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

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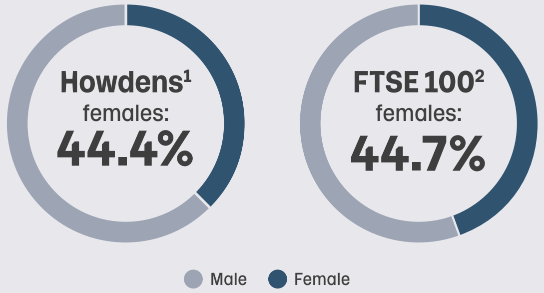
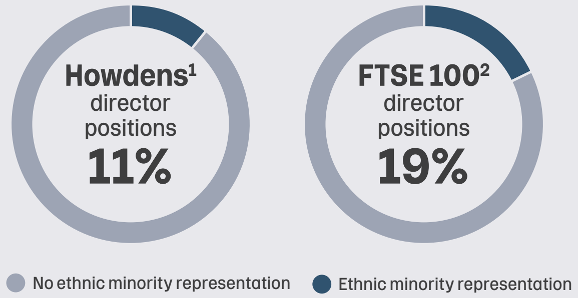
Key information at a glance

Board gender diversity



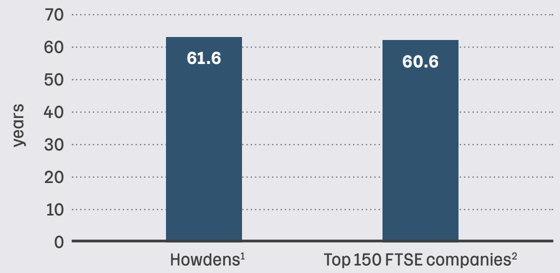
1 Figures correct as at 28 December 2024.
2 Figures derived from the FTSE Women Leaders Review (published February 2025).

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 benchmark[1]. 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.

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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.

		Number of Non-Executive Directors	
Skills and experience	**Importance**	**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 date[1] 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 date[1] for this data is 28 December 2024. To collect this data, the Company asked members of the Board and Executive Management[2] 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 themself and give their best. Howdens will aim to:

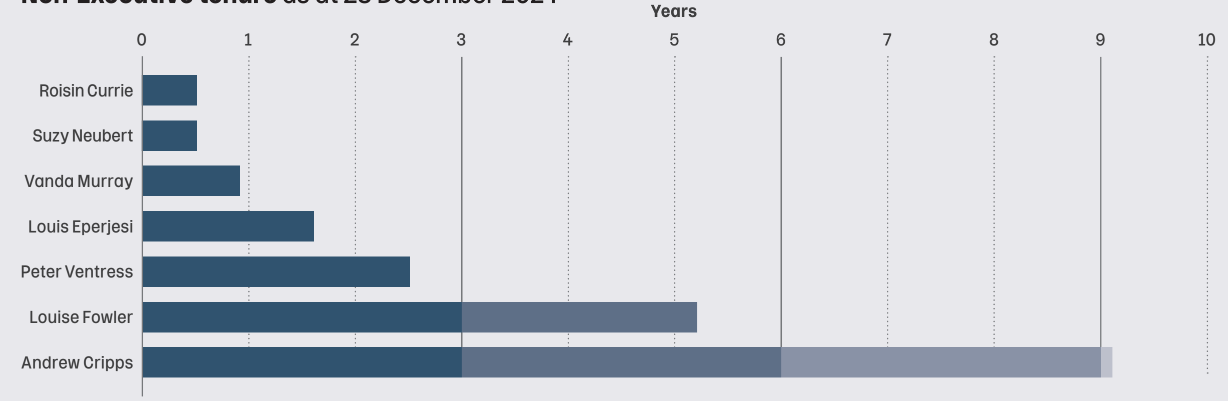
- Create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all workers are recognised and valued regardless of background.
- Seek to ensure that no one is unlawfully 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.

Non-Executive tenure as at 28 December 2024



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.

Appointment

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

The Nominations Committee engaged Russell Reynolds[1], 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.

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.

