# Remuneration Committee report continued

## Annual Remuneration Committee Chair's Statement continued

### Case study

### Directors' Remuneration Policy process review

The current Directors' Remuneration Policy received shareholder approval at the 2022 AGM with 90.67% votes in favour. In line with Companies Act 2006 requirements that the policy be put to a binding shareholder vote at least every three years, a revised policy will be put to a binding shareholder vote at the 2025 AGM.

This case study documents the end-to-end process for the formulation of the updated Policy and the shareholder consultation that took place prior to final approval by the Remuneration Committee in February 2025.

Working Group
Remuneration Committee
Shareholders

**2024**

**May**
Working Group established.

**May to July**
Working Group undertook review of effectiveness of existing policy.

**July**
**Meeting**
Preliminary findings of the Working Group were reported to Committee. The Committee agreed that the primary focus was the Performance Share Plan (PSP).

**July to Sept**
Working Group continued review of the policy, focusing on potential changes to the PSP.

**September**
**Meeting**
Detailed findings of the review were considered by the Committee and proposed changes to the policy were further refined.

**Sept to Nov**
Based on Committee feedback, the Working Group drafted:
- an updated policy; and
- shareholder communications.

**November**
**Meeting**
Draft changes to the policy and draft shareholder communications were presented to the Committee and considered in detail.

The Committee agreed the proposed policy changes and shareholder communications.

**Nov to Jan**
**Shareholder engagement**
Shareholder communications were sent to the top 30 investors and shareholder advisory groups. The consultation period commenced, and meetings were held with investors that requested one.

**2025**

**January**
**Meeting**
Shareholder feedback was reported to and considered by the Committee, and further refinements to the proposed policy were made as a result.

**February**
**Meeting**
Final consideration and approval of the policy to be published in the annual report and put to a shareholder vote at the AGM.

**May**
**AGM**
Shareholders will have a binding vote on the proposed updated policy.





Fixed Variable

## Directors' Remuneration Policy

**Our current Directors' Remuneration Policy expires at the 2025 AGM and therefore, following careful review, a revised policy is presented below with the intention that it will apply for three years from the date of the 2025 AGM.**

**The key changes to the policy are detailed in the summary below and demonstrate that the overall structure of the policy remains unchanged from the version approved by shareholders in 2022. In addition to these changes, a small number of minor revisions are proposed to provide some additional flexibility and clarity to the policy.**

### Decision-making process for the determination, review and implementation of the Remuneration Policy

The review of the policy is carried out by the Remuneration Committee, in the absence of the Executive Directors, where appropriate, to manage potential conflicts of interest, and with the advice of our remuneration consultant.

The Committee's review process includes consideration of how the current policy aligns to and supports the business strategy, market practice, regulation and governance developments as well as wider workforce reward arrangements. The Committee also considers the guidelines of proxy voting agencies and investors, with our largest shareholders consulted as part of the review process.

The implementation of the policy is considered annually by the Remuneration Committee for the year ahead in light of the strategic priorities. Incentive metrics and target scales are also reviewed and recalibrated as necessary based on a number of internal and external reference points to ensure that they remain appropriate.

### Summary of main changes to the Remuneration Policy

| Remuneration element | Method |
|---|---|
| Annual bonus | The new policy will permit up to 20% of salary to be payable for threshold performance. Under the current policy, the payout at threshold is 20% of salary.<br>The circumstances for which clawback and malus may be applied have been expanded to include corporate failure and serious reputational damage. The range of circumstances now aligns with the updated UK Corporate Governance Code. |
| Performance Share Plan (PSP) | The policy maximum under the PSP will be increased to 300% of salary. For FY25, the PSP opportunity for the CEO will be increased to 285% of salary from 270% of salary and for the CFO will be increased to 235% of salary from 220% of salary.<br>In line with the rules of the PSP, a payment equivalent to the dividends accrued on vesting performance shares may be made at the point of vesting, normally in shares.<br>Up to 15% of maximum will be payable for achieving threshold performance. Under the current policy, the payout at threshold is 15% of maximum.<br>The malus and clawback provisions will be updated to align with the changes set out under the annual bonus. |
| Shareholding requirement | The shareholding requirement for the Executive Directors will be increased under the new policy to 300% of salary. Under the current policy, the requirement is 200% of salary.<br>Unvested deferred bonus shares (net of income tax and National Insurance contributions) will be taken into account in calculating Executive Directors' shareholdings. |
| Recruitment | The new policy clarifies the approach for each element of remuneration for the recruitment of a new Director. |
| Change of control | A new section has been added to clarify the approach on a change of control. There are no enhanced provisions on a change of control, but the Committee can exercise judgement and discretion in line with the respective incentive plan rules. |
| Non-Executive Director fees and benefits | The policy will allow, in exceptional circumstances, additional fees to be paid where there is a substantial increase in the temporary time commitment required of Non-Executive Directors.<br>The Company will pay taxes on expenses in respect of reasonable travel and accommodation costs. |

