



MAKING A MATERIAL
DIFFERENCE

ANNUAL REPORT AND
ACCOUNTS 2023



Essential materials
from quarry to customer

Contents

Our purpose is to make a material difference to the lives of our colleagues, customers and communities.

We achieve that by delivering essential construction materials while living our values; keeping it simple, striving to improve, making it happen and showing we care.

The strategic report has been approved by the Board of Directors and signed on its behalf by:

Rob Wood
Chief Executive Officer

6 March 2024

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From quarry to customer

Breedon is a **leading vertically-integrated construction materials** group in Great Britain and Ireland.

We supply the construction industry with the **essential materials** needed to build the places where we live and work, play and in-between.

We use our core assets to produce **valued-added** downstream products, pulling our aggregates and cement through to deliver asphalt, ready-mixed concrete and surfacing solutions to the construction supply chain.

Record revenue

£1.5bn

Revenue

Robust earnings

£134m

Profit before tax

Resilient returns

9.9%

Return on invested capital



From quarry to customer

KEEP IT SIMPLE

“ My role is simple: supply essential construction materials to our customers safely and efficiently, with the best quality and service in the market.

Phil Shimwell
Dowlow Quarry Manager





From quarry to customer **KEEP IT SIMPLE**

At Dowlow our team took simple steps to generate efficiency gains and sustainability improvements.

Investment underpinned simplicity

Investment underpinned simplicity

Carefully targeted investment enabled the reconfiguration of this 125 year old site, uncovering efficiency gains and sustainability improvements.

Crushing operations overhauled

Crushing operations overhauled

New mobile equipment enabled the relocation of mineral crushing operations, simplifying quarry movements and reducing fuel use by up to two thirds.

New office and welfare facilities

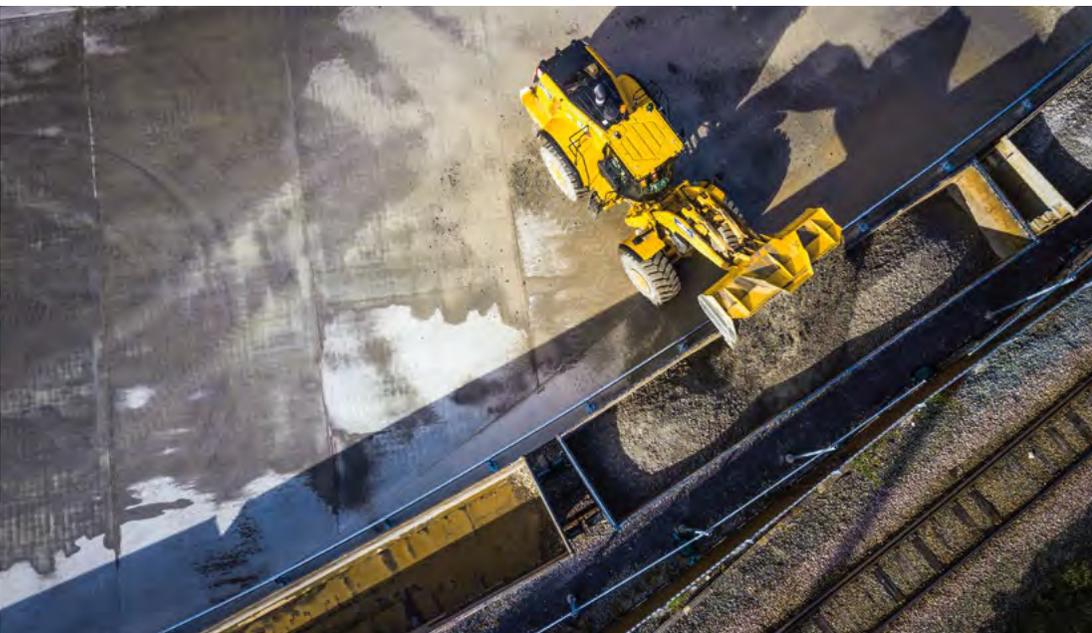
New office and welfare facilities

Our new facilities simplified on and off-site locations and brought our team together, improving safety, welfare, distribution and training.

Simply good sense

Simply good sense

By collaborating with our customers, our train provider and Network Rail, we maximised our rail haulage capability, increasing weekly train loads by 30%.



From quarry to customer

STRIVE TO IMPROVE

“ The Highlands and Islands airports provide vital community links. To resurface Islay airfield we redefined project delivery, improving our capability, enhancing our customer service and leaving legacy benefits for the wider community.

John Macleod
General Manager, Surfacing Solutions





From quarry to customer **STRIVE TO IMPROVE**

To resurface Islay airfield we reviewed how we deliver our remote surfacing projects, producing far-reaching improvements to our capability and service.

1 Continually improving our product

Continually improving our product

In only two years we have built a highly credible airfield surfacing business with strong client relationships and contractor partnerships.

2 Investing in solutions

Investing in solutions

Our new mobile asphalt plant ensures the reliable provision of high-quality surfacing material in remote locations, improving our capability.

3 Enhancing customer service

Enhancing customer service

We minimised the impact of our presence on the island during peak tourism season by using independent transport, haulage and catering providers.

4 Improvements reach beyond our projects

Improvements reach beyond our projects

We voluntarily resurfaced local public spaces, hosted community site visits and provided work experience.



From quarry to customer

MAKE IT HAPPEN

👉 Maximising the power of our vertical model is key to our success in Ireland. By extending our upstream mineral reserves we are supporting our market leading surfacing activities and improving our customer service.

Brian Downes

Ireland Head of Land Minerals and Environment





From quarry to customer **MAKE IT HAPPEN**



We have nearly tripled our mineral reserves and resources in Ireland since Breedon acquired Lagan in 2018.

Proactive planning and determined engagement

Since establishing Breedon in Ireland we have added 93 million tonnes of mineral reserves and resources, nearly tripling our mineral assets in the region.

Acquisitions and land purchases

In 2023 we added over 50 million tonnes of mineral reserves through acquisition or by accessing land adjacent to existing quarries.

Increasingly self-sufficient

We deliver hundreds of surfacing projects each year, fulfilling more of those projects with our own material than ever before.

Making it happen for the whole community

We maximise the biodiversity of our sites and support local communities with sponsorship and employment opportunities.



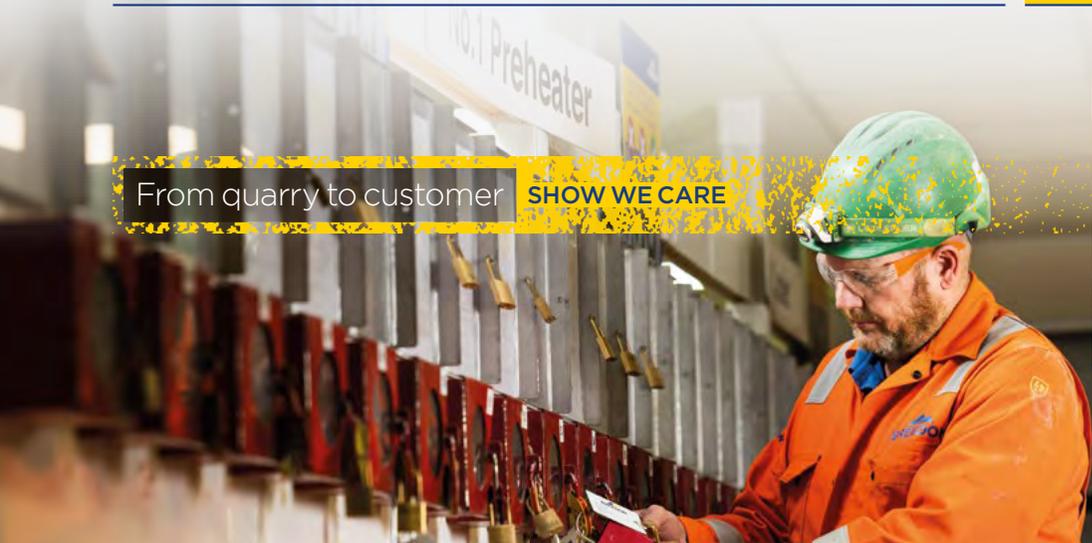
From quarry to customer

SHOW WE CARE

“ At Hope caring is in our DNA. Our customers care that we reduce our carbon footprint without compromising product quality. We work to benefit our neighbours and their communities. And we make sure our colleagues go Home Safe and Well every day.

Donna Hunt
Head of Sustainability





From quarry to customer **SHOW WE CARE**

Hope Cement Works has operated in the Peak District for nearly a century and we care deeply about our legacy.

Outstanding safety and welfare record

Outstanding safety and welfare record

Sending our people Home Safe and Well is our highest priority. Safety training is enhanced with access to mental health first aiders and personal finance workshops.

Innovating to reduce our carbon footprint

Innovating to reduce our carbon footprint

We carried out pioneering industrial trials with graphene to enhance CEM II compressive strength while reducing its carbon footprint.

Creating wildlife habitats

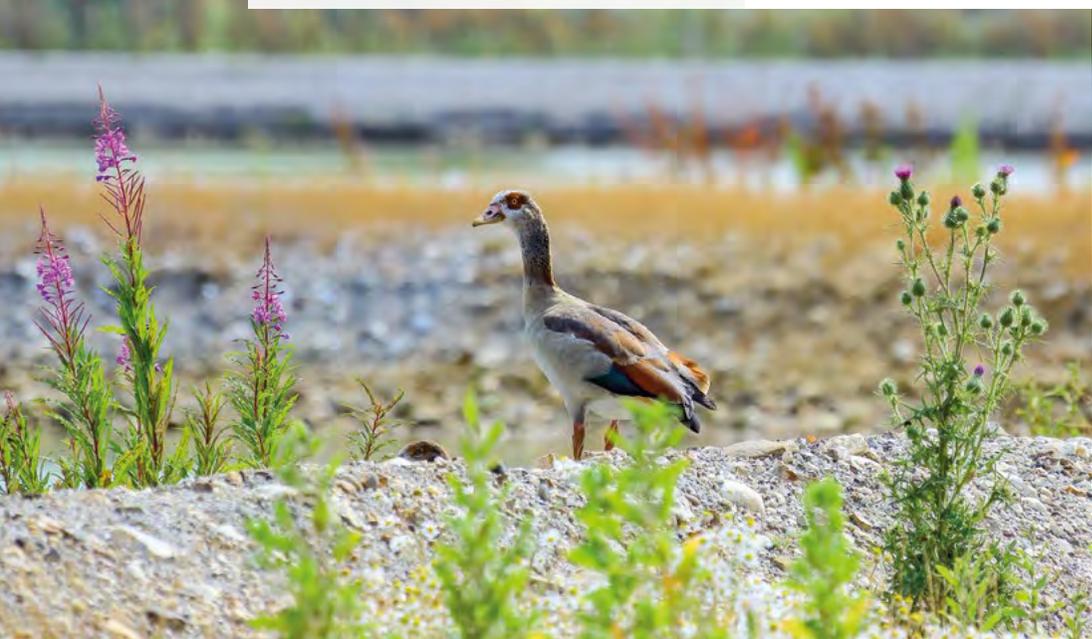
Creating wildlife habitats

Land restoration is critical to our legacy in the Peak District National Park. We work closely with local organisations to conserve wildlife habitats.

Heart of the community

Heart of the community

We contribute meaningfully to the Peak District, providing recreational facilities and opening our forest school to local communities.



Investment case

We offer sustainable growth, underpinned by a proven financial framework

The foundations of our **asset-backed model** are one billion tonnes of mineral reserves and resources and two well-invested cement plants.

Our **vertically-integrated** operating model offers margin-enhancing routes to market by pulling through our cement and aggregates in the production of ready-mixed concrete and asphalt, and the provision of surfacing solutions.

We supply attractive end-markets, such as infrastructure and housebuilding, which benefit from long-term **structural growth** trends.

Our **self-help culture** of continuous improvement supports margin enhancement and drives returns in excess of our cost of capital.

Our **disciplined capital allocation** enhances returns, delivers strong Free Cash Flow generation, enables multiple routes to growth, and facilitates the payment of a progressive dividend.

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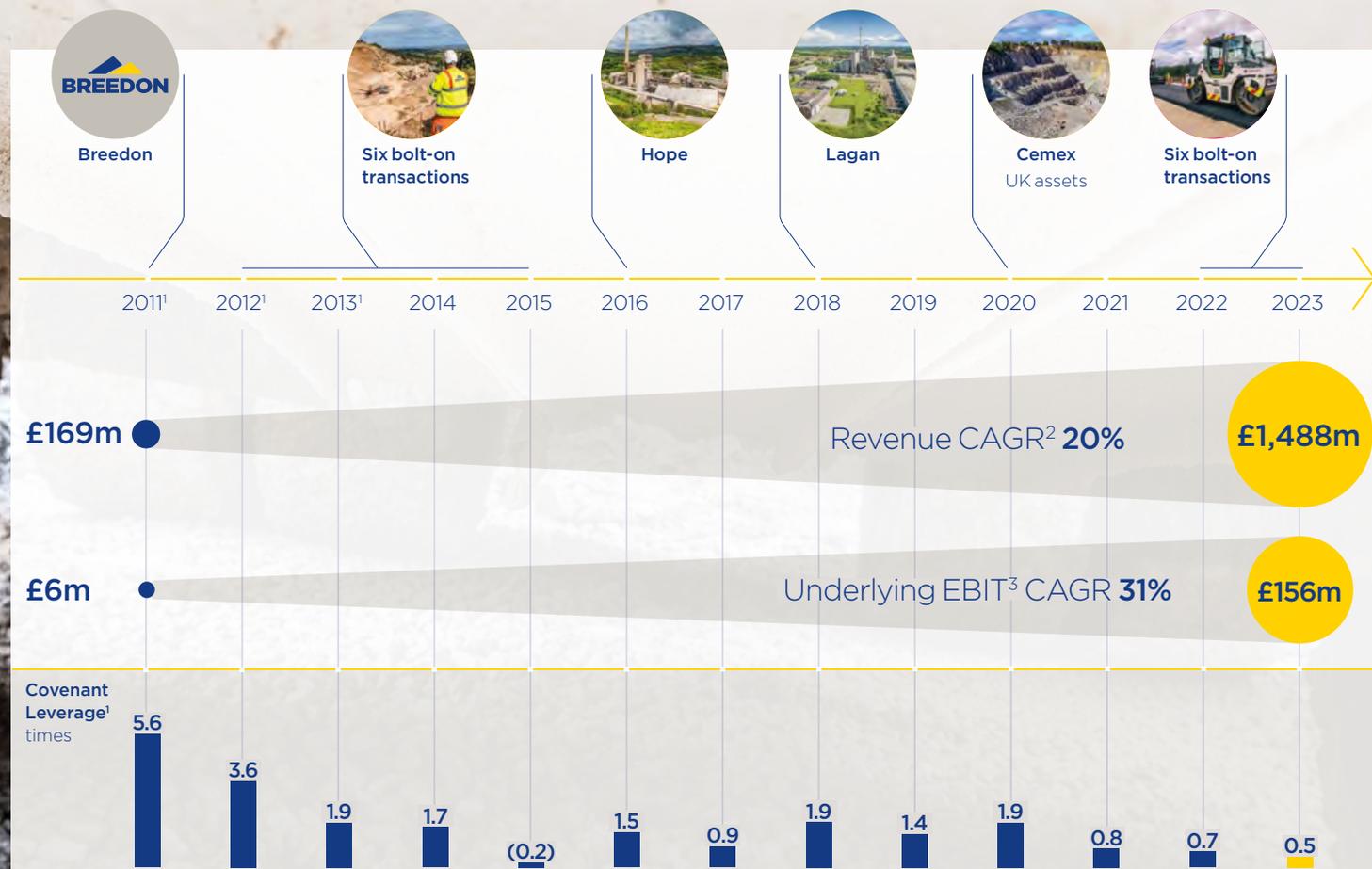


Investment case

An outstanding track record of sustainable growth

Since our first full year of trading as Breedon, we have undertaken 25 acquisitions while simultaneously pursuing organic growth.

In this time, our growth has outpaced our markets, we have successfully converted profits to cash and rapidly reduced gearing.



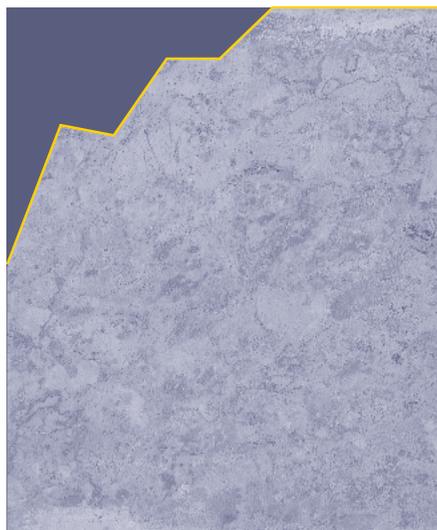
1 Covenant Leverage has been calculated on a consistent basis for all periods, following the principles set out in the Group's current debt facility agreements. Note 27 of the consolidated financial statements contains further details of this calculation.
 2 CAGR: Compound annual growth rate.
 3 EBIT refers to earnings before interest and tax and equates to profit from operations.

Breedon at a glance

A balanced portfolio of high-quality assets operated by our first class team

Reserves and resources

tonnes
bn



1 BILLION

tonnes

We are stewards of one billion tonnes of mineral reserves and resources, equivalent to around 35 years of production.

CONNECTED

Our extensive road and rail haulage infrastructure delivers our mineral reserves and resources sustainably to our customers.

2015 2016 2017 2018 2019 2020 2021 2022 2023

Asset-backed and vertically-integrated

We have a balanced portfolio of valuable assets operated by our first class team of 3,900 highly-engaged colleagues.

Aggregates

>100
quarries

Our quarries supply aggregates both to our customers and our own ready-mixed concrete and asphalt plants, pulling materials through the business model.

Cement

2
plants

Two well-invested cement plants capable of producing more than two million tonnes of cement annually.

Ready-mixed concrete

>160
plants

Over 160 ready-mixed concrete plants supplying quality assured concrete, screed and mortar to a broad scope of projects.

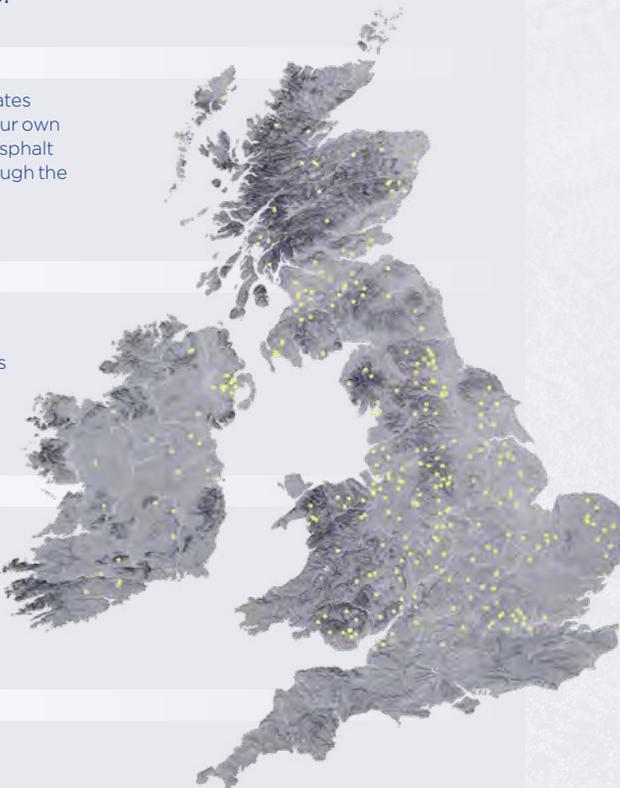
Asphalt

>50
plants

Over 50 asphalt plants supplying quality assured materials to a wide range of projects from car parks to major trunk roads.

Surfacing

Our **Great Britain** surfacing operations are strategically located around nine regional hubs in England and Scotland, serving our customers efficiently and economically.



Our **Ireland** surfacing and contracting activities benefit from multi-year frameworks and term contracts, delivering high-profile projects including airport runways and major trunk road resurfacing.

Breedon at a glance

Our culture

Our purpose is to **make a material** difference to the lives of our colleagues, customers and communities.

Our values

We adopt clear authentic behaviours to ensure long-term success.

- 

KEEP IT SIMPLE
- 

STRIVE TO IMPROVE
- 

MAKE IT HAPPEN
- 

SHOW WE CARE

Our people

Our people are one of our greatest assets. Their safety and wellbeing is our highest priority and the objective of our **Home Safe and Well** campaign.

3,900
people

70
new graduates and apprentices

80%
engagement score



Our strategy

- 

Sustain
Sustainability considerations guide all of our decisions
- 

Optimise
Continuously improving efficiency
- 

Expand
Through organic and inorganic growth
- 

Financial framework
Supporting our strategy through investment and capital allocation

Our reporting lines

	<p>Great Britain An extensive footprint of quarries and downstream operations, from Hampshire to the Hebrides.</p>	<p>More detail »36</p>
	<p>Ireland A network of quarries and plants across the Island of Ireland, supporting a highly regarded surfacing business.</p>	<p>More detail »38</p>
	<p>Cement Our Cement division operates two well-invested plants in GB and Ireland, producing more than two million tonnes of cement annually.</p>	<p>More detail »40</p>

Chair's statement



Amit Bhatia
Chair

This is a year to be proud of. **I believe Breedon's best days are yet to come.**

Delivering results to be proud of

Growing revenue and Underlying profit from operations through the tough conditions we experienced in 2023 is down to the resilience of our team, the quality of our model and the power of our strategy.

These results are a real accomplishment given the economic and political context in which they were delivered, making this a year to be proud of.

This level of execution has become a familiar pattern at Breedon, providing the Board with the confidence to approve a significant 29% increase in our full-year dividend to 13.5p.

Strong model, proven strategy

Our strategy, governed by the Board, is simple and effective; operate sustainably, optimise our operations, expand our business and deploy capital thoughtfully. While the business has changed significantly in its relatively short history, the fundamentals of the strategy have altered very little.

As our footprint and capability have expanded, and the vertically-integrated model has matured, our opportunities for self-help have grown, reinforcing

our resilience and reducing our reliance on trading conditions to generate outstanding results. Our results have clearly demonstrated this in recent years, particularly in 2023.

Growth remains our main objective

What has not changed is our growth mindset. From the Board through management to the quarry floor, the whole team is focused on the future. We continuously ask ourselves how to operate our assets as efficiently as possible, when and where to grow our capability and footprint, and how we can most effectively deploy capital to drive growth.

Critical to our long-term success we have focused on maintaining and growing our asset base, either organically through internal investment or externally through M&A. Operating according to these fundamental principles, coupled with our patient and persistent approach, has enabled us to build the business of which we are stewards today.

Cash dividends paid
£m



Chair's statement

Sustainability is critical to our success

One aspect that has gained momentum is the sustainability agenda. We have always taken our responsibility to our colleagues and our communities seriously; taking good care of our Planet, People and Places is our obligation in order to operate. However, the need to capture and verify our sustainability progress is driving us to build new relationships and adopt new practices.

The Sustainability Committee, that was established in 2022, has overseen material progress in 2023. We committed to the Peak Cluster carbon capture and storage project, secured a rating from CDP and submitted our net zero target to the Science Based Targets initiative (SBTi) for formal validation. While these are significant milestones we are only in the foothills of our sustainability voyage and the Committee will continue to oversee our determined and unrelenting progress.

Maturing from AIM to the Main Market

Through the actions of our team and under the guidance of the Board, Breedon has become an established construction materials business across GB and Ireland, with an enviable track record for growth and value creation.

We are maturing the business and as part of that process, during 2023 we moved our listing from AIM to the Main Market, a transition which the Board believes more appropriately reflects the scale and maturity we have achieved.

Heartfelt thanks to our team

While there are many contributors to the success of a business, at Breedon it is our colleagues that make the most material difference. Yet again they have demonstrated remarkable fortitude in the face of great uncertainty to produce the extraordinary results of 2023 and the Board thanks them.

Breedon is stronger and fitter than at any time in its relatively short history and I believe our best days are yet to come.

Amit Bhatia
Non-executive Chair

6 March 2024

Board site visit



The Board site visit to Mansfield asphalt plant in September 2023



Market review

Supplying structurally-attractive and growing end-markets with essential building materials, products and services

Growth drivers

Economic driver

The construction industry plays a fundamental role in everyday life. It is an important economic contributor, creating, maintaining and improving the built environment.

According to the CBI, every £1 spent on UK construction contributed £2.92 of value to the UK economy, employing 2.3 million people directly and generating 6% of UK Gross Value Added.

The population in our core markets is growing and urbanising; in the UK, 3% growth is forecast in the coming decade, while in the RoI, the population is set to increase by one million between 2016 and 2040. With household formation outpacing population growth, the pressure on our infrastructure, residential and non-residential spaces is likely to persist.

Nearly two thirds of homes in England and Wales are over 50 years old and there have been decades of underinvestment in infrastructure. With the pressing need to protect the environment, and new technological drivers emerging, there is a clear need for investment to grow our built environment.

Source: ONS, CBI, Government of Ireland National Development Plan 2021-2030.

Essential industry

Mineral products are a key component of the construction supply chain, providing essential heavyside building materials to the construction sector, including aggregates, cement and concrete products and asphalt.

The market in GB is relatively consolidated; Breedon is one of the top five producers who together have access to c.78% of all consented reserves, with around 300 companies accounting for the remainder. The life of consented reserves for aggregates across GB is estimated to be 31 years, a reduction of 30% in the past decade.

Planning consent for new quarries in the UK and RoI is rarely granted. This drives an urgent need to optimise mineral production alongside long-term strategic planning to secure extensions to the existing estate.

Due to the heavy nature of the materials and associated costs of transport, our products travel relatively short distances. As a result, building materials markets are driven by local and regional factors.

Source: MPA, BDS market Intelligence.

Market review

Growth drivers

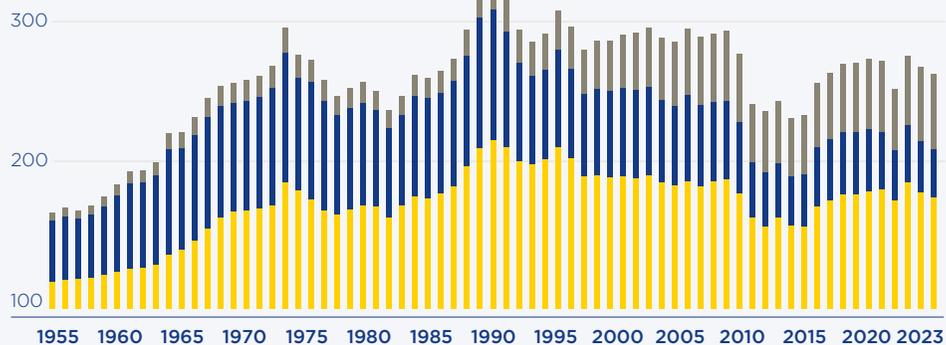
Disciplined provision supports mineral products pricing power

Meeting the UK’s need for infrastructure, homes, regeneration, energy security and decarbonisation over the next 12 years will require an estimated 4 billion tonnes of aggregates, an increase of more than 40% over the 12 years prior to 2023.

Over the long-term, aggregates pricing has outpaced inflation. This is primarily due to industry consolidation and a good track record for managing capacity.

Aggregates markets by source of supply in Great Britain, 1955-2023

million tonnes



● Crushed rock ● Sand and gravel ● Recycled and secondary

Source: MPA

Aggregates prices outpace inflation over time

indexed to 100 in 1996



● UK PPI: Other mining and quarrying products ● UK CPI Index

Source: ONS

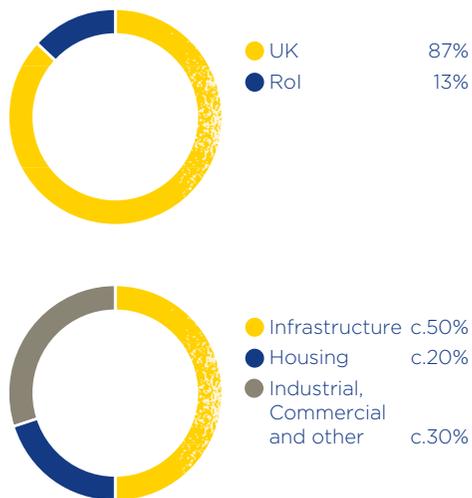
Market review

Markets

End-markets

The fundamental drivers for construction end-markets support long-term growth. However, the uncertain macroeconomic landscape, persistent inflation and reduced purchasing power of private households and public bodies has moderated the near-term prospects for the heavyside building materials market in the UK and RoI.

Revenue by end-market



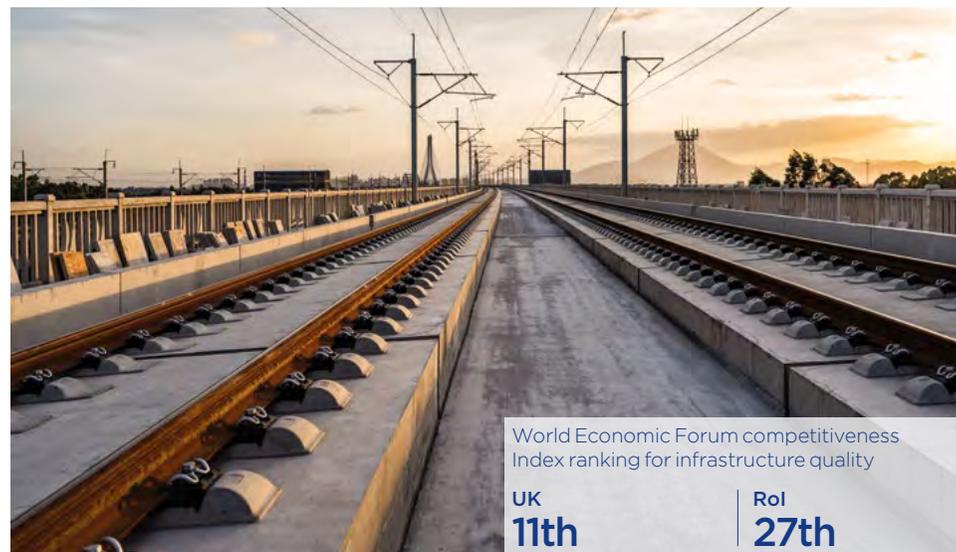
Infrastructure

In its latest report in 2019, the World Economic Forum ranked UK 11th and RoI 31st out of 137 countries for overall quality of infrastructure, a headwind in both cases to their global competitive position.

