

Governance

How we preserve value

- 74 Corporate governance report
- 76 Board of Directors
- 78 Key Board activity
- 80 Executive Committee and Company Secretary
- 82 Directors' duties (Section 172(1) statement)
- 84 Stakeholder engagement
- 92 2018 UK Corporate Governance Code: application and compliance
- 98 Nominations Committee report
- 108 Remuneration Committee report
- 132 Audit Committee report
- 140 Sustainability Committee report
- 143 Directors' report
- 144 Directors' statements
- 145 Non-financial and sustainability information

Corporate governance report **74**

Board of Directors **76**

Nominations Committee report **98**

Remuneration Committee report **108**

Audit Committee report **132**

Sustainability Committee report **140**



Governance

Corporate governance report

Board meeting attendance

Peter Ventress (7/7)	Louise Fowler (7/7)
Karen Caddick (6/7) ¹	Paul Hayes (7/7)
Andrew Cripps (7/7)	Andrew Livingston (7/7)
Geoff Drabble (3/4) ²	Debbie White (7/7)
Louis Eperjesi (3/3)	

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 Board meeting was held immediately before the AGM and therefore he did not attend.

Peter Ventress Chairman



Using the corporate governance report

- Part 1: Board and Executive Committee profiles and key Board activity during the year.
- Part 2: Directors' duties and section 172 disclosure.
- Part 3: Stakeholder engagement.
- Part 4: UK Corporate Governance Code compliance.

2024 Annual General Meeting (AGM)

Details of the 2024 AGM may be found in the 'Additional information' section on page 214.

Share capital and significant agreements

Disclosures may be found in the 'Additional information' section on pages 214 and 215.

Introduction from the Chairman

Howdens is a resilient and well-run business. In my Chairman's statement at the beginning of this Annual Report and Accounts (pages 16 to 18), I spoke of the many challenges facing our business and the corresponding effect of these challenges on our end markets. During such periods, it is vital that boards provide clear and consistent leadership, underpinned by robust corporate governance practices. The work of this Board and its Committees are set out on the following pages and I hope that it showcases our governance achievements and priorities for the year ahead.

I was pleased when Howdens rejoined the FTSE 100 in September 2023 during my first full year as Chair. As a Board we recognise the additional scrutiny from a corporate governance perspective that this will bring but we are prepared to live into the high standards expected of us. We will also take time to consider the revisions to the UK Corporate Governance Code and what that will mean for us as a Board going forward.

Fundamentally, we remain committed to the high governance standards which we have set ourselves and supporting the fundamental principle that Howdens should be worthwhile for all concerned.

Board succession

During the 2023 we announced the retirement of three of our experienced Non-Executive Board members: Geoff Drabble, Debbie White and Karen Caddick as part of our wider succession plans to refresh the Non-Executive Board. Whilst these Directors all contributed hugely to the success of Howdens during their respective tenures, we have already appointed two highly experienced Non-Executive Directors in Louis Eperjesi and Vanda Murray who bring a vast amount of experience to the board table as well as a fresh perspective. More information on Louis and Vanda's appointments can be found in the Nominations Committee Report beginning on page 98.

We will continue to work with the Nominations Committee during 2024 to further refresh the Board, mindful of our commitment to having a more diverse Board to lead the business.

Strategy

The Board discussed strategy and its strategic initiatives throughout the year. We continued to invest in deeper vertical integration, the depot expansion and refurbishment programme, product innovation and digital expansion, as well as supporting continued investment into the international businesses.

ESG and the work of the Sustainability Committee were also a key feature of the work of the Board during the year. We continued to build out the remit of the Sustainability Committee and were pleased to receive approval from the Science Based Targets Initiative (SBTi) of our Net Zero targets. Our environmental commitments are as important strategically to the Board as our other strategic initiatives and we will continue to monitor our performance and hold management to account on delivery of these targets.

Stakeholders

This report details how we have engaged with our stakeholders and how, as a Board, we balance their respective needs. Throughout 2023, we were in regular dialogue with the Pension Trustees of the Howden Joinery Defined Benefit Plan. Following the shock volatility in the gilts market in the autumn of 2022, we engaged with the Trustees on their updated investment strategy. From July, the Board agreed interim deficit recovery payments following the expiry of the previous deficit recovery plan and in November the Board and the Trustees completed the triennial actuarial valuation, agreeing an updated deficit recovery plan for the next three years. The Board is looking forward to further engagement with the Trustees, and all our other stakeholders, in the year ahead.

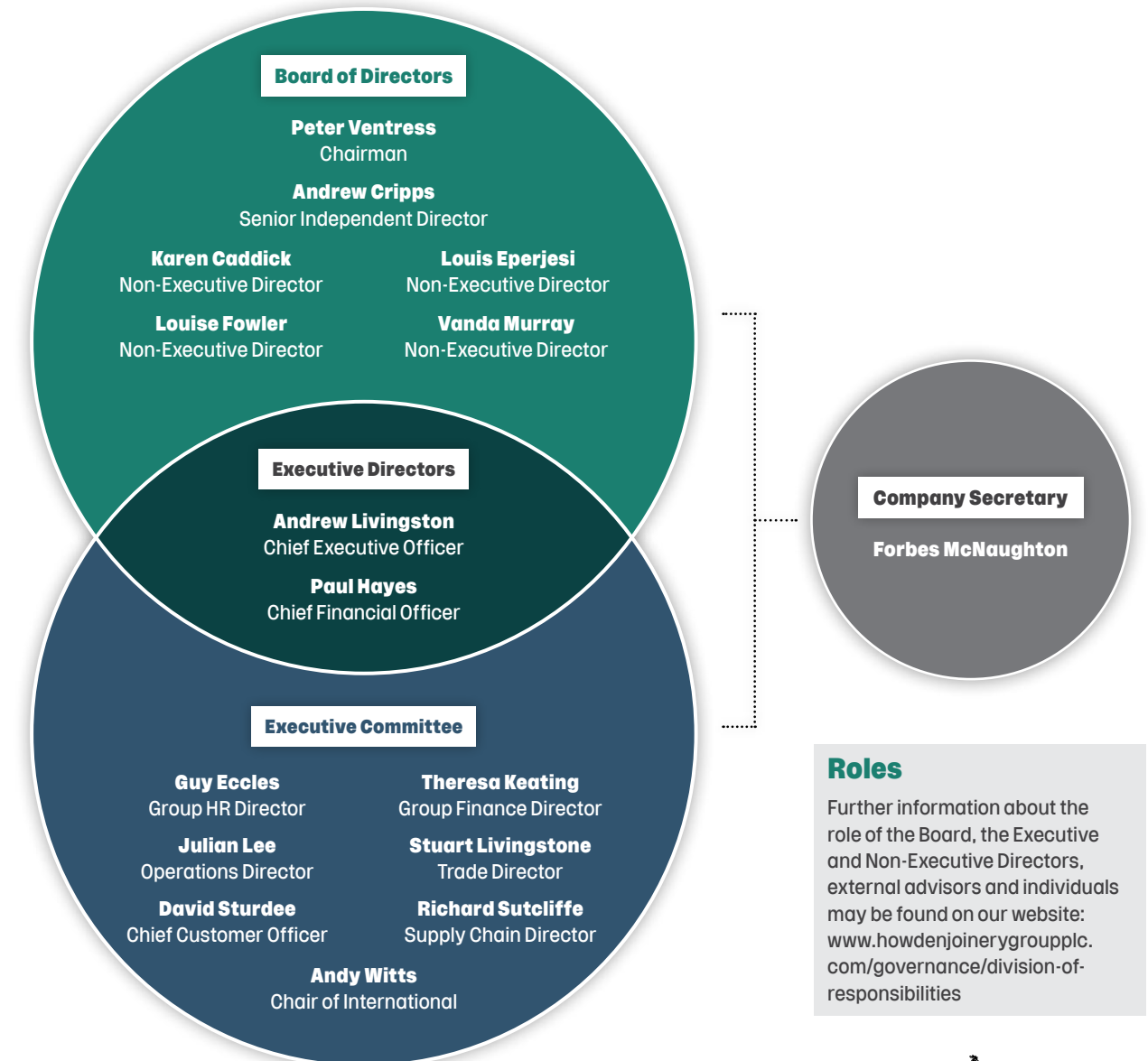
The Board in 2024

I am pleased with how the Board's agenda has developed during 2023 and the introduction of 'spotlight sessions' was widely welcomed in the Board evaluation feedback. We have a full programme of spotlight sessions in 2024 (details of which can be found on pages 78 and 79) which builds on the updates presented in 2023.

The Board will also work with the Remuneration Committee on updating the Directors Remuneration Policy and I look forward to working with our new Remuneration Committee Chair, Vanda Murray, in engaging with shareholders on the draft policy in the second half of the year.

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

Board and Executive Committee structure





Roles

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

Governance

Corporate governance report continued





Board of Directors

Executive Directors	
	
Andrew Livingston Chief Executive Officer	Paul Hayes Chief Financial Officer
Appointed	
Andrew was appointed to the Board as Chief Executive Officer on 2 April 2018.	Paul was appointed to the Board as Chief Financial Officer on 27 December 2020.
Contribution to the long-term sustainable success of the Company	
Andrew has a strong track record of performance, execution and driving change through improving digital capability, ranges and new site openings. He also has knowledge of key European geographies, is a competent French speaker, and has an entrepreneurial mindset. This mindset fits the Howdens culture which has served the Company well and is fundamental to its success. He was previously the CEO of Screwfix and has an MBA from the London Business School.	Paul is an experienced finance executive and has a proven track record in consumer and manufacturing businesses. From 2017 until its acquisition by Recipharm AB in February 2020, Paul was CFO of Consort Medical Plc, a leading drug and device manufacturing business. Before this, he was the Group Finance Director of Vitec Group Plc from 2011 to 2017. Paul has extensive experience in senior finance roles at a number of UK and US listed companies including Signet Jewelers, RHM Plc and Smiths Group Plc. He is a Chartered Accountant having qualified with Ernst & Young and has a first class Masters degree in Mechanical Engineering, Manufacture & Management.
Other listed company appointments	
Non-Executive Director of LondonMetric Property Plc	None
Committee Membership	
Neither Executive Director is a member of any Board Committee.	

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

Non-Executive Directors	
	
Peter Ventress Non-Executive Chairman	Andrew Cripps Senior Independent Director
Appointed	
Peter was appointed to the Board as an independent Non-Executive Director in July 2022 and became Chairman and Chairman of the Nominations and Sustainability Committees in September 2022.	Andrew was appointed to the Board in December 2015 and became Chair of the Audit Committee in May 2016 and Senior Independent Director in July 2023.
Contribution to the long-term sustainable success of the Company	
As former Chairman of Galliford Try Plc and current Chairman of Bunzl Plc, Peter has in-depth knowledge of UK listed companies and the associated high corporate governance standards required by such companies. He was also formerly Chief Executive Officer of Berendsen Plc and has held several senior executive roles including International President of Staples Inc and Chief Executive Officer of Corporate Express NV, meaning he has extensive experience in international distribution businesses and brings a wealth of relevant commercial, financial and high-level management experience to the Board.	Andrew brings extensive experience as a non-executive director and audit committee chair with particular knowledge of branded consumer and business-to-business products, manufacturing and distribution in the UK and continental Europe. His experience of multisite wholesale distribution to small business customers at Booker Group Plc is valuable to the Board's decision-making process. He is a Chartered Accountant and former Finance Director with extensive recent and relevant financial experience.
Other listed company appointments	
Chairman of Bunzl Plc	None
Committee Membership	
<input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> S	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> R <input checked="" type="checkbox"/> S

Key to Board Committee membership
 A Audit Committee
 N Nominations Committee
 R Remuneration Committee
 S Sustainability Committee
 Chair of Committee

			
Karen Caddick Independent Non-Executive Director	Louis Eperjesi Independent Non-Executive Director	Louise Fowler Independent Non-Executive Director	Vanda Murray OBE Independent Non-Executive Director
Karen was appointed to the Board in September 2018 and became Chair of the Remuneration Committee in September 2019.	Louis was appointed Non-Executive Director in June 2023.	Louise was appointed to the Board in November 2019.	Vanda was appointed to the Board in February 2024.
Karen's professional experience provides her with a strong diversity of perspective and cultural fit to help with the leadership of the Howdens business. Having served as the Group Human Resources Director of large listed organisations such as Saga Plc and RSA Insurance Group Plc (now RSA Insurance Group Limited), Karen has particular strengths in organisational development, delivery of diversity programmes, and executive remuneration. These attributes have stood Karen in good stead for her role as Chair of the Remuneration Committee and has made her a valuable addition to the Nominations Committee.	Louis has a strong background of manufacturing and supply of building products in international markets, together with commercial, strategy development, and change management experience. He is currently a non-executive director of Ibstock Plc, Trifast Plc, and AIM-listed Accsys Technologies Plc. Louis has had a long career in the building materials sector, most recently serving as CEO of Tyman Plc, a leading international supplier of engineered components and access solutions to the construction industry. He has also held senior executive roles in Kingspan Plc, Baxi Group Ltd, Lafarge SA and Caradon Plc.	Louise has over 25 years' customer, brand and digital experience at a senior level. Her experience encompasses publicly listed and private businesses, the mutual sector and not-for-profit organisations. Louise's strong background in consumer experience and reputation is valuable to the Company as it strives to provide a strong aftersales service to further support the builder customer. Her digital experience also provides valuable insight given the investment the Company continues to make in its digital programme. Louise is an Honorary Professor in Marketing at Lancaster University Management School.	Vanda has over 20 years of senior management experience across a range of sectors, including manufacturing, industrial, and support services in Europe, the USA, and Asia. She has previously served as Chief Executive Officer of Blick Plc, and UK Managing Director of Ultrafame Plc, and she is currently the Chair of Marshalls Plc and is the Senior Independent Director and Chair of the Remuneration Committee at Bunzl Plc. Vanda's extensive experience in both executive and non-executive roles benefit Howdens from both a leadership and a strategy perspective, and her tenure as a remuneration committee chair means she will be able to transition easily into the Howdens Remuneration Committee Chair role when Karen Caddick retires from the Board in May 2024.
None	Non-Executive Director of Ibstock Plc, Trifast Plc, and Accsys Technologies Plc	Non-Executive Director of Assura Plc	Non-Executive Chair of Marshalls Plc and Non-Executive Director of Bunzl Plc
<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> R <input checked="" type="checkbox"/> S	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> R <input checked="" type="checkbox"/> S	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> R <input checked="" type="checkbox"/> S	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> R <input checked="" type="checkbox"/> S

Governance

Corporate governance report continued

Key Board activity

Set out below and on the facing page are highlights of the matters the Board considered in 2023 and will consider in 2024. Not all of the matters the Board considered or will consider are listed, therefore this should not be considered an exhaustive list of activities.

In addition to the matters shown on the 2023 timeline, at each meeting the Board received strategic, operational and financial updates from the CEO and CFO. The Board also considered aspects of Group culture and strategy at various points during the year.



2023

<p>January</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update 2023 Budget review Principal Risks review² Whistleblowing update <p>Executive Committee presenters: DS</p> <p>Spotlight: Digital Strategy</p>	<p>February</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update Draft 2022 preliminary results, draft 2022 Annual Report and Accounts and 2023 AGM documents Shareholder and capital returns Board evaluation review NED fees review Group policies Principal advisors 	<p>April</p> <ul style="list-style-type: none"> Health and safety update Board evaluation feedback CEO and CFO updates Pensions update Investor relations update Broker update <p>Spotlight: Product leadership</p>	<p>May</p> <ul style="list-style-type: none"> Approval of Louis Eperjesi's appointment
---	--	---	--

Governance and risk

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

The annual review of the risk and control framework was presented to the Audit Committee in September 2023

Reporting from our whistleblowing helpline is also considered by the Board on a biannual basis.

Shareholder engagement

Information about how we engage with shareholders can be found in our section on stakeholder engagement on pages 90 and 91.

Risk remains a matter reserved for the Board and a detailed review of our risk management processes and principal risks can be found on pages 36 to 41 and on page 96. We have reviewed our risk management processes and remain satisfied that they are robust and effective.

<p>May - AGM</p> <ul style="list-style-type: none"> All resolutions were passed with the requisite majority. Further details about the meeting may be found on page 90. 	<p>July</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Investor relations update Draft 2023 Interim results and announcement, including consideration of an interim dividend Key and principal risks review² Broker update Whistleblowing update <p>Executive Committee presenters: DS</p> <p>Spotlight: Trusted trade relationships</p>	<p>September</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Manufacturing and logistics capex approval Investor relations update Director training session (provided by the Group's corporate lawyer) <p>Executive Committee presenters: JL RS</p> <p>Spotlight: Trade Convenience</p>	<p>November</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates Pensions update¹ Investor relations update Schedule of Matters Reserved for the Board and Board Committee Terms of Reference 2024 Board calendar approval Approval of Vanda Murray's appointment <p>Executive Committee presenters: DS</p> <p>Spotlight: Trade Service and Convenience</p>
---	---	--	--

2024

<p>January</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO updates 2024 Budget review Investor relations update Principal Risks review² Whistleblowing report <p>Spotlight: Trade Service and Convenience</p>	<p>February</p> <ul style="list-style-type: none"> CEO and CFO updates Investor relations update Draft 2023 preliminary results, draft 2023 Annual Report and Accounts and 2024 AGM documents Shareholder and capital returns Board evaluation review NED fees review Principal advisors 	<p>April</p> <ul style="list-style-type: none"> Health and safety update Pensions update CEO and CFO update Investor relations update Broker update Group policies Strategic planning (separate session) <p>Spotlight: Product Leadership: Vertical Integration</p>	<p>May - AGM</p> <ul style="list-style-type: none"> Further details can be found on page 214
--	--	--	--

Spotlight sessions

Spotlight sessions, introduced for the first time in 2023, are sessions with the wider Executive team and their direct reports to discuss the fundamentals of the business model, strategy and future plans. Topics will focus on the five pillars of the business:

- Trade service & convenience
- Trade value
- Trusted trade relationships
- Product leadership
- Entrepreneurial culture

<p>July</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO update Investor relations update Draft 2024 Interim results and announcement, including consideration of an interim dividend Broker update Key risks review Whistleblowing report Employee engagement update <p>Spotlight: Product Leadership: Sourcing</p>	<p>September</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO update Employee engagement Investor relations update <p>Spotlight: International development</p>	<p>November</p> <ul style="list-style-type: none"> Health and safety update CEO and CFO update Pensions update Related parties and conflicts of interest register Board Committees' Terms of Reference and the Schedule of Matters Reserved for the Board 2025 Board calendar Employee engagement update <p>Spotlight: Entrepreneurial Culture</p>	<p>Executive Committee presenters</p> <p>JL Julian Lee (Operations Director)</p> <p>DS David Sturdee (Chief Customer Officer)</p> <p>RS Richard Sutcliffe (Supply Chain Director)</p>
---	---	---	--








1 The Company's actuaries reported to the Board on routine funding and investment matters and the Chair of the Pension Trustees attended to provide an overview of the Trustees' funding and investment strategy and to seek approval from the Board of its long-term strategy proposal.