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: Howden[1]

All of the above met with the Director of Supply Operations, the Supply Operations senior leadership team, and with graduates and apprentices[2]. 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.

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.

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

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.

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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

H1

January

Committee meeting
- Consideration of preliminary 2023 annual bonus outcome
- Consideration of 2024 annual bonus targets and 2024 Performance Share Plan (PSP) measures and target ranges

February

Committee meeting
- Update on UK defined contribution pension benefits
- Governance update
- Annual bonus outcome and performance update on awards vesting in 2024
- 2024 salary and incentives considerations (including workforce reward, shareholder alignment, CEO pay ratio and gender pay gap)
- Approval of 2024 bonus and PSP targets
- 2024 share awards planning
- Draft 2023 Directors' Remuneration Report
- Post-vest holding period for leavers
- Remuneration Committee effectiveness review

April

Committee meeting
- Agreement of Chairman's fee

April

Share award grant
- Replacement share awards made to incoming senior managers

May

AGM
- 2023 Directors' Remuneration Report approved by shareholders

H2

July

Committee meeting
- Performance update on in-flight variable incentive awards
- Governance update
- Review of Executive Director remuneration and Directors' Remuneration Policy review planning

July

Shareholder communication
- Proposed Executive Director salary changes

August

Share award grants
- SIP Free Shares grant to all eligible UK and Isle of Man employees
- PSP grant to Executive Committee members (including Executive Directors)
- Retention awards granted to selected senior managers (not including Executive Directors)

September

Committee meeting
- Feedback on shareholder communication
- Directors' Remuneration Policy potential updates

November

Committee meeting
- Performance update on in-flight variable incentive awards
- Risk and rewards consideration
- Review of draft updated Directors' Remuneration Policy and shareholder communication
- Review of LTIP measures
- Governance update
- 2025 Remuneration Committee calendar
- Review of Committee's Terms of Reference

November

Shareholder communication
- Proposed Directors' Remuneration Policy changes

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Strategic Report
Governance
Financial Statements
Additional Information

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.

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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.

Working Group
Remuneration Committee
Shareholders

May
Working Group established.

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

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

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

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

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

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

The Committee agreed the proposed policy changes and shareholder communications.

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

2024 ↑

2025 ↓

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

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

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

Fixed Variable

Directors' Remuneration Policy

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

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

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

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

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

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

Summary of main changes to the Remuneration Policy

Remuneration element	Method
Annual bonus	The new policy will permit up to 20% of salary to be payable for threshold performance. Under the current policy, the payout at threshold is 20% of salary. 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.

Governance

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: • 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: • 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. A payment equivalent to the dividends accrued on vesting performance shares may be made at the point of vesting, normally in shares.
Opportunity	The threshold vesting for the PSP will be up to 15% of maximum. The maximum opportunity under the PSP is 300% of salary.
Performance measures	At least 75% of the PSP will be based on financial metrics.

Fixed Variable

Shareholding requirement	
How this element of remuneration supports our strategy	Shareholding requirement strengthens alignment of interests between participants and shareholders.
Operation	Executive Directors are expected to retain vested shares from deferred bonus and long-term incentive awards (net of income tax and National Insurance contributions) until they reach the minimum requirements. 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.

