

Governance

How we preserve value

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Governance

Corporate governance report



Peter Ventress
Chairman of the Board

Using the Corporate governance report

The following sections may be found in this corporate governance report:

- Page 74: Chairman's Introduction
- Page 76: Board of Directors profiles
- Page 80: Executive Committee & Company Secretary profiles
- Page 82: Key Board activity during the year and for the year ahead
- Page 84: Directors' duties and s.172 disclosure
- Page 86: Stakeholder engagement
- Page 94: UK Corporate Governance Code application and compliance

Introduction from the Chairman

2024 was a busy year for the Howdens Board and its Committees. Against an uncertain and challenging macroeconomic backdrop, operational and trading matters remained high on the Board's agenda. But testament to the resilient nature of the business and its employees, there was also full consideration of strategic opportunities, capital allocation and good governance considerations.

We have built on our existing processes for determining risks and opportunities (more detail on which can be found in the Strategic Report on pages 36 to 41) and worked more closely as a Board on the matters most fundamental to the Howdens business. The Board spent time with divisional management on areas of key risk such as health & safety and cyber security and worked with senior management on Executive succession and talent.

From a corporate governance perspective, we made good progress in boardroom diversity and monitoring our progress against our SBTi approved Net Zero targets. We updated and consulted with shareholders on the Directors' Remuneration Policy and progressed plans towards further reliance on key controls. The Board has already begun work to address the changes in the updated UK Corporate Governance Code and more detail is provided in the following reports on how it will affect the work of the Board in 2025.

However, the central tenet of leadership at Howdens remains that the business must be worthwhile for all concerned. I hope that the reports that follow showcase our governance achievements and some of our priorities for the year ahead.

Board succession

Having an effective and collegiate Board is vital for Howdens to deliver its growth strategy, provide support and challenge for the Executive team and maintain proper governance practices. 2024 saw us build on our Board refreshment programme initiated in 2023 and during the year we welcomed three new independent Non-Executive Directors to the Board: Vanda Murray, Roisin Currie and Suzy Neubert. These new Directors bring a wealth of strategic, operational and financial experience to the Board, which complements our existing skill set.

We also announced the appointment of Tim Lodge who joined the Board in January 2025. This followed an extensive search to identify the replacement of Andrew Cripps as Audit Committee Chair when he retires from the Board at the AGM in May. Tim is an experienced CFO and Audit Committee Chair and has enjoyed a handover period with Andrew during the 2024 year-end. I am also pleased to confirm that Vanda Murray will take over from Andrew Cripps as Senior Independent Director. Vanda's experience of such roles and excellent interpersonal skills makes her a perfect candidate for this role.

More information on all new appointments to the Board can be found in the Nominations Committee report beginning on page 100.

Strategy

It is one of the Principles of the UK Corporate Governance Code that boards should establish the company's purpose, values and strategy.

The Board discussed strategy and strategic initiatives throughout the year. In November, we approved a £128m capital investment plan for the purchase (subject to planning) and redevelopment of the Runcorn manufacturing site. The Runcorn factory is the Group's high-volume, low-cost cabinet manufacturing site and is a critical part of our business. Something of an unsung hero, Runcorn helps us achieve lower costs, higher quality, and improved service and resilience. I look forward to the Board visiting the site as part of our 2025 calendar.

During 2024, the Board held a meeting in Dublin to showcase the Irish business. International growth remains an important lever of strategic growth for Howdens and the Board has continued to invest away from the UK during 2024. While in Ireland, the Board received presentations from management on the local market and the long-term opportunity. Following the meeting, the Board visited a number of depots and had the opportunity to meet local employees.

Stakeholders and culture

The Code also provides that boards must satisfy themselves that a company's purpose, values and strategy are aligned to its culture. Howdens has a unique, entrepreneurial culture but one that is underpinned by high quality controls and an ethos of personal accountability. Proximity to the business and stakeholder engagement is fundamental to really understanding the Howdens culture.

The Board is collectively responsible for engagement with our stakeholders and therefore we have removed the role of the Non-Executive Director responsible for employee engagement. We have replaced it with a programme of employee events with Non-Executive Directors expected to attend a minimum number of dedicated sessions each year and to provide feedback on all sessions attended. These have included (but are not limited to) Regional Board meetings, depot visits, town hall briefings, site visits and incentive events. Feedback from members of the Board on the new programme, which was in full effect for the duration of 2024, has been universally positive.

The shareholder consultation in respect of our Directors' Remuneration Policy has been another key stakeholder engagement during the year. Vanda Murray has led the consultation in her new role as Remuneration Committee Chair and more information on how we engaged with shareholders is set out in detail in the Remuneration Committee report on page 110.

More information on the employee engagement programme and other stakeholder engagement is set out in detail in this report, starting on page 86.

Board meeting attendance in 2024

Peter Ventress	(6/6)	
Karen Caddick	(3/3)	Retired 2 May 2024
Andrew Cripps	(6/6)	
Roisin Currie	(3/3)	Appointed 1 July 2024
Louis Eperjesi	(6/6)	
Louise Fowler	(6/6)	
Paul Hayes	(6/6)	
Andrew Livingston	(6/6)	
Vanda Murray	(5/5)	Appointed 1 February 2024
Suzy Neubert	(2/3) ¹	Appointed 1 July 2024

¹ Suzy was appointed to the Board on 1 July 2024 and was unable to attend the September meeting due to a commitment made prior to her appointment. She was provided with all the Committee papers ahead of the meeting and provided her feedback to the Chair and Company Secretary.

Additional information

The disclosures and information shown below may be found in the Additional Information section beginning on page 222:

- 2025 Annual General Meeting (AGM) details
- 2024 Final Dividend timetable
- Share capital information
- Significant agreements disclosure

The Board in 2025

We will continue to build on the 'spotlight sessions' held during 2024, which have provided the Board with opportunities to speak to management below the Executive Committee. Details of the Board's programme for 2025 can be found on pages 82 and 83.

I also look forward to engaging with our shareholders at the AGM in May.

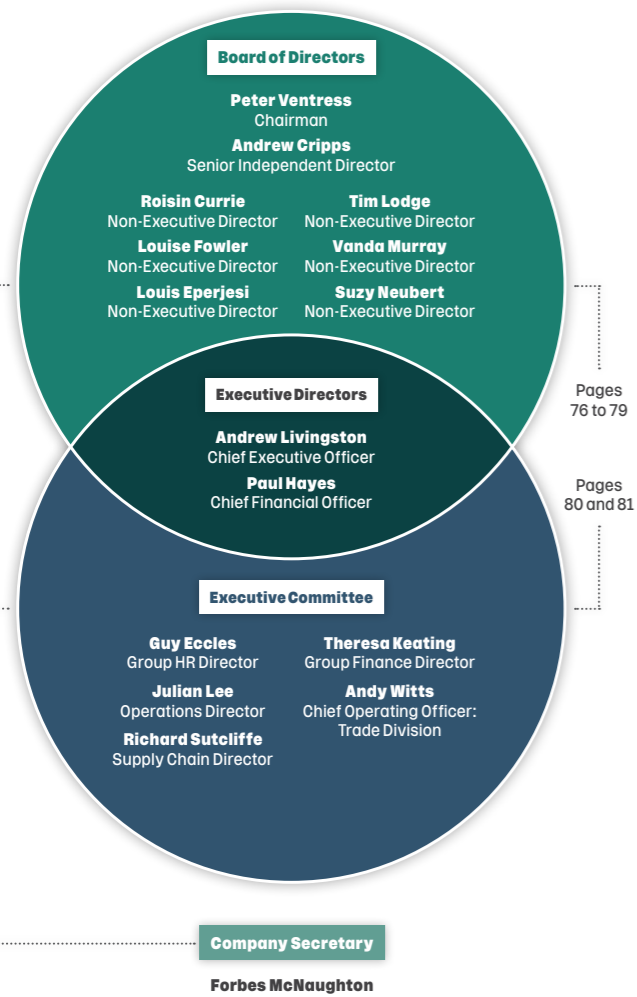
Peter Ventress
Chairman of the Board

Governance

Corporate governance report continued

Board of Directors

Board and Executive Committee structure



Andrew Livingston
Chief Executive Officer



Paul Hayes
Chief Financial Officer



Peter Ventress
Non-Executive Chairman



Andrew Cripps
Senior Independent Director



Roisin Currie
Independent Non-Executive Director



Louis Eperjesi
Independent Non-Executive Director



Louise Fowler
Independent Non-Executive Director



Tim Lodge
Independent Non-Executive Director



Vanda Murray OBE
Independent Non-Executive Director



Suzy Neubert
Independent Non-Executive Director

A N R S

A N R S

A N R S

A N R S

Key to Board Committee membership

A Audit Committee N Nominations Committee R Remuneration Committee S Sustainability Committee C Chair of Committee

Roles

Further information about the role of the Board, the Executive and Non-Executive Directors, the Company Secretary, and external advisors can be found on our website: www.howdenjoinerygroupplc.com/governance/division-of-responsibilities

Andrew Livingston
Chief Executive Officer

Appointed

Andrew was appointed to the Board as Chief Executive Officer on 2 April 2018.

Contribution to the long-term sustainable success of the Company

Andrew has a strong track record of performance, execution and driving change through improving digital capability, ranges and new site openings. He also has knowledge of key European geographies, is a competent French speaker, and has an entrepreneurial mindset. This mindset fits the Howdens culture which has served the Company well and is fundamental to its success. He was previously the CEO of Screwfix and has an MBA from the London Business School.

Other listed company appointments

Non-Executive Director of LondonMetric Property Plc

Paul Hayes
Chief Financial Officer

Appointed

Paul was appointed to the Board as Chief Financial Officer on 27 December 2020.

Contribution to the long-term sustainable success of the Company

Paul is an experienced finance executive and has a proven track record in consumer and manufacturing businesses. From 2017 until its acquisition by Recipharm AB in February 2020, Paul was CFO of Consort Medical Plc, a leading drug and device manufacturing business. Before this, he was the Group Finance Director of Vitec Group Plc from 2011 to 2017. Paul has extensive experience in senior finance roles at a number of UK and US listed companies, including Signet Jewelers, RHM Plc and Smiths Group Plc. He is a Chartered Accountant having qualified with Ernst & Young and has a first class masters degree in Mechanical Engineering, Manufacture & Management.

Other listed company appointments

None

Independence

The Board considered that all of the Non-Executive Directors were independent for the full duration of the period being reported on and that Peter Ventress was independent upon his appointment as Chairman.

Peter Ventress
Non-Executive Chairman

Appointed

Peter was appointed to the Board as an independent Non-Executive Director in July 2022 and became Chairman and Chairman of the Nominations and Sustainability Committees in September 2022.

Contribution to the long-term sustainable success of the Company

As former Chairman of Galliford Try Plc and current Chairman of Bunzl Plc, Peter has in-depth knowledge of UK listed companies and the associated high corporate governance standards required by such companies. He was also formerly Chief Executive Officer of Berendsen Plc and has held several senior executive roles, including International President of Staples Inc and Chief Executive Officer of Corporate Express NV, meaning he has extensive experience in international distribution businesses and brings a wealth of relevant commercial, financial and high-level management experience to the Board.

Other listed company appointments

Non-Executive Chairman of Bunzl Plc

Andrew Cripps
Senior Independent Director

Appointed

Andrew was appointed to the Board in December 2015 and became Chair of the Audit Committee in May 2016 and Senior Independent Director in July 2023. He will retire from the Board following the conclusion of the 2025 AGM.

Contribution to the long-term sustainable success of the Company

Andrew brings extensive experience as a non-executive director and audit committee chair with particular knowledge of branded consumer and business-to-business products, manufacturing and distribution in the UK and continental Europe. His experience of multisite wholesale distribution to small business customers at Booker Group Plc is valuable to the Board's decision-making process. He is a Chartered Accountant and former Finance Director with extensive recent and relevant financial experience.

Other listed company appointments

None

Governance

Corporate governance report continuedBoard of Directors continued**Roisin Currie**

Independent Non-Executive Director

Appointed

Roisin was appointed Non-Executive Director in July 2024.

Contribution to the long-term sustainable success of the Company

Roisin's experience in a number of senior executive roles within the consumer sector provides her with a strong diversity of perspective and customer-centric focus. She has been the Chief Executive of Greggs Plc since May 2022 having joined as Group People Director in 2010. During her tenure she was also Retail and Property Director. This breadth of experience means Roisin has a comprehensive understanding of vertically integrated and multi-site businesses, and she has experience working at both a strategic and operational level.

Roisin began her career at Asda where she spent 20 years, latterly as Retail People Director and then Distribution People Director. She is currently Chair of the Employers Forum for Reducing Re-offending, a voluntary role working with the Ministry of Justice and New Futures Network, and she is a Trustee of the Duke of Edinburgh Awards Scheme. Her HR and people background brings valuable perspectives on culture, talent and reward.

Other listed company appointments

Chief Executive Officer of Greggs Plc

Louise Fowler

Independent Non-Executive Director

Appointed

Louise was appointed to the Board in November 2019.

Contribution to the long-term sustainable success of the Company

Louise has over 25 years of customer, brand and digital experience at a senior level. Her experience encompasses publicly listed and private businesses, the mutual sector and not-for-profit organisations.

Louise's background in consumer experience and reputation is valuable to the Company as it strives to provide a strong aftersales service to further support the builder customer. Her digital experience also provides valuable insight given the investment the Company continues to make in its digital programme. Louise is an Honorary Professor in Marketing at Lancaster University Management School.

Other listed company appointments

Non-Executive Director of Assura Plc

Louis Eperjesi

Independent Non-Executive Director

Appointed

Louis was appointed Non-Executive Director in June 2023.

Contribution to the long-term sustainable success of the Company

Louis has a strong background of manufacturing and supply of building products in international markets, together with commercial, strategy development, and change management experience. He is currently a Non-Executive Director of Ibstock Plc, Trifast Plc, and AIM-listed Accsys Technologies Plc.

Louis has had a long career in the building materials sector, most recently serving as CEO of Tyman Plc, a leading international supplier of engineered components and access solutions to the construction industry. He has also held senior executive roles in Kingspan Plc, Baxi Group Ltd, Lafarge SA and Caradon Plc.

Other listed company appointments

Non-Executive Director of Ibstock Plc, Trifast Plc, and Accsys Technologies Plc

Tim Lodge

Independent Non-Executive Director

Appointed

Tim was appointed to the Board in January 2025. He will become Audit Committee Chair in May 2025 upon Andrew Cripps' retirement.

Contribution to the long-term sustainable success of the Company

Tim has substantial recent and relevant financial experience, having spent over 30 years in finance and accounting roles. He is a fellow of the Chartered Institute of Management Accountants and spent 26 years at Tate & Lyle Plc in various finance and commercial roles, including six years as Chief Financial Officer. He has also held Chief Financial Officer roles at the COFCO International group and the role of Non-Executive Director and Audit Committee Chair at Aryzta AG.

Tim is currently independent Non-Executive Director and Audit Committee Chair of both SSP Group Plc and Serco Group Plc, and Senior Independent Director of Arco Limited. He is also a trustee of the charity Gambia School Support and a Director of An African Canvas (UK) Limited.

Other listed company appointments

Non-Executive Director and Audit Committee Chair of both SSP Group Plc and Serco Group Plc

Vanda Murray OBE

Independent Non-Executive Director

Appointed

Vanda was appointed to the Board in February 2024 and became Remuneration Committee Chair in May 2024. She will become Senior Independent Director (SID) in May 2025 upon Andrew Cripps' retirement.

Contribution to the long-term sustainable success of the Company

Vanda has over 25 years of senior management experience across a range of sectors, including manufacturing, industrial, and support services in Europe, the USA, and Asia. She has previously served as Senior Independent Director and Chair of the Remuneration Committee at Bunzl Plc, Chief Executive Officer of Blick Plc, and UK Managing Director of Ultratame Plc, and she is currently the Chair of Marshalls Plc.

Vanda's extensive experience in both executive and non-executive roles benefit Howdens from both a leadership and a strategy perspective, and her tenure as a remuneration committee chair means she transitioned easily into the Howdens Remuneration Committee Chair role in May 2024. Vanda's experience as a SID also stands her in good stead to succeed Andrew Cripps in this role in May 2025.

Other listed company appointments

Non-Executive Chair of Marshalls Plc

Suzy Neubert

Independent Non-Executive Director

Appointed

Suzy was appointed Non-Executive Director in July 2024.

Contribution to the long-term sustainable success of the Company

Suzy's experience in sell-side equity research at Merrill Lynch, and additionally on the buy-side in her role at JO Hambro, has given her a thorough understanding of capital markets and the expectations of institutional investors. She has worked for large organisations but also in more dynamic environments, which is a valuable mix of experience for Howdens as a FTSE 100 business with a strong entrepreneurial culture. She is a qualified barrister and brings valuable legal insight and experience to the Board.

Suzy is also an experienced non-executive director. She served as Non-Executive Director, and latterly as Senior Independent Director, of Witan Investment Trust plc until 2023, and is currently a Non-Executive Director of LondonMetric Property Plc, Liverpool Victoria Financial Services Limited (where she is also Chair of the Investment Committee), and Jupiter Fund Management Plc. Alongside her commercial board roles, Suzy is also a trustee and council member at the Prince's Trust.

Other listed company appointments

Non-Executive Director of LondonMetric Property Plc and Jupiter Fund Management Plc

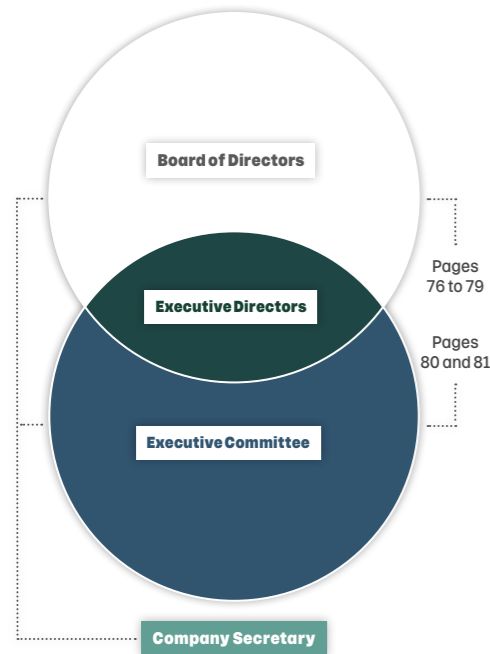


Governance

Corporate governance report continued

Executive Committee and Company Secretary

Board and Executive Committee structure



Guy Eccles
Group HR Director



Theresa Keating
Group Finance Director



Julian Lee
Operations Director



Richard Sutcliffe
Supply Chain Director



Andy Witts
Chief Operating Officer: Trade



Forbes McNaughton
Company Secretary

Executive Directors*

Andrew Livingston
Chief Executive Officer

Paul Hayes
Chief Financial Officer

* Andrew and Paul's profiles can be found on page 77.



Guy Eccles
Group HR Director

Appointed
Guy joined Howdens in April 2020 and was appointed Group HR Director and a member of the Executive Committee in February 2024.

Contribution to the long-term sustainable success of the Company
Guy joined Howdens as Interim Group HR Director in 2020. Previously he had been running his own consultancy, providing HR support to numerous privately and publicly owned companies across a range of sectors, including retail, healthcare and hospitality. Prior to that he was HR Director of B&Q and Screwfix.

Guy has overall responsibility for all HR matters.

Julian Lee
Operations Director

Appointed
Julian joined Howdens in 2003 and was appointed to the Executive Committee in July 2020.

Contribution to the long-term sustainable success of the Company
Prior to joining Howdens, Julian worked in a number of strategic and operational roles within the Silentnight Group. He joined Howdens in 2003 as a leader of the Manufacturing Division and from 2005 to 2009 was head of international sourcing and supply chain in Asia. Since 2009, Julian has made a major contribution to the transformation of our supply chain and operations and in 2020, he was appointed Operations Director, encompassing both manufacturing and logistics.

Julian leads our strategic manufacturing investments, including increased in-house manufacturing capability and capacity.

Richard Sutcliffe
Supply Chain Director

Appointed
Richard joined Howdens in January 2019 and was appointed to the Executive Committee in July 2020.

Contribution to the long-term sustainable success of the Company
Prior to joining Howdens, Richard was Director of Supply Chain at Screwfix. Before this, he held senior supply chain and business planning roles at Hobbycraft, Wyevale Garden Centres and B&Q.

Richard's role as Supply Chain Director encompasses optimising stock holdings across the business and ensuring Howdens maintains market leading stock availability. He led the highly successful XDC project, which is delivering superior service levels and availability to depots. Richard's role also encompasses leading our IT team.

Theresa Keating
Group Finance Director

Appointed
Theresa joined Howdens in September 2000 and has been a member of the Executive Committee since February 2012. She will retire from Howdens in March 2025.

Contribution to the long-term sustainable success of the Company
Theresa was appointed Group Finance Director in May 2014, having been Group Financial Controller since 2007. She joined the Group Finance team in 2000 having previously held various commercial finance roles at Waterstones, HMV and Heals.

Theresa also oversaw the key controls project, which identified operational, IT and financial controls to mitigate our key business risks.

Andy Witts
Chief Operating Officer: Trade

Appointed
Andy joined Howdens in July 1995 and has been a member of the Executive Committee since September 2008.

Contribution to the long-term sustainable success of the Company
Andy was one of the founding members of the Howdens depot management team, having joined from Magnet in 1995. Andy was promoted to Sales Director in January 2007 and was appointed Chief Operating Officer of Trade in January 2014.

Andy has overall responsibility for the performance and culture of the depots in the UK. He oversees the evolution of our depot estate, including our strategically important depot reformatting and the opening of new depots.

Forbes McNaughton
Company Secretary

Appointed
Forbes joined Howdens in July 2012 and was appointed Group Company Secretary in May 2014.

Contribution to the long-term sustainable success of the Company
Forbes joined the Company as Deputy Company Secretary in 2012 following a period of secondment from KPMG. He is a Fellow of the Chartered Governance Institute (CGI) and is Secretary to the Executive Committee as well as to the Board of Directors.

Forbes is the link between the Executive Committee and the Board and is responsible for managing a number of external stakeholder relationships such as with the Pensions Trustees and external regulators. He is the head of the legal function in addition to his corporate governance responsibilities and is Chair of the Howdens Worthwhile Foundation.

Governance

Corporate governance report continued

Key Board activity

Set out below and on the facing page are highlights of the matters the Board considered in 2024 and will consider in 2025. Not all of the matters the Board considered or will consider are listed, so this should not be taken as an exhaustive list of activities.

In addition to the matters shown on the 2024 timeline, at each meeting the Board received strategic, operational and financial updates from the CEO and CFO. The Board also considered aspects of Group culture and strategy at various points during the year.

Governance and risk

The Board received governance, legal, and regulatory updates at regular intervals from the Company Secretary and the Board's advisors.

Risk remains a matter reserved for the Board and a detailed review of our risk management processes and principal risks can be found on pages 36 to 41 and on page 98. We have reviewed our risk management processes and remain satisfied that they are robust and effective. The annual review of the risk and control framework was presented to the Audit Committee in November 2024. Reporting from our whistleblowing helpline is also considered by the Board on a bi-annual basis.

2024

<p>January</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update 2024 Budget review Principal Risks review Whistleblowing update <p>Executive Committee presenters: SL DS</p> <p>Spotlight: Trade Service and Convenience</p>	<p>February</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update Draft 2023 Full Year Results announcement, draft 2023 Annual Report and Accounts and 2024 AGM documents Shareholder and capital returns consideration Principal advisors review 	<p>April</p> <ul style="list-style-type: none"> Health and safety update Board evaluation feedback CEO and CFO updates Pensions update Investor relations update Broker update NED appointments consideration NED fees review Group policies approval <p>Spotlight: Product Leadership</p>	<p>May - AGM</p> <ul style="list-style-type: none"> All resolutions were passed with the requisite majority. Further details about the meeting may be found on page 92.
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<p>July</p> <ul style="list-style-type: none"> Health and safety update Board engagement with employees CEO and CFO updates Supply investment consideration Business continuity management Investor relations update Draft 2024 Half Year results and announcement, including consideration of an interim dividend Key and Principal risks review Whistleblowing update <p>Executive Committee presenters: AW JL</p> <p>Spotlight: Period 21 Readiness</p>	<p>September</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates 'Make vs Buy' update Investor relations update 2024 Board evaluation planning <p>Spotlight: Development of the business in the Republic of Ireland</p> <p>Executive Committee presenters: AW</p>	<p>November</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Manufacturing site development plan Pensions update¹ Investor relations update Employee engagement update Corporate conflicts register review Schedule of Matters Reserved for the Board and Board Committee Terms of Reference 2025 Board calendar approval <p>Executive Committee presenters: DS</p> <p>Spotlight: Technology Roadmap</p>	<p>Executive Committee presenters</p> <p>JL Julian Lee (Operations Director)</p> <p>SL Stuart Livingstone (Trade Director)</p> <p>DS David Sturdee (Chief Customer Officer)</p> <p>AW Andy Witts (COO: Trade)</p>
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2025

<p>January</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Update from Chair of the Pension Trustees Product update Investor relations update 2025 Budget review Principal Risks review Whistleblowing update Board evaluation feedback 	<p>February</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Draft 2024 Full Year Results announcement, draft 2024 Annual Report and Accounts and 2025 AGM documents Shareholder and capital returns consideration Review of risk management framework NED fees review Principal advisors review 	<p>April</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Pensions update Employee engagement Investor relations and Broker update Group policies approval UK Tax Strategy approval <p>Spotlight session</p>	<p>May - AGM</p> <ul style="list-style-type: none"> Further details can be found on page 225.
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<p>July</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update Draft 2025 Half Year results and announcement, including consideration of an interim dividend Market update Key and Principal risks review and review of risk management framework Whistleblowing update <p>Spotlight session</p>	<p>September</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update Employee engagement 2025 Board evaluation planning <p>Spotlight session</p>	<p>November</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Pensions update Investor relations update Corporate conflicts register review Schedule of Matters Reserved for the Board and Board Committee Terms of Reference 2026 Board calendar approval Director training <p>Spotlight session</p>	<p>Spotlight sessions</p> <p>Spotlight sessions are sessions with the wider Executive team and their direct reports to discuss the fundamentals of the business model, strategy and future plans. Sessions focus on topics within the five pillars of the business:</p> <ul style="list-style-type: none"> Trade service and convenience Product leadership Trade value Entrepreneurial culture Trusted trade relationships
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1 The Company's actuaries reported to the Board on routine funding and investment matters.

