



ASHWOOD DALE QUARRY, BUXTON

BREEDON GROUP

ESG INVESTOR PRESENTATION

September 2021



Agenda



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- **Governance**
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Executive summary and priorities

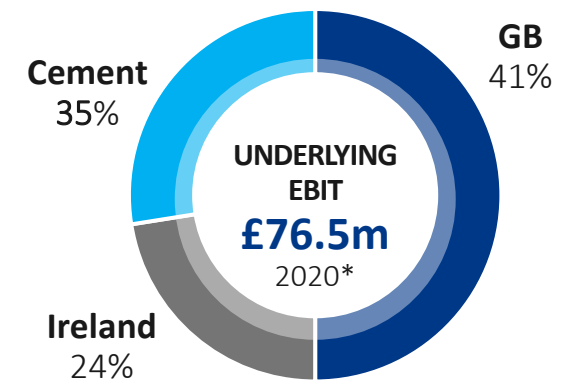
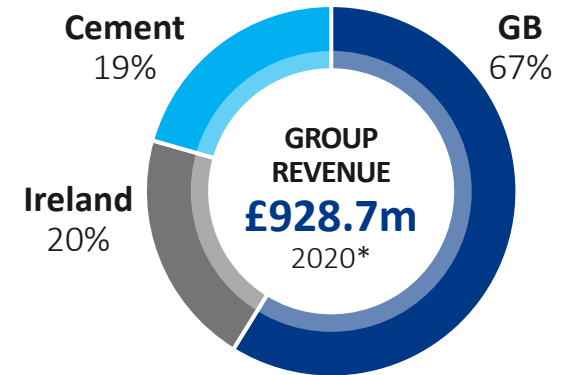
- Committed to developing a sustainable business model that creates **value for all stakeholders**
- Newly defined **purpose and values determine the culture of the business** and support Breedon's strategic delivery
- Focused on delivering industry **best practice standards of sustainability** through GCCA membership
- Strong, diverse and experienced Board with **robust governance processes in place**
- Encouraging **progress on social and environmental initiatives**, maintaining our licence to operate
- **Key priorities:**
 - Embed purpose and values throughout the business
 - Continue to pursue best practice principles of corporate governance
 - Identify and publish an appropriate suite of sustainability targets and KPIs
 - Progress compliance with GCCA Sustainability Charter
 - Review non-financial KPIs

More detailed information is publicly available in our Annual Report and on our website: www.breedongroup.com

A leading construction materials group



- **Leading construction materials business in Great Britain and Ireland**
- **Broad reach with a national footprint**
 - Approximately 3,500 employees across c.350 facilities
 - Two cement plants; national network of quarries, ready-mixed concrete and asphalt plants; specialist building products businesses
 - Acquisition of CEMEX UK assets added almost 100 active operations and around 600 employees to the Group
- **Vertically integrated**, bringing value-enhancing routes to market
 - Offering spans raw materials, value-added products and contracting services
- **Nimble operator** with local sales and distribution model
 - Focused on delivering best-in-class customer service
- **Track record of growth** over the medium term, both organic and via acquisition
 - Strong cash generation provides investment for future growth
- Ongoing success dependent on pursuing a **sustainable business model**
 - Committed to building trust and reputation amongst all stakeholders



* Adversely impacted by global COVID-19 pandemic.
2019 Revenue £929.6m
2019 Underlying EBIT £116.6m

Our strategy to deliver sustainable growth



- Our purpose is to make a material difference to the lives of our colleagues, customers and communities.
- As an extractive industry, we have an obligation to limit our impact on the environment, which will help protect our licence to operate over the longer term, but we believe our obligation extends well beyond this. We have a duty to operate every area of our business as sustainably as possible, for the benefit of all our stakeholders.



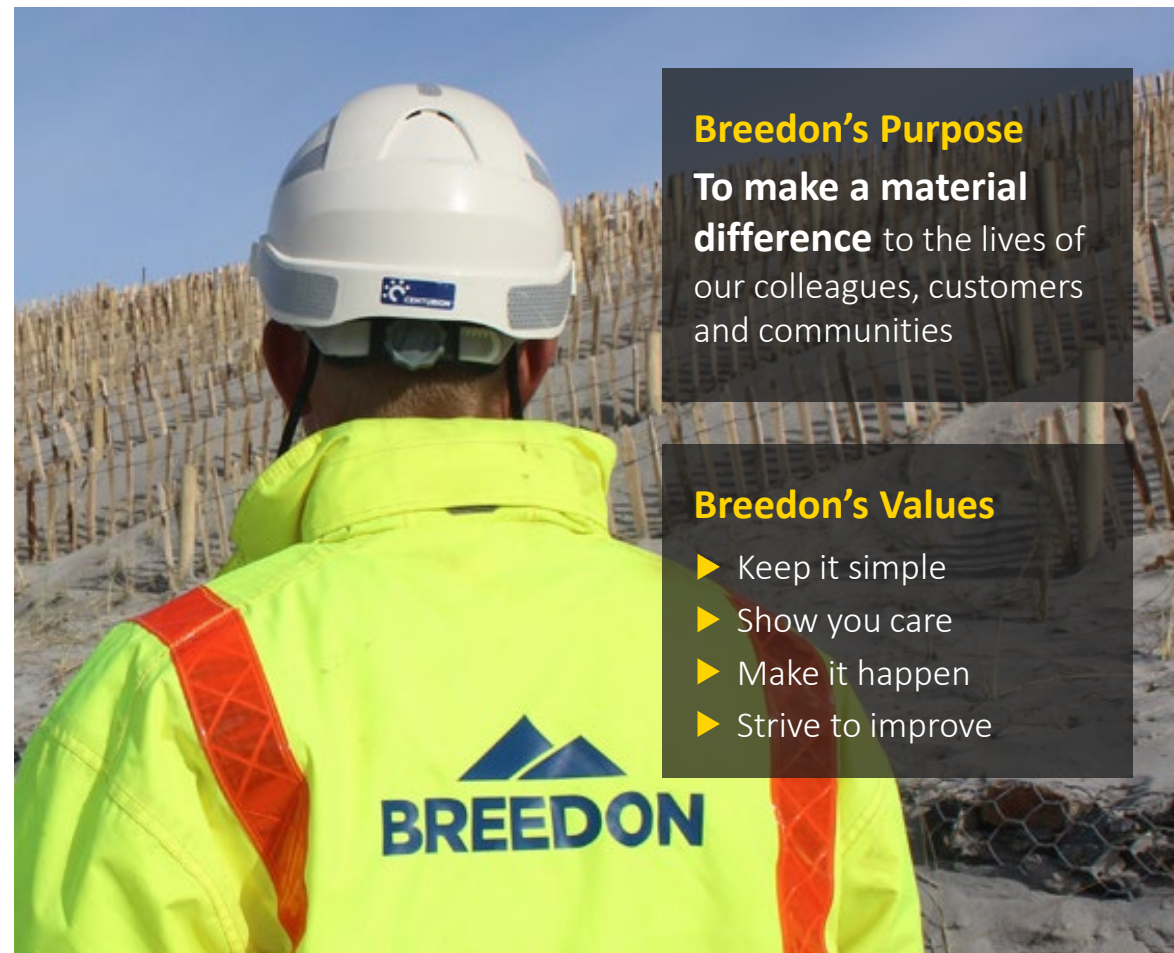
- The resources we use to produce our products are scarce and valuable, so it is vital that we maintain a high level of mineral reserves and maximise the value of every tonne of material we quarry or manufacture.
- We achieve this through a disciplined approach to quarry acquisition and development, coupled with a culture of operational and commercial excellence to ensure our operations remain efficient and competitive irrespective of market conditions. This approach will deliver strong margins and returns over the long term.