2 The review includes an assessment of mitigation of the key and principal risks of the Group as appropriate and the Board provides challenge on these to the Executive Directors. The outcomes are fed back to the Executive Committee for implementation. During 2023, the Board also considered areas of emerging risk, such as AI governance, and provided challenge to the Executive Directors on the inclusion of these areas.

Governance

Corporate governance report continued

Executive Committee and Company Secretary

Executive Committee members				Company Secretary															
																			
Guy Eccles Group HR Director	Theresa Keating Group Finance Director	Julian Lee Operations Director	Stuart Livingstone Trade Director	David Sturdee Chief Customer Officer	Richard Sutcliffe Supply Chain Director and acting Commercial Director	Andy Witts Chair of International	Forbes McNaughton Company Secretary												
Appointed				Appointed			Appointed												
Guy joined Howdens in April 2020 and was appointed Group HR Director and a member of the Executive Committee in February 2024.		Theresa joined Howdens in September 2000 and has been a member of the Executive Committee since February 2012.		Julian joined Howdens in 2003 and was appointed to the Executive Committee in July 2020.		Stuart joined Howdens in April 2023 and was appointed to the Executive Committee in September 2023.		David joined Howdens in March 2022 and was appointed to the Executive Committee in May 2022.	Richard joined Howdens in January 2019 and was appointed to the Executive Committee in July 2020.	Andy joined Howdens in July 1995 and has been a member of the Executive Committee since September 2008.	Forbes joined Howdens in July 2012 and was appointed Group Company Secretary in May 2014.								
Contribution to the long-term sustainable success of the Company				Contribution to the long-term sustainable success of the Company			Contribution to the long-term sustainable success of the Company												
Guy joined Howdens as Interim Group HR Director in 2020. Previously he had been running his own consultancy providing HR support to numerous privately-owned and publicly-owned companies across a range of sectors including retail, healthcare and hospitality. Prior to that he was HR Director of B&Q and Screwfix. Guy has overall responsibility for all HR matters.		Theresa was appointed Group Finance Director in May 2014, having been Group Financial Controller since 2007. She joined the Group Finance team in 2000 having previously held various commercial finance roles at Waterstones, HMV and Heals. Theresa is also a trustee of E-Act, a multi-academy trust. Theresa's role as Group Finance Director includes leading the key controls project, which is improving the business's capability to identify operational, IT and financial controls which mitigate our key and principal risks.		Prior to joining Howdens, Julian worked in a number of strategic and operational roles within the Silentnight Group. He joined Howdens in 2003 as a leader of the Manufacturing Division and from 2005 to 2009 was head of international sourcing and supply chain in Asia. Since 2009, Julian has made a major contribution to the transformation of our supply chain and operations and in 2020, he was appointed Operations Director, encompassing both manufacturing and logistics. Julian leads our strategic manufacturing investments, including increased in-house manufacturing capability and capacity.		Prior to joining Howdens, Stuart was Operations Director at Pets at Home and before this he was Director of Retail at Screwfix for six years. He has also held senior positions at American Golf, Kwik Fit, and Whitbread. Stuart has overall responsibility for the performance and culture of the depots in the UK. He oversees the evolution of our depot estate, including our strategically important depot reformatting and the opening of new depots.		Prior to joining Howdens, David was Chief Customer Officer and Chief Operating Officer at Yum! Brands, responsible for Pizza Hut Europe across 25 countries and over 1,500 outlets. He was with Yum! Brands for 14 years with roles in the Middle East & North Africa, Asia Pacific, and Europe. David is responsible for developing a longer-term customer strategy at Howdens to support our depot teams in managing their relationships with customers and to deliver our ambitious growth plans. David's role also encompasses leading our IT, Digital, and Marketing teams to continually develop and grow awareness of the Howdens brand.			Prior to joining Howdens, Richard was Director of Supply Chain at Screwfix. Before this, he held senior supply chain and business planning roles at Hobbycraft, Wyevale Garden Centres and B&Q. Richard's role as Supply Chain Director encompasses optimising stock holdings across the business and ensuring Howdens maintains market leading stock availability. He lead the highly successful XDC project, which is delivering superior service levels and availability to depots. Richard is also acting Commercial Director. This role includes range management, a key strategic initiative. Balancing choice and new product with disciplined range management is crucial to ensuring both availability and profitability.			Andy was one of the founding members of the Howdens depot management team, having joined from Magnet in 1995. Andy was promoted to Sales Director in January 2007 and was appointed Chief Operating Officer of Trade in January 2014. In November 2023, following a handover period with Stuart Livingstone (Trade Director), Andy became Chair of Howdens' international businesses. Andy's main function as Chair of the international businesses is to provide executive oversight of and counsel to the maturing French, Belgian and Irish businesses. He also supports the Chief Executive on exploring further international opportunities and other ad hoc projects.			Forbes joined the Company as Deputy Company Secretary in 2012 following a period of secondment from KPMG. He is a fellow of the Chartered Governance Institute (CGI) and is Secretary to the Executive Committee as well as to the Board of Directors. Forbes is the link between the Executive Committee and the Board and is responsible for managing a number of external stakeholder relationships such as with the Pensions Trustees and external regulators. He is the head of the legal function in addition to his corporate governance responsibilities.		

Executive Directors



Andrew Livingston
Chief Executive Officer



Paul Hayes
Chief Financial Officer

Andrew and Paul's profiles may be found on page 76.

Governance

Corporate governance report continued

Directors' duties

Section 172(1) statement

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

Environment and community

The impact of the company's operations on the community and the environment.



Long-term thinking

The likely consequences of any decision in the long term.



Reputation

The desirability of the company for maintaining a reputation for high standards of business conduct.



Investors

The need for every member to be treated fairly and for no member to be favoured over another member.



Workforce

The interests of the company's employees.



Suppliers

The need to foster the company's business relationships with (amongst others) suppliers and...



...Customers



Howdens was founded on the principle that the business should be worthwhile for all concerned. It's a principle that on the business continues to live into today. But balancing the needs and views of all of our stakeholders can be challenging as there are often competing interests at stake. This is why the Board first and foremost considers our purpose, our culture, our mission and our strategy to ensure all decisions have a clear and consistent rationale. For details on the matters which the Board discussed and debated during 2023, please see pages 78 and 79.

The Board regularly considers feedback from the Company's stakeholders. These are set out in detail on pages 84 to 91. This engagement is effective and in keeping with the Company's culture. For example, much of the feedback is through face-to-face conversations rather than being written but where there is need for formality and confidentiality, such as whistleblowing, this is also provided. Stakeholder feedback can directly affect the Board's decision making, such as feedback received from investors in relation to the operation of the Directors' Remuneration Policy for 2023 and direct employee feedback at Regional Board meetings, but it also provides the context for decision making, particularly where there are competing stakeholder interests.

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

We have set out some examples below of how the Directors have had regard to the matters in section 172(1)(a)-(f) when discharging their Section 172 duty and the effect on certain decisions taken by them in 2023.

Shareholder returns

In February 2023, the Board recommended a final dividend for 2022 of 15.9p per ordinary share and, in July 2023, it further recommended an interim dividend of 4.8p per ordinary share. In line with its capital allocations policy (more detail about which can be found on page 32), in February 2023, the Board also approved a £50m share buyback programme. In making its capital returns decisions, the Board considered its long-term strategy of continuing to invest in depots, manufacturing and logistics capabilities, and related strategic investments whilst delivering a progressive dividend.

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

Howdens has a prudent risk appetite towards balance sheet management, an approach which has provided a source of great strength in challenging recent years. As markets recovered from the shock of COVID-19, the Company prudently reinstated its capital priorities, including the return to paying dividends in 2021, and the return of surplus capital in the second half of the year. These returns were only initiated after having repaid all government support received early in the pandemic.

Pension deficit recovery payments and triennial valuation

The Board meets with the independent Chair of the Pension Trustees at least annually and is mindful of its obligations to all employees and former employees in all its pension arrangements. Maintaining a strong covenant (the underlying financial strength and resilience of the Company) is the Board's primary objective and this underpins the strength of the defined benefit pension scheme. However, the Board is also committed to supporting the funding position of the scheme in proportion to its responsibilities to all of its stakeholders.

Following the expiry at the end of June 2023 of the previous deficit recovery plan agreed between the Company and the Pension Trustees, the Board agreed to continue deficit recovery payments of £1m per month until the conclusion of the triennial actuarial valuation which was ongoing at the time. The triennial valuation (as at 31 March 2023) was completed in November 2023. Following the review, the Company agreed to maintain deficit repair contributions at the rate of £12m per year and renewed the 'switch off' mechanism if full funding on the Technical Provisions basis was met. Full funding on this level was achieved at the date of the agreement and as a result the deficit repair contributions were suspended. At the end of January 2024, the scheme was in a modest surplus and as such deficit recovery payments remained suspended at that time.

The Company and Trustee Board continue to work together on the long-term investment strategy for the scheme with the aim to reduce reliance on the Company and the CFO reports to the Board on these matters as appropriate.

Investment in strategic initiatives

The Board believes that it is in the best interests of all stakeholders to invest in long-term, sustainable initiatives for the business. This includes continued investment in the depot network (both new depots and reformats), in digital infrastructure, and the international business. It also includes investment in our manufacturing and logistics capabilities.

In September 2023, the Board approved investment in panel production and a new profile line at the Howden site in East Yorkshire. Our dedicated manufacturing is critical to the future success of our in-stock offer and the Board keep under review the mix of product bought-in versus that manufactured in-house, balancing cost, resilience, and flexibility.

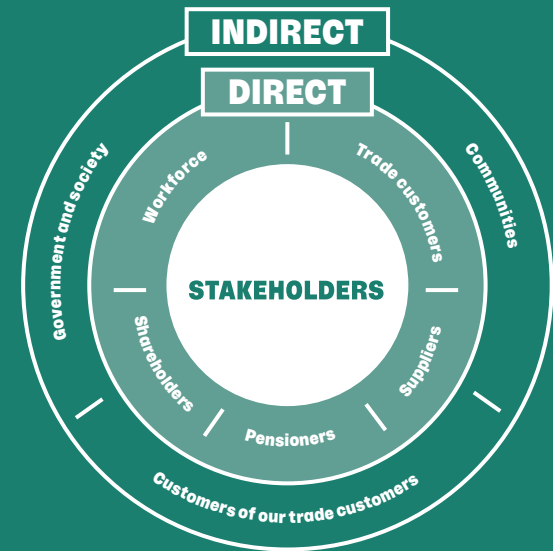
In considering its approval of the investment, the Board considered the payback on investment and that the investment supported the Group's strategic plans to support core manufacturing processes, which in turn represented good value for shareholders. Furthermore, it was noted that, with ever-improving machinery safety requirements, the new machinery would possess enhanced safety features which were in the interests of the workforce working on the lines, and that, whilst the panel machining investment would lead to fewer panels being bought in from external suppliers, because demand was expected to grow, the reduction in bought-in panels would occur over the long-term allowing suppliers time to adjust their plans.

Governance

Corporate governance report continued

Stakeholder engagement

Howdens' stakeholders



Stakeholder and forms of engagement

Trade customers	pages 84 and 85
Workforce	pages 86 and 87
Suppliers	pages 88 and 89
Pensioners	pages 88 and 89
Shareholders	pages 90 and 91



Trade customers

Engagement with our trade customers includes the following:

- Local depots
- Customer research
- Customer surveys



Local depots

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

Our depot managers feed back our trade customers' views to management at Regional Board meetings (see 'Workforce' on page 86 for further information), which the Trade Director is present at and which the CEO and other members of the Executive Committee frequently attend. Feedback from Regional Board meetings influences product and pricing decisions. However, it also reinforces our strategic decisions on new depot openings, ensuring that we are maintaining excellent customer service and investing in new product. From these meetings, managers were able to feedback directly to the CEO, Trade Director and other senior executives about any matters affecting their depots and their customers.

Board members, Executive Committee members and senior managers regularly visit depots to ensure they hear from trade customers and the depots teams first-hand.

Trade customer surveys

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

Ad hoc 'deep dive' surveys are also used to ask trade customers about various product categories, including what is important to them within those product categories, what more they need from us, and what could cause them to shop elsewhere. In 2023, we completed deep dive surveys for all of our core categories. We received around 10,000 responses from our customers which has helped inform category strategy including supporting with brand and ranging direction, and depot training.

Twice a year, to ensure we keep abreast of any emerging areas of difficulty for three of our key stakeholders (depots, builders, and end-users), we carry out 'Voice of the Customer' research. During 2023, we received around 2,500 responses from this research. This has helped inform the prioritisation within our brand strategy.

Brochure research focus group

In 2023, we carried out research with both end-users and our depots to understand the purchase journey and role of the brochure, the brochure's performance versus competitors', and perceptions of Howdens. A mix of qualitative and quantitative methodologies was used, including focus groups and online surveys. Follow up surveys were also completed to assess improvements made in our follow-up edition of the brochure.

Cabinet research study

As part of our continual efforts to make builders' lives easier, we undertook a cabinet research study with our builder customers to understand the importance and perception of our cabinet quality.

27 tradespeople fitting at least two kitchens per year took part in four focus groups across two sites - one in the North and another in the South. The outcome focused on ensuring Howdens' cabinets remain best in class for our customers, with options for future improvements being investigated.

Governance

Corporate governance report continued

Stakeholder engagement continued

Workforce

Engagement with our workforce includes the following:

- Employee engagement survey
- Regional Board meetings
- Townhalls and feedback sessions
- Trade union and works council meetings
- Whistleblowing helpline



Best Companies survey

As a result of the Best Companies survey in March 2022, we have remained focussed on providing more support for employee wellbeing, an area that was highlighted for improvement. In 2023:

- We expanded our provision of employee wellbeing representatives. Nine new representatives were trained across our Support functions. This is in addition to those already at our manufacturing and logistics sites.
- We have partnered with a new provider, the Retail Trust, for our Employee Assistance Programme providing a 24/7 helpline, counselling services and signposting to other support.
- We have continued our focus on Mental Health, working with ANDYSMANCLUB to support men's mental health. Our new partnership with Movember has further bolstered this support. As referenced on page 55, we now have a mental health toolkit and our Counter Talk podcast on mental health was a first, encouraging more employees to be open about mental health and to support each other.
- Once again, in July 2023, we gave employees access to 'Know your numbers' (pre-peak blood pressure and resting heart rate checks) and CPR / Defibrillation sessions as part of Heart Month. 825 employees attended these sessions.
- We continued our menopause awareness training, partnering with Wellbeing of Women and Henpicked to give us access to a range of webinars on broader women's health issues and support tools. We have developed a Menopause e-learning package which will launch in 2024. More information is included on page 55.

We have also provided support around financial wellbeing. Pensions briefings delivered across the business to over 400 employees and a further 80 attended pre-retirement sessions. We launched a new workplace ISA, a Cycle to Work scheme and a new retail discount platform via Retail Trust.

We have a wellbeing calendar for 2024, which continues to build on the themes of men's and women's physical health, mental health and financial wellbeing with a drum beat of internal comms and a hub on our intranet site.

Further information on inclusion and wellbeing may be found on pages 54 and 55 of the Sustainability matters report.

Regional Board meetings

Regional Board meetings are a forum for the depot leadership team and Executive Committee members to discuss strategy and day-to-day business matters on a regular basis. Our Trade Director (and, previously, our COO of Trade) attends all meetings and all regional directors, area managers, and depot managers attend the meetings applicable to their region.

Our CEO also attends a majority of these Regional Board meetings. Certain support functions (including Supply, Commercial, Finance, and HR) also regularly attend. Members of the Board periodically attend Regional Board meetings. There are nine UK regions in total and there are around five Regional Board meetings held per region per year, providing many opportunities each year for two-way discussions about critical business issues.

Townhalls and feedback sessions

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

At each of our manufacturing and logistic sites regular feedback sessions are held with employees. It was through these channels that employees continue to express any concerns or opportunities for improvement. Following some of these sessions, we have committed to improving our agreement for 'Flexible Working Arrangements', ensuring people have a better balance, whilst also ensuring we continue to maintain our excellent service levels.

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

Informal feedback sessions are hosted by area managers to address local issues in depots. These sessions are usually organised by job role, but may also be organised by depot or a specific issue. Issues raised are often of a local nature and are resolved locally. Where there are broader issues, area managers will liaise with the wider business for a resolution. These forums also act as an opportunity to exchange best practice as well as to meet colleagues from other depots.

Engagement with the Trade Union and works councils

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

In 2023, we continued to engage with the collective groups and undertook training together, facilitated by ACAS to help build even more productive and effective working relationships. As a result of the feedback from our trade union and works council groups, we have made enhancements to payslip access and remuneration information, launched the new in-house Occupational Health service, expanded and developed our wellbeing support framework including new wellbeing rep training via the Retail Trust, and continued to enhance benefits access and provision.

