

FREQUENTLY ASKED QUESTIONS (FAQS)

PLEASE NOTE: words and phrases defined in the rules of the Share Incentive Plan (the *SIP Rules*) will have the same meaning in this document. The SIP Rules can be viewed online through the Howdens Shares page on Rooster Coop. You can also request them from cosec@howdens.com.

You can also find the SIP Rules in the Documents section of the Employee Share Plans (ESP) Portal www.esp-portal.com/clients/howdens. The ESP Portal is administered by Equiniti Limited (EQ), who is the current Plan Administrator. Equiniti's Employee Helpline number can be found at the end of these FAQs.

Please note that the Plan Administration will be moving to Computershare in autumn 2025. Separate communications will be sent to you with Computershare's contact details; however, you can contact cosec@howdens.com if you have any concerns or questions during the Plan Administration changeover.

What is the Share Incentive Plan (SIP)?

The Howden Joinery Share Incentive Plan is an HMRC tax-advantaged Employee Share Plan. There are four types of shares which may be awarded under the SIP:

- Free Shares
- Partnership Shares
- Matching Shares
- Dividend Shares

What is the Howdens Buy As You Earn (BAYE)

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

What does my Annual Statement show me?

This document provides you with key information about your SIP Shares. We've tried to keep it as straightforward as possible, but there are technical aspects to the SIP so if you have any questions that aren't answered here then please contact cosec@howdens.com or the Plan Administrator.

Your Annual Statement shows you the number of shares that are held on your behalf in the SIP, and their indicative value, at the statement date. It also provides a breakdown of the number of shares that are:

- **Locked-in** (shares that you cannot currently sell or transfer),
- **Conditional** (shares that are subject to UK income tax and National Insurance Contributions (NICs) if you sell or transfer them), and
- **Available** (shares that are not subject to UK income tax or NICs if you sell or transfer them).

Further details about what these different terms mean is set out below, under 'What is the status of my shares?'

What does the Changes section of my statement show me?

The Changes section gives you details of all SIP Shares that have been awarded, purchased, sold and transferred during the statement period.

I have some charges shown in the 'Changes to your Plan – deductions' section of my Annual Statement. What are these?

The 'charges' represents any dealing costs, e.g. commission and other fees, which have been deducted from the proceeds of sale of your shares. Please refer to your sales advice for a breakdown of these charges.

I have been awarded/purchased some shares recently. What does my Annual Statement show me about my new awards?

Whenever new shares are awarded to you or you purchase shares through the BAYE Plan, the Annual Statement will provide you with the following details about your new awards:

- The number of Partnership Shares you have bought and any Matching or Free Shares you have recently been awarded.
- Details about the restrictions that apply to your shares.
- The market value of those Free Shares at the time they were awarded to you.
- The 'Lock-in period' that applies to any new Matching or Free Shares awarded to you. Further information about the 'Lock-in period' is set out below, under 'What is a Lock-in period?'.

Any new award of Free Shares will also be added to the overall balance of Free Shares on your Annual Statement. They will appear as **Locked-in Shares**, given that a Lock-in Period applies to them.

What is a Lock-in period/Holding Period?

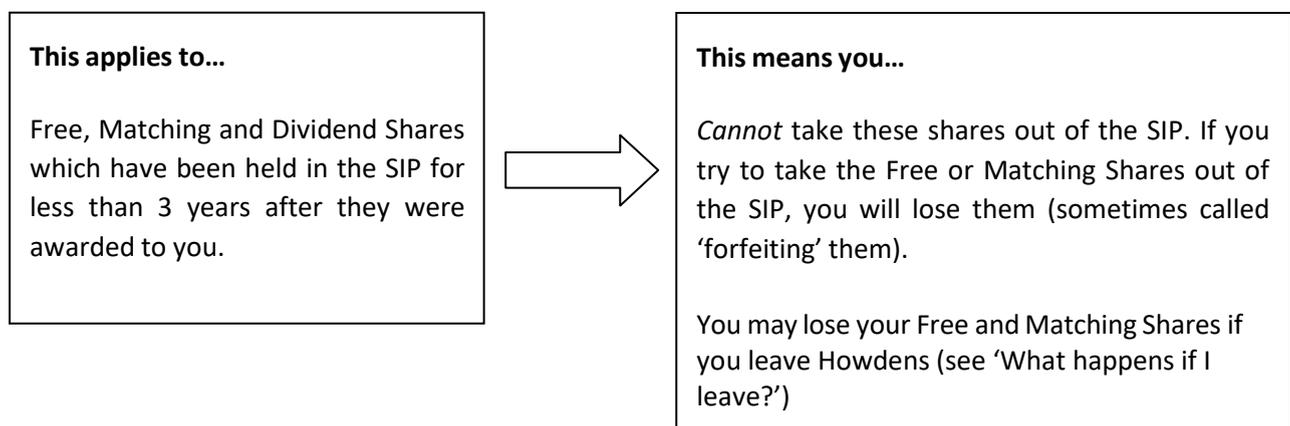
A Lock-in period (also known as the Holding Period) lasts for 3 years from the award date during which time your Free, Matching or Dividend Shares must be held in the SIP. During the Lock-in period, you cannot sell or transfer your Free, Matching or Dividend Shares to anyone else. The shares which remain subject to a Lock-in period are referred to as **Locked-in Shares** on your Annual Statement.

