



Free Share Award

A guide to your Free Share Award,
made under the Share Incentive Plan (SIP)

Issue date: July 2023

If you read nothing else, please read this...

Why are we giving employees shares?

We believe it is important for all our employees to be able to own a part of Howden Joinery Group Plc ('Howdens') and to share in its success. We think that one of the best ways of doing this is to award shares to our employees showing that their hard work and continued employment is valued.

How will I benefit from owning shares?

From the day the Free Shares are awarded, they are held on your behalf by the Trustee of the SIP - Equiniti Share Plan Trustees Ltd. From that first day you will benefit from:

- Any dividends paid on the shares - usually paid twice a year on each share held.
- The possibility of capital growth - if the share price rises* the value of the Free Shares you hold will also rise.
- The right to vote on resolutions for a Howdens General Meeting, including the Annual General Meeting (AGM).

However, you will not be able to sell your shares until the third anniversary of the date they were awarded to you.

It is also important that if you are in receipt of any means-tested benefits, that you check whether there is an impact on these from receiving this award.

You can view all your Free Shares via: www.esp-portal.com/clients/howdens



* Please note that share prices can go down as well as up.



What happens after the shares are awarded?

As long as you are still employed by a UK-registered Howdens Group company on the date the Free Shares are awarded, you will receive an annual SIP Statement from Equiniti Limited ("Equiniti") showing your award and any other SIP awards you already have.

You will also be eligible to receive any dividends paid by Howdens on your Free Shares as soon as they have been awarded and you will be able to vote those shares for general meetings of Howdens (including for the AGM).

When can I sell or transfer my Free Shares?

Under the terms of the SIP, your Free Shares must be held within the SIP for a minimum of 3 years from the date they are awarded to you. This period of 3 years is called the **Holding Period**.

During the Holding Period, you cannot sell or transfer your Free Shares to anyone else. When the Holding Period ends, you will be entitled to sell or transfer your Free Shares out of the SIP or you can choose to keep them in the SIP for longer.

If you remove your shares from the SIP before the 5th anniversary of the date they were awarded, you will normally have to pay some tax (see page 5 for further tax information).

Please Note:

We cannot offer investment or financial advice - it is up to you to decide what to do with your Free Shares after the 3 year Holding Period. You may seek professional advice from an independent financial advisor.

What if I leave?

If you leave Howdens but have SIP Free Shares which have met the three year Holding Period, then those shares are yours to keep, but you have to move them out of the SIP or sell them. Equiniti will write to leavers who have Free Shares in the SIP which have met the three year Holding Period to set out their options for those shares. You cannot leave them in the SIP if you are not an employee.

You will lose any of your Free Shares that have been held in the SIP for less than three years, unless your employment ceases for certain specified 'good leaver' reasons, including due to your injury or disability, redundancy, retirement or death. Losing your Free Shares is called "forfeiting" them. If you forfeit your shares, you will not have to pay any tax on them.

For further information, please see our **Leavers Guide** on Rooster Coop:
hjintra.services.howdens.corp/Support/MyBenefits/Pages/Shares.aspx

Please Note:

If there are choices for you to make (because you are a 'good leaver' or have any shares in the SIP which have been held for a minimum of 3 years) and you do not respond to Equiniti within 30 days, they will place the shares into the online Corporate Sponsored Nominee (CSN) account to be held on your behalf by Equiniti Financial Services Limited.

If you leave other than for a good leaver reason, and the shares have been held in the SIP trust for between 3 and 5 years, the number of shares you will receive, and which will be held in the CSN, will be net of any shares which were sold to cover your income tax and National Insurance Contributions (NICs) liabilities.



Tax

Are my Free Shares subject to income tax and National Insurance Contributions (NICs)?

5 years from award:

If you keep your Free Shares in the SIP for at least 5 years from the date they were awarded to you, and remain employed by Howdens during that time, you won't pay any income tax or NICs on their value.

Between 3 and 5 years from award:

If you choose to sell your Free Shares or take them out of the SIP before the 5 year point (and after the 3 year point), you will be subject to income tax and NICs in relation to the shares on either the market value of the shares when they were awarded to you OR their market value at the date they are removed from the SIP (whichever is less).

Are my Free Shares subject to Capital Gains Tax?

If you sell your Free Shares directly out of the SIP (rather than transferring them to yourself and then selling them), you won't pay any Capital Gains Tax on them.

If you take your Free Shares out of the SIP and then sell them later on, you may have to pay Capital Gains Tax if their value has increased since you removed them from the SIP.

Alternatively, under current legislation, SIP shares may be transferred into a stocks and shares ISA (subject to your ISA provider agreeing to the transfer). Please note that the annual ISA savings limit for tax year 2023/24 is £20,000. If you transfer the shares into an ISA within 90 days of their removal from the SIP, the shares will remain free from Capital Gains Tax and any future growth in their value whilst in the ISA will also be free from Capital Gains Tax.

What tax will I pay if I leave?

- If you leave for any of the "good leaver" reasons, you will not pay any income tax or NICs in relation to your Free Shares, even if this happens before the shares have been in the SIP for 5 years.
- If you leave for any other reason before your Free Shares have been held in the SIP for 5 years (but after they've been held for 3 years), you will pay income tax and NICs on either the market value of the shares when they were awarded to you OR their market value at the date you leave (whichever is less).
- If you leave after the Free Shares have been in the SIP for at least 5 years, you won't pay any income tax or NICs on them.
- If you don't sell your shares straight away, you may be subject to Capital Gains Tax if their value has increased since you left. You may choose to put them in an ISA as mentioned previously.

Please Note:

The tax information provided in this guide is for information purposes only. It is not specific to your circumstances. The information provided is based on the tax rules that apply in the UK at the date this guide is sent to you but tax rules may change. If you are internationally mobile, you may be subject to tax in more than one country. This guide only covers the UK tax position for employees who are resident for tax purposes only in the UK. If you are in any doubt about the tax implications of your free share award or your participation in the SIP, you should seek independent, professional advice.



What if I don't want to receive my award of Free Shares?

If you do not want to receive your award of Free Shares, or if you do not agree with the terms of the award, you can opt out of receiving the award by submitting the Opt Out Form using the link given in the Free Share Invitation letter.

Contacts

In the first instance please contact the Equiniti Helpline:

Tel: +44 (0) 371 384 2040*

Email: myshareplan@equiniti.com.

Website: www.esp-portal.com/clients/howdens

*Lines are open 8.30 am to 5.30 pm (UK time) Monday to Friday excluding public holidays in England and Wales.

For deaf and speech impaired customers, Equiniti welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. You can also contact Equiniti by using their email service myshareplan@equiniti.com, please provide 'Howdens' in the subject line. Please contact Equiniti to request this document in an alternative format, for example, braille or audio.

For any additional enquiries please contact Fiona Hopkins in the Company Secretarial team:

Email: cosec@howdens.com

Tel: +44 (0) 20 75 35 11 47

Copies of the SIP rules are available from the Equiniti Employee Share Plans (ESP) Portal www.esp-portal.com/clients/howdens or on request from cosec@howdens.com.

Disclaimer

Awards of Free Shares under the SIP do not form any part of your remuneration or contract of employment or count as your remuneration for any purpose, and are not pensionable. The receipt of Free Shares in one year does not give you any right or expectation that you will receive an award of Free Shares in any subsequent year. This guide is provided for information purposes only and the actual terms of the SIP are set out in the Free Share Notification and the SIP rules. Nothing in this guide is intended to recommend any course of action or constitute tax, legal, financial or investment advice in relation to the SIP or your Free Shares. If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice from a suitably qualified person.