- The Group is focused on construction materials markets that deliver long term profitable growth across the cycle and expects to deliver strong margins and free cash flow generation that will allow us to reinvest in the business.
- We see numerous opportunities to expand both our geographical footprint and product portfolio through both organic investment and acquisitions.

A clear purpose and values at the heart of our business

- Breedon is an inherently local business with a wide range of stakeholders
- The Group seeks to benefit all of these groups, from the communities in which it operates and the customers it serves through to its employees, suppliers and shareholders
- To promote a common culture across the organisation, Breedon defined in 2019 a clear purpose and set of values that will support the successful delivery of the Breedon strategy
- Led by the Board and Executive Committee (ExCom), the Group is embedding the purpose and values within the organisation to create a work place where its people feel safe, proud and motivated to do their best
- This will drive the performance of the business, motivating and engaging employees, building customer loyalty and strengthening our relationship with local communities



Breedon's Purpose
To make a material difference to the lives of our colleagues, customers and communities

- Breedon's Values**
- ▶ Keep it simple
 - ▶ Show you care
 - ▶ Make it happen
 - ▶ Strive to improve

We are committed to industry best practice standards of sustainability

- The Group became a full member of the Global Cement and Concrete Association (GCCA) in 2018, which drives responsibility in the global manufacture and use of cement and concrete and which encourages compliance with their Sustainability charter*, including the publication of targets and performance data
- We support the MPA UK concrete and cement industry 'Roadmap to Beyond Net Zero' which launched in October 2020, aiming to remove more CO₂ from the atmosphere than the industry emits each year. Breedon co-chairs both the UK Concrete Steering Group and the UK Concrete Sustainable Construction Committee
- In the last 12 months Breedon joined:
 - 40 of the world's leading cement and concrete companies to unveil a joint-industry, global '2050 Climate Ambition' aspiring to deliver society with carbon neutral concrete by 2050
 - more than 560 companies worldwide as part of 'Business for Nature's Call to Action' in the run-up to delivering a Post-2020 Global Biodiversity Framework, urging international governments to adopt policies now to reverse nature loss in this decade
 - some of the biggest names in UK construction to sign the Gangmasters and Labour Abuse Authority's Construction Protocol, and became a corporate partner for 'Scotland Against Slavery', signaling our commitment to work collaboratively to help eradicate slavery and labour exploitation from the supply chains across the building industry



Governance



Fully compliant with the QCA Corporate Governance Code

- Breedon recognises the importance of sound corporate governance
- The Group is fully compliant with the QCA Corporate Governance Code and seeks to align with best practice wherever possible; and where reasonable and proportionate to do so, Breedon will also seek to comply with the FRC Code
- Breedon places particular emphasis on refreshing and improving the independence of the Board, with the appointment in 2019 of a non-executive chairman and the recent appointment of four new independent non-executive directors (including new Chairs for the Audit and Remuneration Committees and a new Senior Independent Director)
- In light of recent changes to both the QCA and FRC Codes, Breedon is also taking steps to improve communication with all stakeholders, including broadening its understanding of the company's purpose and culture
- The Board undertook an external board evaluation in 2020 and in 2021 will strengthen its effectiveness through inter alia work on the Group's strategy framework, wider interaction with the management team and embedding the three lines of defence model

QCA CORPORATE GOVERNANCE CODE PRINCIPLES

- Principle 1:** Establish a strategy and business model which promotes long-term value for shareholders
- Principle 2:** Seek to understand and meet shareholder needs and expectations
- Principle 3:** Take into account wider stakeholder and social responsibilities and their implications for long-term success
- Principle 4:** Embed effective risk management, considering both opportunities and threats, throughout the organisation
- Principle 5:** Maintain the Board as a well-functioning, balanced team led by the chair
- Principle 6:** Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities
- Principle 7:** Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
- Principle 8:** Promote a corporate culture that is based on ethical values and behaviours
- Principle 9:** Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
- Principle 10:** Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