Governance

Corporate governance report continued

Directors' duties

Section 172(1) of the Companies Act 2006

A director of a company is required to act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, the director must have regard, amongst other matters, to the following:

- **Environment and community:**
the impact of the company's operations on the community and the environment.
- **Long-term thinking:**
the likely consequences of any decision in the long term.
- **Reputation:**
the desirability of the company for maintaining a reputation for high standards of business conduct.
- **Investors:**
the need for every member to be treated fairly and for no member to be favoured over another member.
- **Workforce:**
the interests of the company's employees.
- **Suppliers and customers:**
the need to foster the company's business relationships with (amongst others) suppliers and customers.

Section 172(1) Statement

Howdens was founded on the principle that the business should be worthwhile for all concerned. It's a principle that the business continues to live into today. Balancing the needs and views of all our stakeholders can be challenging as there are often competing interests at stake, and this is why the Board first and foremost considers our purpose, our culture, and our strategy to ensure all decisions have a clear and consistent rationale. For details on the matters which the Board discussed and considered during 2024, please see pages 82 and 83.

The Board regularly considers feedback from the Company's stakeholders. These are set out in detail on pages 86 to 93. This engagement is effective and in keeping with the Company's culture. For example, much of the feedback is through face-to-face conversations, but where there is need for formality and confidentiality, such as whistleblowing, this is also provided. Stakeholder feedback can directly affect the Board's decision making, such as feedback received from investors in relation to the proposed Directors' Remuneration Policy and direct employee feedback at Regional Board meetings, but it also provides the context for decision making, particularly where there are competing stakeholder interests.

As Directors, when we discharge our duty as set out in section 172 of the Companies Act 2006 ("Section 172"), we have regard to the factors set out on the left side of this page beneath the heading 'Section 172(1) of the Companies Act 2006'. In addition to these factors, we also consider the interests and views of other stakeholders, including our pensioners, regulators and the government, and the customers of our trade customers.

We have set out some examples below of how the Directors have had regard to the matters in section 172(1)(a)-(f) when discharging their Section 172 duty and the effect on certain decisions taken by them in 2024.

Investment in vertical integration

Vertical integration in manufacturing and logistics is a critical part of our business model, providing low cost and high-quality products, exemplary service to our depots to fulfil our in-stock offer, and better resilience. This creates a significant and sustainable competitive advantage.

During 2024, the Board considered manufacturing and logistics investments to underpin long-term growth and security of supply, which would benefit the Company's investors, the workforce and its customers and further bolster its reputation as the UK's number one trade kitchen supplier.

Runcorn site development

In November, the Board approved up to £128m capital expenditure for the Runcorn manufacturing site to replace our high-volume panel machining line, to expand our warehousing facilities, and to enter into negotiations to procure the freehold of the site. This investment will enhance Howdens' agility and mitigate our supply risks as demand continues to grow, which in turn represents good value for shareholders.

The Board considered the business case for each aspect of the Runcorn site investment, including the payback on investment. For the replacement of the panel machining line, the Board considered how the investment compared to the cost premium for buying panels in from third party providers and concluded that manufacturing a core product such as panels would ultimately represent better value for our depots and therefore our customers.

Purchase of land

In July, the Board considered the purchase of additional land close to one of our existing manufacturing facilities. It was noted that the land could not be used for warehousing but, in time, could be used to extend manufacturing capacity and/or capability, or to build a large-scale solar farm, which would further support the business' environmental sustainability plans as well as providing energy cost savings. Although other strategic opportunities would also be considered, the Board agreed that the purchase of the land would provide optionality. The Board therefore approved the proposal to purchase the land, subject to requisite planning approval.

Consolidation of warehousing

In July, the Board considered a proposal to enter into a long-term lease of a new purpose-built warehouse in Doncaster. It was noted that temporary warehousing solutions had led to network inefficiencies with increased transport movements between locations and that the current setup would not support projected demand. The Board approved the leasing of the new site as it was noted that, in addition to the cost benefits of a simplified and less complex logistics network, the site was located near to a rail head, which could release further benefits for both inbound and outbound freight costs, as well as reduce emissions by reducing transportation from spot warehousing. The Board also noted that environmental due diligence had been undertaken on the site and that the labour requirements at the new site were similar to existing requirements, so there would be no material reduction in staff numbers.

Shareholder returns

In February, the Board recommended a final dividend for 2023 of 16.2p per ordinary share and, in July, it further recommended an interim dividend for 2024 of 4.9p per ordinary share.

The Board takes regular feedback from its shareholders on the most appropriate method of returning capital, including at the AGM where all shareholders, regardless of the size of their shareholding, are invited to attend and ask questions of the Board. Our CEO and CFO also discuss this during investor roadshows following results announcements (further information about investor engagement can be found on page 93).

Howdens has a prudent risk appetite towards balance sheet management, an approach which has provided a source of great strength in challenging past years, for example during the Covid-19 pandemic.

Share Incentive Plan extension

The Company believes that share plans are an effective way to help employees engage with the business and to benefit from its success. For many years, the Company has offered free shares to its UK employees, with the only condition being that they remained employed by the business for three years. Since 2015, the Company awarded free shares under a UK tax-advantaged Share Incentive Plan (SIP), meaning free shares awarded under the SIP would not be liable to income tax and National Insurance contributions after being held in the SIP trust for five years.

In 2024, following feedback from our colleagues working in our Isle of Man depot, who expressed a keen interest in share plans, the Isle of Man Tax Office was engaged to find out if it would be willing to allow those employees to be offered free shares on the same tax-advantaged basis as our UK employees. The Isle of Man Tax Office granted this concession. In July, the Board formally nominated the Isle of Man employees as eligible to be offered free shares under the SIP and, in August, the Isle of Man employees were awarded SIP free shares for the first time.

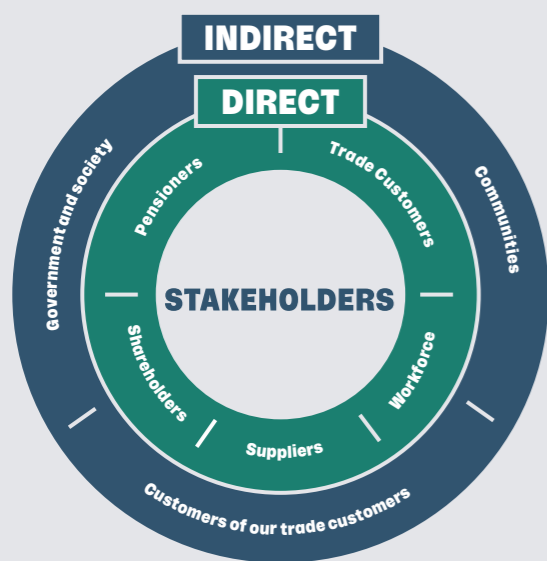
The Company has been an advocate of employee share plans for many years. In 2023, it supported an industry response to a call for evidence on tax-advantaged employee share plans. The response urged the Chancellor of the Exchequer to consider the reform of SIPs by reducing the holding period from five years to two years to make the SIP more relevant for more employees, especially those in younger and lower paid groups. Participation in a SIP increases employee engagement and allows employees to benefit from the success of the companies they work for.



Corporate governance report continued

Stakeholder engagement

Howdens' stakeholders



Stakeholder and forms of engagement

Trade customers	pages 86 and 87
Workforce	pages 88 and 89
Suppliers	pages 90 and 91
Shareholders	pages 92 and 93
Pensioners	pages 92 and 93

Trade customers

Engagement with our trade customers included the following:

- 1 Local depots
- 2 Builder forums
- 3 Customer surveys and research

Key outcomes of engagement:

- We have continued to refine our rigid cabinet design with the technical and manufacturing teams, and we have invested in new equipment to ensure a high minimum standard of quality.
- We have given depots the tools to be more competitive on the pricing of several products following customer feedback.
- Our strategy for depot improvements has also been informed by feedback from builder forums, including developing our product scanning system.
- Extended gable and panels for kitchens have been made available through our depot network as a result of the feedback from builder forums.



Local depots

The primary method of engaging with our trade customers since Howdens opened its doors in 1995 has been through conversations at the local depot. The relationship between depot managers and trade customers has always been at the heart of what we do.

Our depot managers feed back our trade customers' views to management at regional board meetings (see 'Workforce' on page 88 for further information), which the COO of Trade is present at and which the CEO and other members of the Executive Committee frequently attend. Feedback from regional board meetings influences product and pricing decisions. However, it also reinforces our strategic decisions on new depot openings, and ensures that we are maintaining high standards of customer service and investing in new products. From these meetings, managers were able to feed back directly to the CEO, the COO of Trade, and other senior executives about any matters affecting their customers.

Board members, Executive Committee members and senior managers regularly visit depots to ensure they hear from trade customers and the depot teams first hand. Depot visits also form a key aspect of new Board members' inductions.

Builder forums

Around 20 builder forums were held during 2024. These are arranged by area managers or regional directors with depots inviting their regular customers to attend and to provide their views on the business, our products, and particular initiatives. Most forums will have the area manager present and a regional director may also attend. Depot managers may also be invited. The COO of Trade, CEO, and other members of the Executive Committee may also attend forums. Typically, six to eight customers participate in each forum.

Feedback from the forums is disseminated to the leaders of the appropriate teams, including commercial, digital, marketing, quality assurance and aftersales, finance, customer services and credit control. Once an identified action has been discussed and a way forward agreed, regional teams and depots receive communications about the feedback and any resulting actions. Where it is decided that changes should be made, this is also fed back to our customers in future forums to demonstrate the impact that their feedback can have.

Internal bi-monthly meetings are held to discuss the current 'live actions' monitor maintained by the depot support team and progress made to date. This progress is communicated to regional and depot teams where appropriate and to the Trade Director and, latterly, the COO of Trade.

Trade customer surveys

In addition to the frequent face-to-face conversations we have with our customers in our depots, we run monthly trade customer surveys to better understand our customers' sentiment, price and value perceptions, purchase behaviour, business prospects, 'cost of living impacts' and planned activity.

Ad hoc 'deep dive' surveys are also used to ask trade customers about various product categories, including what is important to them within those product categories, what more they need from us, and what could cause them to trade elsewhere. In 2024, we completed these surveys across all of our core categories. We received over 10,000 responses from our customers which has informed category strategy, brand and ranging plans and depot education.

Each month we conduct research to monitor customer satisfaction levels, as part of our Voice of the Customer research, receiving an average of around 1,000 responses per month. This, combined with our external brand tracking activity amongst the wider trade audience (including non-customers), helps Howdens ensure that we are delivering strong customer service and succeeding in making life easier for tradespeople.

Brochure research focus group

In 2024, we carried out research with both depots and end users to understand the purchase journey and the role of the brochure, the brochure's performance versus our competitor set, and perceptions of Howdens. A mix of qualitative and quantitative methodologies was used, including focus groups, online and face-to-face interviews, and online surveys. The research findings highlighted potential improvements that could be made to the purchase journey for all of our key stakeholders.

Governance

Corporate governance report continued

Stakeholder engagement continued

Workforce

Engagement with our workforce included the following:

- 1 The Board's engagement arrangements
- 2 Regional board meetings
- 3 CEO focus groups
- 4 Town halls and feedback sessions
- 5 Trade union and works council meetings
- 6 Surveys
- 7 The Howdens Show
- 8 Whistleblowing helpline

Key outcomes of engagement:

- As a result of regional board meetings and CEO focus groups, a new pricing and margin tool has been developed and is being tested for roll-out across the depot estate.
- Depots were given the tools to be more competitive locally on entry-level solid surface worktops following feedback at regional board meetings.
- A new extra tall larder cabinet was designed and rolled out to depots following feedback at regional board meetings that the previous system should be simplified to save our customers time when fitting them.
- The number of 'flex hours' employees were expected to work in our supply operations teams was reduced as a result of feedback sessions.
- We have expanded and developed our wellbeing support framework in supply operations, including through training new wellbeing representatives, as a result of engagement with our trade union and works council group.

Board workforce engagement arrangements

In 2023, a review of workforce engagement by the Board was undertaken. Given the complexity of Howdens' operations (when considering the variety of role types in our vertically integrated business and its various geographies), it was agreed by the Board that workforce engagement would become a collective responsibility for all the Non-Executive Directors (rather than one member of the Board being designated as being responsible for workforce engagement) to ensure that the diversity of Howdens' workforce was properly and proportionately represented. Non-Executive Directors are expected to attend at least two employee engagement sessions each year and to provide feedback after each session, focusing on positive themes emerging from the session, any issues raised, and whether any follow-up actions are needed.

In 2024, Non-Executive Directors attended regional board meetings (see below), visited depots, attended The Howdens Show (see opposite page), and visited manufacturing sites. Most of the issues raised as a result of the engagement sessions were focused around local operational and market challenges, but there was also feedback that the culture of the business came through strongly, especially at regional board meetings, and there was a lot of motivation and positivity in the depot teams ahead of the peak autumn sales period.

Regional board meetings

Regional board meetings are a forum for the depot leadership team and management to discuss strategy and day-to-day business matters on a regular basis. Our Chief Operating Officer of Trade attends nearly all meetings and regional directors, area managers, and depot managers are expected to attend the meetings applicable to their region. Our CEO also attends a majority of these meetings and other members of the Executive Committee attend on an ad hoc or as-required basis. Certain support functions (including credit control, product development, quality & assurance, finance, and HR) also regularly attend. Members of the Board attend regional board meetings as part of their induction and periodically thereafter as part of their ongoing collective responsibility for workforce engagement.

In 2024, a total of 54 meetings were held across the nine UK regions. Notes of each meeting are taken and sent to the regional team the same day following the meeting. Where issues have been raised, relevant teams are notified and requested to find a solution or to provide an answer. Updated notes are then sent out again within 10 days of the meeting, which contain updated information on actions being taken to issues raised.

CEO focus groups

Our CEO, holds face-to-face monthly CEO focus meetings with depot managers in different regions. These focus groups provide a forum for managers to have a two-way conversation with the CEO and to discuss new ideas within a smaller group setting than Regional Board meetings.

As a result of one of these focus groups in Scotland (as well as feedback in regional board meetings), a new discount management tool was developed and is being rolled out across the depot estate to help depot managers to improve their competitiveness and margin management.

Town halls and feedback sessions

The Operations Director continues to hold at least two business updates each year for all employees based at our manufacturing and logistics locations, supported by members of the Operations Leadership Team. The Operations Leadership Team also hold 'Ask away' sessions with groups of employees. All new starters are invited to a 'Meet and Greet' session with members of the Operations Leadership Team and, as part of that, all new starters are asked for their feedback about what they are enjoying and what we could do better.

At each of our manufacturing and logistic sites regular feedback sessions are held with employees. It was through these channels that employees continue to express any concerns or opportunities for improvement. Following some of these sessions in 2023, we committed to improving our agreement for flexible working arrangements, ensuring people have a better balance, while also ensuring we continue to maintain our excellent service levels. In 2024, we reduced the number of 'flex hours' people were expected to work in response to that feedback.

Monthly town halls are hosted by our Supply Chain Director, who is also acting Commercial Director, and separately by our Chief Customer Officer, our HR Director and our Chief Financial Officer. The town halls focus on business updates and updates on work ongoing within specific teams. Employees are given the opportunity to ask questions and the meetings also act as an opportunity to give recognition to employees who are going 'above and beyond' in their work.

Trade union and works councils meetings

Howdens respects the collective bargaining of its employees and actively engages with the trade union and works councils collectively at least quarterly. Local sites host trade union representative meetings and works councils meetings monthly. Site leadership and HR attend these meetings.

In 2024, we continued to engage with the collective groups and undertook further training through ACAS to wider groups of our management teams. This helped us build even more productive and effective working relationships.

As a result of the feedback from our trade union and works council groups, we have made enhancements to some of our flexibility arrangements, continued to embed the new in-house occupational health service, expanded and developed our wellbeing support framework, including new wellbeing representative training, and continued to enhance benefits access and provision.

Employees and trade union representatives were also involved in the selection process for a new HR and payroll system, the aim of which is to enhance overall functionality and employee accessibility. Following selection of a provider, employees and trade unions representatives will continue to be involved during the implementation phase.

Surveys

During 2024, we conducted an inclusion survey to establish how close we were to meeting our ambition of being famous for being 'worthwhile for all concerned'. The results of this survey can be found on page 54.

Our supply operations team also conducted a pulse survey during the year. Overall, 75% of respondents stated that they are proud to work for Howdens. Line managers shared their results with their teams and committed to one or two things that they would put in place to help make Howdens an even better place to work.

The Howdens Show

In January 2024, we hosted the Howdens Show, which welcomed over 1,100 employees to the International Convention Centre in Wales. Our CEO hosted the event, which was a chance to set the scene for the year ahead and it featured business, charity and community updates from senior members of staff from across the business.

A number of other Board members also attended the event and were able to engage with a significant cross-section of the workforce.

Whistleblowing helpline

The Company uses a third-party operated, confidential whistleblowing helpline, which is multilingual and available 24 hours a day. The Board receives a bi-annual report detailing the number and nature of whistleblowing instances made during the period. Although no specific complaints were escalated for Board attention, the governance processes are in place should this be necessary.

Corporate governance report continued

Stakeholder engagement continued

Suppliers

Engagement with our suppliers included the following:

- 1 Suppliers conference
- 2 Category team relationships

Key outcomes of engagement:

- An increased number of suppliers committed to submitting their emissions data to our platform and over 260 supplier representatives attended training on emission data submission.
- Targeted commercial support was provided by suppliers to the French business.



Maintaining strong supplier relationships based on trust is a key facet of our resilient business model. Co-operative engagement with suppliers on sustainability, new products and the scale necessary to support suppliers' businesses and investment plans helps us to ensure the relationships are enduring and worthwhile for both parties.

Suppliers conference

Supplier conferences are an important way of helping us maintain enduring relationships with our supply base. At the conferences, which usually occur once every other year, we celebrate our successful partnerships and ensure that suppliers understand, and can align with, our priorities in the short, medium and long term. Supplier engagement is also key in our plans to achieve our Net Zero SBT Plans (further detail about our Net Zero SBT Plans can be found on pages 46 to 49).

In March 2024, around 150 supplier representatives joined us for a conference in Scotland. The CEO, Group Finance Director, Supply Chain Director and acting Commercial Director, Supply Operations Director, Trade Director, HR Director, Chief Customer Officer and Company Secretary were all present at the conference.

The conference, held over two days, saw presentations being given by senior leaders across Howdens and a chance for questions to be asked by the suppliers. Over the two days, there was also ample opportunity for Howdens' senior leaders to have face-to-face discussions with supplier representatives.

The key messages from Howdens to its suppliers at the conference were as follows:

- Suppliers must sign up to Howdens' Net Zero targets and to support the Company's environmental ambitions with regular and accurate sustainability reporting. Our CEO stated that ESG is a "non-negotiable" and supplier plans needed to align with our Net Zero plan.

- Suppliers need to design and supply more products that reduce workload for our builder customers and maintain our 'no call-back' quality standards.
- Suppliers are invited to attend builder forums hosted by Howdens so that they can hear first hand from our customers what works well and what needs improving from a product perspective.
- Suppliers should engage more with the needs of the Howdens business in France.

Following the conference, a number of suppliers provided assistance to the French business. The major kitchen frontals suppliers visited the team in France and assisted with market and competitor intelligence and improved pricing on France-specific ranges. Suppliers have also provided commercial support for a flooring promotion, helped us launch a new range of budget taps made specifically for France, and helped us successfully launch tools in the French market.

Also, following the conference, 115 suppliers signed up to submitting their emissions data to our ESG platform. At the end of 2024, around 50% of our suppliers had submitted data against our baseline year of 2021.

Four training webinar sessions were also held with suppliers during the year to help suppliers to submit their emissions data correctly. Over 260 delegates in total attended the sessions. Further information about supplier engagement in relation to Scope 3 emissions can be found in the Sustainability report on page 49.

Internal training sessions were also held for our Commercial teams to help ensure they could support their suppliers with the data collection.

Category team relationships and supplier management

Howdens benefits from deep and long-standing relationships with many of our suppliers, to the mutual benefit of both parties and, ultimately, our trade customers. Product design and innovation is central to our success. Suppliers understand this and support us by responding quickly to new product initiatives and coming to Howdens first with their own innovations. This is a virtuous circle: lessons learned when dealing with Howdens flow back into our suppliers' own plans and initiatives. These lessons are not restricted to product innovation but may also include quality processes, packaging improvements (typically with environmental benefits) and insight into market trends.

At Howdens we work with our suppliers to identify promotional opportunities, typically marketed through our popular Rooster Deals publications. These promote footfall into depots, create a talking point between depot staff and customers, and offer exceptional value to our customers.

Our internal commercial structure is organised into categories. The use of categories provides clear accountabilities for product range decisions and with greater internal accountability comes the fostering of stronger relationships with our suppliers. Suppliers are engaged with focused teams within the organisation and this clarity brings the opportunity for even more valuable discussions.

In addition, we are partnered with SAP Ariba to further strengthen the way we do business with our suppliers in an efficient and more sustainable (paperless) way. SAP Ariba Supplier Life Cycle Performance (SLP) has helped improve the onboarding and management of our suppliers and allows them to transact and communicate with us digitally.

Governance

Corporate governance report continued

Stakeholder engagement continued

Shareholders

Engagement with our shareholders included the following:

- 1 Annual General Meeting
- 2 Remuneration consultation
- 3 Investor relations programme

Key outcomes of engagement:

- The Executive Directors' shareholding requirement has been increased as a result of the Directors' Remuneration Policy shareholder consultation.
- Relative total shareholder returns (TSR) has been retained as a performance measure for 2025 following engagement with shareholders as part of the wider Directors' Remuneration Policy consultation.

Annual General Meeting (AGM)

The 2024 AGM was held in-person and was an opportunity for the Board members to speak with shareholders and to present their updates to them directly. Members of our Executive Committee and senior leadership team were also present to meet with shareholders outside of the formal business of the meeting.

During the question and answer session at the AGM, the Board was asked questions on the following topics:

- shareholder returns;
- performance in France and the Republic of Ireland and potential further international expansion;
- expansion of product range into bedrooms; and
- cyber security preparedness and internal skills, and the use of artificial intelligence in the business.

The questions raised were answered fully on the day and no further action or considerations were required.

Shareholders were provided with the opportunity to submit any questions they had of their Board of Directors through a question facility on the Company's corporate website, which remained open throughout the year.

Executive remuneration consultation

In July and November 2024, the Remuneration Committee consulted with the Company's top 30 shareholders and proxy advisory agencies on proposed changes to our Executive Director remuneration. Details of these consultations are set out in the Remuneration Committee report on page 113.

The Remuneration Committee received a high level of support for its proposals but, following shareholder feedback at meetings with the Remuneration Committee Chair, it agreed to increase the Executive Director shareholding requirement in the updated Directors' Remuneration Policy. It was further agreed to retain relative TSR as a performance measure for the 2025 Performance Share Plan award, albeit at a reduced weighting.

Investor relations programme

During 2024, we supported our Institutional shareholders with regular meetings and updates both face-to-face and virtually.

The Board is provided with an investor relations update each period, which gives an overview of investor feedback and the Director of Investor Relations and the Company's brokers regularly provide verbal feedback at Board meetings on the investor relations programme.

Following the half-year and full-year results, more detailed feedback sessions were held with the Board to discuss shareholder views on the results and the Company's strategy. Overall, investors continue to be supportive of the Company's strategic initiatives and the resilience of Howdens' business model despite challenging market conditions.

Howdens also hosted four small group site visits with investors to showcase both revamped depots and our operations. The visits combined tours of our facilities (for example, our major manufacturing site in Howden) and short presentations. The visits were hosted by the CEO and Finance Director alongside other senior managers. The visits enabled investors to see Howdens' strategic initiatives first hand, and to give them a better idea of the significant growth opportunities in our markets and how we are addressing them. The feedback from attendees of the visits was very positive and so we will continue to run these meetings in 2025.

Pensioners

Engagement with the members of our pension plans includes the following:

- 1 Board engagement with the Trustee Board
- 2 Newsletters
- 3 Factor reviews

The Howden Joinery Defined Benefit Pension Plan (the "DB Plan") has over 10,200 members, of whom c.5,500 are deferred members, and c.4,700 are pensioners and dependants.

The DB Plan is governed by a Trustee Board who is responsible for the Plan's administration and for the investment of its assets. While pensioners (as former employees and their dependants) are an important stakeholder group for the Company, Howdens' primary engagement is with the Trustee Board.

Board engagement with the Trustee Board

The Trustee Board, chaired by an independent trustee, is responsible for investment strategy and for the day-to-day running of the DB Plan. There are a number of matters reserved for the Company as sponsor under the Trust deed, and the Board invites the Chair of the Trustee to present to the Board every year and provide an update on matters affecting the membership. The Company and Trustee have an information sharing protocol in place which is reviewed annually.

In 2024, the Company engaged with the Trustee Board on a number of matters outside of the normal engagement cycle of investment and funding strategy, including:

- collaboration on the Plan factor review;
- review of the Plan's endgame strategy;
- enhanced monitoring of LDI collateral headroom and overall liquidity;
- progressing the GMP equalisation project following the Lloyds bank judgement;
- review and approval of information sharing protocols; and
- preparations for the pensions dashboard roll out.

Newsletters

In March and December 2024, Plan newsletters were sent by the Trustee Board to all members of the DB Plan. The newsletter provided updates on matters such as Pension team changes, enhancements to the online member portal, latest funding position and financial review, and an update on the DB Plan's climate governance work in the year.

Plan factor review

The Plan has in place various actuarial factors which are used to calculate and adjust the benefits of Plan members under different scenarios. It is good practice to review the actuarial factors on a regular basis, to ensure that they still meet the requirements of legislation and the Plan rules. These factors determine the value and cost of various member options. Following completion of the 2023 triennial valuation, the Trustee agreed to undertake a factor review (last updated in 2021).

The Trustee is ultimately responsible for setting the factors but engaged the Company for its feedback. The updated factors were agreed and implemented from 1 September 2024.

