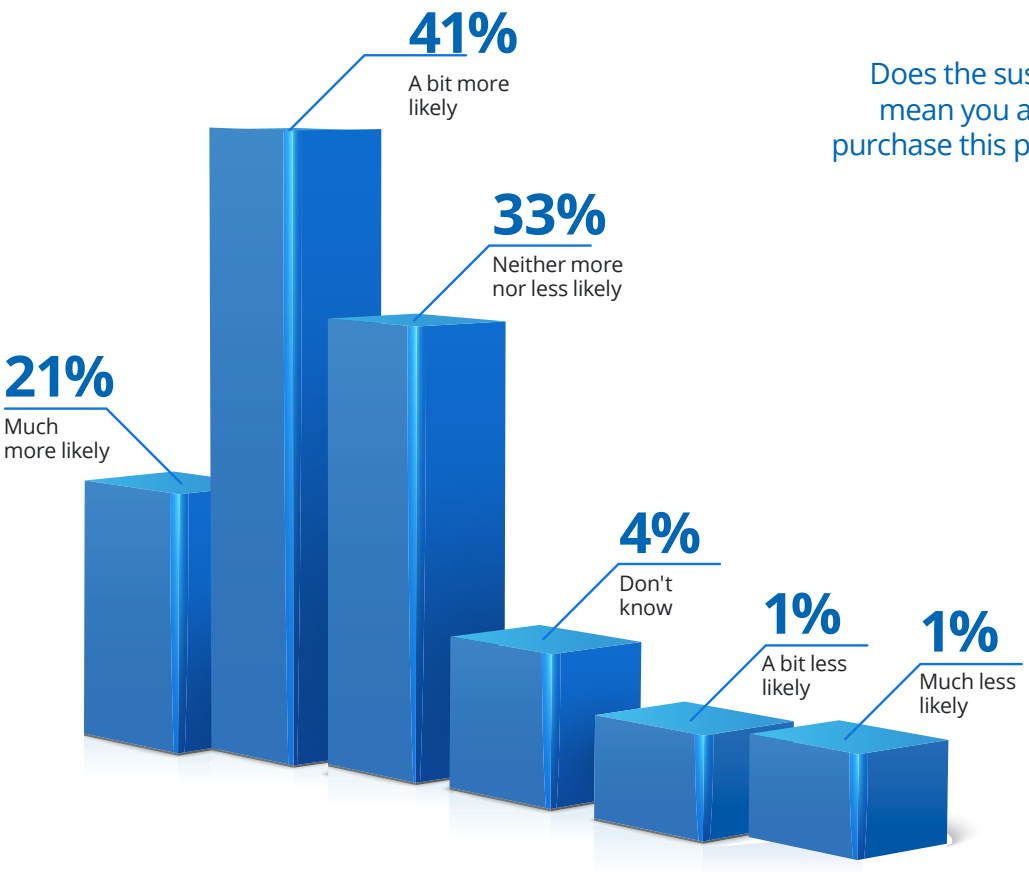
In total more than 2,000 interviews were conducted amongst a representative sample of UK adults (including Northern Ireland) of which 1,351 were homeowners.

Product sustainability was defined in the research broadly as environmental impact in manufacture, its performance through life, and its impact at end of life.

Headline findings

“Homeowners are buying sustainably”

Does the sustainability of a product mean you are more or less likely to purchase this product, or does it make no difference?



