Howden Joinery Pension Plan ("the Plan")

Statement of Investment Principles

Defined Benefit Section

1. INVESTMENT OBJECTIVE

The Trustee aims to invest the assets of the Plan prudently so that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities.

The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Plan's liabilities.

The Trustee acknowledges the long term nature of the Plan's liabilities and due to the size of the funding deficit, invests the assets in order to benefit from the expected outperformance of equities, and other return-seeking assets, over a minimum risk portfolio and is aware of the risks this involves.

2. STRATEGY

The Plan's asset allocation strategy was determined with regard to the characteristics of the Plan, in particular the funding level, the liability profile, the security offered by Howden Joinery Group plc to the Plan and the ability of Howden Joinery Group plc to meet the required contributions. The objective is to reduce risk as the funding level improves, using an approach based upon the expected returns (and risk) relative to the Plan's liabilities. This involves considering the Plan's assets as either "return-seeking" or "risk-reducing".

"Return-seeking" assets target a higher expected return than that of risk reducing/matching assets and typically have a higher associated volatility, relative to liabilities. These assets would typically involve equities and could possibly include alternative asset classes such as different types of absolute return and hedge funds, infrastructure, property and illiquid credit approaches. Assets used to predominantly manage liquidity and cashflows within the Secure Income portfolio are also deemed "Return-seeking".

"Risk-reducing" (or matching) assets have characteristics that are broadly similar in nature to the liabilities. These assets are predominantly bonds and could also possibly include other financial instruments such as interest rate and inflation swaps.

The long term target asset allocation for the Plan is as follows:

Asset Class	Target Weighting %	Range %
RETURN-SEEKING ASSETS	**60.0**	**50 – 70**
Global Equities	*10.0*	*5 – 15*
Absolute Return	*20.0*	*10 - 30*
Secure Income assets	*30.0*	*20 - 40*
RISK-REDUCING ASSETS	**40.0**	**30 – 50**
LDI portfolio (including cash held within QIF)	*30.0*	*20 – 40*
Buy & maintain corporate bonds	*10.0*	*5 – 20*
Cash	*0.0*	*0 – 5*

The LDI and corporate bond portfolios will be structured to target interest rate and inflation hedge ratios of 100% (as a proportion of funded liabilities) up to a maximum of 100% of total liabilities, measured on the Plan's long term liability basis.

The Trustee will monitor the actual asset allocation versus the target weightings and the ranges at regular intervals. The Trustee recognises that from time to time the actual asset allocation may move outside the ranges due to market movements and will consider whether to rebalance back to the target weightings, taking into account current market conditions and medium-term market views.

When choosing the Plan's planned asset allocation strategy the Trustee considered advice from its investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes including alternative assets such as private equity, property and hedge funds.

- The risks and rewards of a range of alternative asset allocation strategies.

- The suitability of each asset class.

- The need for appropriate diversification.

In addition, the Trustee also consulted with the sponsoring employer when setting this strategy.

3. RISK

The Trustee recognises that the key risk to the Plan is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Plan's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.

- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Plan's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.

- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.

- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Plan's investment strategy.

- The possibility of failure of the Plan's sponsoring employers ("covenant risk"). The Trustee and its advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.

- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

The Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives periodic reports showing:

- Actual funding level versus the Plan specific funding objective.
- Performance versus the Plan investment objective.
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Top-Up Account

1. INVESTMENT OBJECTIVE

The Trustee is responsible for investing the Plan assets in a prudent manner. Their key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

2. STRATEGY

The Trustee's policy is to provide suitable information for members so that it can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from its investment adviser, Aon Hewitt. In choosing the Plan's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.