Furthermore, quality of UK infrastructure was ranked 27th while in RoI the inadequacy of infrastructure supply was considered the most problematic factor for doing business, achieving a rank of 52nd. To address these significant deficits, both UK and RoI governments published national infrastructure plans.

In its latest analysis of the National Infrastructure and Construction Pipeline, published in February 2024, the UK committed to invest up to £775bn over the coming decade, with £164bn of spending planned in the next two years.

In 2021 the Government of Ireland relaunched the National Development Plan (NDP) which outlined over €165bn of public investment by 2030. To deliver sustainable economic growth and improve environmental and social outcomes, public investment in RoI will increase to 5% of GNI by 2025, well above the EU average of 3% of GDP.



To support economic productivity, strategic road and rail investment remain high on political agendas with water, sewage treatment and harbours growing in importance.

In the UK long-term budgets have been reallocated, pushing out timeframes on major projects and redirecting budgets towards maintaining existing infrastructure.

The latest Association of Local Authority Road Maintenance survey in March 2023 identified an 11-year backlog of repairs worth £14bn. Although the UK Government

reallocated £8bn of the HS2 Northern phase budget to local authority's pothole repairs over the next ten years, there is still an urgent need for investment in the UK's infrastructure.

In RoI, Budget 2024 established an Infrastructure, Climate and Nature Fund to enable sustained levels of infrastructure investment out to 2030, providing a buffer in the event of an economic downturn.

Source: National Infrastructure and Construction Pipeline February 2024, UK Autumn Statement November 2023, 96th Euroconstruct, ALARM survey March 2023.

Market review

Markets

Housebuilding



There is a fundamental shortage of housing with an estimated deficit of up to one million homes in the UK and 400,000 in RoI due to housing starts falling short of household formation over recent decades. Up to 340,000 new homes are required each year to meet demand in England alone while the NDP estimates over 33,000 new homes are required each year in RoI.

There is wide recognition supply-side policies have not kept pace with demand. The planning processes in UK and RoI are under-resourced and the FMB Housebuilders Survey 2023 found that the UK planning system presented a greater restriction to the delivery of new homes than mortgage availability.

With a rapidly growing population in RoI, the Irish Government published its most ambitious housing plan in 2021. The Housing for All plan contained a series of actions designed to double housing output by 2026, supported by more than €4bn of annual Government funding. Furthermore, Budget 2024 extended the Help-to-Buy scheme to the end of 2025 to support first-time buyers. In the first nine months of 2023, nearly 24,000 homes commenced construction, an increase of 14% on the same period in 2022.

In the UK the National Planning Policy Framework was published in December 2023, setting the framework under which local authorities take planning decisions. According to the Construction Products Association (CPA), removing the requirement for local authorities to show a five-year supply of housing while at the same time providing more neighbourhood protection from speculative development are unlikely to unlock improvements on the supply side without fresh Government policies.

Source: Commons library research briefing: Tackling the under-supply of housing, ONS, CPA, 96th Euroconstruct.

Commercial, Industrial and other



The pandemic has materially affected where we work, how we shop and how we spend our leisure time. Commercial construction is typically driven by large economically sensitive projects and, as retail, leisure and home working practices in the UK and RoI have undergone material behavioural changes in recent years, commercial construction has been contracting.

On the contrary, Industrial output has benefitted from these cultural shifts as corporate practices have responded to new logistics and supply chain requirements, building large warehouses, distribution and data centres.

Source: CPA, 96th Euroconstruct.

UK Construction Output £bn



Source: CPA.

Ireland Construction Output €bn



Source: 96th Euroconstruct.

Market review

Markets

Volumes

Mineral product volumes in 2023 reflected the moderation of economic growth in the UK and Ireland. Mineral product sales in 2023 marked the second consecutive year of volume contraction in response to the rising costs of construction, budget constraints and ongoing economic uncertainty.

In GB, where data is more readily available, volumes reflected softness, most notably in housebuilding. Commercial and road construction end-markets were also

impacted. While asphalt and crushed rock volumes moderated less than originally forecast, volume contraction in ready-mixed concrete, mortar and sand and gravel were more pronounced than original Mineral Product Association (MPA) forecasts.

Aggregates volumes contracted 5% with the drag from housebuilding partially offset by ongoing major projects. Asphalt volumes reduced nearly 7%, reflecting delays in major road construction projects. Ready-mixed concrete volumes declined

to the lowest level since 1964 (other than 2020) demonstrating the general slowdown in construction end-markets.

The MPA forecast indicates volumes will remain under pressure in 2024, albeit to a lesser degree. This reflects the muted economic backdrop in general and weak housebuilding activity in particular.

GB Aggregates million tonnes



GB Asphalt million tonnes



GB Ready-mixed concrete million m³



Source: MPA.



Market review

Outlook

The fundamental need to invest in the built environment to support economic prosperity is clear and Breedon is well positioned to meet that demand in the UK and RoI when conditions promote a return to growth.

Our markets are characterised by steady growth and pricing power through the cycle. The prospects in the medium to long-term in both the UK and RoI are well-underpinned by high levels of pent-up demand.

Construction output in the near-term is expected to be muted in both the UK and RoI.

In its January 2024 update the CPA downgraded forecasts, expecting construction output to fall 2.1% in 2024 before recovering in 2025.

CPA forecast

2024	2025
2.1% ↓	2.0% ↑

The December 2023 UK construction PMI of 46.8 remained below the neutral indicator of 50 for the fourth consecutive month. More encouragingly new work decreased at a slower pace and employment in the sector improved, suggesting incremental optimism.

In RoI, where the economy has demonstrated remarkable resilience, the construction industry faces a number of bottlenecks, notably the availability of a skilled construction workforce.

RoI construction PMI remained in contraction territory throughout 2023, and concluded the year at 45.1. Nonetheless, sector employment increased reflecting signs of optimism. Euroconstruct forecasts construction output growth in 2024 of 4.4%, slowing to 2.2% in 2025.

In both the UK and RoI infrastructure is well supported by ongoing major projects and planned investment. In the UK a recent review of the National Infrastructure and Construction Pipeline reaffirmed long-term spending commitments and in RoI the National Planning Framework review will go for public consultation in 2024.

The need for housebuilding in both geographies is undisputed. In RoI Euroconstruct projects housing completions will continue to grow with roughly 105,000 units built in the next three years. In the UK the outlook for housebuilding is more muted with CPA forecasting another year of contraction before returning to growth in 2025 as affordability and planning remain short-term headwinds to growth.

Euroconstruct forecast

2024	2025
4.4% ↑	2.2% ↑

With inflation normalising and interest rates widely anticipated to fall in 2024, we remain confident in the medium to long-term outlook for the economically sensitive construction materials industry.

In its latest forecasts, the Office for Budget Responsibility expects real GDP in the UK to grow 0.6% in 2023 and 0.7% in 2024 before reaccelerating to 1.4% in 2025. In RoI Modified Domestic Demand is forecast to grow at 2.2% in 2023 and 2024 before regaining momentum in 2025.

Source: CPA, OBR, S&P Global/CIPS, BNP Paribas Real Estate, HM Treasury.

Business model

What we do

Generating cash

What sets us apart

We provide essential products and services to the construction supply chain



OUR CUSTOMERS

We are a business-to-business provider, serving a diversified network of customers. Our primary end-markets are infrastructure, housebuilding and industrial.

- We provide materials to small local businesses, materials merchants and major contractors.
- The infrastructure projects our customers deliver are backed by central government funding or local authority budgets.

We are typically engaged in the early stages of construction projects due to the nature of our products.

- Our materials are utilised in foundations and groundworks or the early phases of building production.
- Our exposure to repair, maintenance and improvement construction is limited.

Business model

What we do



Generating cash

What sets us apart



Our business model in action at Wickwar

Business-to-business

Our quarries and cement plants produce the materials which flow downstream through the model to our customers and our own operations.

Buy and build platform

Organic investment is supported by our healthy balance sheet and strong cash generation.

We are a trusted owner of acquired assets and have an active M&A pipeline.

Wickwar: Building resilience

Wickwar is an example of the business model at its best. Acquired in 2020, Wickwar demonstrates how we optimise acquired assets.

Since acquisition we have integrated the site operations to maximise efficiency to produce c.900,000 tonnes of aggregate annually. Through diligent planning and targeted investment, we have extended reserve life by 20 years with potential for future extensions.

c.900kt

Annual Wickwar aggregate production



Business model



What we do



Generating cash

What sets us apart



Downstream operations pull through valuable aggregates and cement

Maximising value

Our ready-mixed concrete, asphalt and block plants use our own aggregates and cement to produce quality assured materials.

Our processes pull material through to the customer, maximising the value of every tonne of material we produce.

Operating locally

Our sales and distribution model mirrors our local markets. Our people are close to their customers and markets, have clear margin visibility, and are empowered to make timely entrepreneurial decisions.

Pulling material through at Wickwar

The site is home to downstream production facilities, supplying local construction markets and providing employment for over 50 colleagues.

Our asphalt plant produces 115,000 tonnes each year and has recycled asphalt plantings (RAP) capability. Wickwar operates ready-mixed concrete and concrete block plants and is exploring inert landfill potential to enhance recycling possibilities.

>50

Wickwar colleagues



Business model

What we do



Generating cash

What sets us apart

Growing the surfacing business enhances our route to market

Local supply. National footprint

We deliver surfacing and maintenance services to national and local road networks, and airfield operators.

Our surfacing strategy aims to utilise our core products, enhancing margins within a conservative risk profile.

Market reach extended

We have built a strong reputation for quality and reliability in GB and Ireland. Airfield surfacing is a highly specialised market where we have rapidly established a robust national market position.

From Wickwar quarry to airfield customer

In 2023, in partnership with Volker Fitzpatrick, we delivered 6,000 tonnes of highly technical Marshall asphalt from our Wickwar asphalt plant. We operated within strict time and access constraints to surface the Southampton Airport runway extension, ensuring no passenger disruption.

We have a four year pipeline of work across a portfolio of airfields.

4 years

Pipeline of airfield work



Business model

What we do

Generating cash

What sets us apart

Breedon's business model is highly cash generative, delivering a strong balance sheet and strategic optionality

Highly cash generative

Our business model is highly cash generative, rapidly converting revenue and profit into cash.

- Upstream product orders have short lead times which vary, based on the nature of the construction project.
- Delivering downstream products and services pulls high-value products through to the customer.
- Investment in systems and processes ensures cash collection is efficient, quickly converting revenue to cash.

Our balanced portfolio of assets and services delivers a blended operating margin and return on invested capital.

- Upstream mineral products deliver a high operating margin. However, the capital-intensive nature of the assets impacts the return on invested capital.
- Conversely, downstream services have low capital requirements and deliver higher returns on invested capital.
- Our thoughtful capital allocation approach balances returns generated by our asset portfolio.

Deploying capital

We deploy our capital responsibly, maintaining strategic optionality.

Investment for growth

Capital investment is evaluated for both maintenance and growth objectives and all opportunities are considered through a sustainability lens.

- We invest in replenishing our mineral reserves and resources and extending our quarry assets where possible.
- Our assets operate in harsh and abrasive environments and we invest proactively to maintain and upgrade our capital equipment.

Financing Breedon's future

Capital deployment is balanced to maintain strategic optionality and maximise return on invested capital.

- Breedon has an excellent track record of rapidly reducing leverage following acquisitions.
- Our progressive dividend policy, introduced in 2021, targets a payout ratio of 40% of Underlying Basic EPS.



Business model

What we do

Generating cash

→ What sets us apart

Breedon's local relationships and investment approach are significant differentiators

Our assets

Opening a new quarry or cement plant is challenging. Consequently, our asset-backed model allows us to maintain our strong position in the market.

- Securing incremental permits and continuous parcels of land to existing quarries is achievable.
- Our modern cement plant in Kinnegad was commissioned in 2002 and is one of the most modern plants in Europe.

Our investment strategy

Our thoughtful approach to capital allocation has delivered a balanced growth profile where M&A and organic expansion have contributed evenly.

25

businesses integrated

- Since we began trading as Breedon, we have acquired and integrated 25 businesses, where we have a strong track-record of improving operations and profitability.
- Disciplined capital investment ensures our assets are well maintained and incorporate the latest innovations.

Our people

Our first class team is at the heart of our business and one of our greatest assets.

3,900

people

- We have an entrepreneurial, empowered and engaged workforce.
- Our colleagues have deep and longstanding local relationships and are connected to their communities, which is key to our licence to operate.

Our brand

Breedon has become a top five heavyside construction materials provider in GB and Rol in just over a decade. Our brand has gained prominence with a reputation for quality of product and reliability of service. Our Net Promoter Scores (NPS) recognise our services as extremely good.

Our reputation as an asset owner

We have a reputation as a good owner and acquirer of assets. Our M&A pipeline is populated with family-run operations for whom this is an important consideration.



Chief Executive Officer's review and strategy



Rob Wood
Chief Executive
Officer

We delivered an incredibly good year due to **our focus and discipline.**

£156m

Underlying EBIT
(2022: £155m)

£134m

Statutory PBT
(2022: £136m)

Record Revenue and Underlying EBIT

Recent years have presented Breedon with a broad spectrum of challenges. To succeed in these markets has required a clear strategy, a strong business model and an agile team with focus and discipline. At Breedon we have worked hard to ensure we have all three. As a business we are maturing and our move from AIM to the Main Market in 2023 is evidence of the scale and market position we have achieved in the last decade.

The strong 2023 results were delivered in tough markets and are testament to the resilience of our vertically-integrated model and sustainable growth strategy. Although our key end-markets experienced a number of short-term headwinds during the year, volume contraction was moderate and pricing remained sufficient to fully recover costs.

Infrastructure spending remained stable with major projects making steady progress. Housebuilding was impacted by the macroeconomic landscape and changes to building standards which affected the seasonality of our earnings.

Nonetheless, the long-term structural growth drivers remain in place, underpinning the outlook for our key end-markets which continue to experience cross-party political support in GB and Ireland.

Carefully managing factors within our control

The macroeconomic conditions which drive volumes are beyond our direct influence. Therefore, we increased our focus on carefully managing all factors within our control. In 2023, in addition to our deliberate pricing strategy, we emphasised operational and commercial excellence across the Group to maximise the value of our products and services and increase productivity.

Consequently, we delivered results ahead of expectations, growing revenue 7% to £1,487.5m (2022: £1,396.3m), or 4% on a like-for-like basis when adjusting for the three bolt-on acquisitions completed in the year.

During the year we invested in central functions in order to support our growth ambitions and delivered record Underlying EBIT of £156.2m (2022: £155.0m). Our Underlying EBIT margin of 10.5%, which reflects the impact of operating leverage on reduced volumes, is 60bps lower than 2022, a year which benefitted materially from our forward energy hedging policy.

Chief Executive Officer's review and strategy

Focusing on our medium-term objectives

Two years ago we established a financial framework with a balanced suite of medium-term targets. Return on invested capital (ROIC), a post-tax measure, moderated during the year to 9.9% (2022: 10.8%, target 10%), reflecting the increase in the UK corporation tax rate.

Cash generation remained healthy during the period, enabling us to invest for growth. We maintained our net capital expenditure at £103m (2022: £102m) and completed three bolt-on transactions, investing £20m during the year. As anticipated, working capital experienced an outflow of £9m, primarily due to inflation. Consequently, Free Cash Flow conversion for the year improved to 39% (2022: 29%, target 50%).

Sustaining a robust balance sheet underpins our strategic optionality as we pursue both organic and inorganic routes to growth. During the year Covenant Leverage reduced further to 0.5x (2022: 0.7x), below our medium-term target of 1x to 2x.

To reflect the confidence we have in our vertical model, the strength of our team and our market position, the Board has approved a full-year dividend of 13.5p (2022: 10.5p), a significant increase of 29%.

In addition to investing for growth and maintaining sustainable leverage, we have progressed our dividend payout ratio to our target of 40% of Underlying EPS (2022: 30%).

Our team makes the most material difference

The Breedon team is entrepreneurial and adaptable, dedicated to providing our customers with best in class service. They frequently operate in harsh physical conditions, going the extra mile to ensure we deliver high-quality products to our customers on time.

2023 was one of the warmest and wettest years on record, presenting a material limitation to meeting our clients' needs. Yet regardless of this disruption, our first-class team delivered for our customers and their performance was recognised in our latest NPS surveys; we provided a service classified as 'extremely good' by NPS, with trust scores frequently rated as 'outstanding'.

We never take this performance for granted and continually strive to make Breedon a great place to work. During the year we awarded a pay increase of 6% to our colleagues and partnered with a leading wealth and benefits adviser to support our team through the cost of living crisis.

Our strategy



Sustain

Sustainability considerations guide all of our decisions

»32



Optimise

Continuously improving efficiency

»33



Expand

Through organic and inorganic growth

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Financial framework

Supporting our strategy through investment and capital allocation

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Chief Executive Officer's review and strategy

We welcomed 70 new graduates and apprentices (2022: 60) and supported an additional 37 colleagues through further and higher education (2022: 22), receiving enhanced silver membership of The 5% Club which recognises our determination to play our part in the development of a workforce for the future.

Our commitment to our people was reflected in our 2023 colleague engagement survey which delivered its best results ever. With 76% of our colleagues taking part (2022: 75%), 80% felt engaged, an improvement of 3ppt on the prior year. Going forward we will invest further in our team and seek to grow our talent to ensure we can deliver an excellent service to our customers.

Sustainable growth strategy delivering

80%
employee engagement

1bn
tonnes mineral reserves and resources

70
new apprentices and graduates

c.35
years mineral reserve life

Sustain

Our Sustainability Framework has made further tangible progress, delivering some significant milestones in 2023 towards the long-term sustainability of the business.

Our highest priority remains ensuring our 3,900 colleagues and all those that attend our sites go 'Home Safe and Well' every day. In 2023 we made real progress, enhancing the cultural perceptions around our safety behaviours, encouraging reporting and sharing of learnings across the Group.

In 2023, although the lost time injury frequency rate for our colleagues and contractors increased to 3.5 per million hours worked (2022: 3.1), the severity of those injuries diminished, and the broader total injury frequency rate reduced to 17.0 (2022: 17.2). Leading indicators, such as the Visible Felt Leadership (VFL) visits that we undertake to audit safety behaviour on our sites, increased 7% which should be positive for future outcomes.

In 2021 we established a roadmap to achieve net zero by 2050, setting medium and long-term targets to reduce the carbon footprint of our Cement division, the principal contributor of the Group's CO₂ emissions. In 2023 we extended our net zero plans and our Group-wide targets were submitted to SBTi for formal validation which will take place in 2024.

In 2023 we made our first submission for assessment by CDP which has since been awarded a CDP rating of B for Climate Change and C for Water Security.

Our cement business operates with industry leading levels of alternative fuel substitution, achieving a combined rate of nearly 50% fossil fuel replacement with our modern plant in Kinnegad exceeding over 90% at times. We increased our sales of CEM II cement, a lower clinker content product, and invested further in a network of CEM II silos in GB where regulation has been modified to permit its wider use. Consequently, CEM II now comprises roughly a quarter of our cement sales, increasing by over 50% from the prior year.

Throughout 2023, we increased the proportion of concrete and asphalt sales with sustainable attributes by 3ppt to 40%. Furthermore, we launched the 'Breedon Balance' brand which promotes a broad range of products with sustainable attributes.

Through a combination of these actions we reduced our Group carbon emissions per tonne of product by 5% during 2023 while our carbon intensity by revenue reduced by 15%.

Securing a sustainable future for the UK cement industry is vital if we are to achieve net zero as a country. In line with this ambition, during the year we hosted the launch of the Peak Cluster carbon capture

and storage initiative, a collaborative project that aims to store over three million tonnes of carbon dioxide emissions each year by 2030, a move that will reduce UK emissions into the atmosphere from cement and lime manufacture by around 40%. This is a landmark project for the industry and for it to be successful it requires significant commitment from the UK Government.

Optimise

At Breedon each site has unique characteristics and we continually review the performance of the team and plant to ensure we produce our materials with maximum efficiency and minimum cost. In 2023, each business implemented an operational and commercial excellence programme, revisiting the entire process from quarry to customer.

Using a broad diagnostics benchmark of operational efficiency indicators and financial measures, we conducted site reviews to identify underperforming assets and bottlenecks and establish a plan for training, improvement and investment. Often a few small interventions have a material impact on productivity with rapid payback. Actions have included revisiting quarry architecture, adjusting maintenance schedules to minimise downtime and overtime, and investing in productivity enhancing equipment.

Chief Executive Officer's review and strategy

In 2022, we implemented an electronic proof of delivery (EPOD) system, advancing its use across the Group during 2023. By removing c.1.5 million paper tickets each year we have already saved 529 trees, reduced queries by 58% and generated a material working capital improvement with further progress planned for 2024.



Expand

We have once again delivered balanced revenue growth, supported by deliberate pricing, ongoing internal investment and strategic acquisitions.

In 2023 we replenished our strategically valuable asset base of mineral reserves and resources at one billion tonnes, which equates to around 35 years of production. We believe our diligent approach to land management and mineral planning sets us apart and we have identified further mineral planning opportunities in excess of 125 million tonnes.

Our M&A pipeline remains healthy and active with many bolt-on opportunities originating from our local presence and personal engagement with the asset owners. In 2023 we completed three earnings enhancing transactions in GB and Ireland with a combined enterprise value of £22m.

In Ireland the acquisition of Robinson Quarry Masters (Robinsons), a family-run quarrying and concrete block business, has enhanced our mineral footprint north of Belfast. In GB we acquired two downstream businesses; Broome Bros., a leading manufacturer of concrete blocks based in Doncaster, and Minster Surfacing, an award-winning regional surfacing business based in Lincoln. Each of the acquired businesses has integrated well and is performing in line with our expectations.

On 6 March 2024 we announced the acquisition of BMC Enterprises Inc (BMC) for an enterprise value of c.US\$300m. This is an exciting opportunity to replicate the Breedon model in the highly fragmented US construction materials market through a culturally aligned team.

Outlook

The macroeconomic and geopolitical landscape remains uncertain. While the near-term outlook for our industry is finely balanced, the longer-term outlook for our main end-markets, infrastructure and housebuilding, is well supported by structural growth dynamics and we are confident we will see them return to growth in the medium-term.

As we lap the base effects of 2023 we expect volumes and pricing to stabilise. In the UK the CPA forecasts construction output will contract by 2.1% in 2024 as stable infrastructure production is offset by ongoing weakness in housebuilding, with both sectors expected to return to growth in 2025.

Euroconstruct forecasts that RoI GDP growth will remain the highest in Western Europe, leading to construction output of 4.4% as significant foreign direct investment and population growth drive the need for investment in housing and infrastructure.

The construction industry is widely recognised to be an important economic contributor, benefitting from cross-party Government support. Therefore, we welcome the clarity that will follow the UK general election and we are encouraged by the recent reinstatement of a governing Assembly in Northern Ireland.

Our M&A pipeline remains well populated with active discussions and, with leverage of 0.5x, our healthy balance sheet, diversified funding and thoughtful approach to capital

allocation will enable us to respond swiftly when the right transactions become available. Encouragingly, 2024 has begun with the acquisition in January of Eco-Asphalt Supplies, a Merseyside asphalt supplier with strong sustainability credentials, located within the region where we service the National Highways Pavement framework.

The Breedon local model has once again proved its resilience, delivering an outstanding performance in challenging conditions and we are confident in our ability to rapidly respond to the evolving economic and political backdrop. Our growth strategy is well established, our forward hedging policy remains in place providing cost visibility, and we expect the commercial and operational excellence reviews we implemented in 2023 will generate further productivity gains.

We expect the acquisition of BMC will be earnings enhancing in its first full year of ownership. BMC will be consolidated for fractionally less than ten months in 2024 and our Pro Forma Covenant Leverage on acquisition is c.1.4x, enabling flexibility for dividends and future bolt-on acquisitions across each of our platforms. The acquisition is an exciting opportunity that will enhance the longer-term growth profile of the Group.

Rob Wood

Chief Executive Officer

6 March 2024

Chief Executive Officer's review and strategy

Sustain

Operating a sustainable business is one of our highest priorities and all strategic decisions are made with this in mind.

Breedon has a long history of taking positive actions to embed a culture of sustainability and our bespoke framework sets out how we are responding to the urgent challenge posed by climate change.

We have introduced a range of measurable performance indicators to drive our sustainability performance, while increasing transparency and disclosure as we move towards our 2030 targets.

KPIs

- Emissions intensity - Group revenue
- Emissions intensity - Cement
- Combined LTIFR
- Combined TIFR
- People positively impacted
- Sustainable products

More detail on our KPIs [»42](#)

Risks

- Climate change
- Competition
- Failure of a critical asset
- Health and safety
- IT and cyber security
- Laws, regulations and governance
- Markets
- Land and mineral management
- People
- Supply chain and input costs

More detail on our Risks [»54](#)



Progress during the year

Carbon reduction

Participation in the Peak Cluster carbon capture and storage project, increasing utilisation of alternative fuels and increased sales of Breedon Balance products.

Biodiversity ambition

We implemented biodiversity action plans at another 14 of our sites creating undisturbed habitats where wildlife and nature can flourish.

External validation

We were awarded a CDP rating of B for Climate Change and C for Water Security and our medium-term carbon reduction targets were submitted to SBTi for formal validation.

Home Safe and Well

We progressed our safety record, changing cultural perceptions and improving safety behaviours.

Future priorities

Transparency and disclosure

We are committed to increase our transparency and disclosure as we move towards our 2030 targets.

External verification

We are investing in systems and processes to improve the capture and robustness of our data, disclose our performance to credible agencies and seek third-party ratings.



Chief Executive Officer's review and strategy

Optimise

We are a trusted steward of mineral reserves and resources, continually improving the efficiency of our operations.

In an industry where new reserves are limited by planning practices, we carefully manage the valuable resources we own. Our land management process has a long-term pipeline coupled with disciplined quarry acquisition, operation and development.

Our processes are continually refined to enhance the value of every tonne of material we quarry and manufacture. We fully integrate acquired assets, applying Breedon best practice, ensuring our competitive position is maximised.

KPIs

- Adjusted Underlying Basic EPS
- Free Cash Flow conversion
- Return on invested capital
- Revenue
- Underlying EBIT margin

More detail on our KPIs »42

Risks

- Acquisitions and material capex projects
- Competition
- IT and cyber security
- Land and mineral management
- People

More detail on our Risks »54



Progress during the year

Commercial and operational excellence

Each business implemented self-help programmes in 2023 to maximise productivity, optimise costs and embed a culture of continual improvement.

Electronic proof of delivery

Electronic proof of delivery

Harnessing technology to enhance commercial, logistical and administrative productivity, unlock lasting financial benefits and improve our carbon footprint.

Future priorities

Responsible stewards

We have particular regard to our responsibility as stewards of the land we own with a long-term plan to maximise planning consents.

Improving all outcomes

Deliver incremental sustainability benefits and enhance reliability and safety while maximising the return on every tonne of material we produce and improve our customer service.

Site reviews

Review every stage of production from the quarry face to the gate, considering the local market requirement, asset utilisation, capital requirement and EBITDA performance.

Perpetual improvement

Continual self-help is embedded in our culture and our team constantly strives to improve our practices and processes.

Chief Executive Officer's review and strategy

 Expand

Breedon has a balanced track record of complementing organic growth with carefully selected transactions to expand our footprint and capabilities.

We have multiple routes to expand the business which we prioritise according to market conditions.

We deliver organic growth by serving structurally growing end-markets, underpinned by long-term government funding commitments. We deploy investment capital thoughtfully and our sophisticated land management is complemented by continual optimisation.

We have an active M&A pipeline where we have contributed to the consolidation of the heavyside building materials market in GB and Ireland for over a decade.

KPIs

- Covenant Leverage
- Free Cash Flow conversion
- Revenue
- Reserves and resources
- Return on invested capital
- Underlying EBIT margin

More detail on our KPIs [»42](#)

Risks

- Acquisitions and material capex projects
- Competition
- Failure of a critical asset
- Land and mineral management
- Laws, regulations and governance
- Markets

More detail on our Risks [»54](#)



Progress during the year

■ Replenishing our mineral reserves

Replenishing our mineral reserves

During the year our land management team replenished our mineral reserves through successful planning applications to extend or enhance existing sites, or by purchasing adjacent land.

■ Extending our footprint

Extending our footprint

With the acquisition of Robinsons we extended our presence in the aggregates market north of Belfast while the acquisition of Minster Surfacing enhanced our presence in the Midlands and central England.

Future priorities

■ Investing for growth

Investing for growth

Each year we invest in maintaining and expanding our land portfolio and asset base with roughly 30% of our capital expenditure directed towards growth projects.

■ Growing our capability

Growing our capability

Minster Surfacing is a business with strong sustainability credentials extending to asphalt recycling and waste reduction. Broome Bros., a leading concrete block manufacturer located adjacent to a Breedon ready-mixed concrete site, extends our downstream route to market.

■ Developing new markets

Developing new markets

We have developed a highly credible presence in the civil and military airfield surfacing market, completing numerous projects across the UK and Rol in 2023. During the year we continued to explore the commercial potential for inert landfill at our depleted quarries.

■ Active M&A pipeline

Active M&A pipeline

Our healthy pipeline in the UK and Rol, where we seek to in-fill our existing footprint, develops from our local relationships with the asset owners, supported by our reputation as a good acquirer. Longer term we continue to evaluate opportunities in the US.

