



Howden Joinery Group Plc

# HOWDENS

Annual General Meeting 2019

11.00am, 2 May 2019



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

When considering what action to take, it is recommended you consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisor who is authorised under the Financial Services and Markets Act 2000 (or, if you are resident outside the UK, an independent and appropriately qualified financial advisor).

If you have sold or otherwise transferred all of your Howden Joinery Group Plc shares, please pass this document and the accompanying form of proxy to the purchaser or transferee, or to the agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

## Information

### LOCATION

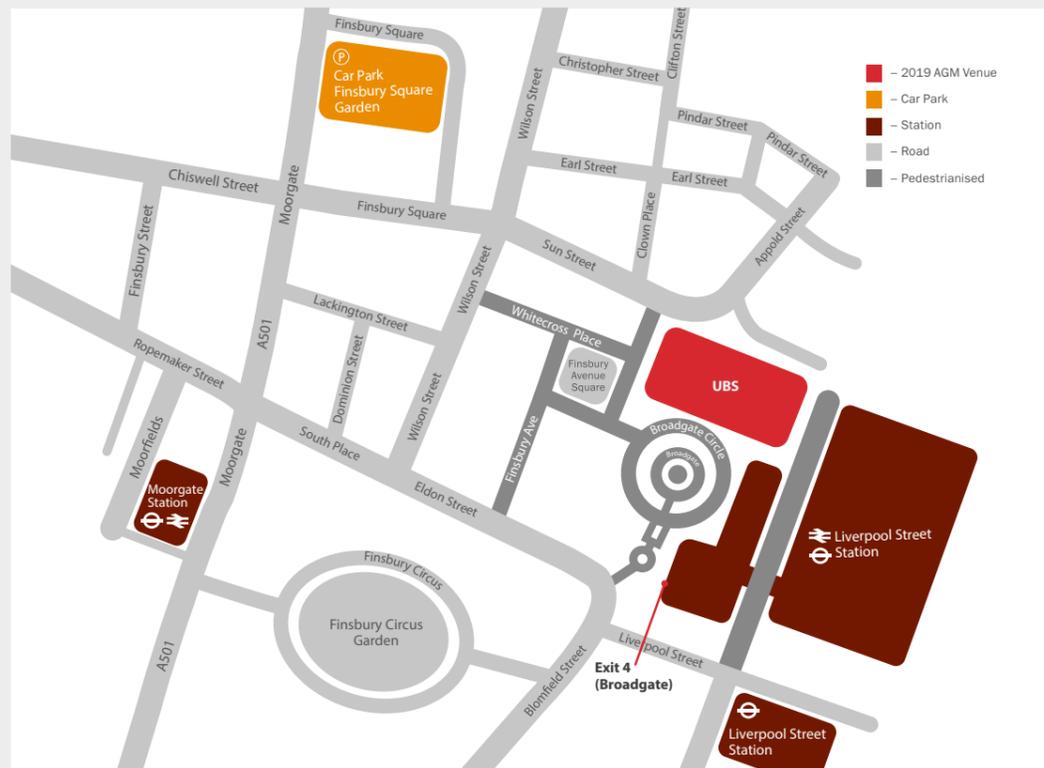
7th Floor  
UBS  
5 Broadgate  
London  
EC2M 2QS

### DATE AND TIME

11.00am  
Thursday, 2 May 2019

### DIRECTIONS

Both Moorgate and Liverpool Street stations, which run national rail and underground services, are within a short walk of the venue. If you arrive at Liverpool Street Station, please leave the station through 'Exit 4 (Broadgate)' (see map below).



## Chairman's letter

27 March 2019

Dear Shareholder,

The Annual General Meeting (the "AGM") of Howden Joinery Group Plc (the "Company") will commence at **11.00am on Thursday, 2 May 2019** at **UBS, 5 Broadgate, London, EC2M 2QS**. Details of the business to be considered at the AGM are set out in the formal Notice of Meeting that follows this letter.

### BOARD OF DIRECTORS

All of the directors of the Company (the "Directors" or the "Board") as at the date of the AGM will stand for election (if appointed by the Board since the 2018 AGM) or re-election (if elected by shareholders at the 2018 AGM). If you would like more information about the Directors, biographies of each are available at [www.howdenjoinerygroupplc.com](http://www.howdenjoinerygroupplc.com) and on pages 60 and 61 of the 2018 Annual Report.

In proposing election and re-election, my fellow Board members and I confirm that we have considered the formal performance evaluation undertaken in respect of each of the Directors seeking re-election, particularly in relation to individual contribution and commitment.

### DIRECTORS' REMUNERATION POLICY

We are proposing that an updated Directors' Remuneration Policy be adopted at this year's AGM. The Companies Act 2006 (the Act) provides that companies must put their Remuneration Policy to a shareholder vote at least every three years, and therefore the current policy, which was approved at the 2016 AGM, is due to expire this year.

Our updated policy remains broadly unchanged and is structured to be aligned to our strategy and to rewarding performance throughout the business, which remains a central part of the Company's ethos. We have also been mindful to remove undue complexity at Executive Director level wherever possible and we have made some minor revisions to ensure the policy remains in line with best practice. We invited our principal shareholders to comment on the draft policy and we have taken their feedback into account in the updated policy. The full updated policy is set out on pages 82 to 89 of the 2018 Annual Report and Accounts.

### LONG TERM INCENTIVE PLAN ("LTIP")

We are also proposing that a renewed long term incentive plan be adopted at this year's AGM. The Investment Association Principles of Remuneration (November 2018) state that share plan rules should not be used to make new awards beyond the life of the plan as approved by shareholders, which should not exceed 10 years. The Company's current long term incentive plan was approved by shareholders at the 2009 AGM and therefore will expire this year.

A summary of the principal terms of the renewed LTIP may be found in the Appendix 1 on page 10 of the formal Notice of Meeting.

