

BREEDON GROUP plc

(the "Company")

SUSTAINABILITY COMMITTEE

Terms of Reference

1. CONSTITUTION

- 1.1** The Board of Directors of the Company (the "**Board**") has established a committee of the Board known as the Sustainability Committee (the "**Committee**"). The Terms of Reference for the Committee outlined below are defined by the Board and may only be amended by the Board.
- 1.2** References in these Terms of Reference to the "**Group**" mean the Company, its subsidiaries and any subsidiary undertakings.
- 1.3** The meetings and proceedings of the Committee are governed by these Terms of Reference which were adopted by the Board on 26 April 2023.

2. MEMBERSHIP

- 2.1** The Committee shall comprise a minimum of three members appointed by the Board, the majority of whom should be independent non-executive directors. If not already included in the non-executive directors nominated by the Board, the Chair of the Board will also be a member of the Committee.
- 2.2** The Chair of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee, which shall determine the period for which they shall hold office, and in consultation with the Committee. The Chair of the Committee shall be an independent non-executive director.
- 2.3** In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board.
- 2.4** Appointments to the Committee shall be made by the Board on the recommendation of the Committee and shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the members (other than the Chair of the Board, if they are a member of the Committee) continue to meet the criteria for membership of the Committee.
- 2.5** The Group's People Director, Head of Sustainability and Head of Health, Safety & Wellbeing may be invited to attend meetings of the Committee as and when the Committee consider it appropriate or necessary. Other Board members and employees may attend if invited by the Chair of the Committee.
- 2.6** The Committee may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Chair of the Committee.

3. SECRETARY

- 3.1** The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3.2 The content of the papers to be considered by the Committee will be agreed in advance between the Chair of the Committee and the Group's Head of Sustainability, and the latter shall be responsible for co-ordinating the preparation of such papers for timely submission to the Committee Secretary for distribution to the Committee members in accordance with paragraph 6.2 below.

4. QUORUM

4.1 The quorum for decisions of the Committee shall be any two members, both of whom must be independent non-executive directors.

4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. FREQUENCY OF MEETINGS

5.1 The Committee shall meet not less than three times each year or otherwise as required. Formal meetings of the Committee may be held by telephone, video conference or other communication equipment which allows those participating to hear and speak to each other throughout the meeting and the quorum in that event shall be any two Committee members so linked.

5.2 If possible, meetings shall be held in conjunction with meetings of the Audit & Risk Committee, with whom the Committee shall closely liaise.

6. NOTICE OF MEETINGS

6.1 Meetings may be called by the Secretary of the Committee at the request of any member of the Committee.

6.2 At least five working days' notice of any meeting of the Committee shall be given, although such notice may be waived or shortened with the consent of all the members of the Committee for the time being. Notice of the meeting shall confirm the venue, time and date, together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. Late submission or circulation of supporting papers will be permitted at the discretion of the Chair of the Committee.

6.3 Notices, agendas and supporting papers can be sent in electronic form (if the recipient has agreed to receive them in this way) or in hard copy, as circumstances permit.

7. MINUTES OF MEETINGS

7.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance and the existence of any conflicts of interest. In the absence of the Secretary, the Chair of the Committee shall designate any Committee member or other meeting participant who is authorised to attend the meeting by the Chair of the Committee to minute the proceedings.

7.2 The draft minutes of the meetings of the Committee shall be agreed with the Chair of the Committee and then circulated to all members of the Committee and, once approved, to the Board and the Company Secretary unless a conflict of interest exists or, exceptionally, it would be inappropriate to do so in the opinion of the Chair of the Committee.