Effective relationships with our stakeholders



- The Board is committed to and actively encourages effective relationships and communication with the Group’s stakeholders so that a greater understanding of each others needs may be realised
- We believe that by taking into account stakeholder interests, this in turn will help maximise value for the Group and the continued long-term success of Breedon
- In 2021, the Board appointed a designated non-executive director responsible for workforce engagement and a designated non-executive director responsible for sustainability

	Colleagues	Customers & Suppliers	Communities	Investors	Regulators/ Local Government/ Trade Associations
Their material issues	<ul style="list-style-type: none"> • Physical working conditions • Pay and benefits • Communication • Opportunities for development and training • Health and safety 	<ul style="list-style-type: none"> • Cost • Product development • Service levels • Sustainability commitments • Product quality • Payment practices 	<ul style="list-style-type: none"> • Noise • Transportation routes • Safety • Environment • Communication • Support for local causes 	<ul style="list-style-type: none"> • Governance and discharges • Profitability and return on investment • Sustainability commitments • Dividend policies 	<ul style="list-style-type: none"> • Emissions and discharges • Climate change • Site restoration • Health and safety • Vehicle management
Methods of engagement	<ul style="list-style-type: none"> • Intranet, newsletters, presentations, email, notices and post • Employee groups and committees • Workforce engagement DNED • Surveys • Development reviews 	<ul style="list-style-type: none"> • Direct engagement • Contracts and terms of business • Third party engagement • Website • Industry associations • Tender quotations 	<ul style="list-style-type: none"> • Local liaison meetings • Social media • Community events • Letters, emails, notices • Site tours • Websites • School visits 	<ul style="list-style-type: none"> • One-to-one meetings • Telephone calls • Site visits and field trips • Investor conferences • Brokers' contacts • AGM 	<ul style="list-style-type: none"> • Mandatory returns and applications • HSE visits • Notices • Meetings with regulators • Industry associations
Frequency of engagements	On-going	On-going	On-going	On-going	As required
Impact in 2020	<ul style="list-style-type: none"> • Topped up furlough payments • Training, support and PPE provided • Over 1,300 participated in SAYE options • New approved policy on Health, Safety & Wellbeing • Appointment of DNED responsible for workforce engagement • New on-line training programme rolled out 	<ul style="list-style-type: none"> • Re-opened sites following lockdown in early 2020 based on demand from customers; some sites stayed open • New policies approved including Circular Economy and Quality 	<ul style="list-style-type: none"> • Moved local liaison meetings on-line so they could still take place • Continued to sponsor communities throughout the pandemic • Worked with communities to gain support for important planning developments 	<ul style="list-style-type: none"> • Announced intention to pay an interim dividend in 2021 • Head of Sustainability appointed • Head of Investor Relations appointed • Appointment of DNED responsible for sustainability 	<ul style="list-style-type: none"> • Successful planning applications received and Environment Agency permits renewed • New policies for Biodiversity, Energy and Carbon, Social Responsibility, Environment, Quality, Health Safety and Wellbeing
Value created	Improved engagement with colleagues will develop and retain our workforce and attract new colleagues that want to work for us.	Engaging with our customers helps us deliver excellent customer service, build relationships to enable us to get the right product, to the right place, at the right time for the right price. Engaging with our suppliers helps us deliver a sustainable supply chain and circular economy.	Positive engagement with our communities ensures that we understand their concerns and needs so that we can address these and improve the communities that we live and work in.	Our engagement with investors and shareholders ensures we communicate our achievements in a structured manner such that people choose to invest in us.	Through our engagement we are able to respond and contribute to sector needs and requirements and deliver on compliance and regulatory standards.

Strong, experienced and diverse Board



The Breedon Board has been significantly refreshed in recent years, bringing greater independence, diversity and relevant corporate experience

<p>Amit Bhatia Non-executive Chairman</p>	<p>Rob Wood Chief Executive Officer</p>	<p>James Brotherton Chief Financial Officer</p>	<p>Carol Hui Non-executive Director</p>	<p>Pauline Lafferty Non-executive Director</p>	<p>Helen Miles Non-executive Director</p>	<p>Clive Watson Non-executive Director</p>
<p>Appointed to Board: 2016 Chairman: 2019</p>	<p>Appointed to Board: 2014</p>	<p>Appointed to Board: 2021</p>	<p>Appointed to Board: 2020 Designated NED for Sustainability: 2020</p>	<p>Appointed to Board: 2021 Designated NED for Workforce Engagement: 2021</p>	<p>Appointed to Board: 2021</p>	<p>Appointed to Board: 2019 Senior Independent Director: 2020</p>
<p>Committees: N*</p>	<p>Committees: n/a</p>	<p>Committees: n/a</p>	<p>Committees: A, R, N</p>	<p>Committees: A, R*, N</p>	<p>Committees: A, R, N</p>	<p>Committees: A*, R, N</p>
<p>Background Founder and CEO of Swordfish Investments, a private equity fund, and Chairman of the Global Relief Initiative, a philanthropic trust, and Chairman of Queens Park Rangers Football Club. Also a Partner of Summix Capital and serves on the Advisory Board of Metro Bank.</p>	<p>Background Formerly Group Financial Controller at Drax Group. Previously spent 15 years in international building materials industry, holding senior finance roles at Hanson PLC in the UK, Europe and Australia. Director of the Mineral Products Association.</p>	<p>Background Held the position of CFO for nine years, and previously Director of Corporate Development, at Tyman Plc. Prior to this worked in investment banking at Citi and HSBC.</p>	<p>Background Senior positions previously held in oil, gas, logistics and infrastructure companies, corporate finance lawyer at Slaughter and May, and Chief of Staff, General Counsel and Board director at Heathrow Airport Ltd, and Chair of Robert Walters Plc. NED and Chair of Audit and Risk of the British Tourist Authority; NED and Chair of Responsible Business Committee at Grainger plc .</p>	<p>Background A career spanning 16 years in manufacturing & supply, executive search, and human resources. Chief People Officer at Weir Group Plc until retiring in 2017. Currently NED and Chair of the Remuneration Committee at XP Power Plc and Scottish Events Campus Ltd, and NED at Centurion Group Ltd and Bronzegate Ltd.</p>	<p>Background Previously Chief Financial Officer at Openreach, member of Homeserve’s UK Board, and roles held at Bass Taverns, Barclays Bank and Compass Group.</p>	<p>Background Group Finance Director of Spectris PLC, retiring in March 2019 after 13 years. Currently NED and Chair of Audit and Risk Committee at discoverIE, Chair of Risk Management and Audit Committee at Kier Group plc, and NED and SID at Trifast plc. Previously served as NED of Spirax-Sarco Engineering, including as Chair of the Audit Committee and SID.</p>