Governance

Corporate governance report continued

UK Corporate Governance Code: application and compliance

This Annual Report and Accounts has been prepared under the 2018 version of the UK Corporate Governance Code (the "2018 Code"), which applies to accounting periods beginning on or after 1 January 2019. We are pleased to report that the Company applied all the Principles of the 2018 Code throughout the period, and we have reported in summary over the next few pages how we have done so. Throughout the financial period under review, the Company was compliant with all Provisions of the 2018 Code, except for Provisions 40 and 41.

Provision 40 provides that when determining executive director remuneration policy and practices, remuneration committees should address whether remuneration arrangements promote effective engagement with the workforce. Provision 41 provides that the annual report of remuneration committees should include a description of the engagement that has taken place with the workforce to explain how executive remuneration aligns with wider company pay policy.

The Remuneration Committee did not directly consult with the workforce on Executive Director pay arrangements during 2024; however, the Committee receives reports from management on pay and benefits across the workforce to ensure that there is good alignment on remuneration across the organisation. In addition, through the Company's Share Incentive Plan (SIP), nearly all employees in the UK and the Isle of Man (the majority of our workforce) have been awarded free shares, which gives them voting rights on those shares from the day they are awarded. This means they can vote on the Directors' remuneration report and the Directors' remuneration policy (when applicable) at general meetings of the Company. The Remuneration Committee will keep under review the need to engage the workforce more directly on Executive remuneration arrangements. Details of how Executive Director pay is considered in the context of the workforce is set out on pages 115 and 123.

Provision 5 of the 2018 Code states that one or a combination of the methods listed below should be used for engaging with the workforce or an explanation provided for the alternative arrangements that are in place and why they are considered effective:

- a director appointed from the workforce;
- a formal workforce advisory panel;
- a designated non-executive director.

For the reporting period, the Board chose to put in place alternative arrangements and workforce engagement was a matter for which all the Non-Executive Directors were responsible. A full explanation of how these arrangements work and why they are considered effective for Howdens can be found on pages 75 and 88.

The Financial Reporting Council (FRC) published the 2024 version of the UK Corporate Governance Code on 22 January 2024 (the "2024 Code"). That iteration of the UK Corporate Governance Code applies to all companies listed in the commercial companies category or the closed ended investment funds category, whether incorporated in the UK or elsewhere. The 2024 Code applies to accounting periods beginning on or after 1 January 2025, except for Provision 29, which is applicable for accounting periods beginning on or after 1 January 2026. It is anticipated that Howdens will prepare its Annual Report and Accounts for the financial year ending 27 December 2025 under the 2024 Code, with the exception of Provision 29.

UK Corporate Governance Code: application of Principles

Section 1: Board leadership and company purpose

A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

Howdens' founding principle of being worthwhile for all concerned supports the premise that its role is to ensure long-term, sustainable growth and value for all its stakeholders.

Further information on our resilient business model and strategy can be found in the Strategic Report beginning on page 2. Our contribution to wider society and our statement of the extent of consistency with the TCFD framework can be found in our Sustainability Matters report beginning on page 42.

Governing in an effective way ensures the framework and controls needed to align our operations with our strategy are in place. It is only by doing this that we can ensure long-term strategic success of the Company for our stakeholders. We discuss throughout the Governance section how our actions help to preserve the value that the business generates and how they support the strategy. For example, we have set out the way our Executive remuneration structure supports our strategic aims on pages 118 to 121.

B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

An explanation of our purpose, values and strategy are set out in the Strategic Report which starts on page 2. The Board regularly discusses the importance of Howdens' unique culture and is mindful that it remains aligned with its purpose, values and strategy. Direct engagement with the workforce is a key part of the Board's agenda. Since 2024, all Non-Executive Directors share the responsibility of workforce engagement, allowing the Board to experience and monitor the culture first hand.

More information about the Board's engagement with the workforce may be found on pages 88 and 89.

Integrity and sympathy to the Howdens culture are paramount when the Board appoints new members of the Board. More information about our recruitment and inductions process can be found on pages 105 to 107.

C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

The Board is satisfied that the necessary resources are in place to ensure that the Company meets its objectives and measures performance against them. Our KPIs and how we have performed against them can be found on pages 28 and 29.

More information on our risk processes, including our principal and emerging risks, can be found on pages 36 to 41. Our Audit Committee report provides a summary of our internal control framework on pages 147 to 148.

D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

Howdens has a broad group of clearly defined stakeholders and Board members actively engage with each of these groups. A detailed explanation of our engagement with our shareholders and wider stakeholder base, and where this engagement has

informed the Board's decision making processes, can be found on pages 84 to 93. How the Board members discharged their 'Section 172' statutory directors' duties is set out on pages 84 and 85.

E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

The Board and its committees review workforce policies and practices on a regular basis. A Group policy framework has been established and is reported on to the Board on an annual basis, as well as any updates needed for Group policies. Part of this review includes ensuring that policies remain aligned to the Howdens culture and support long-term success.

One example of this is how our Remuneration Committee considers the pay policies and practices of the wider workforce when determining Executive reward. More information in this regard can be found on pages 115, 123, and 131.

All employees are able to raise any matters of concern using the confidential whistleblowing helpline. The helpline is available 24 hours a day, it is multilingual, and it is operated by an independent third party. The Board receives reporting from the helpline twice a year and any matters of significant concern are escalated as appropriate by the Company Secretary who oversees the helpline with support from the internal audit team.

Governance

Corporate governance report continuedUK Corporate Governance Code: application of Principles continued

Section 2: Division of responsibilities

F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The Board confirms that Peter Ventress was independent on appointment when assessed against the circumstances set out in Provision 10 of the Code. The roles of Chief Executive and Chairman are not held by the same individual and the Chairman has never held the position of Chief Executive of the Company. These factors help ensure that the Chairman demonstrates objective judgement throughout his tenure.

The Chairman is mindful of his role in facilitating constructive Board relations and promoting a culture of openness and debate amongst the Board. This in turn encourages the effective contribution of all the Non-Executive Directors.

The 2024 internal Board evaluation concluded that the Board was effective, supportive of management and doing well. Further information about the outcomes and process of the evaluation may be found on pages 108 and 109.

The Chairman is also mindful of the need for the Directors to receive information which is accurate, timely and clear. He is supported in this by the Company Secretary, who ensures the effective flow of information in a timely manner between the Board and senior management.

G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

At least half of the Board was made up of Independent Non-Executive Directors (not including the Chairman) throughout the reporting period. The Non-Executive Directors that the Board considered to be independent are shown as such on page 76. The Board confirms that all the Non-Executive Directors (excluding the Chairman) were independent during the reporting period and that the Chairman was independent on appointment.

There is a clear division of responsibilities between the leadership in the organisation. The responsibilities of the Chairman, Chief Executive, and Senior Independent Director may be found on the Company's website (www.howdenjoinerygroupplc.com/governance/division-of-responsibilities) and the function of the Board Committees may be found in the respective committee terms of reference, also available on the Company's website (www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters).

H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

The number of Board meetings which were held during the reporting period and the attendance at each of these meetings may be found on page 75. Similarly, the number of meetings of each Board Committee and the attendance may be found on the following pages: 100 (Nominations Committee), 110 (Remuneration Committee), 142 (Audit Committee), and 150 (Sustainability Committee).

When reviewing the Nominations Committee's recommendation to appoint a new Director, the Board will always assess whether the candidate is able to allocate enough time to the role. Similarly, when assessing the acceptability of an existing Director's wish to take on external appointments, the Board will assess the additional demand on that Director's time before authorising the appointment. This occurs within the Board's agreed existing protocol whereby any significant appointments taken on while serving as a Director of the Company must be approved by the Board before they are entered into.

This is set out in the Schedule of Matters Reserved for the Board which may be found on the Company's website (www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters). During the reporting period, no existing Directors took on additional external appointments.

Members of the senior management team regularly presented to the Board (see pages 82 and 83 for a timeline of Board meetings and information regarding any Executive Committee attendees), which provided an opportunity for the Board to constructively challenge and to provide advice to our senior management team.

Information about the management of conflicts between the duties Directors owe the Company and either their personal interests or other duties they owe to a third party may be found on pages 145 and 149.

Section 2: Division of responsibilities continued

I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

All of the Directors of the Company have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

The Board has implemented a Group policy framework, which is considered by the Board on an annual basis. Individual policies and associated practices are considered alongside the framework review process.

As stated in the Schedule of Matters Reserved for the Board (which may be found at www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters) the appointment and removal of the Company Secretary is a decision for the Board as a whole.

Section 3: Composition, succession and evaluation

J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Nominations Committee engages external search consultancies when searching for Board position candidates. Further information about the appointments process is available on page 105 of the Nominations Committee report and the Board's diversity policy is available on page 104.

The Nominations Committee regularly reviews the skills matrix and the tenure of each Board member (see pages 102, 105 and 107 for further details). This ensures the Board's succession plan remains aligned with the natural rotation of Directors off the Board and the strategic objectives of the business.

The succession plans for the senior management team are also regularly considered by the Board.

K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

The Board uses a skills matrix to ensure it has the necessary combination of skills, experience and knowledge to meet its strategic objectives, business priorities and to ensure the unique Howdens culture is maintained. The skills matrix may be found on page 102. The tenure of each Director can be found on pages 80

(Executive Directors) and 105 (Non-Executive Directors). The Board has a good balance of new and longer-serving Directors. As at the year end date, tenures of the Non-Executive Directors (including the Chairman) range from six months to just over nine years, and the average tenure is just under three years.

L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Details of the 2024 internal Board evaluation process and outcomes may be found on pages 108 and 109.

The specific reasons why the Board considers that each Director's contribution is, and continues to be, important to the Company's long-term sustainable success may be found on pages 77 to 79. Reference to the specific reasons and where to find them in the

Annual Report and Accounts will accompany the resolutions to elect or re-elect Directors in the 2025 AGM Notice. The Board recommends that shareholders vote in favour of the election or re-election of all the Directors standing.

Governance

Corporate governance report continued

UK Corporate Governance Code: application of Principles continued

Section 4: Audit, risk and internal control

M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board has established formal and transparent policies and procedures, which ensure the external auditor and internal audit function are independent and effective and are accountable to the Audit Committee.

The Board also monitored the integrity of the annual and interim financial statements of the Company through the Audit Committee. Further information about the work of the Audit Committee, including the subjects above, may be found in the Audit Committee report, which begins on page 142.

N The board should present a fair, balanced and understandable assessment of the company's position and prospects.

A statement regarding the Directors' responsibility for preparing the Annual Report and Accounts and the Directors' assessment of the Annual Report and Accounts, taken as a whole, as being fair, balanced and understandable and providing the necessary

information for shareholders to assess the Company's position, performance, business model and strategy, can be found in the Strategic Report beginning on page 2.

O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

The Board is responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. The Board is assisted with these responsibilities by the Audit Committee. Such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, as well as to help the business take appropriate opportunities. The Board has conducted reviews of the effectiveness of the system of internal controls through the processes described within the 'Risk management' section (see pages 36 to 41) and is satisfied that it accords with the Code and with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. As described in the Audit Committee report on pages 147 to 148, the management team continued to strengthen our overall control framework.

This work to further enhance internal controls will lead to better assurance and efficiencies through opportunities to formalise and automate controls and improve visibility to the Executive Committee, Audit Committee and Board in a consistent way across the Group.

The assessment of the principal and emerging risks, the uncertainties facing the Group, and the ongoing process for identifying, evaluating and managing the significant risks faced by the Group is set out in the 'Risk management' section (see pages 36 to 41). The Board confirms that it has conducted a robust assessment of the principal and emerging risks.

Section 5: Remuneration

P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

The way the Remuneration Committee has ensured our remuneration policies and practices are aligned with our culture, our strategy,

our KPIs and risk management is discussed in the Remuneration Committee report, which starts on page 110.

Q A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

The Remuneration Committee has delegated responsibility for setting the Executive Directors' remuneration under the shareholder-approved Directors' Remuneration Policy (the full policy is set out at www.howdenjoinerygroupplc.com/governance/remuneration-policy). The Remuneration Committee also has delegated responsibility for setting the Chair of the Board's remuneration and the remuneration of senior management (i.e. the members of the Executive Committee, the Company Secretary and the Director of Risk and Assurance). No Director is able to determine their own remuneration outcome.

The Remuneration Committee reviews workforce remuneration and related policies when setting Executive Director remuneration. Ensuring these factors are always considered means our remuneration policies are clear and as predictable as possible. Further information can be found in the Remuneration Committee report, which starts on page 110.

R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The Remuneration Committee membership is made up of only independent Non-Executive Directors.

Details of whether the Remuneration Committee exercised its discretion during the year can be found in the Annual Remuneration Committee Chair's Statement (pages 112 to 116).

By order of the Board

Peter Ventress
Chairman

26 February 2025

Governance

Nominations
Committee report



Peter Ventress
Nominations Committee Chair

Introduction

I am pleased to present the Howden Joinery Group Plc Nominations Committee report for 2024. This report is divided into the following sections:

1. Key information at a glance
2. Activities of the Committee in 2024 and key activities in the year ahead
3. Composition and diversity
4. Succession (including a case study on Non-Executive Director succession)
5. Evaluation

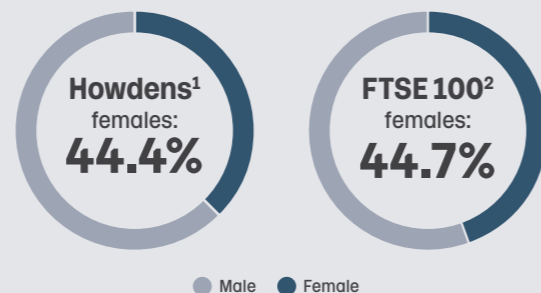
The Nominations Committee has been progressing a phased transition on Board succession and is pleased with the balance of gender, skills, experience, and background that the Board and its Committees now have. We have moved forward in terms of diversity of ethnicity but continue to keep our targets under review. A case study on Non-Executive Director succession can be found on page 107.

I look forward to answering any questions on the work of the Nominations Committee from shareholders at the AGM in May.

Peter Ventress
Nominations Committee Chair

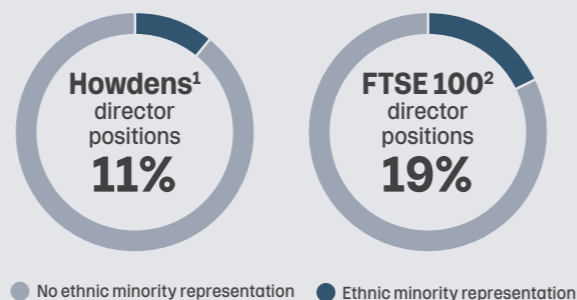
Key information at a glance

Board gender diversity



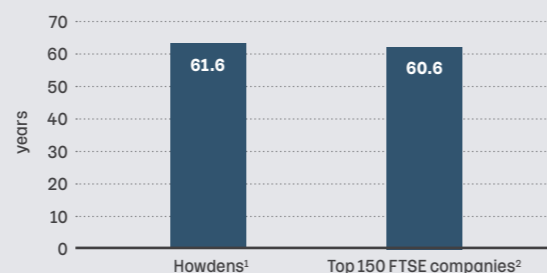
1 Figures correct as at 28 December 2024.
2 Figures derived from the FTSE Women Leaders Review (published February 2025).

Board ethnicity



1 Figures correct as at 28 December 2024.
2 Figures derived from the March 2024 Parker Review update 'Improving the Ethnic Diversity of UK Business'.

Board average age



1 Figures correct as at 28 December 2024.
2 Figures derived from the 2024 UK Spencer Stuart Board Index.

Key Committee activities in 2024

February	Non-Executive Director appointment
	• Vanda Murray
February	Committee meeting
	• Board evaluation process and outcomes
	• Non-Executive Director succession update
	• Board recommendations for AGM elections
	• Boardroom diversity policy approval
May	Non-Executive Director retirement
	• Karen Caddick
July	Non-Executive Director appointments
	• Roisin Currie
	• Suzy Neubert
November	Committee meeting
	• Non-Executive Director succession, including consideration of diversity, tenure and skills matrix
	• Internally facilitated Board evaluation approval
	• Review of Board diversity policy
	• 2025 Nominations Committee calendar
	• Nominations Committee Terms of Reference

Committee meeting attendance in 2024

Peter Ventress	(2/2)	
Karen Caddick	(1/1)	Retired 2 May 2024
Andrew Cripps	(2/2)	
Roisin Currie	(1/1)	Appointed 1 July 2024
Louis Eperjesi	(2/2)	
Louise Fowler	(2/2)	
Vanda Murray	(2/2)	Appointed 1 February 2024
Suzy Neubert	(1/1)	Appointed 1 July 2024

Committee evaluation in 2024

Areas of focus:

- Role and operations of the Committee
- Composition
- Leadership
- Process and procedures

Methodology:

See page 108.

Outcomes:

In all areas of focus (see above), the Committee's scores were above the benchmark¹. Feedback from the Committee members was positive on the whole, with the leadership of the Committee being cited as "effective" and the culture of the Committee being described overall as "collaborative". In the year ahead, members commented that the key priorities for the Committee should be to focus on senior management succession planning and processes and to improve diversity.

1 Benchmark is derived from over 1,000 board evaluations, which include feedback from more than 3,000 board members across 400 organisations.

Key Committee activities in the year ahead

- The Committee to recommend the election and re-election of all current Directors at the AGM on 1 May 2025, with the exception of Andrew Cripps who is due to retire at the AGM.
- Executive Committee and senior management succession and talent planning.
- The Committee will undertake its review of skills, composition and size of the Board.
- Review of the Boardroom Diversity Policy.
- Board external evaluation planning.
- Review of the Committee's Terms of Reference.

Governance

Nominations Committee report continued

Composition

Skills and experience matrix

The Nominations Committee used a skills matrix when assessing its Non-Executive Director succession plans. The matrix highlights where the skills and experience of our Non-Executive Directors are particularly strong, where there are opportunities to further grow the Board’s collective knowledge, and to inform the Board’s future composition as Non-Executive Directors naturally rotate off the Board. The information below is correct at 26 February 2025.

Skills and experience	Importance	Number of Non-Executive Directors	
		Direct experience	Indirect experience
Industry/Sector			
Business-to-business	H	7	1
Manufacturing	H	6	1
Logistics, distribution and supply chain management	H	5	3
Consumer goods	H	6	1
Geographic exposure			
UK	H	8	0
Europe	M	6	1
Governance			
UK listed companies	H	8	0
Company chair experience	M	4	1
Remuneration committee chair experience	M	4	3
Audit committee chair experience	M	3	3
Senior independent director experience	M	6	0
Policy development	M	7	1
Technical			
Accounting and Finance	H	3	4
Audit	H	2	4
Executive management	H	8	0
Risk management	H	7	1
HR/Remuneration	M	3	5
Ecommerce	M	2	5
Marketing	M	5	2
IT/Cyber security	M	0	6
Legal	M	1	4
Howdens-specific considerations			
Vertical integration	H	6	1
Multisite depot operation	H	3	3

Importance

M Medium H High

Diversity

Board and Executive Committee diversity

UK Listing Rule (UKLR) 6.6.6R(9) requires that a company state whether it has met certain targets on diversity. These targets and whether the Company has met them as at the reference date¹ of 28 December 2024 are set out below. The Board confirms that no changes to the membership of the Board have occurred between the reference date and 26 February 2025 that have affected the Company’s ability to meet one or more of the targets. The appointment of Tim Lodge as Non-Executive Director on 1 January 2025 reduces the proportion of women on the Board to 40%, which remains in line with target (i) below; however, this will increase back to 44.4% following the retirement of Andrew Cripps on 1 May 2025.

Target:	(i) At least 40% of the individuals on the Board of Directors are women.	(ii) At least one of the following senior positions on the Board of Directors is held by a woman: (a) the Chair; (b) the Chief Executive; (c) the Senior Independent Director; or (d) the Chief Financial Officer.	(iii) At least one individual on the Board of Directors is from a minority ethnic background.
Has the target been met by the Company?	The Company has met target (i). The Board is made up of 44% women at the reference date.	The Company has not yet met target (ii).	The Company has met target (iii). Suzy Neubert is from an ethnic minority background.
If the target has not been met, why this is the case:		The Company has a well established CEO and CFO and appointed a new Chair in 2022. However, while the Company has not met this target at the reference date, upon Andrew Cripps’s retirement on 1 May 2025, Vanda Murray will be appointed Senior Independent Director. The Company therefore expects to meet this target at the next reference date.	

The data below is presented in accordance with UKLR 6.6.6R(10). The applicable reference date¹ for this data is 28 December 2024. To collect this data, the Company asked members of the Board and Executive Management² to complete a confidential and anonymous online survey.

Gender identity or sex:

	Board Members		Number of senior positions on the board (CEO, CFO, SID and Chair)	Executive Management ²	
	Number	Percentage		Number	Percentage
Men	5	55.6%	4	5	83.3%
Women	4	44.4%	-	1	16.6%
Not specified/prefer not to say	-	-	-	-	-

Ethnic background:

	Board Members		Number of senior positions on the board (CEO, CFO, SID and Chair)	Executive Management ²	
	Number	Percentage		Number	Percentage
White British or other White (including minority white groups)	8	88.9%	4	6	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	1	11.1%	-	-	-
Other ethnic group, inc. Arab	-	-	-	-	-
Not specified / prefer not to say	-	-	-	-	-

1 The reference date follows the Company’s year end date. The Company operates a financial reporting calendar of 13 periods and therefore the year end date will change year-on-year.

2 ‘Executive Management’ means members of the Executive Committee (not including the Executive Directors) and the Company Secretary.

Governance

Nominations Committee report continued

Composition continued

Group gender diversity

The Nominations Committee reviews the gender statistics shown in the table below. Where other data is available, this is presented to the Committee in order to determine whether there are any implicit diversity issues. The reference date for the data below is 28 December 2024.

	Board of Directors		Senior Management ¹		Grades 1 to 3 ²		Group ³	
	Number	%	Number	%	Number	%	Number	%
Men	5	55.6%	5	83.3%	141	75.4%	8,426	69.0%
Women	4	44.4%	1	16.6%	46	24.6%	3,780	31.0%

¹ Members of the Executive Committee, excluding Executive Directors and including the Company Secretary.
² These are generally the direct reports of Senior Management and includes Grades 1 to 3 equivalents.
³ Calculated on an individual basis, not on an FTE basis. Includes UK, France, Belgium, the Republic of Ireland, the Isle of Man, Jersey, and Guernsey.

Boardroom Diversity Policy

The Board recognises the importance of ensuring that there is diversity of perspective, background, and approach in its management team and on its Board. Since the business was established in 1995, it has sought to enable individuals to progress within the organisation regardless of age, gender, socio-economic background, sexual orientation, disability, or formal qualifications.

We believe that it is in the interests of the business and of its shareholders for us to build a Board whose membership is diverse in perspective and experience, as this facilitates better decision-making. We are also mindful of the outputs and recommendations from both the Parker Review and the FTSE Women Leaders Review when making appointments to the Board. It is the Board's intention that it will continue to have at least one member from an ethnic minority and will maintain a minimum female membership of 40% going forward. The Board will also aim to have at least one woman director for one of the 'Big 4' roles (those being Senior Independent Director, Chair, CEO, and CFO) at any time.

The Nominations Committee will continue to seek diversity of mindset as well as of gender, race, ethnicity, and socio-economic background when considering new appointments in 2025, and it will continue to review this policy on an annual basis to ensure it remains appropriate. This policy shall also apply to each of the Audit, Nominations, and Remuneration Committees of the Board and we will ensure that at least 40% of members of each of these committees are female. More widely, we are committed to developing a long-term pipeline of executive talent that reflects the diversity of Howdens' business and its stakeholders. As at 28 December 2024, 44.4% of Board members were women. Both of the Executive Directors were male. There was one member of the Board from an ethnic minority group as at 28 December 2024.

Group Diversity Policy

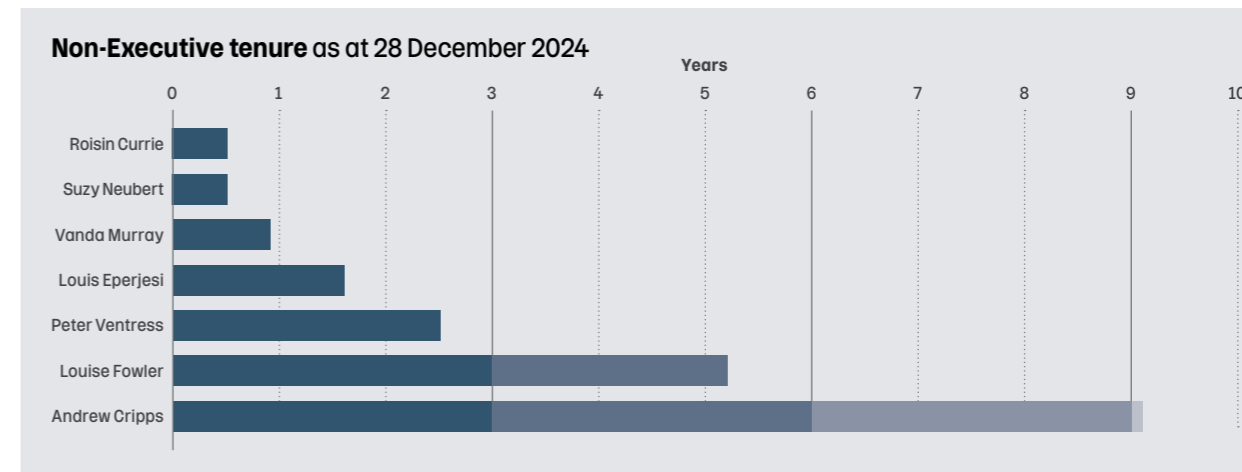
We want Howdens to be a place where everyone is welcomed and has the opportunity to thrive, being Worthwhile for ALL concerned. We're committed to encouraging diversity, inclusion and equality amongst our workforce and to eliminating unlawful discrimination. We value the difference a diverse workforce brings and want each employee to be respected, able to be themselves and give their best. Howdens will aim to:

- Create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all workers are recognised and valued regardless of background.
- Seek to ensure that no one is unlawfully discriminated against or harassed inside or outside the workplace (when dealing with customers, suppliers or other business contacts or when wearing Howdens branded clothing) and on work-related trips or events, including social events.
- Encourage equality, diversity, and inclusion in the workplace by providing training opportunities, booklets and toolkits and facilitating open conversations.
- Take seriously complaints of bullying, harassment, victimisation and unlawful discrimination by employees and other workers, customers, suppliers, visitors, the public and any others during the organisation's work activities.
- Make opportunities for training, development and progress available to all staff, who will be helped and encouraged to develop to their full potential, so their talents and resources can be fully utilised to maximise the efficiency of the organisation.
- Make decisions concerning employees based on merit, apart from those limited exemptions and exceptions set out under the Equality Act 2010.
- Ensure recruitment practices are fair and transparent and regularly updated to reflect changes in the law.
- Monitor the make-up of the workforce regarding information such as age, sex, ethnic background, sexual orientation, religion, or belief, so that we continue to meet the aims and commitments set out in this policy.