### VOTING ARRANGEMENTS

Voting at the AGM will be taken by a poll rather than a show of hands. A poll ensures that the votes of shareholders who are unable to attend the AGM, but who have appointed proxies, are taken into account in the final voting results. We believe this method gives a more accurate reflection of the views of all of our shareholders.

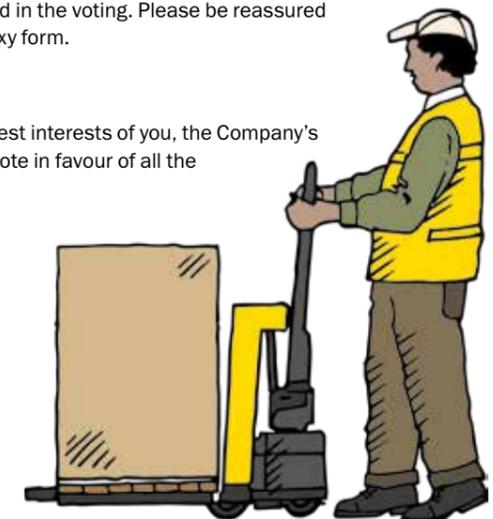
We strongly recommend that you complete the proxy form sent to you with the Notice of Meeting to ensure your vote is counted. Please return the completed proxy form to the Company's Registrars (details and instructions are given on the form itself). Proxy forms must be received by the Registrar by **11.00am on Tuesday, 30 April 2019** to be counted in the voting. Please be reassured that you may still attend and vote in person at the AGM even if you have submitted a proxy form.

### VOTING RECOMMENDATION

The Board believes that all the proposals to be considered at the 2019 AGM are in the best interests of you, the Company's shareholders, and the Company itself. We therefore unanimously recommend that you vote in favour of all the resolutions proposed on pages 3 to 9 of the formal Notice of Meeting.

Yours sincerely

**Richard Pennycook**  
Chairman



## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the "AGM") of Howden Joinery Group Plc (the "Company") will be held at **UBS, 5 Broadgate, London, EC2M 2QS** on **Thursday, 2 May 2019** at **11.00am** to consider and, if thought fit, to pass the resolutions set out below. Explanatory notes to each resolution are included in this Notice below each resolution. Voting on all resolutions will be by way of a poll.

Resolutions 1–18 are proposed as Ordinary Resolutions. Resolutions 19–22 are proposed as Special Resolutions.

### ORDINARY RESOLUTIONS

**FOR EACH OF THESE RESOLUTIONS TO BE PASSED, MORE THAN 50% OF THE VOTES CAST MUST BE IN FAVOUR**

#### Accounts and Reports

- To receive the accounts and reports of the directors of the Company (the "Directors" or the "Board") and the report of the independent auditor for the 52 weeks ended 29 December 2018.**

##### Explanation

The Directors are required to present the reports of the Directors and the accounts of the Company for the 52 weeks ended 29 December 2018 to shareholders at the AGM. This is a standard resolution common to annual general meetings.

#### Directors' Remuneration Report

- To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy on pages 82 to 89, as set out in the Report and Accounts for the 52 weeks ended 29 December 2018.**

##### Explanation

The Directors' Remuneration Report, which begins on page 80 of the 2018 Annual Report and Accounts (the "Annual Report"), gives details of your Directors' remuneration for the 52 weeks ended 29 December 2018. The Company's auditor, Deloitte LLP, has audited those parts of the Directors' Remuneration Report capable of being audited and their report may be found on pages 152 to 158 of the Annual Report. The Board considers that appropriate, fair and responsible executive remuneration is central to ensuring management's interests are closely aligned with those of the shareholders. The vote on the Directors' Remuneration Report is an advisory vote and therefore any individual's entitlement to remuneration is not conditional on the resolution being passed.

#### Directors' Remuneration Policy

- To approve the Directors' Remuneration Policy set out on pages 82 to 89 of the Report and Accounts for the 52 weeks ended 29 December 2018, such Directors' Remuneration Policy to take effect from the date of its adoption.**

##### Explanation

Unlike the Directors' Remuneration Report, the vote on the Directors' Remuneration Policy is binding in nature in that the Company may not make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a Director of the Company unless that payment is consistent with the approved Directors' Remuneration Policy, or has otherwise been approved by a resolution of members. If this resolution is passed, the Directors' Remuneration Policy will take effect from the date of its adoption. If the resolution in respect of the Directors' Remuneration Report is not passed, the policy will be presented to shareholders for approval at the next AGM.

A copy of the Directors' Remuneration Policy is available on the Company's website at [www.howdenjoinerygroupplc.com](http://www.howdenjoinerygroupplc.com) alongside the current policy or in hard copy on request from the Company Secretary.

#### Final Dividend

- To declare a final dividend of 7.9 pence per ordinary share recommended by the Directors in respect of the 52 weeks ended 29 December 2018, payable on Friday, 21 June 2019 to ordinary shareholders named on the register of members as at 6.00pm on Friday, 24 May 2019.**

##### Explanation

A final dividend may only be paid after the shareholders have approved it at a general meeting. Subject to this resolution being approved by shareholders, the final dividend of 7.9 pence per ordinary share for the 52 weeks ended 29 December 2018 will be paid on Friday, 21 June 2019 to shareholders whose names are on the register of members at 6.00pm on Friday, 24 May 2019.

An interim dividend of 3.7 pence per ordinary share was paid on 23 November 2018. Therefore, if this resolution is passed, the total full-year dividend for the 52 weeks ended 29 December 2018 will be 11.6 pence per ordinary share.