In 2023, a new Employee Engagement Forum was created in HWS West (Normanton) to ensure that as we harmonised terms and conditions we did it in a way that included, involved, and had the employee voice at the heart of what we did. This Forum meets on a regular basis to focus on the issues and opportunities most important to our workforce. We strongly believe direct communication is the best method of engagement.

The Howdens Show

In January 2023, we hosted the Howdens Show, which welcomed over 1,100 employees to the International Convention Centre in Wales. Our CEO hosted the event, which was a chance to set the scene for the year ahead and it featured business, charity and community updates from senior members of staff from across the business.

The Board's workforce engagement arrangements

Following the retirement in 2023 of Geoff Drabble, who was the Non-Executive Director Responsible for Workforce Engagement, a review of workforce engagement by the Board was undertaken. Given the complexity of Howdens operations (when considering the variety of role types in our vertically integrated business and its various geographies), it was agreed by the Board that workforce engagement would become a collective responsibility for the all the Board members. This will ensure that the diversity of Howdens workforce are properly and proportionately represented. Further detail about the new arrangements is set out on page 92.

Whistleblowing helpline

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

Governance

Corporate governance report continued

Stakeholder engagement continued

Suppliers

Engagement with our suppliers includes the following:

- Supplier conferences and meetings
- Category team relationships



Category team relationships and supplier management

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

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

Supplier conferences

Maintaining strong supplier relationships based on trust is a key facet of our resilient business model (see page 15). Co-operative engagement with suppliers on new products and the scale necessary to support suppliers' businesses and investment plans helps us to ensure the relationships are enduring and worthwhile for both parties.

Supplier engagement is also key in our plans to achieve our Net Zero SBT Plans (further detail about our Net Zero SBT Plans can be found on pages 46 and 47). In July 2023, we co-hosted our first ESG supplier collaboration summit in partnership with one of our largest cabinet frontal suppliers.

In November 2023, we applied the successful format of the July summit to a further collaboration summit with one of our appliance suppliers and their parent company. Further information about the supplier engagement activities we undertook in support of our Net Zero plans, and the outcomes of these, can be found on page 49 within our Sustainability matters report.

Pensioners

Engagement with our pensioners includes the following:

- Board engagement with the Trustee Board
- Newsletters
- Triennial valuations



The Howden Joinery Defined Benefit Pension Plan (the 'DB Plan') has over 10,300 members, of whom c.5,700 are deferred members, and c.4,600 are pensioners and dependants.

Board engagement with the Trustee Board

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

In 2023, the Company engaged with the Trustee Board on a number of matters outside of the normal engagement cycle of investment and funding strategy, including:

- an extension to the existing deficit repair plan;
- collaboration on the triennial actuarial valuation;
- review and implementation of a new investment strategy;

- completion of the Trustees' first formal TCFD disclosures and net zero commitment for the Plan;
- enhanced monitoring of LDI collateral headroom and overall liquidity;
- review and approval of information sharing protocols; and
- preparations for the pensions dashboard roll out.

Newsletters

In October 2022, a newsletter was sent to all members of the DB Plan. The newsletter provided updates on matters such as Trustee Board changes, appointment of a new Plan actuary, changes to the online member portal, latest funding position and financial review, and climate governance requirements.

Triennial valuations

Ensuring that there is an appropriate balance between shareholder distributions and DB Plan deficit funding is a priority for the Board.

The Company agreed interim deficit recovery payments in the first half of the year of £1m per month ahead of the expiry of the previous deficit recovery plan at the end of June.

The triennial actuarial review as at 31 March 2023 was completed in November 2023. The Company agreed to maintain the new run rate for deficit repair contributions of £12m per year and continued the 'switch off' mechanism if full funding on the Technical Provisions basis is met for two consecutive periods.

The Company and the Trustees agreed that, as the Plan was fully funded on a Technical Provisions basis at the date the new actuarial assumptions were agreed, deficit recovery payments should cease and resume only if there were two consecutive periods of the DB Plan returning to deficit (on a Technical Provisions basis). Since November, there have not been two consecutive periods in deficit and therefore, at the date of approval of this report, deficit recovery payments have not resumed.

Governance

Corporate governance report continued

Stakeholder engagement continued

Shareholders

Engagement with our shareholders includes the following:

- Annual General Meeting
- Shareholder meetings and roadshows



Annual General Meeting (AGM)

The 2023 AGM was held in-person and was an opportunity for the Board members to be able to converse with shareholders and to present their updates to them directly. Members of our Executive Committee and senior leadership team were also present to meet with shareholders outside of the formal business of the meeting.

During the Q&A session at the AGM, the Board was asked questions on the following topics: stock availability and team incentives. The questions raised were answered fully on the day and no further action or considerations were required.

In addition to the in-person meeting, shareholders were provided with the opportunity to submit any questions they had of their Board of Directors through a question facility on the Company's corporate website. This facility remained open throughout the year following the conclusion of the AGM.

Shareholder meetings

During 2023, we continued to focus our approach working with our corporate brokers to identify potential target investors located in the major investor hubs internationally. This included domestic investors in the UK but also international funds buying equities in North America and Europe. For each hub, Howdens has identified a small group of potential investors, which includes a mix of both existing holders that are underweight in our stock and non-holders who are already invested in distribution peers. This targeting work has been used to prioritise meetings for the investor programme throughout the year.

Following each period end, the Board is provided with an investor relations update, which gives an overview of investor feedback. The Director of Investor Relations regularly provides feedback at Board meetings on the investor relations programme. Following the half-year and full-year results, more detailed feedback sessions were held with the Board to discuss shareholder views on the results and the Company's strategy. In summary, investors continue to be supportive of the Company's strategic initiatives and the resilience of Howdens' business model despite challenging market conditions.

During the year the major activities were as follows:

- Engagement with the 15 sell side analysts who cover the Company and maintenance of Company compiled consensus forecasts.
- Post-financial results roadshows with major institutional shareholders and the Executive Directors and Director of Investor Relations.
- Ad hoc in-person and virtual one-to-one meetings as requested by shareholders and non-holders.
- Site visits to our factory in Howden and depots with small groups of institutional holders and non holders to highlight our key strategic initiatives.
- Site visits to London based depots to highlight the capabilities of our new reformatted depots and small format depots.
- Supporting industry conferences held by the major banks selling equities.
- Targeted marketing roadshows to major investor hubs internationally.



Governance

Corporate governance report continued

2018 UK Corporate Governance Code: application and compliance

The Financial Reporting Council (FRC) published the 2024 UK Corporate Governance Code on 22 January 2024. This iteration of the UK Corporate Governance Code will, in the main, apply to premium listed companies' financial years commencing 1 January 2025.

This Annual Report and Accounts has been prepared under the 2018 UK Corporate Governance Code (the 'Code'), which applies to accounting periods beginning on or after 1 January 2019. We are pleased to report that the Company applied all the Principles of the Code throughout the period, and we have reported in summary below how we have done so. Throughout the financial period under review, the Company was compliant with all Provisions of the Code, except for Provisions 5, 12, 40, and 41.

Provision 5 provides that boards should understand the views of the company's other key stakeholders and that, for engagement with the workforce, one or a combination of the following methods should be used: (i) a director appointed from the workforce; (ii) a formal workforce advisory panel; or (iii) a designated non-executive director.

From the beginning of the reporting period until 4 May 2023, the Company was compliant with Provision 5 having appointed Geoff Drabble as the Non-Executive Director Responsible for Workforce Engagement in 2019. Following Geoff's retirement from the Board, a review of workforce engagement by the Board was undertaken and it was agreed that, given the complexity of Howdens operations (when considering the variety of role types in our vertically integrated business and its various geographies), workforce engagement would become a collective responsibility for the Board. This will ensure that the diversity of Howdens' workforce is properly and proportionately represented. The Board will consider employee engagement at two dedicated sessions each year and a dashboard of key employee engagement metrics will be developed for these meetings. In keeping with Howdens' culture of open and direct feedback, an annual programme of employee engagement events will be collated, which will include Regional Board meetings, factory 'fish and chip Friday' listening sessions, EDI listening sessions, town hall sessions and other engagement activities. Non-Executive Directors will be expected to attend a minimum number of sessions each year and to provide feedback formally after each session. It is anticipated that these measures will be sufficient to satisfy Provision 5 of the Code, and an explanation of the effectiveness of the new arrangements will be reported in the 2024 Annual Report and Accounts. During the period of review of workforce engagement by the Board during 2023, members of the Board continued to attend Regional Board meetings across the country (further information on these meetings may be found on pages 86 and 87), where Depot Managers were able to directly engage with the Directors as well as members of the Executive Committee.

The Board considers the attendance at Regional Board meetings (which are Howdens' primary method for direct employee engagement and an efficient way of accessing a significant proportion of the employee population) to be an effective measure of employee sentiment. The Board has also received regular updates from management on matters such as trade union and workers council relations.

Provision 12 provides that the board should appoint one of the independent non-executive directors to be the senior independent director (SID). Until 4 May 2023, Geoff Drabble held this role. The role is now held by Andrew Cripps, who was appointed to it on 13 July 2023. Whilst there was a technical breach of this provision for a short period during this reporting period, this occurred during a quiet time in both our Board and corporate calendars and, should an urgent need have arisen, the Board had long-serving members with previous SID experience. The Company can confirm that it expects to be compliant with this provision throughout the 2024 reporting period.

Provision 40 provides that when determining executive director remuneration policy and practices, remuneration committees should address whether remuneration arrangements promote effective engagement with the workforce. Provision 41 provides that the annual report of remuneration committees should include a description of the engagement that has taken place with the workforce to explain how executive remuneration aligns with wider company pay policy. The Remuneration Committee did not directly consult with the workforce on Executive Director pay arrangements during 2023; however, the Committee receives reports from management on pay and benefits across the workforce to ensure that there is good alignment on remuneration across the organisation as a whole. In addition, the Company's Share Incentive Plan (SIP), which is a UK all-employee share plan, allows all employees with shares held in the SIP trust to exercise voting rights on those shares. This means our UK employees with SIP shares (the majority of the workforce) are able to vote on the Directors' remuneration report and the Directors' remuneration policy (when applicable) at general meetings of the Company. The UK Corporate Governance Code 2024 has removed Provision 40 of the 2018 Code and therefore there will be no non-compliance with this provision when the 2024 version of the Code is adopted. The Remuneration Committee will keep under review the need to engage the workforce more directly on Executive remuneration arrangements. Details of how Executive Director pay is considered in the context of the workforce is set out on page 122.

2018 UK Corporate Governance Code: application of Principles

Section 1: Board leadership and company purpose

A	A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.
<p>Howdens' founding principle of being worthwhile for all concerned supports the premise that its role is to ensure long-term, sustainable growth and value for all its stakeholders.</p> <p>Further information on our resilient business model and strategy can be found on pages 8 to 15. Our contribution to wider society and our statement of the extent of consistency with the TCFD framework can be found in our Sustainability matters report beginning on page 42.</p>	<p>Governing in an effective way ensures the framework and controls needed to align our operations with our strategy are in place. It is only by doing this that we can ensure long-term strategic success of the Company for our stakeholders. We discuss throughout the Governance section how our actions help to preserve the value that the business generates and how they support the strategy. For example, we have set out the way our remuneration structure supports our strategic aims on pages 113 to 116.</p>
B	The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.
<p>An explanation of our purpose, values and strategy are set out in the strategic report which starts on page 8. The Board regularly discusses the importance of Howdens' unique culture and are mindful that it remains aligned with its purpose, values and strategy. Workforce engagement is also an important part of the Board's agenda and more information about the methods of engagement with the workforce may be found on pages 86 and 87.</p> <p>Integrity and sympathy to the Howdens culture are paramount when the Board recruits new members to the Board. More information about our recruitment and inductions process can be found on page 103.</p>	<p>The Board is satisfied that the necessary resources are in place to ensure that the Company meets its objectives and measures performance against them. Our KPIs and how we have performed against them can be found on pages 28 and 29.</p> <p>More information on our risk processes, including our principal and emerging risks, can be found on pages 36 to 41. Our Audit Committee report provides a summary of our internal control framework on page 138.</p>
D	In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
<p>Howdens has a broad group of clearly defined stakeholders and Board members actively engage with each of these groups. A detailed explanation of our engagement with our shareholders and wider stakeholder base, and how this engagement has informed the Board's decision making processes can be found on pages 82 to 91. How the Board members discharged their 'Section 172' statutory directors' duties is described on pages 82 and 83.</p>	<p>The Board and its committees review workforce policies and practices on a regular basis. A Group policy framework has been established and is reported on to the Board on an annual basis, as well as any updates needed for Group policies. Part of this review includes ensuring that policies remain aligned to the Howdens culture and support long-term success.</p> <p>One example of this is how our Remuneration Committee considers the pay policies and practices of the wider workforce when determining Executive reward. More information in this regard can be found on page 122.</p> <p>All employees are able to raise any matters of concern using the confidential whistleblowing helpline. The helpline is available 24 hours a day, it is multilingual, and it is operated by an independent third party. The Board receives reporting from the helpline twice a year and any matters of significant concern are escalated as appropriate by the Company Secretary who oversees the helpline with support from the internal audit team.</p>
E	The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Governance

Corporate governance report continued

2018 UK Corporate Governance Code: application of Principles continued

Section 2: Division of responsibilities continued

F

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

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

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

The 2023 internal Board evaluation concluded that the Board was effective, supportive of management and doing well. Further information about the outcomes and process of the evaluation may be found on pages 106 and 107.

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

G

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

At least half of the Board was made up of Independent Non-Executive Directors (not including the Chairman) throughout the reporting period. The Non-Executive Directors that the Board considered to be independent are shown as such on pages 76 and 77. The Board confirms that all the Non-Executive Directors (excluding the Chairman) were independent during the reporting period and that the Chairman was independent on appointment.

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

H

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

The number of Board meetings which were held during the reporting period and the attendance at each of these meetings may be found on page 74. Similarly, the number of meetings of each Board Committee and the attendance may be found on the following pages: 98 (Nominations Committee), 108 (Remuneration Committee), 132 (Audit Committee), and 140 (Sustainability Committee).

When reviewing the Nominations Committee's recommendation to appoint a new Director, the Board will always assess whether the candidate is able to allocate enough time to the role. Similarly, when assessing the acceptability of an existing Director's wish to take on external appointments, the Board will assess the additional demand on that Director's time before authorising the appointment. This occurs within the Board's agreed existing protocol whereby any significant appointments taken on whilst serving as a Director of the Company must be approved by the Board before they are entered into. This is set out in the Schedule of Matters Reserved for the Board which may be found on the Company's website (www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters). During the reporting period, no existing Directors took on additional external appointments.

Members of the senior management team regularly presented to the Board (see pages 78 and 79 for a timeline of Board meetings and information regarding any Executive Committee attendees), which provided an opportunity for the Board to constructively challenge and to provide advice to our senior management team.

Information about the management of conflicts between the duties Directors owe the Company and either their personal interests or other duties they owe to a third party may be found on pages 135 and 139.

Section 2: Division of responsibilities continued

I

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

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

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

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

Section 3: Composition, succession and evaluation

J

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

The Nominations Committee engages external search consultancies when searching for Board position candidates. Further information about the appointments process is available on page 103 of the Nominations Committee report and the Board's diversity policy is available on page 102.

The Nominations Committee regularly reviews the skills matrix and the tenure of each Board member (see pages 100, 103 and 104 for further details). This ensures the Board's succession plan remains aligned with the natural rotation of Directors off the Board and the strategic objectives of the business.

The succession plans for the senior management team are regularly reviewed by the Nominations Committee.

K

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

The Board uses a skills matrix to ensure it has the necessary combination of skills, experience and knowledge to meet its strategic objectives, business priorities and to ensure the unique Howdens culture is maintained. The skills matrix may be found on page 100.

The tenure of each Director may be found on pages 103 and 104. The Board has a good balance of new and longer-serving Directors. As at the year end date, tenures of the Non-Executive Directors (including the Chairman) range from 6 months to 8 years, and the average tenure is 4.2 years.

L

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

Details of the 2023 internal Board evaluation process and outcomes may be found on pages 106 and 107 of the Nominations Committee report.

The specific reasons why the Board considers that each Director's contribution is, and continues to be, important to the Company's long-term sustainable success may be found on pages 76 and 77. Reference to the specific reasons and where to find them in the Annual Report and Accounts will accompany the resolutions to elect or re-elect Directors in the 2024 AGM Notice. The Board recommends that shareholders vote in favour of the election or re-election of all the Directors.



Governance

Corporate governance report continued

2018 UK Corporate Governance Code: application of Principles continued

Section 4: Audit, risk and internal control

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

The Board has established formal and transparent policies and procedures, which ensure the external auditor and internal audit function are independent and effective and are accountable to the Audit Committee. The Board also monitored the integrity of the annual and interim financial statements of the Company through the Audit Committee. Further information about the work of the Audit Committee, including the subjects above, may be found in the Audit Committee report, which begins on page 132.

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

A statement regarding the Directors' responsibility for preparing the Annual Report and Accounts and the Directors' assessment of the Annual Report and Accounts, taken as a whole, as being fair, balanced and understandable and providing the necessary information for shareholders to assess the Company's position, performance, business model and strategy, can be found on page 144.

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

The Board is responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. The Board is assisted with these responsibilities by the Audit Committee. Such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, as well as to help the business take appropriate opportunities. The Board has conducted reviews of the effectiveness of the system of internal controls through the processes described within the 'Risk management' and 'Principal risks and uncertainties' sections (see pages 36 to 41) and are satisfied that it accords with the Code and with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. As described in the Audit Committee report on page 138, the management team continued to strengthen our overall control framework. This work to further enhance internal controls will lead to better assurance and efficiencies through opportunities to formalise and automate controls and improve visibility to the Executive Committee, Audit Committee and Board in a consistent way across the Group.

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

Section 5: Remuneration

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

The way the Remuneration Committee has ensured our remuneration policies and practices are aligned with our culture, our strategy and risk management is discussed in the Remuneration Committee report, which starts on page 108.

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

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

Details of whether the Remuneration Committee exercised its discretion during the year can be found on page 109 of the Remuneration Committee report.