Succession

An integral part of the work of the Nominations Committee is to establish and maintain a stable leadership framework and to proactively manage changes and their impacts on the future leadership needs of the Company, in terms of both Executive and Non-Executive leadership. Ensuring the correct leaders are in place enables the organisation to compete effectively in the marketplace and therefore to meet its various obligations to its stakeholders.

As detailed in the rest of the report, the Nominations Committee has managed succession programmes for both the Board and senior management, which have ensured that the necessary skills, expertise and experience are present in the leadership of the organisation.



Board succession

The Nominations Committee regularly reviews the skills and expertise that are present on the Board and compares these to the expertise that it believes are required given the strategy, business priorities and culture of the organisation.

Since Howdens began trading in 1995, its core strategy has remained largely unchanged. The market, the size, and the stage of maturity of our organisation however have changed, and so our Board has needed to evolve through sensible and well managed succession planning that does not compromise the stability of the Board.

The process normally used in relation to Non-Executive Director appointments is set out below and this year we have also included a case study on page 107, which sets out in more detail the succession planning that has been undertaken since Peter Ventress was appointed Chair.

Retirement

During the year, Karen Caddick retired from the Board at the Annual General Meeting (AGM) in May 2024. She was succeeded in her role as Remuneration Committee Chair by Vanda Murray.

Following just over 9 years of service, Andrew Cripps will retire at the AGM in May 2025. Prior to his retirement, Andrew will complete a thorough handover of his Audit Committee duties with Tim Lodge and of his Senior Independent Director duties with Vanda Murray.

¹ The Committee confirms that Russell Reynolds has no other connection with the Company or its Directors other than in relation to the recruitment of members of the Board.

Appointment

During the year, the Nominations Committee recommended the appointments of Vanda Murray, Róisín Currie, Suzy Neubert, and Tim Lodge to the Board.

The Nominations Committee engaged Russell Reynolds¹, an external search consultancy, to undertake the process of recruiting the new Non-Executive Directors.

The Russell Reynolds is aware of our Boardroom Diversity Policy and the Nominations Committee specifically tasked them with producing a diverse shortlist of candidates for all the positions.

The skills matrix (the current version of which may be found on page 102), together with the collective knowledge, experience and diversity of the Board and the length of service of the Directors, was used by the Committee to highlight where there were opportunities for new Non-Executive Directors to contribute to the skillset of the Board and informed the search that Russell Reynolds undertook.

Following longlisting and shortlisting processes, and prior to any recommendation being made by the Nominations Committee to the Board, the preferred candidates for each position met with existing members of the Board.

Governance

Nominations Committee report continued

Succession continued

Inductions

Over 2024 and early 2025, four Non-Executive Directors were appointed to the Board: Vanda Murray, Roisin Currie, Suzy Neubert, and Tim Lodge. All our new Non-Executive Directors received (or are receiving, in the case of Tim Lodge) a full, formal, and tailored induction upon joining the Board.

There are a number of crucial areas that all inductions cover. One of these areas is meeting key senior managers (such as members of the Executive Committee, the Director of Investor Relations, and Director of Risk and Assurance) and key advisors to the Company (such as the Board's pension advisors and external audit partner).

Vanda Murray, who was appointed as the Remuneration Committee Chair successor, also spent additional time in her induction familiarising herself with Howdens-specific remuneration matters, which included time spent with the Company's Remuneration Committee advisors. She also spent additional time with Karen Caddick, the now retired Remuneration Committee Chair, to ensure there was a thorough handover of responsibilities.

Tim Lodge, who has been appointed as the Audit Committee Chair successor, has spent additional time with the Company's external audit team, the Director of Risk and Assurance, the Group Director of Finance, and the Board's pension advisors. He will also spend additional time with Andrew Cripps, the retiring Audit Committee Chair, as part of the handover of Audit Committee responsibilities.

Furthering understanding of our enduring and resilient business model is another crucial part of all our induction programmes (see pages 14 and 15 for full detail of our business model). Our business model can be grouped into four key sections: 'Product manufacturing and sourcing', 'Distribution', 'Depots designed for our trade customers', and 'Consumers / homemakers'. Details of how the business model is covered in inductions is set out below.

Product manufacturing and sourcing

New Directors visit one or more of our manufacturing facilities as part of their induction. Our manufacturing is based in Runcorn, Cheshire, and at sites in and around Yorkshire (Howden, Thorne, Holme-on-Spalding-Moor).

Our in-house manufacturing capacity and capabilities are of significant strategic importance (see 'Our strategy' on page 13) and has always been a feature of our business model. Ensuring our Directors experience first hand the scale of our manufacturing and the culture at the sites is crucial early in their tenure.

As part of their inductions, the Non-Executive Directors below visited the following sites:

- Vanda Murray: Howden, Runcorn
- Suzy Neubert: Howden, Holme-on-Spalding-Moor (Howdens Work Surfaces facility), and Runcorn
- Roisin Currie: Howden, Thorne (Paint to Order facility)
- Tim Lodge: Howden¹

All of the above met with the Director of Supply Operations, the Supply Operations senior leadership team, and with graduates and apprentices². They also toured the Expo facility in Howden, which is open to the public and showcases our products.

Distribution

Our in-house distribution operation is another key aspect of our enduring business model.

While Directors visit our manufacturing sites, we also ensure they see our logistics facilities at those sites. Where possible, Directors are also encouraged to visit our primary distribution site in Raunds.

In April, Vanda Murray visited the Raunds site as part of the Board's meetings which were held there. Suzy Neubert also joined an investor visit to the site in November (further information about investor site visits can be found on page 93), which included a comprehensive tour covering warehousing, inbound product, outbound product, XDC services, and transport.

Depots designed for our trade customers

A fundamental part of any Directors' induction is visiting our depots as this is where our depot teams build trusted relationships with their local builder customers.

Our Directors are able to choose a geographic area that suits them and the Howdens Regional Director responsible for that area will take the Director to a number of depots within it.

Our Directors live and travel round to a broad range of areas where we have depots, so the Board as a whole has diverse experience of depots as a result. This is particularly important as our depot locales can, and do, vary enormously - a key reason why we ensure our depot managers are entrepreneurial and are empowered to offer best local pricing.

As part of their inductions, the Non-Executive Directors visited depots in the following regions: South West, North West, London and the Republic of Ireland.

Consumers / homemakers

Our purpose is to help our trade customers achieve exceptional results for their customers and to profit from it - when our customers succeed, we succeed. So, it is important that new Directors understand the needs of our trade customers' customers ('end users').

As part of their inductions, Directors meet our kitchen designers while undertaking depot tours. Our specialist kitchen designers support our trade customers by working with end users to plan and design their kitchens free of charge.

Directors also tour one of our Expo spaces in Howden or Raunds. The Expos showcase our kitchens, joinery and bedroom products, providing inspiration for our customers and end users.

Case study

Non-Executive Director succession

When I took over as Chair of the Board in September 2022, I committed to spending more time reviewing the make-up of the Board in order to align it to Howdens' long-term growth prospects.

I inherited a Board with a good mix of skills and experience, but it was apparent that we needed to accelerate recruitment to replace a number of our most experienced Non-Executive Directors, including the Senior Independent Director and Audit Committee Chair. In addition, we had additional vacancies from Non-Executive Directors moving into other roles away from Howdens. In fact, since September 2022, Non-Executive Directors with more than 38 years of experience at Howdens have retired (or have announced their retirement) from the Board.

When refreshing membership of the Board, I was mindful to ensure that we retain the skills required to support Howdens' continued growth, its strategic activities and its ever broadening commitments on environmental, social and governance matters. Partnering with Russell Reynolds (with whom the Company has no other connection), the Nominations Committee undertook an appointment programme which built on the existing strengths of the Board, but also looked to build out particular areas of skills to support business performance.

Over the past two years we have supplemented our skill set by adding experience specific to:

- manufacturing and supply of building products in international markets;
- vertically integrated and multi-site businesses;
- extensive non-executive experience, including current experience in Audit, Remuneration Committee and Senior Independent Director roles;
- leadership and strategy;
- commercial markets and finance;
- commercial property; and
- accounting and governance.

We also wanted to improve the diversity of the Board and to bring Howdens in line with the recommendations of the FTSE Women Leaders Review and Parker Review. I am satisfied that following the AGM in 2025 we will have met these requirements and will look to maintain them going forward. It was also important to us to increase the mix of current executive talent and I am very pleased with how we have progressed this.

Most importantly, Non-Executive Directors at Howdens need to have a deep understanding of the unique culture of the business, its business model and people. I'm pleased (but not surprised) that we have attracted a high calibre of Non-Executive Directors and I look forward to leading this Board in the next stage of Howdens' development.

Peter Ventress
Board and Nominations Committee Chair

¹ Tim Lodge was appointed on 1 January 2025 and his induction is therefore still underway at the date of this report.

² Further information about our Chartered Manager Degree Apprenticeships can be found on page 153.

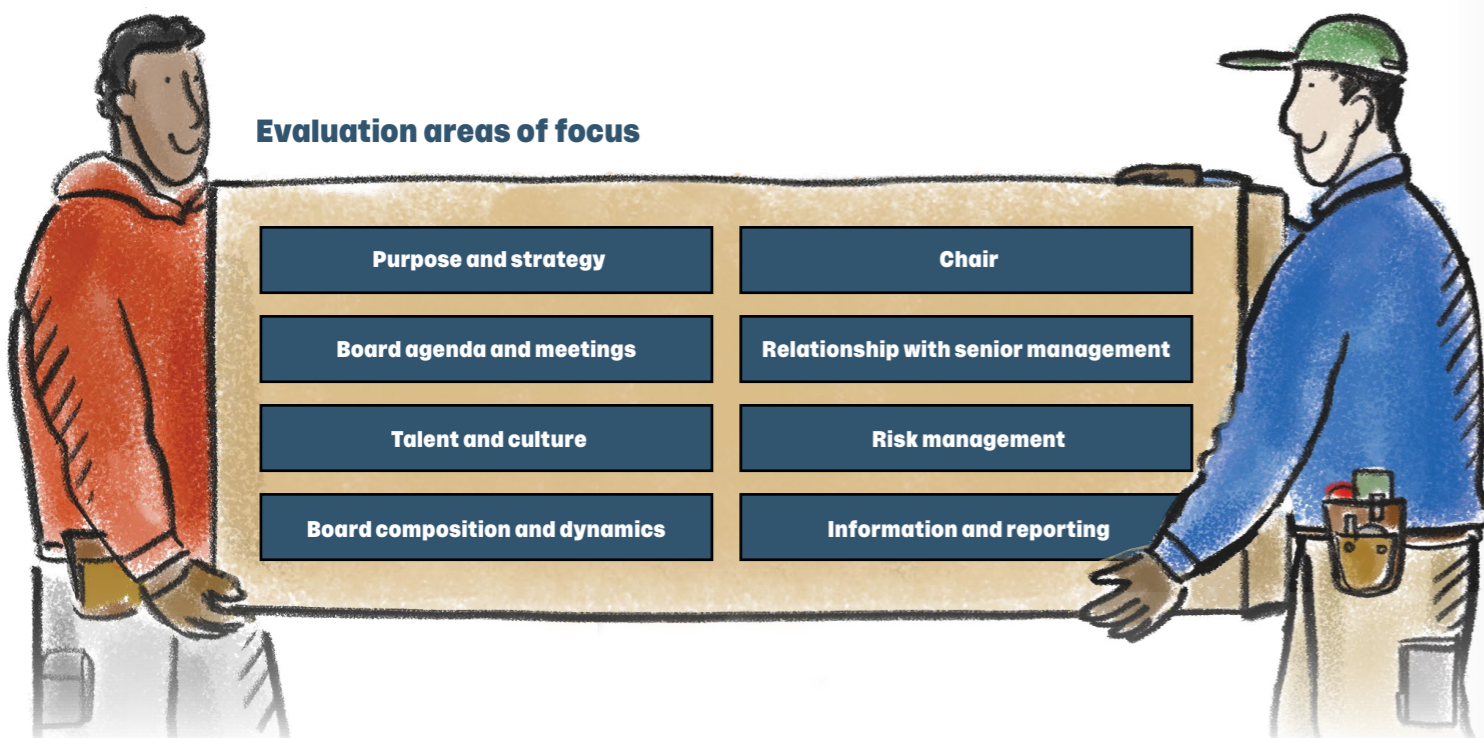
Governance

Nominations Committee report continued

Evaluation

Following the external Board effectiveness review in 2022, and in line with the Board’s policy to undertake an external effectiveness review every three years, both the 2023 and 2024 Board effectiveness reviews were conducted internally using third-party platform, BoardClic, to facilitate the review.

The BoardClic platform has streamlined the Board evaluation review process compared to previous years where the evaluations had relied heavily on quantitative data gathered through interviews with the Board members. The platform allows collation of more quantitative data on the Board’s perceptions of its priorities, strategic objectives, and leadership, as well as governance structures and process, and also enables the Committee to benchmark its review data against other boards.



Methodology

The process is outlined below:

- Instructions were sent to Board members on how to create an account and access the platform.
- All Directors were invited to provide feedback on the Board and the Committees of the Board of which they were members. Each section contained a mix of rating questions based on scale of 1 to 7 as to how much the participant agreed or disagreed with a particular statement and free text questions where the participant could provide an answer in their own words. Some roles were automatically excluded from participating in certain questions (generally where this pertained to their own role, such as the Chair).
- Directors were also invited to provide their observations of the Board evaluation review and any other points they wanted to raise outside of the platform.
- The observations and conclusions of the evaluation were presented to the Chairman and the detailed report was presented to the Board at their meeting in January 2025.
- The Chairman, CEO, and Company Secretary prepared recommendations for development and actions to be presented to the Nominations Committee at a future meeting.



Conclusions and recommendations

The report showed an improvement on prior year scores, with the Board’s overall ‘Value Index’ increasing by 7%. This score was ahead of the ‘Value Benchmark’ provided by the platform.

Areas of particular strength included:

- Confidence in the CEO’s execution capability;
- Alignment of strategy with purpose; and
- Prioritisation of the most important strategic topics covered at Board meetings.

The individual Committee effectiveness reviews also demonstrated that good progress continued to be made across all of the Board’s Committees. Details of each of these effectiveness reviews can be found in the individual Committee reports.

Recommended areas for development and actions going forward

Following the review, the Board will:

- Allow more time in the agenda for 2025 to further consider the impacts of artificial intelligence on the overall strategy;
- Undertake a strategy review day in 2025/2026; and
- Dedicate more of the Board’s time to business intelligence.

The Nominations Committee will also undertake a ‘deep dive’ into senior management talent and succession.

Influence on Board composition

There were no matters arising from the evaluation which will influence the composition of the Board in the short term.

By order of the Board

Peter Ventress
Nominations Committee Chair

26 February 2025

Governance

Remuneration Committee report



Vanda Murray OBE
Remuneration Committee Chair

Using this report

We have sought to make our Remuneration Committee report as straightforward to access as possible. The content of the report is governed by various legislation and listed company disclosure requirements and, on occasion, this results in duplication of information. We have tried to reduce this wherever possible and present the information in an accessible and more intuitive way. The report is split into three sections:

1. **This Committee Chair's Statement**
2. **The Directors' Remuneration Policy**
(to be proposed to shareholders at the 2025 AGM)
3. **The Directors' Remuneration Report**
 - Part 1 Company performance and stakeholder experience
 - Part 2 Application of policy in 2024
 - Part 3 Implementation of policy in 2025
 - Part 4 Additional disclosures

We believe that this format clearly differentiates each of the relevant sections of the Remuneration Committee report, directs users to the sections relevant to their use, and is also fully compliant with all applicable rules.

Committee meeting attendance in 2024

Vanda Murray	(5/5)	Appointed 1 February 2024
Karen Caddick	(3/3)	Retired 2 May 2024
Andrew Cripps	(6/6)	
Roisin Currie	(3/3)	Appointed 1 July 2024
Louis Eperjesi	(6/6)	
Louise Fowler	(6/6)	
Suzy Neubert	(2/3) ¹	Appointed 1 July 2024

¹ Suzy was unable to attend the September meeting due to commitments entered into before her appointment. She was provided with all the Committee papers ahead of the meeting and provided her feedback to the Committee Chair and Company Secretary.

Key Committee activities in the year ahead

- Governance updates from advisors.
- Performance updates on in-flight awards.
- Agree fees for Chair of the Board.
- Review the UK defined contribution pension benefits.
- Agree 2025 annual bonus and LTIP targets.
- Review of the Remuneration Committee Terms of Reference.
- Approval of the 2026 Remuneration Committee calendar.
- Planning for 2026 incentives (taking into account risk and other matters).

Committee evaluation in 2024

Areas of focus:

- Role and operations
- Composition
- Leadership
- Process and procedures

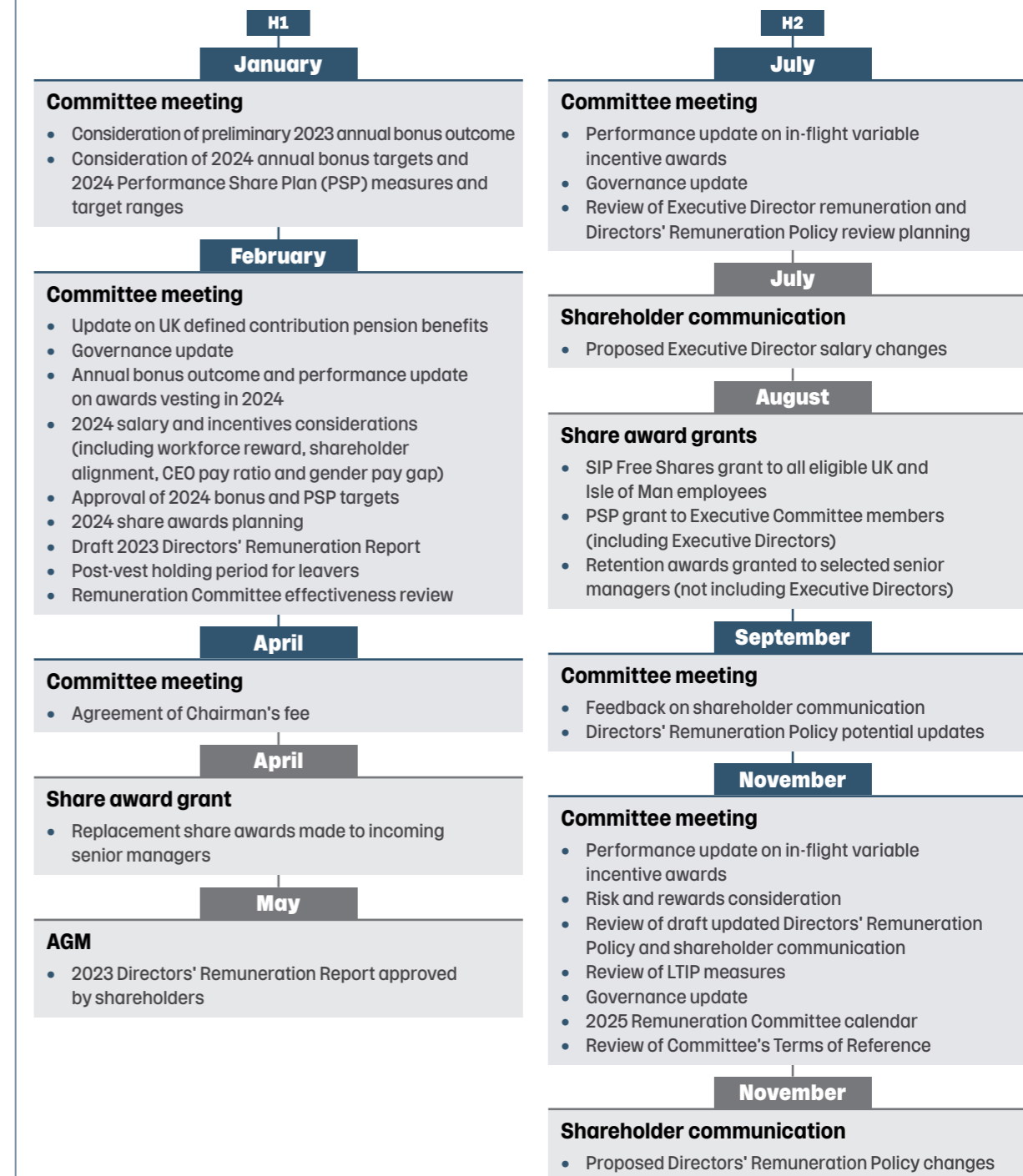
Methodology:

See page 108 of the Nominations Committee report.

Outcomes:

The Remuneration Committee evaluation showed that good progress had been made across all areas. The Committee consistently surpassed external benchmarks and the performance of the Committee Chair was highlighted as a particular strength. Areas of focus for the Committee in 2025 include performance target setting and maintaining an engaged dialogue with management.

2024 Remuneration Committee activity



Governance

Remuneration Committee report continued

Annual Remuneration Committee Chair's Statement

I am pleased to present the Howden Joinery Group Plc Remuneration Committee report for 2024. The report has been prepared in compliance with the requirements of the Large and Medium-sized Companies and Groups Regulations 2013 and incorporates changes made under the updated EU Shareholder Rights Directive (SRD II).

I took over as Chair of the Howdens Remuneration Committee at the AGM in May 2024 and it's fair to say that it has been a busy time for the Committee since then. We have onboarded three new Committee members, undertaken a root-and-branch review of Executive Director remuneration and refreshed and consulted with shareholders on our proposed updates to the Directors' Remuneration Policy. I would like to take this opportunity to thank Karen Caddick, the previous Chair, for her handover to me and for all her work with the Committee over the previous five years. I would also like to thank Korn Ferry, our Committee advisors, who also ensured a smooth handover and who provided important support throughout the year.

Review of Executive remuneration at Howdens

Our remuneration philosophy at Howdens is to pay above-market levels of reward for above-market levels of performance, and we were concerned that a disconnect had developed between the remuneration experience of our CEO and CFO and the overall shareholder experience in recent years. Howdens has now firmly established its position in the FTSE 100 index and is a larger and more complex business, having grown organically in the UK and through complementary acquisitions, expanded into the Republic of Ireland and France and increased the number of manufacturing sites from two to five. The strong foundations laid in recent years by our Executive team mean we are well set for future growth.

The Committee's detailed review of Executive pay, and our subsequent review of the Directors' Remuneration Policy, considered this growth as well as the Company's strategic objectives going forward. To ensure we realign with our stated remuneration philosophy, the Committee is implementing increases to the Executive Directors' salaries and proposing to increase the maximum opportunity available under the Performance Share Plan (PSP). We consulted with our largest shareholders on these changes in July and November 2024 and received a high level of support.

Further details of these changes are set out later in this statement and in the report, but the Committee firmly believes that market-aligned salary levels and stretching variable incentives are required for the Executive Committee, including the Executive Directors, to ensure our policy supports our stated philosophy with future growth.

2024 reward outcomes

2024 was another challenging year for Howdens, but the business continued to demonstrate its resilience by outperforming its competitor set. Relative performance was strong and there was further consolidation of Howdens' position as the leader in the trade kitchen sector.

Management delivered profits that were in line with market expectations and the Company continued to invest in strategic initiatives. The increase in market share and investment in strategic initiatives means that Howdens is well placed to take advantage of any market opportunities that arise.

During the year, the Committee received updates on the wider employee benefit landscape, including on the Group pension scheme and Howdens' gender pay gap. The gender pay gap report can be found on www.howdenjoinerygroupplc.com/governance/gender-pay-gap-reports.

Annual bonus

Consistent with prior years, the 2024 annual bonus performance was based on the delivery of both profit and cash flow targets.

2024 followed a similar trading pattern to 2023, with the kitchen market contracting more than had been forecast when the budget was agreed with management. Despite this, adjusted PBT performance has resulted in an above target level of achievement across bonus plans for Executive Directors and across the Company more widely where employees are incentivised on Group performance. In considering this outcome, the Committee noted expenditure that was incurred during the year on strategic senior personnel changes designed to generate future growth, for example in France. The part of this expenditure that was invested in driving future growth and profitability rather than into 2024 PBT was excluded from the PBT figure for the purposes of the annual bonus.

The Committee reflected on the formulaic outcome alongside the level of expenditure and the strong overall performance Howdens has delivered relative to the market. Having considered these factors, the Committee concluded that a fair and appropriate outcome under the PBT element in these circumstances would be to exercise discretion to reduce the outcome to target performance, which delivers 50% of the part of the bonus weighted to PBT.

Cash flow performance remained robust and demonstrated the continued focus of management on this key measure. The cash flow outturn was above the maximum outperformance target for this measure, resulting in a bonus of 15% of the maximum annual bonus opportunity being achieved.

This strong performance meant that a total annual bonus of 57.5% of the maximum annual bonus opportunity for our Executive Directors was earned. Further details of the annual bonus outturn for 2024 can be found on page 133.

Performance Share Plan (PSP)

The 2022 PSP was based on the delivery of both a three-year adjusted PBT growth measure and a relative total shareholder returns (TSR) measure. The weightings for the two performance measures were 67% PBT and 33% TSR. The calculation of adjusted PBT excludes any costs or income that the Remuneration Committee assesses to be exceptional in nature so that the vesting outcome results in a fair reflection of the performance achieved over the period.

PBT performance targets for the period required 5% per annum PBT growth to achieve threshold vesting and 12% per annum PBT growth to achieve maximum vesting. The 2022 PSP performance was measured to FY 2024.

Over the three-year period, adjusted PBT increased by 11.1% per annum, which equated to vesting at 88.9% of the total opportunity for this measure.