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

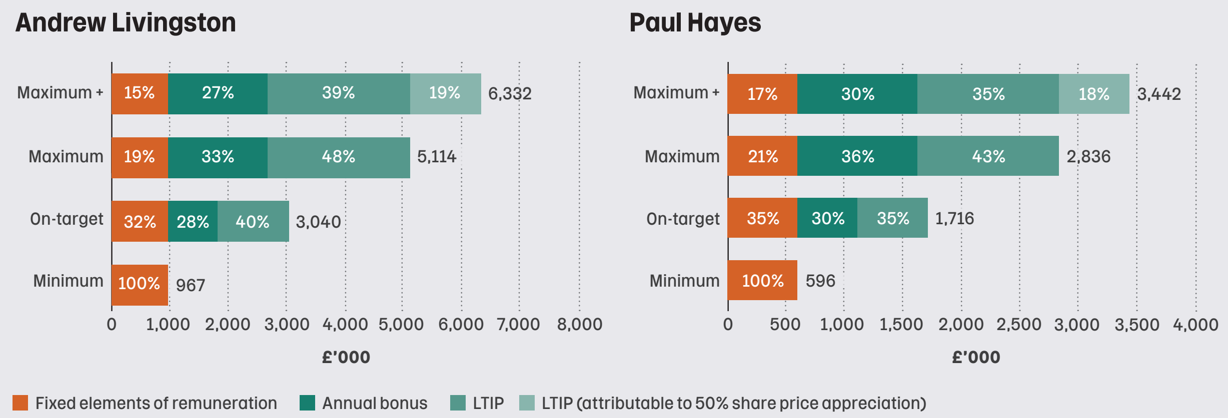
The Committee remains committed to maintaining an ongoing and transparent dialogue with its shareholders. The Committee undertook a shareholder consultation in 2024 on Executive Director remuneration and the proposed new Directors' Remuneration Policy. The proposed policy was shared with our major shareholders 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.

Value of package



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 deferred annual bonus and long-term 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.

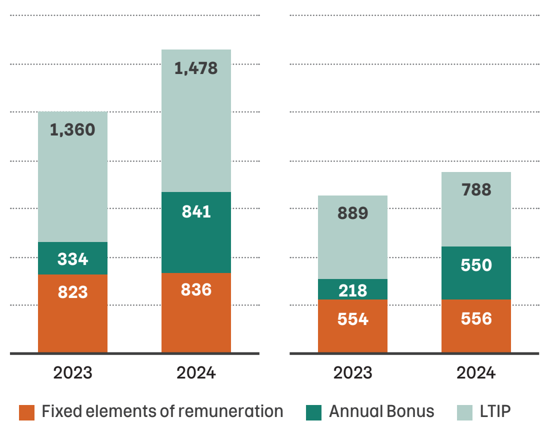
Fixed Variable

Directors' Remuneration Report

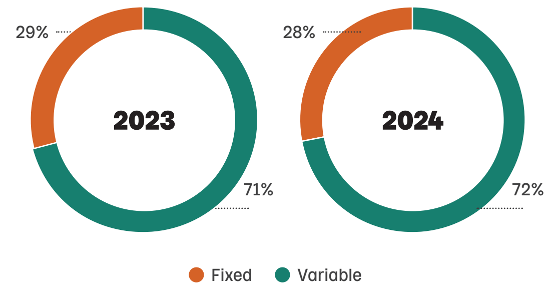
Remuneration at a glance

Summary of Executive Director pay

(£'000)



Executive Directors' fixed vs variable pay received



Wider workforce remuneration highlights

95% of employees[1] have an element of performance-related pay in their remuneration

11.3k employees who hold SIP shares

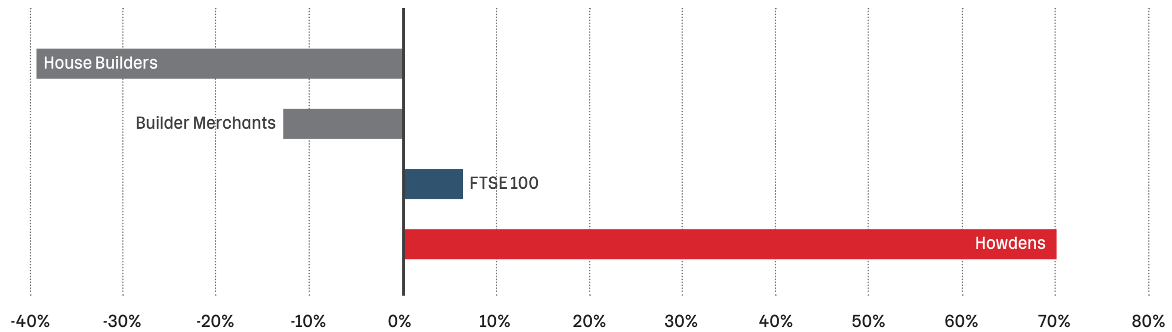
93% pension participation amongst employees[1]

1.7m SIP free shares held by employees

1 Excludes France and Belgium.

Company share price performance vs peers

1 January 2018 to 31 December 2024



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.