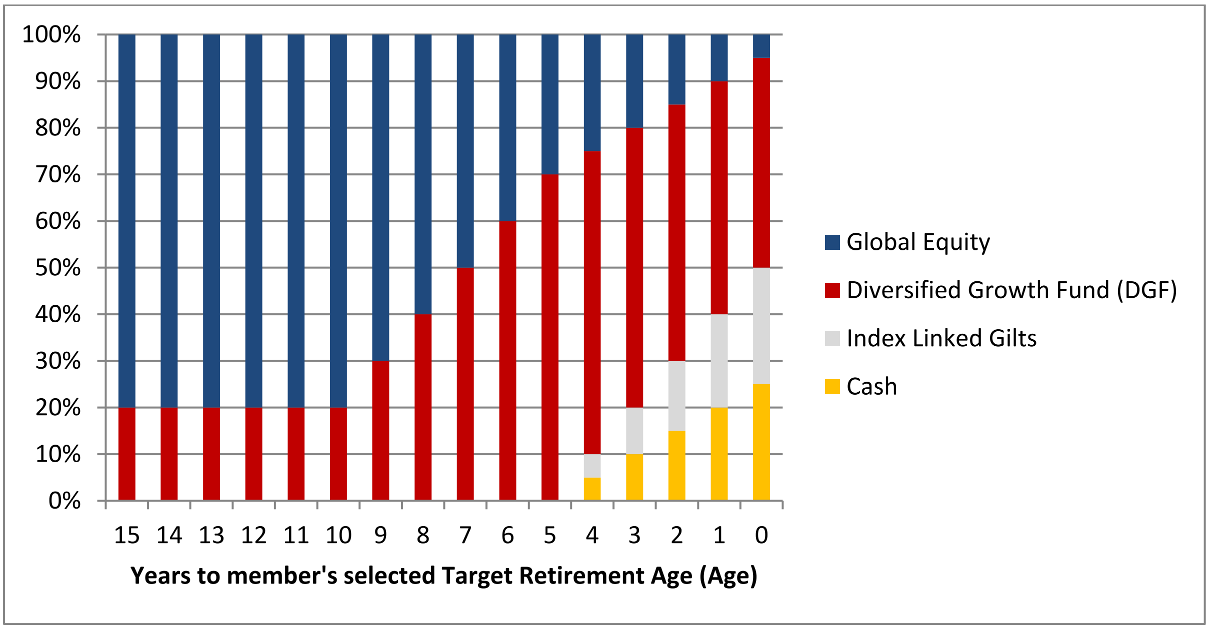
The Trustee expects the long-term return on the investments that invest predominantly in equities to exceed price inflation and general salary growth.

The long-term returns on bond and cash investments are expected to be lower than returns on equity options. However, bond fund volatility and price movements are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash funds aim to provide protection against changes in short-term capital values and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

After taking advice, the Trustee decided to make a new lifestyle strategy available to members. The agreed 'end point' strategy targets a combination of the annuity, drawdown and cash options. This approach was adopted as the Trustee felt this was a sensible compromise, rather than limiting members to one approach for the lifestyle strategy and accordingly the lifestyle strategy is reported as the overall default arrangement in respect of the Plan. This approach is considered appropriate for a typical member with a pre-determined retirement date. Alternatively, members can elect to select their own funds or remain in their existing lifestyle choices. In order to facilitate changes to funds without recourse to members the Trustee has opted to use non-manager specific 'white labelling' of funds where appropriate. (e.g. the Howden Diversified Growth Fund ("Howden DGF")). The Trustee can combine different funds under a single white label in order to achieve a specific investment objective. For example, the Howden DGF has a cash based benchmark and targets an outperformance, net of fees, similar to the broad market of Diversified Growth Funds.

White labelled fund names do not specify the underlying funds or managers, but makes it clear what the fund invests in, e.g. diversified growth funds. This provides members with a clearer naming of funds to aid their understanding of the nature of the funds, avoiding the potential confusion that can be caused by managers' own naming conventions. It also allows the Trustee to combine a complementary mix of underlying managers, that can be replaced, should the need arise, without a mass communication exercise to members. The advantage to members is simplicity, increased manager diversification and knowing that the investment managers they are invested in remain appropriate.

The lifestyle strategy initially invests 80% in global equities and 20% in the Howden DGF until 10 years before a member's Target Retirement Age (TRA). This "growth" stage strategy aims to provide higher returns before retirement but also includes some DGF allocation to provide some protection against market volatility. The strategy is then phased gradually to an allocation of 30% global equities and 70% Howden DGF over the period 10 to 5 years from TRA, this is the "de-risking phase". In the final 5 years part of the funds will be moved to cash and index-linked gilts, phased to target proportions of 25% cash, 25% index-linked gilts, 45% Howden DGF and 5% equities. This strategy is illustrated in the diagram overleaf.



The Trustee's investment objectives are implemented using the BlackRock investment platform. Investment funds offered to members are detailed in the supporting Summary of Investment Arrangements. The investment funds being used to implement the strategy are detailed in the appendix to this paper ('Summary of Investment Arrangements').