#### Director Election and Re-Election

- To elect Karen Caddick as a Director of the Company.**
- To re-elect Mark Allen as a Director of the Company.**
- To re-elect Andrew Cripps as a Director of the Company.**
- To re-elect Geoff Drabble as a Director of the Company.**
- To re-elect Tiffany Hall as a Director of the Company.**
- To re-elect Andrew Livingston as a Director of the Company.**
- To re-elect Richard Pennycook as a Director of the Company.**
- To re-elect Mark Robson as a Director of the Company.**
- To re-elect Debbie White as a Director of the Company.**

##### Explanation

In line with requirements of the Company's articles of association (Article 117), Directors appointed by the Board since the last AGM are required to submit themselves for election at the first AGM following their appointment. Therefore, Karen Caddick will offer herself for election (Resolution 5). In accordance with the UK Corporate Governance Code, each Director elected at the previous AGM should retire and seek re-election at the forthcoming AGM. The Directors seeking re-election may be found in Resolutions 6 to 13 inclusively. The Company confirms that this will be the last AGM at which Tiffany Hall will submit herself for re-election. Tiffany was appointed to the Board in May 2010 and has served as Remuneration Committee chair since May 2014. She will retire from the Board during 2019 following an extended handover period of Remuneration Committee responsibilities to Karen Caddick and to ensure that Karen will have served on the Remuneration Committee for a period of at least 12 months.

We believe that there is a good balance of skills and experience available to the Company through the current members of the Board. The performance of individuals and of the Board both individually and as a whole was formally considered through an internal board evaluation process in November 2018. Having considered the performance of the individuals standing for re-election, the Nominations Committee is satisfied with the contribution of all the current Directors, that each Director's performance continues to be effective and that each Director demonstrates commitment to their role. It is therefore proposed that each is either elected or re-elected.

Biographies for each of the Directors are available at [www.howdenjoinerygroupplc.com](http://www.howdenjoinerygroupplc.com). Details of Directors' current appointments can be found on pages 60 and 61 of the 2018 Annual Report. An explanation of the importance of each Director's contribution to the Company's long term sustainable success may be found in Appendix 3 on page 14 of this Notice.

#### Reappointment and Remuneration of Auditors

- To reappoint Deloitte LLP ("Deloitte") as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next AGM at which accounts are laid.**
- To authorise the Directors to determine the auditor's remuneration.**

##### Explanation

The auditor of a company must be reappointed at each general meeting at which accounts are laid. Resolution 14 proposes the reappointment of the Company's existing auditor, Deloitte, until the conclusion of the next AGM of the Company at which accounts are laid.

The Audit Committee has considered the rules on mandatory audit tendering and auditor rotation and has determined that it is in the best interests of the Company to retain Deloitte as its auditor until the end of the current five-year lead audit partner cycle, which is due to conclude in 2021. The Audit Committee will, however, continue to keep the need to re-tender under review during this cycle to ensure Deloitte remain sufficiently independent and effective in ensuring a robust audit process.

Resolution 15 gives authority to the Directors to determine the auditor's remuneration.



## Notice of Annual General Meeting continued

### Political Donations

16. That the Company and any subsidiaries of the Company at any time during the period for which this resolution relates, be and are hereby authorised for the purposes of Part 14 of the Companies Act 2006 (the Act), during the period commencing on the date of the passing of this resolution and ending on the date of the Company's next annual general meeting, to:

- (a) make political donations to political parties and/or independent election candidates;
- (b) make political donations to political organisations other than political parties; and
- (c) incur political expenditure, up to an aggregate amount of £100,000.

For the purpose of this resolution the terms "political donations", "independent election candidates", "political organisations" and "political expenditure" have the meanings as set out in sections 363 to 365 of the Act.

#### Explanation

The Companies Act 2006 (the Act) prohibits the Company and its subsidiaries from making political donations or from incurring political expenditure in respect of a political party or other political organisation or an independent election candidate unless authorised by the Company's shareholders.

Neither the Company nor any of its subsidiaries has any intention of making any political donation or incurring any political expenditure. However, the relevant provisions of the Act define "political party", "political organisation", "political donation" and "political expenditure" in a broad manner. For example, donations to certain charitable organisations could, technically, constitute "political donations" or "political expenditure".

This resolution enables the Company and its subsidiaries to incur expenditure of up to £100,000 in aggregate in respect of the various heads identified in the relevant provisions without inadvertently committing a breach of the Act through the undertaking of routine activities such as making charitable donations or providing sponsorship. The authority sought will, if granted, last until the conclusion of the next AGM of the Company.



### Authority to Allot Shares

17. (a) That the Board be and is hereby generally and unconditionally authorised pursuant to section 551 of the Act to allot shares in the Company and to grant rights to subscribe for or to convert any securities into shares in the Company:

- i. up to an aggregate nominal amount of £20,236,601; and
- ii. comprising equity securities (as defined in the Act) up to an aggregate nominal amount of £40,473,202 (including within such limit any shares issued or rights granted under (i) above) in connection with an offer by way of a rights issue to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to apply until the end of next year's annual general meeting or, if earlier, until the close of business on 2 August 2020 but, in each case, so that the Company may make offers and enter into arrangements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the authority ends and the Board may allot shares and grant rights under any such offer or agreement as if the authority had not ended.

(b) That, subject to paragraph (c), all existing authorities given to the Directors pursuant to section 551 of the Act be revoked by this resolution; and

(c) That paragraph (b) shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

#### Explanation

This resolution seeks authority for the Directors to allot up to a maximum nominal amount of £20,236,601 (being one-third of the issued share capital of the Company as at 21 March 2019 in accordance with Investment Association guidance) and also gives the Board authority to allot ordinary shares up to a maximum amount of £40,473,202 by way of a rights issue (being two-thirds of the issued share capital of the Company as at 21 March 2019, also in accordance with Investment Association guidance).

The Board has no present intention to exercise this authority, other than in connection with the Company's various share-based plans for senior executives and employees; however, it is considered prudent to maintain the flexibility that this authority provides. The Directors intend to renew this authority annually. The authority sought under this resolution will expire at the conclusion of the annual general meeting in 2020 or on 2 August 2020, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a general meeting).