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Remuneration Committee report continued

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

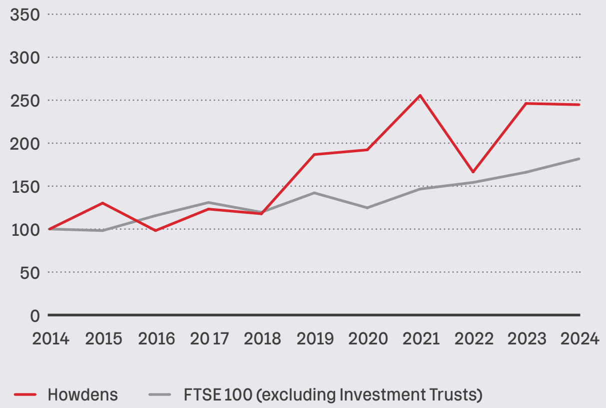
In this section of the Directors' Remuneration Report, we detail some of the considerations the Committee has regard to when implementing the Directors' Remuneration Policy. Contained in this section are specific disclosures on Group performance, as well as comparative disclosures on the relative importance 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).

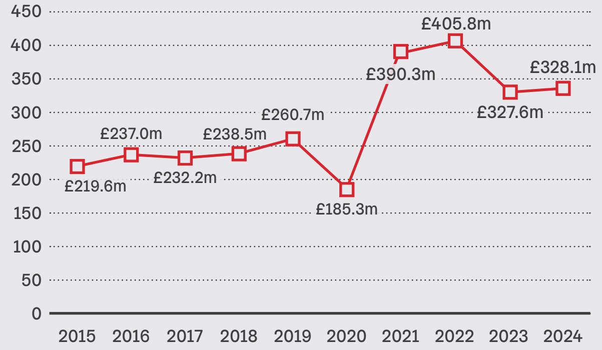
Howdens historical TSR



Profit before tax (PBT)

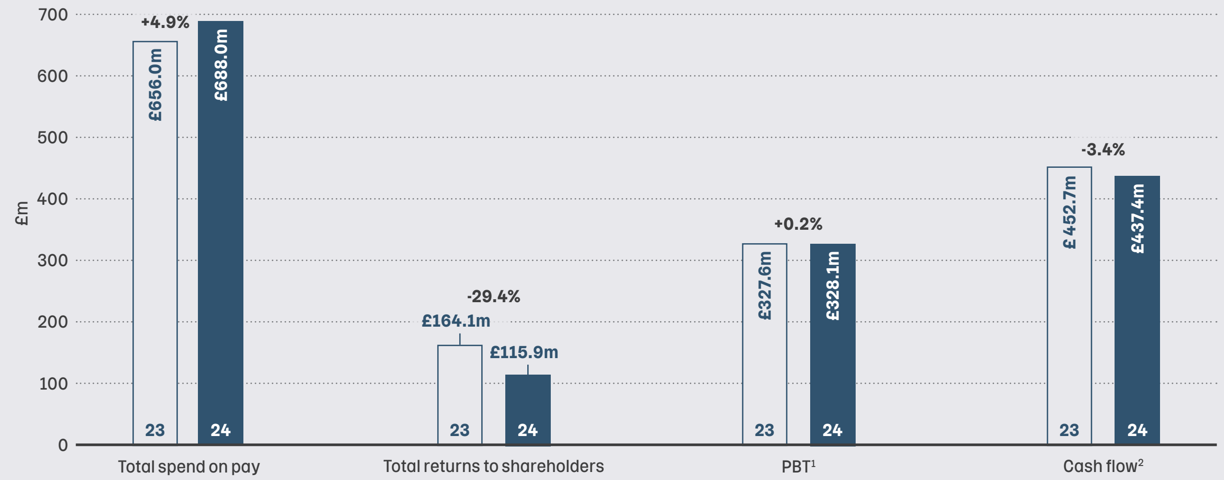
The graph below illustrates the Company's historical PBT performance.