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

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

The Remuneration Committee reviews workforce remuneration and related policies when setting Executive Director remuneration. Ensuring these factors are always considered means our remuneration policies are clear and as predictable as possible. Further information can be found in the Remuneration Committee report on page 122.

By order of the Board

Peter Ventress
Chairman

28 February 2024



Governance

Nominations Committee report

2023 meeting attendance

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

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.

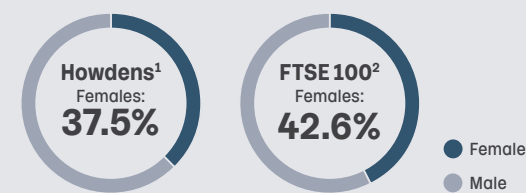
The Nominations Committee primary function is to enable the Board to put the right people in the right places, both at Board and senior management level. It must do so in a way that is transparent and procedurally fair to ensure the avoidance of bias and I am pleased that the Committee has been engaged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

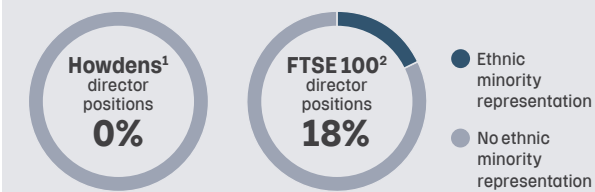
- Senior management talent update
- Board Diversity policy
- Board succession planning, including consideration of diversity, tenure and skills matrix
- Internally facilitated Board evaluation approval
- 2024 Nominations Committee calendar
- Nominations Committee Terms of Reference

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

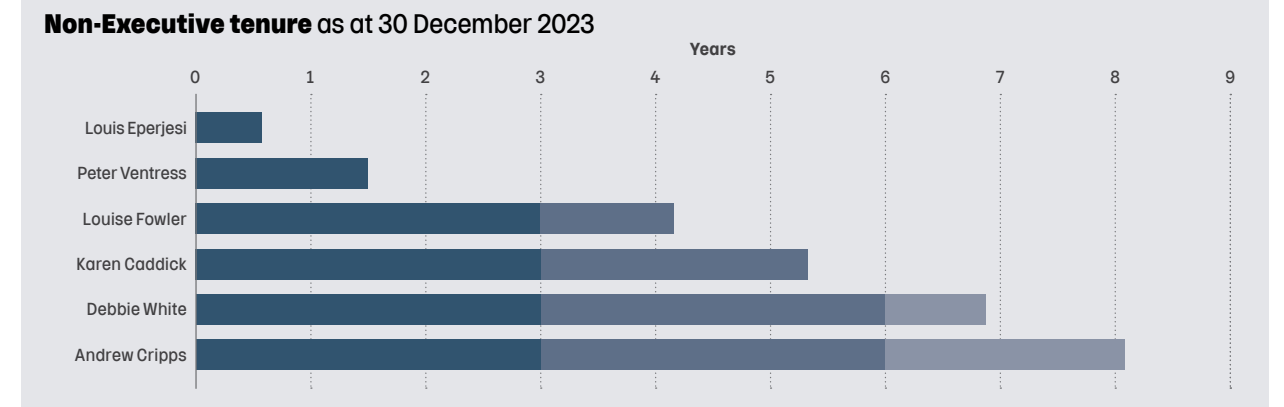
We want Howdens to be a place where everyone is welcomed and has the opportunity to thrive, being Worthwhile for ALL concerned. We're committed to encouraging diversity, inclusion and equality amongst our workforce and to eliminating unlawful discrimination. We value the difference a diverse workforce 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.



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

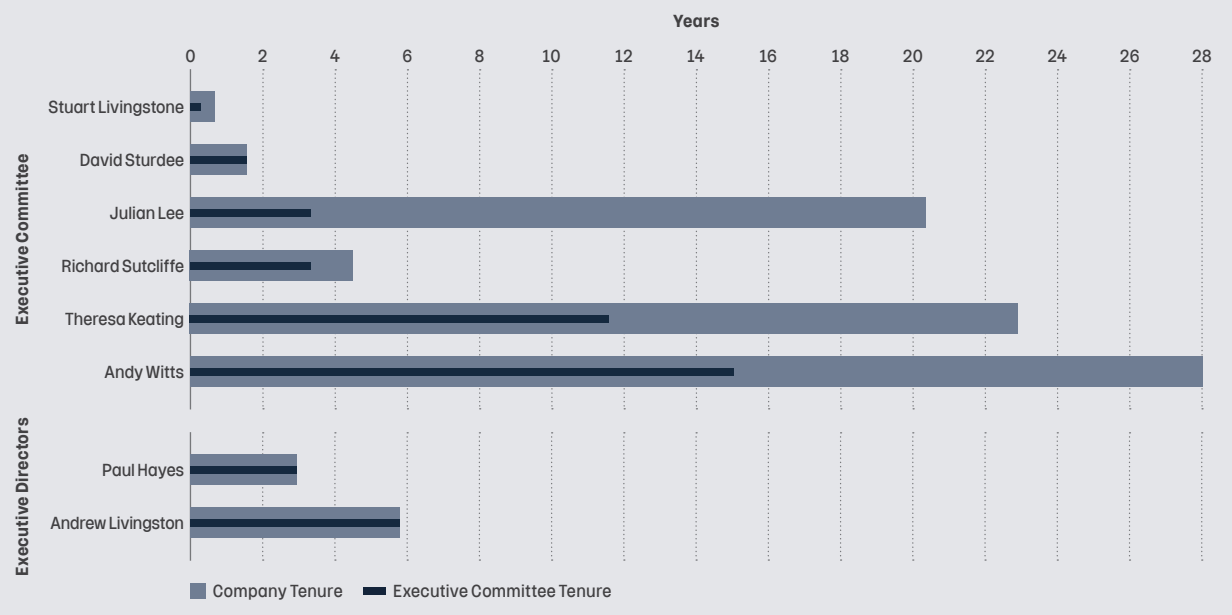
The Committee received regular updates regarding senior management¹ succession planning. These updates included the planning and processes involved with the appointment of a new Trade Director.

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.



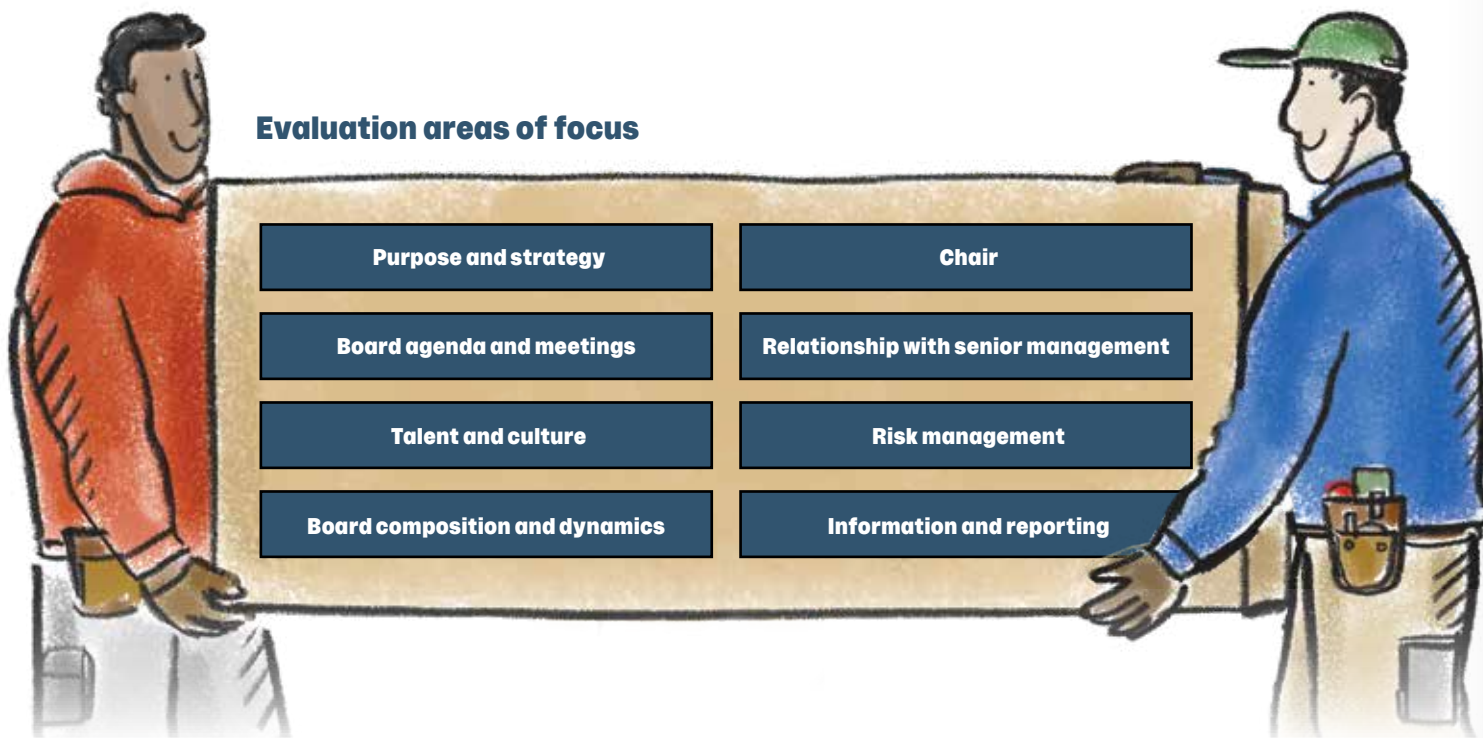
Governance

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

Governance

Remuneration Committee report

2023 meeting attendance

Karen Caddick (4/5)¹ Louis Eperjesi (3/3)
 Andrew Cripps (5/5) Louise Fowler (5/5)
 Geoff Drabble (2/2) Debbie White (5/5)

¹ Karen was unable to attend the November Committee meeting due to illness. Andrew Cripps chaired the Committee in Karen's absence.

Karen Caddick
 Remuneration Committee Chair



Key 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.
- Review the Group's Gender Pay Gap data and action plans.
- Planning for 2025 incentives (taking into account risk and other matters).
- Review of the Directors' Remuneration Policy and consultation with shareholders ahead of the 2025 AGM.
- Review of the Remuneration Committee Terms of Reference.
- Approval of the 2025 Remuneration Committee calendar.



Annual Remuneration Committee Chair's statement

I am pleased to present the Howden Joinery Group Plc Remuneration Committee report for 2023. 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).

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. Summary of the Directors' remuneration policy
3. The Directors' remuneration report

We have divided the **Directors' remuneration report** into four parts:

- Part 1** Company performance and stakeholder experience
- Part 2** Application of policy in 2023
- Part 3** Implementation of policy in 2024
- 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.

2023

2023 was a challenging year for Howdens. Relative performance was strong and the Remuneration Committee were particularly pleased with management's performance regardless of the significant headwinds. Despite a significant decline in the kitchens market, management delivered profits that were in line with market expectations, increased market share and continued to invest in strategic initiatives.

It was a quieter year for the Remuneration Committee, with the changes announced in 2022 to annual bonus and long-term incentives now embedded in our annual cycle of work. There continued to be lots of external focus on pay with inflation moving significantly during the year and the Remuneration Committee continued to monitor changes in average FTE salaries and bonuses across all operational and support roles to ensure that there remained alignment on pay between our senior management and that of the wider workforce.

We are satisfied that there remains good alignment due to Howdens' unique incentive culture across all roles and when setting Executive pay, the Committee has regard to a number of factors, which include pay across the wider workforce, CEO and gender pay gap ratios and the experience of our shareholders.

As in previous years, the Committee also received updates on the wider employee benefit landscape, including on the Group pension scheme. Given the importance of alignment on pensions between senior management and the wider workforce, we have included a case study on our Group pension scheme. It can be found on page 121.

Howdens' gender pay gap increased year on year from 3.9% to 5.1%. The gender pay gap report can be found on www.howdenjoinerygroupplc.com/governance/gender-pay-gap-reports. The Committee continued to challenge management to address this further. More information on our broader diversity and inclusion priorities can be found on pages 54 and 55.

One area of change during 2023 was signposted in the case study in last year's report on our review of incentives below Executive Committee level. Following the review, the Committee agreed to replace the long-term incentive plan for Grade 1s and 2s with a deferred bonus share award. This award replaced the PSP and was intended to remove some of the complexity in measures being included in the Executive awards and to result in greater retention for this group of key employees. Disappointingly, due to challenging market conditions, the performance conditions for this award were not met and as such did not result in the purchase of any deferred bonus shares. However, the Committee remains confident in the application of the deferred bonus award for this important cohort.

As in previous years and reported on page 92, the Remuneration Committee did not consult with the wider workforce on Executive Director pay arrangements in 2023. The Committee has safeguards in place (as considered in this report), which ensure good alignment on remuneration across the organisation as a whole. It is worth remembering that all eligible employees with shares in the Share Incentive Plan, which is the significant majority of UK employees given that Free Shares are granted to all UK employees each year, have a de facto say on Executive Director pay when such matters are considered at general meetings.

2023 reward outcomes

Annual bonus

Consistent with prior years, the 2023 annual bonus performance was based on the delivery of both profit and cash flow targets.

As previously mentioned, market conditions were challenging in 2023 with the market contracting significantly more than had been forecast when the budget had been determined. Despite this, PBT performance for the bonus has resulted in an above threshold outcome. In considering this outcome, the Committee noted that expenditure during the year on strategic initiatives continued and will generate future growth. The part of this expenditure that was invested in future growth rather than into 2023 PBT, attributable to the market reducing by significantly more than had been factored into the annual budget, was excluded from the PBT figure for bonus purposes as it is considered an exceptional cost.

The Committee reflected on the formulaic outcome alongside the fall in the reported Group PBT figure in FY23, the level of the exceptional expenditure and the strong overall performance Howdens has delivered relative to 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 threshold performance, which delivers 10% of the part of the bonus weighted to PBT.

The Committee applied judgment in considering whether this outcome under the PBT element was appropriate, taking into account the reported Group PBT figure for FY23, alongside the total cost of the expenditure and the strong overall performance Howdens has delivered relative to market.

The Committee concluded that a fair and appropriate outcome under the PBT element in these circumstances would be threshold performance which delivers 10% of the part of the bonus weighted to PBT. As a result, the Committee exercised discretion to reduce the payout under the PBT element to threshold.



Governance

Remuneration Committee report continued**Annual Remuneration Committee Chair's statement** continued

Cash flow performance was more 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 relative performance meant that a total annual bonus of 24% of the maximum annual bonus opportunity for our Executive Directors was earned.

Performance Share Plan (PSP)

The 2021 PSP was based on the delivery of both a three-year PBT growth measure and a relative total shareholder returns (TSR) measure. The weightings for the two performance measures were 67% PBT and 33% TSR.

PBT performance targets for the period required 5% per annum PBT growth to achieve threshold vesting and 15% per annum PBT growth to achieve maximum vesting. The 2021 PSP performance was measured to FY 2023 and, over the three-year period, PBT increased by 21% per annum, which equated to vesting at 100% of the total opportunity for this measure.

To determine TSR performance, Howdens is 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 vesting 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 100% of the total opportunity for this measure.

In aggregate, the 2021 PSP will vest at 100% of the maximum opportunity.

2024 reward and incentives

Our approach to executive remuneration recognises 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 2024, we have maintained the principles, measures and quantum used in 2023. We believe that consistency through the remuneration cycle is important for both shareholders and Executives and we are pleased that this year we have been able to maintain our core methodologies.

Salary

Salary increases for the Executive Directors will be no higher than the wider workforce. These will be effective from 1 April 2024, which is exceptionally for FY24 later than the normal effective date of 1 January. This timing is also aligned to increases for the wider workforce.

The Committee continues to review the Executive Director remuneration packages annually against companies that operate in the same or similar sectors to Howdens and companies of a similar size and complexity.

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, taking into account market data for companies that operate in the same or similar industries and UK listed companies of a similar size and complexity.

For the 2024 annual bonus, we replicated the methodology of PBT and cash flow measures used in the 2023 annual bonus. The measures retain their previous weighting of 85% of maximum opportunity for PBT and 15% of maximum opportunity for cash flow. This maintains the focus on profit in incentives and alignment with the depots, whilst maintaining a healthy stretch between target and maximum bonus levels to ensure strong shareholder alignment.

The Committee has set sufficiently stretching targets for the annual bonus in 2024.

PSP

In 2023, two new measures were introduced to the PSP in addition to the existing performance measures. The four measures: PBT, relative total shareholder returns (TSR), Return on Capital Employed (ROCE) and a basket of complementary Environmental (ESG) measures were intended to retain a strong focus on profitability (which is consistent with Howdens' culture and depot incentives), whilst adding additional focus on returns and strategically important environmental goals. The Committee also wanted to retain a relative measure that aligned Executives' experience with that of our shareholders. The weightings were PBT 60%, TSR 20%, ROCE 10% and ESG 10% of the maximum opportunity.

The Committee believes that these measures and their respective weightings remained appropriate for the 2024 PSP award and they have been retained accordingly. In addition, the Committee retained the methodology for calculating the PBT targets first adopted in 2023.

We signposted in last year's report that we would be moving away from the automatic use of the prior year PBT figure as the base for targets for future grants. Instead, the Committee has adopted a methodology for the PBT target range which reflects a combination of analyst consensus estimates, internal forecasts and our long-term strategic goals. We believe that this approach provides better alignment between vesting outcomes and performance and reduces the risk of volatility in the payment cycle.

To ensure that our remuneration philosophy is upheld, the Committee will continue to ensure that all performance targets are suitably stretching for the level of remuneration available within the context of our internal expectations and external forecasts. Further details of the measures, targets and weightings are set out on page 127.

No changes are proposed to long-term incentive opportunity for 2024, and therefore the CEO will receive an award equivalent to 270% of salary and the CFO will receive an award of 220% of salary.

Pensions

Since May 2022, both Executive Directors' pension benefits have been aligned with the wider workforce. This was in line with the Committee's commitment that there would be alignment by the time of the Company's next policy cycle.

