

Governance

Nominations Committee report

2023 meeting attendance

- Peter Ventress (4/4)
- Karen Caddick (3/4)¹
- Andrew Cripps (4/4)
- Geoff Drabble (1/2)²
- Louis Eperjesi (2/2)
- Louise Fowler (4/4)
- Debbie White (4/4)

¹ Karen was unable to attend the November Committee meeting due to illness.
² Geoff retired from the Board following the AGM in May. The out-of-cycle May Nominations Committee meeting was held immediately before the AGM and therefore he did not attend.

Peter Ventress
Nominations Committee Chair



Key activities in the year ahead

- All current Directors will stand for election or re-election at the AGM on 2 May 2024.
- Regular updates on Executive Committee and senior management succession and talent planning will be provided to the Committee.
- The Committee will undertake its review of skills, composition and size of the Board.
- Review of the Boardroom Diversity Policy.
- Board evaluation planning.
- Review of the Committee's Terms of Reference.

Introduction from the Nominations Committee Chair

I am pleased to present this report covering the work of the Nominations Committee in 2023.

2023 was my first full year in charge of the Nominations Committee and we have made good progress during the year. One of the main features of the role of the Chairman of the Board is to take a leading role in determining the composition and structure of the board. I was very fortunate to inherit an engaged and well-balanced Board with a good mix of skills and experience when I took on the role in 2022, but with routine retirements during 2023 and coming in 2024 we have an opportunity to build a Board of Directors to support Howdens and the management team in the next phase of its development. There is also an opportunity to address some of the wider diversity issues that all companies are currently facing.

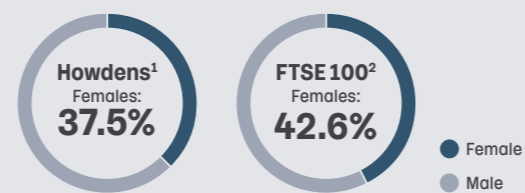
The Nominations Committee primary function is to enable the Board to put the right people in the right places, both at Board and senior management level. It must do so in a way that is transparent and procedurally fair to ensure the avoidance of bias and I am pleased that the Committee has been engaged and challenged throughout the year.

Succession

During 2023 two directors retired from the Board and two were appointed. Geoff Drabble and Debbie White retired with nearly 15 years of Howdens' experience between them. They have been replaced by Louis Eperjesi and Vanda Murray who bring a huge amount of relevant sector and executive experience to the table. Details of the appointment processes for both Louis and Vanda are contained in this report on page 103. Karen Caddick also expressed her intention to retire from the Board following the AGM in 2024 and therefore Vanda will additionally take on the role of Remuneration Committee Chair following Karen's retirement.

The Committee was also involved with new appointments to the Executive Committee and received an update from the Chief Executive on his senior management succession strategy. We have included a case study in this report on the induction of the new Trade Director (page 105).

Board gender split



¹ Figures correct as at 30 December 2023.
² Figures derived from the February 2024 FTSE Women Leaders Review.

Composition and diversity

The Nominations Committee remains mindful of the importance of diversity and inclusion and of the benefits of that it brings to our teams. More information on Howdens' ongoing equality, diversity and inclusion programmes can be found on pages 54 and 55 of the Sustainability matters report.

In 2023, the Committee committed to meeting the gender and ethnicity targets contained in the FTSE Women Leaders Review and the Parker Review. We remain committed to these targets but, following Howdens' readmission to the FTSE 100 in September 2023, we are no longer in line with the recommendations of the Parker Review. It is our intention to be compliant with the recommendations of the Parker Review and appoint at least one director from an ethnic minority background before the end of 2024. Similarly, it is the Committee's intention to be compliant with the recommendations of the FTSE Women Leaders Review to have at least 40% female representation on the Board and to have identified a woman for one of the 'big four' board roles (Chair, SID, CEO and CFO) by the end of the year. I look forward to providing an update on our progress in the 2024 Nominations Committee Report.

Evaluation

In line with the Board's stated practice, we conducted an internal review of Board effectiveness in 2023. For the first time, a third-party platform was used to collate more quantitative data on the Board's perceptions of its priorities, strategic objectives, and leadership, as well as governance structures and process. More information on the Board evaluation process and outcomes is set out on pages 106 and 107.

