

HOWDEN SHARE INCENTIVE PLAN (SIP) FAQs

Including Howdens Buy As You Earn (BAYE) Plan and Free Share award

August 2021

What is the Share Incentive Plan (SIP)?	<p>The Howdens Share Incentive Plan (SIP) is an HMRC tax-advantaged employee share plan.</p> <p>There are four types of shares which may be awarded under the SIP:</p> <ul style="list-style-type: none">▪ Free Shares▪ Partnership Shares▪ Matching Shares▪ Dividend Shares
What is the Howdens Buy As You Earn (BAYE) Plan?	<p>This is the name that Howdens have given to the overall programme of buying Partnership Shares, awarding Matching Shares, and receiving Dividend Shares under the rules of the SIP.</p> <p>The BAYE plan does not include SIP Free Shares.</p>
What are the benefits of the Share Incentive Plan (SIP)?	<p>The SIP is a tax efficient means of acquiring and holding Howdens shares.</p> <ul style="list-style-type: none">• No Income Tax or National Insurance Contributions to pay on your investment if shares are held for 5 years;• Dividends (if paid by the company) on all your shares (which may be reinvested in Dividend shares if available);• Opportunity to vote general meeting resolutions of Howden Joinery Group PLC;• Benefit from any rise in share price (please note the price of shares may go down as well as up and as an investor you might not receive back the full amount of your investment).
What are Free shares?	<p>Free Shares are shares which may be awarded by Howdens to an eligible employee under the rules of the Share Incentive Plan (SIP). The eligible employee is not required to pay for the shares but may have to pay Income Tax and NICs on their value if the Free Shares are removed from the SIP Trust within 5 years of being awarded.</p>
What are Partnership Shares?	<p>Partnership Shares are shares that you can buy out of your salary before tax deductions. There's a limit to how much you can spend - either £1,800 or 10% of your income for the tax year, whichever is lower.</p>

What are Matching Shares?	Matching Shares are free bonus shares which Howdens may award you if you purchase Partnership Shares.
What are Dividend Shares?	<p>Dividend Shares may be bought with the dividends you get from Free, Partnership or Matching shares.</p> <p>You will not pay dividend Income Tax if you keep the Dividend Shares for at least 3 years in the SIP Trust.</p>
What is a holding period?	A holding period is a period of time during which you are unable to sell or transfer your shares.
Am I eligible to join the Share Incentive Plan (SIP) (including the Howdens Buy As You Earn (BAYE) plan)?	The SIP (including the Howdens BAYE Plan) is a UK all-employee plan so participation cannot be restricted to particular groups or individuals. To be eligible to join you will need to pay tax on your earnings under the UK pay-as-you-earn (PAYE) scheme. If you are eligible to join, you will receive an invitation to join. If you have not received this, but believe you are eligible, please call the helpline.
Can I join the Share Incentive Plan (SIP) at any time?	<p>Howdens Buy As You Earn (BAYE) Plan (aka SIP Partnership Shares plan) - You may join at any time and if you apply by 9th of the month the first deduction from your pay will be taken that same month.</p> <p>SIP Free Shares - You cannot join the Free Share award at any time. Howdens will send you an invitation to join within a specific time period.</p>
Are there any limits to either the number of shares that can be awarded or the amount of money that can be invested in the Howdens BAYE plan?	<p>HM Revenue & Customs (HMRC) have set overall maximum limits to the different share types.</p> <p>The HMRC maximum limits are set out in the following link: www.gov.uk/tax-employee-share-schemes/share-incentive-plans-sips</p>
How long do I need to hold my BAYE plan shares before I can sell/transfer them without paying income tax and National Insurance contributions (NICs) on them?	<p>This is dependent on the type of share. The length of time for each type of share before it can be sold free of income tax and NICs is:</p> <ul style="list-style-type: none"> • Partnership shares - 5 years • Matching shares - 5 years • Dividend shares - 3 years