To determine TSR performance, Howdens was ranked against a comparator group of similar sized companies, those being 50 above and 50 below Howdens by market capitalisation in the FTSE All Share index at or shortly before the start of the performance period (excluding Investment Trusts). There is zero pay out for below median performance and threshold vests at 15% of the maximum opportunity at median. 100% of the opportunity is paid out when performance is equal to or more than upper quartile performance and there is straight-line vesting between the threshold and maximum opportunities. Howdens' TSR performance during the three-year period equated to vesting at 44.6% of the total opportunity for this measure.

In aggregate, the 2022 PSP will vest at 74.3% of the maximum opportunity. The Committee assessed this outcome in the context of the overall performance of the Company, including the gaining of market share over the year and, until shortly before the TSR end averaging period, strong share price growth over the three year period and determined that the outcome was an appropriate and fair reflection of performance.

Updated Directors' Remuneration Policy

Our proposed updated Directors' Remuneration Policy (the "Proposed Policy") will be put to shareholders for approval at the AGM in May 2025. The Proposed Policy is set out in full on pages 117 to 126.

We undertook an extensive shareholder consultation on the Proposed Policy, details of which can be found in a case study on page 116. There were high levels of engagement and support for our proposals, and I enjoyed my conversations with our shareholders who are clearly supportive of management and what the Remuneration Committee is trying to achieve. We listened to the views of our shareholders and amended our proposals to incorporate their feedback in relation to increasing Executive Director share ownership requirements to take account of the increase to PSP opportunity and the retention of TSR as a measure for the PSP.

Our review of the current Directors' Remuneration Policy (the "Current Policy") concluded that it is generally working effectively and is well aligned with institutional investors' 'best practice' expectations. Therefore, there are no wholesale changes to the Directors' Remuneration Policy proposed. However, we are recommending updates which afford the Remuneration Committee greater flexibility in the granting of awards to Executive Directors, which provide better alignment of Executive remuneration with the current and near-term scale of our business, alongside our strategic objectives and to reflect normal market practice.

The main changes we are proposing are:

- The maximum PSP limit will be increased to 300% of salary from 270%;
- Dividend equivalents will be payable on vested PSP awards; and
- Increasing the Executive Director share ownership requirement to 300% of salary.

PSP maximum

The increase to the PSP maximum opportunity recognises the growth in Howdens since the last policy review and will enable the Committee to provide a market competitive total remuneration package to the Executive Directors that can deliver above-market levels of reward for above-market levels of performance. As part of our due diligence on the operation of the PSP, we looked at how it has vested over recent years compared to levels for the FTSE 100 and companies in our broad sector. Howdens' long-term incentives have vested at around the median level for both groups, notwithstanding the strong performance that has been delivered. This confirmed our view that stretching targets have been set for these awards historically.

The new maximum opportunity will not apply for the PSP award for 2025. However, the PSP opportunity for 2025 for the CEO will be increased to 285% of salary (2024: 270%), and for the CFO to 235% of salary (2024: 220%). The performance measures have been reviewed for 2025 and further details of these are set out later in this statement. In line with 'best practice', in operating the Proposed Policy, the Committee will take account of the increased PSP opportunity when it sets the performance targets and will have the ability to adjust remuneration outcomes if it feels that the formulaic outcome is not reflective of overall underlying performance and the experience of its shareholders.

Dividend equivalents

In relation to the accrual of dividend equivalents, the Current Policy is unusual in not permitting the value of dividends to accrue to vested performance shares. This has always been permitted under the rules of the Long Term Incentive Plan (under which the Performance Share Plan is awarded) and creates a strong alignment with shareholders when determining both dividend and share buyback policies. Dividends will be added at the point of vesting, normally in shares.

Share ownership requirements

Following feedback from shareholders, the Committee is proposing to increase the share ownership requirement for the Executive Directors from 200% to 300% of salary. This reflects the increased Proposed Policy PSP maximum award and will further align the experience of the Executive Directors with that of our shareholders.



Governance

Remuneration Committee report continued

Annual Remuneration Committee Chair's Statement continued

Other updates

No changes to the operation or measures associated with the annual bonus are being proposed, including the level of deferral. Unvested deferred bonus shares (net of income tax and national insurance contributions) will now be counted towards the shareholdings of the Executive Directors in line with normal market practice. The annual bonus payout at threshold performance will be changed from 20% of salary to "up to" 20% of salary to afford the Remuneration Committee more flexibility when setting targets. Similarly, the achievement of the threshold performance targets for the PSP will now result in "up to" 15% of each element vesting (previously 15%).

Clawback and malus provisions have been expanded to include corporate failure and serious reputational damage. The full range of circumstances provided for in the Group Malus and Clawback Policy is now aligned with those set out in the 2024 version of the UK Corporate Governance Code.

We believe that the proposed changes detailed above will enable the Remuneration Committee to effectively retain and attract Executive talent as we continue to execute our strategy in 2025 and beyond. I would again like to thank shareholders for the engagement and support of the Proposed Policy process.

2025 reward and incentives

Our approach to Executive remuneration continues to recognise the need to balance the views of our shareholders with our ambitions to retain and incentivise a strong performing Executive team over the economic cycle, and to live into our remuneration philosophy to pay above-market levels of reward for above-market levels of performance.

In 2025, we will rebase our Executive Director salaries to better reflect the experience and expertise of our top team, as well as providing closer alignment with the median peer group position. We will also implement, subject to shareholder approval at the 2025 AGM, the updates within the Proposed Policy. These changes, taken in aggregate, position the Remuneration Committee well for the next three years of the reward cycle.

Salary

In July 2024, I wrote to Howdens' 30 largest shareholders to inform them of a root-and-branch review of Executive remuneration that I undertook when I assumed the position of Remuneration Committee Chair in May 2024. Central to this review was a reassessment of the salaries of the Executive Directors, which it transpired had fallen too far behind market levels. Salaries are the cornerstone of our reward framework with all variable pay and other benefits derived directly from it. Therefore, the Remuneration Committee feel that it is important that we establish the right base level from 2025 as failing to do so risks undermining the effectiveness of our reward framework as a tool to motivate and retain our top talent.

The Committee firmly believes that the Executive Directors should receive a fair and appropriate level of remuneration for their role and contribution to the business and are awarding one-off salary increases for the CEO and CFO. The Committee annually reviews salary levels against the market and has previously communicated that Executive Director salary levels have been assessed to be below mid-market by c.10%. On that basis, the CEO's full-year annual salary will be increased by 17% to £855,000, effective from 1 January 2025. The CFO's full-year salary will be increased by 7.7% to £515,000, effective from 1 January 2025.

These increases reflect the increased size and complexity of the business, higher revenues, and increased international exposure, and they better reflect the excellent past performance, experience, and skills of our Executive team. These increases to salary are supported by external benchmarking. As part of my review of Executive Remuneration, I engaged two separate advisors (Korn Ferry, the Committee's existing advisor, and FIT Remuneration Consultants, who had no previous connection to Howdens) to undertake this review.

The Committee considered market benchmarking for companies of a comparable size and/or operating in a similar sector in determining what it feels is mid-market. The Committee considered the FTSE 61 - 100 (excluding banks and investment trusts) as the primary reference point, which we feel is an appropriate size of group based on Howdens' market capitalisation. Revenues and profits are also broadly comparable with this group of companies.

The increases will position the CEO and CFO around the median of the peer groups and are inclusive of an estimate for the general market salary increase in 2025 of 3%. It is expected that, other than in the event of a future material change in the size or complexity of the Group, that salary increases during the three-year lifecycle of the Directors' Remuneration Policy will be limited to annual general workforce increases.

Annual bonus

The Committee has maintained the annual bonus opportunity of 200% of base salary for Executive Directors. The Committee believes that this remains appropriate having reviewed the position with reference to market data for companies that operate in the same or similar industries and UK listed companies of a similar size and complexity.

For the 2025 annual bonus, we replicated the methodology of PBT and cash flow measures used in the 2024 annual bonus. The measures retain their previous weighting: PBT represents 85% of maximum opportunity and cash flow represents 15% of maximum opportunity. This maintains the focus on profit in incentives and alignment with our depot teams, while maintaining a healthy stretch between 'target' and 'maximum' bonus levels to ensure strong shareholder alignment. These targets will be disclosed in the 2025 Annual Report and Accounts.

PSP

As set out above, in 2025 we intend to increase the long-term incentive opportunity for the Executive Directors. Our proposal, which is subject to shareholder approval of the Proposed Policy, is for the CEO to receive an award equivalent to 285% of salary and for the CFO to receive an award of 235% of salary. This is less than the Proposed Policy maximum of 300% of salary.

Since 2023, the four performance measures for the PSP have been: PBT, TSR, Return on Capital Employed (ROCE) and a basket of complementary environmental measures. The Remuneration Committee has reviewed the performance measures for the 2025 PSP and will introduce strategic performance measures.

The TSR measure has been down-weighted to 10% of the award reflecting views expressed by some shareholders during our consultation that they wished to see it retained as a measure. The strategic performance measures will improve the line of sight for PSP participants and provides additional focus on the execution of the Company's long-term growth strategy.

The new strategic performance measures, with a total weighting of 10%, are based on the achievement of quantifiable targets over the three-year performance period and include:

- (i) international sales growth;
- (ii) the % of sales we generate from new product initiatives; and
- (iii) vertical integration (measuring the % of our sales that are manufactured in-house).

For the 2025 award, performance will also continue to be measured against PBT (60% of total award), TSR (10%), ROCE (10%), and environmental measures (10%). The new strategic measures will be 10% of the total award in aggregate, 3.3% for each strategic metric. The Committee believes that these measures and their respective weightings are appropriate for the 2025 PSP award, but this will be kept under review by the Committee in future years. The Committee has retained the methodology for calculating the PBT targets (first adopted in 2023), that being that the PBT target range reflects a combination of analyst consensus estimates, internal forecasts and our long-term strategic goals.

The Committee considered the impact on the weighting of financial and non-financial measures when selecting the new strategic measures. The metrics used are either entirely financial or based heavily on financial information and therefore the Committee is satisfied that the weighting of financial measures remains comfortably above the Current Policy and Proposed Policy minimum of 75% financial measures for the PSP.

Achievement of the threshold performance targets would result in 15% of each element vesting, rising to 100% for achieving the maximum target or better. The Committee has set targets in the context of the higher proposed incentive opportunity and will also consider external market expectations for our future performance.

Performance targets for the 2025 PSP are set out on pages 136 and 137 of this report.

Senior management and the wider workforce

In addition to the Executive Directors, the Remuneration Committee also sets remuneration for senior management. We classify 'senior management' as members of the Executive Committee (excluding Executive Directors), the Company Secretary, and the Director of Risk and Assurance.

The Committee also received updates on all-employee remuneration policies to provide the context for, and to ensure alignment with, the Proposed Policy. In 2019, the Committee adopted a dashboard in line with Provision 33 of the 2018 version of the UK Corporate Governance Code, which shows some of the key internal and external measures that the Committee is aware of when determining Executive Director and senior management remuneration (further detail on the dashboard may be found on page 131).

The Committee did not consult with the wider workforce on Executive Director pay arrangements in 2024 (as in previous years). The Committee has safeguards in place (as considered in this report), which ensure good alignment on remuneration across the organisation. All employees with shares in the Share Incentive Plan (SIP) - the significant majority of employees as SIP free shares have been granted to all UK employees since 2015 - have a de facto say on Executive Director pay at general meetings.

We are satisfied there remains strong alignment between Executive remuneration and that of the wider workforce due to Howdens' unique incentive culture across all roles and, when setting Executive pay, the Committee has regard to factors including wider workforce pay, CEO and gender pay gap ratios, and the experience of our shareholders. The Committee was pleased to note the reduction in contractual hours from 44 hours to 40 hours per week for employees in UK depots from 1 January 2025. This change benefitted 7,189 employees, 61.2% of the total UK workforce.

The Committee considers that the policy has operated as intended in terms of pay for performance for 2024, taking into account the exercise of Committee discretion in relation to the PBT element of the 2024 annual bonus outcome. The Committee firmly believes the changes to policy, and the approach to implementation for 2025, are considered necessary to realign our executive packages with our stated philosophy and strategy.

We continue to be committed to an open and transparent dialogue with our stakeholders, and the Committee would welcome any feedback or comments you have on this report, our Proposed Policy, or how we intend to implement the Proposed Policy in 2025. In the meantime, I look forward to answering any questions on the work of the Committee from shareholders at our AGM in May.

Vanda Murray OBE
Remuneration Committee Chair



Governance

Remuneration Committee report continued

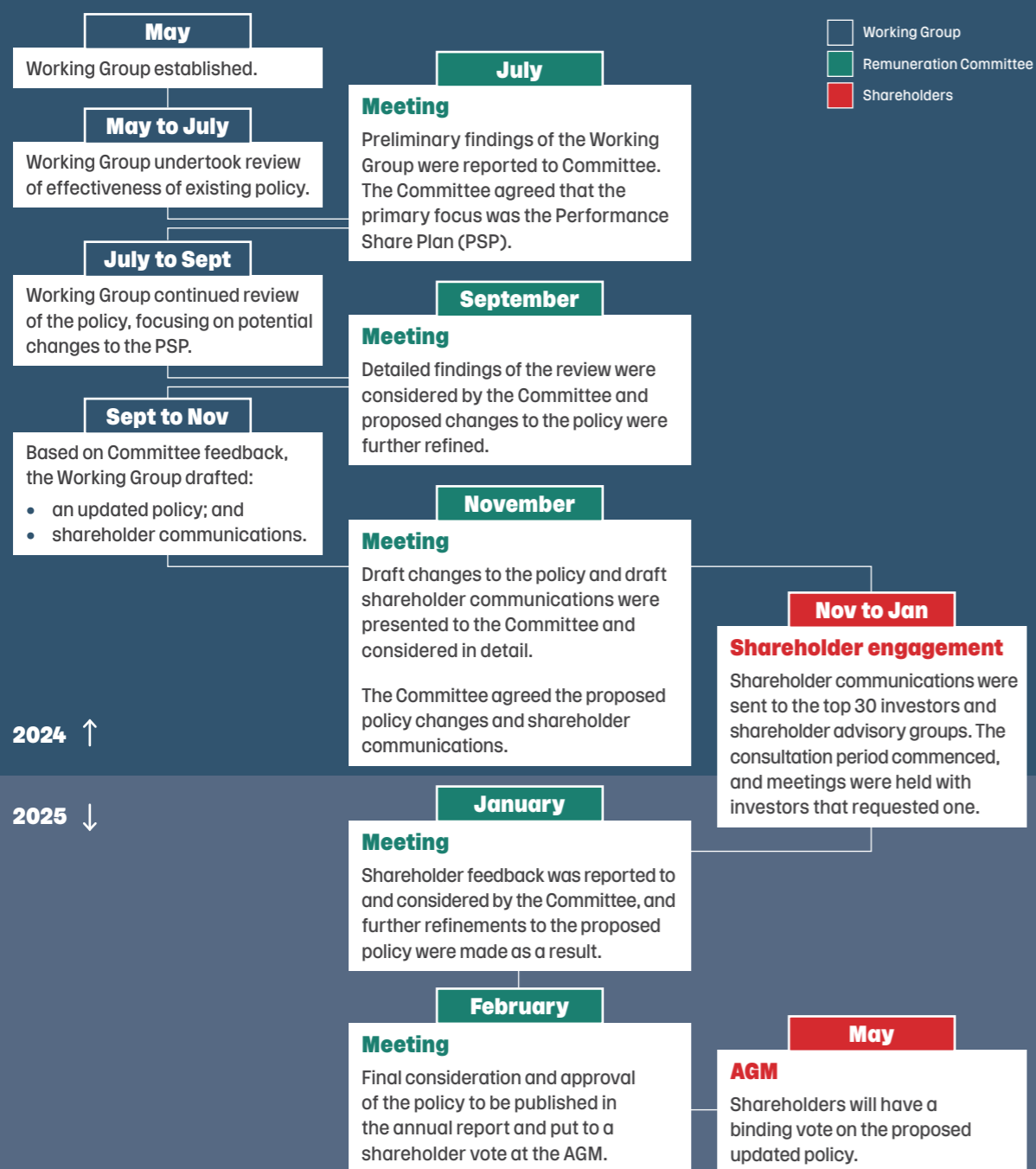
Annual Remuneration Committee Chair's Statement continued

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.



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. 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. 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. Up to 15% of maximum will be payable for achieving threshold performance. Under the current policy, the payout at threshold is 15% of maximum. 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. 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. 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. 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. 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.

Governance

Remuneration Committee report continued

Directors' Remuneration Policy continued

Annual bonus	
How this element of remuneration supports our strategy	Incentivises performance over the financial year. 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. 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. Payment is normally subject to continued employment. Malus provisions apply for the duration of the performance period and to shares held under deferral. 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. Clawback may be applied in the following scenarios: <ul style="list-style-type: none"> material misstatement of accounts; erroneous assessment of a performance target; where the number of plan shares under an award was incorrectly determined; gross misconduct by a Director; corporate failure; or 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. Awards will generally be granted towards the beginning of the performance period and vest based on performance over a three-year performance period. 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. 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. Malus provisions apply for the duration of the vesting period. Clawback provisions apply for the duration of the holding period, through which vested awards may be reclaimed in the event of: <ul style="list-style-type: none"> material misstatement of accounts; erroneous assessment of a performance target; where the number of plan shares under an award was incorrectly determined; gross misconduct by a Director; corporate failure; or serious reputational damage. <p>A payment equivalent to the dividends accrued on vesting performance shares may be made at the point of vesting, normally in shares.</p>
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. 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. The fee for the Chairman is determined by the Remuneration Committee while the Chairman is absent. 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. 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. 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.



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.

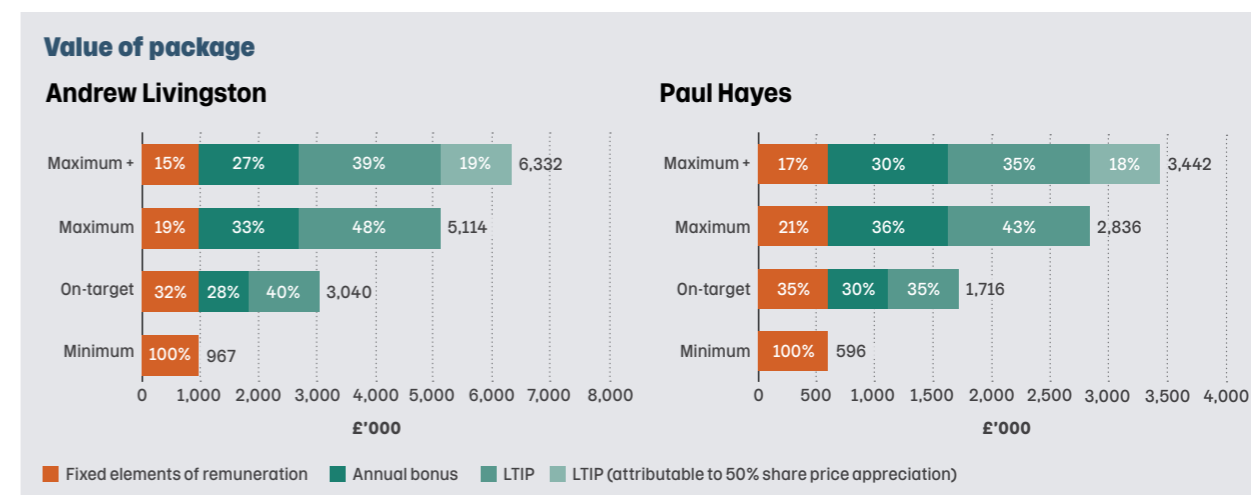
Statement of consideration of shareholder views

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. 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. 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. 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. 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

Governance

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. 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. 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. 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

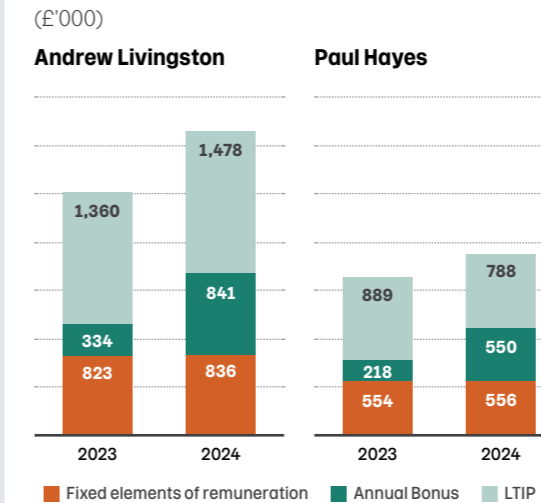
There are no enhanced provisions on a change of control, but the Remuneration Committee can exercise judgement and discretion in line with the respective incentive plan rules.

Directors' Remuneration Report

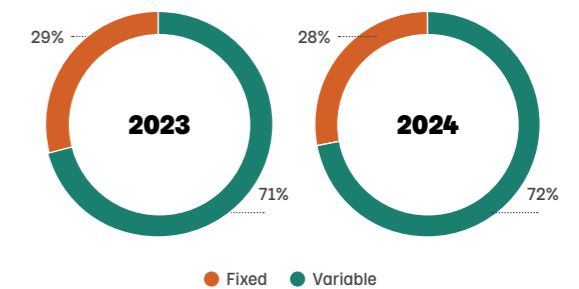
Fixed Variable

Remuneration at a glance

Summary of Executive Director pay (£'000)



Executive Directors' fixed vs variable pay received

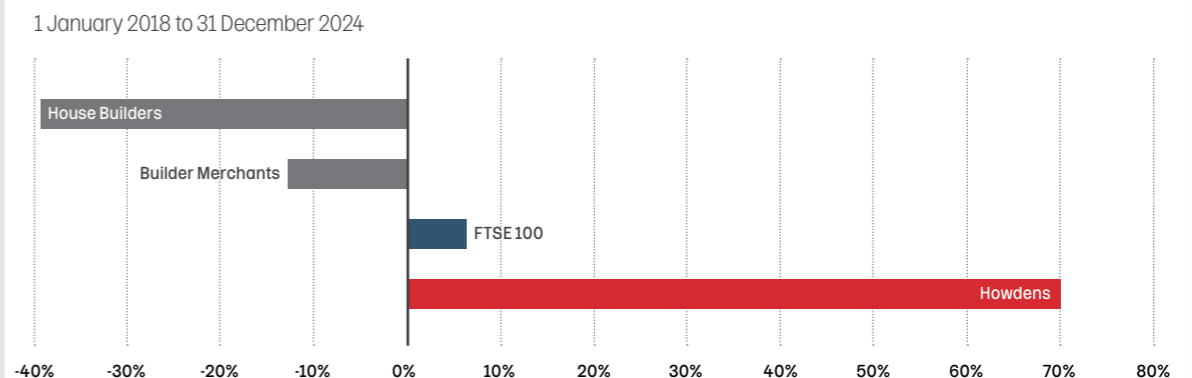


Wider workforce remuneration highlights

- 95%** of employees¹ have an element of performance-related pay in their remuneration
- 11.3k** employees who hold SIP shares
- 93%** pension participation amongst employees¹
- 1.7m** SIP free shares held by employees

¹ Excludes France and Belgium.

Company share price performance vs peers



Source: FactSet as at 22 January 2025. 'Builder Merchants' consists of Ferguson, Grafton, Kingfisher, Nobia, SIG, and Travis Perkins. 'House Builders' consists of Barratt Redrow, Bellway, Berkeley, Crest Nicholson, Persimmon, Taylor Wimpey, and Vistry.

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 1: Company performance and stakeholder experience

In this section of the Directors' Remuneration Report, we detail some of the considerations the Committee has regard to when implementing the Directors' Remuneration Policy. Contained in this section are specific disclosures on Group performance, as well as comparative disclosures on the relative importance of spend on pay, historic CEO single figure, CEO ratio and all-Director remuneration relative to average employees.

Group performance

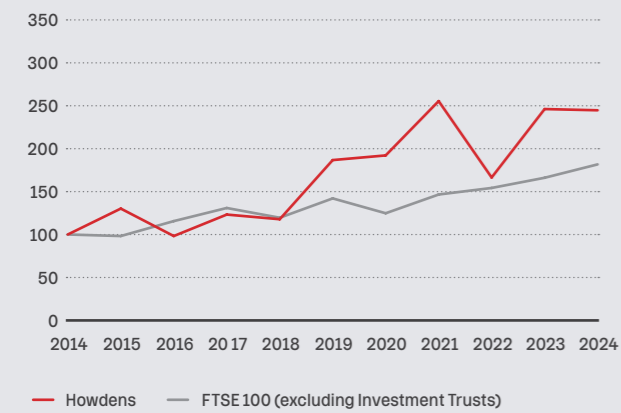
Total shareholder return (TSR)

The graph below illustrates the Company's TSR performance relative to the constituents of the FTSE 100 (excluding investment trusts) of which the Company is a constituent. It shows that over the past 10 years Howdens has generated significantly higher returns than the FTSE 100 (excluding Investment Trusts).

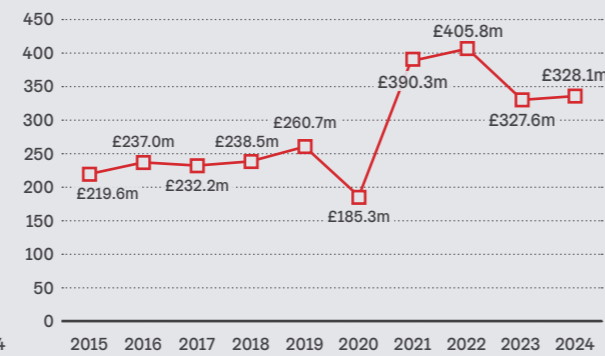
Profit before tax (PBT)

The graph below illustrates the Company's historical PBT performance.