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

Peter Ventress
Nominations Committee Chair

2023 Nominations Committee activity

February

Committee meeting

- Board evaluation process and outcomes
- Non-Executive Director succession update
- Board recommendations for AGM elections
- Draft 2022 Nominations Committee report

May

Committee meeting (out of cycle)

- Non-Executive Director succession - recommendation to appoint Louis Eperjesi to the Board and the Audit, Nominations, Remuneration and Sustainability Committees

September

Committee meeting

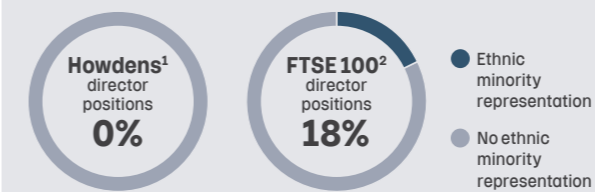
- Senior management talent update
- Board Diversity policy
- Board succession planning, including consideration of diversity, tenure and skills matrix
- Internally facilitated Board evaluation approval
- 2024 Nominations Committee calendar
- Nominations Committee Terms of Reference

November

Committee meeting (out of cycle)

- Non-Executive Director succession - recommendation to appoint Vanda Murray to the Board and the Audit, Nominations, Remuneration and Sustainability Committees

Board ethnicity split



¹ Figures correct as at 30 December 2023.
² Figures derived from the March 2023 Parker Review update 'Improving the Ethnic Diversity of UK Business'.



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.

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

Importance

M Medium H High

Diversity

Board and Executive Committee Diversity

Listing Rule 9.8.6R(9) requires that a company state whether it has met certain targets on diversity. These targets and whether the Company has met them as at the reference date¹ of 30 December 2023 are set out below. The Board confirms that no changes to the membership of the Board have occurred between the reference date and 28 February 2024 that have affected the Company’s ability to meet one or more of the targets.

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 not yet met target (i). The Board is made up of 37.5% women.	The Company has not yet met target (ii).	The Company has not yet met target (iii).
If the target has not been met, why this is the case:	Debbie White retired as a Non-Executive Director at the end of 2023 after seven years on the Board to focus on her new role as Chair of the Co-operative Group. Had Debbie remained on the Board for the duration of her final three-year appointment period, the Board would have been compliant with this target from 1 February 2024. It is the Board’s stated intention to meet this target by the end of 2024.	The Board has a well established CEO and CFO and appointed a new Chair in 2022. Whilst the SID role became vacant during 2023, two of the female Non-Executive Directors had indicated that they would retire from the Board in the near future and it was determined that Andrew Cripps had the most relevant experience to perform this role in the short-term whilst a longer-term candidate was identified. It is the Board’s stated intention to have identified a female candidate for one of the roles listed above before the end of 2024.	As part of its succession process, the Board considered candidates from minority ethnic backgrounds in 2023. The Board determined that alternative candidates were better suited (due to relevant sector experience, for example) for those roles at that time. However, the Company is committed to the appointment of at least one individual from an ethnic minority background before the end of 2024.

The data below is presented in accordance with the FCA’s Listing Rule 9.8.6R(10). The applicable reference date¹ for this data is 30 December 2023. To collect this data, the Company asked members of the Board and Executive Management² to complete a confidential and anonymous online survey.

Gender identity or sex:

	Board Members		Number of senior positions on the board (CEO, CFO, SID and Chair)	Executive Management ²	
	Number	Percentage		Number	Percentage
Men	5	62.5%	4	6	85.7%
Women	3	37.5%	-	1	14.3%
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	100%	4	7	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
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 30 December 2023.

	Board of Directors		Senior Management ¹		Grades 1 to 3 ²		Group ³	
	Number	%	Number	%	Number	%	Number	%
Men	5	62.5%	6	85.7%	131	74.4%	8,438	69.5%
Women	3	37.5%	1	14.3%	45	25.6%	3,705	30.5%

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, and the Isle of Man.

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 aspiration that it will have at least one member from an ethnic minority by year end 2024. The Board will also target having a minimum female membership of 40% and will have identified at least one woman director for one of the 'Big 4' roles (those being Senior Independent Director, Chair, CEO, and CFO) by year end 2024.

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 2024, 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 30 December 2023, 37.5% of Board members were women. Both of the Executive Directors were male. There were no members of the Board from ethnic minority groups as at 30 December 2023.