Chief Executive Officer's review and strategy

Financial framework

Our financial framework governs how we connect our strategy to investment and capital allocation.

Our financial framework sets out how we allocate capital to the multiple growth options available to us. The cash we generate is responsibly combined with diversified sources of external of finance.

The framework prioritises sustainable growth and responsible leverage, focusing on return on capital investment and profitability, while ensuring a strong balance sheet that gives us strategic flexibility.

KPIs

- Covenant Leverage
- Dividend per share
- Free Cash Flow conversion
- Return on invested capital
- Underlying EBIT margin

More detail on our KPIs »42

Risks

- Acquisitions and material capex projects
- Competition
- Failure of a critical asset
- Markets
- Supply chain and input costs
- Treasury

More detail on our Risks »54



Progress during the year

Deploying capital

We deployed £103m capital expenditure, investing in our mineral asset base, fleet and plant. Our Cement business invested in carbon emissions reduction projects and a new concrete tile plant in NI.

Cash flow generation

The Group-wide implementation of our EPOD system combined with our rigorous approach to cash collection enabled us to carefully manage working capital. With 42% more construction businesses entering administration in 2023 than in 2022, disciplined cash collection is more important than ever.

Future priorities

Thoughtful capital allocation

Our thoughtful approach to capital allocation prioritises a healthy balance sheet, ensuring we have the strategic optionality and flexibility to continue to pursue our growth ambitions.

Investing for growth

We completed three earnings enhancing transactions, extending our mineral assets and expanding our capability and footprint.

Returning cash to shareholders

In 2021 we committed to return cash to our shareholders through the introduction of a progressive dividend. In 2023 we made a cash dividend payment of £37.3m to Breedon Group shareholders (2022: £30.5m) and the Board approved a full year dividend of 13.5p.

Sustainable leverage

Our medium-term objective is to maintain prudent Covenant Leverage of between 1x and 2x, only moving outside this range to ensure financial resilience or for compelling acquisition opportunities.

Operating reviews > Great Britain

Great Britain

Our GB business has delivered a solid performance, growing revenue in challenging trading conditions.

Highlights

Revenue

£1,033.8m
+6%

Underlying EBIT

£86.4m
0%

- Solid trading performance; Underlying EBIT maintained in a softening market through our deliberate pricing strategy.
- Excellence programmes implemented; enhanced focus on operational and commercial productivity.
- M&A and new markets; converting pipeline to earnings enhancing transactions, growing aviation surfacing and inert landfill opportunities.

Solid trading performance

The GB business successfully navigated challenging market conditions throughout the year to deliver a solid performance. Our vertical model, entrepreneurial culture and extensive local market knowledge enabled us to grow revenue 6% to £1,033.8m (2022: £972.4m). Adjusting for the acquisitions of Minster Surfacing and Broome Bros. in the first half, like-for-like revenue increased 3%.

Volumes moderated during the course of the year. Changes in housebuilding regulations in the summer caused ready-mixed concrete volumes to soften in the second half. Although infrastructure remained resilient, volumes for aggregates and asphalt were impacted by clients' budget constraints after a long period of building materials cost inflation.

Our key end-markets of infrastructure and housing are structurally under-invested while the supply of the essential heavyside building materials we provide is constrained by planning practices. Consequently, pricing remained robust with average selling prices sufficient to recover rising input costs. Underlying EBIT margin decreased by 50bps to 8.4%, principally due to product mix and the impact of reduced volumes on operating leverage.

Aggregates

million tonnes



Asphalt

million tonnes



Concrete

million m³



Operating reviews > Great Britain

Taking self-help actions

Although a culture of continual improvement is embedded throughout the team, in 2023 we reinvigorated our self-help measures, implementing tailored programmes in our materials and surfacing operations. By closely monitoring plant efficiency and with carefully targeted investment we have been able to identify and resolve bottlenecks across our sites. We improved asset run time, reducing the need for overtime working, improving fuel consumption and reducing safety risks.

The location and age of crushing equipment is influential to the efficiency of a site. We upgraded our crushing capability at Dowlow, Leaton and Cloud Hill, enabling plant alterations and productivity gains and were able to remove contractors from the process while maintaining output.

Growing our capability, extending our footprint

We built out our downstream capability in 2023 further still, pulling more material through the business. We have built a strong reputation for quality and reliability in airfield surfacing leading to a four year pipeline of commercial work with strong partners, and military work for the Defence Infrastructure Organisation.

During our first year delivering the National Highways Pavement Delivery framework we have secured a good portfolio of work, and the acquisition of Minster Surfacing has reinforced our regional surfacing, airfields and recycled asphalt capability.

Enhancing our sustainability credentials

In 2023 we continued to explore opportunities to repurpose depleted quarries and recycle materials. In select locations we are building specialist local partnerships, enabling us to capture recyclable material while taking a fee for receiving inert landfill.

We invested further in CEM II silos ahead of the building regulation change that occurred in November and extended our ability to receive and store RAP.

GB outlook

The macroeconomic and political backdrop remains unpredictable, leading to budget pressures and delayed project commitments. In our latest NPS survey our customers classified our service as 'extremely good' while trust scores were rated 'outstanding'. This is a consequence of the quality of our products and service and places us in a strong competitive position which we intend to reinforce through our ongoing excellence programmes.

Maturing a business formed through acquisition



In 2023 we undertook a comprehensive review of our operations, using performance indicators to give a clear picture of our asset capability and maximise the efficiency of the business. This has enabled our site managers to apply targeted investment and make confident decisions to improve operational performance.

These actions improve all outcomes, driving natural sustainability benefits, enhancing reliability and safety, while maximising the value of every tonne we produce.

Pictured above is the 'cut and cover' tunnel we completed at Wickwar, in 2023, enabling us to efficiently access a further 20 years of mineral reserves, with potential for future extensions.

Our customers require the right products in the right place at the right time, for the right price. While our NPS scores indicate we are already meeting many of our clients' needs, we continually strive to improve our service and efficiency.

Operating reviews > Ireland

Ireland

Our Ireland business delivered a robust performance, providing high-quality work to loyal customers.

Highlights

Revenue

£235.5m

+4%

Underlying EBIT

£29.0m

+2%

- Robust performance; growing earnings in mixed markets.
- Vertical integration enhanced; growing mineral reserves and pipeline.
- Well positioned for 2024; excellence programme implemented to position the business for sustainable growth.

Robust performance in mixed markets

Our business in Ireland has a strong reputation for delivering high-quality service to loyal customers, often through frameworks and long-term contracts. We are well positioned to deliver materials to markets that benefit from significant foreign direct investment and rapid population growth while suffering structural infrastructure and housing deficits.

Market conditions varied by region and improved through the course of the year. In Northern Ireland, although significant pent-up demand exists, the absence of a governing Assembly limited the volume of tenders coming to market. Nonetheless, we won work on a number of frameworks. In ROI, tendering and pricing remained resilient; we approached completion of the Dunkettle Interchange, a three-year project in partnership with Sisk, and secured further high-quality new work.

Aggregate volumes increased 11% following the acquisition of Robinsons, asphalt volumes grew 9% due to strong downstream activity in ROI, while ready-mixed concrete volumes declined.

As a result, revenue in 2023 increased to £235.5m. On a like-for-like basis, revenue increased 3% and aggregate volumes increased 5%. We entered the year with a

positive pricing tailwind which we sustained in the second half, supporting Underlying EBIT of £29.0m and a margin of 12.3%.

Mineral reserves enhanced

Our land and minerals team work closely with planning authorities to reactivate dormant quarries and extend existing sites. Since 2018 we have successfully extended our reserves and resources from 60 million tonnes to 153 million tonnes today. In 2023 through the acquisition of land adjoining three existing quarries, combined with the addition of Robinsons, we added over 50 million tonnes of mineral with nearly 40 million tonnes at various stages of planning.

Positioned for sustainable growth

Building on the re-branding to Breedon Ireland we undertook the prior year, we reviewed our Ireland growth strategy in 2023 with the intention to be a leader in every market we serve. We implemented an excellence programme promoting optimised processes and enhanced sustainability credentials. Consequently, we aligned operations within materials and surfacing under a single director respectively, dedicated to maximising efficiency across Ireland, further emphasising the pull of materials through the business.

Operating reviews > Ireland

In 2023 we signed up to the Business in the Community Ireland Low Carbon Pledge. We are exploring opportunities for solar farms on our sites, increasing our warm-mix asphalt and materials recycling capabilities, and increasing our electric vehicle fleet. We have an active M&A pipeline to increase our mineral independence, and we work closely with long-term partners on major projects to meet growing market demand.

We work closely with local authorities, national agencies such as Transport for Infrastructure Ireland and the whole spectrum of contractors. It is increasingly evident that tenders are awarded on quality measures where we perform well.

In our latest NPS report our service was classified as 'very good' while our trust score was 'outstanding'. Therefore, we are confident our Ireland business is well positioned to deliver our strategic objectives of growth and market leadership.

Ireland outlook

We deliver high quality work to repeat customers in markets with growing populations and structural housing and infrastructure deficits. RoI is forecast to remain the fastest growing region in

Western Europe, driving demand for construction projects and materials. In NI, where there is significant pent-up demand, we are optimistic the recent return of the governing Assembly to Stormont will enable the budget process to be reinstated.

Aggregates million tonnes



Asphalt million tonnes



Concrete million m³



Dunkettle Interchange

The Dunkettle Interchange is a strategically important transport scheme on behalf of Transport Infrastructure Ireland to the East of Cork City where four key road networks come together. This major project is intended to relieve traffic congestion and improve road safety, and includes 12 bridges, four roundabouts and a series of new pedestrian and cycling routes.

Working in close partnership with Sisk, over the past three years Breedon Ireland has delivered

700,000 tonnes of aggregates and 80,000 tonnes of asphalt from our local quarry at Rossmore, with 25,000 m³ of concrete delivered from our plant at Milebush.

The Dunkettle interchange will complete in 2024, bringing clear safety and productivity benefits to the local community and we are already preparing to work alongside Sisk on other major projects across the island of Ireland.

Operating reviews > Cement

Cement

Cement delivered a strong financial result and advanced plans to reduce our carbon emissions.

Highlights

Revenue

£331.2m

+10%

Underlying EBIT

£55.2m

+6%

- Growing revenue and Underlying EBIT; strong financial result delivered.
- Excellent operational performance; plant reliability and alternative fuel substitution progressed.
- Advancing our carbon reduction plans; Peak Cluster carbon capture and storage initiative launched at our Hope plant.

Resilient growth

Breedon is a prominent operator in the GB and Ireland cement markets. With Kinnegad, the most modern plant in Ireland, leading the market for fossil fuel replacement and Hope, the largest cement plant in GB, setting the pace for reliability, Breedon Cement is well positioned.

In 2023, as demand from the housebuilding and commercial sectors declined, volumes reduced 4% to 2.1 million tonnes. Pricing increased by 17% leading to an overall revenue increase of 10%.

Exceptional reliability

We take a rigorous approach to plant maintenance, planning years ahead to maximise the benefit of our investment and the productivity of our plants. During the period we undertook the customary annual planned maintenance programme that enables us to sustain our exceptional reliability. Both winter and autumn programmes were completed on schedule and within budget.

Plant Mastery status, an industry recognised measure, is awarded to operations that maintain plant reliability in excess of 96% for three consecutive years and is typically associated with excellent cost and quality control and accompanied by outstanding health, safety and environmental records.

In 2023 Hope sustained its Plant Mastery status for a remarkable fifth consecutive year. Kinnegad maintained its strong reliability record, a creditable outcome as the high use of alternative fuels increases the engineering complexity of the cement production process.

Our customers appreciate our consistent quality and reliability and this was recognised in our latest customer survey where our NPS result was classified as 'extremely good' while our trust measure was 'outstanding'.

Executing sustainability enhancing projects

Within our Sustainability Framework, Breedon has committed to achieve net zero by 2050 and we have a variety of projects under way to reduce our carbon emissions. In 2023, by maximising the use of waste derived alternative fuels which would otherwise enter landfill, we achieved a combined fossil fuel replacement rate of nearly 50% with Kinnegad utilising 79% alternative fuels, exceeding 90% at times.

Operating reviews > Cement

Kinnegad commenced construction of a 17MW solar farm while Hope is undertaking a feasibility study to examine the possibility of a small solar farm that would benefit the wider local community.

Reducing the clinker intensity of our cement with the use of low carbon supplementary cementitious materials will also contribute to reducing our carbon footprint.

Approximately 60% of Kinnegad sales are now CEM II (2022: 50%), a product range with lower clinker content. In GB, building standards were modified in November 2023 to permit the wider use of CEM II. More than 10% of Hope sales are already CEM II and, as our customers incorporate the new standards into their designs, we expect this will increase still further.

Reduction of CO₂ emissions is a significant challenge for the cement industry and so we have established innovative partnerships to tackle this objective. Graphene is an extremely versatile material, known to improve the performance of low clinker factor cements. Working in collaboration with our graphene supply partners, we participated in successful field trials of graphene enhanced cement which demonstrated up to a 10% increase in compressive strength and a potential route to further reductions in carbon emissions.

As the UK cement industry works to secure a sustainable future, carbon capture and storage has a vital role to play in reaching our net zero objective. The Peak Cluster carbon capture and storage initiative was launched at our Hope plant during the year; as a key partner we now have a clear path to achieve our carbon reduction goal. The project is in its early stages, considering feasibility and design options.

Cement outlook

Demand for cement remains resilient and we occupy a robust market position. In the UK, short-term softness in housebuilding is balanced by large ongoing infrastructure projects. In RoI, housing and infrastructure are supported by the Government's long-term development plans to accommodate a strong economy.

Cement
million tonnes



Investing in the future

Our Hope plant, the largest in GB, began cement production in 1929 and is approaching its centenary. To maintain production and ensure we operate safely requires advance planning and investment.

The primary crusher, which first entered service in 1957, is a critical component at the start of the clinker production process. Installing its replacement is a major undertaking. Preparatory work took place this year with the final transition scheduled to coincide

with kiln maintenance in the autumn of 2024.

We are diversifying our use of materials in the clinker production process. By investing in an Alternative Raw Material (ARM) facility we will be able to utilise rail-fed supplies of naturally lower sulphur secondary materials, such as Welsh slate and pulverised fuel ash (PFA), enabling a significant reduction in sulphur dioxide emissions at Hope.

Key performance indicators

Financial

Our financial KPIs are used to measure progress against our strategy and act as risk monitors.

There have been no changes to either the metrics used as financial KPIs, or the calculation methodology during the current year, although earnings and dividend per share measures have been restated for the impact of the 5:1 share consolidation undertaken during the year.

Where a financial KPI is a non-statutory measure of performance, a reconciliation to the most directly related statutory measure is provided in note 27 to the consolidated financial statements.

Links to remuneration

ST Considered by Remuneration Committee as part of determining the annual cash bonus

LT Impacts vesting levels of our longer-term performance share plans

Directors' Remuneration report

»145

		Why we chose this measure	How we performed	Link to remuneration
Revenue £	<p>2023 1,487.5 2022 1,396.3 2021 1,232.5 2020 928.7 2019 929.6</p>	This metric tracks the Group's top-line growth.	Revenue increased as modest volume reductions were more than offset by continued robust pricing.	
Underlying EBIT margin %	<p>2023 10.5 2022 11.1 2021 10.8 2020 8.2 2019 12.5</p>	This metric tracks changes in the relative profitability of the Group.	Underlying EBIT margin fell as a result of reduced operational gearing in a lower volume environment and the impact of our energy hedges moving back into line with market pricing from the second quarter of the year.	ST
Adjusted Underlying Basic EPS* pence	<p>2023 34.0 2022 35.4 2021 29.9 2020 15.9 2019 25.4</p>	This metric tracks changes in adjusted Underlying Basic EPS for our shareholders.	While we grew pre-tax earnings per share, the impact of the increased UK corporation tax rate resulted in lower adjusted Underlying EPS than in 2022.	LT
Dividend per share* pence	<p>2023 13.5 2022 10.5 2021 8.0 2020 2019</p>	This metric tracks cash returned to shareholders through dividends.	We first declared a dividend in 2021 and have increased our payout ratio in both 2022 and 2023, meeting our target payout ratio of 40% in respect of 2023.	
Covenant Leverage times	<p>2023 0.5 2022 0.7 2021 0.8 2020 1.9 2019 1.4</p>	This is a key credit metric for our providers of debt finance which tracks the ability of the Group to maintain sufficient liquidity to service the needs of the business and determines the margin payable on our revolving credit facility.	Year-end Covenant Leverage of 0.5x represents continued de-gearing following an acquisition-related increase during 2020.	
Return on invested capital %	<p>2023 9.9 2022 10.8 2021 9.5 2020 5.5 2019 8.8</p>	This metric tracks how well the Group generates returns in relation to the average capital invested.	ROIC fell as a result of the increased UK corporation tax rate in 2023. 9.9% is broadly in line with the Group's cost of capital and our medium-term target of 10%.	
Free Cash Flow conversion %	<p>2023 39 2022 29 2021 59 2020 94 2019 50</p>	This metric tracks the conversion of Underlying EBITDA into Free Cash Flow, which is a key indicator that the Group is able to generate sufficient cash to support its capital allocation priorities.	We reported improved Free Cash Flow conversion compared to 2022 while continuing to invest record amounts back into our business, making progress towards our medium term target of 50%.	

* Comparative values for Earnings and Dividend per share measures have been restated to reflect the impact of the 5:1 share consolidation undertaken during the year.

Key performance indicators

Non-financial and sustainability

Our non-financial KPIs are used to measure progress against our strategy and act as risk monitors.

There have been no changes to either the metrics used as non-financial KPIs or the calculation methodology during the current year, except for lost time injury frequency rate (LTIFR) and total injury frequency rate (TIFR) which now reflect the combined measure of employee and contractor health and safety outcomes, which better reflects the activities on our sites.

These include the metrics used to track progress against our 2030 sustainability targets for Planet, People and Places.

For further information on our 2030 sustainability targets, including details on how these metrics have been defined, see the Sustainability review from page 71 and our TCFD report from page 61.

Links to remuneration

- ST** Considered by Remuneration Committee as part of determining the annual cash bonus
- LT** Impacts vesting levels of our longer-term performance share plans

		Why we chose this measure	How we performed	Link to remuneration
Combined LTIFR per million hours worked (employee and contractor)	2023 3.53 2022 3.10 2021 3.05 2020 7.72 2019 1.59	This industry-standard metric tracks our health and safety performance and enables us to maintain a strong health and safety culture.	Our combined LTIFR performance reflects an increase in the number of lost time injuries recorded. There was however, a 15% reduction in our lost time injury severity rate.	ST
Combined TIFR per million hours worked (employee and contractor)	2023 16.99 2022 17.23 2021 19.80 2020 17.97 2019 21.07	This is a wider measure of our health and safety performance, which indicates the total injury frequency rate of the Group across both our own colleagues and contractors working on our behalf.	Our performance has improved year-on-year, and we will continue to work hard to reduce this measure.	ST
Reserves and resources billion tonnes	2023 1.0 2022 1.0 2021 1.0 2020 1.0 2019 0.9	This metric tracks the level of reserves and resources available to the Group.	We maintained our asset base at 1.0 billion tonnes, with consumption being offset by new reserves acquired by the Group. At current volumes, this equates to around 35 years of production.	
Emissions intensity - Revenue kgCO ₂ e per £ revenue	2023 1.1 2022 1.3 2021 1.6 2020 1.7 2019 1.9	This is a reporting requirement of the UK Government's SECR regime which tracks our overall carbon intensity and has been reported by the Group since 2019.	Our total location-based emissions for this period were 1.7 MtCO ₂ e, a decrease of 7% in comparison to 2022. The resultant emissions intensity is 1.1 kgCO ₂ e/£ revenue, a reduction of 15% in comparison to 2022.	ST
Emissions intensity - Cementitious reduction per tonne from 2005 baseline	2023 24% 2022 23% 2021 23% 2020 2019	This tracks the progress in decarbonising our cement production and aligns with our 2030 target to achieve a 30% reduction in gross carbon intensity per tonne of cementitious product.	From our 2005 baseline we have achieved a 24% reduction to date. We are targeting further reductions in line with our longer-term 2050 decarbonisation roadmap.	ST
People positively impacted number of people per year	2023 23,856 2022 17,814 2021 11,114 2020 2019	This is a key measure of social value and aligns with our 2030 target to positively impact 100,000 people.	We increased the number of people positively impacted during the year, bringing the total number of people positively impacted to date up to 54,784, achieving 54.8% of our 2030 target.	ST
Sustainable product sales total concrete and asphalt revenue	2023 40% 2022 37% 2021 25% 2020 2019	This tracks our success in increasing our sales of sustainable products and aligns with our 2030 target to achieve 50% of our concrete and asphalt sales revenue from products with enhanced sustainability attributes.	We achieved 40% of our concrete and asphalt sales revenue from products with enhanced sustainability attributes. This compares to 37% in 2022 and reflects an increased adoption of CEM II cements.	ST

Chief Financial Officer's review



James Brotherton
Chief Financial
Officer

Our sustainable growth strategy continues to deliver, with another strong performance in more challenging market conditions.

Revenue and Underlying EBIT

	2023		2022	
	Revenue £m	Underlying EBIT* £m	Revenue £m	Underlying EBIT* £m
Great Britain	1,033.8	86.4	972.4	86.4
Ireland	235.5	29.0	226.2	28.3
Cement	331.2	55.2	300.7	52.1
Central administration	-	(17.0)	-	(15.3)
Share of profit of associate and JVs	-	2.6	-	3.5
Eliminations	(113.0)	-	(103.0)	-
Total	1,487.5	156.2	1,396.3	155.0

* Underlying results are stated before acquisition-related expenses, redundancy and reorganisation costs, property losses, AIM to Main Market costs, amortisation of acquisition intangibles and related tax items.

In 2023 we delivered a further year of strong performance, advancing revenue and Underlying EBIT through robust pricing, disciplined cost management and improvements in operations.

Revenue for the year at £1,487.5m increased by 7% compared to 2022 (£1,396.3m), with pricing of 9% continuing to more than offset the impact of 2% lower volumes.

As the year progressed, our markets slowed, with 11% revenue growth in the first half of the year followed by a more modest 3% in the final six months of the year.

On a like-for-like basis, excluding the impact of acquisitions, revenue increased by 4% (2022: 11%).

Against this more challenging backdrop we delivered resilient earnings growth with Underlying EBIT of £156.2m up £1.2m on 2022 (£155.0m), with a strong performance from each division and after further investment into our central support functions.

On a statutory basis, Group profit from operations of £145.7m reduced by £2.3m from £148.0m in 2022, primarily as a result of the costs associated with the move from AIM to the Main Market which have been presented as non-underlying. Underlying EBIT margin of 10.5% was below the 11.1% reported in 2022, due to reduced operational gearing in a lower volume environment and the impact of our energy hedges moving back into line with market pricing, having provided a significant benefit throughout 2022.

We remain confident in our medium-term ambition to generate an Underlying EBIT margin of between 12% and 15% once volume growth returns to our markets.

Impact of acquisitions

Three bolt-on acquisitions completed during the year for an aggregate Enterprise Value of £22.0m and contributed £19.0m revenue and £1.8m Underlying EBIT during the period of ownership.

Chief Financial Officer's review

Joint ventures

Our share of profit from our associate and joint ventures was lower at £2.6m (2022: £3.5m), primarily due to reductions in Scottish Government road maintenance spending impacting the performance of BEAR Scotland.

Interest

Net finance costs in the year totalled £11.3m (2022: £12.2m) and included interest on the Group's debt facilities, lease liabilities, amortisation of bank arrangement fees, and the unwinding of discounting on provisions, net of interest received from short-term cash deposits and money market funds.

Net cash interest of £6.5m (2022: £9.0m) reduced in line with debt levels throughout the year. We incurred a higher non-cash charge to unwind the discount on provisions as a result of higher risk free rates in the year.

Non-underlying items

Non-underlying items in the year amounted to a pre-tax cost of £10.5m (2022: £7.0m), of which the largest item was £6.0m (2022: £4.8m) amortisation of acquired intangible assets. Other non-underlying items comprised £3.6m of AIM to Main Market costs and £0.9m of acquisition-related costs.

Tax

The Group recorded an Underlying tax charge at an effective rate of 20.4% (2022: 16.0%), which equated to a charge of £29.5m (2022: £22.9m).

The year-on-year increase in tax charges was primarily attributable to the increase in the effective UK corporation tax rate from 19% in 2022 to 23.5% in 2023.

The statutory tax charge, calculated relative to statutory profit before tax and inclusive of deferred tax rate changes, was 21.4% or £28.8m (2022: 17.1% or £23.2m).

Alongside a further increase in the UK tax rate to 25%, which will increase the future effective tax rate of the Group from 2024, in December 2021, the OECD released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million (Pillar Two rules).

The UK substantively enacted legislation implementing these Pillar Two rules on 20 June 2023 and they apply to the Group with effect from 1 January 2024.

The Group is reviewing this legislation together with developing guidance. At 1 January 2024 the impact of Pillar Two rules on the Group is limited to the Group's taxable profits generated in RoI. Based on the information currently available, the impact of Pillar Two rules on the Group tax position is not expected to be material.

We complied effectively with our stated tax strategy, and we make a significant contribution to the economies in which we operate through taxation, either borne by the Group or collected on behalf of, and paid to, the tax authorities. In 2023 the total taxes borne and collected by the Group amounted to c.£210m (2022: c.£210m).

Earnings per share

The increase in UK corporation tax rates offset the impact of earnings growth and resulted in a decrease of 4% in Underlying Basic EPS for the year to 33.8p (2022: 35.1p), while Statutory Basic EPS was 31.1p (2022: 33.2p).

Adjusted Underlying Basic EPS, calculated using Underlying earnings and adjusted to exclude the impact of the £0.7m (2022: £1.1m) charge recognised in respect of deferred tax rate changes, decreased by 4% to 34.0p (2022: 35.4p).

The Group has no significant dilutive instruments, and diluted EPS measures closely track non-diluted measures for the year.

Return on invested capital

The increase in UK corporation tax rates and a higher average capital employed offset the impact of earnings growth, resulting in ROIC of 9.9% for 2023 (2022: 10.8%) using average invested capital.

This is in line with the Group's cost of capital and sits broadly in-line with our medium-term target to deliver ROIC in excess of 10%.

Statement of financial position

Net assets at 31 December 2023 were £1,110.7m (2022: £1,043.8m).

Total non-current assets of £1,397.9m (2022: £1,370.7m) increased as a result of capital investment in excess of depreciation and the acquisitions completed during 2023.

Current assets were £59.8m higher than December 2022, reflecting the impact of inflation on working capital balances, higher cash holdings and purchases of UK ETS credits which are held on the balance sheet in inventory.

Total liabilities increased year-on-year, with provision balances increasing to reflect the increased expected costs of restoration compared to 2022, partially offset by increases in discount rates as a result of external market movements during the year.

Impairment reviews

We completed our annual impairment review of goodwill and retain comfortable levels of headroom relative to the carrying value of our asset base.

Chief Financial Officer's review

Group restructuring, share consolidation and capital reduction

In connection with the move from AIM to the Main Market, a new holding company was incorporated during 2023, which obtained control over the Group via a court approved scheme of arrangement on 17 May 2023.

This restructuring does not impact reported earnings, cash flows or net assets. Further details of the scheme and the accounting impacts are included in the financial statements.

On 17 May 2023 the Group undertook a share consolidation at a ratio of five to one. Earnings and dividend per share measures have been restated to reflect this.

On 9 June 2023 we completed a capital reduction which increased the Company's distributable reserves by £471.1m.

Input costs and hedges

Input cost inflation had a less significant impact on our results than in 2022. Although energy (gas and electricity), fuels, bitumen and carbon credits reduced in price throughout the year, the impact of our energy hedges moving back in line with market rates added around £25m of additional cost in 2023 compared

with 2022. In 2022 our hedges provided a significant degree of protection from high levels of energy inflation experienced during that year.

Our strategy is to hedge substantially all energy and carbon requirements for at least one year in advance, with further layered purchases extending into future years, to deliver near-term cost certainty.

A proportion of our bitumen requirements are hedged in the short-term, typically for larger contracts where pricing is agreed up front. Remaining purchases are made at spot; the market for asphalt, in which bitumen is the primary purchased raw material, has historically responded quickly to bitumen price changes. Most other fuels are purchased at spot and passed on.

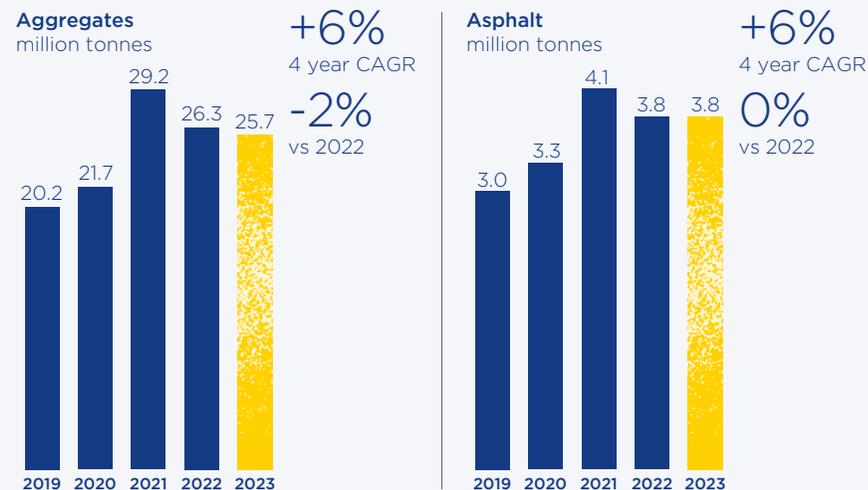
For 2024, we are hedged substantially in line with our policy.

Volumes

Our volume performance reflects the markets in which we operate, in particular the cyclical slowdown in construction activity in the UK through the course of 2023.