<p>In what circumstances would I lose ("forfeit") my shares?</p>	<p>Partnership and Dividend Shares - Forfeiture does not apply to Partnership or Dividend shares.</p> <p>Free Shares - Forfeiture will normally apply if you leave for reasons such as resignation within 3 years of the shares being awarded. If you leave for reasons such as redundancy, sale of business, injury or disability, forfeiture will not apply.</p> <p>Matching Shares - Forfeiture will normally apply if you leave for reasons such as resignation within 3 years of the shares being awarded. If you leave for reasons such as redundancy, sale of business, injury or disability, forfeiture will not apply. Whilst Partnership Shares can be taken out of the SIP Trust at any time, if they are removed within 3 years of being purchased the corresponding Matching Shares will normally be forfeited.</p>
<p>What are Locked-in, Conditional and Available shares?</p>	<p>Locked-in shares - shares that have not been held for the relevant holding period and so cannot be sold or transferred. The Locked-in shares may or may not be subject to forfeiture dependant on the type of shares that they are and the length of time they have been held. Please refer to the relevant brochure and terms for further details on holding periods and forfeiture.</p> <p>Conditional shares - shares no longer subject to any holding periods so can be sold or transferred. However, if the shares are taken out of the SIP Trust you may have to pay Income Tax and National Insurance Contributions on their value.</p> <p>Available shares - shares that are no longer subject any holding periods and if taken out of the SIP Trust are not subject to Income Tax and National Insurance Contributions on their value.</p>
<p>Which shares can I sell or transfer?</p>	<p>If you are still employed by Howdens, you can sell shares that are 'Conditional' or 'Available'. You can find out how many Conditional and Available shares you have by going to the SIP Summary page.</p> <p>The most tax efficient shares will be sold/transferred first (Available shares, then Conditional shares). All remaining shares are sold/transferred on a strict first in first out basis. This means that the shares held in the Plan the longest must be sold/transferred first.</p> <p>Please refer to your BAYE plan brochure for details of any forfeiture that may be applicable for the withdrawal of Partnership shares where Matching shares have been awarded.</p>

<p>Can I sell my shares outside of market hours?</p>	<p>You can't complete a sale outside of market hours, but you may be able to submit an instruction using Equiniti's 'bulk sale service'. Your sale instruction will be 'bulked' with other similar requests and sold at the best obtainable price when the deal is done the next business day.</p> <p>If you'd like to complete a 'real time' sale i.e., when you will know the live sale price, you must wait until the market is open. If you have submitted an instruction with the bulk sale service, you will not be able to complete a 'real time' sale until your transaction has completed, which can take up to 24 hours.</p>
<p>I am currently employed by Howdens and want to sell my shares. How do I do it?</p>	<p>If you want to sell some or all of your shares online, please follow the links to 'Sell my SIP Shares' from the 'I want to...' menu on the ESP Portal.</p>
<p>When can I submit an instruction and receive a real time share price?</p>	<p>You can submit a sale instruction and receive a real time share price between 08:00 UK time and 16:30 UK time each business day. This excludes all UK Bank Holidays where the London Stock Exchange will remain closed for trading.</p> <p>On the working days before Christmas Day and New Years Day, the London Stock Exchange will operate reduced hours and will only be available for trading between 08:00 UK time and will close at 12:30 UK time. If you access the service after these times or on these dates, you will not be able to complete your sale request.</p>
<p>Do I have to pay any fees to take shares out of the SIP Trust?</p>	<p>If you sell shares you will need to pay dealing costs. The charges are set out in the Important Information page which can be viewed when you submit a SIP Sale instruction.</p> <p>If your gross sale proceeds from the sale of SIP shares are in excess of £10,000 you may be charged £1 for PTM Levy. The money raised from the PTM Levy goes to the Panel of Takeovers and Mergers.</p>
<p>What are 'taxable' proceeds?</p>	<p>The monetary proceeds from the sale of any 'Conditional' shares.</p>
<p>What are the 'non-taxable' proceeds?</p>	<p>The monetary proceeds from the sale of any 'Available' shares.</p>

<p>I have requested to sell my shares. When will I receive the proceeds?</p>	<p>Sale proceeds will be despatched on the settlement date (2 business days following the sale).</p> <p>Any taxable proceeds will be returned to the Howdens payroll team for Income Tax and National Insurance Contributions to be deducted and the remainder will then be paid to you in the next available monthly pay run.</p> <p>Any non-taxable proceeds will be paid direct to your bank account by BACs which usually takes between 3 to 5 working days or, alternatively, via cheque if we do not have your bank details.</p>
<p>I have just sold my shares, but my share balances have not updated on my Summary screen. Does this mean my sale has been unsuccessful?</p>	<p>Not necessarily. Try logging out, and then back into your account. This should update your share balances automatically. If you still think your balance is incorrect, please contact the EQ helpline.</p>
<p>I have sold my shares but have not received confirmation that it has been completed by e-mail. Is something wrong?</p>	<p>Confirmation e-mails are usually sent within 15 minutes of the transaction completing. If you have still not received your e-mail confirmation after this time, please contact the EQ helpline.</p>
<p>How is the indicative value calculated?</p>	<p>When you log on to this site your shares will be valued using the latest share price. The date and time when the share price was obtained will show in the 'Share price' box. The share price varies depending on whether you are buying or selling shares. If you are selling shares you will receive the 'bid price' and you would buy shares at the 'offer price'. The price used for the purposes of indicative values is the average of these known as the 'mid market price'. If the stock market is closed, the mid market closing price from the previous trading date will be used.</p> <p>Please note that the indicative value does not take into account any tax liabilities or dealing charges.</p>
<p>I want to transfer my shares out of the SIP Trust, how do I arrange this?</p>	<p>Please call the EQ helpline and they will arrange for a transfer form to be sent to you.</p>
<p>Do I have to pay tax when I receive Free shares?</p>	<p>Free Shares are not subject to Income Tax and National Insurance Contributions deductions unless they are removed from the SIP Trust within 5 years.</p>