Howdens historical TSR

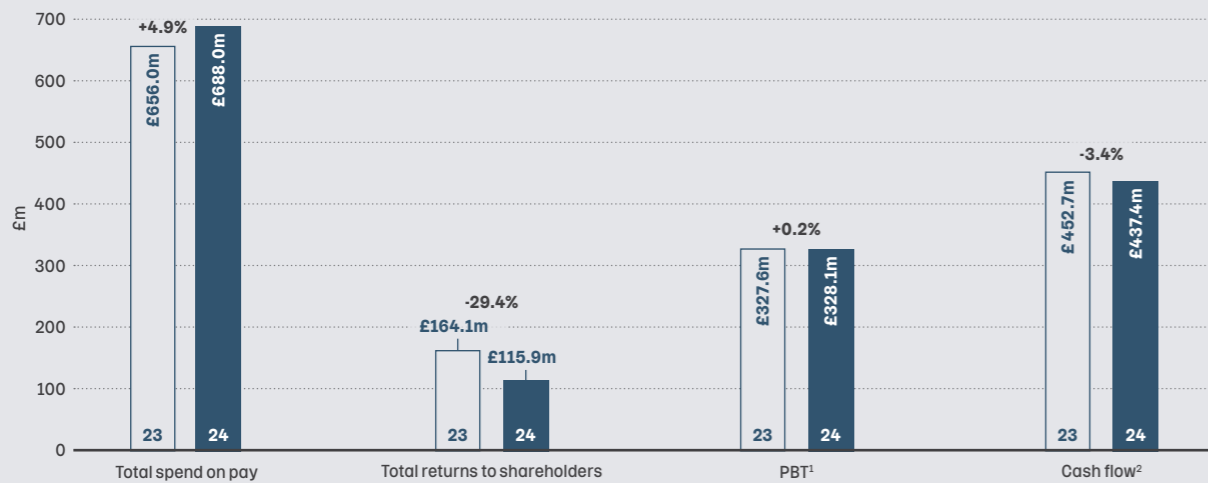


Howdens historical PBT (£m)



Relative importance of spend on pay

The graph below sets out the change in the Group's total remuneration spend from 2023 to 2024 compared to the total returns to shareholders of the Group and the two incentive performance measures PBT and cash flow.



1 See consolidated income statement on page 175.
2 Net cash flow from operating activities is the definition used for the annual bonus scheme (see page 135).

Fixed Variable

CEO historical pay reporting

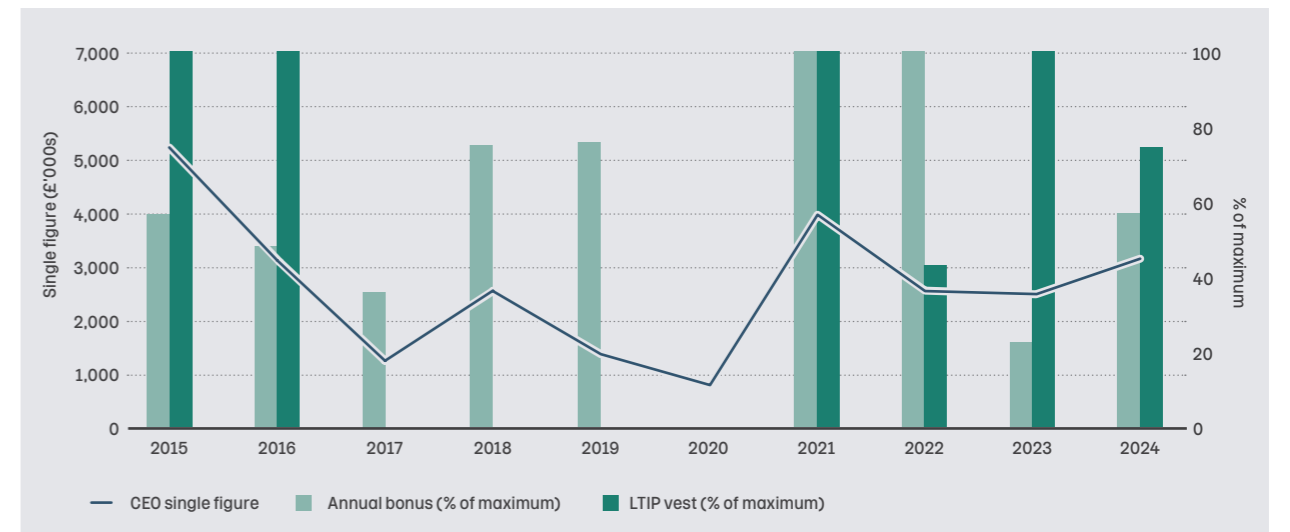
Historical single figure

The table and graph below show the historical CEO single figure and incentive payout levels. They show that the performance of the annual bonus and long-term incentives have reflected the challenging market conditions.

From 2016 to 2022, the maximum bonus opportunity reduced from 200% of basic salary to 150%. In 2023, following consultation with shareholders, the maximum bonus opportunity returned to 200% of basic salary and it remained at this level for 2024.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO single figure (£'000)	5,225	3,098	1,268	2,569	1,391	816	3,951	2,571	2,517	3,155
Annual bonus (% of maximum)	56%	48%	35%	75%	76%	0%	100%	100%	24%	58%
LTIP vest (% of maximum)	100%	100%	0%	0%	0% ¹	0%	100%	43%	100%	74%

1 Andrew Livingston was appointed as CEO in April 2018 and therefore he was not granted an award under the LTIP in 2017.



Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 1: Company performance and stakeholder experience continued

CEO pay ratio reporting

Howdens has calculated the CEO pay ratio for 2024 in line with the Directors' Remuneration Reporting Regulations. The data used to calculate the CEO pay ratio and the pay and benefits of the reference employees was accurate as at 31 December 2024.

CEO pay ratio

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024	A ¹	90:1	79:1	65:1
2023	A	76:1	65:1	54:1
2022	A	74:1	64:1	53:1
2021	A	135:1	113:1	93:1
2020	A	31:1	25:1	21:1
2019	A	71:1	58:1	48:1
2018	A	122:1	100:1	81:1

1 In accordance with section 17 of The Companies (Miscellaneous Reporting) Regulations 2018, method A was used in the calculation of the pay ratios; ranking the pay and benefits of all our UK employees for the relevant financial year to identify the 25th, 50th, and 75th percentile-ranked employees and using the pay and benefits figures for these employees to determine the pay ratios at each quartile. Method A has been used as it has been identified by the Department for Business and Trade in its guidance as the most statistically accurate method for identifying the pay ratios.

Pay and benefits of reference employees

The total pay, benefits, and salary of each employee who is the best equivalent of the 25th, 50th, and 75th ranked employee is as follows:

	25th percentile	50th percentile	75th percentile
Total pay and benefits (FTE) ²	£35,190	£40,039	£48,676
Salary (including overtime) (FTE) ²	£25,662	£29,179	£36,144

2 The pay and benefits of employees was calculated in line with the Single Total Figure of Remuneration methodology. In our calculations we used actual pay from 1 January 2024 to 31 December 2024. Joiners, leavers and part-time employees' earnings have been annualised on an FTE basis (excluding any payments of a one-off nature). Where bonus payments are made on a monthly or quarterly basis, we included payments made in the 2024 compensation year; however, for annual bonus payments, we estimated the bonus due to employees for the 2024 compensation year (payment is due in March 2025). P11D values are based on the 2023-24 reportable values; however, they have been annualised accordingly.

2024 pay ratio explanation³

A significant proportion of the CEO's remuneration for 2024 is made up of variable pay (i.e. annual bonus and share awards). Since the 2022 Performance Share Plan (PSP) award was granted, the Company's share price (three-month average to 28 December 2024) has increased by just over 10% and it is the three-month average share price on 28 December 2024 on which the value of the PSP award, which is reported in the single figure of remuneration table on page 132, is based. The annual bonus is also due to pay out at 58% of maximum for the CEO. In the previous year, the CEO's bonus paid out at 24% of maximum.

3 Explanations for the CEO ratios of previous years may be found in the respective annual report for that year.

How executive pay relates to pay and reward throughout the Company

Howdens' vertically integrated business means that our workforce is made up of a wide range of roles from kitchen designers to skilled engineers, and from warehouse staff to senior management. We work on the premise that Howdens must be worthwhile for all concerned and our reward structures across the business are designed to reflect the levels of personal autonomy and outperformance we expect from every individual. Our pay structures vary between roles to deliver an appropriate balance between fixed and variable pay. Emphasis on profit in our reward structures, from the depots to the Executive Directors, helps to provide some alignment of reward across the business.

It is a feature of our pay structure that senior management often receive a larger proportion of their total pay through incentives and the outcome of incentives is likely to be the main cause of variability in the ratio in future years. The Remuneration Committee is regularly updated on the benefits provided across the business and is mindful that consistency of approach and fairness are two key principles and important drivers for change.

All-Director remuneration relative to average employees

Listed companies are required to disclose the annual change in each director's pay in comparison to the average change in employee pay. This comparison is made on salary, bonus, and taxable benefits, so does not include some of the elements disclosed under the single figure of remuneration table such as pension contribution or long-term incentives. While there is only a requirement for a listed entity to provide employee pay information for that entity (i.e. not on a group-wide basis), a 'Group' comparator has instead been included in the table below as this provides a more representative comparison as Howden Joinery Group Plc did not employ any individuals during 2019 to 2024.

Footnotes have been included beneath the table in relation to the 2023 to 2024 period. Footnotes relating to prior years can be found in the previous applicable annual report.

	% change in basic salary					% change in benefits					% change in bonus				
	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Average Howdens Group employee remuneration	3%	9%	5%	1%	4%	(17)%	5%	(9)%	(15)%	9%	6%	(18)%	(4)%	38%	12%
Executive Directors															
Andrew Livingston	2%	6%	3%	12%	3%	(18)%	4%	5%	(85)%	84%	152%	(67)%	3%	100%	(100)%
Paul Hayes	2%	6%	3%	-	-	(26)%	(6)%	80%	-	-	152%	(67)%	3%	-	-
Non-Executive Directors															
Andrew Cripps ^{1,4}	24%	11%	6%	3%	5%	0%	0%	0%	0%	0%	-	-	-	-	-
Roisin Currie ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Louis Eperjesi ^{3,4}	83%	-	-	-	-	100%	-	-	-	-	-	-	-	-	-
Louise Fowler ⁴	13%	0%	3%	4%	515%	20%	25%	300%	0%	100%	-	-	-	-	-
Vanda Murray ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Suzy Neubert ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peter Ventress	2%	101%	-	-	-	0%	0%	-	-	-	-	-	-	-	-
Former Directors															
Karen Caddick ^{4,5}	(65)%	4%	6%	3%	18%	(100)%	0%	100%	0%	(89)%	-	-	-	-	-
Debbie White ⁶	-	0%	3%	4%	3%	-	600%	(100)%	(50)%	390%	-	-	-	-	-

- 1 Andrew Cripps was appointed Senior Independent Director part-way through 2023 and therefore 2024 was the first year he received a full year's worth of fees for that additional role.
- 2 Vanda Murray was appointed to the Board in February 2024, and Roisin Currie and Suzy Neubert were appointed to the Board in July 2024; therefore, comparative figures cannot be calculated for any of the periods reported above.
- 3 Louis Eperjesi was appointed to the Board in June 2023 and so did not receive a full year of fees until 2024 and did not have any taxable benefits in 2023, which is why the percentage change in taxable benefits is shown as a 100% increase.
- 4 In 2023, Non-Executive Directors (NEDs) waived an increase in their basic NED fee. This meant that in 2024 the basic NED fee fell below lower quartile when considered against FTSE companies of a similar size. It was agreed by the Board in April 2024 to increase the basic NED fee to the level shown on page 135.
- 5 Karen Caddick retired from the Board on 2 May 2024 and so did not receive a full year of fees in 2024.
- 6 Debbie White retired from the Board on 30 December 2023 and therefore comparative figures cannot be calculated for the period 2023 to 2024.

Wider workforce considerations

When determining the base salary, benefits and variable pay awards for the Executive Directors and senior management, the Committee had regard to the information referred to in a 'Provision 33 of the UK Corporate Governance Code Dashboard', which includes information such as the CEO pay ratio, gender pay gap statistics, and the salary, bonus, pensions, benefits and share plan arrangements available to the wider workforce.

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 2: Application of policy in 2024

In this section of the Directors' Remuneration Report we set out how the Committee has executed the policy for 2024. Disclosures in this section are retrospective and where applicable are shown against prior year comparator.

Single figure of remuneration (audited)

£'000	Salary/fees		Taxable benefits		Pension		Total fixed		Bonus		LTIP		Total variable		Total remuneration	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023 ¹	2024	2023 ¹	2024	2023 ¹
Executive Directors:																
Andrew Livingston	726	710	23	28	87	85	836	823	841	334	1,478	1,667	2,319	2,001	3,155	2,824
Paul Hayes	474	464	25	34	57	56	556	554	550	218	788	1,090	1,338	1,308	1,894	1,862
Total	1,200	1,174	48	62	144	141	1,392	1,377	1,391	552	2,266	2,757	3,657	3,309	5,049	4,686
Non-Executive Directors:																
Karen Caddick <i>Retired May 2024</i>	27	77	0	2	-	-	27	79	-	-	-	-	-	-	27	79
Andrew Cripps	102	82	0	0	-	-	102	82	-	-	-	-	-	-	102	82
Roisin Currie <i>Appointed Jul 2024</i>	35	-	4	-	-	-	39	-	-	-	-	-	-	-	39	-
Louis Eperjesi	66	36	1	0	-	-	67	36	-	-	-	-	-	-	67	36
Louise Fowler	68	60	6	5	-	-	74	65	-	-	-	-	-	-	74	65
Vanda Murray <i>Appointed Feb 2024</i>	76	-	3	-	-	-	79	-	-	-	-	-	-	-	79	-
Suzy Neubert <i>Appointed Jul 2024</i>	35	-	1	-	-	-	36	-	-	-	-	-	-	-	36	-
Peter Ventress	332	325	0	0	-	-	332	325	-	-	-	-	-	-	332	325
Debbie White <i>Retired Dec 2023</i>	-	60	-	6	-	-	66	-	-	-	-	-	-	-	66	-
Total	741	640	15	13	-	-	756	653	-	-	-	-	-	-	756	653

1 The vesting value of the 2021 PSP award for the Executive Directors has been restated to reflect the actual share price on vesting on 6 April 2024 of £8.6882.

Notes to the single figure table

Executive Directors

Salary

Salaries will not usually be changed outside of the annual review, unless there are exceptional circumstances, such as a mid-year change in role. Increases will normally be only for inflation and/or in line with the wider employee population. Salaries are set within a range defined by market benchmark derived from companies in a similar sector. Salaries for 2025 can be found on page 135. 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.

Taxable benefits

Executive Directors' benefits are based upon market rates and include receipt of a company car or car allowance, health insurance, and death-in-service insurance payable by the Company. Non-Executive Directors are entitled to receive expenses in respect of reasonable travel and accommodation costs.

Pension

Both Executive Directors received a cash benefit in lieu of pension during the year. More information about Executive Director pension benefits can be found on page 138.



Fixed Variable

Notes to the single figure table continued

Annual bonus (audited)

Targets

Our annual bonus for 2024 was based on PBT and cash flow measures subject to an aggregate maximum of 200% of salary. The PBT and cash flow measures were weighted as follows:

	PBT component		Cash flow component		Total
	Target	% of salary	Target	% of salary	% of salary
Threshold	£297m	17%	£329m	3%	20%
Target	£330m	85%	£342m	15%	100%
Outperformance	£363m	170%	£356m	30%	200%

Outcome

The PBT figure for the year in relation to the annual bonus is £330m. As explained in the Chair's annual statement, the Committee applied judgement in reviewing whether the adjusted PBT outcome of £331.9m was appropriate, taking into account all relevant factors, and it determined that it would be appropriate to exercise discretion to reduce the outcome for the PBT component to 'Target' performance.

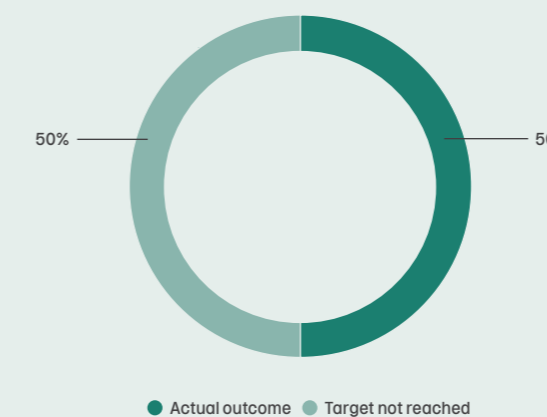
The cash flow figure for the year in relation to the bonus was £437.4m. In aggregate, the Executive Directors will receive an annual bonus of 115% of salary for 2024, which is equivalent to 57.5% of the maximum bonus opportunity.

70% of the bonus will be paid in cash and 30% will be deferred into Company shares for two years following the deferral date (subject to continued employment).

	Andrew Livingston	Paul Hayes
PBT (% of salary)	85%	85%
Cash flow (% of salary)	30%	30%
Total bonus (% of salary)	115%	115%
Total bonus (£'000)	841	550

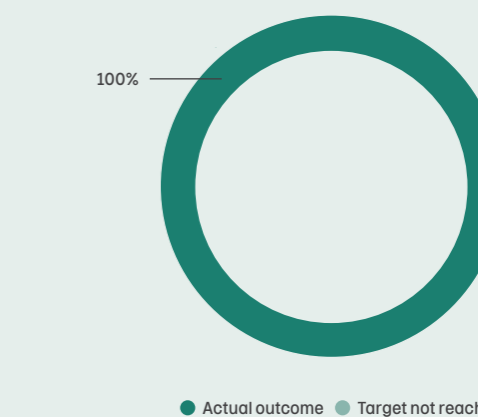
PBT outcome

Worth 85% of maximum bonus opportunity (170% of salary)



Cash flow outcome

Worth 15% of maximum bonus opportunity (30% of salary)



Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 2: Application of policy in 2024 continued

Performance Share Plan (PSP) (audited)

Targets

The 2022 PSP award is measured against PBT growth and relative total shareholder returns (TSR) over a three-year period between FY 2021 to FY 2024. Any shares that vest under the PSP award are subject to a two-year post-vest holding period for serving Executive Directors.

PBT growth measure			Relative TSR measure		
Performance level	Growth in PBT	Proportion of PBT tranche that will vest	Performance level	Position at which the Company's TSR is ranked compared to the Comparators' TSRs	Proportion of TSR tranche that will vest
Below threshold	Below 5% p.a.	0%	Below threshold	Below median	0%
Threshold	5% p.a.	15%	Threshold	At median	15%
Exceptional	12% p.a. or above	100%	Exceptional	At or above upper quartile	100%

Outcome

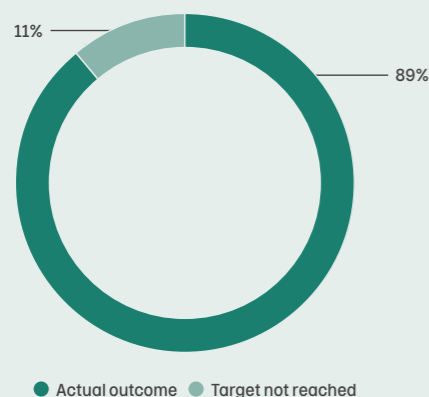
67% of the 2022 PSP award was based on a PBT growth threshold requirement of 5% p.a. and a maximum requirement of 12% p.a. At the threshold requirement, 15% of the PBT growth component of the award would vest. The actual growth on FY 2021 PBT was 11.1% p.a. calculated on an adjusted basis, excluding those costs and income that the Remuneration Committee assessed to be exceptional in nature so that the vesting outcome results in a fair reflection of the performance achieved over the period. The costs that were assessed to be exceptional in nature related to a combination of strategic investments made to deliver growth beyond 2024 and one-off costs linked to events not envisaged when the targets were set in 2022. This component of the award will vest at 88.9% of maximum opportunity.

33% of the 2022 PSP award was based on a relative TSR measure. The threshold vesting for the TSR component of the award was where the Company was ranked 'median' compared to the comparator group of companies. The maximum vesting was where the Company ranked 'at or above upper quartile'. At threshold, 15% of the TSR component would vest. Based on performance to FY 2024, the Company was ranked 'median to upper quartile' compared to the comparator group and therefore 44.6% of the TSR component of the award will vest.

The overall final vesting of the 2022 PSP award is 74.3% of the maximum opportunity. The share price at the date of grant was 770.8p and the three month average to 28 December 2024, the price on which the value of the award is calculated, was 848.4p. Therefore, £135,214 of Andrew Livingston's LTIP award and £72,037 of Paul Hayes's LTIP award, both shown in the single figure of remuneration table, is attributable to share price appreciation.

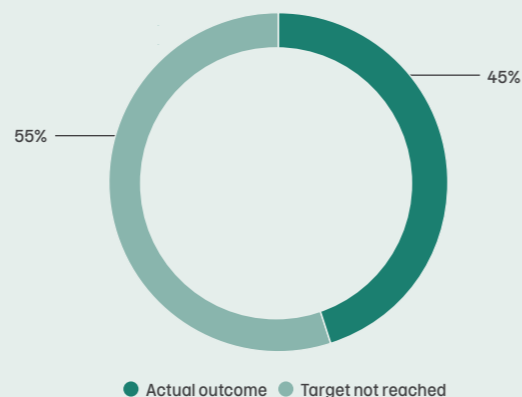
PBT growth outcome

Worth 67% of maximum opportunity under award



Relative TSR outcome

Worth 33% of maximum opportunity under award



Fixed Variable

Directors' Remuneration Report - Part 3: Implementation of policy in 2025

In this section of the Directors' Remuneration Report we set out how the Committee has implemented policy for 2025. Disclosures in this section are forward looking. The outcome of any variable award for Executive Directors will be reported in the Remuneration Committee report for the financial year 2025.

Non-Executive Director fees

Current fee levels for Non-Executive Directors are set out in the table below. Increases in Non-Executive Director fees are generally aligned to the average increase for the wider workforce, which, effective 1 April 2025, are anticipated to be on average 2% of salary across the Group. During 2024, the NED fees were reviewed alongside market benchmarks for comparably sized companies. As a result, fees were increased effective 1 April 2024 taking into account the time commitment of the roles and to reflect the mid-market level for a company of Howdens' size.

		Basic NED fee ¹	Chair fee	SID fee	Committee Chair fee
2025	Annual fee	£71,400	£341,445	£17,340	£20,400
	Effective date	1 April 2025			
2024	Annual fee	£70,000	£334,750	£17,000	£20,000
	Effective date	1 April 2024			

¹ The Chair of the Board of Directors does not receive the basic Non-Executive Director fee or an additional fee for chairing the Nominations and Sustainability Committees.

Executive Director base salaries

Executive Directors' base salary increases are set out in the table below. The rationale for the increases may be found in the Annual Remuneration Committee Chair statement on page 114.

Executive Directors	2025		2024	
	Salary (£'000)	Effective date	Salary (£'000)	Effective date
Andrew Livingston (CEO)	855	1 January 2025	731	1 April 2024
Paul Hayes (CFO)	515	1 January 2025	478	1 April 2024

Executive Director annual bonus measures

The table below sets out annual bonus measures for 2025. Targets for these measures are considered commercially sensitive by the Board and so are not disclosed here. Performance targets, together with achievement against them, will be set out in full in the 2025 Remuneration Committee report.

Bonus measure	Definition	Performance level	Payout level
PBT	Pre-exceptional profit before tax from continuing operations	Threshold	17% of salary
		Target	85% of salary
		Maximum	170% of salary
Cash flow	Net cash flow from operating activities, taking into account the efficiency with which working capital is used, and adjusted for exceptional items	Threshold	3% of salary
		Target	15% of salary
		Maximum	30% of salary

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 3: Implementation of policy in 2025

Executive Director Performance Share Plan (PSP) measures

Set out below and on the next page are the performance measures and relative weightings for each of the measures for the 2025 PSP award. Further detail about the measures may be found on pages 115 and 120. The maximum opportunity under the PSP is 285% of base salary for the CEO and 235% of base salary for the CFO. The performance period is three years, measured over the relevant financial years. The award will also be subject to a two-year post-vesting holding period and malus and clawback provisions. See page 140 for scheme interests awarded in 2024.

PBT - 60% weighting		
	PBT performance condition	Payout level
PBT component vesting schedule	£360m	100% of maximum
	<i>Straight-line vesting between these points</i>	
	£320m	15% of maximum
	Less than £320m	0% of maximum

Return on Capital Employed (ROCE) - 10% weighting		
ROCE component measurement details	Calculated by dividing the Group operating profit by the average capital employed under management's control, expressed as a percentage. The capital employed will include investments in assets, working capital and related balances but will exclude balances that relate to historical or long-term financing or are outside the control of current management. Excluded items include: cash, pension deficit repair contributions, deferred tax and long-term financing of the Group, such as lease liabilities and borrowings.	
	ROCE performance condition	Payout level
Performance assessment	24%	100% of maximum
	<i>Straight-line vesting between these points</i>	
	21%	15% of maximum
	Less than 21%	0% of maximum

Strategic measures - 10% weighting		
	Performance condition	Payout level
International sales growth Year-on-year cumulative sales over performance period versus three-year cumulative sales to YE 2024	See note 1 below	Up to 33.3% of the strategic measures component of the award
New product introductions Average % of sales generated from products launched in the performance period	See note 1 below	Up to 33.3% of the strategic measures component of the award
Vertical integration Average % of COGs manufactured in-house over the performance period	See note 1 below	Up to 33.3% of the strategic measures component of the award

1 Commercial sensitivity precludes the advance publication of the strategic measures targets; however, they will be disclosed retrospectively in the applicable Remuneration Committee report.

Fixed Variable

Relative TSR - 10% weighting

Comparator group and averaging period for TSR performance

- Companies ranked up to 50 above and 50 below Howdens by market capitalisation in the FTSE All Share index at or shortly before the start of the performance period (excluding Investment Trusts).
- TSR average for the two months preceding the first day of the performance period and two months TSR average for the final two months of the performance period.

Performance assessment	Performance against comparator group		Payout level
	Equal to or above upper quartile		100% of maximum
	<i>Straight-line vesting between these points</i>		
	Equal to median		15% of maximum
Below median		0% of maximum	

Environmental measures - 10% weighting

Environmental component measurement details All carbon emission and waste targets to be achieved by 31 December 2027. Base year for all targets is 2021.

	Performance condition	Payout level
Improving our carbon intensity ratio Year-on-year cumulative average Scopes 1 and 2 carbon emissions reduction, based on tCO ₂ e per £m	4.2% p.a. reduction	50% of maximum
	<i>Straight-line vesting between these points</i>	
	4.0% p.a. reduction	7.5% of maximum
Fleet emissions reduction UK primary fleet only, based on CO ₂ KG/km	Below 4.0% p.a. reduction	0% of maximum
	15% reduction	50% of maximum
	<i>Straight-line vesting between these points</i>	
	12% reduction	7.5% of maximum
Below 12% reduction		0% of maximum

A target of a minimum average over three years of 99% waste avoiding landfill across UK operations will apply which, if not achieved, will result in a downward modifier to the outcome under this Environmental measure.

