



**HOWDENS**

# Investing in the future

**Buy As You Earn**



# HOWDENS BUY AS YOU EARN PLAN\*

Since we started in 1995, we've grown into the leading supplier of fitted kitchens in the UK, with a stock market value of £5bn. In an exciting initiative which began in 2021, we are giving Howdens employees the opportunity to buy shares in the company from their pre-tax pay.

We've always believed that share ownership is a great way for employees to engage in the business and to benefit from Howdens' success. The 'Buy As You Earn' (BAYE) Plan is a new branch of our Free Share award and gives our employees even more opportunity to grow their Howdens shareholding.

## Let's take a closer look.

\*The Howdens 'Buy As You Earn' Plan and the award of Partnership, Matching and Dividend Shares, are operated under the Howden Joinery Share Incentive Plan (SIP) rules.

# Sharing Howdens

We can  
all join in

## Investing in your future

Owning shares can be a great way to invest for your future. Howdens' BAYE Plan gives you the chance to buy Howden Joinery Group Plc shares and enjoy some of the success you have helped build.

**BAYE also represents great value and is tax efficient because deductions are taken from your gross salary, saving you Income Tax and National Insurance Contributions (NICs).**

If you're a basic rate taxpayer in England, Wales, or Northern Ireland, £10 of shares would only cost you £7.20. If you're an intermediate rate taxpayer in Scotland, the cost would be £7.10. You can invest as little as £10 per month, and because it's flexible, you can choose to change the level of your monthly contribution or stop contributing entirely if you need to.

**Howdens will also reward you for buying shares by giving you one free Matching share for every three Partnership shares you buy on the first £600 worth of shares bought each tax year.**



# How does it work?

## Choose your investment amount

Simply choose to invest between £10 and £150 a month, or you can make lump sum payments as long as your total contributions do not exceed £1,800 in each tax year (or 10% of your salary, whichever is lower).



## Invest tax free

Your chosen amount will be deducted each month directly from your gross salary, so you won't pay Income Tax or NICs on the money you invest.

## Buy three, get one free

Howdens then reward you with one bonus free share (known as a Matching Share) for every three shares you buy (these are called Partnership Shares). This only applies to the first £600 worth of Partnership Shares bought each tax year.

## Receive dividends

To boost your investment, you'll receive any dividends paid by Howden Joinery Group Plc on your Partnership and Matching Shares. These can be paid either in cash or shares (called Dividend Shares). Whether you receive cash or Dividend Shares is up to you.

## Your shares are kept safe

Your shares will be held free of charge on your behalf by Equiniti Share Plan Trustees Limited (known as the 'SIP Trustee') in a trust called the Howden Joinery Share Incentive Plan Trust (known as the 'SIP Trust'). **To benefit from the tax savings, your Partnership and Matching Shares need to be held in the SIP Trust for five years and any Dividend Shares for three years.**



## In the future

You can sell your Partnership Shares at any time (although you may forfeit any Matching Shares associated with them), but if you want to get the full tax benefit from BAYE, then you need to keep your shares in the SIP Trust for five years after purchase.

Matching Shares cannot be sold until they have been held for the minimum holding period. Dividend Shares can be sold during the holding period, but you may have to pay tax on them.



# How can I join?

**BAYE is open to all eligible UK Howdens employees whose salary is subject to UK PAYE tax.**

Apply online at [www.esp-portal.com/clients/howdens](http://www.esp-portal.com/clients/howdens). The only information you will need to join is your employee number, date of birth and last name.

You can join all year round (unless you are subject to any dealing restrictions). If you apply before the 9th of the month, the first deduction from your salary will also happen in that same month. \*

## \* Example

If you were to apply to join BAYE by 9th September, a deduction would be taken from your September salary. The shares would then be purchased by the 19th October.

# The benefits

How much can you save?

## It's flexible...

- You can join and leave at any time (subject to any dealing restrictions)
- Choose how much you contribute per month between £10 and £150, or make a lump sum payment of up to a total of £1,800 per tax year (or 10% of your salary, whichever is lower)
- You can start, stop, and change your monthly contribution at any time (subject to any dealing restrictions)

## It's cost effective...

- You don't have to pay any share dealing fees when buying shares
- You save on Income Tax and NICs as the shares are bought from your gross pay
- Howdens awards you one bonus free Matching Share for every three Partnership Shares you buy, up to £600 worth of gross pay deductions per tax year

## It's convenient...

- The shares are bought on your behalf each month
- You can manage your contributions and view your shares online
- You can have any dividend cash automatically reinvested in more Howden Joinery Group Plc shares

# Show me some examples

## If you contribute £50...

...and you are an intermediate rate taxpayer in Scotland:

You'll save **£14.50**, as the amount you invest will not be subject to Income Tax or NICs:

**Income Tax:** 21% of £50 = £10.50, plus

**NICs:** 8% of £50 = £4.00

## If you contribute £50...

...and you are a basic rate taxpayer in England, Wales or Northern Ireland:

You'll save **£14.00**, as the amount you invest will not be subject to Income Tax or NICs:

**Income Tax:** 20% of £50 = £10, plus

**NICs:** 8% of £50 = £4.00



Remember

Contributions are taken from your gross pay (i.e. pre-tax pay).