After taking advice, the Trustee decided to offer the following asset classes to members:

- Global Equities (50% UK, 50% overseas)
- UK Equities
- Overseas Equities (excluding UK Equities)
- Diversified Growth Fund
- Property
- UK Government Bonds (Gilts)
- Index-Linked Gilts
- Corporate Bonds
- Pre-Retirement Annuity Fund
- Drawdown Fund
- Cash

Any Additional Voluntary Contributions ("AVC") are also held within the Top-Up Account.

During March 2020, trading in the self-select Property Fund offered to members was suspended as a result of the Covid-19 pandemic. The Trustee has re-directed contributions for 12 members of the Plan that would have been paid to the Property Fund to the Aegon BlackRock Cash Fund (the "Cash Fund") whilst the suspension of trading of the Property Fund remains in place.

The Trustee agreed on 25 March 2020 that the Cash Fund was the most suitable fund to temporarily hold member contributions. The Cash Fund has therefore become an additional 'deemed default' investment strategy as a result. Members were given the option to change their allocation and select their own alternative fund. The first contributions from those members were allocated to the Cash Fund on 31 March 2020.

The aims and objectives of the Cash Fund as a default arrangement for relevant members are different to the aims and objectives of the overall default arrangement and default investment strategy for the lifestyle strategy. Given the Cash Fund is a low risk, liquid option with diversified asset allocation, the Trustee has taken the view that it is in the best interests of relevant members to invest their contributions in cash to temporarily hold member re-directed contributions.

3. RISK MEASUREMENT AND MANAGEMENT

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.

- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.

- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to periodically review the range of funds offered and the suitability of the lifestyle option.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Defined Benefit Section and Top-Up Account

1. IMPLEMENTATION

Aon Hewitt has been selected as investment adviser to the Trustee and Investment Sub-Committee. It operates under an agreement to provide a service which ensures the Trustee and Investment Sub-Committee are fully briefed to take decisions themselves and to monitor those they delegate. Aon Hewitt is paid predominantly on a Time & Materials basis although some one-off projects are carried out under a fixed fee arrangement. This structure has been chosen to ensure that cost-effective, independent advice is received.

Details of the appointed managers can be found in a separate document produced by the Trustee entitled “Summary of Investment Arrangements”.

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to a range of carefully selected and monitored fund managers through written contracts. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

2. ENVIRONMENTAL, SOCIAL & GOVERNANCE CONSIDERATIONS

In setting the Plan’s investment strategy, the Trustees' primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees considers this risk by taking advice from their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to assess all financially material risks in its investment decision making process. This includes risks associated with climate change, as well as other ESG-related factors. To this end, the Trustee strives to maintain the highest standards of governance, promotion of corporate responsibility and respect of environmental factors throughout the Plan’s portfolio. The Trustee believes that doing so ultimately creates long-term financial value for the Plan and its beneficiaries.

The Trustee regularly reviews the suitability of the Plan’s appointed asset managers and takes advice from its investment consultant in this regard. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. The Trustee carefully reviews its managers’ approaches to stewardship, and other ESG-related, matters and communicates its expectations and standards to its investment managers. These standards include:

- The Trustee requires its investment managers to be signatories to the Principles for Responsible Investment ("PRI").
- The Trustee expects its investment managers to act in accordance with the UK Corporate Governance Code (or their equivalents for overseas investments).
- The Trustee expects the Plan’s investment managers to use their influence as major institutional investors to exercise the Plan's rights and duties as a shareholder including voting, along with —where relevant and appropriate —engagement with underlying investee companies and assets to promote good corporate governance, accountability and positive change.

If an incumbent manager is found to fall short of the standards set by the Trustee, they are expected to provide satisfactory explanations as to why they are not. While the Trustee may seek to engage with a manager deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace the manager.

The Trustee monitors the voting and engagement activities of its asset managers on a regular basis. On an annual basis, the Trustee conducts an in-depth review of its managers' stewardship activities, including an assessment of the alignment between the managers' activities and the Trustee's policies as communicated to each manager. The Trustee does so to ensure that its managers, or other third parties, act in a manner that is consistent with the Trustee's policies and objectives.

The Trustee further expects the Plan's appointed managers to comply with the United Nations Global Compact and, additionally, the Trustee has identified key areas of concern around manufacturers of controversial weapons and climate change. It is the expectation of the Trustee that the Plan's asset managers will actively monitor the risks associated with these areas of concern and prioritise them accordingly, whilst providing transparency on engagement and voting actions relating to these risks as appropriate.

The Trustee expects adequate transparency and disclosure from its investment managers. At a minimum, the Trustee expects to receive annual reporting on their voting and engagement activities where relevant. The disclosures offered for engagements should include the objectives and relevance to the Plan and its members, methods of engagement, progress and perspectives around shortcomings and outcomes to date, as well as escalation points and procedures as necessary.