The Directors' remuneration policy provides that new Executive Directors will only participate in the Company's pension arrangements with contributions in line with those of the wider workforce.

A case study on pension arrangements at Howdens can be found on page 121.

Senior management and the wider workforce

In addition to the Executive Directors, the Howdens 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 Head of Internal Audit and Risk.

The Committee also received updates on all-employee remuneration related policies in order to provide the context for, and to ensure alignment with, the policy on Executive Director remuneration. In 2019, the Committee adopted a dashboard in line with Provision 33 of the UK Corporate Governance Code 2018, which shows some of the key internal and external measures that the Committee members are aware of when determining Executive Director and senior management remuneration (further detail on the dashboard may be found on page 122).

I hope the information presented within this report provides a clear explanation as to how we have operated our Directors' remuneration policy over 2023 and how we intend to implement it for 2024. The Committee is satisfied that the policy has operated as intended in terms of pay for performance, taking into account the exercise of Committee discretion in relation to the 2023 annual bonus outcome. 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 policy or how we implement the policy in 2024.

We are due to review our Directors' remuneration policy during 2024 and our new Committee Chair, Vanda Murray, will be consulting with shareholders in the second half of the year. In the meantime, I look forward to answering any questions on the work of the Remuneration Committee from shareholders at our AGM in May.

Karen Caddick**Remuneration Committee Chair**

Governance

Remuneration Committee report continued

Annual Remuneration Committee Chair's statement continued



Fixed Variable

Summary of the Directors' remuneration policy

Howdens' Directors' remuneration policy, as it is set out in our 2021 Annual Report and Accounts, was approved by shareholders at our 2022 AGM. Below is a summary of that policy, how that policy links to strategy, and consideration of some of the factors the Committee addressed when formulating the policy. How the policy has been applied during 2023 and will be applied during 2024 can be found on subsequent pages in the report.

The full Directors' remuneration policy can be viewed at www.howdenjoinerygroupplc.com/governance/remuneration-policy.

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.

Element and how it supports our strategy	Operation	Opportunity	Performance measures
Base salary			
Recognises the market value of the Executive Director's role, skill, responsibilities, performance and experience.	Salaries are reviewed annually, and are effective from 1 January each year. Salaries will not be changed outside of the annual review, except for in 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 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 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 individuals, any changes in their responsibilities, pay increases for the wider workforce and internal relativities. 2023 and 2024 salary levels are detailed on page 126.	None.
Benefits			
Provides a competitive level of benefits.	Howdens pays the cost of providing the benefits on a monthly basis or as required for one-off events.	Benefits are based upon market rates and include receipt of a car allowance, health insurance and death-in-service insurance payable by the Company.	None.

Governance

Remuneration Committee report continued

Summary of the Directors' remuneration policy continued

Fixed Variable

Element and how it supports our strategy	Operation	Opportunity	Performance measures
Annual bonus			
Incentivises annual performance over the financial year.	Performance is assessed annually against targets made up of at least 75% financial metrics.	The threshold for the annual bonus will be dependent on the individual measures used each year. For 2024, the annual bonus will be based on PBT and cash flow, with threshold payout being 20% of salary.	For 2024 the annual bonus will be based on PBT and cash flow measures.
Deferral links bonus payout to share price performance over the medium-term.	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 in light of overall underlying performance. Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration. Payment is subject to continued employment.	The maximum opportunity under the annual bonus is 200% of salary.	The Committee retains the flexibility to use alternative measures during the life of this policy, subject to at least 75% of the bonus being based on financial metrics.
	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:	For FY 2024, the annual bonus level will be 200% of salary, with the position reviewed each year.	
	<ul style="list-style-type: none"> material misstatement of accounts; erroneous assessment of a performance target; where the number of plan shares under an award was incorrectly determined; or gross misconduct by a Director. 		
	No dividends accrue on unvested shares.		
Performance Share Plan (PSP)			
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.	Executives have the opportunity to participate in the PSP on an annual basis. The PSP operates over a three-year vesting cycle. Under the PSP, awards will generally be granted towards the beginning of the performance period and vest based on performance over the following three-year performance period. Malus provisions apply for the duration of the vesting period. The Committee has the discretion to adjust the PSP outcome in light 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. Clawback provisions apply for the duration of the holding period, through which vested awards maybe reclaimed in the event of:	The threshold for the PSP will be 15% of maximum. This may be amended by the Committee dependent on the maximum opportunity in a given year. The maximum opportunity under the PSP is 270% of salary and the grant level for the CEO will be 270% and for the CFO will be 220%.	For 2024, the PSP will be based on PBT growth, relative TSR, return on capital employed, and an environmental measure. The Committee retains the flexibility to use alternative measures during the life of this policy, subject to at least 75% of the PSP being based on financial metrics.
	<ul style="list-style-type: none"> material misstatement of accounts; erroneous assessment of a performance target; where the number of plan shares under an award was incorrectly determined; or gross misconduct by a Director. 		

Element and how it supports our strategy	Operation	Opportunity	Performance measures
Shareholding requirement			
Shareholding requirement strengthens alignment of interests between participants and shareholders.	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 deferred bonus and long-term incentive shares are not taken into account. PSP shares within a holding period are counted towards the requirement.	Executive Directors will be required to retain 100% of their shareholding requirement (i.e. 200% of base salary or full actual holding if lower) for two years post-cessation from the Board of Howden Joinery Group Plc.	
Pension			
Provides competitive long-term savings opportunities.	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.		None.
All-employee share incentive plan			
To encourage employee share ownership.	Executive Directors are able to participate in the tax-advantaged Share Incentive Plan available to all eligible UK employees.	The maximum participation levels will be set based on the applicable limits set by HMRC.	None.

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 and selected senior managers participate in the same incentive schemes as the Executive Directors, at a reduced level, to ensure alignment between the leadership team and our shareholders.

Below Executive Committee level, certain senior management grade participate in a similar annual bonus plan that is linked to PBT and cash flow. The promotion of employee share ownership is also cascaded through all tiers of management. Since 2023, a deferred bonus share arrangement replaced the PSP for these employees. Given the variable pay-outs of the LTIP in recent years and the increasing complex measures being introduced for the Executive award, it was felt that an alternative structure would be more effective, providing a greater level of understanding and engagement, and therefore retention, among this cohort of employees.

Free shares grants are made at a reduced level to a wider population within Howdens that do not use performance conditions to encourage share ownership throughout the Company. Employees can also purchase additional shares in the Company in a tax efficient way through our Buy As You Earn scheme, which operates under the Share Incentive Plan.

Governance

Remuneration Committee report continued

Summary of the Directors' remuneration policy continued

Fixed Variable

Non-Executive Directors' remuneration policy

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

Element and how it supports our strategy	Operation	Opportunity	Performance Measures
Fees			
To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.	<p>The fees for the Non-Executive Directors are determined by the Board Chair and Chief Executive and approved by the Board.</p> <p>The fee for the Board Chair is determined by the Remuneration Committee while the Board Chair is absent.</p> <p>No other services are provided to the Group by Non-Executive Directors.</p>	<p>Fees for Non-Executive Directors are set out in the statement of implementation of policy on page 126.</p> <p>The fees reflect the time commitment and responsibilities of the roles. Accordingly, committee chair, Senior Independent Director (SID) and the Non-Executive Director responsible for employee engagement fees are paid in addition to the NEDs' basic fee. Committee chair fees apply only to the Audit and Remuneration Committees. The Board Chair receives no fees in addition to the Chairman's fee.</p> <p>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. Benchmarking is typically undertaken every three years.</p>	NEDs are not eligible to participate in any performance related arrangements.
Benefits			
To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.	Non-Executive Directors are entitled to receive expenses in respect of reasonable travel and accommodation costs.		None.

Underlying principles

When determining the Directors' remuneration policy, the Committee was mindful of its obligations under Provision 40 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 on the following page are examples of how the Committee addressed the factors.

<p>Clarity</p> <p>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</p>	<p>In 2021, 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. In 2023, the Company contacted its principal shareholders to consider various changes to remuneration practice that were permitted under the policy.</p> <p>All UK 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 which also operates through the SIP. All employees with shares held in the SIP trust are able to exercise voting rights on those shares and vote on the Directors' remuneration report and the Directors' remuneration policy (when applicable) at general meetings of the Company. Further information on workforce engagement can be found on pages 86 and 87.</p>
<p>Simplicity</p> <p>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</p>	<p>The Directors' remuneration policy has received positive feedback from stakeholders in relation to its simplicity.</p> <p>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.</p>
<p>Risk</p> <p>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.</p>	<p>Whilst the Committee has consciously not set an absolute annual quantum on Executive 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.</p>
<p>Predictability</p> <p>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.</p>	<p>The range of possible values of rewards for the Executive Directors is considered on page 125. The range of possible values of rewards for the Executive Directors was also communicated in the 2021 Remuneration Committee report when a revised Directors' remuneration policy was communicated to shareholders.</p> <p>The Committee has a wide range of discretion in relation to variable pay awards, new joiners, and leavers, which were identified and explained when the policy was approved.</p>
<p>Proportionality</p> <p>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.</p>	<p>The Committee remains confident that the awards used to ensure continued delivery of strategy and long-term performance are working as intended and that they are delivering outcomes in line with our wider stakeholder experience.</p> <p>In 2023, the annual bonus paid out at 24% reflecting the highly challenging market conditions and resultant profit performance during the year. However, despite the challenges during the year, the vesting percentage for the long-term incentive share plan was 100%, which was due to the strong profit and relative TSR performance over the three-year performance period. This demonstrates good alignment of Executive Director remuneration with the long-term performance of the Group.</p>
<p>Alignment to culture</p> <p>Incentive schemes should drive behaviours consistent with company purpose, values and strategy.</p>	<p>The Committee remains confident that the incentive schemes operated under the Directors' remuneration policy are aligned with purpose, values and strategy.</p> <p>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.</p>

Governance

Remuneration Committee report continued

Directors' remuneration report - Part 1: Company performance and stakeholder experience

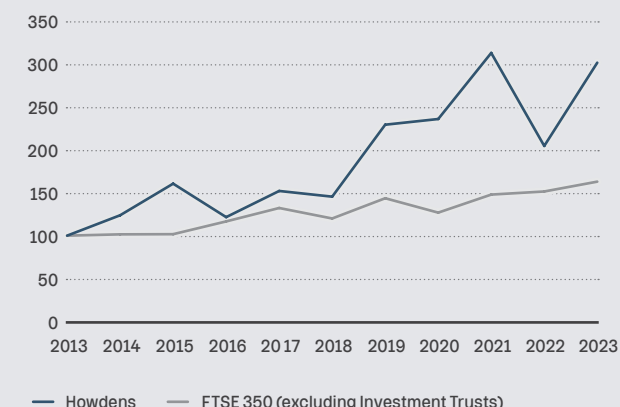
In this section of the Directors' remuneration report, we detail some of the considerations the Committee has regard to when implementing the Directors' remuneration policy. Contained in this section are specific disclosures on Group performance, as well as comparative disclosures on the relative importance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

Group performance

Total shareholder return (TSR)

The graph below illustrates the Company's TSR performance relative to the constituents of the FTSE 350 (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 350 (excluding Investment Trusts).

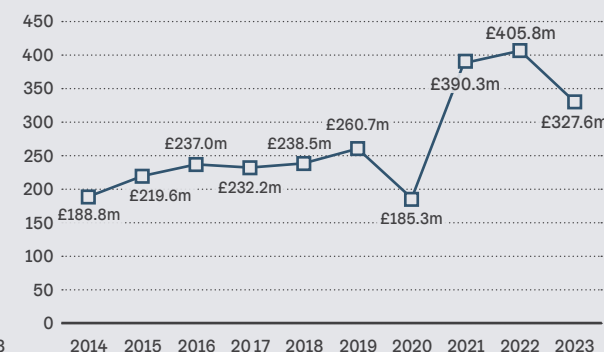
Howdens historical TSR



Profit before tax (PBT)

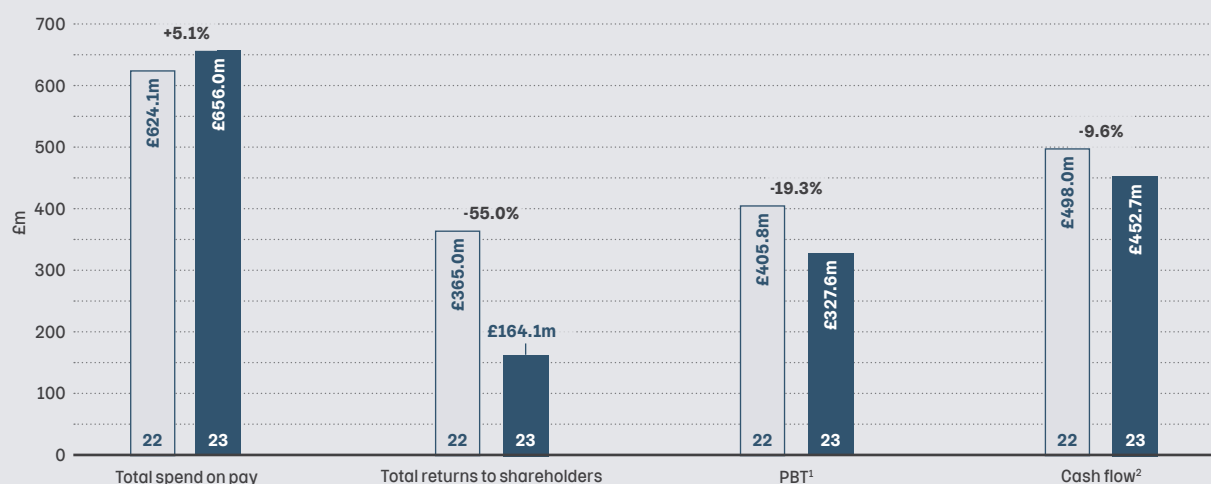
The graph below illustrates the Company's historical PBT performance.

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 2022 to 2023 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 162.

2 Net cash flow from operating activities is the definition used for the annual bonus scheme (see page 126).

Director pay

Our corporate performance and remuneration

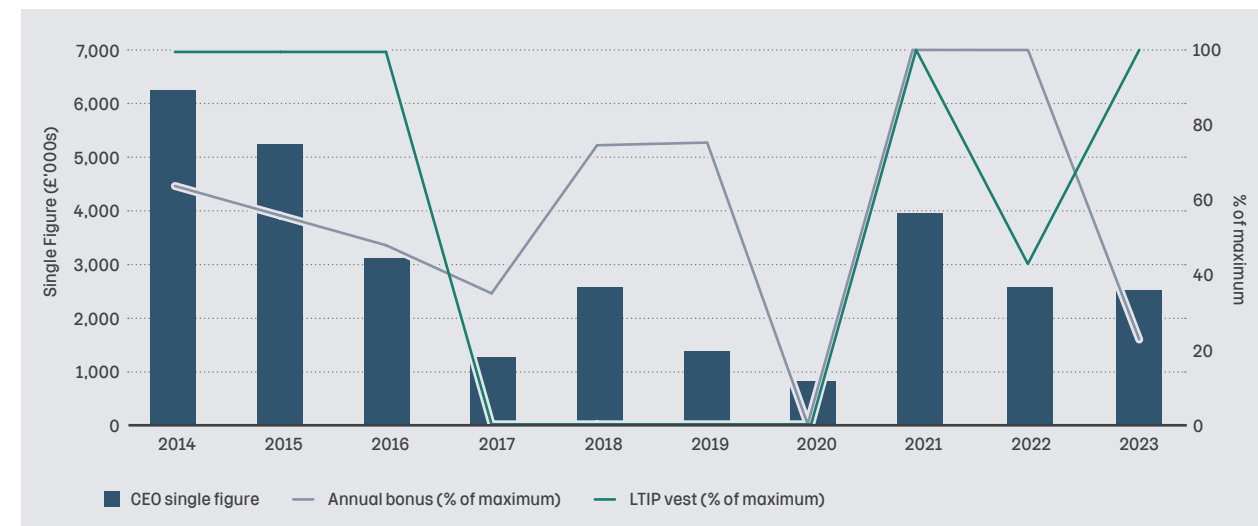
Historical single figure

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.

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CEO single figure (£'000)	6,221	5,225	3,098	1,268	2,569	1,391	816	3,951	2,571	2,517
Annual bonus (% of maximum)	64%	56%	48%	35%	75%	76%	0%	100%	100%	24%
LTIP vest (% of maximum)	100%	100%	100%	0%	0%	0% ¹	0%	100%	43%	100%

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



Governance

Remuneration Committee report continued

Directors' remuneration report - Part 1: Company performance and stakeholder experience continued

CEO pay ratio table

Howdens has calculated the CEO pay ratio for 2023 in line with the Directors' Remuneration Reporting Regulations. The data used to calculate the CEO pay ratio was accurate as at 31 December 2023. 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 three UK employees to determine the pay ratios at each quartile. Method A has been used as it has been identified by the Department for Business, Energy and Industrial Strategy in its guidance as the most statistically accurate method for identifying the pay ratios.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
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

It should be noted that the CEO did not receive any remuneration relating to long-term incentive share awards in 2019 or 2020 as he was appointed to the Board in 2018. He also did not receive any annual bonus in 2020 during which time all other employees received variable performance bonus pay. The combination of these factors resulted in a lower than anticipated CEO pay ratio in 2019 and 2020. In 2021, the CEO pay ratio increased due to the vesting in full of the 2019 long-term incentive share award. In 2022, the ratio reduced as the 2020 long-term incentive share award vested at 43% of maximum and the share price upon which the award was valued was lower than in 2021. As the total incentive payout level for 2023 performance is broadly similar to 2022, and there was no share price appreciation in relation to the 2021 LTIP vesting, the 2023 ratio represents only a slight increase from the prior year's ratio.

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)	£33,278	£38,735	£46,836
Salary (including overtime) (FTE)	£23,916	£28,055	£34,694

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 2023 to 31 December 2023. 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 weekly, monthly or quarterly basis, we included payments made in the 2023 compensation year; however, for annual bonus payments, we estimated the bonus due to employees for the 2023 compensation year (payment is due in March 2024). P11D values are based on the 2022/23 reportable values, however, they have been annualised accordingly.