Group Diversity Policy

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

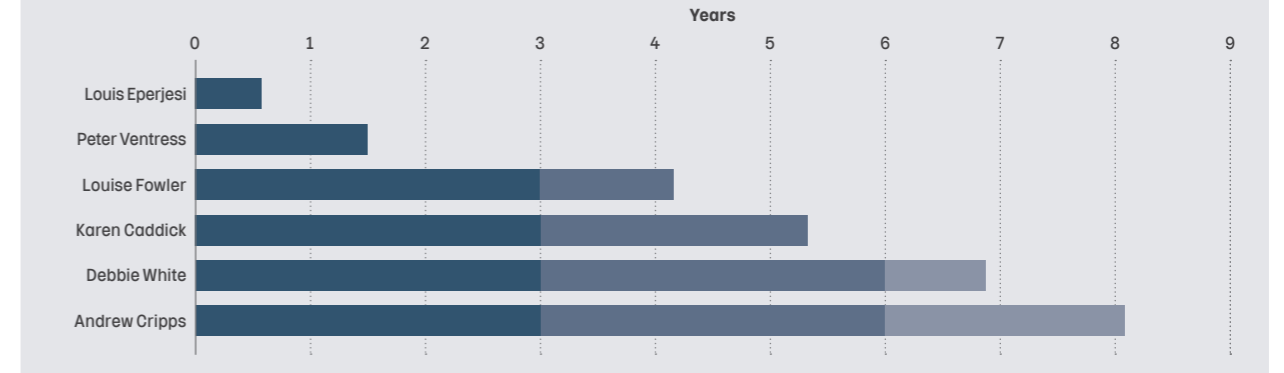
- Create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all workers are recognised and valued regardless of background.
- Seek to ensure that no one is unlawfully discriminated against or harassed inside or outside the workplace (when dealing with customers, suppliers or other business contacts or when wearing Howdens branded clothing) and on work related trips or events, including social events.
- Encourage equality, diversity, and inclusion in the workplace by providing training opportunities, booklets and toolkits and facilitating open conversations.
- Take seriously complaints of bullying, harassment, victimisation and unlawful discrimination by employees and other workers, customers, suppliers, visitors, the public and any others during the organisation's work activities.
- Make opportunities for training, development and progress available to all staff, who will be helped and encouraged to develop to their full potential, so their talents and resources can be fully utilised to maximise the efficiency of the organisation.
- Make decisions concerning employees based on merit, apart from those limited exemptions and exceptions set out under 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, both in terms of 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 30 December 2023



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. We continue to manage a phased succession programme for Non-Executive Directors and are pleased with the balance of length of tenure, as well as of diversity, background and perspective of our current Non-Executive Directors.

Retirement

The Nominations Committee is progressing a phased transition on Board succession and, as part of this process, following nearly 8 years of service, Geoff Drabble retired at the Annual General Meeting (AGM) in May 2023.

In July 2023, it was announced that Debbie White would retire from the Board in December 2023. This followed the announcement that Debbie would be appointed to the board of the Co-operative Group (the 'Co-op') as an Independent Non-Executive Director in August 2023 and in February 2024 would be appointed Chair of the Co-op board.

In November 2023, it was announced that Karen Caddick, who currently chairs the Remuneration Committee, would retire at the AGM in May 2024. Vanda Murray (whose appointment was also announced in November 2023) will become Chair of the Remuneration Committee following the 2024 AGM.

Appointment

Where it is identified through Board succession planning that a Non-Executive appointment is required to the Board, the Nominations Committee will engage an external search consultancy to undertake the process of recruiting a new Non-Executive Director.

The external search consultancy would be made aware of our Boardroom Diversity Policy (if they were not already) and the Nominations Committee would specifically task them with producing a diverse shortlist of candidates for the position.

The skills matrix (the current version of which may be found on page 100), together with the collective knowledge, experience and diversity of the Board and the length of service of the Directors, would be used by the Committee to highlight where there were opportunities for a new Non-Executive Director to contribute to the skillset of the Board and would inform the search that external search consultancy undertake.

Following longlisting and shortlisting processes, and prior to any recommendation being made by the Nominations Committee to the Board, the preferred candidate would meet with each existing member of the Board.

During the year, the Nominations Committee recommended the appointment of Louis Eperjesi and Vanda Murray to the Board.

Governance

Nominations Committee report continued

Succession continued

Induction

Working with the Company Secretary, new Directors undertake an induction programme tailored to the needs of the individual. However, they will generally include a number of site visits and meetings with members of the Executive Committee, key employees and advisors. Site visits include our manufacturing sites, our distribution centre and depots. New Directors will also be provided with a mixture of documentation including Company publications, Board materials and some formal information on the role and responsibilities of UK-listed company directors.

The Group's induction programme for newly appointed Directors will continue to be centred on familiarisation with the Group's operations, key individuals and external advisors.