# Important information

### Investing in shares carries risk

The Howden Joinery Group Plc share price can go down as well as up and so you may not get back the amount you contribute. If you are unsure whether to join BAYE, you are advised to seek independent financial advice.

### Potential benefits impact

Please be aware that for some people there could be a potential impact on means-tested benefits, e.g. state pension benefits, statutory sick pay, statutory maternity allowance and any others means-tested benefits and/or tax credits.

Further information is set out in the HMRC booklet IR177 which is available from [www.gov.uk/government/publications/share-incentive-plans-and-your-entitlement-to-benefits-ir177](http://www.gov.uk/government/publications/share-incentive-plans-and-your-entitlement-to-benefits-ir177).



### What happens if I want to sell my shares early or I leave Howdens?

The table below shows what could happen if you decide to take your Partnership Shares out of the SIP Trust or leave Howdens through resignation, dismissal, or if a fixed term contract comes to an end. The list of 'Good Leaver' reasons, which are exempt from Income Tax and NICs, is set out below.

Shares held for...	If you sell your Partnership Shares or leave Howdens you will...
Less than 3 Years	<b>...forfeit your Matching Shares.</b> Have to pay Income Tax and NICs on the sale of your Partnership Shares.
3-5 Years	<b>...keep your Matching Shares.</b> Have to pay Income Tax and NICs on the lower of the value of your shares when you bought them or sold them.
5+ Years	<b>...keep your Matching Shares.</b> Not pay Income Tax or NICs on the sale of your Shares.

If you leave for any of the following reasons:

- Retirement
- Redundancy
- Injury or disability
- Death in service
- TUPE transfer
- Transfer of employment to a Howdens Group company not associated with the Plan

**You won't have any Income Tax or NICs liabilities regardless of how long you have held the shares.**



If you leave Howdens for any other reason including:

- Resignation
- Dismissal
- Termination of a fixed term contract

**You'll have to pay Income Tax and NICs on any Partnership Shares that haven't been held for at least five years from their respective purchase dates at the date of leaving.**

Please see the table opposite.

### Note on Dividend Shares

You do not have to sell your Dividend Shares, and you will not lose your Dividend Shares, if you sell your Partnership Shares. You can keep your Dividend Shares in the SIP Trust for as long as you're an employee.

You cannot remove Dividend Shares from the SIP Trust (for example, to sell them or transfer them), if they have not been in the SIP Trust for at least three years. If you leave Howdens for a non-Good Leaver reason, you will not lose your Dividend Shares, but you may have to pay dividend Income Tax.

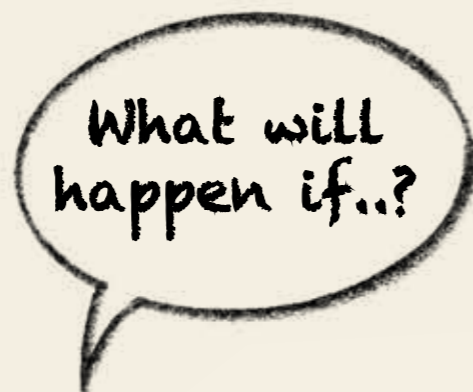
Please see [www.gov.uk/tax-on-dividends](http://www.gov.uk/tax-on-dividends)

If your shares are transferred out of the SIP Trust and sold immediately, Capital Gains Tax (CGT) will not be payable.

### Capital Gains Tax

If your shares are transferred and sold at a later date, you may be liable to pay CGT if the value of your shares has increased since they were taken out of the SIP Trust. CGT will only apply on gains made over the annual exemption limit.

# FAQ's



## Will joining BAYE affect my ability to receive SIP Free Shares?

No. Although both BAYE and Free Shares are awarded under the same employee share plan rules (the SIP rules), your ability to participate in each of them is not linked.