As at 21 March 2019 (the latest practicable date prior to publication of this Notice), the Company held 6,738,280 ordinary shares in treasury, which represents 1.11% of the Company's issued ordinary share capital (calculated exclusive of treasury shares).

### Approval of Long Term Incentive Plan

18. That the Howdens Long Term Incentive Plan (the "LTIP"), a copy of the draft rules of which has been produced to the meeting and a summary of the main provisions of which is set out in Appendix 1 to this Notice, be and is hereby approved, and the Board be and is hereby authorised to:

- (a) do all such acts and things necessary to establish and carry the LTIP into effect; and
- (b) establish schedules to, or further plans based on, the LTIP but modified to take account of local tax, exchange control or securities laws in other jurisdictions, provided that any awards made under any such plans or schedules are treated as counting against the limits on individual and overall participation in the LTIP.

#### Explanation

The Company is proposing to adopt a new plan to be known as the Howdens Long Term Incentive Plan (the "LTIP") to replace the existing long term incentive plan, which expires in May 2019. The LTIP will be used by the Company to make discretionary awards to executive directors of the Company ("Executive Directors") and certain employees below Board level. Whilst the terms of the LTIP remain similar to the expiring long term incentive plan, certain changes are proposed to simplify the LTIP, assist with its administration, reflect current best practice, and ensure it can be operated for Executive Directors in a manner which complies with the proposed Directors' Remuneration Policy, if such Policy is approved pursuant to Resolution 3. The Board confirms that the LTIP will operate within the Investment Association's dilution limits.

## Notice of Annual General Meeting continued

Resolution 18 proposes the plan rules for the new LTIP be approved, and also gives the Board authority to establish schedules to the plan or separate plans which are commercially similar, for the purposes of granting awards to employees and Executive Directors who are based outside of the UK. Any awards made under such plans or schedules will count towards the limits on individual and overall participation in the LTIP.

A summary of the principal terms of the new LTIP is set out in Appendix 1 to this Notice starting on page 10. The draft rules of the new LTIP will be available for inspection at the Company's registered office during usual business hours on weekdays (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the conclusion of the AGM. They will also be available at the AGM for at least fifteen minutes prior to and until the conclusion of the meeting.

### SPECIAL RESOLUTIONS

**FOR EACH OF THESE RESOLUTIONS TO BE PASSED, A MINIMUM OF 75% OF THE VOTES CAST MUST BE IN FAVOUR**

#### Disapplication of Pre-Emption Rights

**19. That, subject to the passing of Resolution 17, and in place of all existing powers, the Board be and is hereby generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined in the Act) for cash, under the authority given by Resolution 17, as if section 561 of the Act did not apply to the allotment.**

This power:

- (a) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Resolution 17(a)(ii), by way of a rights issue only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;
- (b) in the case of the authority granted under Resolution 17(a)(i), shall be limited to the allotment (otherwise than under (a) above) of equity securities up to an aggregate nominal amount of £3,035,490;
- (c) shall apply until the end of next year's annual general meeting or, if earlier, until the close of business on 2 August 2020 but during this period the Company may make offers and enter into arrangements, which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended; and
- (d) applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "under the authority given by Resolution 17" were omitted.

#### Explanation

This resolution seeks to renew the authority of Directors to issue the Company's equity securities for cash without application of the pre-emption rights. The power granted by this resolution will expire on the conclusion of next year's annual general meeting or, if earlier, on 2 August 2020.

The passing of this authority will give the Directors flexibility to finance business opportunities by issuing shares without making a pre-emptive offer to existing shareholders first. Other than in connection with a rights issue, open offer or other similar issue, the authority contained in this resolution will be limited to an aggregate nominal value of £3,035,490 which represents 5% of the Company's issued ordinary share capital (as at 21 March 2019) in accordance with the Pre-Emption Group's Statement of Principles.

The Board confirms that in any rolling three-year period they have no intention of issuing more than 7.5% of the issued share capital for cash on a non pre-emptive basis. This resolution also seeks a disapplication of pre-emption rights on a rights issue so as to allow the Directors to make exclusions or other appropriate arrangements to resolve legal or practical problems in connection with such an issue.

#### Authority to Purchase Own Shares

**20. That the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") provided that:**

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 60,709,803;
- (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 10p;
- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is the higher of:
  - i. an amount equal to 105% of the average middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
  - ii. an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;
- (d) this authority expires at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 2 August 2020; and
- (e) the Company may make a purchase of ordinary shares after the expiry of this authority if the contract for such purchase was entered into before such expiry.

#### Explanation

This resolution renews the authority granted at last year's annual general meeting and affords the Company the authority to buy back its own ordinary shares in the market as permitted by the Act. The authority limits the number of shares that could be purchased to a maximum of 60,709,803 (representing 10% of the issued share capital of the Company at 21 March 2019) and sets minimum and maximum prices. This authority will expire at the conclusion of the AGM in 2020.

Shares that are bought in the market by the Company's brokers will either be held in treasury to use for future obligations for Company share schemes, or cancelled. Any shares held as treasury shares as a result of the repurchase programme will not receive any dividends and will have no voting rights. The authority to purchase the Company's ordinary shares will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the best interests of the shareholders as a whole.

As at 21 March 2019, options over 6,051,933 ordinary shares representing 1.00% of the current issued share capital were outstanding under all employee share schemes adopted by the Company. If the authority to purchase the Company's ordinary shares were to be exercised in full, these options would represent 1.11% of the Company's issued share capital. As at 21 March 2019, the Company held 6,738,280 treasury shares.

During 2018, the Company returned over £62m to shareholders by repurchasing a total of 12,756,448 shares, which were cancelled. In the 2018 Preliminary Results, the Company announced that it would undertake an on-market share buyback programme and repurchase an additional £50m of its own shares in the period to the end of 2020.