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# Remuneration Committee report continued

## Directors' Remuneration Policy continued

### Underlying principles

When determining the Directors' Remuneration Policy, the Committee was mindful of its obligations under Provision 40 of the 2018 version of the UK Corporate Governance Code to ensure that the Policy and other remuneration practices were clear, simple, predictable, proportionate, safeguarded the reputation of the Company and were aligned to Company culture and strategy. Set out below are examples of how the Committee addressed these factors:

**Clarity**

**Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.**

The Company invited its principal shareholders and shareholder representative groups to consult on the updated Directors' Remuneration Policy and received supportive feedback. The draft policy was updated following feedback from shareholders, details of which can be found on pages 113, 114, and 123.

All UK and Isle of Man employees are awarded Free Shares in the Company through the Share Incentive Plan (SIP). UK employees are also able to participate in a partnership and matching shares programme (known as the "Buy As You Earn" Plan or "BAYE"), which also operates through the SIP. Employees with shares held in the SIP trust may exercise voting rights at general meetings, including on resolutions relating to the Directors' Remuneration Report and Directors' Remuneration Policy. Further information on workforce engagement can be found on pages 88 and 89.

**Simplicity**

**Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.**

The Remuneration Policy has received positive feedback from stakeholders in relation to its simplicity.

The Committee's approach to performance measures had always been that they must be understandable for participants in the schemes in order to ensure they are effective.

**Risk**

**Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.**

While the Committee has consciously not set an absolute annual quantum on Executive Director remuneration, this is something that the Committee will keep under review. The total pay of the Executive Directors is considered by the Committee as well as pay ratios with the wider workforce and shareholder returns.

**Predictability**

**The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.**

The range of possible rewards for the Executive Directors is considered on page 123 as part of the proposed Directors' Remuneration Policy. The Committee has a wide range of discretion in relation to variable pay awards, new joiners, and leavers, which are identified and explained in the Remuneration Policy.

**Proportionality**

**The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.**

The Committee remains confident that the awards used to ensure continued delivery of strategy and long-term performance are working as intended.

**Alignment to culture**

**Incentive schemes should drive behaviours consistent with company purpose, values and strategy.**

The Committee remains confident that the incentive schemes operated under the Remuneration Policy are aligned with purpose, values and strategy.

Howdens staff are paid on the performance of their local depot or on the profitability of the Group as a whole. This has created an autonomous, entrepreneurial, profit-focused culture and is reflected in the heavy weighting given to profit measures in our incentive schemes for Executive Directors and senior management.





Fixed Variable

### Future policy table - Executive Directors

The table below sets out the key components of Executive Directors' pay packages, including why they are used and how they are operated in practice. Remuneration is benchmarked against rewards available for equivalent roles in a suitable comparator group. In addition to benchmarking, the Committee considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market conditions, and to governance requirements.