Nomination Committee

Focused on maintaining a strong and effective leadership team

Members

Amit Bhatia
Chair

Carol Hui

Pauline Lafferty

Helen Miles

Clive Watson

Key duties:

- Regularly review the structure, size and composition of the Board and make recommendations with regard to any changes
- Succession plan for directors and other senior executives, taking into account the challenges and opportunities facing the company, and the skills and expertise needed in the future
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively
- Stay fully informed about strategic issues and commercial changes affecting the company and its markets
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise

2020 achievements:

- Recommended the appointment of Carol Hui and Helen Miles as independent¹ Non-executive Directors, replacing two long-serving directors
- Considered the retirement of the Group Chief Executive and the subsequent consideration and recommendation of Rob Wood as Chief Executive Officer
- Recommendation of James Brotherton as Chief Financial Officer
- Considered the latest succession plans for senior management, including the aligning of the Executive Committee to reflect changes to the operational structure

Committee priorities:

- Monitor the size and composition of the Board and, if appropriate, make recommendations on possible changes
- Keep succession plans for senior management under review

¹ According to the definition of the QCA code

Audit Committee

Focused on ensuring high standards of financial governance

Members

Clive Watson
Chair

Carol Hui

Pauline Lafferty

Helen Miles

Key duties:

- Monitor the integrity of the Financial Statements and ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control
- Monitor and review the effectiveness of internal financial controls, the internal control and risk management systems and the compliance environment operating within the Group
- Make recommendations to the Board in respect of the external auditor, review and monitor their independence and objectivity and approve their remuneration
- Consult with the external auditor on the scope of their work and review all major points arising from the audit
- Review reports on whistleblowing notifications and ensure arrangements in place for proportionate and independent investigation

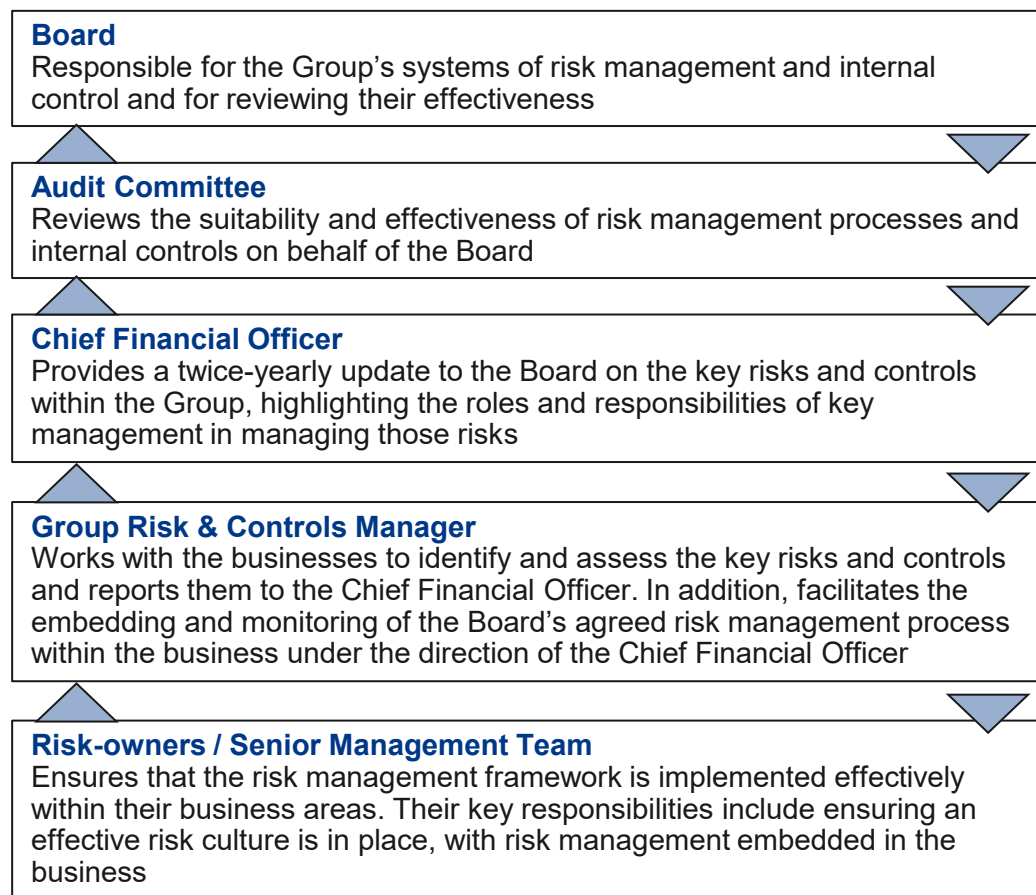
External Auditor:

- KPMG originally appointed in 2008; reappointed following a tender process in 2019
- New lead audit partner from 2018, with rotation every five years

Committee priorities:

- Embed the Three Lines of Defence model following the implementation in 2020 of an Internal Audit function (including the appointment of a Head of Internal Audit) and the continued strengthening of the second line of defence

Clear and robust risk management framework



Risk Heat Table (2020)