## Notice of Annual General Meeting continued

### Amendment to the Articles of Association

**21. That, with effect from the conclusion of the meeting, the articles of association of the Company be amended by deleting article 135 and replacing it with new article 135 in the form set out in Appendix 2 to this Notice of Meeting on page 13.**

#### Explanation

Under this resolution, in preparation for the adoption by the Company of the accounting standard IFRS 16 in its next financial year ending 26 December 2020, the Company is proposing to amend its existing articles of association (adopted in 2014), to remove leases from the calculation of the aggregate principal amount of borrowings in Article 135.

Currently, leases for the Group's depots, warehouse, factory and office properties, as well as other assets such as forklift trucks, lorries, vans and cars are not represented on the Company's balance sheet, as they are defined as operating leases. Under IFRS 16, the classification of leases as either finance or operating leases will be eliminated, bringing the operating leases onto the balance sheet. The gross assets and gross liabilities on the Company's balance sheet will increase by a broadly equal and opposite but material amount. Resolution 21 therefore proposes to remove leases from the calculation of the aggregate principal amount of borrowings in Article 135, consistent with the removal of that classification under IFRS 16. Further information about IFRS 16 may be found on page 121 of the 2018 Annual Report and Accounts.

A copy of the Company's existing articles of association marked to show all the changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this notice of meeting until the close of the meeting. They will also be available for inspection at the annual general meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

### Notice of General Meetings

**22. That a general meeting other than an annual general meeting may be called on no less than 14 clear days' notice.**

#### Explanation

This resolution is required to reflect the implementation of the Shareholder Rights Directive in August 2009. The regulation implementing this Directive increased the notice period for general meetings of the Company to 21 days. Under the Articles, the Company can call general meetings (other than an annual general meeting) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so, shareholders must have approved the calling of meetings on 14 clear days' notice; Resolution 22 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 clear days' notice.

By order of the Board

**Forbes McNaughton**  
Company Secretary

27 March 2019

## Appendix 1

### SUMMARY OF HOWDENS LONG TERM INCENTIVE PLAN

#### 1. General

The operation of the Howdens Long Term Incentive Plan ("LTIP") will be overseen by the Company's remuneration committee in relation to Executive Directors and by the Board (or a duly authorised committee, such as the Company's remuneration committee) in relation to employees who are not Executive Directors (in either case, the "Committee").

Decisions of the Committee are final and conclusive.

Benefits under the LTIP are not pensionable benefits.

#### 2. Eligibility

Employees of the Company and its subsidiaries (the "Group"), including employed Executive Directors, will be eligible to participate in the LTIP, at the discretion of the Committee. The Committee may require deferral of a cash bonus or the acquisition or retention of ordinary shares in the capital of the Company ("Shares") in order to be eligible. The Committee may not grant LTIP awards to those on notice to terminate their employment.

LTIP awards made to Executive Directors will comply with the shareholder approved Directors' Remuneration Policy in force at the time of grant (the "Applicable Policy"), particularly as regards the normal vesting period, individual limit(s), the application of the Company's malus and clawback policy, and any holding periods.

#### 3. Awards under the LTIP

Awards granted under the LTIP will be granted over Shares, and may be in the following forms, at the discretion of the Committee:

- a conditional right to acquire Shares in the future;
- an option to acquire Shares in the future (with or without an exercise price);
- upfront Shares, beneficially owned by the participant from the outset but subject to forfeiture provisions for the duration of the relevant vesting period; or
- a conditional right to receive a cash sum in the future linked to the value of a given number of notional Shares.

In practice, it is currently intended that awards granted to Executive Directors will be in the form of conditional rights to acquire Shares in the future.

Awards may be settled using (or where applicable, awarded over) newly issued, treasury or existing Shares. Awards may not be transferred, except on death. No payment is required for the grant of an award.

#### 4. Timing of awards

Awards may only be granted within a period of 42 days starting on any of the following:

- the day the LTIP is approved by shareholders;
- the business day following the day the Company's results are announced for any period;
- any day on which changes to legislation or regulations affecting share plans are announced or take effect;
- any day on which the Committee resolves that exceptional circumstances exist which justify the grant of awards; and
- if restrictions on dealings or transactions in securities ("Dealing Restrictions") prevented the grant of awards in the periods mentioned above, the day the **Dealing Restrictions** are lifted.

Awards may not be granted after 2 May 2029.

#### 5. Dilution limits

The number of Shares which may be allocated under the LTIP on any day must not exceed 10 per cent of the ordinary share capital of the Company in issue immediately before that day, when added to the total number of Shares which have been allocated in the previous 10 years under the LTIP and under any other employee share plans operated by the Company. Additionally, a similar limit of 5 per cent applies, when Shares allocated under the LTIP are taken in conjunction with Shares allocated under any other discretionary employee share plans operated by the Company.

Such limits apply to rights to acquire unissued Shares or, where no right to acquire Shares is granted, the actual issue and allotment of new Shares. For so long as required by institutional investor guidelines, treasury Shares count towards these limits. Where certain variations of capital occur, the number of Shares taken into account under these limits will be adjusted as the Committee considers appropriate.

#### 6. Individual limits

Awards to Executive Directors may only be granted in accordance with the limit(s) set out in the Applicable Policy. For others, the Committee will determine what limit(s) (if any) will apply from time to time.

## Appendix 1 continued

### 7. Conditions of awards

Awards may be granted subject to performance conditions, or other conditions, that must normally be satisfied in order for awards to vest. All LTIP awards granted to Executive Directors will be subject to performance conditions, with a performance period of not less than 3 financial years.

The Committee may change a performance condition (or change or waive another condition which is not a performance condition) in accordance with its terms or if anything happens which causes the Committee to reasonably consider it appropriate to do so. A changed performance condition will not be materially less or more difficult to satisfy than the original performance condition was intended to be.

The Committee may adjust (including reduce to zero) the extent to which an award will vest in light of overall underlying performance.