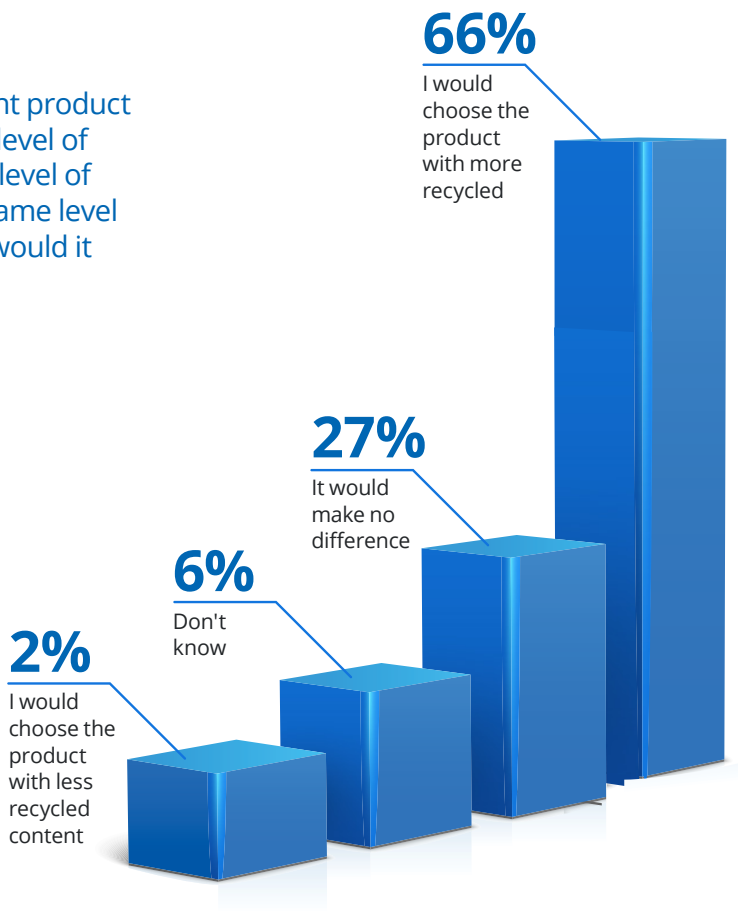
Recycled content is a positive

Recycled content has been a bone of contention in the window and door industry, driven by historical concerns about material stability and the reaction from the end-user. What our research shows is that today, the second of these points is unfounded.

Homeowners have no issue with recycled content in windows and doors. In fact, if offered products with equal levels of performance and the same appearance, the only difference being that one used recycled content, YouGov research shows that the vast majority of homeowners, some 66%, would choose the product that used recycled material.

And many of us, more than a third of homeowners, would be prepared to pay a premium for products which had a higher recycled content.

Would you choose a home improvement product (e.g. windows and doors) with a higher level of recycled content over one with a lower level of recycled content if both delivered the same level of performance and cost the same, or would it make no difference?

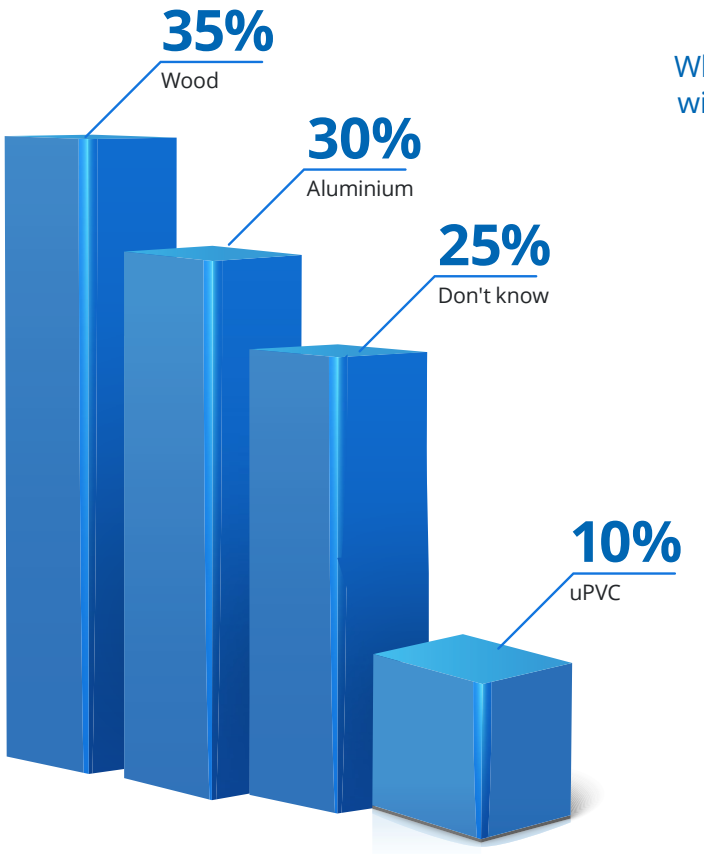


Are PVC-U home improvement products seen as sustainable?