## When will my Partnership Shares be bought?

Your Partnership Shares will be bought on the London Stock Exchange by the 19th of each month. If the 19th falls on a weekend or public holiday in England and Wales, then the shares will be purchased on the preceding working day.

## When will my Matching Shares be awarded?

Any Matching Shares will be awarded on the same day as your Partnership Shares are purchased.

## What price will I pay for the Partnership Shares?

Your investment will be used to buy whole shares based on the share price on the purchase date. Any amount left over from the purchase will be carried forward and added to the next investment.

The SIP Trustee will issue an annual statement to you (in April/May each year), confirming the monthly purchase share price and the number of shares that have been purchased/awarded to you each month. You can also view this at any time on the Employee Share Plans (ESP) Portal ([www.esp-portal.com/clients/howdens](http://www.esp-portal.com/clients/howdens)).

## What happens if I go on long term leave?

Your investment can continue if you are still being paid. If you prefer, you can stop or decrease your investment and restart or increase again when your circumstances change.

You can do this by going to the ESP Portal ([www.esp-portal.com/clients/howdens](http://www.esp-portal.com/clients/howdens)) and clicking 'Manage my SIP contributions' under the 'I want to...' section.

## What is a holding period?

A holding period applies to Matching and Dividend Shares. It is the minimum period you need to hold the shares in the SIP Trust before you can sell or transfer them.

The holding period for Partnership Shares is five years, and it's three years for Matching and Dividend Shares.

## When will I receive dividends?

As soon as shares are awarded to you, they will qualify for any dividends paid, as long as they were awarded before each dividend payment's record date.

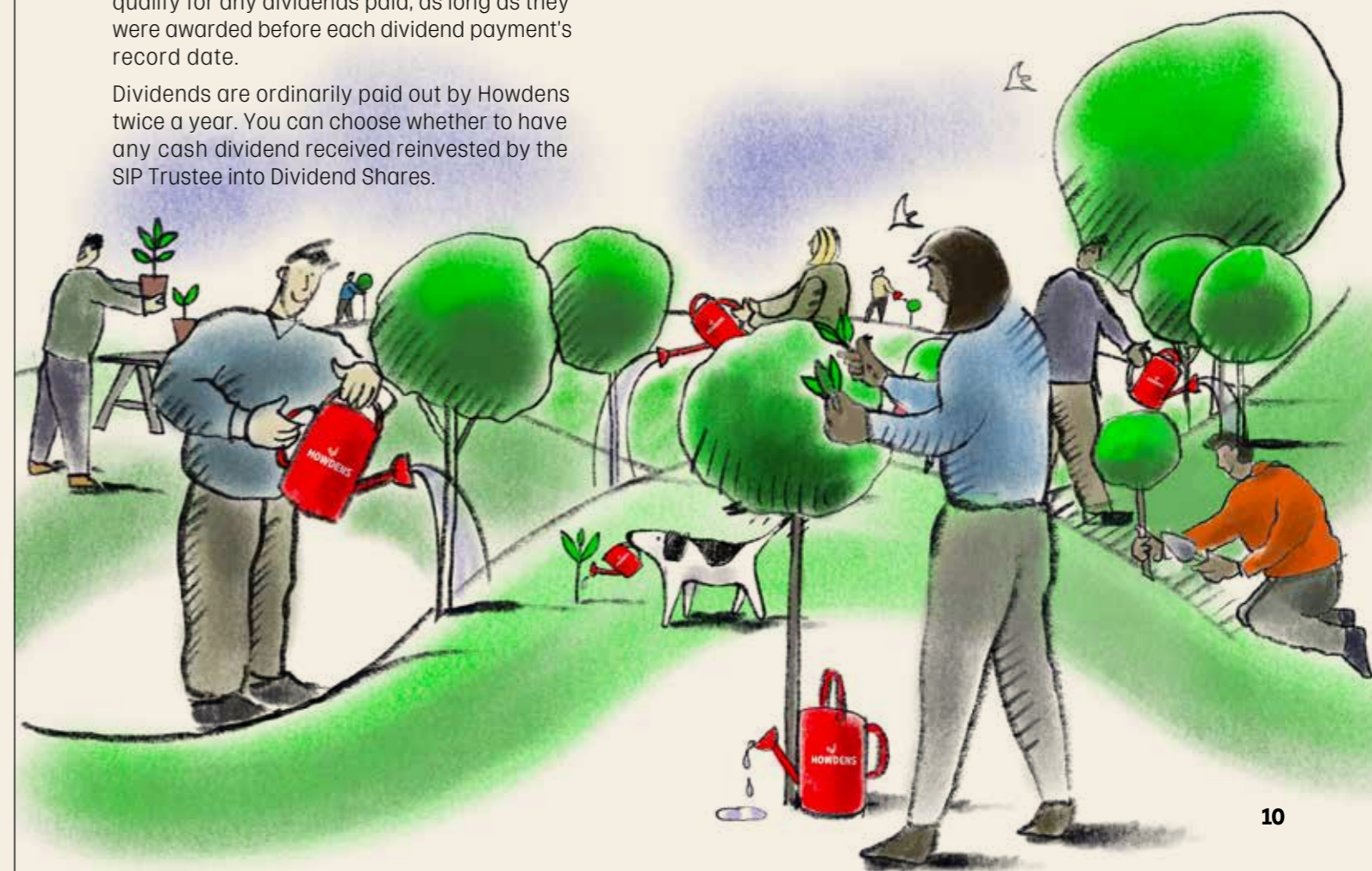
Dividends are ordinarily paid out by Howdens twice a year. You can choose whether to have any cash dividend received reinvested by the SIP Trustee into Dividend Shares.