| Base salary | |
|---|---|
| How this element of remuneration supports our strategy | Recognises the market value of the Executive Director's role, skill, responsibilities, performance and experience. |
| Operation | Salaries are normally reviewed annually, and are generally effective from 1 January each year. |
| Opportunity | Increases will normally be only for inflation and/or in line with the wider employee population. Salaries are set with consideration of each Executive Director's performance in role and responsibilities, and within a range defined by a market benchmark derived from companies of a comparable size, including those operating in a similar sector. The peer group used is reviewed whenever benchmarking is performed, and the Committee applies judgement in identifying appropriate peer group constituent companies. The individual's level of total remuneration against the market is considered at the same time.<br>Reviews will also take into account the performance of the individual, any changes in their responsibilities, pay increases for the wider workforce and internal relativities. |
| Performance measures | None. |

| Benefits | |
|---|---|
| How this element of remuneration supports our strategy | Provides a competitive level of benefits. |
| Operation | Howdens pays the cost of providing the benefits on a monthly basis or as required for one-off events. |
| Opportunity | Benefits are based upon market rates and currently include receipt of a company car or car allowance, health insurance and death-in-service insurance payable by the Company.<br>Other benefits may be provided where appropriate and reasonable business-related expenses can be reimbursed if determined to be a taxable benefit. |
| Performance measures | None. |

| Pension | |
|---|---|
| How this element of remuneration supports our strategy | Provides competitive long-term savings opportunities. |
| Operation and opportunity | Executive Directors will be entitled to participate in the Howdens Retirement Savings Plan with contribution rates in line with the wider workforce. The level of salary supplement is aligned to the maximum pension benefit available to the Executive Director. |
| Performance measures | None. |

# Remuneration Committee report continued

## Directors' Remuneration Policy continued

| Annual bonus | |
|---|---|
| How this element of remuneration supports our strategy | Incentivises performance over the financial year.<br>Deferral links bonus payout to share price performance over the medium term. |
| Operation | At least 30% of any bonus earned is deferred into shares. Shares are paid out on the second anniversary of deferral date.<br>The Committee has the discretion to adjust the bonus outcome if it feels that the formulaic outcome is not reflective of overall underlying performance. Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration.<br>Payment is normally subject to continued employment.<br>Malus provisions apply for the duration of the performance period and to shares held under deferral.<br>Clawback provisions apply to cash amounts paid for two years following payment. Therefore, clawback and/or malus will operate on the award for a total period of up to two years after the performance period.<br>Clawback may be applied in the following scenarios:<br>• material misstatement of accounts;<br>• erroneous assessment of a performance target;<br>• where the number of plan shares under an award was incorrectly determined;<br>• gross misconduct by a Director;<br>• corporate failure; or<br>• serious reputational damage. |
| Opportunity | The threshold payout for the annual bonus will be up to 20% of salary. The maximum opportunity under the annual bonus is 200% of salary. |
| Performance measures | At least 75% of the bonus will be based on financial metrics. |

| Performance Share Plan (PSP) | |
|---|---|
| How this element of remuneration supports our strategy | Focuses management on longer-term financial growth than addressed by the annual bonus. Long-term financial growth is key to the generation of shareholder value. |
| Operation | Executives have the opportunity to participate in the PSP on an annual basis. The PSP operates over a three-year vesting cycle.<br>Awards will generally be granted towards the beginning of the performance period and vest based on performance over a three-year performance period.<br>The Committee has the discretion to adjust the PSP outcome if it feels that the formulaic outcome is not reflective of overall underlying performance. Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration.<br>Vested awards are subject to a two-year holding period following vesting, during which no performance measures apply. The holding period continues to apply post-employment.<br>Malus provisions apply for the duration of the vesting period.<br>Clawback provisions apply for the duration of the holding period, through which vested awards may be reclaimed in the event of:<br>• material misstatement of accounts;<br>• erroneous assessment of a performance target;<br>• where the number of plan shares under an award was incorrectly determined;<br>• gross misconduct by a Director;<br>• corporate failure; or<br>• serious reputational damage.<br>A payment equivalent to the dividends accrued on vesting performance shares may be made at the point of vesting, normally in shares. |
| Opportunity | The threshold vesting for the PSP will be up to 15% of maximum. The maximum opportunity under the PSP is 300% of salary. |
| Performance measures | At least 75% of the PSP will be based on financial metrics. |