On a like-for-like basis compared to 2022, volumes were down 4% for aggregates, 4% for ready-mixed concrete and 4% for cement, while asphalt was flat year-on-year.

Year-on-year change in volumes

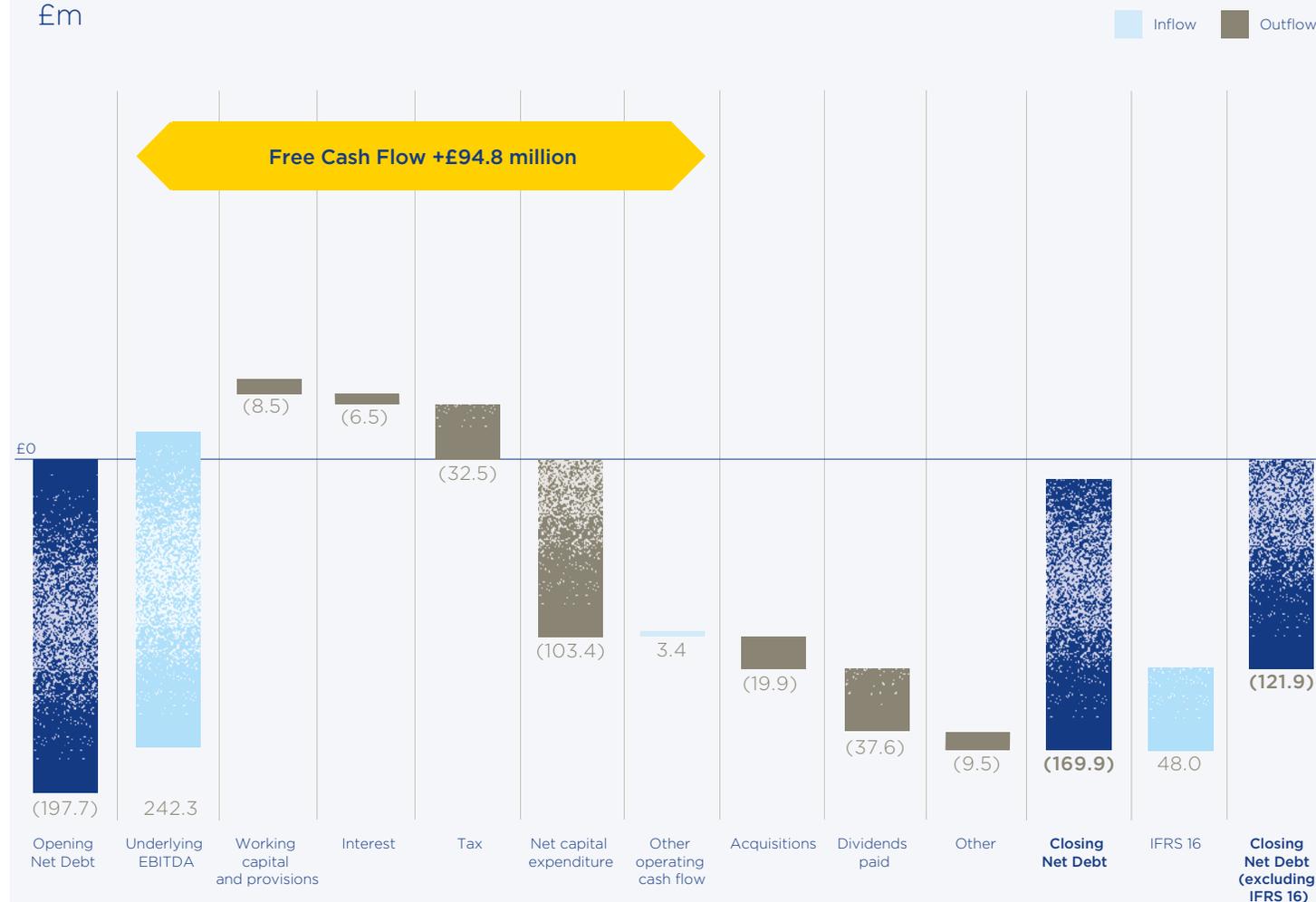


Note: Reported percentage movements are based on non-rounded data.

Chief Financial Officer's review

2023 Net Debt movement

£m



Free Cash Flow

Our Free Cash Flow increased by 38% year-on-year to £94.8m (2022: £68.7m) despite investing significant amounts of capital expenditure, ahead of depreciation.

Net capital expenditure increased by £1.4m to £103.4m (2022: £102.0m) comprising capital investment of £106.8m offset by £3.4m of proceeds from specific asset disposals. Working capital flows reflected strong cash collection, offset by the purchase of UK ETS credits.

Free Cash Flow conversion

Free Cash Flow conversion for the year improved by 10 ppts to 39% (2022: 29%) reflecting strong working capital management and lower cash interest costs offset by a higher cash tax charge.

This remains lower than our medium-term average target, principally due to our investment programme and the impact of increasing statutory rates of taxation. Over the past five years our Free Cash Flow conversion has averaged 54%.

Chief Financial Officer's review

Net Debt

At 31 December 2023, Net Debt was £169.9m (2022: £197.7m). Net Debt includes IFRS 16 lease liabilities of £48.0m (2022: £49.3m).

Covenant Leverage at the year-end was 0.5x (2022: 0.7x) reflecting the resilience of the Group's balance sheet and allows significant flexibility in pursuing our sustainable growth strategy.

Borrowing facilities

The Group's borrowing facilities comprise a £350m multi-currency revolving credit facility (RCF) and a £250m US Private Placement (USPP).

During the year, we exercised our option to extend the RCF for a one-year period. Arrangement fees of £0.7m were capitalised in the year and will be amortised over the period of the additional borrowing.

Following the exercise of the extension option, the RCF is available to the Group until June 2026.

Interest on the RCF is calculated as a margin referenced to the Group's Covenant Leverage plus the base rate applicable to the currency of borrowing.

The USPP, issued in 2021, provides long-term financing at low fixed interest rates with an average fixed coupon of approximately 2%. The USPP comprises £170m sterling and £80m drawn in euro, with a maturity profile between 2028 and 2036.

Our borrowing facilities are subject to leverage and interest cover covenants which are tested half-yearly, and we remained fully compliant with all covenants during the year.

The Group maintains a strong liquidity position and at 31 December 2023 had total available liquidity of over £475m comprising undrawn borrowing facilities of £350m and cash and cash equivalents of £126.9m.

Dividend

Subject to shareholder approval, we intend to pay a dividend in respect of the 2023 financial results of 13.5p, an increase of 29% from 2022 (10.5p).

This delivers a payout ratio of 40% (2022: 30%) of Underlying Basic EPS, achieving our committed target payout ratio.

Since starting to pay a dividend in 2021, we have declared nearly £110m of cash dividends to shareholders.

Assuming further strong financial performance and cash generation, our intention is to maintain the payout ratio at around 40% of Underlying Basic EPS.

An interim dividend of 4.0p (2022: 3.5p) was paid on 10 November 2023 and, subject to shareholder approval, the remaining 9.5p (2022: 7.0p) will be paid as a final dividend on 17 May 2024.

Dividends are recorded in the financial statements of the accounting period in which they are paid. Accordingly dividend payments to Breedon Group shareholders amounting to £37.3m (2022: £30.5m) have been recognised in the 2023 financial statements.

Thoughtful capital allocation is core to our financial strategy, and we remain confident that our progressive dividend policy will not compromise the Group's ability to execute on our strategic objectives.

Tax strategy

Breedon's tax strategy governs our approach to tax compliance, and is underpinned by the following principles:

- To comply with all relevant tax regulations.
- To ensure ethical tax practice is maintained and tax planning is undertaken responsibly.
- To engage proactively and transparently with relevant tax authorities.
- To manage tax risks effectively and maintain a high standard of tax governance.

The strategy is kept under review by the Audit & Risk Committee on behalf of the Board, and full details can be found on our website at www.breedongroup.com/policies.

Chief Financial Officer's review

Capital allocation

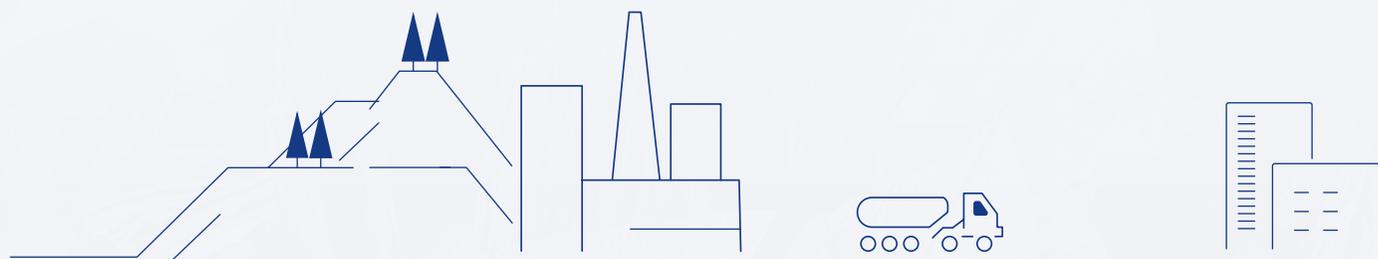
Conservative and disciplined financial management and the maintenance of a strong balance sheet are at the core of our thoughtful approach to capital allocation. The Board will always seek to deploy our capital responsibly, focusing on organic investment in our business to ensure that our asset base is well invested. We will look to pursue further selective acquisitions which will accelerate our strategic development and that we are confident will create long-term value.

This conservative approach to financial management enables us to pursue capital growth for our shareholders through active development of our business, while supporting our progressive dividend policy.

James Brotherton
Chief Financial Officer
6 March 2024

Our capital allocation model

Investment as a differentiator



Maximise value through capital deployment



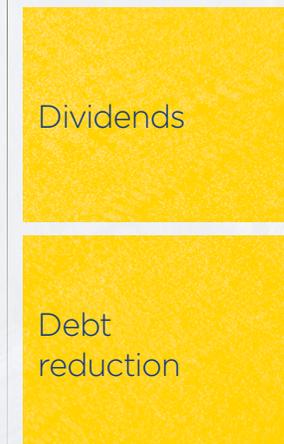
Investment opportunities



Strategic objectives



Excess capital



Managing our risks and opportunities

Effective risk management is fundamental to delivering our strategy

Our risk framework

Risk is an inherent and accepted element of doing business, and effective risk management is fundamental to how we run our business. Our risk management framework facilitates the identification, assessment and mitigation of risks to an acceptable level, enabling us to make informed decisions and deliver our strategic priorities.



Risk appetite

The level of risk accepted in pursuit of our strategic goals is guided by our risk appetite, which is set by the Board and reviewed on an annual basis. This provides clear guidance to management as to the level of risk the Board considers acceptable and sets appropriate boundaries for business activities and behaviours.

The following appetite statements are used to describe the level of risk the Board is prepared to take across each of the principal risk areas.

Averse

We have little appetite for risk and will seek to apply more controls to minimise our exposure and avoid uncertainty.

Cautious

We have an appetite for some risk, however prefer options that have a low degree of downside.

Open

We are open to taking considered risks and will choose options that offer an acceptable level of reward with a greater likelihood of success.

Seeking

We are willing to proactively take risks and be more innovative to pursue strategic opportunities and achieve higher returns, despite the higher inherent risks. The costs

and benefits of the increased risk accepted must be fully understood and measures to mitigate or transfer the risk established.

Risk categorisation

Our risk review processes apply a common methodology across the Group for identifying and assessing risk. Principal risks are categorised as either Strategic, Operational or Financial risks, defined as:

Strategic risks

Events that may make it difficult, or even impossible, for the Group to achieve its strategic objectives.

Operational risks

Events or threats that are inherent in our day-to-day operations.

Financial risks

Threats arising from ineffective management and control of the Group's financial resources or movements in the financial markets.

Risk velocity

For 2023 we have disclosed the velocity of each risk, defined as the time elapsing between an event occurring which crystallises a risk and the point at which Breedon would be impacted. This is expressed in days, weeks, months or years.

Managing our risks and opportunities

Risk identification and assessment

Our management teams assess the likelihood and potential impact of key risks against a risk matrix containing a range of both quantitative and qualitative factors for consideration.

Once identified and assessed, risks are assigned to a member of senior management who is accountable for ensuring appropriate processes and controls are implemented to mitigate that risk to within the level of appetite set by the Board, which may include the transfer of risk through insurance.

Risks are assessed both before and after the impact of these mitigations, with post-mitigation residual risk reported as the 'net' risk within the principal risk table on pages 54 to 60 and these assessments are recorded on risk registers which are held for each division and central function.

Risk registers are formally reviewed by the Head of Risk and Control to identify the most significant risks for inclusion on the Group risk register. The Group risk register consolidates risks by principal areas and is reviewed at least twice a year by both the Executive Committee and the Board.

Risk assurance, monitoring and reporting

Our Internal Audit function undertakes a number of independent reviews across our principal risk areas to provide assurance over the effectiveness of key controls. These reviews are agreed annually in advance with the Audit & Risk Committee at the point of approval of the Internal Audit plan, although there is opportunity throughout the year to make amendments to the plan should this be required.

In addition, the second-line Group Risk & Controls team undertake various process reviews throughout the year, with a particular focus in recent years on ensuring compliance with the Group Financial Controls framework.

Findings resulting from these reviews are reported throughout the year to the Audit & Risk Committee along with the actions that have been agreed with management. Progress with previously agreed mitigating actions is monitored throughout the year by the Group Risk & Control team and validated by Internal Audit, with formal progress updates provided to the Audit & Risk Committee.

'Four lines of defence' risk management and internal control framework

Our framework utilises a 'four lines of defence' approach, with roles and responsibilities defined as set out below.

Board

Overall responsibility for the Group's risk management and internal control framework, and for reviewing effectiveness. The CFO has executive management responsibility for risk and internal control.

Audit & Risk Committee

Reviews the suitability and effectiveness of the risk management and internal control framework on behalf of the Board. Performance by the business against risk appetite is monitored and reported to the Audit & Risk Committee. The Committee monitors the effectiveness and independence of the internal and external auditors.

Senior management and risk owners

Ensure that the risk management and internal control framework is embedded within their respective business area and develop an effective risk culture.

1

Front line teams

Any Breedon colleague who makes decisions, deploys resources or contributes to an outcome is responsible for identifying associated risks and implementing internal processes and controls to manage those risks.

2

Group risk and controls

Provides expertise and support to the front line teams responsible for designing the risk management policies, processes and controls, monitoring the ongoing effectiveness of internal controls and the reporting of risk across the Group.

3

Internal audit

Responsible for providing independent assurance over risk and control activities performed by the first and second lines of defence.

Other monitoring functions

Responsible for designing policies and processes and monitoring the effectiveness of processes and controls, for their area of accountability.

4

External audit and regulators

LINES OF DEFENCE

Managing our risks and opportunities

2023 priorities

Throughout 2023 the Group Risk and Control team:

- Focussed on further embedding the Group Financial Control Framework through a full cycle of second line testing to provide assurance on the divisional self-certification of compliance with the key controls identified within the framework.
- Assumed responsibility for the Group's Information Security team, enhancing that team's independence from our operational technology teams.
- Undertook work to prepare for prospective new corporate governance regulations, including the development of an audit and assurance policy, fraud risk assessments and the resilience statement. Although many of these proposed changes were subsequently withdrawn, a number of these cover important areas where we see value irrespective of legislative requirements.
- Worked closely with Internal Audit on the reviews which they conducted during the year, including monitoring the implementation of the recommendations arising from those reviews.

Areas of focus for 2024

While significant progress has been made in recent years to improve risk and control processes of the Group, there remain further key areas of focus heading into 2024 including:

- The implementation of an internal controls compliance tool, which will facilitate the storing of controls evidence, automate workflows to track completion of control activities and provide greater 'real-time' reporting capabilities.
- Further development of the Group Fraud Risk Management and Information and Cyber Governance Frameworks.
- Increased focus on our assessment of non-financial reporting controls.
- Enhanced risk reporting throughout the year.

Case study

Focusing on fraud risk...

During 2023 the Group Risk and Control team initiated a project to formalise Breedon's Fraud Risk Management Framework. The framework will include a Group-wide policy and risk assessment, awareness training, incident reporting and monitoring processes, with oversight provided by the Audit & Risk Committee.

A number of focused fraud workshops were undertaken with colleagues across our group functions and business divisions, with a wide mix of attendees from senior management to colleagues involved in the operational processes day-to-day.



The interactive workshops each performed a detailed review of a selected business process, discussing potential fraud risks and mitigating control activities to build a Group fraud risk assessment and inform the next steps to be taken.

We have invested further in training our people to identify potential fraud indicators, with mandatory training covering anti-bribery and code of conduct delivered during the year.

Case study

Strengthening our cyber response...

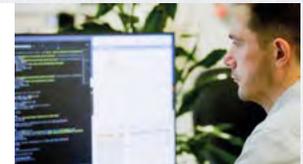
With the increasing sophistication and external threat of a cyber breach occurring, we continue to strengthen our response to cyber risk, including further investment in security and infrastructure improvements.

In addition to resilient infrastructure, the vigilance of our people is the greatest defence against a cyber attack. We support them through annual cyber training and operate a continuous simulated phishing programme which allows us to assess the responsiveness of our people over time and follow up with targeted additional training where appropriate.

We have refined our cyber controls still further and in 2023 RSM, our internal auditors, undertook a cyber security review aligned to the principles of the National Cyber Security Centre's 10 steps

to Cyber Security to assess and benchmark our security maturity. We have used the findings from the review to refine our security strategy and have made good progress in implementing the recommendations.

Our governance has evolved further, with a newly formed Information and Cyber Risk Committee, chaired by the Group Head of Information Security. It oversees cyber risk management through integrating policies, procedures and controls that align with business objectives and compliance requirements, creating a foundation for secure operations. This Committee meets at least four times a year, with regular updates provided to the Audit & Risk Committee, with the most recent update provided in January 2024 where the Audit & Risk Committee received a presentation on the Group's cyber strategy.



Managing our risks and opportunities

Emerging risks

Emerging risks are identified through our standard risk processes. We define an emerging risk as a new risk that cannot yet be fully assessed, or a risk that is known to some degree however is believed unlikely to materialise or have a material impact in

the short term. Emerging risks typically relate to one or more existing principal risks however may result in the identification of additional principal risks as they are more fully understood.

We are currently assessing two potentially significant emerging risks:

Emerging risk	Link principal risk(s)	Possible impacts
<p>Generative artificial intelligence</p> <p>Artificial intelligence that can generate new content, such as text, images, and audio, that is often indistinguishable from human-generated content.</p>	<ul style="list-style-type: none"> — IT and cyber security — Laws, regulations and governance 	<ul style="list-style-type: none"> — Data loss — Automation of cyber attacks — Sophisticated phishing emails — Quality control and misinformation
<p>Operational technology</p> <p>The increasing modernisation and digitalisation landscape is likely to mean that operational hardware and software, typically separate from IT systems, becomes more connected with information technology.</p>	<ul style="list-style-type: none"> — Failure of a critical asset — Health and safety — IT and cyber security 	<ul style="list-style-type: none"> — Physical harm to people — Operational disruption — Financial loss — Reputational damage

Principal risks

The principal risks and uncertainties outlined in this section reflect those risks that, in the opinion of the Board, might materially affect the Group's future performance, prospects or reputation.

The assessment of these principal and emerging risks and the effectiveness of the associated controls put in place reflect management's current expectations, forecasts and assumptions, and will be subject to changes in our internal and external environments.

Changes to our principal risk reporting

Whilst the nature of the principal risks reported remains consistent with 2022 we have simplified our presentation of the principal risks, resulting in a reduction in the number of individual principal risks from 16 to 12.

New or expanded risks

Competition risk has been identified as a standalone principal risk, having previously formed part of our **Market** risk. This is to allow a clearer distinction between the strategic risk arising from the markets we

choose to operate in, and our operational risk in how we serve our customers and compete to grow our share of those overall markets.

Acquisitions risk now includes material capital projects risk.

Merged or downgraded risks

Some risks reported in 2022 have been combined with similar risks for reporting purposes, or are no longer considered a standalone principal risk, instead forming a sub-risk for one of our principal risks.

The table below maps these adjustments alongside the rationale for the change.

Risk reported in 2022	2023 Principal risk	Rationale
Financing and interest rates Currency	Treasury	To better reflect the operational management of those risks within our treasury function.
Credit risk	Markets	Credit risk is directly linked to the economic challenges facing our customers.
Environmental impact Mineral Reserves	Land and mineral management	Our previous Mineral Reserves risk has been expanded to cover the full life cycle of operating our sites, including obtaining minerals and planning permissions, operating in compliance with environmental and other regulations and ultimately fulfilling our restoration obligations.
Product specification	Laws, regulations and governance	Product standards are governed by applicable regulations, and as we have had no history of significant product specification claims, this does not merit presentation as a standalone principal risk.
Digitalisation	Competition IT and cyber security People	Digitalisation impacts on a number of our principal risks and is therefore no longer considered a standalone principal risk.

Principal risks

Our principal risks are the most significant risks that might adversely impact the Group

Whilst the nature of the principal risks reported has not changed, we have made a number of changes to the presentation of principal risks compared to 2022 resulting in a reduction of principal risks from 16 to 12. See page 53.

	Risk	Summary	Appetite	Net risk rating	Velocity	Trend	
Strategic	1	Acquisitions and material capital projects	Our ability to complete the acquisitions and strategic projects required to deliver our growth strategy.	SEEKING	MEDIUM	YEARS	→
	2	Climate change	The transitional and physical risks arising from climate change as we decarbonise our business.	OPEN	VERY HIGH	YEARS	→
	3	Markets	The impact of the macroeconomic environment on our business.	OPEN	HIGH	MONTHS	↗
	4	Land and mineral management	Managing mineral reserves to deliver our growth strategy; ensuring compliance with planning and environmental regulations.	CAUTIOUS	MEDIUM	YEARS	→
	5	People	The successful recruitment, development and retention of our people.	CAUTIOUS	MEDIUM	YEARS	→
Operational	6	Competition	The impact of our competitors on our market share and profitability.	OPEN	HIGH	MONTHS	↗
	7	Failure of a critical asset	The risk of unplanned downtime or operational inefficiency at our critical operating locations.	AVERSE	HIGH	DAYS	→
	8	Health and safety	Ensuring our employees and other stakeholders return home safe and well.	AVERSE	HIGH	DAYS	→
	9	IT and cyber security	The impact of a cyber security incident or a lack of resilience in our technology infrastructure.	AVERSE	HIGH	DAYS	↗
	10	Laws, regulations and governance	Our ability to comply with all applicable laws, regulations and principles of corporate governance.	AVERSE	MEDIUM	DAYS	↗
	11	Supply chain and input costs	Managing input costs volatility and supply chain risk.	OPEN	HIGH	MONTHS	↘
Financial	12	Treasury	Our ability to secure access to the capital needed to deliver our growth strategy and to manage the impact of interest and currency rates.	CAUTIOUS	LOW	YEARS	↗

Principal risks

Net risk rating

Low Medium High Very high

Link to strategy

Sustain Optimise Expand Financial framework

Risk context	How this risk could impact us	Mitigations	Trend	Velocity	Link to strategy
<p>1 Acquisitions and material capex projects</p>					
<p>Our growth strategy is predicated on continued successful execution and integration of M&A and delivery of major capital investment projects. These come with higher levels of inherent risk compared to 'business as usual' operations.</p>	<ul style="list-style-type: none"> If we do not identify suitable acquisition targets which meet our stringent criteria on quality, price and sustainability, we could not execute the inorganic element of our growth strategy. Failure to integrate acquisitions successfully, including delivering expected synergies, could result in lower returns on capital. Competition authorities may restrict the businesses we are able to acquire. If capital projects overrun in either cost or time, these could fail to deliver expected benefits and cause business disruption. 	<ul style="list-style-type: none"> Acquisitions are subject to rigorous due diligence and approval processes, supported by specialist advisers, and include careful consideration of competition regulation and sustainability. Material capital projects and business integrations are subject to detailed project plans, implemented by dedicated teams and with progress monitored by the Board. 	<p>No significant change to risk profile in 2023.</p>	<p>Although it is possible for a failed acquisition or capital project to have a more immediate impact, this risk is most likely to impact over a number of years, reflecting the longer-term nature of our growth strategy.</p>	
<p>2 Climate change</p>					
<p>Climate change poses a significant challenge to our business and our response to climate risks and opportunities forms a critical pillar of our strategy.</p> <p>Cement manufacturing in particular emits significant amounts of carbon, with emissions hard to abate due to the majority of carbon being released through chemical reactions during the manufacturing process. Delivering on our commitment to achieve net zero by 2050 will require significant capital investment and the development of technology which has not yet been proven commercially at scale.</p>	<ul style="list-style-type: none"> If we do not successfully decarbonise our business in line with our targets and the wider industry we may be exposed to significant additional costs and reduced demand for our products. We may experience operational disruption due to the physical impacts of climate change. Full details of physical and transitional risks and mitigations are provided in our Task Force on Climate-Related Financial Disclosures (TCFD) reporting on pages 61 to 68. 	<ul style="list-style-type: none"> We have set carbon reduction targets and have submitted additional targets to the SBTi. We are transparent in reporting our progress against these and senior management remuneration is structured to incentivise delivery. We have appropriate sustainability governance structures and processes, overseen by the Board with support from external specialists where appropriate. Full details of physical and transitional risks and mitigations are provided in our TCFD reporting on pages 61 to 68. 	<p>No significant change to risk profile in 2023.</p>	<p>This risk is most likely to impact over the medium term, as physical impacts are slow to materialise in our trading geographies and the level of decarbonisation in any one year is less significant than the multi-year trend.</p>	

Strategic risks

Principal risks

Net risk rating

■ Low
 ■ Medium
 ■ High
 ■ Very high

Link to strategy

🔄 Sustain
 📊 Optimise
 📈 Expand
 🏗️ Financial framework

Risk context	How this risk could impact us	Mitigations	Trend	Velocity	Link to strategy
<p>3 Markets</p> <p>Demand for our products is well diversified across the public and private sectors, and our products are supplied into a variety of infrastructure, residential and commercial projects. Although the medium to long-term prospects remain positive for our industry, our markets are cyclical and in particular are influenced by the level of government infrastructure spending.</p> <p>We accept the risk of operating in these markets, however to succeed our operating model has to combine resilience during market downturns with the strategic flexibility to meet demand when markets are growing.</p>	<ul style="list-style-type: none"> Macroeconomic factors or changes in government policy could reduce demand for our products, impacting our profitability. The market trends which impact our sales also impact our customers, and so may increase our exposure to credit risk. 	<ul style="list-style-type: none"> We closely follow published indicators of activity in our geographies and sectors and maintain regular contact with our key stakeholders to identify significant trends or events which could impact our business. Our budgeting and forecasting processes provide up-to-date financial information which allows us to adapt our plans accordingly. Credit risk insurance cover is maintained over the majority of our private sector customers. 	<p>↗</p> <p>Our markets have been further impacted by a cyclical downturn during 2023 which has increased the level of market risk.</p>	<p>MONTHS</p> <p>Market downturns usually impact within months as our customers complete their existing projects which are replaced with lower levels of new work.</p>	  
<p>4 Land and mineral management</p> <p>Minerals are the life blood of our business and we extract significant volumes each year to be sold as aggregates or fed into our downstream manufacturing processes.</p> <p>Securing new reserves organically has a significant lead time from the agreement of a land deal through to the granting of planning permission; meaning our Land & Minerals teams need to plan for the long-term to ensure continuity of production.</p> <p>Once reserves are secured it is crucial that we comply with environmental regulation, planning restrictions and permits to ensure we can continue to operate the sites. When a site is no longer operational, we are required to fulfil our restoration obligations.</p>	<ul style="list-style-type: none"> If we fail to replenish our mineral reserves and resources over time, we will be deprived of our critical raw material, disrupting operations and reducing the value of our business. If we fail to measure our existing reserves and resources accurately, we may operate our quarries inefficiently. Failure to comply with planning requirements or to obtain new or extended permissions at a quarry or plant could prevent the business from operating facilities or extracting its mineral reserves. A compliance breach could incur significant remediation costs and impact our licence to operate that site and ability to secure new mineral reserves. The costs to fulfil our restoration obligation at end of quarry life may increase by more than we have forecast, resulting in additional costs. 	<ul style="list-style-type: none"> Our Land & Minerals team supports our businesses in obtaining additional mineral reserves and resources, providing in-house expertise through the lifecycle of our quarries and plants. We monitor our mineral assets to assess both the quality and the longevity of our resources, with the aid of external experts. We proactively monitor environmental compliance, including restoration plans, and have policies in place setting clear expectations on how we should manage our environmental impact. These are communicated to our people through training programmes. 	<p>→</p> <p>No significant change to risk profile in 2023.</p>	<p>YEARS</p> <p>Absent a material compliance breach which could have an immediate impact for the site involved, this risk is primarily a multi-year risk from failure to manage our minerals pipeline appropriately.</p>	  

Strategic risks

Principal risks

Net risk rating

■ Low
 ■ Medium
 ■ High
 ■ Very high

Link to strategy

🔄 Sustain
 📊 Optimise
 ➔ Expand
 🏠 Financial framework

	Risk context	How this risk could impact us	Mitigations	Trend	Velocity	Link to strategy
Strategic risks	5 People We employ 3,900 colleagues across UK and RoI, a number of whom work in highly skilled and specialised roles. Recruitment is expected to become more challenging in future years as a significant proportion of the workforce approaches retirement. We are part-way through the implementation of our five-year People Plan, which aims to embed our values, attract a talented and diverse workforce, provide opportunities for everyone and ensure Breedon remains a great place to work.	<ul style="list-style-type: none"> Failure to attract and retain the right people could have an adverse impact on our ability to achieve our strategic objectives. If we do not have adequate succession planning processes, we may experience short-term disruption if key individuals leave the business. Failure to equip our people with the right skills and training increases the possibility that they will not deliver to their potential. 	<ul style="list-style-type: none"> Our People team provide the framework of policies and procedures to mitigate this risk. See 'People' on pages 87 to 92 for further details. 	➔	YEARS	 
	6 Competition We face volume and price competition from both large and small players in our industry. As our products are largely commodities, the strength of our customer relationships and service offering can be a key differentiator in securing orders.	<ul style="list-style-type: none"> If we fail to deliver consistently excellent customer service, increasingly underpinned by digitalisation, we may lose market share to our competitors. Our competitors' pricing strategies could cause supply/demand imbalances and limit our ability to implement price rises to cover increasing costs. A new entrant to our markets could gain market share, reducing our sales volumes. Over the longer term, competing alternative products could emerge which reduce demand for our core products. 	<ul style="list-style-type: none"> Our commercial teams engage closely with our customers to understand their needs and provide excellent customer service. We have made a number of strategic investments in digital projects to improve the customer experience and simplify administrative processes. Our product technical teams evaluate and research new products, materials, methods and technologies and test these in the field to assess their performance. 	↗	MONTHS	   