Principal risk	Appetite (High, medium, low or very low)	Impact (High, medium or low)	Likelihood (Probable, possible or remote)	Net risk rating ● high ● medium ● low ● very low	Movement from prior year
Acquisitions	Medium/High	High	Possible	●	→
Competition and margins	Very low	High	Probable	●	→
Environment and climate change	Very low	High	Probable	●	↻
Financing, liquidity and currency	Very low	Medium	Possible	●	→
Health and safety	Very low	Medium	Probable	●	↻
IT and cyber security	Very low	High	Possible	●	→
Legal and regulatory	Very low	Low	Possible	●	→
Market conditions	Medium/High	High	Probable	●	→
People	Low	Medium	Possible	●	→

- Risk appetite set by the Board, and reviewed annually, with a clear risk management framework
- Clear actions and processes developed to mitigate all material existing and emerging risks
- Additional risk added in 2019 in relation to environment and climate change

Remuneration Committee

Committed to incentives that are competitive and consistent with Breedon's ambitions

Members

Pauline Lafferty
Chair

Carol Hui

Helen Miles

Clive Watson

Key duties:

- Determine and agree with the Board the broad policy for the remuneration of the Group Board Executive Directors, the Chairman and any other members of the Group's senior executive management
- Set individual remuneration arrangements for this same group of individuals
- Recommend and monitor the level and structure of remuneration for senior management
- Review and agree the overall market positioning of the remuneration package and the ongoing appropriateness and relevance of the remuneration policy
- Determine the policy for, and scope of, pension arrangements for each executive director and other senior executives
- The design of all share incentive plans for approval by the Board and shareholders (if required)
- Approve the service contracts of each executive director, including termination arrangements

2020 achievements:

- Conducted a full review of remuneration policy and consulted with major shareholders
- Revision of long-term incentive plan and put to shareholders in April 2021
- Alignment of pension contribution levels to the rate for the wider workforce
- Put the Remuneration Report to shareholders at the 2021 AGM

Committee priorities:

- Implementation of the revised long-term incentive plan which includes future awards to include EPS and TSR performance conditions, a new two-year holding period following vesting and malus and clawback provisions

Good governance underpins our focus on sustainability



Breedon aims to make a material difference on the areas that are most material to us and to our stakeholders in terms of importance and impact and in doing so we aim to create shared value

<p>Making a material difference to the environment (PLANET)</p> <ul style="list-style-type: none"> Reduce carbon emissions from energy use, with a long term aspiration to achieve 'beyond net zero' carbon by 2050 Circular economy, responsible resource use (incl. water) and waste reduction Positive impact on nature and biodiversity 	<p>Making a material difference to society (PEOPLE)</p> <ul style="list-style-type: none"> Keep our people safe and well Develop and empower a diverse, talented workforce Positive impact on the communities in which we operate 	<p>Making a material difference to the built environment (PLACES)</p> <ul style="list-style-type: none"> Products and services that deliver higher performance, resource efficient buildings and resilient, low impact infrastructure Collaboration to develop innovative solutions to help customers mitigate impacts of climate change
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Underpinned by our fundamental operating PRINCIPLES

Health, Safety and Wellbeing: Keeping our people safe and well	Ethics and Compliance: Operating compliantly, transparently and with integrity, ensuring ethical operations & responsible sourcing	Stakeholder Engagement: Continual multi-level engagement with our customers, investors, employees, suppliers and other relevant parties
Good Governance: Ensuring our commitment to sustainability is considered throughout our operations	Quality: Quality assurance and continuous improvement	

Supported by our Policies and Codes

- ✓ Energy & Carbon Policy
- ✓ Health, Safety, Wellbeing Policy
- ✓ Quality Policy
- ✓ Environment Policy
- ✓ Diversity & Inclusion Policy
- ✓ Social Responsibility Policy
- ✓ Business & Supplier Codes of Conduct
- ✓ Circular Economy Policy
- ✓ Biodiversity Policy



Making a material difference to the planet



Making a material difference to the planet:

Climate change and energy

We acknowledge that climate change is a material risk that is increasing in likelihood and impact. Whilst our sector will face challenges to decarbonise by 2050, there are opportunities for our products to enable a lower carbon, resource efficient future.



Current initiatives and progress

- 100% renewable electricity purchased and ongoing renewable energy generation (Naunton, Blinkbonny, Lisburn)
- New Energy and Carbon Group policy issued
- ISO 50001 certification at Whitemountain, Hope and Kinnegad cement
- Total emissions for 2020 were 1.56 MtCO₂e - a reduction of 12% in comparison to 2019. 2020 carbon intensity was 1.7 kgCO₂e/£ revenue – a reduction in comparison to 1.9 kgCO₂e/£ revenue in 2019
- Kinnegad plant achieving 71% replacement of fossil fuels
- Significant investment in upgrading Kinnegad’s main bag filter and replacing Hope’s raw mill drive and kiln shells
- Significant investment at North Cave Quarry processing site, rationalised water pumps and replaced inefficient equipment
- Numerous actions across sites to improve efficiency of processing equipment, compressors, burners, motors, lights
- Use of telematics systems, fuel efficiency monitoring systems and training for drivers. Telematics trials delivered 10.9% CO₂ emission reduction and 12% fuel use reduction
- Investment in low emission Mercedes Econic low entry cab mixers
- Introduction of fast charging sites for electric vehicles
- Increased material moved by rail from Hope, saving 100,000 road miles
- R&D into various projects such as secondary cementitious materials (e.g. calcined clays) and Hynet project participation

2021 focus areas

- Setting and embedding sound, science-based carbon reduction targets with a goal of achieving carbon neutrality by 2050
- Advancing the development of a decarbonisation roadmap to 2050
- Improving data collection, granularity and reporting
- Assessing the recommendations of the Taskforce for Climate related Financial Disclosure relevant to our organisation
- Seeking to further reduce reliance on fossil fuels and introduce more sustainable energy substitutes into our business
- Improving driver training and reducing fuel consumption in our transport fleets (telematics in 300 commercial vehicles)
- Continued research and development and trial of technologies and solutions to achieve a reduction in emissions
- Planning application for a new alternative raw material offload facility at Hope (via rail) to reduce reliance on high-sulphur shale
- Ongoing monitoring of technology advancements (e.g. hydrogen and plasma use)

Making a material difference to the planet:

Circular economy

Our focus is on the efficient use of natural resources throughout their life cycle. In addition to considering the extraction, production and transportation impacts of our products, we consider incorporating secondary materials and we provide a waste reutilisation solution.