Fixed Variable

| Shareholding requirement | |
|---|---|
| How this element of remuneration supports our strategy | Shareholding requirement strengthens alignment of interests between participants and shareholders. |
| Operation | Executive Directors are expected to retain vested shares from deferred bonus and long-term incentive awards (net of income tax and National Insurance contributions) until they reach the minimum requirements.<br>Unvested long-term incentive shares are not taken into account. PSP shares and deferred bonus shares (net of income tax and National Insurance contributions) within a holding period are counted towards the requirement. |
| Opportunity | The Executive Directors will be required to retain a minimum shareholding of 300% of base salary. Post-cessation of employment, Executive Directors will be required to retain 300% of base salary, or full actual holding if lower, for two years post-cessation from the Board of Howden Joinery Group Plc. |

| All-employee share incentive plan | |
|---|---|
| How this element of remuneration supports our strategy | To encourage employee share ownership. |
| Operation | Executive Directors are able to participate in the tax-advantaged Share Incentive Plan available to all eligible UK employees. |
| Opportunity | The maximum participation levels will be set based on the applicable limits set by HMRC. |
| Performance measures | None. |

## Performance measures and targets

As part of the Committee's review of our remuneration arrangements, we have reviewed the appropriateness of the performance measures that we have historically used and considered whether any changes to performance measures are required in light of the strategy over the next three years.

The Committee has agreed to introduce strategic measures alongside the existing PSP performance measures (PBT, relative TSR, ROCE and environmental measures). This change recognises that strategic measures will drive the delivery of our strategy over the next three-year period and provide a strong line of sight for LTIP participants throughout the business. Therefore, for 2025, PBT and cash flow will continue to be the measures used for the annual bonus, and PBT, relative TSR, ROCE, environmental measures, and strategic measures will be used for the PSP.

We want to continue to ensure that the Committee is positioned to maintain alignment between incentives and the challenges facing the business. As such, during the life of this policy it may become appropriate to amend the performance measures used for our future incentives. It is for this reason that we safeguard the flexibility in our policy to change performance measures, subject to at least 75% of the annual bonus and 75% of the PSP being based on financial metrics.

### Annual bonus

The table below sets out additional information on performance conditions relating to the 2025 annual bonus:

| Measure | Definition | How targets are set |
|---|---|---|
| PBT | Pre-exceptional profit before tax from continuing operations. | Set by the Remuneration Committee with reference to Howdens' Budget and analysts' consensus forecasts. |
| Cash flow | Net cash flow from operating activities, taking into account the efficiency with which working capital is used, and adjusted for exceptional items. | Cash flow targets generated by Howdens' financial model, based on modelled scenarios under which threshold, target and outperformance levels of PBT are achieved. |

Commercial sensitivity precludes the advance publication of bonus targets, but targets will be disclosed retrospectively in the Remuneration Committee report.

Governance

# Remuneration Committee report continued

## Directors' Remuneration Policy continued

### Performance Share Plan (PSP)

The PSP will be based on PBT performance, relative TSR, ROCE, environmental measures and strategic measures for the 2025 award. Targets are considered by the Remuneration Committee to provide a range that represents long-term success for Howdens and are set taking into account analysts' consensus forecasts and inflation forecasts. The targets for the 2025 PSP grants are detailed on pages 136 and 137.

### Remuneration policy for other employees

The remuneration policy described above applies specifically to Executive Directors of the Group. However, the Remuneration Committee believes it is appropriate that all reward received by senior management is directly linked to the performance of the Company and aligned with shareholder value. Accordingly, Executive Committee members participate in the same incentive schemes as the Executive Directors at a reduced level to ensure alignment between the leadership team and with our shareholders.

Below the Executive Committee level, the promotion of share ownership is cascaded through all tiers of management. Individuals within the upper tiers of the organisation participate in a similar bonus plan that is linked to PBT and cash flow. These individuals also participate in a long-term plan, which vests dependent on PBT performance. Share grants are made at a reduced level to a wider population within Howdens that do not use performance conditions. These awards are made in order to encourage share ownership throughout the Company.