Senior management succession

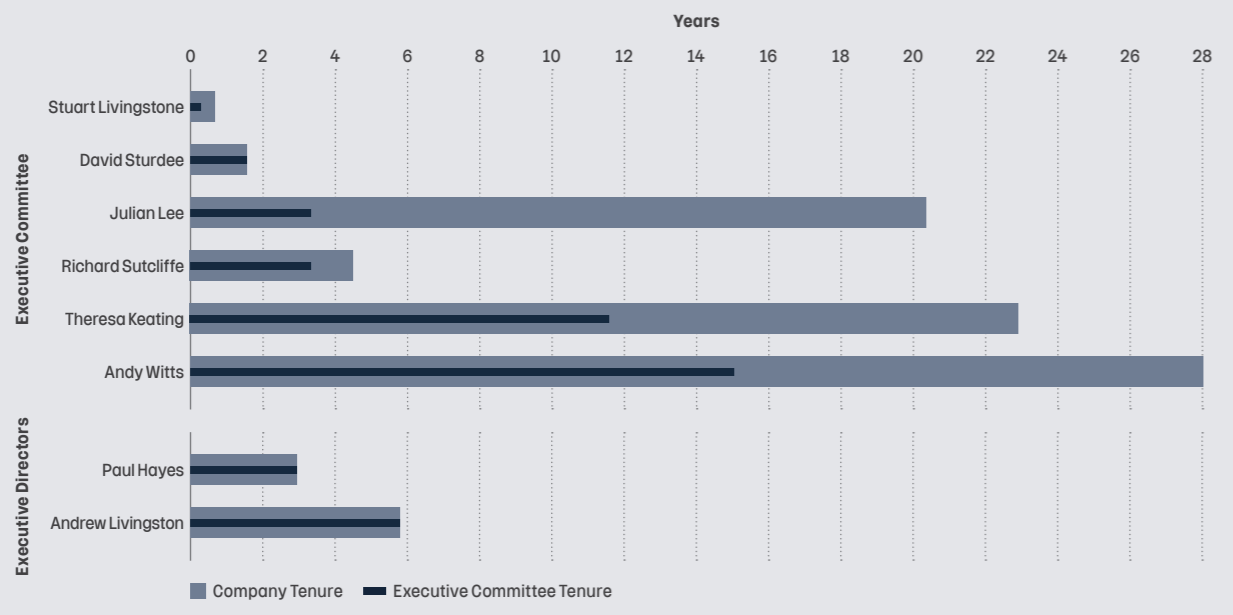
The Committee received regular updates regarding senior management¹ succession planning. These updates included the planning and processes involved with the appointment of a new Trade Director.

Trade Director

Stuart Livingstone joined Howdens as Trade Director in April 2023 and was appointed to the Executive Committee in September 2023. A detailed case study on his induction into the business is set out on the opposite page.

The Nominations Committee will continue to work with the CEO and Group HR Director on senior management succession and development in 2024.

Company and Executive Committee tenure as at 30 December 2023



¹ The definition of 'senior management' for this purpose is defined in footnote 4 of the 2018 UK Corporate Governance Code as 'the executive committee or the first layer of management below board level, including the company secretary'.

Case study

Trade Director appointment

As reported in the 2022 Nominations Committee Report, Stuart Livingstone was appointed Trade Director in early 2023 with a view to taking over key aspects of Andy Witts' role as Chief Operating Officer of Trade later in the year following a thorough induction and handover process. Below, we set out further detail on the selection process for the role and the tailored induction and handover programme put in place for Stuart.

Recruitment

The process of finding a successor for Andy has been long and rigorous given the strategic importance of the role. From the outset of the recruitment process, we were clear that candidates needed to possess broad leadership skills, a strong sense of the importance of Howdens' unique culture and the ability to build long term relationships with stakeholders.

During the recruitment process, a diverse pool of candidates was considered. Short-listed candidates were invited to spend a significant time in the business during the process, both in depot and manufacturing operations. In addition to the CEO's and Andy Witts' involvement, selected members of the Board and Executive team met with candidates to provide better understanding of role and the Company. Prior to final decision making, candidates performed a psychometric assessment.

Stuart has a strong track record of running large scale multi-site operations in a wide range of businesses. Prior to joining Howdens, he was Operations Director at Pets at Home and before this he was Director of Retail at Screwfix for six years. Stuart has also held senior positions at American Golf, Kwik Fit, and Whitbread.