Malus and/or clawback provisions may apply in accordance with the Company's malus and clawback policy from time to time and in line with the Applicable Policy.

Post-termination shareholding requirements will apply to Executive Directors in line with the Company's shareholding policy from time to time and in line with the Applicable Policy.

Executive Directors' Awards are subject to a post-termination restriction, such that the participant's award may be reduced, or clawed back, if they receive good leaver treatment as a consequence of retirement and subsequently become engaged as an executive director in another business within a specified period from leaving (normally 12 months).

### 8. Vesting and exercise of awards

The length of the vesting period for awards made to Executive Directors will be of a length consistent with the Applicable Policy and, for all others, will normally be 3 years from grant. The LTIP rules include the flexibility for awards to vest in tranches.

Vesting, exercise (where relevant) and/or settlement may be delayed due to Dealing Restrictions, or where an investigation is ongoing that might lead to malus and/or clawback being triggered. In some circumstances, the exercise window for an option may be extended by such delays.

Awards (other than awards of forfeitable Shares) may carry the right to receive an amount in cash or Shares relating to the value of dividends that would have been paid over the vesting period in respect of any actual or notional (as applicable) Shares that vest ("**Dividend Equivalents**"). In practice, it is currently intended that Executive Directors' Awards will not carry a right to Dividend Equivalents.

Awards granted as options may be exercised in whole or part. Options will normally remain exercisable from vesting until ten years after grant, with Committee discretion to specify an earlier end date. Automatic exercise provisions apply, deeming an option to be exercised to the fullest extent possible, where an exercise window under the LTIP would otherwise expire and the participant would stand to make a gain on exercise. Otherwise, an option lapses on expiry of the relevant exercise window.

Following vesting of a conditional right to acquire Shares or a cash sum, or on exercise of an option, Shares or cash (as appropriate) will normally be delivered to the participant. On vesting of upfront Shares granted subject to forfeiture provisions, the forfeiture provisions cease to apply.

The Committee may decide to settle any award (other than an award of forfeitable Shares) partly or fully in cash instead of Shares. In practice, it is currently intended that awards made to Executive Directors will be settled in Shares, save to the extent Shares are withheld to cover any applicable tax or other withholdings or where there are legal, regulatory or other issues with delivering Shares.

### 9. Holding period

A holding period may be applied to an award, such that participants may not normally dispose of the Shares acquired or released on vesting or exercise for a specified period after vesting. Some exceptions apply such as for Shares sold to cover taxes and/or social security or to collect any outstanding exercise price.

Awards granted to Executive Directors will be subject to a holding period where required by, and consistent with, the Applicable Policy. Any other awards may be subject to a holding period, for such period determined by the Committee at grant.

### 10. Cessation of employment

If a participant ceases to be an employee (and ceases to be a director) of all members of the Group before vesting (or, where relevant, exercise), their award will normally lapse.

However, if the reason for such cessation is death, ill-health, injury or disability (evidenced to the satisfaction of the employing company), retirement by agreement with the employing company, redundancy (unless the Committee determines otherwise), the transfer of the employing business or company outside of the Group or any other reason at the Committee's discretion (a "**Good Leaver**"), an unvested award will normally:

- continue until the normal vesting date;
- only vest to the extent the Committee determines any performance conditions have been satisfied;
- only vest to the extent any other conditions applicable to the award have been satisfied; and
- be pro-rated for time.

There is Committee discretion to decide otherwise for Good Leavers on some of the above points. In practice, for Executive Directors, the leaver provisions will be interpreted and applied in a manner consistent with the Applicable Policy.

Where a participant leaves after vesting (or, in the case of an option, exercise), their award will normally continue in accordance with the provisions of the LTIP.

In the case of options that do not lapse as a consequence of leaving, there will normally be a 12 month exercise period from vesting or, where vesting occurred prior to leaving, from leaving.

Any holding period will normally continue to apply after leaving.

If, at any time, a participant is summarily dismissed or leaves in circumstances where, in the opinion of the Committee, their employer was entitled to summarily dismiss them, their award will immediately lapse.

### 11. Company events

In the event of a takeover (including a person becoming bound or entitled to acquire Shares under UK company law), scheme of arrangement or proposed voluntary winding up of the Company, awards will (may for schemes of arrangement) vest and, where relevant, will normally be exercisable for a period of one month from the relevant event (or until winding up begins).

Vesting of unvested awards in these circumstances would normally occur:

- only to the extent the Committee determines any performance conditions have been satisfied;
- only to the extent any other conditions applicable to the award have been satisfied; and
- on a time pro-rated basis.

Any holding period and the Company's malus and clawback policy will normally continue to apply, with any amendments as the Committee determines appropriate.

Alternatively, in some circumstances (including internal reorganisations in particular), awards may be exchanged for new awards on terms substantially similar to the original awards.

### 12. Variations in share capital

In the event of a variation in the share capital of the Company, a demerger, special dividend or distribution or any other transaction which will materially affect the value of Shares, the Committee may make an adjustment to the number or class of Shares subject to awards and, in the case of an option, the exercise price. Any additional Shares or other rights allotted in relation to an award of forfeitable Shares as a consequence of such an event will normally be deemed to form part of the award.

Alternatively, if the Committee considers an adjustment of awards is not practicable or appropriate, vesting may be accelerated, subject to performance conditions, any other conditions, and pro-rating for time, as for other company events. Options are normally exercisable for one month, and any holding period and the Company's malus and clawback policy will normally continue to apply, with any amendments as the Committee determines appropriate.

### 13. Rights attaching to Shares

All Shares issued under the LTIP will rank equally in all respects with the Shares in issue on that date. Participants will only be entitled to rights attaching to Shares by reference to a record date on or after the date of the allotment or transfer to them.

The Company will apply for the listing and admission to trading of any Shares issued in connection with the LTIP.