Will the shares awarded under the SIP be ordinary company shares?	Yes. These will be ordinary shares (i.e., the same rights as other shareholders) and you will receive any dividends paid on those shares. Your shares in the SIP Trust will also have voting rights.
How do I change my address?	Let Howdens HR know that you have changed your address using the My View system. A report will then be sent by Howdens to EQ on a monthly basis advising of all employee address changes.
What is the Award Price and Award Value of my Free and Matching shares?	The Award Price is the share price at which your shares were awarded to you. The Award Value is calculated by multiplying the number of shares awarded to you by the Award Price.
Where can I get further information about the Share Incentive Plan (SIP)?	There is further information about Partnership, Matching, and Dividend Shares in the Howdens Buy As You Earn (BAYE) brochure, and more information about Free Shares in the Howdens SIP Free Share brochure. The Free Share Agreement and Partnership Share Agreements also contain detailed information.
What happens to my shares after the tax-free period has been reached?	The shares can remain in the SIP Trust for as long as you're an employee.
Who administers and holds my Share Incentive Plan (SIP) (including BAYE plan) shares?	Equiniti Share Plan Trustees Limited act as Trustee for the Plan and holds your shares on your behalf until you choose to withdraw the shares from the Plan or leave employment. Equiniti Limited is the Plan Administrator. If you need to contact the Plan Administrator, their details are: Share Incentive Plan Administrator Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
What will happen to the balance of money not used to buy Partnership shares?	Any money left over from your Partnership Shares contribution which was not enough to buy a whole share will be carried forward to buy shares in the following month. If you leave employment or the SIP is terminated this will be returned to you via your payroll.
Can I join the Share Incentive Plan (SIP) if I work part-time?	Yes, if you are eligible under the SIP rules, you can join; however, you may not be able to contribute as much as a full-time employee owing to HMRC limits (please see "How much can I invest in Partnership Shares").

<p>Will participating in the Howdens Buy As You Earn (BAYE) Plan (aka SIP Partnership Share award) affect my benefits?</p>	<p>Purchasing Partnership Shares will reduce the salary on which Income Tax and National Insurance are assessed. For some people there could be a potential impact on means-tested benefits, e.g. state benefits, statutory sick pay, statutory maternity allowance and any others means-tested benefits and/or tax credits.</p> <p>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</p>
<p>How much can I invest in Partnership shares?</p>	<p>HMRC rules stipulate that there is a maximum limit on investment in Partnership Shares of £1,800 per tax year (or 10% of your taxable salary in any one tax year, whichever is the lower amount).</p>
<p>How long can I invest in Partnership shares?</p>	<p>You can invest in Partnership shares for as long as the SIP is in place, and you continue to be an eligible employee. You will not be able to invest more than £1,800 per tax year (or 10% of your taxable salary, whichever is lower).</p>
<p>Do I have to pay tax when I invest in Partnership shares or receive Free/Matching shares?</p>	<p>No. The money used to buy Partnership Shares is taken from your pre-tax (gross) salary before any Income Tax or National Insurance Contributions deductions are taken. If you receive Free or Matching shares, these will not be subject to Income Tax and National Insurance Contributions deductions; however, you may be liable to pay Income Tax and National Insurance Contributions on these if they are removed from the SIP Trust within 5 years.</p>
<p>I have not received information about how to apply. What should I do?</p>	<p>If you have not received invitation information but are eligible to join you can still apply online. You can follow the link 'Apply for SIP' under 'I want to...' menu. There will be a link to the Plan's information on the online application pages. If this link is not showing, please contact the helpline for help.</p>