Our research establishes that homeowners will pick products which they see as more sustainable, and that recycled content in home improvements is seen as a positive. So, where does PVC-U sit on that scale?

When asked to rank standard materials for windows and door frames based on which they saw as being most recyclable, 35% chose wood; 30% aluminium; and only 10% chose PVC-U.

If homeowners are choosing products which they see as being most sustainable this creates a set of challenges for the PVC-U window and door industry.



Which ONE of the following materials for window and door frames do you think is the most recyclable?

When we asked if they knew that PVC-U could be recycled, only 14% of respondents said that they did.
That means 86% of consumers don't know that PVC-U can be recycled.

This is a significant area of challenge for the PVC-U industry. Reputationally, plastic is toxic. It washes up on our beaches and it enters our food chain. Powerful imagery of plastic waste in our oceans show that plastics are bad for the environment.

It's vital that we communicate the difference between single use plastics and the application of plastics in building products as a **low maintenance, energy efficient and high value application – which is fully recyclable at end of life.**

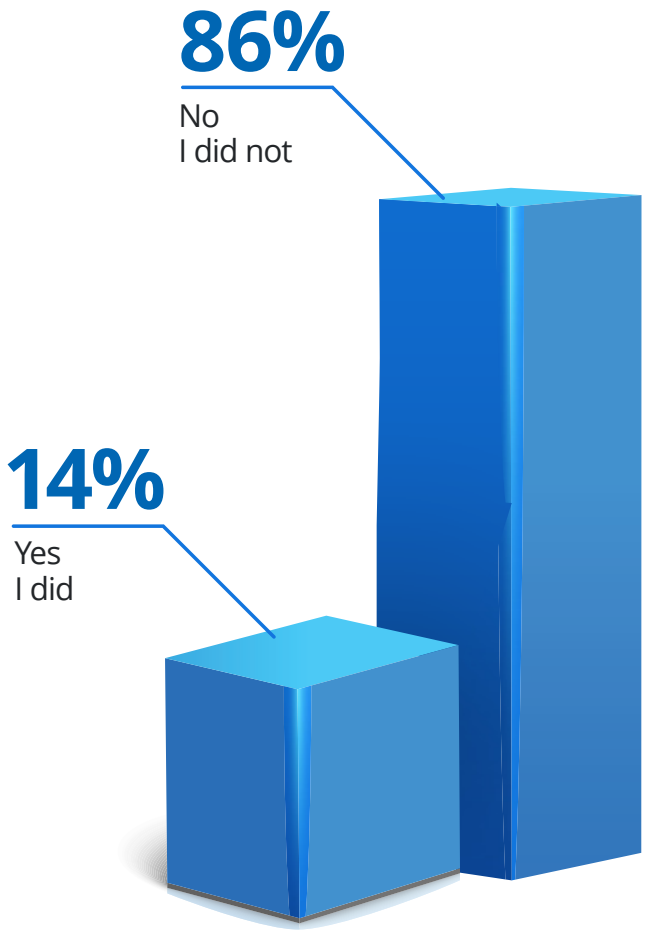
Major strides forward on PVC-U but is the message getting through?

The fact that more than three-quarters of homeowners don't believe that PVC-U windows and doors can be recycled should be something of a wake-up call - especially when the industry is doing so much to recycle end of life material.