## Do the dividends get taxed?


If the total dividends you received don't exceed the current Dividend Allowance, you won't have to pay tax. This includes dividends you may receive from other investments.

Further information about the Dividend Allowance can be found on the HMRC website. If you are unsure about your individual tax position, you should consider consulting an independent financial advisor.

More FAQs can be found online at [www.esp-portal.com/clients/howdens](http://www.esp-portal.com/clients/howdens)



# Jargon Buster



We're here to help...

**Shares don't need to be complicated, so below are a few definitions...**

## **BAYE**

This is the name Howdens have given to the overall programme of buying Partnership Shares, awarding Matching Shares, and receiving Dividend Shares under the SIP rules.

## **Dividend**

Distribution of some of a company's earnings to its shareholders.

## **Equiniti Limited ("EQ")**

EQ is the administrator of Howdens' employee share plans.

## **ESP Portal**

The online hub to manage your shares and contributions, which is run and administered by EQ.

## **Gross pay**

The amount you are paid by Howdens before any Income Tax and NICs are deducted.

## **HMRC tax advantaged**

The Howdens SIP is an HMRC tax advantaged employee share plan, meaning you can buy Howden Joinery Group Plc shares using money deducted from your gross pay. Income Tax and NICs are not payable on the amount deducted from your gross pay, as long as you keep the shares bought with your deductions (the Partnership Shares) in the SIP Trust for a minimum of five years.

## **Howden Joinery Group Plc**

The company listed on the London Stock Exchange, which is the parent company of the Howdens Group employing companies, all of whom are associated with the SIP and therefore the BAYE Plan.

## **Share Incentive Plan (SIP)**

The Howdens Share Incentive Plan is an HMRC tax advantaged plan, meaning all qualifying UK employees can buy Howden Joinery Group Plc shares free from Income Tax and NICs, provided that those shares are kept in the SIP Trust for five years (or three years for Dividend Shares).

## **SIP Trust**

Equiniti Share Plan Trustees Limited are the Trustees of the Howdens SIP Trust, and they hold the shares in the SIP Trust on your behalf to ensure the Howdens SIP is HMRC tax advantaged.

## **EQ Contact Details**

**Tel:** +44 (0) 371 384 2040

### **ESP Portal:**

[www.esp-portal.com/clients/howdens](http://www.esp-portal.com/clients/howdens)

### **Buy As You Earn site:**

[www.shareview.co.uk/Clients/HowdensBAYE](http://www.shareview.co.uk/Clients/HowdensBAYE)

## **The small print**

### **For guidance only**

This booklet is an explanatory guide only and in the event of any conflict between this guide and the Howden Joinery Share Incentive Plan Rules (the "SIP rules") and relevant legislation in force at the time, the SIP rules and relevant legislation will prevail. Any reference to taxation is for guidance only and you should seek advice from a qualified tax adviser.

### **Equiniti Limited**

Howdens' employee share plan administrators are Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. SIP shares will be held in a Trust by Equiniti Share Plan Trustees Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. They can be contacted via their helpline on +44 (0) 371 384 2040.

### **Awards under the Plan**

The awards under the Howden Joinery Group Plc Share Incentive Plan (the "SIP") are offered to you by Howden Joinery Group Plc in accordance with the terms of the SIP. Your participation or right to participate in the SIP is governed by the SIP rules and does not affect or form part of your contract of employment. These rules include specific provisions limiting your rights under the SIP. You will not have any rights to compensation or damages for any loss of rights, benefits, or prospective benefits under the SIP as a consequence of the termination of your employment.