Induction and handover

When Stuart joined Howdens, he immediately began his tailored induction programme. The first and longest part of his induction was divided into three distinct phases, centred around the Trade team:

1. Time in depots

Stuart spent the first five weeks of his induction working in a range of depots shadowing all depot roles. A key objective of this time was to ensure that he understood from firsthand experience the pivotal role that depot manager autonomy and entrepreneurialism, and high-quality, local trade relationships play in our business model. Another key objective was to ensure that Stuart understood the value and part each depot role plays in contributing to the success of that depot.

2. Time in the field

Stuart spent a significant amount of time with the regional directors and area managers visiting around 200 depots and attending Regional Board meetings (more information about Regional Board meetings can be found on page 86). From his time out in the field, Stuart was able to understand fully the role of the field operational leaders and the ways in which they embed the significance of strategically important metrics within their teams.

3. Time with Andy Witts

Over his more than 28-year tenure, Andy has amassed a vast knowledge and experience of matters relating to Howdens' culture, the workings of the Trade team, our builder customers, and our competitors. The final phase of Stuart's induction in Trade was therefore spent working shoulder-to-shoulder with Andy Witts. Stuart also closely shadowed Andy in the lead up to, and throughout, our crucial peak trading period during the autumn.

In addition to his time spent with the Trade team, Stuart spent time with our Supply team. As our Supply team's only customer is our Trade team, it was important that Stuart was able to gain a thorough understanding of how the relationship between the teams works, and that he could gain an appreciation for the scale and capabilities of the in-house manufacturing facilities as well as the goods and materials which are brought in from external partners. Stuart spent several days visiting our manufacturing and logistics sites across UK.

Stuart continues to build and forge relationships with leaders across the business, including within the commercial, property and corporate teams. Since September 2023, Stuart has been an Executive Committee member and has attended the fortnightly meetings of the Committee. At the end of October 2023, following the autumn peak trading period, he fully took over primary responsibility for the Trade Division from Andy Witts. Andy remains a member of the Executive Committee in his new role as Chair of the International Businesses but he remains on hand to provide counsel to Stuart and the business as and when required.