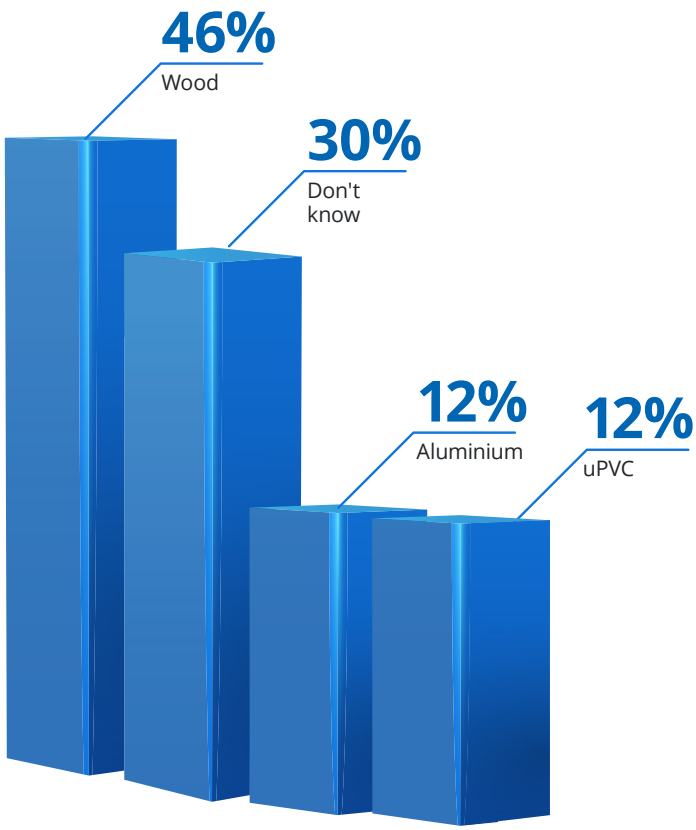
The latest figures from Vinylplus show that despite the COVID-related disruption, more than 810,775 tonnes of PVC-U waste were recycled within the Vinylplus framework. This represents just under 27% of PVC waste generated in 2021 in the UK, EU-27, Norway and Switzerland[2].

2. Vinylplus Progress Report, May 2022. https://www.vinylplus.eu/wp-content/uploads/2022/05/VinylPlus-Progress-Report-2022.pdf

Before taking this survey, did you know that PVCu windows and doors are 100% recyclable at end of life?



Renewable vs. Recyclable



Which ONE of the following materials for window and door frames do you think is the most sustainable?

When asked which building product they saw as being most sustainable, PVC-U again lost out to wood. Timber windows and doors were seen as being most sustainable by 46% of respondents. This compares to only 12% each for aluminium and PVC-U.

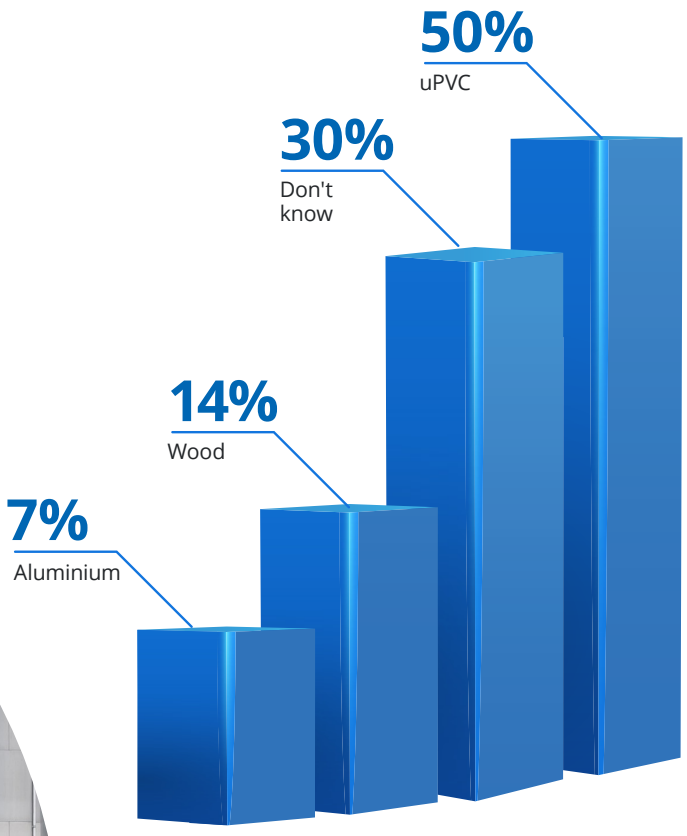
This can be attributed to the low level of awareness of PVC-U recycling but also an unconscious bias in the consumer mindset that renewables are more sustainable i.e. you cut down a tree, you plant a new one.