After the Lock-in period ends, your Locked-in Shares will become **Conditional**. This means you will be entitled to sell these shares out of the SIP if you'd like to, or alternatively you can choose to keep them in the SIP whilst you remain an employee. If you remove your shares before they have been in the SIP for 5 years, you will normally have to pay income tax and NICs.

What is the status of my shares?

The chart below summarises what each of the terms **Locked-in**, **Conditional** and **Available** mean in relation to your shares on your Annual Statement. It also explains what you can normally choose to do in each of these situations.

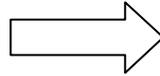
Shares which are **LOCKED IN**



Shares which are **CONDITIONAL**

This applies to...

Free, Partnership and Matching Shares which have been held in the SIP for between 3 and 5 years after they were awarded to you.



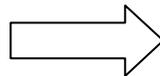
This means you...

Can take these shares out of the SIP *but* if you do, you may have to pay some income tax and NICs.

Shares which are **AVAILABLE**

This applies to...

Free, Partnership and Matching Shares which have been held in the SIP for at least 5 years and Dividend Shares that have been held in the SIP at least 3 years after they were acquired.



This means you...

Can take these shares out of the SIP and if you do, you will *not* have to pay any income tax or NICs on them.

Do I have any voting or dividends rights on my shares?

You become a beneficial shareholder of SIP Shares when they are awarded to you. From that day, you have the right to receive any dividends paid on those shares and to instruct the Trustee how to vote on resolutions proposed at General Meetings of Howden Joinery Group Plc.

Are dividends I receive on my shares subject to tax?

Under current UK tax rules there is a tax-free dividend allowance which applies to any dividends you receive in a tax year. You won't have to pay tax on dividend income received in a tax year which falls within the dividend allowance. However, you will have to pay tax on any dividend income you receive over the dividend allowance in a tax year. Visit www.gov.uk/tax-on-dividends for the latest dividend allowance.

If you do have a tax liability on your dividends, this won't be deducted on your behalf (e.g. by your employer or the Plan Administrator). YOU would be responsible for reporting the tax liability to HM Revenue and Customs (HMRC), in your self-assessment tax return, and for paying any tax due.

Do reinvested dividends get taxed?

You won't have to pay tax on dividend income used to acquire further shares if the shares are held in the Plan for 3 years from the date of their acquisition. The amount of SIP dividend income you receive and reinvest does not count towards your annual Dividend Allowance.

Is there a limit on the amount of dividends that can be reinvested?

No, there is no limit on the amount of dividends that can be reinvested.

Are my Free, Partnership and Matching Shares subject to tax?

Income tax and NICs.

If you keep your Free, Partnership and/or Matching Shares in the SIP for at least 5 years from the date they were awarded to you, you won't pay any income tax or NICs on their value.

If you choose to sell (or transfer out of the SIP) any Free Shares which have been held in the SIP for between 3 and 5 years after they were awarded to you, you will normally be subject to income tax and NICs in relation to those Free Shares on either the market value of those Free Shares when they were awarded to you OR their market value when they are removed from the SIP (whichever is lower).

The tax position may be different if you leave in certain special circumstances (see "What happens if I leave?").

Capital Gains Tax

If you sell your shares directly from the SIP (rather than transferring elsewhere in your name (not including to a Stocks and Shares ISA – see further information below) and then selling them), you won't pay any Capital Gains Tax (CGT) on them.

If you take your shares out of the SIP and sell them later on, you may have to pay CGT if their value has increased since you removed them from the SIP.

Alternatively, you could transfer your shares into a Stocks and Shares ISA up to your annual ISA allowance (subject to your ISA provider agreeing to the transfer). If you transfer the shares into an ISA within 90 days of their removal from the SIP, any future growth in their value whilst in the ISA will also be free from CGT.

How long do I need to hold my Free, Partnership and Matching Shares before I can sell them tax free?

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:

- Free Shares - 5 years
- Partnership Shares - 5 years
- Matching Shares - 5 years
- Dividend Shares - 3 years

However, your shares may be removed free of income tax and NICs if you leave in special circumstances before this date (see 'What happens if I leave?').

What happens if I leave?

If you leave Howdens, you will receive a letter from the Plan Administrator explaining what will happen to your shares.

In most cases, you will lose your Free and Matching Shares if you leave Howdens before they have been held in the SIP for 3 years. Losing your Free and Matching Shares is called 'forfeiting' them.

However, if you leave because of the following **special circumstances at any time** before the 5-year anniversary of the date your shares were awarded to you, you will not lose your Free and Matching Shares and they will be removed from the SIP free of income tax and NICs:

- your injury or disability,
- your redundancy,
- your retirement,
- the company or the part of the Howdens business that you work for is sold or transferred out of the Howdens group, or
- your death.

If you leave the Howdens group for any reason other than those listed above (for example, if you **resign** or you are **dismissed**), then what happens to your shares depends on **when** you leave.