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 4: Additional disclosures

In this section of the Directors' remuneration report, more detail is provided in respect of a number of key disclosures. These disclosures include Executive Director pension entitlements, shareholdings, and external appointments. More detail is also provided on the operation of the Remuneration Committee and AGM voting performance.

Consideration by the Directors of matters relating to Directors' remuneration

The Committee met six times during 2024 and discussed a number of items for which it is responsible. Under its Terms of Reference, which are reviewed on an annual basis, the Committee is responsible for determining the broad policy and specific remuneration packages for Executive Directors and senior management (that being the members of the Executive Committee, the Company Secretary and the Director of Risk and Assurance), including pension rights and, where applicable, any compensation payments. The Committee is also regularly updated on pay and conditions applying to other employees in the Company.

Loss of office payments or payments to past Directors (audited)

No loss of office payments or payments to past Directors were made in the year under review.

External appointments

It is recognised that Executive Directors may be invited to become non-executive directors of other companies and that exposure to such duties can broaden their experience and skills, which will benefit the Company. Howdens allows Executive Directors and other appropriate senior employees to accept a maximum of one external non-executive appointment outside the Company, subject to permission from the Committee, provided this is not with a competing company nor likely to lead to conflicts of interest. Andrew Livingston is currently Non-Executive Director of LondonMetric Property Plc, a FTSE 100 REIT. Andrew received £60,896 in fees in respect of his role as Non-Executive Director. Andrew held this position upon appointment. Paul Hayes does not have any external appointments. Executive Directors may retain the fees paid to them in respect of their non-executive duties.

Total pension entitlements (audited)

Executive Directors are invited to participate in the Howdens Retirement Savings Plan (the "Plan") or receive an amount in lieu of membership of the Plan. More information on pension entitlements for Executive Directors can be found in the proposed Directors' Remuneration Policy.

The table below sets out the payments made in lieu of membership of the Plan for the Executive Directors who served during the year. No additional benefits become receivable if Executive Directors retire early.

	Executive Directors	
	Andrew Livingston	Paul Hayes
Accrued pension at 28 December 2024 (£'000)	-	-
Normal retirement date	-	-
Pension value in the year from defined benefit component (£'000)	-	-
Pension value in the year from defined contribution component (£'000)	-	-
Pension value in the year from cash allowance (£'000)	87	57
Total	87	57

Fixed Variable

Executive Director shareholdings (audited)

Executive Directors are currently expected to build up and maintain a personal shareholding in the Company of at least 200% of salary so that their interests are aligned with those of shareholders. Subject to shareholder approval of the updated Directors' Remuneration Policy at the AGM in May 2025, this will increase to 300% of base salary.

The table below sets out the total shares held together with unvested Performance Share Plan awards and those held subject to deferral conditions. Neither of the Executive Directors held share options that were subject to performance conditions or held share options that were vested but unexercised. Subject to shareholder approval of the updated Directors' Remuneration Policy at the AGM in May 2025, unvested deferred bonus shares (net of income tax and National Insurance contributions) will be taken into account in calculating the Executive Directors' shareholdings.

	Current Executive Directors	
	Andrew Livingston	Paul Hayes
Shareholding requirement (% of salary)	200%	200%
Shareholding requirement (number of shares) ¹	172,322	112,664
Shares owned outright (including by connected persons) ^{2,5}	521,308	105,503
Current shareholding (% of salary) ¹	605%	187%
Guideline met	Y	N
Unvested deferred bonus shares	29,598	19,353
Share awards subject only to continued employment ³	194	189
Share awards subject to performance conditions and continued employment ⁴	730,354	389,105

¹ Based on a share price of £8.484, being the three-month average price to 28 December 2024, and basic salary as at 28 December 2024. This is calculated by using only those shares owned outright by the Executive Directors and their connected persons at 28 December 2024 and the Executive Director's salary at that date.

² Includes Share Incentive Plan (SIP) partnership and dividend shares.

³ Includes only SIP free and matching shares.

⁴ Performance Share Plan awards under the Long-Term Incentive Plan.

⁵ Between 28 December 2024 (the end of the period) and 26 February 2025, Andrew Livingston has acquired 37 SIP partnership Shares and Paul Hayes has acquired 38 SIP partnership Shares. No other changes to the Executive Directors' total shareholdings (including any holdings of their connected persons) have occurred between the end of the period and 26 February 2025.

Non-Executive Director shareholdings (audited)

There is no shareholding requirement for Non-Executive Directors. The shareholding figures below include any shares held by connected persons. With the exception of Karen Caddick, who was not a member of the Board as at 26 February 2025¹, the Company can confirm that no changes to the Non-Executive Directors' total shareholdings (including any holdings of their connected persons) have occurred between the end of the period and 26 February 2025.

	Non-Executive Director							
	Karen Caddick ¹	Andrew Cripps	Roisin Currie	Louis Eperjesi	Louise Fowler	Vanda Murray	Suzy Neubert	Peter Ventress
Shareholding:	6,000	7,500	-	3,100	470	3,000	7,305	20,316

¹ Karen retired from the Board on 2 May 2024. Her respective reported shareholding is therefore given as at the date she retired from the Board.

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 4: Additional disclosures continued

Scheme interests awarded during the financial year (audited)

During 2024, the Executive Directors were invited to participate in the Performance Share Plan (PSP) and Share Incentive Plan (SIP), as set out in the table below. Further information on conditional shares and SIP free and matching shares may be found in note 23 of the consolidated financial statements:

Nature of award:	Conditional shares under the PSP				
	CEO		CFO		
Number of shares under award:	207,528		110,563		
Face value of award ² :	£1,973,591.28		£1,051,454.13		
	Performance period	Grant date	Vest date	Additional holding period	
	See individual Performance Conditions below	30 August 2024	30 August 2027	Two years	
Performance Conditions:					
Profit Before Tax (PBT) (60% weighting) Performance period: FY2024 to FY2026	PBT at end of performance period		Proportion of PBT component of award that can vest		
	£420m		100%		
	Straight-line vesting between these points				
	£340m		15%		
	Less than £340m		0%		
Relative Total Shareholder Returns (TSR) (20% weighting) Performance period: FY2024 to FY2026	Howdens' rank versus comparator group		Proportion of TSR component of award that can vest		
	At or above upper quartile		100%		
	Straight-line vesting between these points				
	At median		15%		
	Below median		0%		
Return on Capital Employed (ROCE) (10% weighting) Performance period: FY2024 to FY2026	ROCE achieved		Proportion of ROCE component of award that can vest		
	28%		100%		
	Straight-line vesting between these points				
	23%		15%		
	Less than 23%		0%		
Environmental measure (EM) (10% weighting) Performance period: All carbon emission and waste targets to be achieved by 31 December 2026. Base year for all targets is 2021.	Improving our carbon intensity ratio		Fleet emissions reduction		Waste avoiding landfill
	Per annum reduction	Proportion of EM that can vest	Reduction	Proportion of EM that can vest	
	4.2%	50%	15%	50%	
	Straight-line vesting between these points		Straight-line vesting between these points		
	4.0%	7.5%	12%	7.5%	
	Below 4.0%	0%	Below 12%	0%	

1 Based on a share price of £9.51, being the closing price on 29 August 2024.

Nature of award:	Free and matching shares under the SIP ¹					
	Award type	Award date	Vest date	Number of shares under award	Award price ²	Face value of award ²
CEO	Matching shares	17 May 2024 to 19 Aug 2024	17 May 2027 to 19 Aug 2027	20	Average £9.123	Average £45.615
	Free shares	30 Aug 2024	30 Aug 2027	26	£9.510	£247.26
CFO	Matching shares	19 Apr 2024 to 19 Aug 2024	19 Apr 2027 to 19 Aug 2027	43	Average £9.022	Average £76.144
	Free shares	30 Aug 2024	30 Aug 2027	26	£9.510	£247.26

1 Free and matching share awards under the SIP do not have performance conditions; however, there is a service condition of three years from the award date during which time the participant must remain employed by a UK Howdens Group company to avoid forfeiting the award.

2 The face value of the award is calculated using the share price at grant (the "Award price").

Fixed Variable

Advisors to the Committee

The Committee regularly consults with the CEO, CFO and the Group HR Director on matters concerning remuneration, although they are never present when their own reward is under discussion. The Company Chair attends the Remuneration Committee by invitation except when his own remuneration is determined. The Company Secretary acts as secretary to the Committee but is never present when his own reward is determined.

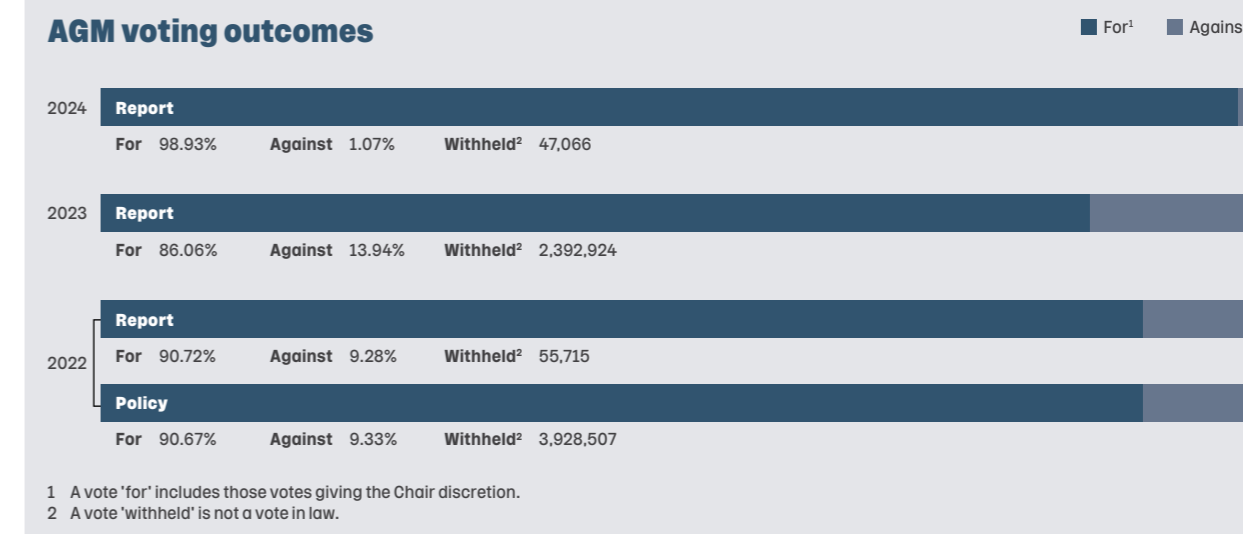
The Committee also has access to detailed external information and research on market data and trends from independent consultants. A representative from the Committee's independent advisor usually attends each meeting of the Remuneration Committee. Korn Ferry was appointed by the Committee as its retained independent advisor in September 2022 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants' Group, which operates a code of conduct in relation to executive remuneration consulting, and it does not provide any other services to the Group.

The Committee is satisfied that Korn Ferry provided robust, objective and independent advice during the year. Work undertaken during the year for the Committee included Directors' Remuneration Policy review, updating the Committee on trends in compensation and governance matters, and advising the Committee in connection with benchmarking of the total reward packages for the Executive Directors and other senior members of staff. Total fees paid to Korn Ferry in relation to remuneration services provided to the Committee totalled £136,038 with fee levels based on the quantity and complexity of work undertaken.

During the year, the Committee engaged FIT Remuneration Consultants ("FIT") to carry out additional benchmarking work on Executive Director pay. The total fees paid to FIT were £14,320. The Committee confirms that FIT had no previous connection to Howdens upon undertaking this work.

Voting at the 2024 AGM

The result of the advisory vote in respect of the Directors' Remuneration Report ("Report") at the 2024 AGM is shown in the chart below. The 2023 AGM results and the 2022 AGM results, which included a binding vote on the Directors' Remuneration Policy ("Policy"), are also shown in the chart below.



By order of the Board

Vanda Murray OBE
Remuneration Committee Chair

26 February 2025

Governance

Audit Committee report



Andrew Cripps
Audit Committee Chair

Introduction

I am pleased to present the Howden Joinery Group Plc Audit Committee report for 2024. This report is divided into the following sections:

1. Key information at a glance
2. Activities of the Committee in 2024 and key activities in the year ahead
3. Financial reporting
4. Governance
5. External auditor
6. Controls and internal audit

As announced in November 2024, I will be retiring from the Board and my position as Audit Committee Chair at the AGM in May. Upon my retirement, Tim Lodge will become Audit Committee Chair. Since Tim's appointment to the Board at the beginning of January 2025, he has been undertaking an induction to the business, with a particular emphasis on meeting with the Audit Committee's key stakeholders. I will continue to work with Tim over the coming months until my retirement to ensure there is an effective handover of Audit Committee Chair duties.

I look forward to answering any questions on the work of the Audit Committee from shareholders at the AGM in May.

Andrew Cripps
Audit Committee Chair

Key information at a glance

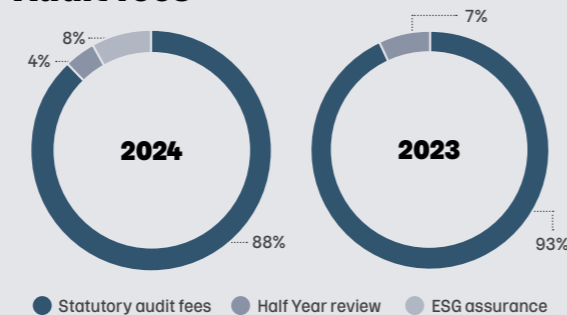
External auditor¹

External auditor	KPMG LLP ("KPMG")
External auditor appointed	12 May 2022
Lead audit partner	Zulfikar Kamran Walji
Lead audit partner tenure	Year one (of a five-year cycle)
Reappointment of external auditor to be recommended by the Board	Yes

¹ The information above is correct as at 28 December 2024.

Further information on page 146.

Audit fees



Further information on pages 146 and 147.

Areas of significant financial judgement

- Inventory obsolescence provisioning
- Defined benefit pension scheme obligation

Further information on page 144.

2024 Audit Committee activity

H1	H2
February	July
<p>Committee meeting</p> <ul style="list-style-type: none"> 2023 draft Annual Report and Accounts and Full Year Announcement Year End 2023: key judgements External audit report External audit policies External auditor independence Key controls: year end assurance Internal Audit report Audit Committee effectiveness Conflict of interest review Discussion with external auditor (without management present) 	<p>Committee meeting</p> <ul style="list-style-type: none"> 2024 Half Year results, including going concern considerations External auditor Half Year review Key controls and Half Year control reviews update Internal Audit report Cyber security and SAP access controls review French audit and compliance update FRC review of 2023 Annual Report and Accounts Provision of non-audit services by the external auditor (ESG assurance) Discussion with external auditor (without management present)
April	September
<p>Committee meeting</p> <ul style="list-style-type: none"> Cyber security update Internal audit report Effectiveness of the external auditor and audit processes 2024 external audit plan Finance Director (France) update Update on French external audit Lead audit partner succession. Discussion with Head of Internal Audit (without management present) 	<p>Committee meeting</p> <ul style="list-style-type: none"> Internal Audit report 2024 Annual Report timetable Key controls and fraud controls Annual review of risk and control framework Internal Audit charter Director of Risk and Assurance reporting line Health and safety in France
May	November
<p>AGM</p> <ul style="list-style-type: none"> The reappointment of KPMG LLP as the external auditor and authority for the Directors to determine the auditor's remuneration were approved by shareholders 	<p>Committee meeting</p> <ul style="list-style-type: none"> Corporate Governance update External audit plan update Internal Audit report 2025 internal Audit plan and budget Key controls and fraud controls Commercial Finance Director update Depot compliance update Terms of reference review 2025 Audit Committee calendar Discussion with Director of Risk and Assurance (without management present)

Committee meeting attendance in 2024

Andrew Cripps	(5/5)	
Karen Caddick	(2/2)	Retired on 2 May 2024
Roisin Currie	(3/3)	Appointed 1 July 2024
Louis Eperjesi	(3/3)	
Louise Fowler	(5/5)	
Vanda Murray	(4/4)	Appointed 1 February 2024
Suzu Neubert	(2/3) ¹	Appointed 1 July 2024

¹ Suzu was unable to attend the September meeting due to commitments entered into before her appointment. She was provided with all the Committee papers ahead of the meeting and provided her feedback to the Committee Chair and Company Secretary.

Key Committee activities in the year ahead

- Review of the Annual Report and Accounts and preliminary results announcement.
- Review of Audit Committee effectiveness.
- KPMG's reappointment as auditor to be recommended to shareholders at the Annual General Meeting (AGM).
- Review of the 2025 interim results.
- Consideration of Internal Audit's annual plan, findings, independence, and resources.
- Review of key controls.
- Approval of the 2026 Audit Committee calendar.

Governance

Audit Committee report continued

Financial reporting

Results review

The Audit Committee reviewed the Group's 2023 Annual Report and Accounts published in March 2024 and the half-yearly financial report published in July 2024.

As part of these reviews, the Committee scrutinised papers from management on accounting policy, areas of significant judgement, the Group's key risks, going concern considerations and longer-term viability. The Committee also discussed reports from KPMG on their audit of the Annual Report and Accounts and review of the half-yearly financial report.

The Committee considered whether the Annual Report and Accounts were fair, balanced and understandable and contained the information necessary for shareholders to assess the Company's position, performance, business model, and strategy.

Controls over financial reporting

The Committee received the results of management's key control assessments prepared by Group and Divisional management half yearly as well as a report from the Head of Internal Audit and Risk on the scope of those controls and adequacy of evidence retained. The effectiveness of the Group's internal financial controls (with specific reference to controls in place on a divisional basis) and the disclosures made in the Annual Report and Accounts on this matter were reviewed by the Audit Committee.

The Committee also debated regular updates in respect of the wider key controls programme during the year. More information on the key controls programme can be found on page 148.

Accounting policies

There were no changes in accounting policies in the year.

Areas of significant financial judgement

The Committee exercises its judgement in deciding the areas of accounting that are significant to the Group's accounts. In addition to requesting papers from management, the Committee reviews the external audit plan and highlights which areas are of particular concern to the Committee and on which it would further question audit conclusions. The external auditor's report details the results of their procedures in relation to these areas to the Committee.

The matters shown below have been discussed with the Chief Financial Officer, Group Finance Director, and the external auditor. The Committee has challenged the underlying assumptions and is satisfied that each matter has been fully and adequately addressed by the Executive Committee, appropriately tested, and reviewed by the external auditor, and the disclosures made in the 2024 Annual Report and Accounts are appropriate.

Inventory obsolescence provisioning

The Group's in-stock model (further information about which can be found in the Strategic Report beginning on page 2) and the scale of our product range necessitates tight management of inventory to ensure local availability of stock while at the same time minimising obsolescence and wastage. In 2024, management continued to take a strategic position on stock holding. The Committee challenged management's conclusions on stock valuation and provisioning.

The external auditor provided reports to the Committee which evaluated the appropriateness of provisions held against the carrying value of inventory, while also having regard to the age of discontinued lines and volumes of continuing lines relative to the expected usage and the levels of historical write-offs. The Committee considered the auditor demonstrated appropriate scepticism in their approach.

The Committee considered the processes used to value each category of inventory, including the assumptions behind obsolescence provisions, and was satisfied with the judgements made, and the auditor's conclusions.

Actuarial valuation of pension fund liabilities

The Committee reviewed the report of the Company's actuaries, concluding that:

- the actuarial assumptions applied to pension fund liabilities, and in particular the discount, inflation and mortality assumptions, were appropriate; and
- they concurred with the views of the external auditors.

Other key judgements

Valuation of pension fund assets

The Audit Committee also considered processes to value pension fund assets. At 28 December 2024, 49% of total pension fund assets (2023: 57%) were assets for which there is no observable market value (see note 22 of the consolidated financial statements).

Some of the asset valuations required judgement because manager valuations at the balance sheet date were not expected to be available until after the finalisation of this report. To minimise the risk that the valuations were not in line with assumptions, the asset managers were contacted to check for indicators of impairment or expected impairments, any significant market events that may have impacted the assets since the latest valuation, or any significant changes in fund composition which would lead them to think that there had been any impairment since the most recent valuation date. The Committee concurred with the approach taken.

FRC review of the 2023 Annual Report and Accounts

Howdens' 2023 Annual Report and Accounts was selected by the Financial Reporting Council's Corporate Reporting Review team ("CRR") for a limited scope review during the year. Their review raised one question about our approach to, and disclosure of, impairment testing.

While preparing the response on behalf of the Company, management consulted with KPMG, the Chair of the Board and Chair of the Audit Committee. Our updated disclosure can be found in notes 9 and 10 of the consolidated financial statements.

The FRC ask accounts preparers to note that the FRC's reviews of annual report and accounts do not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into. The reviews are, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. FRC reviews do not provide assurance annual report and accounts are correct in all material respects; the FRC's role is not to verify information provided to it but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on its review by Howdens or any third party, including but not limited to, investors and shareholders.

Governance

Governance updates

Updates on the latest governance practices for audit committees and changes in reporting requirements were reviewed with the external auditor. In addition to other resources, members of the Audit Committee are members of the KPMG Board Leadership Centre and other bodies, which provide updates on financial and reporting matters.

During the year, the Committee received regular updates on the proposed corporate governance reforms. This included strengthened board accountability for the effectiveness of the risk and internal control framework and declarations on the effectiveness of risk management and internal control systems as set out in the updated UK Corporate Governance Code 2024. The Company will report compliance against all relevant provisions of the updated UK Corporate Governance Code 2024 in the 2025 Annual Report and Accounts.

Committee effectiveness

An effectiveness review was carried out on the Committee and its members as part of the wider internal Board evaluation process (further detail regarding the effectiveness review methodology can be found on page 108). The review concluded that the Committee was collaborative and independent in how it operated and that members were prepared to probe and challenge assumptions presented to them. It was also concluded that the current mix of financial, commercial and relevant sector experience of the Committee, and that of its advisors, was such that the Committee could effectively exercise its responsibilities.

In the year ahead, the review noted that members were keen to ensure that Tim Lodge, who will take over as Committee Chair following Andrew Cripps's retirement in May 2025 (see 'Committee membership and Chair' section below), will be well supported and embedded in his new role. It was also noted that operational controls must remain a priority topic for the Committee and that the relationship with the new external audit partner continue to be built and strengthened.



Policies and conflicts

The Committee reviewed its policies in relation to allocation of non-audit work (further detail on this policy may be found on page 147) and employment of ex-audit firm personnel. It also reviewed the Directors' related parties and conflicts of interest register. Further information about the Committee's review of related parties and conflicts of interest may be found on pages 143 and 149.

Competition and Markets Authority Order (the "Order") compliance

The Audit Committee confirms that the Company has complied with the provisions of the Order throughout its financial period ended 28 December 2024 and up to the date of this report.

Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard")

Since the introduction of the FRC's Minimum Standard in May 2023, and in undertaking its role and responsibilities during the year, the Audit Committee has complied with the Minimum Standard throughout the year. Information about the last external audit tender can be found on page 146 and in the 2022 Annual Report and Accounts. The Committee's assessment of the effectiveness of the external auditor can be found on page 146.

Committee membership and Chair

Independence is critical for fair assessment of the management team and the external and internal audit functions. The Committee is composed entirely of independent Non-Executive Directors.

Andrew Cripps was appointed Audit Committee Chair in May 2016. He is responsible for determining the Committee's agenda and for maintaining the key relationships between the Group's senior management, Director of Risk and Assurance, the Company Secretary and senior representatives of the external auditor. He is also responsible for ensuring that key audit issues are reported to the Board in an effective and timely manner and that they are reported to shareholders in the Annual Report. As already reported, Andrew will retire from the Board and Audit Committee at the AGM on 1 May 2025. Upon Andrew's retirement, Tim Lodge will be appointed as Chair of the Audit Committee.

Recent and relevant financial experience

Andrew Cripps is a qualified Chartered Accountant and has held executive director roles in the UK and Europe with Rothmans International, where he was Corporate Finance Director. More recently, Andrew has been Audit Committee Chair of a number of FTSE 250 and other public companies.

Tim Lodge is a fellow of the Chartered Institute of Management Accountants and has over 30 years' finance and accounting experience. He spent six years as Chief Financial Officer (CFO) at Tate & Lyle PLC and held CFO roles at the COFCO International group. He is currently the Audit Committee Chair of SSP Group plc and Serco Group Plc, both public companies.

Governance

Audit Committee report continued

Competence relevant to the sector

The unique business model of Howdens means it does not naturally fit into one sector and therefore when the Committee undertook an assessment of its skills and experience it assessed them against a number of sectors relevant to the Company. These included building and construction, multi-site wholesale, manufacturing and logistics, and service to customers.

The Committee concluded that competence relevant to these sectors was well represented within the current membership. Thorough inductions are provided to the Committee members and opportunities to meet with senior management and Executives further enhance their working knowledge of the way the Company operates.

External Auditor

External auditor appointment

Following a comprehensive external audit tender process, the Board recommended KPMG's appointment to its shareholders at the 2022 AGM and shareholders approved the appointment with 98.8% of votes in favour. The Board recommended KPMG's re-appointment to shareholders at both the 2023 AGM and 2024 AGM and shareholders approved the re-appointment with 98.9% and 99.2% of votes in favour, respectively.

External auditor independence

Auditor independence is an essential part of the audit framework and the assurance it provides. The Committee therefore undertook a comprehensive review of auditor independence prior to appointment and during 2024, which included:

- A review of the independence of the external auditor and the arrangements which they have in place to restrict, identify, report and manage conflicts of interest.
- A review of the changes in key external audit staff for the current year and the arrangements for the day-to-day management of the audit relationship.
- Consideration of the overall extent of non-audit services provided by the external auditor, in addition to case-by-case approval of the provision of non-audit services as appropriate.
- Deliberation of the likelihood of a withdrawal of the auditor from the market and note taken of the fact that there are no contractual obligations to restrict the choice of external auditor.