This is something that the PVC-U industry will need to overcome if it is to successfully pitch its offer against other window and door material types.

PVC-U windows and doors are seen as energy efficient

In the sustainability stakes, however, it isn't all bad news for PVC-U windows and doors. They win hands down when it comes to energy efficiency**. PVC-U is listed as the window and door material that they saw as most energy efficient by 50% of homeowners.** This compares to 14% for timber and 7% for aluminium.

Which ONE of the following materials for window and door frames do you think is the most energy efficient?



Energy efficiency
A key driver for the window and door industry

The Government committed to an 80% reduction in UK emissions relative to 1990 levels by 2050 under the Climate Change Act (2008).

So far, UK emissions have fallen by an average of 4.5% per year in the last three years and are currently 38% below 1990 levels.

To a point it's been a success story. The UK has cut carbon emissions faster than any other major developed country, but it's done it so far by tackling the low hanging fruit.

The reduction in UK CO2 emissions has been driven primarily through a move away from coal to cleaner electricity based on a mix of gas and renewables.

Responsible for 14% of our annual carbon emissions, the next big offender on the list – but far more difficult to address – are the UK's energy-leaking homes.

Research by the National Housing Federation suggests that the UK's 29million homes produce 58.5million tonnes of CO2 every year. That's more than the CO2 produced annually by all car journeys.

Given that forecast suggests that 85% of the homes we currently live in will still be standing in 2050, and the importance of energy efficiency in homes is clear, if the UK is to meet its climate change targets, the problem is we're not moving fast enough.

The Climate Change Committee[1]. has warned that the UK will not meet the legally binding commitments it signed up to in the Climate Change Act unless the UK plugs the gap. This, it has warned, means not only making sure new homes are low carbon and energy efficient, but also retrofitting existing properties.

This forms the backdrop to the changes introduced to Part L: Conservation of Fuel and Power (and through association, Part F: Ventilation) on June 15th this year. It is also the reason why energy efficiency and sustainability will be even more important as we move forward.

1.UK Housing Fit for the Future

Adding fuel to the fire: The UK cost of living crisis

Consumers have been hit by massive increases in energy prices since the raising of the energy price cap in April which took average household bills to around £2,000 a year, with forecasts that further increases in October will push them above £2,300 late this year and into next.

While the Government has taken steps to soften the blow this year, there are warnings that delays to the Hinckley Point C power Station project, combined with the decommissioning of older nuclear power stations and increased demand for non-Russian gas, could push wholesale prices up further to £150/MWh by 2025. This compares to the five-year average pre-2021 of £50/MWh.

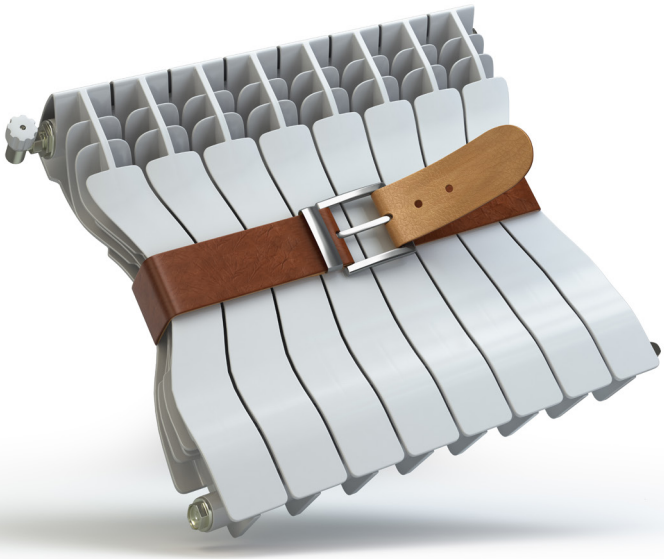
The knock-on effect is that the prices homeowners pay for energy could remain high for the rest of the decade.