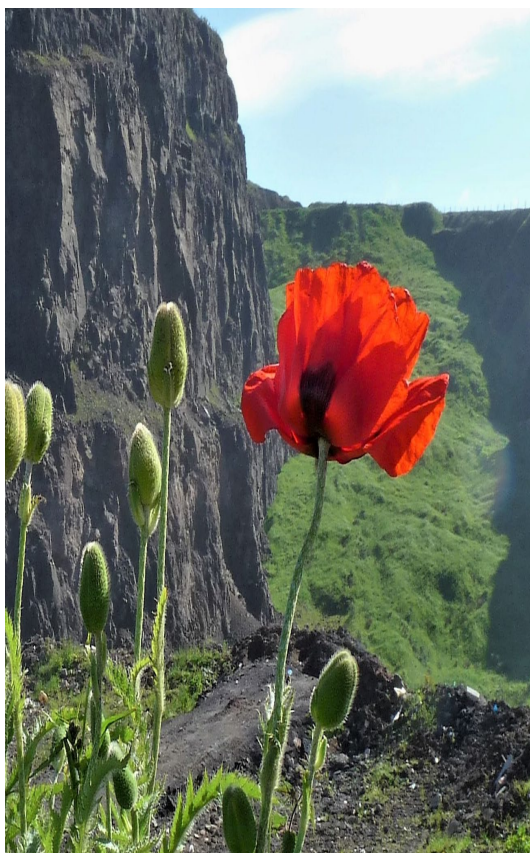


Current initiatives and progress	2021 focus areas
<ul style="list-style-type: none"> Continued repurposing of waste materials from other industries as substitutes to help preserve our primary materials Utilising over 136,000 tonnes of alternative fuels such as waste oils and solvents, chipped tyres, plastics and animal meal in our cement plants, achieving a fossil fuel replacement rate of over 45% Over 100,000 tonnes of waste derived alternative raw materials such as Pulverised Fuel Ash and recycled gypsum was used to replace primary materials, lowering associated carbon emissions Achieved zero process waste from Hope being sent to landfill Waste management company worked with a range of GB sites to achieve a 93% diversion of waste from landfill Investment in pallet-less brick bale and automatic packaging technology at Kingscourt Brick achieved 80% reduction in wooden pallet use (20,000 fewer pallets) and a 9% reduction in transport costs due to weight reduction and increased bricks per bale Investment in new RAP slider at Cork plant to utilise more waste materials back into new road surface material. Cork now utilising 30% RAP and Dublin and Kinnegad also increasing their RAP percentages Together with Welsh Government and local councils we developed slate asphalt using secondary products and waste streams - trials used over 90% waste aggregate 	<ul style="list-style-type: none"> Improving our waste data and management reporting Targeting reductions on the total amount of waste generated at our sites compared to the previous year, with area managers tasked to identify and share positive improvements to waste, recycling or circular thinking Increasing the rate of recycling and reuse of on-site waste and internally-produced product Continuing to explore ways to increase the use of alternative fuels and alternative raw materials at our cement plants Increasing our use of RAP - developing the demand for our existing RAP products and considering development of new RAP products Maximising the storage and production opportunities at our network of sites in major urban markets in order to grow the circular economy Planning application for an alternative raw material handling system at Hope, to enable the use of a wider variety of alternative raw materials and in larger quantities. This will also enable 100,000 tonnes of Welsh Slate waste materials to be repurposed

Making a material difference to the planet:

Environment and nature

We carefully manage the environmental impacts of our operations, reducing emissions to air and water and enhancing biodiversity and habitats.



Current initiatives and progress	2021 focus areas
<p>Environment</p> <ul style="list-style-type: none"> • ISO 14001 certification maintained. Over 250 audits and 73 visits by regulators with no prosecution or enforcement notices issued • Complaints system updated to improve recording and analysis of trends • Revised Environment Policy and new Biodiversity Policy issued • Installation of rainwater collection tanks at Kinnegad for use in the conditioning of FDPC, saving 2,000 cubic meters of extracted water • New Rock Hawg machine with Grysdale Dust Collector at Breedon Quarry – the first of its kind in the UK - reducing noise and dust (99.9%) • Dublin emulsion plant diverting water used for cooling emulsion during production back to storage for dust suppression and wheel washing • Toms Forest sand plant improved the silt pond capacity to recycle more process water and work started at Bweeng quarry lagoon to increase the amount of aggregate that can be washed and also reduce waste 	<ul style="list-style-type: none"> • Further improving the quality of monitoring data collected and target sites to increase efficiencies in mains water usage • Focusing on site environmental hazard awareness and re-enforcing the requirements of environmental permit conditions with all relevant members of the workforce • Increasing competency through the development and roll out of IEMA supported environmental management training courses • Continuing quarry lagoon upgrade project
<p>Nature</p> <ul style="list-style-type: none"> • New Biodiversity policy issued • Ongoing partnerships with conservation organisations such as The Wildlife Trusts and initiatives such as the All Ireland Pollinator Plan • Ongoing restoration programmes, planting trees and regenerating land • Gart Pond, Cambusmore quarry exceeded 1,000 bird count in 2020 • Whitemountain Fund supported 21 projects in 2020 (£7.2m since 2007) 	<ul style="list-style-type: none"> • Updating rehabilitation plans for our quarries and working towards enhancing and protecting biodiversity at our operational sites • Undertaking ecological assessments to assist us with determining the biodiversity value of our sites and developing biodiversity management plans for those sites where opportunities exist • Developing influential partnerships and involving colleagues in local ecological improvement projects where possible

Making a material difference to people



Making a material difference to people:

Social responsibility

We are committed to make a positive contribution to the quality of life of our colleagues, their families and the communities around our operations.