### 14. Amendments and termination

The Committee may at any time change the LTIP in any way, save that the Company will obtain prior shareholder approval for any change which is to the advantage of present or future participants and which relates to any of the following: the persons who may receive Shares or cash under the LTIP; the total number or amount of Shares or cash which may be delivered or paid under the LTIP; the maximum entitlement for any participant; the basis for determining a participant's entitlement to, and the terms of, Shares or cash provided under the LTIP; the rights of a participant in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital; or to the relevant provision in the rules requiring shareholder approval for changes of this nature.

There is an exception for minor amendments to benefit the administration of the LTIP, to comply with or take account of a change in legislation and/or to obtain or maintain favourable tax, exchange control or regulatory treatment of any member of the Group or any present or future participant.

The Committee may establish plans or schedules based on the LTIP, but modified to take account of any local tax, exchange control or securities laws in other jurisdictions, provided any awards made under such plans or schedules are subject to the individual and overall limits set out in the LTIP.

The terms of awards may be amended, or awards may lapse, in the event a participant moves to or becomes tax resident in a different jurisdiction where there may be adverse legal, regulatory or tax consequences for the participant and/or any member of the Group.

The Committee may terminate the LTIP at any time, although this will not affect any subsisting rights under the LTIP.

*This summary does not form part of the rules of the LTIP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right to amend or add to the rules of the LTIP up until the time of the annual general meeting, provided that such amendments or additions do not conflict in any material respect with this summary.*

## Appendix 2

### FULL TEXT OF THE PROPOSED NEW ARTICLE 135 OF THE HOWDEN JOINERY GROUP PLC (THE “COMPANY”) ARTICLES OF ASSOCIATION

#### Borrowing Limit

135. The board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to ensure (but as regards subsidiaries, only so far as by the exercise of such rights or powers of control the board can ensure) that, save with the previous sanction of an ordinary resolution of the Company, the aggregate principal amount (including any premium payable on final repayment) for the time being remaining undischarged of all monies borrowed by the Company and its subsidiaries (the **Group** and **member of the Group** shall be construed accordingly), excluding amounts borrowed from the Company or any of its subsidiaries and amounts payable by any member of the Group in respect of any lease entered into by a member of the Group which would be shown at the relevant time as a liability in a balance sheet prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet, shall not exceed an amount equal to the greater of £375 million and two and a half times:

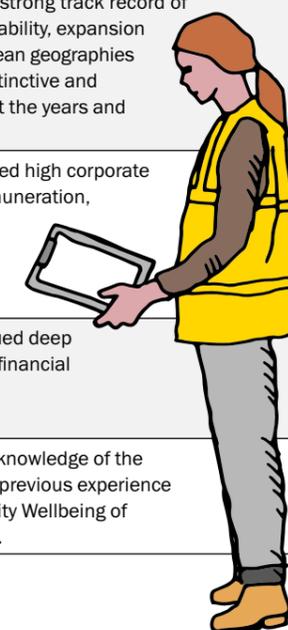
- (a) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- (b) the amount standing to the credit of the reserves of the Group (including, without limitation, any share premium account, capital redemption reserve or revaluation reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account of the Group (in each case as shown by the then latest audited consolidated balance sheet of the Group), less an amount equal to any distributions declared, recommended, made or paid by the Company out of profits earned up to and including the date of the latest audited balance sheet of the Company or subsidiary (as the case may be) to the extent that such distribution is not provided for in such balance sheet and after making any necessary adjustments to take account of any issue or redemption of shares since the date of the then latest audited consolidated balance sheet of the Group.



## Appendix 3

### THE DIRECTORS' CONTRIBUTION TO THE LONG TERM SUSTAINABLE SUCCESS OF HOWDEN JOINERY GROUP PLC (THE “COMPANY”)

| Director  | Importance of contribution to the Company's long term sustainable success  |
|---|--|
| Mark Allen<br><b>Independent Non-Executive Director</b>   | Mark is the serving chief executive of Dairy Crest Plc, a company with a vertically integrated business model similar to that of the Howdens group (the “Group”). This gives Mark valuable knowledge of the challenges associated with both manufacturing and distributing products, as well as the associated risks and controls.   |
| Karen Caddick<br><b>Independent Non-Executive Director</b>  | Karen's professional experience provides her with a strong diversity of perspective and cultural fit to help with the leadership of the Howdens business. Karen also has particular strengths in organisational development, delivery of diversity programmes, and executive remuneration. These attributes will stand Karen in good stead when she succeeds Tiffany Hall as chair of the Remuneration Committee following Tiffany's retirement and make her a valuable addition to the Nominations Committee.   |
| Andrew Cripps<br><b>Independent Non-Executive Director and Audit Committee Chair</b>              | Andrew was a non-executive director at Booker Group, which operated a similar sized business to the Group with multiple sites across the UK managed locally with a high level of autonomy. This experience of operating a decentralised model across multiple sites is valuable to the Board's decision-making process. Andrew has also served as the audit committee chair at a number of public companies, held the position of Corporate Finance Director at Rothmans International, and is a qualified chartered accountant. This means he has extensive recent and relevant financial experience. |
| Geoff Drabble<br><b>Independent Non-Executive Director</b>  | Geoff brings extensive experience of the building products and construction markets given his long-running tenure at Ashtead Group Plc and also from his time as an executive director at the Laird Group, where he was responsible for the Building Products division. Geoff understands and has managed businesses with multi-site depot operations and he has strong B2B sector experience.   |
| Tiffany Hall<br><b>Senior Independent Non-Executive Director and Remuneration Committee Chair</b> | Tiffany has held various positions at British Airways and BUPA, both of which are businesses with a strong dependency on reputation and therefore require strong consumer service delivery. Tiffany's experience of this is valuable to the Company as it is always seeking to provide a strong aftersales service to further support the builder customer. Tiffany also has extensive marketing, risk management, and logistics and supply chain management experience, all of which are valuable contributions to the Board's total skill set.   |
| Andrew Livingston<br><b>Chief Executive Officer (CEO)</b>   | Andrew was previously the Chief Executive Officer of Screwfix and has a strong track record of performance, execution and driving change through improving digital capability, expansion of ranges and new site openings. Andrew also has knowledge of key European geographies and a strong entrepreneurial mindset. This mindset complements the distinctive and valuable Howdens culture which has served the Company well throughout the years and continues to ensure its success for the future.   |
| Richard Pennycook<br><b>Non-Executive Chairman</b>  | Richard has in-depth knowledge of UK listed companies and the associated high corporate governance standards required by such companies. He has served in remuneration, audit and nominations committee chair roles and also as board chair. Richard also has extensive experience in logistics, supply chain management, retailing, manufacturing and consumer goods, and therefore he brings a wealth of relevant knowledge to the Board.  |
| Mark Robson<br><b>Deputy Chief Executive and Chief Financial Officer (DCEO)</b>                   | Mark has served on the Board since April 2005 and in this time has accrued deep sector and market knowledge relevant to Howdens. He also has relevant financial experience across major finance roles at Delta plc and ICI.  |
| Debbie White<br><b>Independent Non-Executive Director</b>   | Debbie has direct operational experience in the B2B sector and in-depth knowledge of the UK and French markets, both of which the Company operates within. Her previous experience as a chief financial officer and as chair of the audit committee of the charity Wellbeing of Women ensures Debbie has strong financial awareness and competence.  |