Contributing to 14% of the UK's CO2 emissions, energy loss from homes has been highlighted as a key challenge by the green lobby for decades. The current energy crisis and fuel poverty adds a new social dynamic.

With Prices forecast to remain high longer term, home energy efficiency assumes more immediate social and political importance.

While the Government has so far failed to identify a replacement for the Green Deal or Green Homes Grant scheme, we believe future Government initiatives to support homeowners in improving the energy efficiency of their homes are likely.

This would deliver a triple benefit: reducing CO2 emissions, reducing energy costs, and supporting continued economic growth.

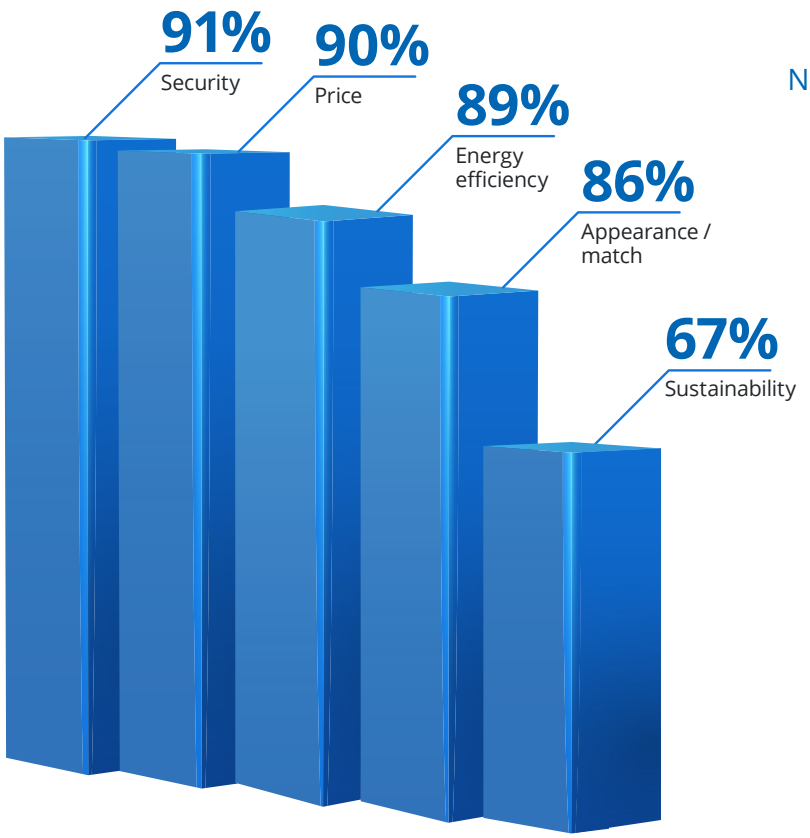


Is sustainability a key driver of window and door sales?

We're not here to argue that people will ever buy windows and doors purely because they are more recyclable or sustainable. Aesthetics, security and energy efficiency are primary and evergreen sales drivers.

Sustainability is a secondary driver but a nonetheless important one because it tips the balance. It delivers differentiation.

It helps you to communicate that you are not only a supplier of great products but that you are a socially responsible business. Sales are built on trust.



Net importance when choosing windows and doors?