Principal risks

Net risk rating

Low Medium High Very high

Link to strategy

Sustain Optimise Expand Financial framework

Risk context	How this risk could impact us	Mitigations	Trend	Velocity	Link to strategy
7 Failure of a critical asset					
<p>Our two cement plants and some of our larger quarries make a significant contribution to our overall profitability and significant management focus is devoted to maximising production uptime and efficiency at these locations.</p> <p>Our cement plants in particular are complex manufacturing environments, operating 24:7 outside of planned maintenance shutdowns and the reliability of the kilns is critical to our operational success.</p>	<ul style="list-style-type: none"> An unplanned production outage at one of our two cement plants or at a small number of critical quarries could reduce production efficiency, cause significant operational disruption and loss of earnings. 	<ul style="list-style-type: none"> Our sites have real-time performance monitoring and preventative maintenance and inspection programmes designed by our specialist plant engineers, with external support utilised when appropriate. Each of our cement kilns is subject to an annual shutdown in accordance with a planned maintenance schedule. Back up processes and facilities are in place across critical areas of the plants and spare parts are held for critical equipment. We hold Business Interruption Insurance and continue to strengthen business continuity plans. 	<p>→</p> <p>No significant change to risk profile in 2023.</p>	<p>DAYS</p> <p>This risk could have an immediate impact if a critical asset suffered unscheduled downtime.</p>	
8 Health and safety					
<p>Our industry has to operate in inherently dangerous environments, involving heavy machinery, extreme temperatures in manufacturing processes, the use of explosives in our quarries and significant numbers of plant and vehicle movements. Our risk extends to locations outside of our direct control such as road surfacing or rail operations and construction sites.</p> <p>We take our obligation to keep our people safe extremely seriously, with robust control practices and a constant focus on continuously improving our safety culture. However we cannot eliminate this risk entirely.</p>	<ul style="list-style-type: none"> The most serious impact would be fatality or physical harm caused to our employees or other stakeholders. If we were deemed culpable, we could be impacted by significant regulatory fines, reputational damage and business disruption. 	<ul style="list-style-type: none"> Our Group Head of Health, Safety and Wellbeing has day-to-day management responsibility for this risk. We promote a strong safety culture with a focus on continuous improvement and personal ownership of health, safety and wellbeing. We provide people with the tools and equipment they need to do the job safely, and invest in risk reduction technologies, including regular health, safety and wellbeing training. Detailed investigations into both actual and potential incidents, and the sharing of learnings to help to prevent recurrence. 	<p>→</p> <p>No significant change to risk profile in 2023.</p>	<p>DAYS</p> <p>This risk could have an immediate impact in the event of a serious incident.</p>	

Operational risks

Principal risks

Net risk rating

■ Low
 ■ Medium
 ■ High
 ■ Very high

Link to strategy

🔄 Sustain
 📊 Optimise
 📈 Expand
 🏠 Financial framework

Risk context	How this risk could impact us	Mitigations	Trend	Velocity	Link to strategy
<p>9 IT and cyber security</p> <p>Our business is becoming increasingly digital, which requires resilient and secure digital infrastructure as a foundation, both within Breedon and at approved third parties who are provided with access to our data and systems.</p> <p>At the same time, external cyber threats are growing increasingly frequent and sophisticated, with more significant potential impacts. This means management of our cyber risk remains fundamental to our strategy.</p>	<ul style="list-style-type: none"> A cyber security incident, whether through external cyber attack or internal data breach, could cause operational disruption, data loss, financial penalties, reputational damage and potential legal consequences. Lack of infrastructure resilience could result in business disruption and reduce our ability to benefit from increasing digitalisation. Systems integration projects or significant IT changes may lead to business disruption. 	<ul style="list-style-type: none"> Our dedicated Information Security team monitors and responds to new and existing cyber risks and strengthens the Group's cyber resilience with the support of external service providers. Our people undertake regular cyber training, including simulated phishing attacks to educate users on cyber risk. Policies and processes are in place, including business continuity and disaster recovery plans, to define the standards of controls we have implemented to prevent, detect and respond quickly to events. We are increasing investment in digital infrastructure to increase security and resilience. IT system development projects are carefully planned and managed with defined governance and control procedures. 	<p>↗</p> <p>Our risk continues to increase as cyber attacks become more sophisticated, are more likely to occur and our business is increasingly digital.</p>	<p>DAYS</p> <p>A cyber attack or a failure in critical IT infrastructure could have an immediate impact.</p>	 
<p>10 Laws, regulations and governance</p> <p>We must comply with a complex set of laws and regulations in both the UK and RoI. Compliance is increasingly complex, and the penalties for getting compliance wrong more severe.</p> <p>These include, among others, environmental, competition, fraud, bribery, market abuse, taxation and data privacy, in addition to the requirements arising from our Premium Listing on the London Stock Exchange.</p> <p>Our compliance programme sets clear expectations and provides our people with support to do the right thing.</p>	<ul style="list-style-type: none"> A breach of laws and regulations could expose us to significant legal consequences including fines, reputational damage and operational disruption. 	<ul style="list-style-type: none"> Our legal compliance team monitors and responds to legal and regulatory developments, supported by external expertise where required. We maintain specific policies for each area of compliance, which are communicated to our people through regular compliance training. Externally facilitated confidential whistleblowing process, with all reports, subsequent findings and follow up actions overseen by the Audit & Risk Committee. Our tax strategy is approved by the Audit & Risk Committee, with compliance monitored Group-wide applying the principles of the Senior Accounting Officer requirements in the UK. 	<p>↗</p> <p>There has been a small increase in the level of risk following our move from AIM to the Main Market in 2023.</p>	<p>DAYS</p> <p>This risk could result in an immediate impact if a law or regulation was found to have been breached.</p> <p>Over a multi-year period a repeated failure to demonstrate strong compliance could have additional consequences.</p>	 

Operational risks

Principal risks

Net risk rating

■ Low
 ■ Medium
 ■ High
 ■ Very high

Link to strategy

🔄 Sustain
 📊 Optimise
 📈 Expand
 🏠 Financial framework

	Risk context	How this risk could impact us	Mitigations	Trend	Velocity	Link to strategy
Operational risks	11 Supply chain and input costs The majority of our raw material requirements are minerals which have been purchased at historic cost and sit as mineral reserves and resources in our quarries, providing a natural hedge against inflation. Of our remaining cost base, a significant proportion is either directly or indirectly impacted by the price of hydrocarbons, so are sensitive to the global geopolitical trends which have caused significant cost volatility in recent years.	<ul style="list-style-type: none"> — If we do not pass on increased input costs immediately to our customers, our profitability and margins will be adversely impacted. — The execution of our procurement and hedging strategies could fail to provide us with appropriate cost certainty, or result in overpaying for commodities. — If we cannot obtain alternative fuels and raw materials for our cement business, production may be disrupted. — If we fail to contract with counterparties who are reliable and maintain high standards of governance, compliance and sustainability, we may be exposed to operational disruption, reputational damage and fines. 	<ul style="list-style-type: none"> — Input cost increases are passed onto customers through our deliberate pricing strategy to recover costs. — Our layered hedging strategy provides a degree of cost certainty around energy, bitumen and carbon credits under both UK and EU ETS schemes. — We are investing in a number of longer-term renewable energy generation projects for electricity to reduce dependency on volatile markets. — Our strategic purchasing programme aims to secure contracts for key products and services to ensure counterparties are assessed and selected with considerations covering a wide range of criteria. 		MONTHS	 
	12 Treasury Access to capital at appropriate rates is a prerequisite of our growth strategy. Our capital structure, which includes USPP and RCF facilities, gives us immediate access to significant liquidity, and it is important to us that we maintain strong relationships with both our lenders and shareholders to ensure this continues. In 2023 our trading operations used Sterling and Euro as functional currencies, with some US Dollar requirements for purchases. We aim to use the natural hedges that arise from our operations in currencies other than Sterling; however it remains important to execute our treasury strategy effectively to minimise unnecessary currency volatility.	<ul style="list-style-type: none"> — Lack of sufficient available capital could cause us to miss out on significant growth opportunities or, in extreme situations, threaten the viability of our business. — Increased interest rates could result in reduced profitability. — The value of our earnings and assets may be impacted by currency fluctuations. 	<ul style="list-style-type: none"> — We maintain good relationships with our lenders and shareholders and have a strong history of raising debt and equity financing. — We utilise fixed and floating rate borrowings to minimise interest costs while maintaining appropriate levels of liquidity. — Our borrowings are structured to mitigate the impact of currency fluctuations on asset values. 		YEARS	

Climate-related risks and opportunities

Task Force on Climate-related Financial Disclosures

We have set out our climate-related financial disclosures consistent with the 11 TCFD recommendations and recommended disclosures in this section of our Annual Report in compliance with Listing Rule 9.8.6R and with consideration of Sections C and E of the 2021 TCFD Annex.

Our Sustainability report from page 71 sets out how Breedon is responding to the urgent challenge posed by climate change, our progress against the metrics and targets which we have set to decarbonise our business, and the practical actions we are taking to achieve this.

Our TCFD disclosure supplements the Sustainability report by providing a clear analysis for our stakeholders on how climate change impacts Breedon's risk and opportunity landscape, and the governance arrangements we have in place to support delivery of our strategy.

During 2023 we have continued to improve our transparency and disclosure and have developed and submitted targets to the SBTi for validation, which we expect to be completed in 2024. We plan to report the targets and progress made against them in our 2024 Annual Report.

TCFD Pillar	Our response	Further information
Governance Disclose the organisation's governance around climate-related risks and opportunities.	The Board retains overall responsibility for climate-related risks and opportunities. The Board is supported by the Sustainability Committee, which comprises all members of the Board and is chaired by Carol Hui. The Executive Committee is responsible for the design, implementation and execution of the sustainability strategies and policies of the Group.	Climate-related governance arrangements »62 Sustainability Committee report »133
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Climate change presents both opportunities and risks for Breedon in delivering our sustainable growth strategy. To ensure that the latest scientific evidence on the impacts of climate change is properly understood and to stress test the impact on our strategy, we modelled the impact of our most material risks under a range of possible warming scenarios.	Climate scenarios modelled »65 Sustainability and our wider strategy »71, 32
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	Climate change-related risk identification, assessment and management is considered through the Group's overall risk management and internal control framework. We have embedded our Sustainability risk register into the Group-wide risk processes.	Risk management processes »62 Climate-related risks and opportunities »63
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	We report CO ₂ metrics in line with the UK SECR, which include both absolute emissions (Scope 1, 2 and 3) alongside intensity measures relative to revenue and volumes. We have committed to net zero by 2050, with medium-term targets set through to 2030. During 2023 we developed and submitted near term and net-zero targets aligned to the SBTi standards which we expect to be validated during 2024.	SECR reporting »75 Carbon targets and progress »76 Sustainability objectives and remuneration »161

Climate-related risks and opportunities

Climate change governance process

The Board

The Board is ultimately responsible for our strategy to create sustainable value for all our stakeholders over the long term. The Board retains ownership of climate-related risks and opportunities and is supported by the Committees of the Board. It receives regular updates from management on climate-related issues. See page 71. Carol Hui is Chair of the Sustainability Committee.

Sustainability Committee



Oversees sustainability strategies, policies, and targets.
Reviews sustainability risks and opportunities.
Considers the integrity of climate-related disclosures.
Evaluates the performance of the Group over time in delivering against these targets.

Audit & Risk Committee



Supports the Board in reviewing and challenging climate-related risks and opportunities as part of the principal risk reviews.
Considers the integrity of climate-related disclosures.
Reviews the effectiveness of risk identification and management processes, including climate-related risk.
Oversees appropriate assurance on disclosed climate metrics.

Remuneration Committee



Designs remuneration structures ensuring alignment with climate targets.
Monitors performance against climate-related targets when approving remuneration.
For further detail on how executive remuneration is linked to sustainability objectives, see our Director's Remuneration report from page 145.

Nomination Committee



Ensures Board and senior managers have sufficient experience to provide effective leadership on climate issues.

OVERSIGHT

REPORTING

Executive Committee

Responsible for the design, implementation and execution of the strategies and policies of the Group in relation to sustainability. Receives regular updates from the Head of Sustainability.

Management

Our Head of Sustainability leads Breedon's sustainability team. She reports directly to the CEO and chairs our cross-divisional working groups for Planet, People and Places. The Group-level sustainability team and the cross-divisional working groups support our businesses to ensure that sustainability is effectively embedded into our working practices, climate-related KPIs are accurately defined and quantified, that practical measures are in place to make progress against our climate-related targets and that this is monitored and reported appropriately.

Climate risk management process

- Climate change is one of Breedon's principal risks, with climate-related risks and opportunities integrated into the Group's overall risk management and internal control framework, which is set out on page 51.
- As part of our risk process, a full climate risk review was undertaken during 2022 to ensure that our risk assessment reflected the latest scientific understanding of the likely impacts of climate change. This was updated during 2023 to cover acquisitions made during the year and updates to underlying data.
- The climate risk review assessed the risks and opportunities arising from both physical and transitional impacts of climate change. Risk levels were considered over different time horizons through to 2050 and under three different possible warming scenarios, allowing for a comprehensive understanding of the evolving risk landscape.
- The formal output of this exercise was used to update our sustainability risk register which tracks our climate risks alongside the effectiveness of mitigating actions taken by the Group.
- This exercise underpinned the selection of the most significant climate-related risks and opportunities which we have modelled in our scenario analysis.

Our TCFD process

Assessment of potential climate risks to identify a longlist of possible climate-related impacts.



Discussions with operational management to assess risks using Breedon's standard risk framework and shortlist the most significant climate risks and opportunities for further consideration.



Scenario analysis performed, with external data analysis, to estimate the unmitigated impact under each climate scenario in the short, medium and longer term.



Findings communicated to the Board and senior operational management. Action plans agreed to help to mitigate risk impacts.



Integration into business as usual risk management processes, with plans to mitigate identified risks considered as part of our overall risk process. Sustainability risk register updated to capture both detailed risk information and mitigating actions.

Climate-related risks and opportunities

Net risk rating

Low Medium High Very high

Our principal climate-related risks and opportunities are as follows:

	Risk	Timeframe	Net rating
Physical	Flooding	Medium to long	Low
	Landslides	Medium to long	Low
	Water availability	Medium to long	Medium
Transitional	Carbon pricing	Short to long	Very high
	Capital cost of transition	Short to long	Very high
	Fuel costs and availability	Medium to long	Very high
	Reputational damage	Short to long	High
	Substitute products	Medium to long	Low
Opportunities	Opportunity		
	Alternative uses of land resources	Medium to long	Very high
	Climate resilience and/or green infrastructure projects	Short to long	Very high
	Sustainable products	Short to long	High

The Group currently trades in the UK and RoI, therefore the opportunities and risks are applicable to all geographies in the group. The table below reports the amount and extent to which the assets and revenue of each division is vulnerable to the significant climate risks and opportunities reported above.

By division	Great Britain		Ireland		Cement	
Revenue	£1,034m		£235m		£331m	
Total assets	£921m		£283m		£539m	
Potential impact	LOW	HIGH	LOW	HIGH	LOW	HIGH
Physical risks						
Transitional risks						
Opportunities						

	Risk/opportunity description	Management response
Physical risks	Flooding Sites may be at increased risk of flooding – either from rising sea levels or increased rainfall causing rivers to overflow.	Only a small number of sites are expected to be impacted by flooding risk, these are mostly leasehold sites that could be relocated. Business interruption plans are in place and flood risk is considered as part of our capital investment process to ensure future investments are sustainable.
	Landslides Sites may be at increased risk of landslides.	Our land and minerals teams conduct regular geological surveys to monitor landslide and landslip risks at our quarries and ensure appropriate contingency plans are in place. Only a small number of non-quarry locations are expected to be impacted. These are mostly leasehold sites that could be relocated, and geological risk is considered as part of our capital investment process, where relevant, to ensure future investments are sustainable.
	Water availability Climate change could put additional stress on the availability of water, which is a key operating material for a number of our quarries and concrete plants.	We are installing smart meters at our top water consuming sites to understand demand patterns and allow us to scope operational contingency measures, including water storage.
Transitional risks	Carbon pricing We purchase carbon allowances for our carbon emissions under both UK and EU ETS schemes. The cost of these allowances is forecast to rise over the long term under nearly all climate scenarios, as a factor of both market pricing and the gradual withdrawal of existing free allowances to incentivise investment in low carbon technologies. If the cost of emissions allowances rises faster than the speed that we are able to decarbonise, this would result in increased input costs. Cement imported from countries with lower carbon costs would be more affordable than locally produced cement unless a carbon border adjustment mechanism is imposed.	We have carbon reduction targets and roadmaps across our businesses. In addition, we have developed SBTi-aligned near-term and net zero targets that have been submitted for formal validation, which we expect to be confirmed during 2024. Progress against our targets is monitored via KPIs which are linked to Executive Committee remuneration. These will reduce the carbon intensity of our business and the corresponding requirement for emissions allowances. To the extent that carbon prices rise more rapidly than the impact can be mitigated through carbon reduction, our dynamic pricing strategy has allowed us to pass on increases to date and we expect this will continue. Both UK and EU governments have proposed carbon border adjustment mechanisms to ensure equal treatment of carbon costs on cement imports, and we are engaged with the process through industry bodies to ensure these are appropriately drawn.

Climate-related risks and opportunities

Net risk rating

Low Medium High Very high

	Risk/opportunity description	Management response		Risk/opportunity description	Management response
Transitional risks	<p>T ■ Capital cost of transition</p> <p>While the capital costs of our carbon reduction strategy are reflected in our financial plans, the technology required to decarbonise our Cement business is not yet proven at scale and it is consequently not possible to quantify the gross cost of the transition over the longer term.</p> <p>It is likely that very substantial capital investment will be required, which could limit funds available to invest in growth projects elsewhere in the business.</p> <p>To be commercially viable, the costs of this investment would need to be passed into the market through higher pricing, and without clarity as to the level of investment required, it is unclear how this might impact demand for cement.</p>	<p>Our base case scenario is that the required carbon reduction technologies will be developed to operate at scale over the medium term, and that these will represent commercially viable investments either on a standalone basis or with the benefit of additional government subsidy.</p> <p>We are closely monitoring developments in emissions-reducing technology, and our financial forecasting processes reflect the costs of anticipated sustainability projects.</p> <p>We are an active member of the MPA and the Global Cement and Concrete Association (GCCA), supporting collaborative approaches to climate challenges and policy development across the sector.</p>	Transitional risks	<p>T ■ Reputational damage</p> <p>If our sustainability strategy does not demonstrably succeed in meeting the challenge of climate change, or we fail to meet our carbon reduction targets due to a perceived lack of commitment, we may suffer significant reputational damage impacting our relationships with our customers, employees, investors and other stakeholders.</p>	<p>We demonstrate our commitment to sustainability by taking visible actions today to decarbonise our business, setting ourselves credible targets for the future and underpinning this with appropriate governance structures.</p> <p>Our investments in sustainability projects provide tangible evidence that we take reducing carbon emitted by our operations seriously.</p> <p>During 2023 we have developed and submitted near-term and net zero targets to the SBTi for validation, which we expect to be validated in 2024.</p> <p>Our Head of Sustainability provides subject matter expertise in this area, and the Board is supported, in particular by the Sustainability Committee, to ensure that our governance structures are appropriate, to provide challenge and scrutiny, and to monitor progress.</p>
	<p>■ Fuel costs and availability</p> <p>The transition to a lower carbon economy is forecast to impact the cost and availability of fuels which Breedon currently uses or may use in the future.</p>	<p>Our Energy team monitors developments in fuel costs and availability, and works closely with operational teams to ensure that we have maximum optionality on the types of fuel capable of being used in our plants.</p> <p>We are investing in a number of renewable energy generation projects for electricity to reduce dependency on volatile markets, provide longer-term cost certainty and become a more sustainable business.</p>		<p>■ Substitute products</p> <p>If a lower carbon substitute product for concrete emerged which was commercially scalable, there could be a reduction in demand for concrete and cement products.</p>	<p>There is no obvious scalable substitute product for concrete available at present and we believe it is unlikely that one will be developed in the near term.</p> <p>Over the longer term, the targeted reduction in the carbon intensity of our operations will reduce the advantage of substitutes.</p>

Climate-related risks and opportunities

Net opportunity rating

● Low ● Medium ● High ● Very high



Opportunities

Risk/opportunity description	Management response
<p>Alternative uses of land resources</p> <p>We have significant land holdings, typically areas of our quarries on which restoration has been completed, which could be used for alternative purposes such as carbon sequestration to generate our own emissions credits, biodiversity net gain or to host renewable energy infrastructure, such as solar farms.</p>	<p>We have undertaken a natural and social capital performance assessment of all our non-operating rural assets and are currently developing proposals for the implementation of the recommendations. This will ensure that we are maximising future value for our stakeholders.</p>
<p>Climate resilience and/or green infrastructure projects</p> <p>Our products are used in infrastructure projects which both enhance physical climate resilience, such as flood defence schemes, and in transitional technologies, such as green energy networks. Increasing investment into these type of projects increases demand for our existing products.</p>	<p>Our network of operating locations and significant mineral reserves throughout the UK and RoI means we are well positioned to take advantage of increased demand arising from climate resilience and green infrastructure projects.</p>
<p>Sustainable products</p> <p>Demand for more sustainable products is expected to increase, which provides a market opportunity to improve both volumes and margins through product innovation and investment in lower carbon technologies.</p>	<p>In 2022 we launched Breedon Balance, our range of products with sustainable attributes, and we continue to review opportunities for innovation within our products.</p> <p>Capital investment supports these product developments, with a recent multi-million pound investment in new silos across our ready-mixed concrete network, providing additional capacity for sites to provide lower carbon CEM II ready-mixed concrete. Additional silos are planned for 2024.</p> <p>Further details can be found within the Sustainability report on pages 71 to 104.</p>

Financial impacts

Where we have been able to utilise external data sources to quantify a climate-related risk or opportunity, we have disclosed details of the data source and the resultant possible financial impact (prior to mitigating actions) which has informed our scenario analysis.

For those risks which cannot be reliably quantified, we have assumed that a worst case scenario (before mitigations) would be £55m of operating profit foregone per annum, representing the 2023 Underlying EBIT contribution from our Cement business.

Data source	Risk modelled	Output (highest modelled impact)
World Resources Institute's (WRI) Aqueduct Floods tool to determine flood risk.	Flooding	Under the most pessimistic climate scenario modelled, less than 2% of operating profit is estimated to be at risk due to an increased risk of flooding to 2050.
Landslide risks using UNEP GRID WESR:Risk.	Landslides	Under the most pessimistic climate scenario modelled, less than 2% of operating profit is estimated to be at risk due to an increased risk of landslides to 2050.
WRI's Aqueduct Water Risk Atlas to determine risk of water stress impacting production.	Water availability	Under the most pessimistic climate scenario modelled, less than 1% of operating profit is estimated to be at risk due to a lack of water availability until 2030, and less than 2% to 2050.
International Energy Agency's Global Energy and Climate model.	Carbon pricing	To achieve net zero by 2050, all free allowances are withdrawn and carbon price grows rapidly to reach £181/tonne by 2050. Assuming no reduction of current emissions levels, this would represent a gross cost of c.£275m per annum to Breedon.
Fuel price projections are derived from an Integrated Assessment Model framework which simulates, in a forward-looking fashion, the dynamics within and between the energy, land use, water, air pollution and health, economy and climate systems.	Fuel costs and availability	To achieve net zero by 2050, fuel availability is limited and costs increase significantly. Assuming Breedon's current fuel mix does not change from a 2021 baseline, this could add up to £40m of increased cost to Breedon by 2030 and £70m per annum by 2050.

Climate-related risks and opportunities

Scenario analysis

Climate scenarios considered and impact on risk

- Our financial plan, which is incorporated into our viability and impairment assessments, assumes that the UK and RoI meet their stated policy commitments to net zero by 2050 on time and in full. However, there remain a number of different possible warming scenarios as government policy and scientific understanding evolve over time.
- During 2023 we have refreshed the detailed analysis undertaken during 2022 to assess the impact of three possible different warming scenarios on our most significant climate-related risks and opportunities.
- Risks have been assessed over short, medium and longer-term time horizons. The short-term analysis to 2025 aligns with our short-term financial planning cycle, 2030 with the timing of our medium-term decarbonisation roadmap and 2050 with our longer-term commitment to achieving net zero by this date.
- Underpinning the analysis in each scenario is an assumption that the costs of transition impact the industry equally and that no scalable substitute product for concrete emerges in the near term.

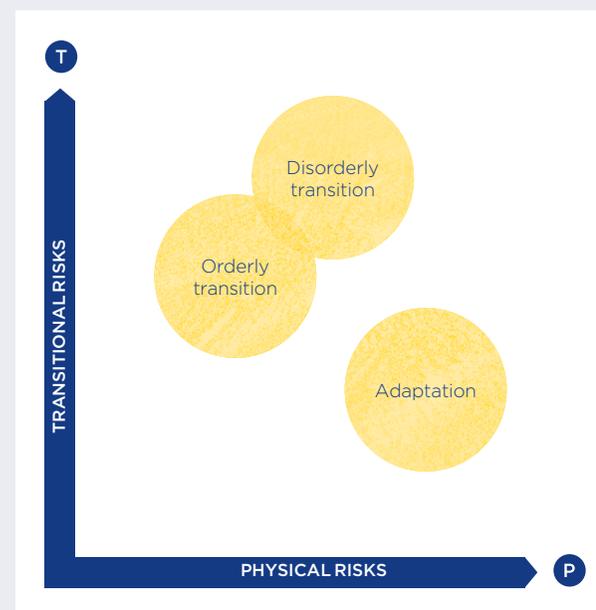
Outcome of scenarios modelled

In each scenario modelled, the Group would continue to be profitable and cash generative, although in some scenarios some restructuring of our operating model may be required to achieve this.

Given the need to decarbonise our cement operations, we are significantly more exposed to transitional than physical climate risks.

Therefore the Orderly and Disorderly scenarios which involve a successful transition to net zero by 2050 present the highest risk to Breedon as a result of elevated transitional risks in those pathways. Opportunities are less impacted by the transition pathway, but are greater in the Orderly and Disorderly scenarios.

Relative exposure to transitional and physical risks under each of the Group's climate scenarios



Climate-related risks and opportunities

T TRANSITIONAL RISKS P PHYSICAL RISKS O OPPORTUNITIES

Risk/opportunity impact (unmitigated)

LOW HIGH

Scenario		Risk/opportunity	2025	2030	2050
Orderly transition The Orderly transition scenario assumes that climate policies are introduced early and gradually become more stringent, limiting the increase in global temperatures to more manageable levels. Transitional risks increase as climate action is more rapid and ambitious than current policy, which would include significant increases in carbon pricing and investment in renewable energy.	1.5 – 2.5°C Physical risks are relatively subdued in comparison to other scenarios as expected temperature increases are lower, however still reflect increases in the frequency and intensity of extreme weather events and disruptions to weather patterns.	T Carbon pricing			
		T Capital cost of transition			
		T Fuel costs and availability			
		T Reputational damage			
		P Water availability			
		O Alternative uses of land resources			
Disorderly transition The Disorderly transition scenario assumes a delayed introduction of climate policies, with global greenhouse gas emissions (GHG) increasing throughout the 2020s before more drastic action is taken by governments from 2030 to achieve net zero by 2050, with global temperatures reaching significantly higher levels than under the Orderly transition scenario.	2.0 – 3.5°C Transitional risks are therefore the highest of all scenarios reflecting the greater severity of the measures required as a result of the delayed implementation of policy measures, while physical risks increase relative to the Orderly transition model as increased global temperatures result in more extreme weather events.	T Carbon pricing			
		T Capital cost of transition			
		T Fuel costs and availability			
		T Reputational damage			
		P Water availability			
		O Alternative uses of land resources			
Adaptation The Adaptation scenario assumes that some climate policies are implemented, however these are not sufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe and irreversible physical impacts, resulting in the highest level of physical risk across the three scenarios modelled.	3.0 – 5.0°C+ Policy measures focus less on incentivising decarbonisation and more on adaptation, resulting in lower levels of transitional risk and increased spend on climate resilience projects.	T Carbon pricing			
		T Capital cost of transition			
		T Fuel costs and availability			
		T Reputational damage			
		P Water availability			
		O Alternative uses of land resources			
		O Climate resilience and/or green infrastructure projects			

Climate-related risks and opportunities

Impact on strategy

- Sustainability remains a critical element of our strategy which underpins the whole of our operating model.
- The greatest climate-related risks arise from transitional impacts, which are mitigated through the strategic actions being taken to decarbonise our business and achieve net zero by 2050.
- We are well positioned to capitalise on climate-related opportunities, with a strategy to grow the percentage of sales from products with sustainable attributes, and are in the process of reviewing our land holdings to assess how we can best utilise them to maximise sustainable, environmentally friendly outcomes.
- Our operating locations in the UK and RoI are exposed to relatively low physical risk, and consequently this does not require a significant strategic response. A number of tactical initiatives are in place to ensure that the physical risks to achieving our strategy are appropriately managed.
- The key metrics that we have selected to measure our success in executing our sustainability strategy are as follows:

Metric	Risks/opportunity
GHG emissions – scope 1 & 2	Carbon pricing
Emissions intensity	Capital cost of transition
Energy use	Fuel costs and availability
Gross carbon intensity per tonne cementitious product	Reputational damage
Sustainable product sales	Carbon pricing
	Capital cost of transition
	Fuel costs and availability
	Reputational damage
	Fuel costs and availability
	Reputational damage
	Sustainable products

The targets which have been set for each of these metrics are set out in the Sustainability review from page 71.