As mentioned above, if you leave less than 3 years after your Free and Matching Shares were awarded to you (other than in the above special circumstances), you will forfeit them. If you leave more than 3 years after your Free and Matching Shares were awarded to you, you won't lose your shares, but you will have to pay income tax and NICs if it's still less than 5 years since they were awarded to you (unless you leave in the above special circumstances).

If you don't forfeit your Free and Matching Shares on leaving, they will need to be removed from the SIP and you will need to decide at that point whether to sell them or transfer them into your own name.

If you forfeit your Free and Matching Shares on leaving, you won't be entitled to receive the Free and Matching Shares anymore, but you won't pay any income tax or NICs on them either.

Your Free and Matching Shares / Locked-in Shares are subject to the following restrictions:

- Pursuant to Rule 3.1 of Part Two of the Rules and clauses 4 to 7 of the Free Share Notification (which we sent to you previously), your Free Shares will be held by the Trustee during the Holding Period and your ability to deal in or with them will be limited.
- Pursuant to Rule 3.2 of Part Two of the Rules and clause 8 of the Free Share Notification, you may forfeit (i.e., lose your rights to) your Free Shares in certain circumstances within 3 years from the Appropriation Date.
- Dealings in your shares may be restricted further to Article 14 of the UK Market Abuse Regulation (MAR) at a time when you have inside information. If you are a Person Discharging Managerial Responsibilities (PDMR) in the Company, or a person closely associated with such a person, Article 19 of MAR may also restrict your dealings in shares during certain periods.

When can I sell or transfer my shares?

You can only normally sell or transfer shares that are **Conditional** or **Available**. Shares have to be sold or transferred in the order that they came into the Plan. For instance, if you ask us to sell 100 of your shares, we will sell the 100 that you have owned for the longest.

Dealings in your shares may be restricted under Article 14 of the UK Market Abuse Regulation (MAR) if you have inside information. If you are a Person Discharging Managerial Responsibilities (PDMR) in the Company, or a Person Closely Associated (PCA) with such a person, Article 19 of MAR may also restrict your dealings in shares during certain periods; however, you will have been specifically notified if you are either a PDMR or a PCA.

How can I sell my Available and Conditional Shares?

You can sell your **Available** and **Conditional** Shares online using the Plan Administrator's Portal. Currently, this is the EQ ESP Portal (see 'How do I access the ESP Portal?') or you can call the EQ Employee Helpline (see 'How can I contact EQ?') to request a paper non-leaver sales form. Please see the note on first page of this FAQs document regarding Plan Administrator changeover in autumn 2025.

What is the ESP Portal?

The ESP Portal is a website which enables you to view all of your SIP shares at any time, along with any Ordinary Shares you may directly hold in the Company and any other awards made to you. Please see the note on first page of this FAQs document regarding Plan Administrator changeover in autumn 2025.

How do I access the ESP Portal?

Details of how to access the ESP Portal are shown below:

NEW USERS

You will need to go to the '**Register**' section of the homepage (www.esp-portal.com/clients/howdens) and complete the brief registration details. You will be asked to provide your **Last name, Date of birth and your Employee Payroll number** when registering.

After registration, an **Activation code** will be posted to you (unless you have provided a Howdens email address, in which case it will be emailed to you). Please use this code to activate your account. You will then be able to use the services available on the Portal. To activate your Portal account, go to '**Login**', entering your **Last name, Date of birth, Employee Payroll number** and the **password** you created at the time of registration. You will then be prompted to activate your account.

EXISTING USERS

If you have already registered for ESP Portal, go to the '**Login**' section of the homepage (www.esp-portal.com/clients/howdens) and enter your **Last name, Date of birth, Employee Payroll number** and the **password** you created at the time of registration.

If you have forgotten your password, select the 'Forgotten your password' link. You will be required to answer some security questions before being prompted to re-set your password.

How can I contact EQ?

If you have any queries, please contact the EQ Employee Helpline on **+44 (0) 371 384 2040**.

You can also contact us by using our email service myshareplan@equiniti.com or you can use the Relay UK Website. Lines are open Monday to Friday, 8.30am to 5.30pm, excluding public holidays in England and Wales.

Please contact us to request this document in an alternative format, for example large print, Braille or audio CD.

Please note that the Plan Administration will be moving to Computershare in autumn 2025. Separate communications will be sent to you with Computershare's contact details and information on how to access Computershare's online portal; however, you can contact cosec@howdens.com if you have any concerns or questions during the Plan Administration changeover.

DISCLAIMER – PLEASE NOTE:

Awards of shares under the SIP (SIP Shares) 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 SIP Shares in one year does not give you any right or expectation that you will receive an award of SIP 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 SIP Rules. The SIP Rules can be viewed in the Documents section of the ESP Portal, on Rooster Coop (just search 'Howdens Shares'), or by requesting them from cosec@howdens.com.

The tax information provided in this guide is not specific to your circumstances. The information provided is based on the tax rules that apply in the UK in April 2023 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.

In the event of any conflict between this guide and the SIP Rules and/or applicable legislation, the SIP Rules and/or applicable legislation (as relevant) will prevail.

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.