Howdens' vertically integrated business means that our workforce is made up of a wide range of roles from kitchen designers to skilled engineers, 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 are mindful that consistency of approach and fairness are two key principles and important drivers for change.

Case study

Pensions at Howdens

Alignment of Executive remuneration with our depot staff has always been culturally important at Howdens. This starts with a strong link between pay and profitability but extends across a number of other incentives and benefits. First and foremost, Howdens should be worthwhile for all concerned.

When the Board agreed to close the Defined Benefit pension in 2020 (it had been closed to new members since 2012), it recognised that there was an opportunity to improve the fairness of pension provision at Howdens and remove the two-tier benefit structure in place. The Remuneration Committee also recognised that, following the decision taken in the 2019 remuneration policy to align the pension benefits of new Executive Directors with those of the wider workforce, there was an opportunity to significantly improve contributions under the existing Defined Contribution scheme (now called the Howdens Retirement Savings Plan or HRSP). The resulting HRSP provides highly competitive retirement benefits for Executives but also throughout the whole of Howdens.

In 2023, Howdens contributed £42m towards employee pensions. This was more than any other incentive during the year. Participation in the HRSP is high with opt-out levels at 2% at the end of December 2023. One feature of the HRSP is that it enables employees to reduce their contributions below the default contribution level (to zero if needed) and still receive an employer contribution of 8% of their base salary.

This has been particularly important with household incomes squeezed in recent years and means that employees can continue to increase their retirement savings without compromising their take-home pay. Employees are encouraged to contribute themselves towards their pension to help maximise their benefit and are annually enrolled back on the default employee contribution but they have the option to reduce their contributions again if needed.

This flexibility has been well received by employees and resulted in very low opt-out levels. At the end of December 2023, only 3% of employees had flexed their contribution level below the default contribution level. Employees paying more than the default employee contribution level is high at 45%, with 27% maximising their employer contribution of 12%.

Howdens employees really see the benefit in the HRSP. 62% of employees who were not automatically enrolled opted to join and 32% of those are contributing more than the default contribution level.

The Remuneration Committee will continue to receive regular updates from management on participation and employee engagement with the HRSP in the coming year and continue to ensure alignment with the wider workforce and fairness remain central tenets when determining Executive pay.



Governance

Remuneration Committee report continued

Directors' remuneration report - Part 1: Company performance and stakeholder experience continued

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, and as such 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 also been included in the table below as this provides a more representative comparison, noting that Howden Joinery Group Plc did not employ any individuals during 2019 to 2023.

Footnotes have been included beneath the table in relation to the 2022 to 2023 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			
	2022-23	2021-22	2020-21	2019-20	2022-23	2021-22	2020-21	2019-20	2022-23	2021-22	2020-21	2019-20
Average Howdens Group employee remuneration	9%	5%	1%	4%	5%	(9)%	(15)%	9%	(18)%	(4)%	38%	12%
Executive Directors												
Andrew Livingston ¹	6%	3%	12%	3%	40%	5%	(85)%	84%	(67)%	3%	100%	(100)%
Paul Hayes	6%	3%	-	-	(6)%	80%	-	-	(67)%	3%	-	-
Non-Executive Directors												
Karen Caddick	4%	6%	3%	18%	0%	100%	0%	(89)%	-	-	-	-
Andrew Cripps ²	11%	6%	3%	5%	0%	0%	0%	0%	-	-	-	-
Louis Eperjesi ³	-	-	-	-	-	-	-	-	-	-	-	-
Louise Fowler	0%	3%	4%	515%	25%	300%	0%	100%	-	-	-	-
Peter Ventress ⁴	101%	-	-	-	0%	-	-	-	-	-	-	-
Debbie White ¹	0%	3%	4%	3%	600%	(100)%	(50)%	390%	-	-	-	-
Former Directors												
Geoff Drabble ⁵	(64)%	4%	3%	22%	100%	0%	0%	0%	-	-	-	-

1 Andrew Livingston's and Debbie White's '2022 to 2023' benefits figures increased by a relatively large amount in percentage terms but remained in line with expectations in absolute terms.
 2 Andrew Cripps was appointed Senior Independent Director in July 2023 and therefore received an additional pro-rated fee for this role in 2023. The increase shown in his fees for '2022 to 2023' is due to this change.
 3 Louis Eperjesi was appointed to the Board in June 2023 and therefore comparative figures cannot be calculated for any of the periods reported above.
 4 Peter Ventress was appointed to the Board in July 2022 and therefore did not receive a full year of fees until 2023. The percentage change between 2022 and 2023 was therefore substantial as the figures are not pro-rated for the purposes of the above calculations.
 5 Geoff Drabble retired from the Board in May 2023 and therefore did not receive a full year of fees in respect of 2023. The percentage change between 2022 and 2023 was therefore substantial as the figures are not pro-rated for the purposes of the above calculations.

Wider workforce considerations

The Remuneration Committee received updates from the interim Group HR Director in respect of average salary of an employee in 2023 compared to previous years for depot, manufacturing, and logistics roles. When determining the base salary, benefits and variable pay awards for the Executive Directors and senior management, the Committee had regard to the information contained in a Provision 33 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.

Fixed Variable

Directors' Remuneration Report - Part 2: Application of policy in 2023

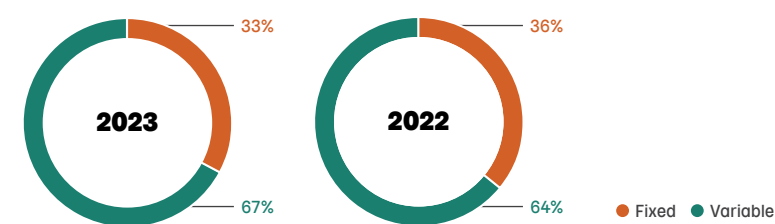
In this section of the Directors' remuneration report we set out how the Committee has executed policy for 2023. Disclosures in this section are retrospective and where applicable are shown against prior year comparator.

Single figure of remuneration (audited)

£000s	Fixed								Variable						Total Remuneration	
	Salary/Fees		Taxable Benefits		Pension		Total Fixed		Bonus		LTIP		Total Variable		2023	2022*
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022*	2023	2022*	2023	2022*
Executive Directors:																
Andrew Livingston	710	670	28	20	85	84	823	774	334	1,004	1,360	793	1,694	1,797	2,517	2,571
Paul Hayes	464	438	34	36	56	48	554	522	218	657	889	-	1,107	657	1,661	1,179
Total	1,174	1,108	62	56	141	132	1,377	1,296	552	1,661	2,249	793	2,801	2,454	4,178	3,750
Non-Executive Directors:																
Karen Caddick	77	74	2	2	-	-	79	76	-	-	-	-	-	-	79	76
Andrew Cripps	82	74	0	0	-	-	82	74	-	-	-	-	-	-	82	74
Geoff Drabble Retired May 2023	27	76	1	0	-	-	28	76	-	-	-	-	-	-	28	76
Louis Eperjesi Appointed June 2023	36	-	0	-	-	-	36	-	-	-	-	-	-	-	36	-
Louise Fowler	60	60	5	4	-	-	65	64	-	-	-	-	-	-	65	64
Peter Ventress Appointed July 2022	325	162	0	0	-	-	325	162	-	-	-	-	-	-	325	162
Debbie White	60	60	6	0	-	-	66	60	-	-	-	-	-	-	66	60
Total	667	506	14	6	-	-	681	512	-	-	-	-	-	-	681	512

* The vesting value of the 2020 PSP award for Andrew Livingston has been restated to reflect the actual share price on vesting on 7 August 2023 of £7.3676.

Total current Executive Director fixed vs variable pay



Notes to the single figure table

Executive Directors

Salary

Salaries will not 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 2024 can be found on page 126. 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 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 pages 129. A case study on pensions may be found on page 121.

Governance

Remuneration Committee report continued

Directors' remuneration report - Part 2: Application of policy in 2023 continued

Notes to the single figure table continued

Annual bonus (audited)

Targets

Our annual bonus for 2023 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 (percentages are of salary):

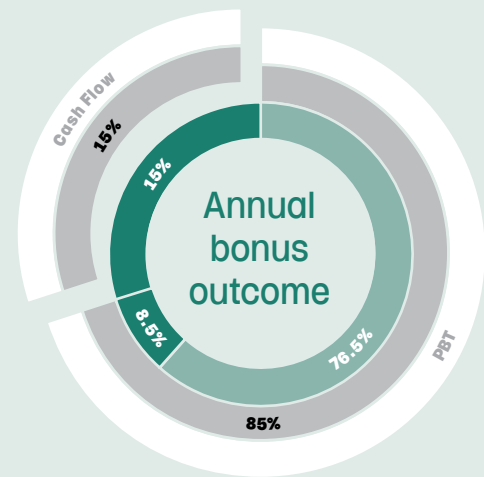
	PBT component	Cash flow component
Threshold	£340m (17%)	£407m (3%)
Target	£350m (85%)	£419m (15%)
Outperformance	£389m (170%)	£431m (30%)

70% of any annual bonus is paid in cash and 30% is deferred as shares, which vest two years following the deferral date (subject to continued employment).

Outcomes for the year

The PBT figure for the year in relation to the annual bonus is £340m. As explained in the Chair's annual statement, the Committee applied judgment in reviewing whether the PBT outcome 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 threshold performance. The cash flow figure for the year in relation to the bonus was £452.7m. In aggregate, the Executive Directors will receive an annual bonus of 47% of salary for 2023, which is equivalent to 24% of the maximum bonus opportunity. 30% of the bonus will be deferred into Company shares for two years.

	Andrew Livingston	Paul Hayes
PBT (% of salary)	17%	17%
Cash Flow (% of salary)	30%	30%
Total Bonus (% of salary)	47%	47%
Total Bonus (£'000)	334	218



● Opportunity (% of salary) ● Target reached ● Target not reached

Performance Share Plan (PSP) (audited)

Targets

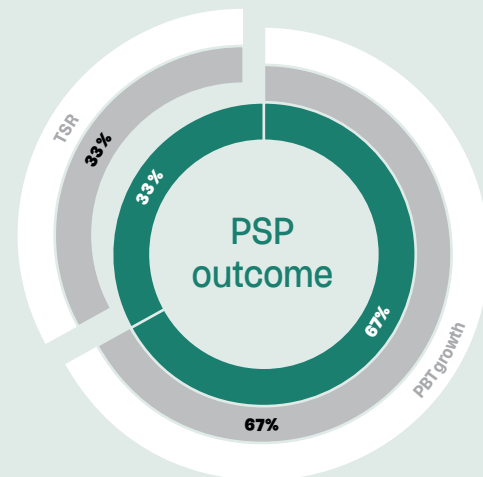
The 2021 PSP award is measured against PBT growth and relative total shareholder returns (TSR) over a three-year period between FY 2020 to FY 2023. Any shares that vest under the PSP award are subject to a two-year post-vest holding period for serving Executive Directors.

Outcomes for the year

67% of the 2021 PSP award was based on a PBT growth threshold requirement of 5% p.a. and a maximum requirement of 15% p.a. At the threshold requirement, 15% of the PBT growth component of the award would vest. The PBT for 2023, calculated on an unadjusted basis, was £327.6m, and therefore growth on FY 2020 was 21% p.a. This component of the award will vest at 100% of maximum opportunity.

33% of the 2021 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 2023, the Company was ranked 'upper quartile' compared to the comparator group and therefore 100% of the TSR component of the award will vest.

The overall final vesting of the 2021 PSP award is 100% of the maximum opportunity. The share price at the date of grant was 745.4p and the three month average to 30 December 2023, the price on which the value of the award is calculated, was 708.9p. Therefore, none of the value of the LTIP awards shown in the single figure table is attributable to share price appreciation.



● Opportunity (% of salary) ● Target reached ● Target not reached

Fixed Variable

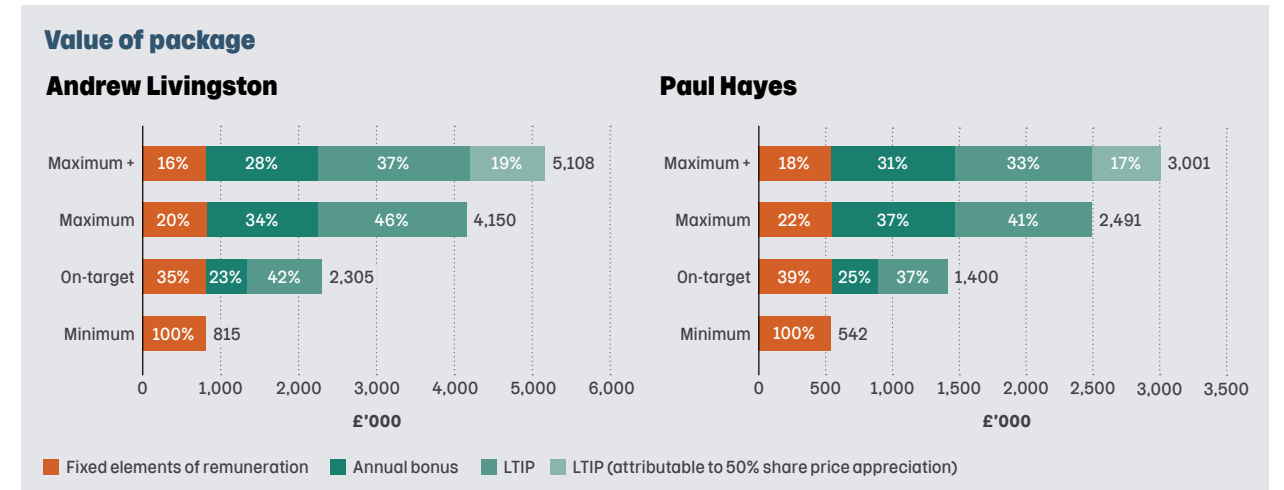
Directors' remuneration report - Part 3: Implementation of policy in 2024

In this section of the Directors' remuneration report we set out how the Committee has implemented policy for 2024. 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 2024.

2024 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 show that the proportion of the package delivered through long-term performance is in line with our Directors' 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 each remuneration scenario is set out beneath the charts.



Fixed elements of remuneration consist of the annual salary that the Executive Director will receive for 2024, alongside their 2024 pension entitlement, and actual benefits received in 2023 (as a proxy for 2024).

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 270% of salary for Andrew Livingston and 220% of salary for Paul Hayes. The overall policy maximum is 270% of salary. Target opportunity is calculated as 50% of maximum (135% of salary for Andrew Livingston and 110% 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 includes an uplift of 50% total over three years for the PSP.

Governance

Remuneration Committee report continued

Directors' remuneration report - Part 3: Implementation of policy in 2024 continued

Non-Executive Director fees

Current fee levels for Non-Executive Directors are set out in the table below. They will next be reviewed during 2024 with any increase taking effect from 1 April 2024.

		Basic NED fee ¹	Chair fee	SID fee	NED Responsible for Workforce Engagement fee	Committee Chair fee
2024	Annual Fee	£60,250	£325,000	£10,600	N/A	£17,000
	Effective date	Until 31 March 2024				
2023	Annual Fee	£60,250	£325,000	£10,600	£5,400	£17,000
	Effective date	1 January 2023				

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 from 1 April 2024 are set out in the table below. The rationale for the increases may be found in the Annual Remuneration Committee Chair statement on page 110. For 2024, salary increases for the wider workforce will be, on average across the Group, 3% of salary.

Executive Directors	2024		2023	
	Salary (£'000)	Effective date	Salary (£'000)	Effective date
Andrew Livingston	731	1 April 2024	710	1 January 2023
Paul Hayes	478	1 April 2024	464	1 January 2023

Annual bonus measures

The table below sets out annual bonus measures for 2024. 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 2024 Remuneration Committee report.

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

Fixed Variable

Performance Share Plan (PSP) measures

Set out below are the performance measures and relative weightings for each of the measures. Further detail about the measures first introduced for the 2023 PSP may be found in the Annual Remuneration Committee Chair statement of the 2022 Annual Report and Accounts. The maximum opportunity under the PSP is 270% of base salary for Andrew Livingston (CEO) and 220% of base salary for Paul Hayes (CFO). The performance period is three years, measured over the relevant financial years. See page 130 for scheme interests awarded in 2023. Under the terms of the Directors' remuneration policy approved by shareholders at the 2022 AGM, the 2024 PSP awards will be subject to a two-year post-vesting holding period.

PBT - 60% weighting	
PBT component vesting schedule	Payout level
£420m	100% of maximum
<i>Straight-line vesting between these points</i>	
£340m	15% of maximum
Less than £340m	0% of maximum

Relative TSR - 20% 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
Equal to or above upper quartile	100% of maximum	
<i>Straight-line vesting between these points</i>		
Equal to median	15% of maximum	
Below median	0% of maximum	

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 historic 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
28%	100% of maximum	
<i>Straight-line vesting between these points</i>		
23%	15% of maximum	
Less than 23%	0% of maximum	

Environmental measure - 10% weighting	
Environmental component measurement details	
	All carbon emission and waste targets to be achieved by 31 December 2026. Base year for all targets is 2021.

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

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

Governance

Remuneration Committee report continued**Directors' remuneration report - Part 4: Additional disclosures**

In this section of the Directors' remuneration report, more detail is provided in respect of a number of key disclosures. These disclosures include Executive Director pension entitlements, shareholdings, external appointments and contractual arrangements. 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 five times during 2023 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 Head of Internal Audit and Risk), 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.

Service contracts and letters of appointment

All Executive Directors' employment contracts are not fixed term, but have 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 twelve month period of their departure from the Company.

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.
- Participation in the Company's pension plan.

Non-Executive Director appointments are for an initial period of three years. They are subject to re-appointment annually at the Annual General Meeting 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.

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 250 REIT. Andrew received £58,687 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.