### Non-Executive Directors' Remuneration Policy

The Group's policy on Non-Executive Director (NED) and Chairman fees and benefits is set out below.

| Fees | |
|---|---|
| How this element of remuneration supports our strategy | To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy. |
| Operation | The fees for the Non-Executive Directors are determined by the Chairman and Chief Executive and approved by the Board.<br>The fee for the Chairman is determined by the Remuneration Committee while the Chairman is absent.<br>No other services are provided to the Group by Non-Executive Directors. |
| Opportunity | Fees for Non-Executive Directors are set out in the statement of implementation of policy on page 135.<br>The fees reflect the time commitment and responsibilities of the roles. Accordingly, committee chairmanship and the Senior Independent Director (SID) are paid in addition to the NEDs' basic fee. Committee chairmanship fees currently apply only to the Audit and Remuneration Committees. The Chairman receives no fees in addition to the Chairman's fee. In exceptional circumstances, additional fees may be paid where there is a substantial increase in the temporary time commitment required of NEDs.<br>Fees may be reviewed every year and are set within a range defined by a market benchmark of comparably sized companies and having regard to the base salary increase payable to the wider workforce. |
| Performance measures | NEDs are not eligible to participate in any performance-related arrangements. |

| Benefits | |
|---|---|
| How this element of remuneration supports our strategy | To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy. |
| Operation and opportunity | NEDs are entitled to receive expenses in respect of reasonable travel and accommodation costs and any income taxes charged on these. |
| Performance measures | None. |





Fixed Variable

### Statement of consideration of employment conditions elsewhere in the Group

When making decisions on Executive reward, the Remuneration Committee considers the pay arrangements across the wider Group, the wider economic environment and conditions within the Company. In particular, the Committee considers pay conditions for the wider workforce when reviewing base salaries for Executive Directors in addition to a range of applicable pay ratios.

Additionally, some of the Company's workforce are unionised or belong to a works council. Howdens maintains open lines of communication with these bodies and the Committee is always made aware of any relevant information in relation to remuneration policy.

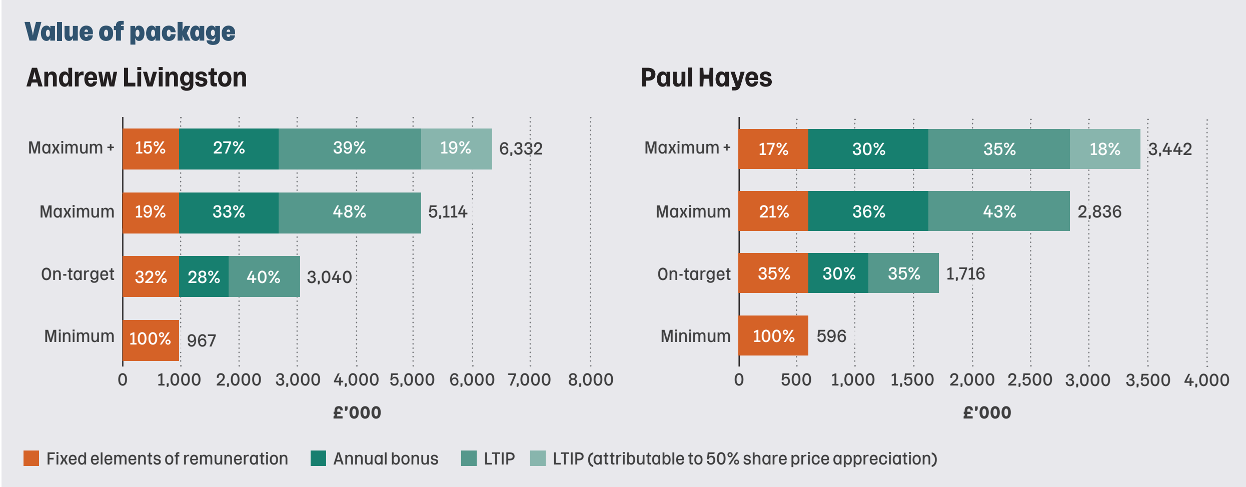
### Statement of consideration of shareholder views

The Committee remains committed to maintaining an ongoing and transparent dialogue with its shareholders. The Committee undertook a shareholder consultation in 2024 on Executive Director remuneration and the proposed new Directors' Remuneration Policy. The proposed policy was shared with our major shareholders and shareholder representation bodies. Following the consultation and feedback from shareholders, the Committee agreed to increase the Executive Directors' shareholding requirement to 300% of salary in the new policy and to retain relative TSR as a performance measure for the 2025 PSP. This consultation was carried out in advance of the publication of this report.