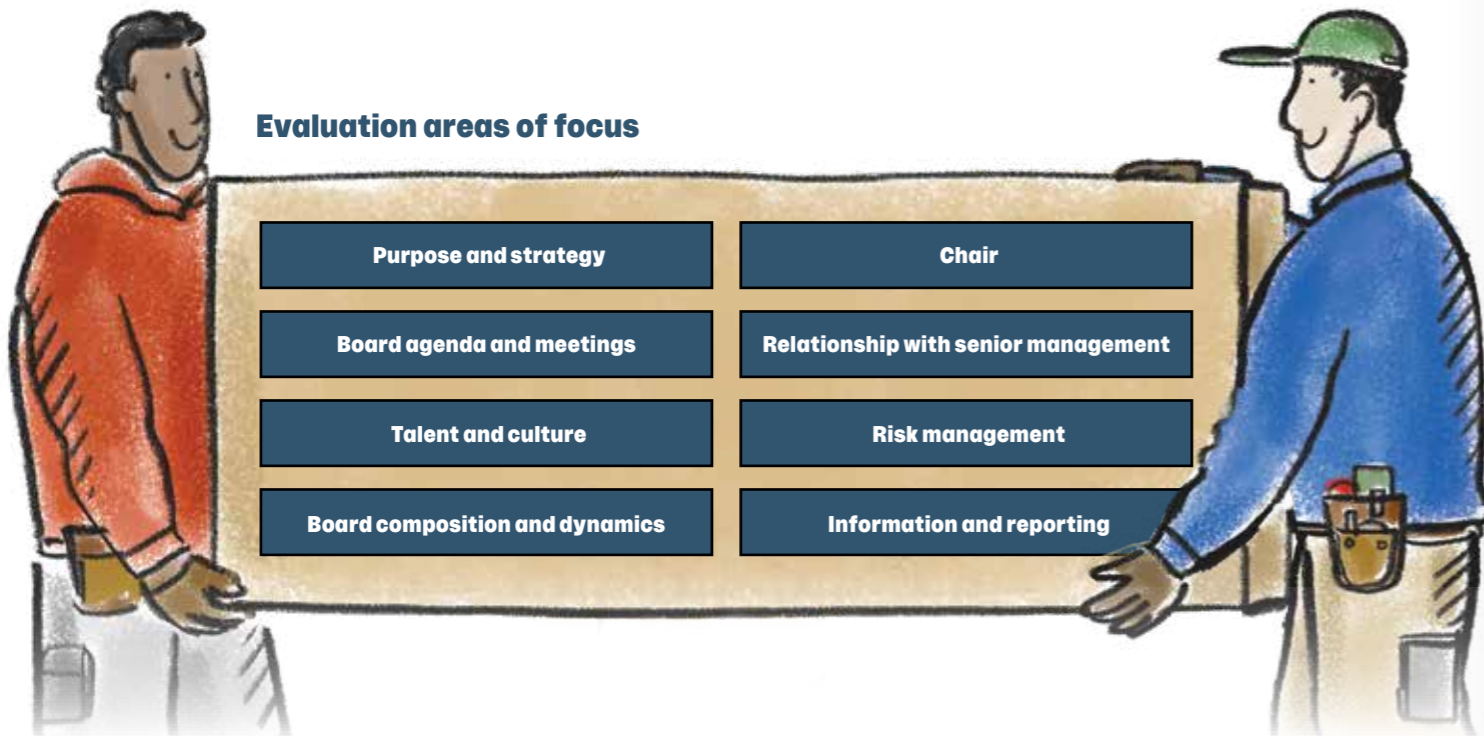
Governance

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, the 2023 Board effectiveness review was conducted internally. Whilst previous internal reviews had been conducted by the Senior Independent Director with support from the Company Secretary, the Nominations Committee agreed to use a third-party platform (BoardClic) to facilitate the review.

Unlike previous internal reviews which relied heavily on the qualitative data provided through interviews with each of the Board members, Executive Committee members and advisors, the BoardClic platform enabled the Committee to collate more quantitative data on the Board’s perceptions of its priorities, strategic objectives, and leadership, as well as governance structures and process. The new platform also greatly streamlined the board evaluation review process and enables the Committee to benchmark its review data against other boards. It is intended to use the platform in future years (both for internal and supporting external reviews) and thereby create a more iterative process, with trends from prior years being available in future years.



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 Nominations Committee and the Board at their meeting in February 2024.
- 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

Feedback from the Board was positive overall and reiterated that Howdens is a high-functioning, high-performing Board with strong individual committees. The overall conclusion was that the Howdens Board has the requisite knowledge and experience required to support the Group’s strategy and to monitor crucial operations and manages risk well.

The Board’s ‘BoardClic Value Benchmark’ (a score that encompasses a number of key aspects of value-creating work, relating to efficiency, alignment, composition and performance) was higher than the value benchmark and the Board also achieved above benchmark scores in relation to the strategy index and ESG index.

The highest scores (indicating areas of particular strength) were received for questions relating to whether the Board ensures that the Company has the right strategy to fulfil its purpose, the level of confidence in the CEO’s execution capacity and the prioritisation of the most important strategic topics during board meetings.

Recommended areas for development and actions going forward

The Chair, CEO and Company Secretary are developing a list of specific actions and activities to address the areas for development highlighted by the review. These will include recommendations relating to:

- **Diversity.** Building on the review of the talent pipeline by the Nominations Committee in 2023, the diversity opportunities at both Board and senior management level should be addressed more directly, based on robust data sets.
- **Employee engagement.** To be reviewed and a refreshed approach to employee engagement at board-level to be implemented during the year.
- **Board composition and culture.** Initiatives to be considered to better leverage the aggregated competencies of the Board effectively.
- **Board succession.** Prioritising the appointment of a high-calibre replacement for the Audit Committee Chair and ensuring a smooth transition at the end of 2024.

Influence on Board composition

Members of the Board discussed the updated recommendations of the Parker and FTSE Women Leaders Reviews.

In 2024, the Nominations Committee will continue its focus on Board and senior management succession planning and will ensure that when it looks to recommend new appointments to the Board, that the process has been inclusive not only of a broad range of mindsets, but also a variety of age, gender, socio-economic background, sexual orientation, disability and formal qualifications. Our Boardroom Diversity Policy is set out on page 102.

Nominations Committee evaluation

Feedback from the Nominations Committee evaluation demonstrated that the Committee continues to deliver on its objectives and role. The Committee receives effective support as and when required from the Company Secretary and other advisors and it liaises well with the Board and other committees.

In line with the Board evaluation feedback, Committee members believe that more time should be spent on the equality, diversity and inclusion agenda. A more structured and pro-active approach to Board-level succession planning was also cited as being helpful to increasing the diversity and skills base of the Board.

By order of the Board

Peter Ventress
Nominations Committee Chair

28 February 2024