Climate in the financial statements

We have considered the financial reporting implications of the impacts of climate change on the financial statements.

Impairment of non-current assets

As noted in our impairment testing disclosure in note 9 of the consolidated financial statements, there may be elevated levels of climate-related risk in respect of assets in our Cement division as clarity emerges on the costs and corresponding commercial impact of the transition to net zero. However there is no current indication of impairment under either base or sensitised scenarios.

Inventory obsolescence

If market demand were to decline significantly as a result of climate change, impacting consumer purchasing habits, the cost of inventory held on the Group's balance sheet may become irrecoverable.

There has been no sign of decreasing demand for the Group's products as a result of societal responses to climate change. Furthermore, any change in consumer demand is expected to occur over a prolonged period of time. Financial controls are in place to identify these shifts in demand and we would expect to have sufficient time to identify any risks and adapt stock production accordingly.

The Group's inventories include some spare parts held for our Cement plants. As discussed in our impairment testing disclosures, the technological advancements required to achieve net zero could result in these items becoming obsolete over time, but at present these parts are held to support a profitable trading business and are not impaired.

Recoverability of trade debtors

The economic impacts of climate change may damage our customers' liquidity, leading to irrecoverable debts. Cash collection has remained strong across the Group throughout 2023 and we mitigate this risk through credit insurance policies.

We have not identified any indicators that our customers' ability to settle debts has been impacted by climate change factors. Financial controls are in place to identify any concerns regarding bad debts.

Furthermore, any risks arising as a result of climate change are expected to occur slowly over an extended period of time, enabling management to respond.

Trade payables and other liabilities

The economic impacts of climate change may damage our suppliers' abilities to continue in operation, disrupting our supply chain. We have not identified any signs that the ability of our suppliers to trade is currently impacted by climate change and consider this unlikely in the short to medium term.

Where we hold provisions for restoration, it is likely that the sustainability standards governing restoration obligations will increase over time. However, this would not impact measurement of existing liabilities.

Going Concern and Viability

We have considered the impact of climate change through the short to medium-term forecasts used to support our use of the Going Concern assumption in preparing our financial statements, and our Viability assessment over a three-year period.

Over the longer-term, it is possible that the impact of climate change could result in increased costs of capital. However we completed a successful refinancing exercise in 2021 at competitive interest rates, we maintain positive relationships with our lenders and there has been no indication that the impact of climate change will result in any significant issue in the Group obtaining finance.

Viability Statement

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code (the Code), the Board has assessed the viability of the Company over a three-year period to December 2026, taking into account the Company's current position and principal risks.

Based on that assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2026.

Viability assessment period

The directors have determined that three years is an appropriate timeframe over which to provide a Viability Statement. This is aligned to the period in which the long-term plan is derived. The directors consider that demand in the Group's business is ultimately driven by certain key markets and macroeconomic factors which are difficult to project accurately beyond a three-year period.

Assessment of current position and long-term prospects

The Board's assessment of the Group's financial position at 31 December 2023 is set out in the Chief Financial Officer's review on pages 44 to 49. Important aspects of that assessment that are most relevant to the assessment of viability are:

- Although volumes have reduced during 2023, as a result of challenging macroeconomic conditions, the Group has achieved record underlying results by successfully implementing pricing actions to recover cost inflation, and the Group has demonstrated in recent years the ability to flex the cost base in response to changes in demand.
- The Group's operations are consistently cash generative, and underpinned by well-invested assets.

- The Group has significant headroom in borrowing facilities. As at 31 December 2023, the Group had liquidity headroom of over £475m and Covenant Leverage of 0.5x. The Group comfortably met all covenants in 2023 and other terms of its borrowing agreements in the period. The viability assessment assumes that the existing RCF, which is due for repayment in June 2026 is successfully refinanced at the existing facility limit of £350.0m.

In addition, the Board considers the Group's business model and strategy as outlined on pages 22 to 35 and the principal risks set out on pages 54 to 60.

Budgeting and long-term planning

Breedon's longer-term prospects are assessed primarily through the Group's budgeting and strategic planning process. The annual Group budget is compiled in the autumn of each year and generates a detailed forecast for the year ahead. The budget is performed at a site-by-site level which is reviewed by divisional management before being presented to the directors and finally reviewed and approved by the Board.

The long-term planning is conducted at a higher level and applies higher level assumptions to the base budgeted figures. The divisional strategies together with the long-term market outlook is considered within the long-term planning process and reviewed by the CFO. The output of the long-term plan includes a consolidated set of financial projections for the Group covering the budget plus a further two year period, including a review of forecast debt covenant compliance and debt headroom. The long-term plan reviewed as part of the assessment of prospects in this report therefore covers the three-year period ending 31 December 2026.

Severe but plausible downside scenarios

While we have estimated the size of each of the severe but plausible scenarios described on the following page, we have grouped scenarios with similar impact types together and performed stress testing for the scenario with the greatest impact. Where the scenario occurs at a point in time, we have assumed that it occurs at the point in the plan with the lowest headroom.

Viability Statement

The risks and scenarios tested are described below:

Risk assessed	Severe but plausible scenario	Stress test applied
Acquisitions and material capital projects	A material capital project experiences a significant overspend and delays result in business disruption.	<ul style="list-style-type: none"> — Adverse one-off cost event — Reduction to revenue and profitability
Markets	Volume demand for our products reduces as a result of a deteriorating macroeconomic environment.	<ul style="list-style-type: none"> — Reduction to revenue and profitability
Land & mineral Management	Compliance breaches are identified resulting in immediate remediation costs and the temporary closure of sites.	<ul style="list-style-type: none"> — Adverse one-off cost event — Reduction to revenue and profitability
Competition	A loss of market share to competitors or new entrants and increased pressure on pricing.	<ul style="list-style-type: none"> — Reduction to revenue and profitability
Failure of a critical asset	An unplanned production outage causing significant operational disruption and loss of earnings.	<ul style="list-style-type: none"> — Adverse one-off cost event
Health and safety	A serious health and safety incident leading to regulatory fines, reputational damage and business disruption.	<ul style="list-style-type: none"> — Adverse one-off cost event — Reduction to revenue and profitability
IT and cyber security	A cyber attack resulting in business disruption and data loss leading to regulatory penalties.	<ul style="list-style-type: none"> — One-off financial penalty — Reduction to revenue and profitability
Laws, regulations and governance	A breach of law or regulations results in a significant one-off penalty.	<ul style="list-style-type: none"> — One-off financial penalty
Supply chain and input costs	A rise in input costs without the ability to increase revenues to offset.	<ul style="list-style-type: none"> — Reduction to revenue and profitability
Treasury	Interest rates increase.	<ul style="list-style-type: none"> — An increase to base rate

The risks and scenarios tested are described below:

Stress test	Amount modelled
Increased opening debt	Opening Net Debt is increased by £250m on the first day of the assessment period.
Reduction to revenue and profitability	Reduction to budgeted revenues of 10% in the first year followed by a further 5% reduction in each of the following two years.
Adverse one-off cost event	A £50m cash outflow at the point in the forecast with the lowest headroom.
One-off financial penalty	A one off £5m cash outflow at the point in the forecast with the lowest headroom.
Increase to base rate	Base rate is assumed to increase to 7.5% for the assessment period.
Combined scenario	Reduction to budgeted revenues and profitability as per the stress test above, opening debt increased by £250m, an increase to base rates to 7.5% and an adverse one-off cost event at the point in the forecast with the lowest headroom.

Breedon have tested the above scenarios individually as well as the combined scenario outlined above. After undertaking reasonable mitigating actions, Breedon should be able to comfortably withstand the impact of the severe but plausible scenarios.

The models take account of the natural reduction in variable costs and availability and likely effectiveness of mitigating actions available to the Group, including the flexing of capital expenditure, dividend payments and discretionary spend. The models do not include significant structural actions, such as closing or mothballing

quarries or divesting assets, which would be undertaken in the event necessary. The models do not consider changes to the Group's capital structure it may be able to make through refinancing existing debt facilities and/or raising equity finance.

Going concern

The directors have continued to adopt the going concern basis in preparing the financial statements (see note 1 in the notes to the consolidated financial statements).

Sustainability



We are a progressive, sustainable business

Our sustainability strategy and framework focuses on our most material areas of importance and impact, with clear targets and objectives to help us achieve our aims.

Planet »75	People »87	Places »93
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Making a material difference to...

	... the environment	... our society	... the built environment
2030 targets	<ul style="list-style-type: none"> 30% reduction in gross carbon intensity per tonne cementitious product (from 2005 baseline) 	<ul style="list-style-type: none"> Positively impact more than 100,000 people 	<ul style="list-style-type: none"> 50% of our concrete and asphalt sales revenue from products with enhanced sustainability attributes
Focus areas	<ul style="list-style-type: none"> Carbon and energy reduction Responsible use of resources Positive impact on nature and biodiversity 	<ul style="list-style-type: none"> Develop and empower a diverse, talented workforce Positive impact on the communities in which we work 	<ul style="list-style-type: none"> Sustainable products and services Research, development and innovation Collaboration and influence

Underpinned by our fundamental operating Principles »97

- Health, safety and wellbeing
- Quality
- Ethics and integrity
- Good governance
- Stakeholder engagement

Sustainability

Our approach

Breedon’s approach is to **drive sustainable change** pragmatically, balanced with the needs of our stakeholders, and to disclose our progress transparently.



Our strategic focus areas and targets

Breedon’s Sustainability Framework is linked to our overall Company vision, strategy and purpose, and focuses on our most material areas of impact – Planet, People, Places, underpinned by our operating Principles.

Our approach is informed by a Materiality Assessment with extensive stakeholder engagement and we prioritise our material topics based on:

- the importance of the issue to the Group and our stakeholders, and
- the social, economic and environmental impact of the topic in relation to the core activities, products and services provided by the Group.

Principal risks [»54](#)

Our Sustainability strategy strives to support the principles of 13 of the 17 United Nations Sustainable Development Goals.

Climate-related risk

We have embedded climate-related risks and opportunities into our strategy; the metrics and targets we have set ourselves; and the progress we are making on our journey towards achieving net zero carbon.

Breedon applies the recommendations for the TCFD and the identification, assessment and effective management of climate-related risks and opportunities is fully embedded in our Risk Management process.

More detail on our net zero focus can be found on pages 76 and 77 and our TCFD detail can be found on pages 61 to 68.

Net zero reduction pathway	»77
TCFD	»61

Sustainability

Governance and management of climate change and sustainability

Effective governance is critical to ensure that we manage our sustainability impacts and our wider business responsibly. A Board-level Sustainability Committee ensures that the main Board is effective in its oversight of the Group’s Sustainability Framework and policies, and the consideration and management of climate-related risks and opportunities. The work of the Sustainability Committee during the year is set out on pages 133 and 134.

Sustainability Committee »133

The CEO, Executive Committee and Head of Sustainability have day-to-day responsibility for climate change and environmental matters and are responsible for the development and implementation of the Group’s Sustainability strategy, which is included in the Group’s annual bonus scheme.

Cross-divisional working groups, with appointed Executive Committee sponsors, support the divisions in delivering their sustainability targets for each of the Planet, People, Places and Principles focus areas.

Performance against our Sustainability Framework is reported monthly to our Executive Committee and the Board; on a quarterly basis to the Sustainability Committee; annually in our Annual Report; and regularly on our website and through selected indices.

We have clear Group-wide policies and standards that detail the way we do business and our expectations of our colleagues and supply chain, covering issues such as:

- Energy and carbon
- Circular economy
- Environment and biodiversity
- Quality
- Health, safety and wellbeing
- Diversity and inclusion
- Social responsibility
- Sustainable procurement

Externally, Breedon is an active member of the GCCA, the MPA, the Buildings Materials Federation and the Irish Concrete Federation, ensuring that we are well positioned to collaborate with our peers to tackle the barriers towards a greater adoption of sustainable solutions across the industry.

Cross-industry collaboration »104

2023 progress

We made good progress against all our targets this year.

We have exceeded our Group-wide carbon intensity reduction target, another credible step on our journey to achieve net zero. Furthermore, our new science-based near-term and net zero targets were submitted to the SBTi for formal verification.

We achieved record levels of financial and material donations to the wider community and exceeded our target to positively impact 25,000 people.

40% of our concrete and asphalt revenue is now from sales of products with enhanced sustainability attributes, and in addition, we have increased the proportion of product sales from our more sustainable Breedon Balance range to 28%.

For the first time, in 2023 we provided a Climate Change and a Water Security disclosure to the CDP and were scored B and C respectively.

Our reporting has been continuously updated and improved over the years and 2023 marks another step forward as we began to align to the forthcoming EU Corporate Sustainability Reporting Directive (CSRD) requirements.

Areas of focus for 2024

We will continue to focus on reducing the carbon intensity of our core products and on making progress towards our longer-term decarbonisation levers such as Carbon Capture and Storage (CCS).

We will continue to replenish and responsibly use our mineral reserves, to implement our recently developed Biodiversity Action Plans (BAPs), and make progress towards improved water management.

We will prioritise key Diversity, Equity and Inclusion themes, making our people practices fairer and more inclusive for colleagues, and improve our data to help inform our plans and better report our value to society.

Building on the Materiality Assessment undertaken in 2020, in December 2023 we started our first Double Materiality Assessment (DMA) process facilitated by an independent consultant.

The output from this robust process of research and engagement with key stakeholder groups will enable us to reflect and, if necessary, adjust our Sustainability Framework and targets in 2024. This will ensure we remain appropriately focused on the topics that are most material for our business, both from an impact and financial materiality perspective, and guide our future reporting and disclosures.

Sustainability

✓ Key actions + Performance

Strategic actions and progress achieved

2021 >

Principles

- ✓ Materiality Assessment undertaken
- ✓ Sustainability strategic framework developed
- ✓ 2030 targets established
- ✓ Group-level policies established
- ✓ 139 sites with Responsible Sourcing certification
- + 18% improvement in employee LTI severity rate

Planet

- ✓ 100% renewable energy tariff in place
- + 9% improvement in energy intensity
- + 7% improvement in emissions intensity by revenue
- + 25,000 trees planted

People

- + 11,114 people positively impacted

Places

- + 25% revenue from more sustainable concrete and asphalt products

2022 >

Principles

- ✓ Board-level Committee established
- ✓ Scope 3 data and reporting increased
- ✓ 10% remuneration linked to sustainability KPIs
- ✓ TCFD aligned disclosures in Annual Report
- + 53% improvement in employee LTI severity rate

Planet

- + 19% improvement in emissions intensity by revenue
- + Alternative fuel rate 77% at Kinnegad, and near 35% at Hope
- + 6% reduction in mains water per tonne of core product sold
- + 31,000 trees planted
- ✓ 25 BAPs established

People

- + Further 17,814 people positively impacted
- + Over £300,000 in financial donations, plus over 600 tonnes materials donated

Places

- + 37% revenue from more sustainable concrete and asphalt products
- ✓ Breedon Balance sustainable products established

2023 progress >

Principles

- ✓ SBTi targets developed and submitted for validation
- ✓ Group-level Sustainable Procurement Policy established
- ✓ 15% remuneration linked to key sustainability KPIs
- + 241 sites with Responsible Sourcing certification
- + 15% improvement in employee LTI severity rate
- + CDP Climate Change and Water Security disclosures submitted, scoring B and C respectively

Planet

- ✓ ISO 50001 extended across the Group
- + 5% improvement in carbon intensity per tonne of core product
- + 15% improvement in emissions intensity by revenue
- + Record 79% annual level of alternative fuel usage at Kinnegad
- + 7,362 trees planted
- + 14 further BAPs established

People

- + Further 25,856 people positively impacted
- + Over £450,000 in financial donations, plus 3,000 tonnes of materials donated

Places

- + 40% revenue from more sustainable concrete and asphalt products
- + 28% revenue from Breedon Balance products
- + 80% relevant technical and commercial people trained on Breedon Balance

Sustainability > Planet



Planet

Making a material difference to our planet

Our aim is to make a positive material difference to the environment. We are committed to achieving net zero by 2050, managing resources responsibly and creating a positive impact on nature.

2030 target

30% reduction in gross carbon intensity per tonne cementitious product

2023 target

2% improvement on Group carbon intensity (per tonne of product, normalised to 2022 production levels) by the end of 2023

Focus areas	Carbon and energy reduction »76	Responsible use of resources »82	Positive impact on nature and biodiversity »84
Related risks	<ul style="list-style-type: none"> Climate change Land and mineral management Supply chain and input costs Laws, regulations and governance 	<ul style="list-style-type: none"> Land and mineral management Supply chain and input costs Laws, regulations and governance 	<ul style="list-style-type: none"> Land and mineral management Laws, regulations and governance
UNSDG			

Progress highlights

Emissions intensity per tonne cementitious product
24%
reduction from 2005 baseline

Emissions intensity by revenue
1.1
kgCO₂e/£

Improvement on Group carbon intensity per tonne core product
5%
kgCO₂e/t

Record annual level of alternative fuel usage at Kinnegad
79%

7,360
Trees planted in 2023

14
Biodiversity Action Plans developed in 2023

First CDP submission for Breedon Group



Science-based near-term and net zero targets submitted for validation



Sustainability > Planet

Carbon and energy reduction

Emission intensity – Cementitious

% reduction per tonne from 2005 baseline



Emissions intensity – Revenue

kgCO₂e/£



Emissions intensity by core products

kgCO₂e/t core products



Energy Intensity by core products

kWh/tonne



Our focus on getting to net zero

Following our formal commitment in 2022 to set carbon reduction targets aligned to the SBTi, we worked with internal and external stakeholders during 2023 to establish challenging yet achievable near-term and net zero targets covering our Scope 1, 2 and 3 emissions.

These targets have been approved by the Executive and Sustainability Committees and were submitted to the SBTi in November 2023 for formal validation.

The carbon reduction roadmap displayed on page 77 reflects these targets. However, should any amends be required as a result of the SBTi’s validation process, these will be communicated through our media platforms.

In line with SBTi’s Net Zero Standard and cement sector guidance, net zero means eliminating more than 95% of our Scope 1, 2 and 3 emissions, with any residual emissions permanently offset through fully validated and approved schemes. No carbon offsets will be included as a carbon reduction until our emission reduction targets have been achieved.

Setting ambitious targets is just the first stage of our net zero journey. Meeting these reduction targets whilst growing the business, and delivering on our company purpose and vision will be a difficult challenge. However we remain committed to ensuring Breedon plays its part in delivering the carbon reductions required to limit the worst impacts of climate change.

We will achieve the required reductions through a number of key levers as shown in the chart on page 77 and we will disclose our performance to stakeholders as required by the TCFD and IFRS disclosure standards.

Our 2023 TCFD report on page 61 highlights the risks associated with future carbon prices and the capital cost of transitioning, including a summary of the financial impacts associated with our carbon reduction plans. As most of our emissions are governed by external carbon pricing, we have not set internal carbon pricing to date.

Methodology

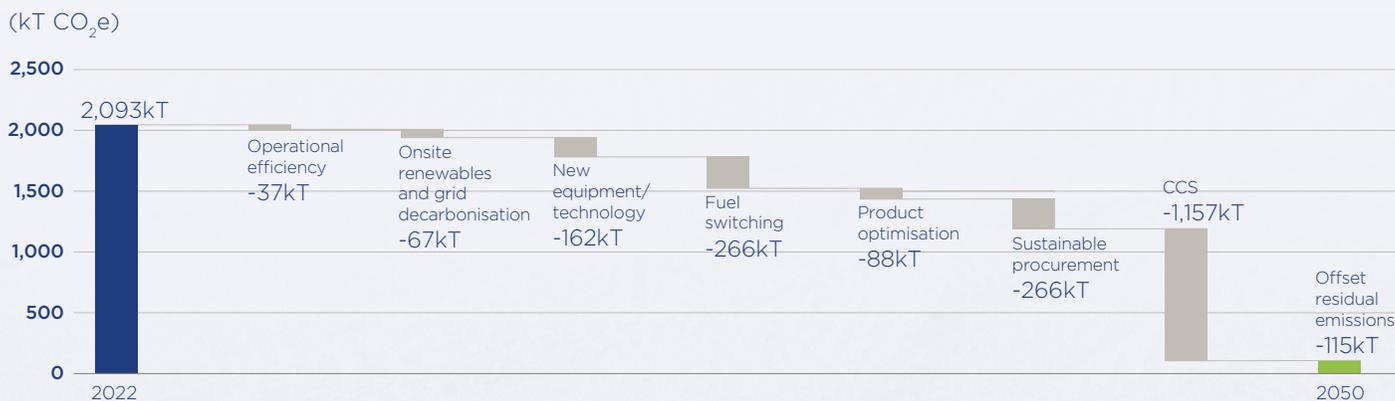
The chart on page 77 shows our absolute gross carbon reduction roadmap to net zero in 2050 from our 2022 baseline, along with our 2030 near-term target. As the SBTi has a sector-specific approach for cement production, the Group’s science-based targets have been set using a combination of the SBTi’s cross-sector absolute contraction approach and the cement sectoral decarbonisation approach. The 2022 baseline was selected as it was the first year that our energy and carbon data was subject to third-party assurance.

The emissions included cover Scope 1 and 2 (location based) and Scope 3 (from purchased cement and clinker only). The remaining Scope 3 emissions from other categories are not included here. Our total Scope 3 emissions account for 28% of our total emissions and, as this is below the 40% threshold, do not form part of our near-term target. However, these emissions are covered by our SBTi net zero target and will be reduced by 95% by 2050 from the 2022 baseline.

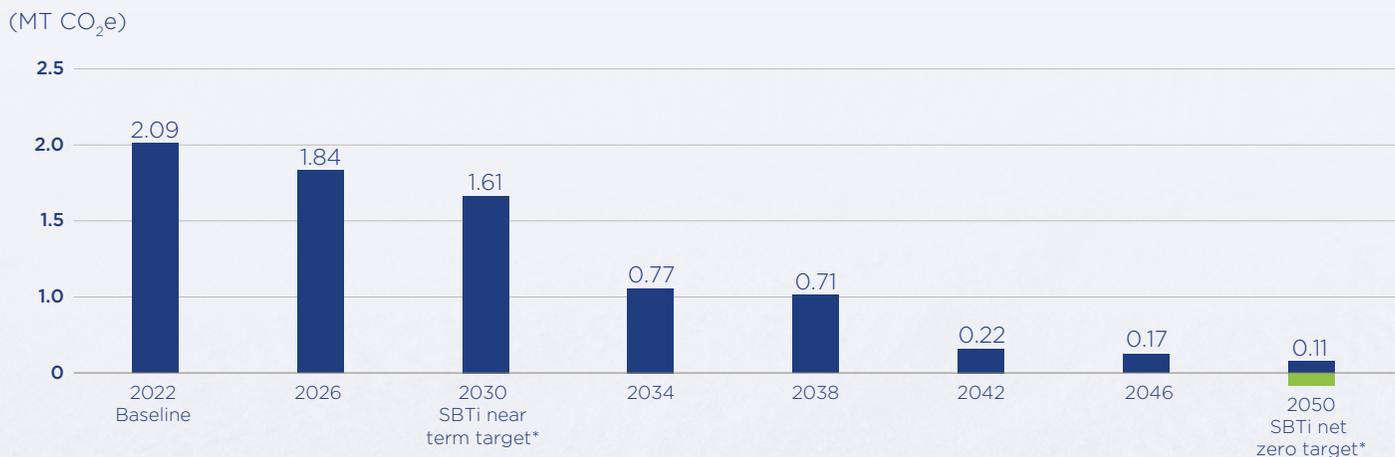
What we said we would do	Progress in 2023
We are committed to achieve a 2% improvement on Group carbon intensity (per tonne of product, normalised to 2022 production levels) by end of 2023.	— At a consolidated Group level our carbon per tonne has reduced by 5%.
We will focus on improving our recording of Scope 3 data and on identifying opportunities to achieve reductions in these emissions.	— Limited assurance extended to cover Scope 3, category 1 for the emissions relating to purchased cement and clinker. This accounts for more than a third of our total Scope 3 emissions.
We will develop potential science-based carbon reduction targets for strategic consideration, with an aim to make a formal science-based target commitment in due course.	— Science-based near term and net zero targets have been developed and submitted to the SBTi for formal validation.

Sustainability > Planet

Decarbonisation levers to 2050 - Scope 1, 2 and 3 (purchased cement and clinker only)



Net zero reduction pathway - Scope 1, 2 and 3 (purchased cement and clinker only)



* All pathway figures are pending the SBTi's formal validation of the proposed near term and net zero targets.

Spotlight on > Peak Cluster CCS

Carbon capture and storage

Our main lever to achieve net zero will be CCS. To realise this, we have played a pivotal role in the launch of the Peak Cluster, an innovative collaboration to capture, transport and permanently store carbon dioxide (CO₂) emissions from neighbouring industries and across Derbyshire, Staffordshire and Cheshire.

The key elements of this project are:

1. Unprecedented collaboration: Cement and lime plants owned by Breedon, Tarmac, Lhoist and Aggregate Industries, together with Lostock Sustainable Energy Plant, have come together with Progressive Energy to form Peak Cluster. www.peakcluster.co.uk.
2. Carbon emissions storage: The project will see CO₂ emissions captured and transported before permanently storing the CO₂ beneath the Eastern Irish Sea.
3. Carbon emissions reduction: The project will remove over three million tonnes of CO₂ emissions each year from 2030, reducing total emissions into the atmosphere from the cement and lime industry by 40% in the UK.

2,100

local jobs safeguarded

£180m

annual economic boost

3m tonnes

CO₂ removed annually

Sustainability > Planet

Reducing carbon emissions

We have already made significant progress in reducing our carbon emissions, with 2023 showing a further 7% decrease in our total location-based carbon emissions from the previous year. Our carbon intensity metric has dropped for the fifth successive year, now standing at 1.1 kgCO₂e/£, a 15% drop from 2022 and 42% since it was first reported in 2019.

Progress against proposed SBTi Targets

	2022 (Baseline)	2023	% diff (2023/22)	Near Term target (2030)	Net Zero target (2050)
Scope 1 (tCO ₂ e) (total)	1,746,874	1,615,764	-8%	-	-
Scope 2 (tCO ₂ e) location based	73,590	77,975	6%	-	-
Scope 3 (tCO ₂ e) (purchased cement & clinker)	272,254	252,640	-7%	-	-
Total (tCO₂e)	2,092,718	1,946,379	-7%	-23.3%	-95%

Bureau Veritas UK is in the process of performing an independent limited assurance opinion on our 2023 data for Scope 1 and Scope 2 greenhouse gas (GHG) emissions, along with the Scope 3 emissions associated with the purchase of cement and clinker from external suppliers. The full Limited Assurance Statement will be found on our website, when completed, at www.breedongroup.com/sustainability.

Greenhouse gas reporting methodology

The methodology applied to the calculation of greenhouse gas emissions is the GHG Protocol Corporate Accounting and Reporting Standard. We have applied an operational control boundary, and carbon conversion factors have been taken from UK Government GHG Conversion Factors for Company Reporting – 2023 and the IEA emission factors for non-UK sites where appropriate. For sites that operate within the UK and EU ETS schemes, the ETS emissions data for kiln fuels has been used. Our GHG emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e), for the period 1 January to 31 December 2023. We report our location-based and market-based emissions separately as per previous years, to reflect the Group's choice of electricity supply.

Breakdown of Scopes 1 and 2

Breedon Group energy and carbon consumption and emissions 2023.

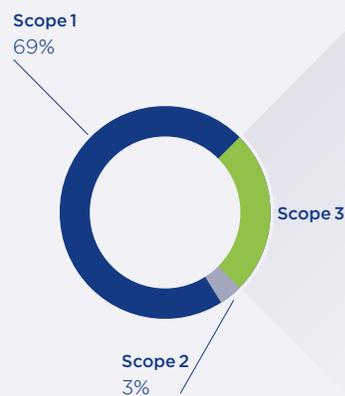
	Great Britain	Ireland	Cement	2023 Group total	2022	% diff (2023/22)
On-site combustion (MWh)	514,651	151,773	1,710,492	2,376,916	2,470,140	-3.8%
Electricity (MWh)	93,614	15,341	234,582	343,537	351,471	-2.3%
Road Transport (MWh)	56,089	3,326	15,605	75,020	100,089	-25.0%
Energy (MWh)	664,354	170,440	1,960,679	2,795,473	2,921,700	-4.3%
Process emissions						
Scope 1 (tCO ₂ e)	n/a	n/a	981,253	981,253	1,046,836	-6.3%
Scope 1 (tCO ₂ e)	142,192	40,117	452,202	634,511	700,038	-9.4%
Scope 2 (tCO ₂ e) location-based	19,385	4,222	54,368	77,975	73,590	6.0%
Scope 2 (tCO ₂ e) market-based	0	1,214	181	1,395	2,205	-36.7%
Total (tCO₂e) location-based	161,577	44,339	1,487,823	1,693,739	1,820,464	-7.0%
Total (tCO₂e) market-based	142,192	41,331	1,433,636	1,617,159	1,749,079	-7.5%

	Energy MWh	% (inc. process)	tCO ₂ e	%
UK	2,110,984	76%	1,257,399	74%
Rest of World	684,489	24%	436,340	26%
Total	2,795,473	100%	1,693,739	100%

The table above shows the total annual energy use and gross carbon emissions associated with the consumption of electricity, natural gas, all other fuels combusted on site, and fuel consumed for relevant business transport purposes, for the period 1 January to 31 December 2023, and a comparison with 2022. This table also includes the direct process emissions associated with the manufacture of cement.