### 2025 remuneration scenarios

The remuneration package for the Executive Directors is designed to provide an appropriate balance between fixed and variable performance-related components, with a significant proportion of the package weighted towards long-term variable pay. The Committee remains satisfied that the composition and structure of the remuneration packages is appropriate, clearly supports the Company's strategic ambitions and does not incentivise inappropriate risk-taking. The Committee reviews this on an annual basis.

The composition and value of the Executive Directors' remuneration packages in a range of performance scenarios are set out in the charts below. These charts show that the proportion of the package delivered through long-term performance is in line with our proposed new Remuneration Policy and changes significantly across the performance scenarios. As a result, the package promotes the achievement of superior long-term performance and aligns the interests of the Executive Directors with those of other shareholders. A brief description of the remuneration scenarios and the elements they are made up of is set out below the charts.




Fixed elements of remuneration consist of the annual salary that the Executive Director will receive for 2025, alongside their 2025 pension entitlement, and actual benefits received in 2024 (as a proxy for 2025).

Annual bonus is based on a maximum opportunity of 200% of salary and an on-target opportunity of 100% of salary.

LTIP is based on a maximum opportunity of 285% of salary for Andrew Livingston and 235% of salary for Paul Hayes. Target opportunity is calculated as 50% of maximum (142.5% of salary for Andrew Livingston and 117.5% of salary for Paul Hayes).

The 'Maximum +' includes share price appreciation of 50%. This column is calculated on the same basis as the maximum column; however, it includes an uplift of 50% total over three years for the PSP.

Governance

# Remuneration Committee report continued

## Directors' Remuneration Policy continued

### Approach to recruitment remuneration

The treatment and design of the various elements of remuneration paid to new recruits is set out in the table below.
The Committee's policy is to pay no more than is necessary to attract appropriate candidates to the role. However, in unusual circumstances, an arrangement may be established specifically to facilitate recruitment of a particular individual. Any such arrangement would be made only where critical to the recruitment of an exceptional candidate, and within the context of minimising the cost to the Company.

| Component | Policy |
|---|---|
| General | The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role. Any new Executive Director's ongoing package would be consistent with our remuneration policy as set out in this report. |
| Salary | The Committee will take into consideration a number of factors, including the skills and experience of the individual and the current market rate for the role in determining the salary level.<br>The Committee may consider it appropriate to set salary below the market rate, and award phased increases over a period of time to bring it to the desired positioning, subject to individual performance in role. |
| Pension and benefits | The Executive Director will be able to participate in the defined contribution scheme or to receive a supplemental cash payment in lieu in line with the wider workforce.<br>Benefits will be provided in line with policy. The Committee may agree that the Company will meet appropriate relocation costs and tax thereon. |
| Annual bonus | The Executive Director will be eligible to participate in the annual bonus scheme as set out in the remuneration policy table. The maximum potential opportunity under this scheme is 200% of salary.<br>Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance metrics to the existing Executive Directors for the performance year of appointment. |
| Long-term incentives | The Executive Director will be eligible to participate in the PSP set out in the remuneration policy table. Accordingly, the Executive Director may be offered a maximum opportunity under the PSP of up to 300% of salary in performance shares. |
| Replacement awards | The Committee may grant the Executive Director awards to replace awards from a previous employment that are forfeited. Should replacement awards be made, any awards granted would be no more generous overall in terms of quantum or vesting period than the awards due to be forfeited. In determining the quantum and structure of these commitments, the Committee will take into account the fair value and, as far as practicable, the timing and performance requirements of remuneration foregone.<br>For an internal candidate appointed as an Executive Director, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. |





Fixed Variable

### Service contracts and letters of appointment

#### Executive Directors

Executive Directors' employment contracts are not fixed term, but have a maximum of twelve months' notice of termination on both sides. In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office, which will be paid monthly for a maximum of twelve months. Such payments will be equivalent to the monthly salary that the Executive Director would have received if still in employment with the Company. Executive Directors will be expected to mitigate their loss within a maximum twelve month period, as appropriate, of their departure from the Company.

| Executive Director | Date of service contract | Notice from the Company | Notice from the individual |
|---|---|---|---|
| Andrew Livingston | 6 July 2017 | 12 months | 12 months |
| Paul Hayes | 15 October 2020 | 12 months | 12 months |

In their service contracts, Executive Directors have the following remuneration-related contractual provisions:

- receipt of a salary, which is subject to annual review;
- receipt of a car allowance;
- health insurance and death-in-service insurance payable by the Group;
- eligibility to participate in any bonus scheme or arrangement, which the Company may operate from time to time, subject to the plan's rules; and
- participation in the Company's pension plan.