Fixed Variable

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 on pages 111 and 115 and in the Directors' remuneration policy at www.howdenjoinerygroupplc.com/governance/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 30 December 2023 (£'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)	85	56
Total	85	56

Director shareholdings (audited)

In order that their interests are aligned with those of shareholders, Executive Directors are expected to build up and maintain a personal shareholding in the Company of at least 200% of 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.

	Current Executive Directors	
	Andrew Livingston	Paul Hayes
Shareholding requirement (% of salary)	200%	200%
Shareholding requirement (number of shares) ¹	200,226	130,907
Shares owned outright (including by connected persons) ^{2,5}	387,863	23,694
Current shareholding (% of salary) ¹	387%	36%
Guideline met	Y	N
Unvested deferred bonus shares	42,968	28,094
Share awards subject only to continued employment ³	181	153
Share awards subject to performance conditions and continued employment ⁴	714,669	403,978

- 1 Based on a share price of £7.089, being the three-month average price to 30 December 2023, and basic salary as at 30 December 2023. This is calculated by using only those shares owned outright by the Executive Directors and their connected persons at 30 December 2023 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 30 December 2023 (the end of the period) and 28 February 2024, Andrew Livingston 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 28 February 2024.

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 Debbie White and Geoff Drabble, who were not members of the Board as at 28 February 2024¹, 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 28 February 2024.

	Non-Executive Director						
	Karen Caddick	Andrew Cripps	Geoff Drabble ¹	Louis Eperjesi	Louise Fowler	Peter Ventress	Debbie White ¹
Shareholding:	6,000	7,500	3,000	3,100	470	20,316	4,562

- 1 Geoff Drabble retired from the Board on 4 May 2023 and Debbie White retired from the Board on 30 December 2023. Their respective reported shareholdings are therefore given as at the date they each retired from the Board.

Governance

Remuneration Committee report continued

Directors' remuneration report - Part 4: Additional disclosures continued

Scheme interests awarded during the financial year (audited)

During 2023, 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 beginning on page 199:

Nature of award:		Conditional Shares under the PSP							
		CEO	CFO						
Number of shares under award:		288,310	153,601						
Face value of award ¹ :		£1,916,108	£1,020,832						
		Performance Period	Grant Date	Vest Date	Additional Holding Period				
		See individual Performance Conditions below	6 April 2023	6 April 2026	Two years				
Performance Conditions:									
Profit Before Tax (PBT) vesting schedule (60% weighting)	PBT at end of Performance Period		Proportion of PBT component of Award that may vest						
	£484m		100%						
	Straight line vesting between these two points								
Performance Period: FY2022 to FY2025	£400m		15%						
	Less than £400m		0%						
Relative Total Shareholder Returns (TSR) vesting schedule (20% weighting)	Howdens' rank versus comparator group		Proportion of TSR component of Award that may vest						
	At or above upper quartile		100%						
	Straight line vesting between these two points								
Performance Period: FY2022 to FY2025	At median		15%						
	Below median		0%						
Return on Capital Employed (ROCE) vesting schedule (10% weighting)	ROCE achieved		Proportion of ROCE component of Award that may vest						
	30%		100%						
	Straight line vesting between these two points								
Performance Period: FY2022 to FY2025	25%		15%						
	Less than 25%		0%						
Environmental measure (EM) vesting schedule (10% weighting)	Improving our carbon intensity ratio		Fleet emissions reduction		Carbon neutral status of manufacturing sites	Waste avoiding landfill			
	Per annum reduction	Proportion of EM that may vest	Reduction	Proportion of EM that may vest			Number of sites	Proportion of EM that may vest	
		4.2%	33.3%	15%					33.3%
	Straight-line vesting between these points		Straight-line vesting between these points				Straight-line vesting between these points		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.
	4.0%	7.5%	12%	7.5%					
	Below 4.0%	0%	Below 12%	0%			Two	0%	

1 Based on a share price of £6.646, being the closing price on 5 April 2023.

Nature of award:		Free and Matching Shares under the SIP ¹				
		Award type	Award date	Vest date	Number of shares under award	Face value of award ²
CEO	Matching Shares	19 May 2023	19 May 2026	7	£6.880	£48.16
	Matching Shares	19 Jun 2023	19 Jun 2026	7	£6.832	£47.82
	Matching Shares	19 Jul 2023	19 Jul 2026	7	£6.798	£47.59
	Matching Shares	18 Aug 2023	18 Aug 2026	6	£7.392	£44.35
	Free Shares	29 Aug 2023	29 Aug 2026	35	£7.030	£246.05
CFO	Free Shares	29 Aug 2023	29 Aug 2026	35	£7.030	£246.05

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

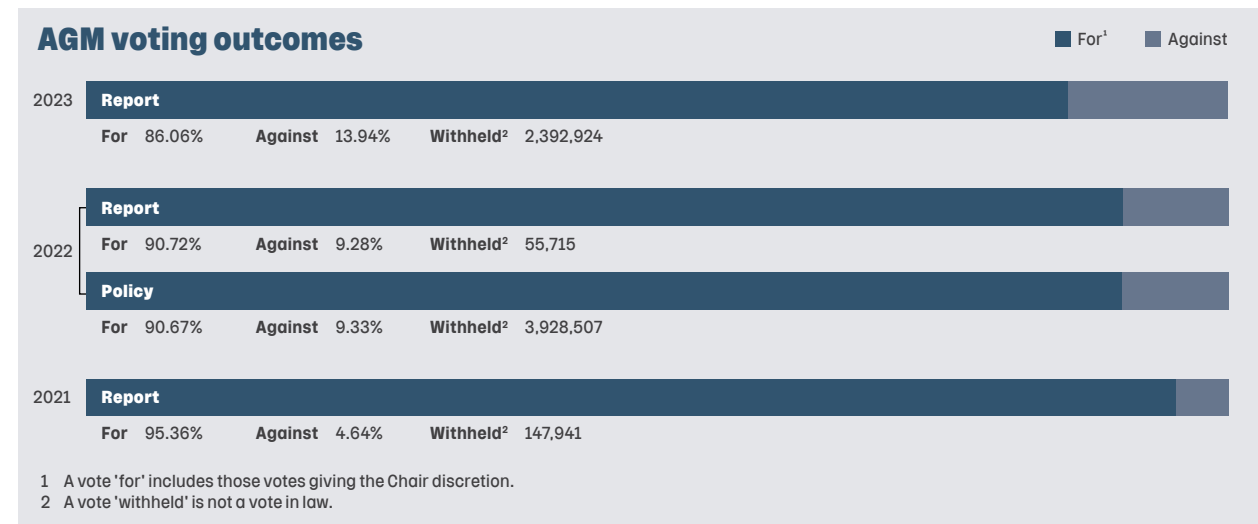
The Committee regularly consults with the CEO, CFO and the Interim Group HR Director on matters concerning remuneration, although they are never present when their own reward is under discussion. The Company Chair attends the Remuneration Committee by invitation except when his own remuneration is determined. 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. 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 and professional advice during the year. Work undertaken during the year for the Committee included 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 £77,388 with fee levels based on the quantity and complexity of work undertaken.

Voting at the 2023 AGM

The results of the advisory vote in respect of the Directors' remuneration report ('Report') at the 2023 AGM is shown in the chart below. The 2021 AGM results and the 2022 AGM results (which included a binding vote on the Directors' remuneration policy ('Policy')) are also shown in the chart below.



By order of the Board

Karen Caddick
Remuneration Committee Chair

28 February 2024

Governance

Audit Committee report

2023 meeting attendance

- | | |
|----------------------------------|----------------------|
| Andrew Cripps (6/6) | Louis Eperjesi (3/3) |
| Karen Caddick (5/6) ¹ | Louise Fowler (6/6) |
| Geoff Drabble (3/3) | Debbie White (6/6) |

¹ Karen was unable to attend the November Committee meeting due to illness.

Andrew Cripps
Audit Committee Chair



Key activities in the year ahead

- Review of the Annual Report and Accounts and preliminary results announcement.
- Review of Audit Committee effectiveness.
- KPMG's reappointment as auditor to be recommended to shareholders at the Annual General Meeting (AGM).
- Review of the 2024 interim results.
- Consideration of internal audit's annual plan, findings, independence, and resources.
- Review of key controls.
- Approval of the 2025 Audit Committee calendar.

Introduction from the Audit Committee Chair

I am pleased to present this report covering the work of the Audit Committee.

Corporate governance trends have been in a state of flux as of late. There have been differences in opinion as to whether the UK Corporate Governance Code should focus on promoting reporting of deeper controls over financial matters, as in other jurisdictions, or as has happened, on broader operational controls over the whole business. Over the last several years Howdens has been working hard to enhance controls on a number of fronts. This year's progress includes improving precision and evidencing of financial controls, tightening IT governance, and clarifying vital non-financial controls. The Committee has been overseeing these activities closely and providing appropriate support. Next steps will include identifying which of the large number of controls are most critical to business reliability and efficiency so as to ensure that reporting is appropriately prioritised.

The Committee has also been encouraging the Company's identification and sharpening of controls over fraud which already had a strong foundation, as is appropriate in the current economic climate.

We have included a case study in this report on the Audit Committee's role in overseeing the controls that mitigate our cyber and information security risk, one of our principal risks. The case study can be found on page 136. Receiving updates from management and the security team has become a regular feature of the Committee as the Company adapts to this increasing and evolving risk. I hope that the case study provides some insight into the Committee's level of oversight and some of the important work we consider.

The Audit Committee also continued its programme of inviting divisional finance directors to present on their part of the business. In April 2023, we received an update from the Supply Operations Finance Director. The Committee were able to gain valuable insight into not just Supply Operations' financial objectives for the year, but also a ten-year strategic investment plan. The annual update from the Head of Trade Compliance reviewed adherence to both financial and non-financial controls in depots including health and safety, inventory management, and fraud. The HR Director presented to the Committee on the evolution of HR controls including those that assist depots to fulfil their HR obligations. These updates from operational management are vital for the Committee, as they bring operative insights into the Boardroom.

The Committee received updates on compliance in our French business and we have invited the Finance Director in France to present to the Committee in 2024. The Committee also undertook its regular governance reviews, reviewing external audit policies, reviewing conflicts of interest and monitoring the effectiveness of the external audit process.

Our external reporting continued to receive external accolades and we were particularly pleased that the Corporate and Financial Awards commended Howdens on its authentic communication that was aligned with our culture. As I stated in last year's report, receiving external recognition is gratifying, and in some respects reassuring, but the Audit Committee recognises the primary importance of maintaining rigorous reporting standards and the confidence that this gives our stakeholders. The Committee is committed to building on these high standards in both financial and non-financial reporting.

Robert Brent, our audit partner, is retiring at the end of this audit cycle. I would like to take this opportunity to thank Robert for his efforts and for overseeing the transition from Deloitte to KPMG. We look forward to working with our new audit partner, Kamran Walji, who shadowed Robert through this year's audit.

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

Andrew Cripps
Audit Committee Chair

2023 Audit Committee activity

H1		H2	
January		July	
Committee meeting <ul style="list-style-type: none"> • Year End 2022: key judgements • External Audit update • Key controls: year end assurance 		Committee meeting <ul style="list-style-type: none"> • 2023 Half Year results, including going concern considerations • External auditor Half Year review • Key controls and Half Year control reviews update 	<ul style="list-style-type: none"> • Internal audit report • Conflicts of interest review • Discussion with external auditor (without management present)
February		September	
Committee meeting <ul style="list-style-type: none"> • 2022 draft Annual Report and Accounts and Full Year Announcement • External audit report • External audit policies • Internal audit report 	<ul style="list-style-type: none"> • Key controls • Audit Committee effectiveness • Discussion with external auditor (without management present) 	Committee meeting <ul style="list-style-type: none"> • Cyber security update • Internal audit report • HR controls update • Depot compliance update • 2023 Annual Report timetable • Lead audit partner succession 	<ul style="list-style-type: none"> • Key controls and fraud controls • Annual review of risk and control framework • Discussion with Head of Internal Audit (without management present)
April		November	
Committee meeting <ul style="list-style-type: none"> • Cyber security update • Internal audit report • Effectiveness of the external auditor and audit processes • 2023 external audit plan 	<ul style="list-style-type: none"> • Supply Operations Finance Director update • Discussion with Head of Internal Audit (without management present) 	Committee meeting <ul style="list-style-type: none"> • External audit plan update • Internal audit charter • Internal audit report • 2024 Internal audit plan and budget 	<ul style="list-style-type: none"> • Key controls and fraud controls • Terms of reference review • 2024 Audit Committee calendar
May			
AGM <ul style="list-style-type: none"> • The re-appointment of KPMG LLP as the external auditor and authority for the Directors to determine the auditor's remuneration were approved by shareholders 			

Governance

Audit Committee report continued

Financial reporting

Results review

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

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

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

Controls over financial reporting

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

The Committee also debated regular updates in respect of the wider key controls programme during the year. More information on the key controls programme can be found on page 138.

Areas of significant financial judgement

The Committee exercises its judgement in deciding the areas of accounting that are significant to the Group's accounts. The external auditor's report details the results of their procedures in relation to these areas to the Committee.

The matters shown below have been discussed with the Chief Financial Officer, Group Finance Director, and the external auditor. The Committee has challenged the underlying assumptions and is satisfied that each matter has been fully and adequately addressed by the Executive Committee, appropriately tested, and reviewed by the external auditor, and the disclosures made in the 2023 Annual Report and Accounts are appropriate.

Areas of significant financial judgement:

Inventory obsolescence provisioning

Defined benefit pension scheme

Inventory obsolescence provisioning

The Group's in-stock model (further information about which can be found in the Strategic report beginning on page 2) and the scale of our product range necessitates tight management of inventory to ensure local availability of stock while at the same time minimising obsolescence and wastage. In 2023, management continued to take a strategic position on stock holding. The Committee reviewed management's conclusions on stock valuation and provisioning.

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

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

Actuarial valuation of pension fund liabilities

As part of the triennial actuarial valuation of the pension plan, changes were made to demographic assumptions, including those for mortality assumptions. The methodology for all other assumptions remained the same.

The Committee met with the Company's actuaries and carefully reviewed their report, concluding that:

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

Other key judgements

Valuation of pension fund assets

The Audit Committee also considered processes to value pension fund assets. At 30 December 2023, 57% of total pension fund assets (2022: 76%) were assets for which there is no observable market value (see note 22 on page 195).

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

Governance

Governance updates

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

During the year, the Committee received regular updates on the proposed corporate governance reforms. This included the withdrawal of proposed secondary legislation to affect the reforms set out in the Government's White paper 'Restoring trust in audit and corporate governance' in October and the publication of the updated UK Corporate Governance Code 2024 by the FRC in January 2024. External audit and internal controls remain live topics and the Committee will continue to monitor any proposed audit or wider corporate governance reforms.

Committee effectiveness

An effectiveness review was carried out on the Committee and its members as part of the wider internal Board evaluation process. The review concluded that the current mix of financial, commercial and relevant sector experience of the Audit Committee, and that of its advisors, was such that the Committee could effectively exercise its responsibilities to the Group in relation to risk and controls.

Policies and conflicts

The Committee reviewed its policies in relation to allocation of non-audit work (further detail on this policy may be found on page 138) and employment of ex-audit firm personnel. It also reviewed the Directors' related parties and conflicts of interest register. Further information about the Committee's review of related parties and conflicts of interest may be found on page 139.

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

The Audit Committee confirms that the Company has complied with the provisions of the Order throughout its financial period ended 30 December 2023 and up to the date of this report.

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

Since the introduction of the FRC's Minimum Standard in May 2023, and in undertaking its role and responsibilities during the year, the Audit Committee has complied with the Minimum Standard throughout the year.

Committee membership

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

Committee Chair

Andrew Cripps was appointed Audit Committee Chair in May 2016. He is responsible for determining the Committee's agenda and for maintaining the key relationships between the Group's senior management, Head of Internal Audit and Risk, the Company Secretary and senior representatives of the external auditor. He is also responsible for ensuring that key audit issues are reported to the Board in an effective and timely manner and that they are reported to shareholders in the Annual Report.

Recent and relevant financial experience

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

Competence relevant to the sector

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

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

Governance

Audit Committee report continued

Case study

Cyber Security and Information Security Risk Governance

As is the case for the majority of companies, cyber security is treated as one of Howdens' principal risks (see page 40). Howdens' systems are fundamental to the day-to-day secure running of the business and the Board has set a very low risk appetite for cyber security risk. As such, one of the key roles of the Audit Committee during the annual cycle is to evaluate updates from management on the threat landscape and the actions take to mitigate this risk as far as possible.

The Audit Committee received two updates on cyber and information security during 2023 (at the April and September meetings) from the Chief Customer Officer, Director of Infrastructure and Service Delivery, and Head of Information Security.

The security team updated the Committee at its meeting in April on progress to date against strategic deliverables. These included an update on cyber security strategy and control governance, progress towards securing the ISO27001 Information Security Management standard and aligning to the IEC62443 Cyber Security in Operational Technology standard. The Committee were also briefed on the successful implementation of multi-factor authentication which had been introduced for all remote users and the outcome of simulated phishing exercises that had been undertaken involving over 11,000 employees. Details of a full cyber crisis management simulation (conducted during the year) with the Group Crisis Management teams were also considered.

The September meeting was provided with further updates on the strategic roadmap activities (control governance, phishing exercises and user awareness) and also a review of the transition of the French server infrastructure to the UK datacentre.

At both meetings, the Audit Committee considered a publicly available security scorecard, which is an independent benchmark of the Company's external website. This data provides useful insight into the external security of howdens.com which was visited c.20 million times in 2023.

The Committee will continue to receive updates on cyber and information security in 2024, including on progress towards control governance standards and initiatives to reinforce cyber security culture at Howdens.



External auditor¹

External auditor	KPMG LLP ('KPMG')
External auditor appointed	12 May 2022
Lead audit partner	Robert Brent ²
Lead audit partner tenure	Year two (of a five-year cycle)
Total fees paid to the auditor in the year	£1.4m (audit related assurance services accounted for £0.1m of the total fee)

¹ The information above is correct as at 30 December 2023.
² Robert Brent will be retiring following the completion of the 2023 audit. He will be succeeded as lead audit partner by Kamran Walji.