Sustainability > Planet

Breakdown of Scope 3 categories



Scope 3 emissions categories	2023 tonnes CO ₂ e	% of total Scope 1, 2, 3 emissions
Purchased goods and services	385,688	16.4%
Capital goods	20,689	0.9%
Fuel and energy-related activities	118,425	5.0%
Upstream transportation and distribution	98,188	4.2%
Waste generated in operations	668	0.0%
Business travel	1,405	0.1%
Employee commuting	8,771	0.4%
Upstream leased assets	318	0.0%
Downstream transportation and distribution	18,367	0.8%
Processing of sold products	4,444	0.2%
End-of-life treatment of sold products	79	0.0%
Scope 3 total	657,042	27.9%

Scope 3 methodology

The methodology applied to the calculation of Scope 3 emissions follows the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We are continuing to develop our internal systems in order to improve the calculation methods within each category. We report on 11 Scope 3 categories. The categories not listed have been assessed and deemed to be immaterial for our business.

Emissions intensity

We have used a carbon intensity metric to express the emissions, for the purpose of establishing a baseline and for ongoing comparison. The intensity metric chosen is by £ revenue. Using our 'location-based' emissions total, the resultant emissions intensity is 1.1 kgCO₂e/£ revenue. This represents a reduction of 15% in comparison to 2022.

An alternative carbon intensity metric relates our emissions to the annual sales tonnages of our core products. In 2023 the kgCO₂e/tonne fell 5% from 46.3 kgCO₂e/tonne to 43.9 kgCO₂e/tonne.

Assuring our data

The GHG data we report is tracked internally during the year through the Executive Committee, the Sustainability Committee and shared with the Board. In 2022 our Scope 1 and 2 GHG data and processes were subjected to external assurance for the first time, performed by Bureau Veritas. This year, in addition to our Scope 1 and 2 emissions, the scope

of our external assurance was extended to include the largest proportion of our Scope 3 impacts - purchased cement and clinker. Bureau Veritas's assurance process is carried out in line with the requirements of the International Standard on Assurance Engagements ISAE3000.

Sustainability > Planet

Alternative fuels

Alternative fuel replacement is a key carbon reduction lever for the business. Our cement plants substitute high levels of fossil fuels with waste-derived materials that would otherwise go to landfill. Not only does this offer a key waste disposal route, but the ash contained within these fuels is incorporated into the final product, thereby reducing the amount of virgin raw materials that need to be quarried.

During 2023, in collaboration with environmental regulation requirements, Kinnegad received permission from the Environmental Protection Agency to commence a crumb rubber alternative fuel test programme. The test programme will run throughout 2024.

Other fuel switching opportunities are being explored throughout the Company. Our bitumen depot in the Port of Dublin and Temple quarry in NI are the latest of our sites to trial the use of Hydrotreated Vegetable Oil, a biofuel with much lower associated carbon emissions.

We invested €1 million installing fast electric vehicle charging infrastructure across our sites in Ireland to provide efficient charge times and flexibility of use for multiple vehicles. Consequently, we have acquired a number of electric vehicles including an electric forklift at Dublin Port and electric vans.

Energy management

When we launched our sustainability strategy in 2021 one of our Planet targets was to attain ISO 50001 Energy Management certification for our key sites by the end of 2023. Our Breedon Ireland certificate has now been extended to cover all sites within that business, and we have achieved certification for all our GB operations, including our Hope Cement works. As a result our ISO 50001 coverage is now 98% of our energy use.

Increasing energy efficiency

Fuel costs and availability remain a high risk for the business. See the TCFD section on page 61 for more detail. As a result, energy efficiency programmes to mitigate these risks remain a high priority.

Our energy team monitors developments in fuel costs and availability, and works closely with operational teams to ensure that we have maximum optionality on the types of fuel capable of being used in our plants.

A number of projects were delivered in 2023 which demonstrate our continued focus on increasing energy efficiency.

A new asphalt burner and dryer installed at our operation at Leinthall has resulted in a 12% saving in litres/tonne of burner fuel. The burner will not only allow us to reduce overall fuel usage, but has a dual

fuel capacity with the capability to operate on fuel oil, and a secondary renewable dimethyl ether blended with liquefied petroleum gas option, which offers us fuel switching opportunities in the future. A new dryer was installed at our Billingham asphalt plant in September. Early data shows an 11% reduction in gas usage per tonne as a result.

The bitumen terminal at our Dublin Port site implemented a strategy to reduce fuel costs in 2021, while increasing the production rates of polymer modified bitumen. By fitting a new heat exchanger to the polymer modified bitumen production line, the plant was able to maintain the daily production rates, while reducing the running time of the steam boiler by 40%. As a result, fuel usage in 2023 reduced 30% when compared to 2021.

Our recently published Sustainable Procurement Policy reinforces the requirement for evaluating the whole-life cost and carbon impact of operational improvements and equipment replacements.

Renewable energy

While the majority of our electricity was supplied from renewable contracts throughout 2023, the last remaining non-renewables contract changed over in September, ensuring that 100% of the Group's electricity is supplied by renewable energy.

Building on the 50,000 kWh generated from our rooftop solar array at our head office in Breedon on the Hill, we are exploring opportunities for onsite renewable energy generation projects to reduce dependency on volatile markets, provide longer-term cost certainty and become a more sustainable business.

Progress continued on a field solar array for up to 17MW at land adjacent to our Kinnegad cement plant. Planning consents have been received for the project, which will have the capacity to deliver up to 20% of the cement plant's energy needs and is expected to come online in early 2025.

While upgrading our office and welfare facilities at our Dowlow quarry and asphalt plant, sustainability improvements influenced all decisions. The building itself was repurposed and a 20kW roof top solar array was installed. The refit used recycled materials and energy efficient lighting was installed.

Bureau Veritas UK is in the process of performing an independent limited assurance opinion on our 2023 data for energy consumption. The full Limited Assurance Statement will be found on our website, when completed, at www.breedongroup.com/sustainability.

Sustainability > Planet

Spotlight on > Breedon roof tiles

New Lisburn roof tile factory

Opened January 2024



Every year we invest in modernising our assets, expenditure which typically drives sustainability benefits.

In 2023, we completed a state-of-the-art concrete roof tile factory in NI, replacing the existing 35 year old facility with a new production line, extruder, batching plant, packer and curing chambers.

This has almost doubled our annual manufacturing capability, from 12 million to 22 million tiles per year. Sustainability features were a key consideration from the outset.

Usually 80% of the electrical energy input to compressed air is lost as heat. We expect to recover 90% of this lost energy and use it for product curing.

To further reduce heat loss, high speed insulated automatic vehicle doors were installed.

To reduce energy use, highly efficient LED lighting was installed throughout, with reduced levels in fully automated areas where no personnel are present.

High efficiency condensing boilers with a high turndown capability were installed. Together with detailed metering of all energy consuming equipment and online energy reporting we expect to achieve a 15% improvement in energy efficiency.

All the water consumed in the plant is reused, with no water being disposed from plant and minimal fresh water consumed.

The future-proofed design will allow easy incorporation of additional Solar PV, rainwater harvesting, and materials recycling solutions.

14%
reduction in CO₂ per m² of tiles produced

90%
recovery of lost energy from compressed air

50%
expected reduction in production wastage/raw material losses

100%
water recycled

122
tiles produced per minute

22m
tiles per year

4,500 m²
facility

£6.7m
total cost of build

80%
uplift in production capability

Sustainability > Planet

Responsible use of resources

Alternative fuels substitution rate

% of kiln fuel GJ



Biofuel used

% of kiln fuel GJ



Mains water

litres/tonne



Circular economy and reducing waste materials

Ensuring the effective use of our virgin materials has never been more important, with competition for land use and the drive to a more circular economy we continue to explore opportunities for material recovery and reuse.

Progress has been made towards our plan to achieve zero waste to landfill by 2025. We have consolidated our waste contractors in the UK and sought to ensure our zero landfill ambitions could be realised during this process. Where practical we seek to find solutions for our waste that can bring a positive impact on society, such as our personal protective equipment (PPE) recycling and electronic waste schemes, which have been established in parts of the business.

We follow the waste hierarchy and look to reduce the waste generated in the first instance wherever possible from operational efficiency improvements to active engagement with our suppliers to limit the packaging we receive. For example over 95% of jobs in GB are now processed electronically through EPOD, negating the need for printed tickets.



Spotlight on > Minster

Increasing our RAP capabilities

We made great strides in the use of RAP in 2023, with some plants now able to supply asphalt with up to 80% RAP content. The acquisition of Minster enhanced our recycled material capabilities still further.

Minster's sustainable solutions include a process that recycles materials from road maintenance activities. Once these are crushed into a graded material, mixed with pulverised fuel ash (PFA) fines and a foam consisting of bitumen, cement and water, it can be transported to site and laid as a base course for roads and footways.

This process is able to make use of road planings that contain coal tar, a material classed as hazardous which would otherwise need to be sent to landfill. Much of the local road infrastructure in the region contains coal tar material. This process not only has circular economy benefits, with 92% recycled materials, it is a cold mixing process and, being processed closer to the project means fewer heavy goods vehicle miles, thereby reducing the embodied CO₂ by 30% compared to traditional asphalt.

What we said we would do	Progress in 2023
We will develop a Group-wide waste reduction plan to achieve zero general waste to landfill by 2025, highlighting materials across the divisions that could be used or reused to lower the carbon intensity of our products.	— We have consolidated our UK waste contractors and each of our divisions have been collaborating through the Planet Working Group on waste reduction solutions and opportunities for reuse of materials.
We will demonstrate an increase in the use of recycled, reused, or alternative raw materials in the manufacture of our cement, brick and tile, concrete and asphalt products.	— Through the Planet Working Group, each of our divisions has been focused on improving the recording of secondary, reused or recycled materials.

Sustainability > Planet

Where sites produce material that may not be suitable for primary sources, we identify opportunities for alternative uses.

At our Welsh Slate sites we produce high quality roof tiles with by-products being a coarse and a fine slate material.

Historically, slate has had very limited application in the manufacture of concrete. However in 2023 our GB technical teams proposed replacing a portion of the aggregates at nearby concrete plants with local slate aggregates and undertook research and development to establish a new concrete formulation using slate. By the end of the year two concrete plants were using slate aggregate, and research is ongoing to enhance the performance of concrete using this material.

In 2023, we made significant advances in our RAP capabilities. This was achieved through the acquisition of Minster, and investments into storage and processing capabilities at our asphalt plants throughout the Group. See the spotlight on Minster on page 82.

Following further investment made in a cold mix recycling plant in December 2023, further progress toward reducing the use of hot mix materials will be made in 2024, thereby further reducing CO₂ emissions.

Responsible use of water

We closely monitor our water usage. There are currently, less than 1% of our production sites located in areas of high water stress as classified by the World Resource Institute's Risk Atlas tool. However, as described in our TCFD report, the risk of water scarcity in future years cannot be ignored and so our focus on reducing reliance on mains water and increasing usage of recycled water continues.

We have installed smart water meters at more of our sites and will look to extend their deployment further in 2024. By having accurate interval data at our sites, we are able to identify areas of wastage and locate potential leaks quickly to ensure water is not lost.

Quarry water management



Spotlight on > Wickwar

Our responsibility to our local communities includes minimising our draw on the local water resource and maximising our water independence.

At Wickwar, a site that comprises asphalt, ready-mixed concrete and concrete block plants, managing the water flow around the site is a complex task. Water stored in the main lake, itself a disused quarry, is used for ready-mixed concrete and concrete block production, mineral and wheel washing, and site dust suppression.

These water-intensive activities are managed by the site team in close collaboration with Tenant Sibanda, our principal hydrogeologist. During 2023 they upgraded the water management systems to include rainwater harvesting including capturing runoff from the block plant and yard, upgraded our recycled water systems and installed telemetry to provide more detailed tracking of water flows and usage.

The upgraded water efficient system, which relies mainly on recycled water and rainfed top-up water, was accepted by the Environment Agency during our abstraction licence variation application, and is now fully implemented.

Sustainability > Planet

Positive impact on nature and biodiversity

Trees planted

Thousands of trees planted in year



What we said we would do

We will develop 14 additional Biodiversity Action Plans for key sites by the end of 2023.

Progress in 2023

— 14 additional BAPs were completed: seven in GB Materials, six in Breedon Ireland and one in Breedon Cement.

We are uniquely positioned to do more for nature and biodiversity than many organisations due to our large portfolio of land and expertise in restoration. Our quarries include areas rich in biodiversity and we strive to deliver net gain on the areas of extraction when the land is restored.

Environmental management

In addition to land management, we promote biodiversity and natural habitats at our sites through careful management and mitigation of our emissions for the benefit

of the wider society. Compliance with environmental regulations and continual improvement are core to our operating standards, with 96% of our operational sites certified to the ISO 14001:2015 Environmental Management system standard.

Routine internal and external audits are carried out at our sites to ensure our environmental impacts are managed appropriately. In 2023, our internal team of ISO auditors carried out 118 internal environmental audits and 111 external environmental audits across the Group.

We continued to deliver our Institute of Environmental Management and Assessment accredited environmental training to our managers and supervisors and ensure environmental awareness is given as part of each employee’s induction. No environmental enforcements were received in the year.

Air quality

Our sites are regulated by environmental permits which place conditions on the controls in place at sites and limits on emissions. Our cement works have the largest number of conditions imposed and because of the compounds found in the quarry’s raw materials, emissions of sulphur dioxide, oxides of nitrogen and dust are closely monitored.

Our suite of environmental performance data including cement’s emissions to air is reported on our website at www.breedongroup.com/performance.

Archaeology and heritage

CFA Archaeology have been carrying out an archaeological excavation at the Breedon North Cave Outgang site since June 2023.

The work has revealed an extensive system of field boundary ditches and pits dating from the Iron Age and Roman periods (2500-1600 years ago) with some evidence for earlier activity. At least one small pit contained pottery dating from the Bronze Age (c. 4000 years ago).

Enhancing biodiversity across our sites

We developed a further 14 BAPs in the year, bringing the total number of BAPs in place at our key sites to 39. The action plans are developed by experienced ecologists and highlight the areas of land on site with the highest biodiversity value and establish actions for how these and other areas can be enhanced even further. The tasks vary by site and have included specific species surveys, positioning of site lighting to avoid undue disturbance to nature and planting of hedgerows.

Habitat creation

Sites across the Group engaged with the Breedon Biodiversity Week, creating habitats and holding local community events. However, enhancing biodiversity is not just something we focus on one week per year. Our sites look for ways to enhance biodiversity wherever possible, and the projects they carry out are primarily driven by the local teams and their passion for the site.

This does not apply exclusively to our quarry sites. At our concrete plant in Costessesy, colleagues built a bug hotel, squirrel house and wild flower area. The team at Willington created scrapes on the lake margin for dragonflies and other invertebrates. Our Surfacing Solutions team in Scotland added bird boxes around a site perimeter and created a space for nature at the rear of the site.

Sustainability > Planet

Promoting biodiversity



Spotlight on > Biodiversity week

In May we held our first ever Group-wide Biodiversity Week to raise further awareness of actions that our colleagues can take to promote biodiversity at work, at home and in the community. The events involved local community and subject matter expert groups and was very well received.

- Castlepollard quarry hosted a school children's visit and ornithologist talk. Bird/bat boxes were installed.
- Ballystockart quarry held a beekeeping introduction and working session.
- Cambusmore quarry carried out planting and pond restoration.
- Norton Bottoms quarry installed new beehives on site.
- Blackmountain quarry hosted a wild youth visit, provided the history of Blackmountain and future regeneration talk, a tour of the site and a walk to a National Trust site.
- Mullaghglass landfill held an ornithological experience including bird ringing, and the installation of bird and bat boxes.
- Temple quarry held a biodiversity and ornithological session with local schoolchildren.
- Rossmore quarry undertook a beehive inspection and held a Japanese knotweed seminar.
- Breedon Head office arranged woodland walks with children from the local schools.

Biodiversity partnerships

We continue to explore partnerships to maximise our impacts on biodiversity in and around our sites. During the year we have engaged with:

- Belfast Hills Partnership and their Wild Youth Programme;
- British Ornithological Society to provide bird ringing training in Mullaghglass;
- Derbyshire Wildlife Trust for habitat improvement work undertaken at Hope's reservoirs 3 and 4 including the installation of coir rolls on reservoir margins as part of fringe habitat improvement work;
- the local Callendar Group of the Scottish Wildlife Trust to help with pond restoration and planting in Gart Pond and Balvalachan Pond at our Cambusmore Quarry; and
- the Tree Council through a signed partnership and commitment to increase the planting of hedgerows and trees.

Recognition

We are delighted that our positive impacts on biodiversity and nature have been recognised externally through several awards:

- Achieved Gold in the Business in the Community Northern Ireland (BITCNI) Environmental Benchmarking Survey.
- Achieved Platinum in the BITCNI Biodiversity Charter.
- Won 'Guardian of the Environment' award at Aisling Awards for Mullaghglass biodiversity work.
- Awarded Silver for 'Biodiversity initiative of the year' at the All-Ireland Sustainability Awards.
- Shortlisted in three categories for the 2024 Green Awards.
- Silver Award for Biodiversity Initiative of the Year at the All-Ireland Sustainability Awards.
- Shortlisted for the Constructors Employers Federation's Excellence in Sustainability Award.
- Commended for our North Cave Quarry Restoration Project in collaboration with Yorkshire Wildlife Trust and MJCA at the Royal Town Planning Institute Yorkshire Awards for Planning Excellence.

Sustainability > Planet

Future focus for Planet

- Communicate our SBTi near-term and net zero targets once formally validated, and demonstrate progress towards these.
- Continue improving the carbon intensity of our products.
- Continue our use of alternative fuels.
- Progress the Kinnegad solar PV project.
- Continue to responsibly use our mineral reserves, reducing waste to landfill.
- Demonstrate progress on our zero waste to landfill plans.
- Make progress towards better water data and management.
- Continue implementing the BAPS recently developed for key sites.
- Make further progress towards our longer-term decarbonisation levers such as CCS.

North Cave quarry Restoration Project



Spotlight on > North Cave Wetlands

The North Cave Wetlands are an excellent example of how our quarry sites can be restored for the benefit of local communities and nature, focusing on species being impacted by climate change. The extraction site has been largely restored and provides numerous habitats for migratory and breeding bird species. Accessibility has been key to the project, to ensure that all within the community are able to enjoy the site to its fullest.

The restoration work was recognised by the Royal Town and Planning Institute. After being nominated in the Yorkshire Regional awards for Best Project, it received a commendation.

Judges commented:

“This is an excellent example of developing an old mineral extraction site to create a wetland habitat, securing environmental improvement and delivering biodiversity benefits. The scheme secures a valued recreational resource with unrestricted access and accessibility for those with challenging mobility.”

Sustainability > People



People

Make a material difference to society

Our 3,900 colleagues are the heart of our business, and we aim to attract, develop and retain talent to help us achieve our long-term goals. We aim to be a good neighbour to the communities in which we work, ensuring that we operate ethically and responsibly.



2030 target

Positively impact more than 100,000 people

2023 target

Positively impact 25,000 people by the end of 2023

Focus areas	Develop and empower a diverse, talented workforce »88	Positive impact on the communities in which we work »91
	<ul style="list-style-type: none"> Health and safety People 	<ul style="list-style-type: none"> Land and mineral management
UN SDG	<ul style="list-style-type: none"> 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> 8 DECENT WORK AND ECONOMIC GROWTH

Progress highlights			
Charitable donations	Material donations	People positively impacted since 2021	Employee engagement rate
£455,305	3,273 tonnes	54,784	80%
New apprentices	Managerial and senior roles held by women	Employee training hours	Awarded Silver
44	146	22,697	5% Club

Sustainability > People

Develop and empower a diverse, talented workforce

Number of women at management level



Proportion of women in workforce



Workforce breakdown by age

16 to 21 years



22 to 29 years



30 to 39 years



40 to 49 years



50 to 59 years



60 to 69 years



70 plus years



What we said we would do

We will create a culture of sustainable improvement by improving colleague knowledge, competency and engagement on sustainability.

We will deliver an employee engagement survey and aim to maintain the participation rate of 75% for 2023.

We will further develop leadership capability through the delivery of three identified programmes by the end of 2023: Safety Culture Leadership, Senior Leader programme and Leadership Essentials for managers and supervisors.

Progress in 2023

Exceeding our 70% target, 80% of all relevant technical and commercial colleagues were trained on sustainability and Breedon Balance.

80% of our colleagues felt engaged and our survey participation rate increased to 76%.

Engaged heavily with our leadership and management teams through various elements of training, workshops and communications on the topic of culture and behaviours. This has improved awareness across the Group.

Outstanding levels of colleague engagement

Colleague engagement remains a high priority and this year we were delighted that the 2023 annual engagement survey 'Your Say' delivered our best ever results. 76% of our colleagues participated in the survey (75% in 2022) and our engagement score showed that 80% of colleagues feel engaged, compared to 77% in 2022.

Our purpose and values underpin everything we do at Breedon, and 89% of our colleagues recognised how their work contributes to the overall success of the Group, whilst 84% understand and believe in our company values, a year-on-year improvement.

We use a variety of channels to gather feedback on what our colleagues need to support them to be their best and to ensure Breedon continues to be a great place to work:

- Annual 'Your Say' survey enabling confidential feedback.
- Colleague Voice Panel providing a link to the Board.
- Quarterly focus group meetings.
- Our internal social media platform - Viva Engage.

Sustainability > People

Pauline Lafferty is our Designated Non-executive Director (DNED) for Workforce Engagement and during the autumn she held face-to-face and virtual sessions across both GB and Ireland.

Each session was designed to involve colleagues at differing levels of experience, grade and role to stimulate good discussion. Various topics were covered such as engagement, training and development, site leadership, employee recognition mechanisms and colleague communications.

We will run further sessions and build on the feedback that our colleagues give, so that we can continue to make Breedon a great place to work.

We were pleased to have achieved 12th place in the Sunday Independent/Statista list of Ireland's 150 Best Employers, and to be named as one of Northern Ireland's Top 100 companies in the prestigious list compiled by the Belfast Telegraph in association with Grant Thornton Ireland,

Colleague support and wellbeing

We have provided support and guidance throughout the year around physical and mental wellbeing, providing access to external support through financial wellbeing webinars covering debt and budgeting, and pensions.

Through our Home Safe and Well programme we have made further improvements to our facilities across the business, with support from our colleagues.

A focus on Diversity, Equity and Inclusion

We are committed to building a truly inclusive workplace and to treat all our colleagues with dignity and respect and this year equality, diversity and inclusion has been a key focus area for Breedon.

We have developed a diversity and inclusion strategy that is right for Breedon and right for all of our colleagues, making sure that we are representative of the communities where we live and work and embedding inclusion into everything we do. We are taking a more evidence-led approach and have engaged with colleagues to show that we are responding to their needs and expectations.

This year, we carried out a Materiality Assessment to identify material topics relevant to Breedon and we engaged with a wide range of stakeholders and colleagues from different levels across the Group to gain their views and feedback. We used the data from this to prioritise key themes and benchmarked ourselves, against the Global Diversity, Equity and Inclusion Benchmark.

Gender representation as at 31 December 2023

	Executive Management		Senior leaders		Management roles		All employees	
	Number	%	Number	%	Number	%	Number	%
Male	7	87	25	69	961	87	3,353	85
Female	1	13	11	31	146	13	574	15

We signed the Armed Forces Covenant in August and launched our first colleague-led network that operates across Breedon, with the objective of creating a diverse community that supports veterans and reservists.

Our plan for 2024 will focus on making our people practices fairer and more inclusive for colleagues. These include:

- Introducing new family friendly policies and benefits.
- New revised recruitment practices and upskilling training for hiring managers.
- New Employee Resource Group looking at topics including LGBT+ to PPE.

We are looking to improve our data across all colleagues in all geographical areas to help inform our plans for 2024.

Developing our people

We support colleagues with technical and professional qualifications, funded through our levy and business sponsorship. Relationships were strengthened with training providers across the UK and new relationships established with Make UK, GP Strategies and East Kilbride college.

Highlights for 2023 include:

- Mechanical apprentice Charlie Craven and maintenance manager John Mulryan from Hope Cement Works attended a reception to meet Education Minister Gillian Keagan. This opportunity came through High Peak's MP Robert Largin who nominated Hope Cement Works as a local skills champion in recognition of the proactive work we do in supporting apprenticeships.
- We attended the first Highways Careers Day in collaboration with the Midlands Collaborative Community and National Highways to showcase the diverse roles and routes into our industry.
- Our Northern Ireland region achieved Investors in People Gold Standard, recognising our investment into our business to make sure that great people work together to support our clients and customers.
- 37 new enrolments in higher and further education programmes, adding to the 22 colleagues already engaged with their studies.

Sustainability > People

Leadership development

During the year our leaders focused on managing and accelerating people performance through our new performance management framework. This has included targeted development from supervisory level and upwards.

In 2024, we will focus on driving and embedding performance conversations through all of our leadership teams. As part of this approach, we are investing in the development of our managers to ensure we have a solid foundation for colleagues to develop their careers in the leadership and management space.

We will be launching our new Management Essentials programme in 2024, which is aimed at our supervisory and management teams. The programme has been designed to look at various key touch points, including feedback from our colleague survey and scoping sessions with senior leaders.

At the heart of the programme will be our new management competencies, which are aligned to our values and shaped by the involvement of colleagues in the business. These will underpin the development available to our managers enabling them to perform and achieve the competencies effectively.

Investment in Early Careers

Our Early Careers programme is a key part of the Group's people strategy, bringing fresh talent, perspectives and energy into the business and we are proud of our long-term investment in young people and skills development. In 2023 we had four new graduates in Northern Ireland, and the Early Careers cohort saw us welcome an additional 44 new apprentices, of which 16% are female. This brought our total number of apprentices and graduates recruited in 2023 to 77, compared to 60 in 2022.

We recruited 22 Large Goods Vehicle (LGV) driver apprentices, of which 11% are female, across England and Scotland in partnership with Seetec, one of the UK's leading training providers, that support businesses to meet current and future needs, while helping individuals of all ages to build a rewarding career.

	Male	Female
Apprentices	37	7
Graduates	4	0
LGV drivers	21	1

In addition, we were delighted to have six industrial placements from various universities across England and Northern Ireland, providing students with an opportunity to develop their practical and technical skills in a role directly relevant to their vocational course.



Spotlight on > Apprenticeships

Our apprentice pipeline plays a vital role in building our future. We were pleased to have been awarded an enhanced silver membership of The 5% Club, in recognition of the work we have done to build and develop our workforce,

increasing the number, quality and range of 'earn and learn' opportunities across the UK. Our biggest apprenticeship programmes for 2023 included:

13
apprentices for our mechanical and electrical maintenance technicians

13
operatives for our quarries, ready-mixed and surfacing operations

22
LGV drivers



Spotlight on > November

We focused on men's mental health and raising awareness of this important issue, given that the workforce in the construction sector is predominantly male.

Breedon colleagues made a huge effort for November this year, collectively raising more than €15,000 for the charity, which was matched through our Matched Funding programme, bringing the grand total to €30,000.

64
participants

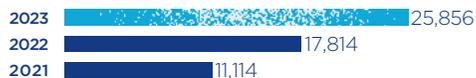
€30,000
raised

Sustainability > People

Positive impact on communities

People positively impacted

number of people per year



Community/charitable financial donations

£



Community/charitable material donations

tonnes



Neighbour complaints



Making a positive societal impact in communities

We recognise that our sites actively contribute to the social and economic wellbeing of surrounding communities. We create employment opportunities, support the local economy, and invest in community based social initiatives through volunteering, providing materials and by making monetary donations.

In 2021 we set a target to positively impact 100,000 people by 2030. Throughout 2023 we positively impacted 25,856 people, which when added to the 28,928 people we positively impacted since 2021, brings our cumulative total to 54,784 people positively impacted. This is 54.8% of our 2030 target.

Our work puts us at the heart of local communities, places where customers and colleagues live and work. We want to support them to be stronger and increase understanding of the impact and contribution our work has on everyday life.

Engaging with the local community is an important part of embedding our inclusive culture. Throughout the year we have successfully engaged with community events and awareness activities.

Highlights include:

- In honour of May's National Walking Month, we took on our most exhilarating and closely fought Group-wide challenge, clocking up a staggering 11,739km over 11 days, and donating a total of £10,000 to local charities at the heart of our communities.

- Our teams were proud to support the DIY SOS team with materials for their Treetops Hospice big build in Risley, to help create a dedicated children's bereavement centre. The programme featured on the BBC One series 'DIY SOS: The Big Build for Children in Need'.
- We actively participated in the Green Kilometre Scheme, a fantastic initiative that empowers individuals and groups to make a positive impact on our local communities.
- We extended our partnership with Leicester Tigers Rugby Club as well as supporting the women's team ahead of the 2023/24 season.

Our focus for 2024 is to improve our social impact data robustness and availability.

Supporting our suppliers

We believe that working collaboratively with our supply chain is essential if we are to achieve our aims of contributing positively to the environment and society and deliver better and more sustainable outcomes for all stakeholders over the long term.

In December 2023, we published our first Sustainable Procurement Policy Statement setting out our formal commitment to foster sustainable procurement and supplier management and outlining our expectations and support through our procurement and supplier management processes and activities.

What we said we would do	Progress in 2023
Demonstrate a positive impact to 25,000 people by the end of 2023.	— Throughout 2023 we positively impacted 25,856 people.
We will improve our ability to demonstrate the social value of our activities through further embedding the social value methodology developed in 2022 and undertaking an impact assessment for each division.	— Our Surfacing division has provided customers with our positive social value impacts relating to specific projects. We are recruiting a Social Impact Manager to guide further best practice across the Group.
We will review and improve the process of formally promoting opportunities and recording volunteering hours to better reflect the actual level of activity being undertaken across the Company.	— A system to promote awareness of local and national volunteering opportunities has been selected.