Voting disclosures should include voting actions and rationale with relevance to the Plan, in particular where votes were cast against management; votes against management generally were significant, votes were abstained, and voting differed from the voting policy of either the Trustee or the asset manager.

Where voting is concerned the Trustee expects its asset managers to recall stock lending procedures as necessary in order to exercise the voting rights associated with such securities.

In line with its commitment to transparency and disclosure, the Trustee reports its responsible investment activities to the Plan's stakeholders on an annual basis within the Trustee's report and accounts.

The Trustee recognises that effective collective action can contribute to the mitigation of the risks identified above. To this end, the Trustee encourages its investment managers to, where permitted by relevant legal and regulatory codes, consider collaboration with others where collaboration is likely to be the most effective mechanism for addressing issues that are of interest to the Plan.

From time to time, the Trustee will review the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee will engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy the Trustees does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

3. GOVERNANCE

The Trustee is responsible for the investment of the Plan's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision making structure:

Trustee	**Investment Sub-Committee**
• Monitor actual returns versus Plan investment objective. • Set structures and processes for carrying out their role. • Select and monitor planned asset allocation strategy. • Appoint Investment Sub-Committee. • Select direct investments. • Consider recommendations from the Investment Sub-Committee.	• Make recommendations to the Trustee on: – Selection of investment advisers and fund managers. – Structure for implementing investment strategy. • Monitor investment advisers and fund managers. • Monitor direct investments. • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy. • Review of DC fund range and lifestyle options.
Investment Advisers	**Fund Managers**
• Advise on all aspects of the investment of the Plan assets, including implementation. • Advise on this statement. • Provide any required training.	• Operate within the terms of this statement and their written contracts. • Select individual investments with regard to their suitability and diversification. • Advise the Trustee on the suitability of the indices in their benchmarks. • Take into account socially responsible investment criteria.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee's policy is to review any direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' Top-Up Account contributions. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Fund managers are remunerated on an ad-valorem basis, a performance related basis or a mixture of the two. The level of remuneration paid to fund managers is reviewed regularly by the Trustee against market rates to ensure the fund managers' interests are aligned with those of the Plan. In addition, fund managers pay commissions to third parties on many of the trades they undertake in the management of the assets and also incur other ad hoc costs.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

4. COST MONITORING

The Trustee recognises the importance of monitoring the level of investment costs incurred in the management of their assets and the impact these can have on the value of the assets.

Cost Transparency

The Trustee expects all of the Plan's investment managers to provide them with full cost transparency in line with industry standard templates. Prior to their appointment, the Trustee expects investment managers to confirm their adherence to providing this information. The Trustee has a preference for performance related fees in the belief that this offers a better alignment between manager remuneration and performance.

The Trustee assesses the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on an annual basis. On an annual basis, all of the investment managers are asked to provide details of the costs incurred in managing the Plan assets, using industry disclosure templates. These costs include portfolio turnover costs (transaction costs).

Where the disclosed costs are out of line with expectations the managers will be asked to explain the rationale, including why it is consistent with their investment strategy.

Portfolio Turnover

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Plan's investment consultant monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

Evaluation of Performance and Remuneration

The Trustee undertakes analysis of the Plan's costs and performance on at least a triennial basis by receiving benchmarking analysis comparing the Plan's specific costs and performance of the underlying managers relative to those of the wider market. This is in line with the Trustee's policies on reviewing the kinds and balance of investments to be held.

5. ARRANGEMENTS WITH ASSET MANAGERS

The Trustee monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and

- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee receives regular reports and verbal updates from the investment consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focusses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan objectives and assesses the asset managers over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their asset manager, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year.

The Trustee shares the policies, as set out in this SIP, with the Plan's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.

Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Plan invests in a collective vehicle, then the Trustee will express its expectations to the asset managers by other means (such as through a side letter, in writing, or verbally at trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance, level of remuneration paid and investment strategy, is in most cases sufficient to incentivise the asset managers to:

a) make decisions that align with the Trustee's policies;

b) make decisions based on assessments of medium- and long-term financial and non-financial performance

c) engage with issuers of debt or equity in order to improve their performance (in terms of financial and non-financial measures) in the medium to long-term.

Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment of all asset managers will be reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

Signed 

Print Name **CPV Martin, ITS Limited**

16 June 2021