#### Non-Executive Directors

Non-Executive Director appointments are for an initial period of three years. They are subject to re-appointment annually in accordance with the UK Corporate Governance Code. Non-Executive Directors are not entitled to any form of compensation in the event of early termination for whatever reason. Copies of the Directors' service contracts and letters of appointment are available at the Company's registered office during usual business hours.

| Director | Original date of appointment | Effective date of appointment in most recent letter | Unexpired term at 28 December 2024 |
|---|---|---|---|
| Peter Ventress | 1 July 2022 | 1 July 2022 | 0.5 years |
| Andrew Cripps | 1 December 2015 | 1 December 2024 | 0.9 years |
| Roisin Currie | 1 July 2024 | 1 July 2024 | 2.5 years |
| Louis Eperjesi | 1 June 2023 | 1 June 2023 | 1.4 years |
| Louise Fowler | 1 November 2019 | 1 November 2022 | 0.8 years |
| Tim Lodge | 1 January 2025 | 1 January 2025 | N/A |
| Vanda Murray | 1 February 2024 | 1 February 2024 | 2.1 years |
| Suzy Neubert | 1 July 2024 | 1 July 2024 | 2.5 years |

# Remuneration Committee report continued

## Directors' Remuneration Policy continued

## Policy on payment for loss of office

The treatment of the various elements of remuneration payable to Executive Directors in a loss of office scenario is set out in the table below. In exceptional circumstances an arrangement may be established specifically to facilitate the exit of a particular individual; however, any such arrangement would be made within the context of minimising the cost to the Company. The Committee will only take such a course of action where it considers it to be in the best interests of shareholders. Full disclosure of any payments will be made.

| Component | Policy |
|---|---|
| General | When determining any loss of office payment for a departing individual, the Committee will always seek to minimise cost to the Company while seeking to reflect the circumstances in place at the time. As an overriding principle there should be no element of reward for failure. |
| Base salary and benefits | In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be paid monthly for a maximum of twelve months. Such payments will be equivalent to the monthly salary that the Executive Director would have received if still in employment with the Company. |
| Annual bonus | Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive Director may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct.<br><br>Where an Executive Director's employment is terminated during a performance year, a pro rata annual incentive award for the period worked in that performance year may be payable subject to an assessment based on performance achieved. |
| Long-term incentives and deferred annual bonus | The treatment of outstanding deferred annual bonus is governed by written agreements with individuals and the treatment of long-term incentive awards by the rules of the relevant plan. Individuals are defined as either a good or bad leaver for the purposes of outstanding incentive awards. Good leavers are those leaving under pre-specified circumstances (such as retirement, ill-health or disability) or those deemed by the Committee at its absolute discretion as a good leaver given the circumstances surrounding the loss of office. All other leavers are bad leavers.<br><br>If an individual is a good leaver then they will either continue to hold the award, which will vest on the normal vesting date based on Howdens' performance (where applicable), or the Committee may exercise discretion to accelerate vesting of the award, prorated to reflect the extent to which the performance targets have been met (allowing for the curtailed performance period). In both scenarios, the amount vesting may be prorated for the proportion of the performance period elapsed when the individual leaves.<br><br>If an individual is a bad leaver then all awards to which they are conditionally entitled will lapse in full. |
| Post-cessation shareholding requirement | Upon departure, individuals will be required to retain 100% of their shareholding requirement (or full actual holding if lower) for a period of two years post-cessation from the Board of Howden Joinery Group Plc. |

### Change of Control

There are no enhanced provisions on a change of control, but the Remuneration Committee can exercise judgement and discretion in line with the respective incentive plan rules.