Current initiatives and progress

Developing and empowering a diverse, talented workforce

- Adapted our classroom training to virtual or blended options, launching a suite of online learning resources for colleagues
- Despite lock down, 68 colleagues completed our Management Development and Commercial Development Programmes and 21 colleagues achieved degrees, diplomas and professional qualifications
- First cohort of LGV driver apprentices took to the road in July
- Ongoing recruitment of apprentices and development of trainees, 16 of whom progressed to become permanent employees in 2020
- Our employee gender split improved to 13% female 87% male
- Delivered a suite of human resources training modules including Equality, Diversity and Dignity at Work modules to all line managers and provided a Toolbox talk for delivery to a wider colleague audience

Positive impact on communities

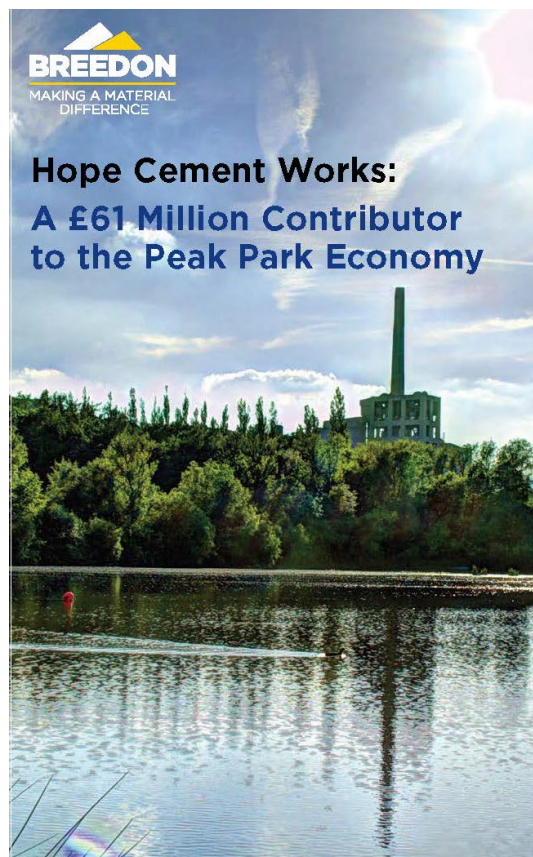
- Implementing our best practice 'Good Neighbour' plans across key sites
- Donations of materials to communities, fundraising campaigns and employee volunteering, including STEM education sessions at schools
- Involvement in quarry based archaeological projects
- Awarded 'Best Community Engagement Project' award in Scotland
- Whitemountain Fund has awarded £7.2M since 2007

2021 focus areas

- Develop a Group Diversity and Inclusion Policy
- Develop our People Plan
- Increase our ability to provide training to more people online

- Implement our 'Good Neighbour' plans across more of our sites
- Ongoing positive community activities, including STEM
- Improve the impact of our strategic social investment, donations and volunteering activities

Strong community relations is central to maintaining our licence to operate



- Breedon's national network of local relationships is a key competitive advantage
- Developing and sustaining good relationships with local authorities, landowners and communities is central to the success of our business and maintaining our licence to operate
- We support the communities in which we operate in a variety of ways, including:
 - Funding and donation of building materials to local projects
 - Engagement with, and support of, local schools
 - Quarry open days and other community events
 - Charity fundraising by employees
- The strength of Breedon's local relationships is particularly evident in the Peak District National Park, where the Group in 2018¹:
 - Contributed £61m to the Peak Park economy
 - Accounted for 7.0% of the Park's total economic output
 - Supported more than 270 jobs (1.8% of total employment)

Making a material difference to places



Making a material difference to places:

Contributing to a sustainable built environment

We collaborate and engage with our customers and our suppliers to develop innovative products and services that enable resource efficient or low carbon sustainable construction solutions



Current initiatives and progress

- Ongoing collaborative work across the sector to determine the most appropriate methods for Life Cycle Assessment and increased transparency around embodied product impacts
- Collaboration across the sector around the development of low carbon labelling approaches that help guide customers towards lower carbon, resource efficient products and solutions
- Continued development of sustainable products such as Recofoam® which incorporates up to 85% recycled materials and reduces CO₂ emissions by around 50%
- Earth Friendly Concrete (EFC) is Portland Cement free and instead uses a geopolymer binder system made from waste ashes. It offers a 70% saving in embodied carbon compared to standard concrete mixes
- Whitemountain (in partnership with Somerset County Council and AECOM) were awarded The Transportation Innovation Award at The Chartered Institution of Highways and Transportation South West Awards for the Colley Lane Southern Access Road Project. The project will provide economic benefits of £36 million over the next 60 years; has substantially reduced noise levels at 398 residential properties; is projected to cut air pollution by 5,230kt of CO₂ per year by reducing unnecessary journeys; paid more than £3.9 million (a third of the construction value) to local suppliers and contractors

2021 focus areas

- Assessing the most appropriate tools and methodologies for carbon calculations, Life Cycle Assessments and Product Declarations
- Determining the 'eco' credentials of our products and solutions that contribute towards improved quality and sustainability in the built environment over their life cycle
- Researching, developing and trialling products that provide solutions and benefits to our customers
- Seeking opportunities to collaborate with academia and other institutions to collaborate on research and development and innovation

**Our focus areas are
underpinned by
fundamental
operating principles**



Our fundamental operating principles:

Responsible business



We embed our values into our actions to ensure that we act safely, ethically, responsibly and transparently.