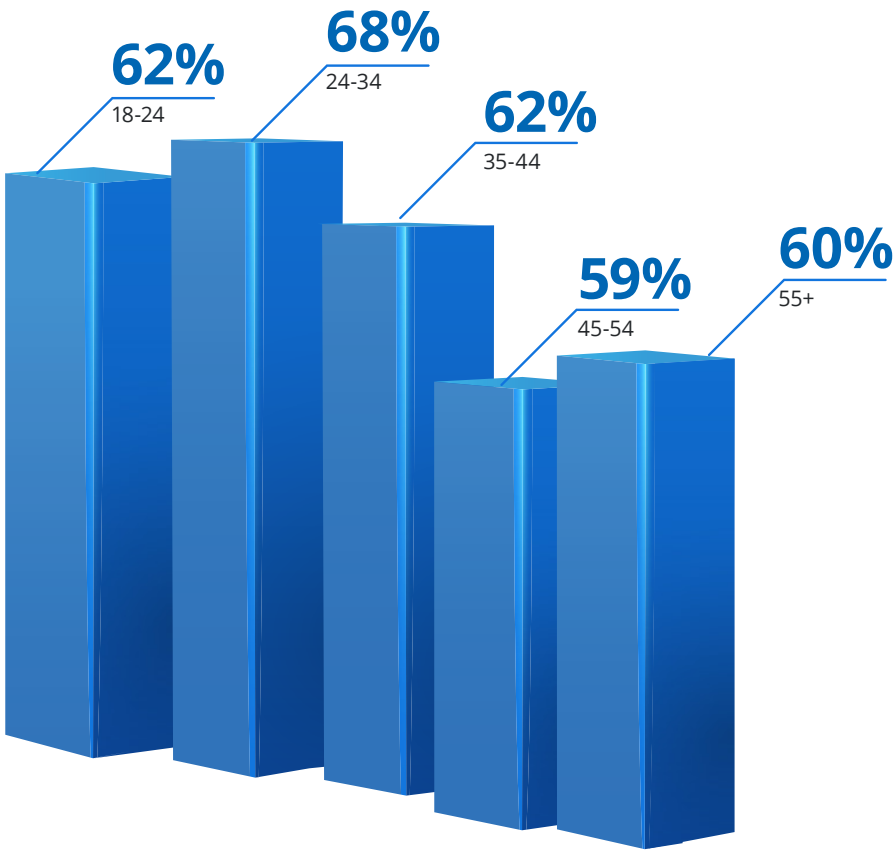
Sustainability is increasingly important for tomorrow's customers

How sustainable windows and doors were, was seen as important by all respondents - but more so by those aged 25-34. Millennials.

Millennials may not be the target market for window and doors today. They are still getting onto, or at the lower rungs of the housing market, but they are tomorrow's customer - and they see sustainability as being a far more important influence on their purchasing decisions than other age groups.

68% of the 25-34-year-olds who took part in the survey said that they were more likely to purchase windows and doors that they saw as being more sustainable.

Net more likely to purchase windows and doors because they are more sustainable by age group



How Deceuninck is closing the loop

Deceuninck is an active member of Vinylplus, investing more than €15million in one of the World's most advanced recycling and compounding facilities, creating the capacity to reprocess up to 45,000 tonnes of post-manufacturing and post-consumer PVC-U per year.

This capacity is the equivalent of preventing 3million windows annually from going to landfill; also delivering a reduction in CO2 emissions of 90,000 tonnes compared to virgin feedstocks as well as a 90% energy saving.

Where do we go from here?

As we said at the start, this paper isn't meant to offer a set of answers, more to evidence a rationale for change, but we can draw out some action points.

The investment taken at the start of the supply chain by us and other leading PVC-U systems companies gives the PVC-U window and door industry the foundation for a great sustainability story - but that needs to extend out and through the complete supply chain.

For our story to be complete we need fabricators to invest in sustainability: to reduce the carbon footprint of their fleet, consider how they source energy, off-set their carbon footprint, reduce the impact of their workforce, and support their customers in doing the same to join up the dots and create a positive and transparent value-chain.

Retail businesses are key as the touchpoint between the PVC-U window and door industry and the end-user.

We need installation businesses to take the message about sustainability to the homeowner. To use it as a point of differentiation and to sell on sustainability.

As we have highlighted there are lots of reasons for this. It evidences a responsible approach to doing business, it builds trust – things that help every business do more business.

We're currently working with our customers and their customers to support them in driving sustainability within their business but also to develop a set of tools, defined by the market – not by us – to support the industry in taking the PVC-U sustainability message to the homeowner. These will be released shortly.

But the message is the change needs to start at home. You don't have to put a sustainability strategy in place, you don't need to lower your manufacturing energy consumption or offset your carbon footprint; and you don't need to upsell at point of retail.

We aren't here to tell you that you should. We are, however, sharing with you what the end-user thinks, something which we believe makes a compelling case for change.

For more information call 01249 816 969, email deceuninck.ltd@deceuninck.com or visit www.deceuninck.co.uk