8. ENGAGEMENT WITH SHAREHOLDERS

The Chair of the Committee shall be available at the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the activities and achievements of the Committee. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

9. DUTIES

The Committee's duties are to review the strategies, policies and performance of the Group in relation to sustainability, and to drive improvement in this area as appropriate. Specifically, the Committee will, on behalf of the Board:

- 9.1** Review the environmental impact and sustainability of the Group's operations particularly in relation to those activities where the Group has its most significant environmental impacts in respect of energy management and climate change, water quality, and biodiversity and land use, considering the Board's duty to have regard to the impact of the Group's operations on the community and the environment as well as the Company's other stakeholders, when promoting the success of the Company.
- 9.2** Ensure the promotion of socially responsible values and standards that relate to the social and economic communities in which the Group operates, in accordance with the Company's corporate sustainability strategy and ensure the Company can demonstrate that it lives through these values and can act responsibly in its engagement with all stakeholders in these communities, locally, nationally and internationally
- 9.3** Review the Group's policies and procedures in relation to sustainability and associated matters.
- 9.4** Review and evaluate the sustainability performance of the Group, including but not limited to in relation to energy and carbon emissions, materials and waste management and social and community matters.
- 9.5** Monitor, plan and implement relevant actions for current and pending regulation and policy changes in relation to ESG and sustainability matters.
- 9.6** Consider and recommend to the Board:
 - 9.6.1** the Group's overall approach to sustainability and ensure it is aligned with the Group strategy and, if appropriate, recommend amendments to the above policies to the Board;
 - 9.6.2** develop and recommend to the Board corporate sustainability targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators;
 - 9.6.3** consider matters linked to the Group's corporate sustainability strategy; and
 - 9.6.4** whatever it deems appropriate on any area within its remit where action or improvement is needed.

10. REPORTING RESPONSIBILITIES

- 10.1** All decisions of the Committee shall be reported formally to the Board by the Chair of the Committee.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be made available for Board discussion when necessary. All decisions on recommendations referred to the Board shall take effect only upon approval thereof by resolution of the Board, at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association.

10.3 The Committee shall, in consultation with the Group's Audit & Risk Committee, oversee and monitor the development of the Group's sustainability disclosures, and make recommendations to the Board on any such disclosures which might be made in the Company's annual report, and it shall produce a report to be included in the Company's annual report describing the work of the Committee.

11. PROCEDURE

11.1 Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to participate in all meetings of the Committee.

11.2 The Committee shall conduct an annual review of its work and these Terms of Reference to ensure it is operating at maximum effectiveness and shall make recommendations about any changes it considers necessary to the Board.

11.3 The Chair of the Committee shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

11.4 The Committee shall make available these Terms of Reference on the Company's website.

11.5 The Committee is authorised to:

11.5.1 investigate, or cause to be investigated, any activity within these Terms of Reference;

11.5.2 seek any information it requires from any employee of the Group in order to perform its duties, with an obligation on all employees of the Group to co-operate with any request made by the Committee;

11.5.3 obtain external professional services, funded by the Company, on any matters it considers appropriate to the Terms of Reference and invite such or other advisors to attend meetings as it deems necessary;

11.5.4 meet for dispatch of its business, adjourn and otherwise regulate its meetings as it sees fit;

11.5.5 delegate any of its duties as is appropriate to such persons or person as it thinks fit;

11.5.6 ensure appropriate induction for new members to provide an understanding of the role of the Committee, including the Terms of Reference and the expected time commitment by members; and,

11.5.7 avail itself of training it considers appropriate to ensure members have sufficient understanding of the business of the Group and the environment in which it operates, and also to ensure that members are kept up to date with relevant accounting, regulatory and legal developments.

12. OTHER MATTERS

12.1 The Committee shall:

- 12.1.1** have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- 12.1.2** be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 12.1.3** give due consideration to applicable laws and regulations, including the provisions of the Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulation and any other applicable rules, as appropriate;
- 12.1.4** oversee any investigation of activities which are within these Terms of Reference; and
- 12.1.5** work and liaise as necessary with all other Board Committees, ensuring the interaction between committees and that the Board is reviewed regularly.

Date of next review: April 2024