Current initiatives and progress	2021 focus areas
<p>Health, safety and wellbeing</p> <ul style="list-style-type: none"> • COVID-19 adaptations and wellbeing initiatives • Ongoing 'Visible Felt Leadership' • Achievement of ISO 45001 at key sites • Improved internal reporting systems, guidance and new resources • New Health, Safety and Wellbeing policy • Additional X-Ray screening (Occupational Health) 	<ul style="list-style-type: none"> • Reinforcing our existing Visible Felt Leadership processes and our employee engagement on health and safety • Focusing on behaviour in the workplace and reinforcement of key high-risk areas that require additional controls to keep our colleagues, contractors and visitors safe • Developing a revised Occupational Road Risk strategy to reduce incidents on public highways • Occupational health will remain a key focus with a dedicated communications plan, and targeted focus in the key area of wellbeing
<p>Ethics and responsible procurement</p> <ul style="list-style-type: none"> • Updated Business and Supplier Codes of Conduct • Modern slavery training materials and toolbox talk • Commitment to the Gangmasters and Labour and Abuse Authority's Construction Protocol • Key sites certified to BES 6001 (Framework Standard for Responsible Sourcing) 	<ul style="list-style-type: none"> • Developing online anti-bribery and competition law training • Undertaking a Human Rights Risk Assessment to determine potential areas of focus in our supply chain • Reviewing our supplier assessment systems and procedures

Appendix



Breedon's remuneration framework

Key elements	Operation	Maximum opportunity	Performance conditions
<p>Base salary To provide a competitive base salary reflective of the particular skills and experience of an individual</p>	<ul style="list-style-type: none"> Reviewed annually or on a significant change of responsibilities Salaries determined by reference to the skills and personal performance of the individual External market data and pay and employment conditions elsewhere in the Group also taken in to account 	<ul style="list-style-type: none"> No maximum salary Increases will normally be broadly in line with the range of salary increases awarded to the wider workforce Increases above this level may be awarded to take into account individual circumstances, such as a change in the scope or responsibilities of the role 	<ul style="list-style-type: none"> None
<p>Annual cash bonus To incentivise the delivery of annual financial, strategic and safety objectives</p>	<ul style="list-style-type: none"> EBIT performance measures and targets are set at the start of the financial year or later if appropriate Based on performance, bonuses are paid in cash shortly after the completion of the audit of the annual results 	<ul style="list-style-type: none"> For executive directors, the maximum opportunity is 125 per cent of salary, reflecting a desire to retain a high proportion of variable remuneration Bonuses are not pensionable 	<ul style="list-style-type: none"> Assessed against financial targets Increased or decreased based on average capital employed against targets, subject to overall limit May be reduced or eliminated if safety performance reaches unacceptable levels Remuneration Committee discretionary override and malus and clawback provisions introduced from 2021
<p>Performance share plans To drive superior performance and delivery of long-term objectives, aid retention and align director and shareholder interests</p>	<ul style="list-style-type: none"> Annual share-based awards with a three-year performance period 	<ul style="list-style-type: none"> Rolling annual awards Award limit is 250% of base salary 	<ul style="list-style-type: none"> Typically measured over a period of at least three years Conditions and weighting reviewed annually Current performance measures are EPS and TSR Malus and clawback provisions and a 2-year vesting holding period introduced from 2021 awards onwards
<p>Pension To aid recruitment and retention by providing for long-term retirement benefits</p>	<ul style="list-style-type: none"> A salary supplement equivalent to the contribution that would otherwise be made to a defined contribution pension plan 	<ul style="list-style-type: none"> Chief Executive Officer and Chief Financial Officer receive a salary supplement of 5 per cent of their base salary in lieu of a pension contribution 	<ul style="list-style-type: none"> None

GCCA Sustainability Charter Pillars and Reporting

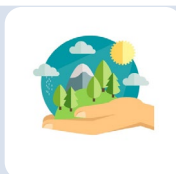


HEALTH AND SAFETY



- a) Apply the good safety practice guidelines of the GCCA
- b) Promote the sharing of good health practices
- c) Report annually to the GCCA employee safety data in line with guidelines

CLIMATE CHANGE AND ENERGY



- a) Develop a climate change mitigation strategy, and publish targets/progress
- b) Report annually to the GCCA climate change data in line with the guidelines

SOCIAL RESPONSIBILITY



- a) Publish a Code of Conduct incorporating the principles of internationally proclaimed human rights
- b) Apply the Social Impact Assessment guidelines
- c) Establish a systematic dialogue process with stakeholders

ENVIRONMENT & NATURE



- a) Apply the Environment and Nature guidelines
- b) Set emission targets and report publicly on progress
- c) Report annually to the GCCA on emissions, biodiversity and water in line with the guidelines

CIRCULAR ECONOMY



- a) Promote the principles of circular economy across the value chain
- b) Apply the guidelines developed for fuel and raw material use in cement production
- c) Report annually to the GCCA circular economy data in line with guidelines

Breedon's development, commercial and management programmes

Apprenticeships

30+ to be appointed in 2021, taking the total to 63 since April 2017

Trainee programmes

started in 2019 with **17** participants; **35** trainees with another **10+** planned before end of 2021

Higher Education Programme

7 successful completions in 2021 and new enrolments underway

Breedon Management Development Programme (BMDP)

12 completions in 2021, taking the total to **253**; **44** currently on a programme and **60** scheduled before end of 2021

Breedon Commercial Development Programme (BCDP)

29 completions in 2020, taking the total to **50**

Breedon Group Sharesave Scheme



BREEDON GROUP SHARESAVE SCHEME (SAYE) HELPING EMPLOYEES SHARE IN THE GROWTH OF BREEDON



some **£310,000** per month
being saved by over
1,500 employees



over **23.2 million** shares
currently under option



over **14.8 million** shares
issued on exercise of options



over **£5.7 million** gain*
on exercise of options by over
580 employees

Correct as at April 2021

** "gain" for this purpose is the increase in the value of shares acquired at the date of exercise, and not necessarily at the time of sale*



BREEDON

MAKING A MATERIAL
DIFFERENCE