

Governance

Audit Committee report



Andrew Cripps
Audit Committee Chair

Introduction

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

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

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

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

Andrew Cripps
Audit Committee Chair



Key information at a glance

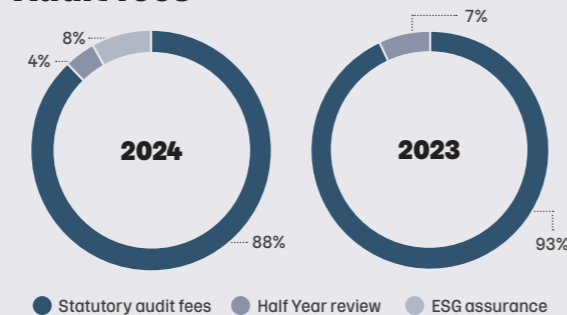
External auditor¹

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

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

Further information on page 146.

Audit fees



Further information on pages 146 and 147.

Areas of significant financial judgement

- Inventory obsolescence provisioning
- Defined benefit pension scheme obligation

Further information on page 144.

2024 Audit Committee activity

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

Committee meeting attendance in 2024

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

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

Key Committee activities in the year ahead

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



Governance

Audit Committee report continued

Financial reporting

Results review

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

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

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

Controls over financial reporting

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

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

Accounting policies

There were no changes in accounting policies in the year.

Areas of significant financial judgement

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

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

Inventory obsolescence provisioning

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

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

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

Actuarial valuation of pension fund liabilities

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

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

Other key judgements

Valuation of pension fund assets

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

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

FRC review of the 2023 Annual Report and Accounts

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

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

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

Governance

Governance updates

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

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

Committee effectiveness

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

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

Policies and conflicts

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

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

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

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

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

Committee membership and Chair

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

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

Recent and relevant financial experience

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

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

Governance

Audit Committee report continued

Competence relevant to the sector

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

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

External Auditor

External auditor appointment

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

External auditor independence

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

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

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

Lead Audit Partner

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

External auditor effectiveness

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

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

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

External auditor fees

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

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

Performance expectations for the external auditor

Specific auditor responsibilities

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

Wider responsibilities

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

Independence

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

Policy for non-audit services provided by the external auditor

The main aims of this policy are to:

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

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

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

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

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

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

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

Controls and internal audit

Internal control framework

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

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

Governance

Audit Committee report continued

Case study

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

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

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

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

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

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

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

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

Material controls

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

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

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

Internal audit

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

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

The Committee reviewed and challenged:

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

Independent assurance

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

Internal audit effectiveness

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

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

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

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

Fraud risk & ECCTA

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

Cyber and information security risk

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

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

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

Divisional controls

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

Whistleblowing

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

Conflicts of interest and related parties

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

By order of the Board

Andrew Cripps

Audit Committee Chair

26 February 2025