## Procedural notes

### 1. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the register of members of the Company as at **6.30pm on Tuesday, 30 April 2019** shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### 2. Entitlement to appoint proxies

A registered member of the Company may appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote at a meeting of the Company provided that if more than one proxy is appointed each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company.

The proxy form sent to you with this Notice of Meeting invites members to vote in one of three ways: "for", "against" and "vote withheld". Please note that a "vote withheld" has no legal effect and will count neither for nor against a resolution.

In order to be valid, an appointment of proxy must be returned by one of the following methods:

- Sending the completed and signed form of proxy sent to you with this Notice of Meeting by post or by hand (during normal business hours) so as to be received by the Company's Registrars, **Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA** no later than **11.00am on Tuesday, 30 April 2019**;
- Electronically through **www.sharevote.co.uk** or by accessing the mobile site via the following Quick Response code:



Members will be required to enter their Voting ID, Task ID and Shareholder Reference Number (printed on a member's form of proxy) and to agree to certain terms and conditions. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by the Company's Registrars no later than **11.00am on Tuesday, 30 April 2019**; or

- In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the following procedures.

To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Company's Registrars, Equiniti, (under CREST participant ID "RA19") no later than **11.00am on Tuesday, 30 April 2019**. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's Registrars are able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed voting service provider(s), should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual.

We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Returning a form of proxy will not prevent a member from attending the meeting and voting in person.

Any power of attorney or other authority (if any) under which the form of proxy is executed (or a duly certified or authorised copy of such power of authority) must be included with the form of proxy.

### 3. Nominated Persons

Any person to whom this Notice of Meeting is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him and the member by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of the rights of members in relation to the appointment of proxies in paragraph 3 of section 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company. If more than one valid proxy appointment is submitted, the form of proxy which is last validly delivered before the latest time for receipt of proxies will take precedence.

### 4. Voting rights

As at 21 March 2019 (being the last practicable date prior to the publication of this Notice), the Company's issued share capital consists of 613,836,307 ordinary shares. The Company holds 6,738,280 shares in treasury and therefore the total number of voting rights in the Company as at 21 March 2019 are 607,098,027.

### 5. Right to ask questions

A shareholder attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with section 319A of the Act. In certain circumstances prescribed by section 319A of the Act, the Company need not answer a question.

### 6. Shareholder requests

Members may require the Company to publish on a website a statement setting out any matter relating to:

- the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or
- any circumstance connected with an auditor of the Company ceasing to hold office since the last annual general meeting that the members propose to raise at the AGM, pursuant to requests under section 527 of the Act.

The Company is required to publish such information if it receives requests to that effect from members representing no less than 5 per cent of the total voting rights of all members who have a right to vote on the matter or no less than 100 members with the right to vote on the matter and who hold shares on which an average sum per member of no less than £100 has been paid up. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

### 7. Communicating with the Company in relation to the AGM

Except as provided above, members who wish to communicate with the Company in relation to the AGM should do so using the following means:

- by writing to the Company Secretary at the registered office address; or
- by writing to the Company's Registrar, **Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA**.

No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this Notice of Meeting or in any related documents (including the Chairman's Statement, the Annual Report 2017 and the proxy form) to communicate with the Company for any purposes other than those expressly stated.

### 8. Inspection of documents

A copy of the proposed new Howdens Long Term Incentive Plan (see Resolution 18) and copies of the Directors' service contracts and/or letters of appointment by the Company will be available for inspection at the Company's registered office at **40 Portman Square, London, W1H 6LT** during usual business hours on weekdays (Saturdays, Sundays and public holidays excepted) from the date of this Notice of Meeting until the conclusion of the AGM. They will also be available at the place of the AGM (**UBS, 5 Broadgate, London, EC2M 2QS**) on 2 May 2019 for at least fifteen minutes prior to and until the conclusion of the AGM.

**Website**

A copy of this Notice of Meeting and the other information required by section 311A of the Act can be found on the Company's website, [www.howdenjoinerygroupplc.com/investors/shareholder/agm/index.asp](http://www.howdenjoinerygroupplc.com/investors/shareholder/agm/index.asp).

**Data protection statement**

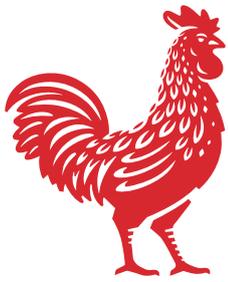
Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.



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