At the year end, the external auditor formally confirmed that they had complied with the requirements of the FRC Ethical Standard as well as internal requirements and their independence and objectivity had been maintained. The Audit Committee also has a policy in relation to the employment of former members of the external audit team.

Lead Audit Partner

Robert Brent retired from KPMG LLP in April 2024 following completion of the 2023 external audit process. There was a detailed handover process, overseen by the Audit Committee, to the new Lead Audit Partner, Zulfikar Kamran Walji, who was responsible for the audit assurance work undertaken at the Half Year and the 2024 external audit. The Committee would like to extend its thanks to Robert for his service to Howdens, in particular managing the transition from Deloitte in 2022.

External auditor effectiveness

To assess the effectiveness of the external auditor, the Committee reviewed:

- The proposed plan of work presented by the external auditor, including audit risks, materiality, terms of engagement and fees prior to commencement of the 2024 audit.
- The external auditor's fulfilment of the agreed audit plan and any variations from the plan.
- Evaluation from key management personnel and members of the Committee of the external auditor's exercise of professional scepticism and challenge.
- Robustness, scepticism, and perceptiveness of the auditor in their handling of the key accounting and audit judgements.
- Internal control and risk content of the external auditor's report.
- Independence of thought and potential for conflict.

The Lead Audit Partner also met with all members of the Board to discuss their expectations and areas of focus for the audit process. The Committee concluded that the external auditor remained effective and audit quality remained high, and therefore the Board will once again recommend KPMG's reappointment to shareholders at the 2025 AGM.

External auditor fees

All relevant fees proposed by the external auditor must be reported to and approved by the Audit Committee. Details of external audit fees may be found in the figure on page 142 and in note 4 to the consolidated financial statements.

In July 2024, the Audit Committee approved a proposal from KPMG to undertake certain ESG assurance services for the Group. The Committee determined that it was in the Company's best interests to acquire these services from KPMG due to the benefit of efficiencies created by having one audit and assurance provider, though day-to-day assurance work was to be carried out by a team separate from the financial audit team. Approval was given for two limited assurance engagements in accordance with International Standard on Assurance Engagements UK and ISAE 3410. The Committee took into account both the FRC Ethical Standard and Howdens' own policy for the provision of non-audit services when considering the proposals and concluded that the engagements were a permitted service under the policy.

Performance expectations for the external auditor

Specific auditor responsibilities

- Discuss the audit plan, materiality, and areas of focus in advance.
- Report issues at all levels within the Company in a timely fashion.
- Ensure clarity of roles and responsibilities between local KPMG and Howdens' Finance teams.
- Respond to any issues raised by management on a timely basis.
- Meet agreed deadlines.
- Provide continuity and succession planning of key staff members of KPMG.
- Provide sufficient time for management to consider draft auditor's reports and respond to requests and queries.
- Ensure consistent communication between local and central audit teams.

Wider responsibilities

- Adhere to all independence policies.
- Provide timely up-to-date knowledge of technical and governance issues.
- Serve as an industry resource, communicating best practice trends in reporting.
- Deliver a focused and consistent audit approach for the Group that reflects local risks and materiality.
- Liaise with the Howdens Internal Audit and Risk team to avoid duplication of work.
- Provide consistency in advice at all levels.
- Ultimately, provide a high-quality service to the Board, be scrupulous in their scrutiny of the Group and act with utmost integrity.

Independence

The Committee reviews the independence of the external auditor bi-annually. This includes consideration of the potential for conflicts of interest as well as the auditor's internal procedures to ensure independence of its staff.

Policy for non-audit services provided by the external auditor

The main aims of this policy are to:

- Ensure the independence of the auditor in performing the statutory audit; and
- Avoid any conflict of interest by clearly detailing the types of work that the auditor can and cannot undertake.

The Audit Committee has reviewed the policy for non-audit services to ensure that it is in line with the FRC's Revised Ethical Standards 2019 (which took effect from 15 March 2020) and the FRC's Audit Quality Practice Aid 2019.

The policy, in line with regulation, substantially limits the non-audit services which can be provided by the external auditor. The policy provides:

- a 70% cap of the value of the audit fee for all non-audit services calculated on a rolling three-year basis; and
- categories of service that are prohibited from being carried out by the auditor.

The policy specifies a de minimis limit as well as the type of non-audit work that the auditor may be engaged in without the matter first being referred to the Audit Committee, which considers each referral on a case-by-case basis.

The policy ensures that the auditor does not audit its own work or make management decisions for the Company or any of its subsidiaries. The policy also clarifies responsibilities for the agreement of fees payable for non-audit work.

In the year, the Committee has only authorised KPMG to review the half yearly financial report and conduct a limited assurance review of ESG disclosures. Both of these are technically non-audit services, but are so closely connected with external audit that it is appropriate that KPMG conduct the work and their independence is not compromised.

Controls and internal audit

Internal control framework

The Group has enhanced its established framework of internal controls, which includes the following key elements:

- The Board approves the Group's strategy and annual budgets; the Executive Committee is accountable for performance against these.
- The Group and its subsidiaries operate control procedures designed to ensure complete and accurate accounting of financial transactions and to limit exposure to loss of assets or fraud.
- The Audit Committee meets regularly and its responsibilities are set out in the Audit Committee Terms of Reference (which can be found on the Company's website at www.howdenjoinerygroupplc.com/governance/corporate-governance-report/terms-of-reference-of-the-audit-committee). The Audit Committee receives reports from the Internal Audit function on the results of work carried out under an annually agreed audit programme. Operational and compliance controls are considered when the Committee reviews the annual Internal Audit programme. The Audit Committee has full and unfettered access to the internal and external auditors.
- Operating entities provide certified statements of compliance with key financial and non-financial risk areas aligned with principal risks. These include IT and cyber controls, supplier management, ESG, health & safety and data protection as well as other operational areas. These controls are cyclically tested by Internal Audit to ensure they remain effective and are being consistently applied.
- The Audit Committee annually assesses the effectiveness of the assurance provided by the internal and external auditors.

Governance

Audit Committee report continued

Case study

Preparedness for the UK Corporate Governance Code changes (risk management and internal controls)

The 2024 version of the UK Corporate Governance Code has introduced a new Provision (Provision 29), requiring boards to monitor their company’s risk management and internal control framework and, at least annually, to conduct a review of its effectiveness. For financial years beginning on or after 1 January 2026, a description of how the board monitored and reviewed the effectiveness of the framework, a declaration of the effectiveness of material controls, and a description of any material controls that have not operated effectively (including action taken or proposed to improve them) must be reported in the annual report.

In readiness for these changing requirements, Howdens has completed a two-year Company-wide readiness project. Sponsored jointly by the CEO and CFO with the oversight of the Audit Committee, the Key Controls Project was a wide-reaching improvement programme to further improve our governance, controls and evidence. A key objective of the project was to retain Howdens’ culture of empowered, entrepreneurial teams operating efficiently while demonstrating effective control and governance.

Our approach mapped our principal risks as well as wider legal, financial, compliance and operational risk areas to a revised governance framework with clear accountability for each Executive Committee member. To do this we have revised our risk appetite matrix and developed a clear link to both operational and financial materiality, ensuring that our governance approach focuses on truly material

controls, while allowing the business to keep track of its wider operational control effectiveness.

For each area, a control framework was developed, focused on providing the Executive member responsible with appropriate information and evidence to ensure it remains effective. Directly aligned with our deeply embedded risk management process, all control owners and reviewers are responsible for understanding individual, evidenced risks in their area and signing off that controls are effective and have fully operated during the period.

Throughout the project we have aimed for a clear and efficient process, covering governance and controls to manage both Economic Crime and Corporate Transparency Act 2023 (ECCTA) and the revised UK Corporate Governance Code in one simple process. We have upgraded our governance, risk and compliance (GRC) tooling, which was already familiar to the business, to provide both management sign-off of control effectiveness and evidence management to support it. Our GRC solution is directly linked with our 3rd line Internal Audit activity, providing a clear link between control sign-off, review and assurance activity for the Executive Committee and Audit Committee.

We are continuing to develop our compliance functions to align against this new model and to ensure that this approach is effective.

Material controls

As previously reported, management continued a Group-wide controls and governance oversight improvement project in 2024. Sponsored by the CEO and CFO, and reporting regularly to the Audit Committee, this work is improving our capability over our operational, compliance, IT and financial controls, which mitigate our key and principal risks and evidence their effective implementation.

Work on tightening and evidencing our IT and financial controls was largely completed in 2023. In 2024, the focus has been on rolling this out to all other areas of operations and governance, with regular updates being provided to the Audit Committee. Work has focused on refining embedded internal control frameworks and reporting, as well as our systems used to improve process efficiency and the use of data analytics.

The Committee remains committed to the activities to further strengthen the control environment across the business, as well as preparing for compliance with Provision 29 requirements of the updated 2024 version of the UK Corporate Governance Code (see case study above).

Internal audit

The Internal Audit team has focuses on the development of our processes and frameworks to align with both new Institute for Internal Audit (IIA) standards and the requirements of the function for the revised Corporate Governance Code. This has included training for the full team and the wider business.

An updated Internal Audit Charter has been approved by the Committee and communicated to management, thereby refreshing understanding of responsibilities for internal controls and their verification, based on the three lines of defence model.

The Committee reviewed and challenged:

- internal Audit’s programme of work and resources and approved its annual plan and budget;
- the level and nature of assurance activity performed by Internal Audit;
- results of audits and other significant findings, including the adequacy and timeliness of management’s response;
- staffing, reporting and effectiveness of divisional audit; and
- independent assurance.

Independent assurance

The Committee assessed the coverage of independent assurance by reviewing the annual internal audit and compliance plans against the Group’s controls governance process.

Internal audit effectiveness

The Committee considered that the Internal Audit function remained effective and provided a comprehensive level of assurance through its programme of work.

The Internal Audit team has reviewed and ensured compliance with the revised IIA Standards. The revised Standards become effective in 2025. The team also remains compliant with the International Professional Practices Framework (IPPF).

The Audit Committee has commissioned an external assessment of the internal audit function every five years to assess the performance and effectiveness of the Internal Audit department, next scheduled for completion in 2025-26 against the new Standards.

The last assessment was completed in 2021 and no areas reviewed were considered to be of concern.

Fraud risk & ECCTA

The Committee has reviewed management’s progress in implementing required developments to comply with ECCTA. The Committee considered the controls in place to mitigate fraud risk and received a report from Internal Audit and other compliance functions to confirm controls are effective. The Committee will continue to regularly assess best practice for ECCTA compliance over the course of 2025.

Cyber and information security risk

The risk of a cyber security incident is considered to be one of the Group’s principal risks. More information on this risk can be found on page 40.

Updates on cyber and information security were presented to the Committee by the Chief Customer Officer, Head of Information Security and the Director of Infrastructure and Service Delivery at the Committee meetings in April and July. In July, the Committee noted that certification had been received in respect of the ISO 27001 (management of information security) accreditation. Other areas considered by the Committee during these updates included threat landscape, cyber insurance, and access controls.

There were no significant information security breaches during the year and there have been no such breaches during the preceding three-year period.

Divisional controls

Members of senior management are invited to Audit Committee meetings to discuss financial reporting, succession planning, risk management, and controls in their business areas. The Finance Director for France and Belgium and the UK Commercial Finance Director each presented to the Committee during the year, setting out their respective team’s priorities and risks and opportunities. The Head of Compliance for the Trade division also presented to the Committee on the progress of the UK depot compliance programme and the Chief Customer Officer attended to present on SAP controls and cyber security.

Whistleblowing

Complaints on accounting, risk issues, internal controls, auditing issues and related matters are reported to the Audit Committee as appropriate. Oversight of the Company’s whistleblowing policy is a matter considered by the Board. The Board receives biannual updates on whistleblowing statistics and trends (see pages 82 and 83).

Conflicts of interest and related parties

The Companies Act 2006 places a duty upon Directors to ensure that they do not, without the Company’s prior consent, place themselves in a position where there is a conflict, or possible conflict, between the duties they owe the Company and either their personal interests or other duties they owe to a third party. If any Director becomes aware that they, or any party connected to them, have an interest in an existing or proposed transaction with the Company, they must notify the Board as soon as practicable. The Board has the authority to authorise a conflict if it is determined that to do so would be in the best interests of the Company. The Audit Committee reviews the output of this process annually to ensure it is appropriately monitored.

By order of the Board

Andrew Cripps
Audit Committee Chair

26 February 2025



Governance

Sustainability
Committee report



Peter Ventress
Sustainability Committee Chair

Introduction

I am pleased to present the Sustainability Committee report for 2024. This report is organised into the following sections:

- 1. Committee member attendance, Committee evaluation results, Committee activity in 2024 and key activities in the year ahead.**
- 2. Committee environmental and social considerations in the year**
- 3. Case study: Chartered Manager Degree Apprenticeships**

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

Peter Ventress
Sustainability Committee Chair

Committee meeting attendance in 2024

Peter Ventress	(3/3)	
Karen Caddick	(2/2)	Retired 2 May 2024
Andrew Cripps	(3/3)	
Roisin Currie	(1/1)	Appointed 1 July 2024
Louis Eperjesi	(3/3)	
Louise Fowler	(3/3)	
Vanda Murray	(2/2)	Appointed 1 February 2024
Suzu Neubert	(1/1)	Appointed 1 July 2024

Committee evaluation in 2024

Areas of focus:

- Role and operations of the Committee
- Composition
- Leadership
- Process and procedures

Methodology:

See page 108 of the Nominations Committee report.

Outcomes:

In all areas of focus (see above), the Committee scored above benchmark¹. In particular, it was felt that the Committee had the appropriate competence relevant to the Company's sector and was collaborative in its approach.

It was noted by Committee members that a key focus for the Committee in the year ahead would be ensuring sufficient resource was in place for the Company to identify and meet the ever-growing and significant reporting and legislative requirements and to ensure appropriate verification of data was carried out.

¹ Benchmark is derived from over 1,000 board evaluations, which include feedback from more than 3,000 board members across 400 organisations.

2024 Sustainability Committee activity

February

Committee meeting

- SBTi Net Zero approval and progress update
- ESG materiality review results
- EDI update
- Gender pay gap report
- 2023 Sustainability Committee report
- Sustainability Committee effectiveness review

April

Committee meeting

- Scope 3 emissions update
- Gender Working Group update
- Early careers, including presentations from graduate apprentices

November

Committee meeting

- EU Deforestation Regulations update
- ESG performance and compliance update
- Climate risk
- EDI update
- 2025 Sustainability Committee calendar
- Committee Terms of Reference

Key Committee activities in the year ahead

- Receive updates on execution of the Group's sustainability strategy, including the roadmap for SBTi Net Zero targets.
- Receive updates on the Group's equality, diversity and inclusion priorities, workforce skills and development.
- Review the Sustainability Committee's Report and Terms of Reference.
- Approval of the 2025 Sustainability Committee calendar.

Committee environmental and social considerations in the year

Net Zero¹

Having the Group's Net Zero targets approved by SBTi, as reported to the Committee during the year, represents a significant milestone for Howdens' ESG agenda. The Committee received regular updates on progress against targets from the Director of ESG and will continue to do so in 2025 and in future years.

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

The Director of ESG reported to the Committee that a new website had been launched during the year to support the Group's sustainability activities. This can be accessed at <https://howdens.foleon.com/sustainability/our-road-to-zero/>

Supplier engagement

Supplier engagement is key to the execution of the Net Zero strategy and reduction of Scope 3 emissions. The Committee received an update from the Director of ESG in April on the ESG messaging at the Supplier Conference in March. At that conference, the CEO delivered the message that meeting the Group's ESG long-term targets was non-negotiable. Further information about the Supplier Conference and supplier engagement can be found on pages 49, 90 and 91.

The Sustainability Committee also received updates on ESG360, the Group's ESG supplier engagement tool.

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

Governance

Sustainability Committee report continued

ESG compliance

The regulatory burden for companies relating to ESG disclosure and compliance is significant and increasing at pace. During the year, the Committee received updates in relation to EU Deforestation Regulation (EUDR) and the EU Zero Deforestation policy, Corporate Sustainability Reporting Directive (CSRD), TCFD disclosures (to be superseded by disclosures under International Sustainability Standards Board (ISSB)), TNFD disclosures, Greenwashing Directive as well as voluntary disclosures under the Carbon Disclosure Project (CDP).

The Committee will work with the Audit Committee on a CSRD implementation plan during 2025 and work has already commenced on double-materiality assessments. CSRD will apply to the French business from 2025.

Climate risk

The Director of Risk and Assurance provided the Committee with an update on physical climate risk at the November meeting.

The climate risk assessment looked to identify inherent physical climate risk exposures using Recognised Climate Pathways (RCPs) to analyse the risk of precipitation, river floods, storms, sea level rises, heat fire and drought to Howdens' depots (including international operations), manufacturing and distribution sites along with other critical infrastructure locations (such as IT data centres); all Tier 1 suppliers globally that are relied upon to derive £2.5m or more of profit; and any planned major future investment locations and new depot locations. Risk was assessed over three time horizons: short, medium and long-term.

More information on our 2024 physical climate risk assessment can be found on page 66.

Equality, diversity and inclusion (EDI) and skills

The Committee continued to have oversight of management's EDI strategy and received regular updates from the HR team throughout the year. The Committee received a presentation on Chartered Manager Degree Apprenticeships in July, a case study of which is set out on page 153.

The Committee considered and approved the Group's Gender pay gap report in February and will continue to monitor this with the Remuneration Committee in 2025. Information was provided to the Committee at their request in respect of bonus differentials, although it was noted that this was due to new joiner, leavers and apprentices not being in receipt of performance-related bonuses.

Case study

Chartered Manager Degree Apprenticeships

Howdens has a strong track record of promoting social mobility and organically growing its talent pool through apprenticeships. In 2024, the Sustainability Committee received an update from the Operations Leadership team on the first cohort of Chartered Manager Degree Apprenticeships (CMDAs), which included presentations from two of the students enrolled in the programme.

The primary objective of the programme is to nurture talented individuals capable of leading the Company's strategic initiatives across key business areas and enhancing business performance.

The rotational programme is structured to offer participants exposure to critical areas of our manufacturing and logistics business, helping them to gain insights and develop a breadth of knowledge, skills and experience. By immersing themselves in diverse roles and functions, participants gain a broad understanding of the business, resulting in a well-rounded skill set, which will support business performance.

Key to the success of this initiative is the recruitment of high-calibre candidates who demonstrate the attitude and drive to excel. Through a thorough assessment and selection process, we identify individuals who embody our core values and exhibit a passion for continuous learning and growth, curiosity, leadership and initiative - all critical to be successful at Howdens.

The business partnered with Corndel, a third-party educational partner, to develop the Chartered Manager Degree Apprenticeship programme. In its first year,

the programme received over 120 applications. Applicants were shortlisted and 18 were invited to attend an assessment centre in Howden, East Yorkshire. Members of the Operations leadership team were part of the assessor pool and Julian Lee (Operations Director) opened the assessment centre, demonstrating our commitment to this new programme. The calibre of the applicants at the assessment centre was very strong and five offers were made to applicants.

The first placement of the programme lasts nine months and has included placements in Safety, Health & Environment (SHE), quality, engineering, procurement, HR, finance, manufacturing, and warehousing. For the first time this year, we also included a placement in ESG. Subsequent placements last for six months and every apprentice spends one placement on shift in either our manufacturing or warehousing operations. Apprentices gain invaluable experience working with and managing colleagues in operational roles.

In addition, each apprentice has one day a week to do their university studies remotely, supported by Corndel. At the end of the two-and-a-half-year programme, they receive a Level 6 Chartered Management Degree.

The Howdens CMDA programme, which is now in its second year, has 10 apprentices across Operations. As well as the Sustainability Committee, apprentices have presented to the Executive Committee, Operations leadership team, and shareholders at our investor days.

Governance

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the 52-week period ended 28 December 2024. Comparative figures relate to the 53 weeks ended 30 December 2023.

To make our Annual Report and Accounts more accessible, a number of the sections traditionally found in this report can be found in other sections of this Annual Report and Accounts where it is deemed that the information is presented in a more connected and accessible way. The Directors' report comprises the sections detailed below, including the statement on political donations and research and development. Any sections that have been moved have been cross-referenced below.

Located in the Strategic Report:

Matters of strategic importance, principal Group activities, business review, and results: pages 2 to 35.

Dividend and other returns to shareholders: pages 17, 18, 33, and 34.

Located in the Sustainability matters report:

Greenhouse gas emissions and streamlined energy and carbon reporting (SECR): Details of the Group's greenhouse gas emissions, as required by Sch. 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, are set out on page 67. Information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155), can be found on pages 67 and 68.

Located in the Governance section:

Directors of Howden Joinery Group Plc: The names of anyone who served as a Director during the period can be found on page 75 under 'Board meeting attendance'.

2018 version of the UK Corporate Governance Code (the "Code"): How the Company applied the Principles and complied with the Provisions of the Code can be found on pages 94 to 99. A copy of the Code can be accessed via www.frc.org.uk.

Internal control and risk management arrangements: Internal control arrangements information can be found in the Audit Committee report on pages 147 to 149. Risk management arrangements information can be found on pages 36 to 41.

Board and Group Diversity policies: page 104.

Stakeholder engagement: Details regarding the engagement with suppliers, customers, and others in business relationships with the Company, as required by Sch. 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), can be found on pages 86 to 93.

Employees: The total number of employees and gender diversity statistics are located on page 104. The methods of engaging with the workforce can be found on pages 88 and 89. All eligible UK employees have been invited to participate in a free shares award under the Company's Share Incentive Plan (the "SIP") each year since 2015 and, since 2024, Isle of Man employees have been invited to participate in Free Shares awards. Since 2021, eligible UK employees have also been invited to participate in a SIP Partnership and Matching Shares plan.

Directors' statement of disclosure of information to the auditor: page 156.

Located in the financial statements:

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

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

Disclosure required under UKLR 6.6.1R:

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

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

Dividend: note 17.

Located in the Additional Information section:

Annual General Meeting (AGM): Information about the AGM can be found on page 225. The recommendation to reappoint KPMG LLP as the Group's auditor can be found on page 146.

Share capital, substantial shareholdings and whether the Company's acquired its own shares (including nominal value of shares purchased): pages 225 and 226.

Directors' Indemnity and Insurance: page 226.

Significant agreements, which take effect, alter or terminate upon a change of control: page 226.

Disclosure required under Listing Rule 6.6.1R:

- Dividend waivers: page 225.
- Published profit forecasts made during the reporting period to 28 December 2024: page 226.



Political donations

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

Research and development (R&D)

The Group undertakes development activities in relation to its product design and innovation work. The five pillars that new product design and sourcing decisions are based on are: sustainability, quality, design, cost, and availability (further information on new product introductions can be found on pages 21, 26 and 52). The Group also undertakes development work in relation to its digital capabilities to make life easier for our trade customers and our depots (further information about our digital developments can be found on pages 23 and 27).

By order of the Board

Forbes McNaughton
Company Secretary

26 February 2025

Governance

Directors' statements

Disclosure of information to the auditor

Having made the requisite enquiries, the Directors in office at the date of this report have each confirmed that, so far as they are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each of the Directors has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Directors' responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings including the consolidation taken as a whole;
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Andrew Livingston Chief Executive Officer
Paul Hayes Chief Financial Officer

26 February 2025

Non-financial and sustainability information

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

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

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

Focus area	Policies and statements	More information and outcomes
Environmental matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"> • Greenhouse gas emissions and streamlined energy and carbon reporting (pages 67 and 68). • Discussion about the Company's sustainability strategy and SBT Net Zero commitment and targets (pages 45 to 47). • Climate-related financial disclosure as defined in section 414CA(2a) Companies Act 2006 (Governance - (a) on pages 57 and 58; Strategy - (f) on pages 58 and 59; Risk management - (b), (c), (d) and (e) on page 59 and pages 61 to 63; Metrics and Targets - (g) and (h) on page 60). • Discussion of the Company's progress on implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (pages 57 to 63). • Discussion of the UN Sustainable Development Goals (UN SDGs) (page 45). • Discussion of our progress on 'zero waste to landfill' (page 56), Route to Net Zero (pages 46 to 47), decarbonisation of the distribution fleet (page 51), our sustainable product offer and product innovation (pages 52 and 53) and our use of renewable energy sources (page 50). • KPIs on production waste reduction (page 56) and our target of 100% of wood-based material used in manufacturing processes being made from FSC® or PEFC certified sources (page 50).
Social matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"> • Our impact on our stakeholders (pages 64 and 65) and engagement with stakeholders (starting on page 86). • Our progress on equality, diversity and inclusion and wellbeing matters (pages 54 and 55). • Our Boardroom and Group Diversity Policies (page 104).
Respect for human rights	Human Rights Policy and Modern Slavery Statement (see Group website).	<ul style="list-style-type: none"> • Discussion of our EDI and wellbeing initiatives (pages 54 and 55). • Our Modern Slavery Statement (see Group website) sets out how we actively monitor suppliers and train our procurement staff. • Internationally recognised labour standards form part of our contracts of employment.
Anti-bribery and corruption	Anti-bribery and corruption, conflicts of interest, corporate gifts and hospitality, anti-money laundering, anti-tax evasion and competition law.	<ul style="list-style-type: none"> • The Board considers and approves the following Group policies: anti-bribery and corruption, anti-money laundering, anti-tax evasion, competition law policy, market abuse compliance and the Modern Slavery Statement and whistleblowing. • We have a rolling programme of refresher training on human rights, modern slavery, human rights, and anti-bribery for our compliance team and buyers. • Further information about our whistleblowing facility may be found on page 89.
Employees	Health & Safety Statement of Intent (see Group website), market abuse compliance, data protection and privacy, and whistleblowing.	<ul style="list-style-type: none"> • KPI on Health and Safety and discussion of Health and Safety performance and initiatives (page 56). • Discussion of employee rewards and benefits, development opportunities and apprentice schemes (pages 54, 55, 64, 115, and 131). • Diversity policies and statistics (pages 103 and 104). • Workforce engagement (pages 88 and 89). • Directors' Remuneration Policy (see Group website for the full current policy and pages 117 to 126 for the full proposed new policy).

We outline our resilient business model on pages 14 and 15. All of our non-financial KPIs are presented together on page 29. A discussion of our principal and emerging risks, including those related to our business relationships, products and services, as well as a description of our risk management process, starts at page 36.