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

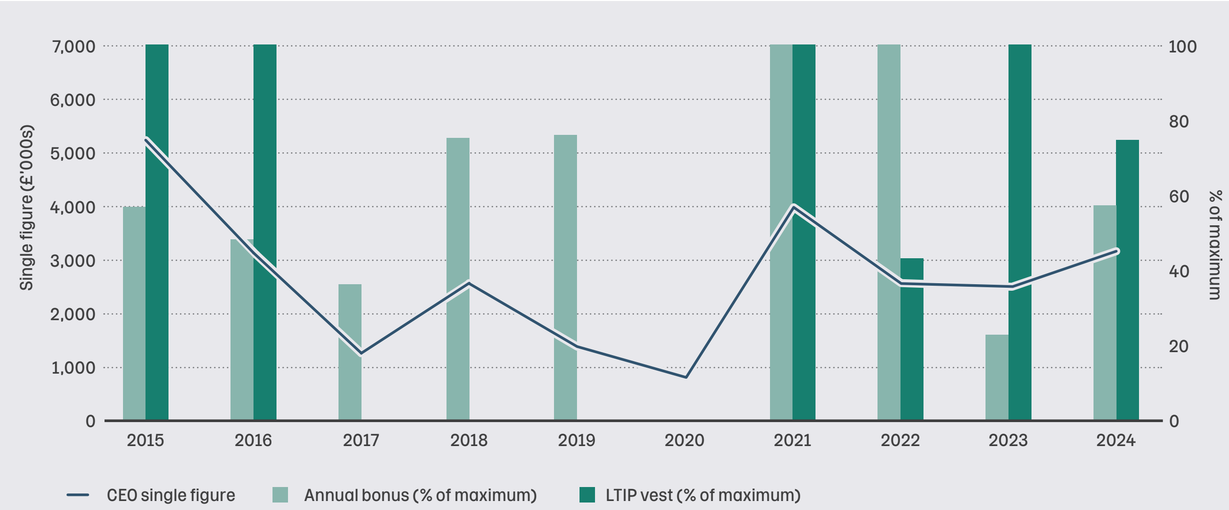
Historical single figure

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.



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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 explanation[3]

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)%	40%	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)

	Salary/fees		Taxable benefits		Pension		Total fixed		Bonus		LTIP		Total variable		Total remuneration	
£'000	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 Retired May 2024	27	77	0	2	-	-	27	79	-	-	-	-	-	-	27	79
Andrew Cripps	102	82	0	0	-	-	102	82	-	-	-	-	-	-	102	82
Roisin Currie Appointed Jul 2024	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 Appointed Feb 2024	76	-	3	-	-	-	79	-	-	-	-	-	-	-	79	-
Suzy Neubert Appointed Jul 2024	35	-	1	-	-	-	36	-	-	-	-	-	-	-	36	-
Peter Ventress	332	325	0	0	-	-	332	325	-	-	-	-	-	-	332	325
Debbie White Retired Dec 2023	-	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.

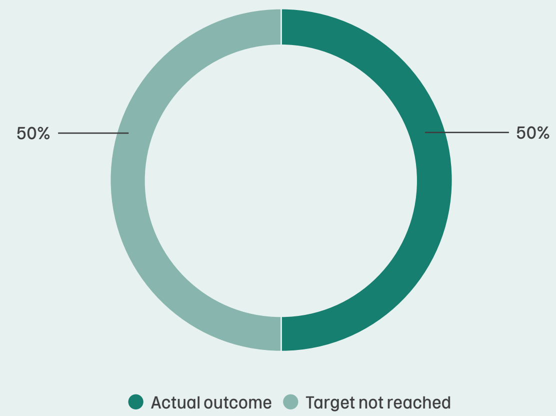
The cash flow figure for the year in relation to the bonus was £437.4m. In aggregate, the Executive Directors will receive an annual bonus of 115% of salary for 2024, which is equivalent to 57.5% of the maximum bonus opportunity.