External audit tender

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

External auditor independence

Auditor independence is an essential part of the audit framework and the assurance it provides. The Committee therefore undertook a comprehensive review of auditor independence prior to appointment and during 2023, which included:

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

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

External auditor effectiveness

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

- The proposed plan of work presented by the external auditor, including audit risks, materiality, terms of engagement and fees prior to commencement of the 2023 audit.
- The external auditor's fulfilment of the agreed audit plan and any variations from the plan.
- Evaluation from key management personnel and members of the Committee of the external auditor's exercise of professional scepticism and challenge.
- Robustness and perceptiveness of the auditor in their handling of the key accounting and audit judgements.
- Internal control and risk content of the external auditor's report.
- Independence of thought and potential for conflict.

The Lead Audit Partner also met with all members of the Board to discuss their expectations and areas of focus for the audit process.

The Committee concluded that the external auditor remained effective and audit quality remained high.

Performance expectations for the external auditor

Specific auditor responsibilities

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

Wider responsibilities

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

Independence

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

Governance

Audit Committee report continued

External auditor fees

All relevant fees proposed by the external auditor must be reported to and approved by the Audit Committee. Details of external audit fees may be found in the table on page 136 and in note 4 to the consolidated financial statements (page 170).

Policy for non-audit services provided by the external auditor

The main aims of this policy are to:

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

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

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

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

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

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

No non-audit services, apart from interim review services, were provided by KPMG during the year.

Controls and internal audit

Internal control framework

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

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

Key Controls

As previously reported, management have challenged and reviewed key controls across the business to focus and further strengthen our overall control framework. Sponsored by the CEO and CFO, and reporting regularly to the Audit Committee, this work is improving our capability over our operational, IT and financial controls, which mitigate our key and principal risks and evidence their effective implementation.

Good progress continued throughout 2023 with regular updates being provided to the Audit Committee. Internal project management and governance frameworks were determined to be working effectively and the Committee was satisfied with the progress made during the year.

The Committee remains committed to the activities to strengthen the control environment across the business.

Internal audit

The Internal Audit team has continued to develop its capabilities during the year. Building on the development of data analytics and systemisation of controls, members of the team also undertook ISO-accredited lead auditor training and achieved Chartered IIA status, or equivalent.

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

- Internal Audit's programme of work and resources and approved its annual plan and budget.
- The level and nature of assurance activity performed by Internal Audit.
- Results of audits and other significant findings including the adequacy and timeliness of management's response.
- Staffing, reporting and effectiveness of divisional audit.

Independent assurance

The Committee assessed the coverage of independent assurance by reviewing the annual internal audit plan against the Group's key controls.

Internal audit effectiveness

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

The Internal Audit team continues to comply with the IPPF. These standards set out the expectations of the Global Institute of Internal Auditors (IIA) for best practice. In Q4 2023 the IIA announced revised Global IIA Standards which become mandatory in 2025. The Internal Audit team has revised working practices and is now aligned with these new standards in advance of mandatory implementation.

The Audit Committee has commissioned an external assessment of the internal audit function every five years to assess the performance and effectiveness of the Internal Audit department.

In 2021, the Audit Committee commissioned an external quality assessment (EQA) readiness assessment, provided by the IIA. An EQA evaluates conformance with the International Professional Practices Framework (IPPF) outlined above. The readiness assessment concluded that the function's processes were effective and robust and would be sufficient to meet the requirements of a full EQA.

No areas reviewed were considered to be of concern, although a small number of best practice improvement recommendations were made and have been implemented. The next effectiveness review will be considered in 2025, and will be conducted against the revised IIA standards outlined above.

Fraud risk

The Committee considered the controls in place to mitigate fraud risk and received a report from Internal Audit which confirmed the effectiveness of those controls. The enhancement project, first reported in last year's Audit Committee report, is now complete. There will be further testing and assessments undertaken during 2024 to ensure that the Group is in line with best practice.

Cyber and information security risk

The risk of a cyber security incident is considered to be one of the Group's principal risks. A case study on cyber and information security can be found on page 136.

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

Divisional controls

Senior management from the business are invited to discuss the controls in their business areas. The Supply Operations Finance Director and the Head of Compliance for the Trade division gave presentations on the key risks and control environments in their area. In September, the HR Director also presented to the Committee.

Whistleblowing

Complaints on accounting, risk issues, internal controls, auditing issues and related matters are reported to the Audit Committee as appropriate. Oversight of the Company's whistleblowing policy is a matter considered by the Board. The Board receives biannual updates on whistleblowing statistics and trends (see pages 78 and 79).

Conflicts of interest and related parties

The Companies Act 2006 places a duty upon Directors to ensure that they do not, without the Company's prior consent, place themselves in a position where there is a conflict, or possible conflict, between the duties they owe the Company and either their personal interests or other duties they owe to a third party.

If any Director becomes aware that they, or any party connected to them, have an interest in an existing or proposed transaction with the Company, they must notify the Board as soon as practicable. The Board has the authority to authorise a conflict if it is determined that to do so would be in the best interests of the Company. The Audit Committee reviews the output of this process annually to ensure it is appropriately monitored.

By order of the Board

Andrew Cripps
Audit Committee Chair

28 February 2024

Governance

Sustainability Committee report

2023 meeting attendance

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

Peter Ventress
Sustainability Committee Chair



Key activities in the year ahead

- Receive updates on execution of the Group's sustainability strategy, including the roadmap for SBTi net zero targets.
- Receive updates on the Group's equality, diversity and inclusion priorities, workforce skills and development.
- Review the Sustainability Committee's Report and Terms of Reference.
- Approval of the 2024 Sustainability Committee calendar.

Introduction from the Sustainability Committee Chair

Having a sustainable business is a strategic priority for the Howdens Board and the reference to our work in this area can be found in almost all other parts of this Annual Report, from the CEO statement to the Governance reports. It is central to everything we do and the Sustainability Committee, now in its fourth year, helps to ensure that it is given as much of the Board's time and attention as our other business priorities.

The Committee received confirmation that Howdens' greenhouse gas emission targets had been validated by SBTi (the Science Based Targets initiative) with SBTi classifying Howdens' scope 1 and 2 target ambition as in line with a 1.5°C trajectory. Validated targets include to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 and our scope 3 supply chain emissions by 25% by 2030 from a 2021 base year, and to increase sourcing of renewable electricity from 30% in 2021 to 100% by 2027. The Committee will regularly monitor progress against these targets in the coming years.

Sustainability in our workforce was also a key focus for the Committee during the year and we have detailed some of our key activities later in the report. I was pleased that the Remuneration Committee introduced environmental remuneration measures for the Executive long-term incentive plan for the first time in 2023 and we will continue to work with them to build on these further in the future.

Many of the items considered and approved at the Sustainability Committee are considered in detail in the sustainability matters report (which begins on page 42), part of the strategic report, so this Committee report is necessarily shorter than other Committee reports to avoid duplication. However, it is important to detail the role, remit, and responsibilities of the Committee, to highlight some of the key work of the Committee during the year, and to consider the work of the Committee in the year ahead.

Role, remit and responsibilities

The primary purpose of the Howdens Sustainability Committee is to assist the Board in articulating and developing its sustainability strategy and providing oversight of sustainability initiatives across the business, in line with the purpose, values, and strategy of Howdens as established by the Board. This includes monitoring the content and completeness of Howdens' external statements, disclosures, and other reporting on sustainability matters.

Setting the tone from the top on environmental and social matters, ensuring that these priorities are embedded in wider strategy, and developing robust KPIs are key functions of the Committee.

The key duties the Committee carries out in relation to any environment and climate action and Howdens' contribution to society are set out in the Committee's Terms of Reference, which are reviewed annually and can be accessed on our corporate website (<https://www.howdenjoinerygroupplc.com/governance/corporate-governance-report/terms-of-reference-of-the-sustainability-committee>). However, it will also consider any other matters referred by the Board or its Committees relevant to sustainability.

The remit of the Sustainability Committee does not cover governance matters per se and these remain a matter for the Board and its Committees. The Committee will also liaise as necessary with all other Board Committees as required.

The work of the Committee in 2023

Environmental sustainability

The Committee received updates at all its meetings from the Director of Sustainability and remain committed to management's goal of becoming the UK's leading responsible kitchen and joinery business.

A significant amount of the Committee's time was spent considering the initiatives and engagement necessary to help reduce the Group's indirect, scope 3 carbon emissions (mainly the emissions of our suppliers). This significant undertaking involves aligning our global supply base with our emissions objectives across all product categories. In 2023, a new supplier code of conduct was introduced which included obligations for emissions reductions and sustainability targets. The Committee also received updates on supplier visits and the ESG supplier conference held in July. This workshop-style conference was held jointly with one of our key kitchen frontal suppliers, Friul, with the objective to send a strong message to our tier 2 supplier and focus them on our objectives.

Achieving significant reductions in our scope 3 emissions, in addition to reducing direct carbon emissions from our business, is key to supporting our validated SBTi carbon reduction targets.

The Committee also received regular updates on waste and more widely on the product and packaging programme. There were regular demonstrations of packaging innovation and new technologies and the Head of Design updated the Committee on innovations from the teams at Howdens, demonstrating that sustainability by design had become embedded in our product development processes.

More information on our environmental sustainability can be found in the sustainability matters report (which begins on page 42).

2023 Sustainability Committee activity

February
Committee meeting <ul style="list-style-type: none"> • Sustainability strategy update • EDI and workforce skills • 2022 Sustainability Report
April
Committee meeting <ul style="list-style-type: none"> • Sustainability strategy update • Progress against SBT Net Zero Plans
September
Committee meeting <ul style="list-style-type: none"> • Sustainability strategy update • EDI update • 2024 Sustainability Committee calendar • Committee Terms of Reference

TCFD - business resilience

The Sustainability Committee is mindful to understand key climate risks and opportunities. We do this through our business resilience framework, which is documented through our TCFD disclosures.

These disclosures are contained in the strategic report on pages 60 to 66. The Committee has encouraged a simple and pragmatic approach to business resilience. Building on the disclosures in 2022, the Committee considered three model scenarios, a materiality impact assessment and associated action plan. These are integrated with the Science Based Targets Net Zero Plans, which include comprehensive supply chain mapping, a compelling customer sustainability offer and regular review of Howdens sustainability strategy.

Governance

Sustainability Committee report continued

Supported by external consultancy, ESG360, the Group utilised the following methodology for TCFD implementation:

- **Governance and oversight:** Board and management oversight to ensure that climate issues are embedded in the strategic planning/ enterprise risk management.
- **Assess materiality of climate-related risks:** Understand potential climate related risks and opportunities for Howdens' business involving all relevant internal stakeholders.
- **Develop and define scenarios:** Construct appropriate scenarios to develop relevant narratives according to Howdens' context and business model.
- **Evaluate business impacts:** For each scenario (three scenarios), identify key strategic and financial impacts - qualitative to quantitative.
- **Identify potential responses:** Use the results to identify realistic strategic responses to manage risks and opportunities.
- **Document and disclose:** Communicate to relevant parties - the inputs, assumptions, methods, outputs, and potential management responses.

Equality, diversity and inclusion (EDI)

The Sustainability Committee received updates from the senior HR team on the progress made during the year in respect of the EDI strategy, noting that management had reframed its inclusion strategy around three key areas:

- Being 'worthwhile for all' - providing clarity on its approach to inclusion.
- Support for all - helping managers to get the best out of all their people.
- Accessible for all - broadening our reach and being accessible to all.

The Committee considered communication strategies and events undertaken during the year and how better-quality quantitative data was being collected and used to promote better inclusion across the business.

Skills

A key area of focus for the Sustainability Committee during the year was employee skills and development. Updates on developing core skill frameworks and training for critical roles were provided in addition to updates on apprenticeships and core skills training.

A new Kitchen Sales Designer 'Better Buy Design' training programme has been piloted and launched with 21 designers in the initial trial. We have also trained 284 managers in our leadership programme 'Leading the Way'. Both programmes will be rolled out across our Depots in 2024.

Sustainability in 2024

The Committee will continue to focus on the core environmental and social matters that matter the most to our stakeholders. This will include further monitoring of our SBTi Net Zero carbon reduction strategy and promoting our EDI agenda. We will continue to communicate our progress and priorities as part of Howdens wider strategy.

By order of the Board

Peter Ventress
Sustainability Committee Chair

28 February 2024



Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the 53 week period ended 30 December 2023. Comparative figures relate to the 52 weeks ended 24 December 2022.

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

Located in the sustainability report:

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

Located in the governance section:

Directors of Howden Joinery Group Plc: The names of anyone who served as a Director during the period can be found on page 74 under 'Board meeting attendance'.

2018 UK Corporate Governance Code (the 'Code'): How the Company applied the Principles and complied with the Provisions of the Code can be found on pages 92 to 97. A copy of the Code can be accessed via www.frc.org.uk.

Internal control and risk management arrangements: Internal control arrangements information can be found in the Audit Committee report on page 138. Risk management arrangements information can be found on pages 36 to 37 and in the Principal risks and uncertainties section beginning on page 38.

Board and Group Diversity policies: page 102.

Stakeholder engagement: Details regarding the engagement with suppliers, customers, and others in business relationships with the Company, as required by Sch. 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), can be found on pages 84 to 91.

Employees: The total number of employees and gender diversity statistics are located on page 102. The methods of engaging with the workforce can be found on pages 86 and 87. All eligible UK employees have been invited to participate in a Free Shares award under the Company's Share Incentive Plan (SIP) each year since 2015, and since 2021 were invited to participate in a SIP Partnership and Matching Shares plan.

Directors' statement of disclosure of information to the auditor: page 144.

Located in the strategic report:

Principal Group activities, business review and results: pages 2 to 35.

Dividend: pages 18 and 32.

Located in the additional information section:

Annual General Meeting (AGM): Information about the AGM can be found on page 214. The recommendation to reappoint KPMG LLP as the Group's auditor, can be found on page 136.

Share capital, substantial shareholdings and acquisition of the Company's own shares (including nominal value of shares purchased): pages 214 and 215.

Directors' Indemnity and Insurance: page 215.

Significant agreements, which take effect, alter or terminate upon a change of control: page 215.

Disclosure required under Listing Rule 9.8.4R:

- Dividend waivers: page 214.
- Published profit forecasts made during the reporting period to 30 December 2023: page 215.

Located in the financial statements:

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

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

Disclosure required under Listing Rule 9.8.4R:

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

The remaining disclosures required by LR 9.8.4R (with the exception of those described above under subheading 'Located in the additional information section') are not applicable to the Company.

Dividend: note 17.

Political donations and R&D

The Group made no political donations during the current and previous financial year. Nor has it made any contributions to any non-UK political party during the current or previous financial year. The Group also has not undertaken research and development activities during the 2023 financial period.

By order of the Board

Forbes McNaughton
Company Secretary

28 February 2024

Governance

Directors' statements

Disclosure of information to the auditor

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

Statement of Directors' responsibilities

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

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

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

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

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

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

Directors' responsibility statement

We confirm to the best of our knowledge:

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

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

Andrew Livingston **Paul Hayes**
Chief Executive Officer **Chief Financial Officer**

28 February 2024

Non-financial and sustainability information

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

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

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

Focus area	Policies and statements	More information and outcomes
Environmental matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"> • Greenhouse gas emissions and streamlined energy and carbon reporting (pages 67 and 68). • Discussion about the Company's SBT Net Zero commitment and targets (pages 46 and 47). • Climate-related financial disclosure as defined in section 414CA(2a) Companies Act 2006 (Governance - (a) on pages 60 and 61; Strategy - (d), (e) and (f) on pages 61 and 62 and 64 to 66; Risk management - (b) and (c) on page 62; Metrics and Targets - (g) and (h) on page 63). • Discussion of the Company's progress on implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (pages 60 to 66). • Discussion of the UN Sustainable Development Goals (UN SDGs) (page 45). • Discussion of our progress on 'zero waste to landfill' (page 57), Route to Net Zero standard (page 56), and our use of renewable energy sources (page 57). • KPIs on production waste reuse, recovery, and recycling (page 57) and our target of 100% of wood-based material used in manufacturing processes being made from FSC® or PEFC certified sources (page 50). • Discussions of our efforts to decarbonise our distribution fleet (page 51) and our sustainable product offer and product innovation (pages 52 to 53).
Social matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"> • Our impact on our stakeholders (pages 58 and 58) and engagement with stakeholders (starting on page 84). • Our progress on equality, diversity and inclusion and wellbeing matters (pages 54 and 55) and our work with local and national charities (page 17). • Our Boardroom and Group Diversity Policies (page 102).
Respect for human rights	Human Rights Policy and Modern Slavery Statement (see Group website).	<ul style="list-style-type: none"> • Discussion of the UN SDG Goal 8 (Decent Work and Economic Growth) (pages 54 and 55). • Our Modern Slavery Statement (see Group website) sets out how we actively monitor suppliers and train our procurement staff. • Internationally recognised labour standards form part of our contracts of employment.
Anti-bribery and corruption	Anti-bribery and corruption, conflicts of interest, corporate gifts and hospitality, anti-money laundering, anti-tax evasion and competition law.	<ul style="list-style-type: none"> • The Board considers and approves the following Group policies: anti-bribery and corruption, anti-money laundering, anti-tax evasion, competition law policy, market abuse compliance and the Modern Slavery Statement and whistleblowing. • We have a rolling programme of refresher training on modern slavery and anti-bribery for our compliance team and buyers. • Further information about our whistleblowing facility may be found on page 87.
Employees	Health & Safety Statement of Intent (see Group website), market abuse compliance, data protection and privacy, and whistleblowing.	<ul style="list-style-type: none"> • KPI on Health and Safety and discussion of Health and Safety performance and initiatives (page 56). • Discussion of employee rewards and benefits, development opportunities and apprentice schemes (pages 51 and 55). • Diversity policies and statistics (pages 101 and 102). • Workforce engagement (pages 86 and 87). • Directors' remuneration policy (see Group website for the full policy or pages 113 to 116 for a summary of the policy).

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