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**

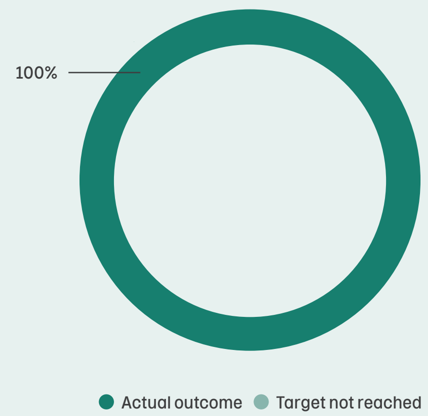
PBT outcome

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



Cash flow outcome

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



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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

Performance level	Growth in PBT	Proportion of PBT tranche that will vest
Below threshold	Below 5% p.a.	0%
Threshold	5% p.a.	15%
Exceptional	12% p.a. or above	100%

Relative TSR measure

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 median	0%
Threshold	At median	15%
Exceptional	At or above upper quartile	100%

Outcome

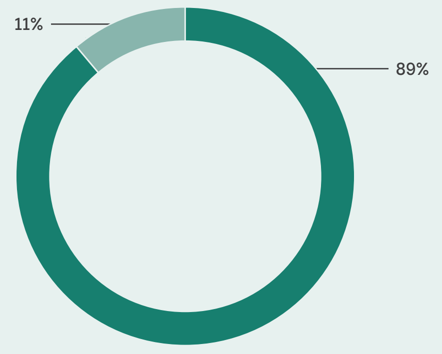
67% of the 2022 PSP award was based on a PBT growth threshold requirement of 5% p.a. and a maximum requirement of 12% p.a. At the threshold requirement, 15% of the PBT growth component of the award would vest. The actual growth on FY 2021 PBT was 11.1% p.a, calculated on an adjusted basis, excluding 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.

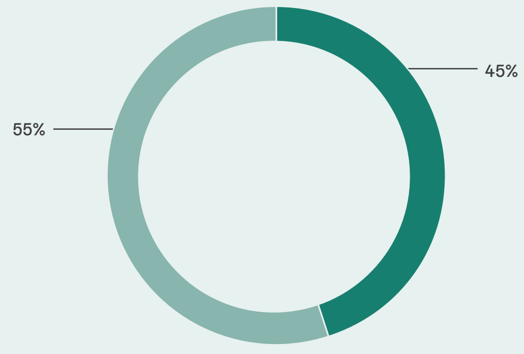
PBT growth outcome

Worth 67% of maximum opportunity under award



Relative TSR outcome

Worth 33% of maximum opportunity under award



HOWDENS

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 Salary (£'000)	2025 Effective date	2024 Salary (£'000)	2024 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 Target Maximum	17% of salary 85% of salary 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 Target Maximum	3% of salary 15% of salary 30% of salary

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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
	Straight-line vesting between these points	
	£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
	Straight-line vesting between these points	
	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 against comparator group	Payout level
Performance assessment	Equal to or above upper quartile	100% of maximum
	Straight-line vesting between these points	
	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_2e per £m	4.2% p.a. reduction	50% of maximum
	Straight-line vesting between these points	
	4.0% p.a. reduction	7.5% of maximum
	Below 4.0% p.a. reduction	0% of maximum
Fleet emissions reduction UK primary fleet only, based on CO_2KG/km	15% reduction	50% of maximum
	Straight-line vesting between these points	
	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.

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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 2025[1], 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.

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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[1]:	£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 FY 2026	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 FY 2026	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)	Improving our carbon intensity ratio		Fleet emissions reduction		Waste avoiding landfill
Performance period: All carbon emission and waste targets to be achieved by 31 December 2026. Base year for all targets is 2021.	Per annum reduction	Proportion of EM that can vest	Reduction	Proportion of EM that can vest	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.
	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.

1 A vote 'for' includes those votes giving the Chair discretion.
2 A vote 'withheld' is not a vote in law.

By order of the Board

Vanda Murray OBE
Remuneration Committee Chair

26 February 2025

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