Sustainability > People

Good neighbour plans

As part of our focus on being a good neighbour to the communities around our operational sites, our businesses have active liaison programmes with the communities in which they operate, and they seek to consider their interests and concerns in their operational activities.

Volunteering and donations to community projects

In 2023 the number of donations of materials to communities and charitable organisations increased by 43% and our financial donations increased significantly to a total of £455,305.

Our donations supported many projects that are local to our sites, including the maintenance of play areas and the donation of materials for community projects and nature reserves.

Across the Group we promote our 'Make a Material Difference Day' to actively encourage colleagues to undertake volunteering activities. Throughout the year 2,114 volunteering hours were delivered across the Group.

We boosted the uptake of our matched funding offer, resulting in an additional £28,637 being donated to community and charitable causes.

We have supported several of our colleagues' volunteering efforts, from hiking or cross-country charity bike rides to school and careers events or historic garden preservation.

We have allocated up to £100,000 per annum to use for matched funding to encourage further involvement and impact of colleagues in their local communities.

Future focus for People

- Improve our data across colleagues to help inform our DEI plans.
- Make our practices fairer and more inclusive for colleagues, including family friendly policies and benefits, revised recruitment practices and training for managers.
- Focus on driving and embedding performance conversations through all of our leadership teams.
- Further improve data availability and robustness to more accurately calculate and report our social value impacts.

Investment in social value

>£100k

spent with local SMEs

£250k

spent on local accommodation

600 hours

volunteered in local communities

1000 tonnes

of aggregates donated

4 apprentices

employed and developed



Spotlight on > Islay Airport resurfacing project

The Islay Airport project to rehabilitate the runways and aeronautical ground lighting, faced the added challenge of needing to ship all materials, plant and people to a remote island while minimising disruption to tourists and businesses upon which the local economy depends.

The social value considerations undertaken as part of this project were:

- Zero health/safety incidents.
- Local residents' concerns about potential night-time noise from the mobile asphalt plant were addressed by using an alternative landside location in agreement with Highlands and Islands Airports Limited.
- We formed a fully integrated team on site, sharing work compound, offices and canteen facilities. We procured an on-site caterer from the Hebrides who provided three cooked meals each day for everyone on site, including client, project manager, direct and supply chain workers, which ensured high productivity and minimised disruption to the local community.
- We operated a Project Bank Account for payments to be made directly and simultaneously to our supply chain.
- As the project coincided with the peak tourist season we were careful to manage our use of the local resources and accommodation.
- We made a considerable economic contribution, engaging local shipping, haulage, plant hire and ferry services.
- The project provided great opportunities for four apprentices which in turn will support our growing airfield business.
- We donated 250 tonnes of aggregate and 600 hours to prepare a car park and footpath for the local community hub. In addition we donated 750 tonnes of aggregate to upgrade a beach access road that runs alongside the airport, enabling easy access for the local community.

Sustainability > Places



Places

Make a material difference to the built environment

Our focus on research, development, innovation and collaboration aims to provide our customers with products that contribute to a more sustainable built environment.



2030 target 50% of our concrete and asphalt sales revenue from products with enhanced sustainability attributes

2023 target 40% of our concrete and asphalt sales revenue to be from products with enhanced sustainability attributes by the end of 2023

Focus areas	Sustainable products and services »94 — Markets — Competition — Laws, regulations and governance	Research, development and innovation »95 — Competition — Laws, regulations and governance	Collaboration and influence »95 — Markets — Laws, regulations and governance
UN SDG			

Progress highlights

Revenue from sustainable concrete and asphalt products 40%	Revenue from products that meet the Breedon Balance criteria 28%	CEM II sales target exceeded by 50%
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To be included in our Breedon Balance portfolio, products must meet or exceed the stringent threshold values we have set based around these criteria:

- Lower carbon footprint than a generic market equivalent
- Incorporates recycled content in the product
- Less resource intensive or longer lasting
- Positive impact on nature and biodiversity
- Positive impact on water usage
- Ethically sourced

Sustainability > Places

Sustainable products and services

Sustainable concrete and asphalt sales revenue

% of total concrete and asphalt revenue



What we said we would do

Progress in 2023

Building on the performance in 2022 we are committed to deliver a further increase of 3ppt in sales revenue from concrete and asphalt products with enhanced sustainability attributes.

— We increased the metric from 37% in 2022 to 40% in 2023. We achieved this through investment in RAP processing capabilities, warm mix asphalt dosing systems and increased CEM II use in concrete mixes.

In addition, we will launch, monitor and start to report on the proportion of revenue achieved specifically from products that meet the more stringent criteria of our Breedon Balance range of products.

— We have now established reports on the proportion of revenue achieved specifically from products that meet the Breedon Balance criteria. This figure stands at 28% for 2023.

We will train 70% of relevant commercial and technical colleagues on sustainable solutions.

— Our Technical Sustainability team rolled out the training to relevant teams covering 80% of these colleagues.

Sustainable products

Our focus is on sustainable products and services that deliver higher performance or lower embodied carbon potential over their whole life.

Our 2030 target is to achieve 50% of our annual concrete and asphalt sales revenue from products that have enhanced sustainability attributes, such as lower embodied carbon or an increased

percentage of recycled content. In 2023 we met our target, increasing revenue from sales of concrete and asphalt products with enhanced sustainability attributes by 3ppt to 40%.

This was achieved through a combined focus on both our concrete and asphalt product base. Our increased sales of CEM II meant more of our concrete sold incorporated this lower carbon cement. Warm mix dosing systems were installed at more of our asphalt plants across the Group, allowing us to produce asphalt at lower temperatures resulting in less energy use and in turn, lower embodied carbon of the material. We expanded our use of RAP, which meant more products contained recycled content than has been achieved historically. These are just some of the lower carbon products which will contribute towards creating a more sustainable built environment.

Our product technical teams evaluate and research new products, materials, methods and technologies and test these in the field to assess their performance.

Our Breedon Balance range of products that launched in January 2023, are products that address the broad nature of challenges our customers face: lowering carbon, utilising recycled materials, increasing the product life, minimising water footprints, enhancing biodiversity, and ensuring ethical sourcing practices. During 2023 we trained 80% of the relevant workforce on sustainable products, exceeding our objective of 70%.



Low carbon concrete collaboration

Our colleagues in Scotland worked in collaboration with sustainable technology specialists Recycl8, to produce a low carbon concrete mix. The concrete utilises industrial waste residues to replace virgin quarried materials, and by incorporating Recycl8's additive, maintains strength and prevents leaching.

Working in conjunction with Rock Solid, the producers of the Incinerator Bottom Ash Aggregate (IBAA) product, the project required engagement with the environmental regulator to ensure the waste material was accepted for use in this application.

Approval was given and in September, a house foundation project for Barratt Construction in Perth used IBAA to replace 20% of virgin aggregate within the concrete mix, alongside a high portion of Ground Granulated Blast-furnace Slag to deliver a low carbon, Breedon Balance concrete.

Further trials will take place in 2024 as we seek to utilise this product in more applications.

Sustainability > Places

Bureau Veritas UK is in the process of performing an independent limited assurance opinion on the percentage of revenue from sales of concrete and asphalt sustainable products. The full Limited Assurance Statement will be available on our website, when complete, at www.breedongroup.com/sustainability.

Environmental Product Declarations

As part of our commitment to transparency we provide Environmental Product Declarations (EPD) on key products, and in 2023 we enhanced our product EPD library. We have EPDs for our brick manufacture at Kingscourt in Ireland, our cement produced at Kinnegad and in 2023 we published EPDs for our Breedon roof tiles. A lifecycle assessment for our cement produced at Hope was carried out at the end of the year, which is going through the verification process and will be published in 2024.

For our other products including ready-mixed concrete, we provide carbon calculations or Lifecycle Analysis (LCA) data on request to enable customers to select the most appropriate sustainable product. We have contributed to the development of concrete EPDs for the UK concrete industry through our engagement with the MPA. These industry level EPDs are due to be published in early 2024.

Adapting our operations

In 2022 we began production of our lower carbon CEM II bulk product out

of our Hope Cement Works. Since then, supported by investment in 17 new CEM II silos across our GB ready-mixed concrete network, our targets to increase CEM II sales were exceeded by 50%. Following the modification of GB building standards in November 2023 and with 17 additional CEM II silo installations planned for 2024, we expect the proportion of CEM II sales will increase further.

In Ireland, we installed new CEM II silos at Ballystockart and Blackmountain plants.

Installation of dosing systems at our asphalt plants continued in 2023. These systems enable the production of warm mix asphalt. The lower temperatures require less heat and therefore less energy during manufacture resulting in lower embodied carbon of the finished material.

In November 2022 we commissioned the new Mansfield asphalt plant. The carbon emissions associated with the combustion of fuels and electricity usage at the site dropped by 43% per tonne of asphalt compared to the year prior to the upgrade.

Future focus for Places

- Make further progress towards our 2030 target to achieve 50% of our asphalt and concrete sales revenue from more sustainable products.
- Increase the proportion of CEM II sales, and install additional silos to enable the use of CEM II downstream.
- Publish an EPD for Hope's cement product.

Research, development and innovation

Our focus is on products and solutions that will help both Breedon and our customers achieve their sustainability goals.

Innovation is a key part of the Breedon culture and its future, from the development of lower carbon cements, to utilising recycled materials in products and from adopting new production methods to utilising additives that enhance the product lifecycle.

We have further enhanced our working relationships with research consultants and academia and for our major product streams we are partnering with others for the development of more sustainable products.

Collaboration and influence

Our focus is on cross-industry collaboration to influence the consideration of more sustainable solutions.

As active members of both the MPA and the GCCA, we are well positioned to collaborate at a global, European, national, regional and local level.

Through these channels we support collaborative approaches to climate challenges and policy development across the sector. We are able to engage with our peers to highlight and contribute to

consultations such as the evolution of the UK ETS and the development of a watertight UK CBAM to ensure levelised carbon costs on imports.

We are working to align a consistent approach across the sector around product carbon measurement, GHG accounting, EPDs, and product labelling and product specification, whilst ensuring we are disclosing consistently to recognised frameworks.

Sustainability > Places



Cement industry-first trial

Breedon's Hope Plant completed industrial trials in the summer and autumn of 2023, trialling graphene addition directly into the cement manufacturing process for the first time ever in the UK's cement industry.

Working in conjunction with graphene producers First Graphene, academics at Manchester University and construction company Morgan Sindall, the project's key aims were:

- Industrial application: to identify a suitable means of delivering the required dosage of graphene to the manufacturing process and any effects on the milling circuit.

- Enhanced yet more sustainable cement properties: to prove that graphene addition to cement will impart greater strength, as shown in laboratory trials. This should enable a lower clinker content for the same performance, leading to a reduction in carbon intensity.
- Performance in use: to test the performance of concrete in the field using graphene-enhanced cement.

The phase one trials achieved up to 10% increase in the cement's early-stage compressive strength, which could equate to a reduction in CO₂ emissions during the manufacturing process.

The cement produced during the phase one trials was subsequently used in the

construction of a high-volume vehicle wash-down facility, while successfully meeting the performance criteria required.

The phase two trials used grinding aid containing PureGRAPH® to produce an additional 600 tonnes of graphene-enhanced cement. The focus of this trial was on the optimisation of dosing methods at an increased graphene loading level, with the resulting formulation change in the grinding aid. These subsequent trials have shown we have a safe, scalable and robust method for graphene addition.

We will continue working with First Graphene to understand how to incorporate graphene as a route to reducing the CO₂ footprint associated with cement.

Spotlight on > Graphene trial at Hope



Low carbon asphalt

Transport Scotland is responsible for the delivery of the Scottish government's vision for transport, from network infrastructure to accessibility and sustainability. Their aim is to reduce carbon emissions by 75% by the year 2030.

Breedon presented Transport Scotland and Amey with an opportunity to trial a new, low carbon Stone Mastic Asphalt technology, in accordance with TS2010 surface course specification and guidance.

Breedon carried out a full laboratory evaluation of its TS2010 material, using Nypol RE 103. The Nypol RE range from Nynas includes a biogenic component, which substantially reduces the carbon footprint of polymer modified bitumen, when compared to a normal polymer binder.

Results were presented to Transport Scotland, to demonstrate this new technology as a catalyst for reducing carbon emissions across the country.

Feedback was overwhelmingly positive, leading to a successful live trial of the product.

The new low carbon asphalt, part of the new Breedon Balance range of materials, was successfully installed on a Scottish road resurfacing project. This is the first time an asphalt containing biogenic materials has been used on the Scottish network, marking an historic achievement and paving the way for a future incorporating low-carbon transport.

Spotlight on > Transport Scotland

Sustainability > Principles



Principles

Underpinning the pillars of Planet, People and Places, our fundamental operating Principles ensure that we operate responsibly and transparently.



2023 target Provide a sufficiently comprehensive and detailed disclosure of our performance to meet the assessment criteria of a credible external framework

Focus areas	Health, safety and wellbeing »98	Quality »100	Ethics and integrity »101	Good governance »103	Stakeholder engagement »104
Related risks	<ul style="list-style-type: none"> Health and safety People 	<ul style="list-style-type: none"> Competition Laws, regulations and governance 	<ul style="list-style-type: none"> Laws, regulations and governance People 	<ul style="list-style-type: none"> Climate change Laws, regulations and governance 	<ul style="list-style-type: none"> Climate change Land and mineral management Competition Markets
UN SDG					

Progress highlights

CDP Climate Change scored B and Water Security scored C

BES 6001

Responsible Sourcing certification for all concrete, asphalt and aggregates production

Employee LTI severity rate improved by

15%

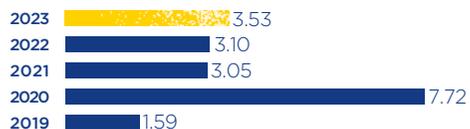
Increase in Visual Felt Leadership site tours

7%

Sustainability > Principles

Keeping our people safe and well

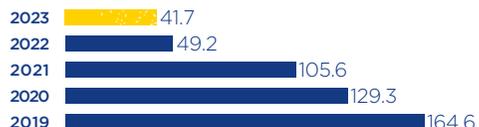
Combined LTIFR (employees & contractors) per million hours worked



Combined TIFR (employees & contractors) per million hours worked



Employee LTI severity rate per million hours worked



Home Safe and Well

In our steadfast commitment to fostering a workplace environment that prioritises health, safety, and wellbeing, Breedon remains dedicated to ensuring the welfare of all team members. Throughout the year, our unwavering focus on health and safety has been apparent, with the Home Safe and Well programme continually challenging our performance and propelling improvements.

Notably, our emphasis on learning from incidents and gaining enhanced insight into potential consequences, rather than solely on actual outcomes, has provided the organisation with robust visibility and evidence of emerging key risk areas.

Leveraging this insight, Breedon has initiated a comprehensive programme to eliminate, where possible, the most significant risks to our people and those impacted by our operations. This initiative includes the introduction of a new metric, Significant Incident & Injury Frequency and a novel incident review process known as Incident Learning Review (ILR). ILR focuses on reporting and learning outcomes from incidents with high potential, contributing to our Significant Risk Elimination programme.

Continuing our dedication to fostering a Health, Safety, and Wellbeing culture and behaviours across the Group, we conducted our inaugural Health Safe and Well Cultural Survey. This survey served as a baseline assessment of workforce perceptions regarding health, safety, and wellbeing. Subsequent behaviour and culture workshops engaged managers and supervisors in addressing specific areas of improvement.

In response to evolving needs, recent months have seen an increased focus on colleague mental health, accompanied by strategic expansion in this area. The Home Safe and Well programme is consolidating best practices from within the sector and exploring cross-sector and industry learning opportunities.

The Home Safe and Well programme strategically concentrate Group-wide efforts, resulting in positive performance outcomes in the first half of the year. Improved understanding of leading and lagging indicator trends presents opportunities to further advance our improvement journey. As the Group ascends the safety culture maturity scale, enhanced foresight will position the business as a sector leader in the management of health, safety, and wellbeing.

What we said we would do	Progress in 2023
We will achieve an improvement in wellbeing scores over 2023 through implementation of our wellbeing strategy and initiatives.	— The wellbeing strategy has focused on improving health surveillance, providing mental health support and financial guidance.

Sustainability > Principles

Safety performance

We have elevated our focus on leading activities and overall level of risk awareness across the Group. As a consequence the reporting of High Potential Incidents (HiPo) has experienced an increase of 152% compared to 2022.

Whilst there was an increase in overall LTIFR to 3.5 per million hours worked (2022: 3.1), there has been a significant reduction in the number of serious LTIs, with the total injury frequency rate reducing to 17.0 (2022: 17.2) indicating an improved focus on our significant risks of injury.

Leading indicators, such as the VFL visits that we undertake to audit safety behaviour on our sites, increased 7% which should be positive for future outcomes.

At Breedon, we are committed to fostering a robust safety culture. This is underpinned by our dedication to continuous improvement, the support of robust training and development along with the encouragement of personal responsibility when it comes to health, safety and wellbeing.

This approach is further reinforced through our effective approach to communications, comprehensive investigations into both actual and potential incidents, and the

lessons learned to proactively prevent incidents occurring.

We are pleased to report ongoing improvements across several key performance indicators, which is a testament to our collective efforts in prioritising and enhancing health, safety, and wellbeing within our organisational framework.

Bureau Veritas UK is in the process of performing an independent limited assurance opinion on our 2023 data for Combined Total LTIFR, Combined Total IFR and Employee LTISR. The full Limited Assurance Statement will be found on our website, when complete, at www.breedongroup.com/sustainability.

Health and wellbeing

Breedon is committed to a comprehensive health, safety and wellbeing strategy that prioritises the physical, mental, and emotional welfare of our workforce.

As a fundamental part of our Sustainability Framework and our People Plan, our Home Safe and Well programme fosters a culture of wellness and resilience.

Central to this strategy is the promotion of a strong safety culture, emphasising continuous improvement, relevant training,

and a clear personal ownership amongst colleagues for their own health and wellbeing.

We continue to conduct detailed investigations into both actual and potential incidents, providing valuable insights to inform preventative measures and enhance our proactive approach to risk mitigation.

Our strategy includes regular health and wellbeing communications, training programmes and initiatives that address the diverse needs of our workforce. By fostering a holistic approach, we aim to create an environment where every colleague can thrive, both personally and professionally.

Our Wellbeing Framework has been designed to address five core priority areas: mental, physical, financial, social,

and workplace wellbeing.

We have continued to help and support colleagues throughout the year, around their physical, mental and financial wellbeing by providing additional advice and support to all colleagues. Resources such as mental health first aiders have been put in place to support all areas of the business.

In 2024 we will continue our focus on culture and behaviours, introducing our new 'Five Alive' rules. We will enable improved operational management with the introduction of a new reporting system and Integrated Management System platform.



Sustainability > Principles

Quality assurance and continuous improvement

What we said we would do

We are committed to voluntarily disclosing our performance to a credible external framework by end 2023. This will provide a benchmark and gap analysis to aim for incremental improvement in 2024.

Progress in 2023

— We submitted both a Climate Change and a Water Security disclosure to the CDP, achieving a score of B and C respectively.

Breedon’s systems and processes are underpinned by a commitment to quality assurance and continual improvement. We have regular reviews of our stakeholder needs, including customer satisfaction surveys and the evaluation of complaints.

All our production sites are third-party accredited to the ISO 9001 Quality Management Standard and our expert ISO Internal Audit team continually reviews performance against the requirements of the Standard.

Additionally, as part of our continued focus on improvement, our internal team of ISO auditors carried out 586 internal and 87 external safety audits, and 118 internal and 111 external environmental audits in the year.

Our in-house technical teams operate from laboratories, some of which are fully accredited by the United Kingdom Accreditation Service.

This year, we successfully extended the scope of our ISO 45001 Health and Safety accreditation to another 100 sites.

We successfully extended the scope of our BES 6001 accreditation, which was previously held only for our ready-mixed concrete production, to include asphalt and aggregate production.

We have also increased the number of sites certified to the ISO 50001 Energy Management accreditation already held by parts of Breedon Ireland. We extended it to cover all sites in Breedon Ireland, and added new certification to cover all our GB operations, including our Hope Cement Works, bringing our coverage to 98%.

In addition we have undertaken a gap analysis for PAS 2080 Carbon Management with the intention of achieving this accreditation in 2024.



Spotlight on > Breedon Cement

Breedon Cement was announced as the Operations Team of the Year at the recent Operational Excellence Awards held in Dublin.

The win is a testament to the hard work and dedication of all colleagues across Breedon Cement.

The awards recognise and reward the individuals, teams and organisations across the Isle of Ireland who have made a commitment to achieving operational excellence and business transformation.

Sustainability > Principles

Ethics and integrity

What we said we would do

We will undertake a Human Rights Risk Assessment exercise to further inform our Group Risk and Responsible Procurement processes.

Progress in 2023

— We undertook an externally facilitated Human Rights Impact and Supply Chain Risk Assessment exercise with key stakeholders, including operational and support service colleagues.

We aim to operate compliantly, transparently and with integrity, ensuring ethical operations and responsible sourcing.

We are a signatory of the Gangmasters and Labour Abuse Authority's Construction Protocol, committed to eradicating Modern Slavery across our supply chains.

We have increased our focus on ensuring a responsible supply chain and have issued a new Group- level Sustainable Procurement Policy. This is supported by robust supplier approval systems to ensure that our supply chain is aligned with our values.

We are committed to respecting human rights and to empowering individuals and communities to build a better future. In 2023, we undertook a Human Rights Impact Assessment for the Group.

Our refreshed Code of Conduct, which was launched in late 2022, sets the standards of conduct expected of all employees. They must work to the highest ethical standards, comply with the law, and act responsibly.

We have a zero-tolerance approach to bribery corruption and fraud. In 2023, over 1,580 employees who do not have day-to-day IT access received a toolbox talk on the code of conduct, anti-bribery and corruption and modern slavery. Other employees, based on their role, undertake annual online compliance training.

We operate a confidential whistleblowing line, which allows any of our colleagues, customers, suppliers or other stakeholders to raise concerns as to breach of any Breedon policies, or other inappropriate or illegal behaviour.



In 2023 a new Whistleblowing Policy and Process was launched to ensure all complaints are triaged by a designated committee which includes the Chair of the Audit & Risk Committee and Head of Risk and Control. Complaints are then investigated confidentially and professionally with any recommendations implemented accordingly.

A summary of all whistleblowing complaints, and the outcomes, are reported to the Audit & Risk Committee with any recurring themes assessed as to whether a secondary review is required. All stakeholders are encouraged to raise any legitimate concerns. Breedon do not tolerate any reprisals for such reporting.

Sustainability > Principles

Responsible supply chain

Corporate integrity, responsible sourcing and the safety and wellbeing of workers in the countries where we do business are of paramount importance. These core principles are reflected in our Supplier Code of Conduct, which establishes the minimum standards that must be met by any entity that supplies products or services to the Group. We have made a commitment to work only with those whose standards are consistent with ours.

Our Supplier Code of Conduct, Modern Slavery Statement and our Sustainable Procurement Policy Statement can all be found on our website www.breedongroup.com/policies.

To further inform our Group Risk and Responsible Procurement processes, in 2023 we undertook a Human Rights Impact Assessment with key stakeholders, including operational and support services colleagues. The workshops were facilitated by an independent organisation, Action Sustainability, and were attended by key colleagues from our Operations, HR, Safety, Sustainability, Procurement and Legal teams. This exercise assessed our supply chain risk against categories of spend, in line with our new strategic category management approach.

Since the introduction of this approach to procurement a total cost of ownership approach has been implemented for the award of strategic supply contracts. These contracts will be awarded based on quality, sustainability, environmental impact, safety, innovation and cost, using procurement tools such as score cards built with the cross-functional teams of key people from the business.

Collaboration with our supply chain is essential if we are to achieve our sustainability goals. Contracts reviewed and awarded this year for implementation in 2024 include:

- Biffa waste contract to consolidate all hazardous and non-hazardous waste. This supports our ambition to achieve zero waste sent to landfill and is a driver for the circular economy.
- Scotts Pallets was awarded a major timber pallet supply agreement for the next two years. This includes Pallet LOOP to reclaim pallets back from the customer and pallet repair. This supports our aim to reduce environmental impact by reducing new timber usage and supporting a more circular approach.

Spotlight on > BES 6001 certification

Responsible sourcing

Responsible Sourcing of Construction Products is demonstrated through an ethos of supply chain management and product stewardship and encompasses social, economic and environmental factors. It addresses aspects such as stakeholder engagement, labour practices and the management of upstream supply chains.

In 2023 we secured BES 6001 certification across 241 of our sites for our asphalt, concrete, aggregates and bitumen products.

- Asphalt: Ireland and GB scored 'Good'
- Concrete: Ireland and GB scored 'Very Good'
- Aggregates: Ireland scored 'Very Good' and GB scored 'Good'
- Bitumen: Ireland scored 'Very Good'.

In 2024 we will be seeking recertification to the new and more demanding version 4 of the Standard and extending our certification to our concrete block products.



Sustainability > Principles

Good governance

What we said we would do	Progress in 2023
We will review the remit and deliverables of the Planet, People and Places working groups to enable the delivery of our nearer-term targets.	<ul style="list-style-type: none"> Each working group gained an Executive Committee member as sponsor to further direct and drive progress across the divisions.
We will conduct a new Materiality Assessment in 2023 to ensure the Company’s sustainability focus continues to be on the areas of greatest impact and importance to our business and to our stakeholders.	<ul style="list-style-type: none"> An independently facilitated DMA exercise started in December 2023.

Our focus is on effective governance to ensure that we manage our sustainability impacts and our wider business responsibly, and that our commitment to sustainability is considered throughout our operations.

A Board-level Sustainability Committee ensures that the main Board is effective in its oversight of the Group’s Sustainability Framework and Policies, and the consideration and management of climate-related risks and opportunities.

Further details, including membership of the Sustainability Committee, can be found on pages 112 and 113 and the work of the Sustainability Committee during the year is set out on pages 133 and 134.

The CEO, Executive Committee and Head of Sustainability have day-to-day responsibility for climate change and environmental matters and are responsible for the development and implementation of the Group’s Sustainability strategy, which is included in the Group’s annual bonus scheme.

The divisions each have a senior manager who is the nominated Sustainability Business Lead for their division, responsible for effectively embedding the Group’s sustainability objectives and to drive improvement actions in their division.

Each division had agreed specific targets for 2023, aligned with and contributing to the Group’s Sustainability Strategic Framework and Objectives. The achievement of key sustainability targets has been linked to performance incentives.

Cross-divisional working groups, with appointed Executive Committee sponsors, support the divisions in delivering their sustainability targets for each of the Planet, People, Places and Principles focus areas.

Performance against our Sustainability Framework is reported monthly to our Executive Committee and the Board; on a quarterly basis to the Sustainability Committee; annually in our Annual Report; and regularly on our website and through selected ESG indices.

We have clear Group-wide policies and standards that detail the way we do business and our expectations of our colleagues and supply chain, covering issues such as carbon and energy management, environment, quality, human rights, bribery and corruption, and health, safety and wellbeing.

We increased the scope of our external assurance for 2023. Bureau Veritas UK will be providing an independent limited assurance opinion on our 2023 data for Health and Safety metrics, for Scope 1 and Scope 2 GHG emissions, for Scope 3 emissions from purchased cement and clinker, for energy consumption and for concrete and asphalt sales from products with sustainable attributes.

The full Limited Assurance Statement will be available on our website, when complete, at www.breedongroup.com/sustainability.

In December 2023 we began a new DMA process, the outputs of which will guide a review of our strategic approach in 2024, to ensure the Group’s sustainability focus continues to be on the areas of greatest impact and importance to our business and to our stakeholders.

Sustainability > Principles

Stakeholder engagement

What we said we would do	Progress in 2023
<p>We will further align our data and reporting to a recognised sustainability reporting framework.</p>	<ul style="list-style-type: none"> — We tracked the developing International Sustainability Standards Board’s requirements and are preparing for CSRD-aligned disclosures.

Our focus is on multi-level engagement with our customers, investors, employees, suppliers and other relevant parties.

We are active on several topic-specific working groups across the industry, through our memberships of the GCCA, the MPA, the Buildings Materials Federation and the Irish Concrete Federation, ensuring that we are well positioned to collaborate with our peers to tackle the barriers towards a greater adoption of sustainable solutions across the industry.

Some of the shared challenges and opportunities being addressed collaboratively are:

- Net zero delivery. This includes agreeing a standard approach for carbon reporting; consistent EPD and LCA declarations; and exploring potential routes to further decarbonisation, including carbon capture.

- Circular economy.
- Natural environment.
- Concrete production promotion. This includes Green Procurement, changes required to existing specifications in product standards to allow for more sustainable alternatives and mix designs, and consistent sector-wide performance data.
- Social impact.
- Innovation.

As part of our commitment to disclose our performance transparently, we submitted a Climate Change and a Water Security disclosure to the CDP for the first time in 2023 and were scored B and C respectively.

For more detail on our engagement with various stakeholder groups please see pages 116 to 120.



Spotlight on > NPS in Surfacing Solutions

We are always striving to make a material difference to the lives of our stakeholders, including our customers.

NPS is the most widely accepted gauge of customer satisfaction, whereby it measures both customer loyalty and the quality of the customer experience provision. The outputs from the survey are reported from -100 to +100 (a higher score is desirable).

Our first NPS survey for GB Surfacing Solutions received an NPS of +73 for customer satisfaction, classified as 'extremely good'.

48% of our customers by spend were independently surveyed and the results revealed:

- A Net Trust Score of +86 or 'extremely strong'.
- Customers feel that our order processing, efficiency, range of surfacing solutions and staff all exceed expectations.
- Customers believe we have made a 'material difference' and 'working with Breedon is easy'.

While we were pleased to see the hard work of our teams recognised in these scores, there is always more we can do to improve. We strive to collaborate with all of our customers to ensure we provide the most efficient and effective level of service they need.

Future focus for Principles

- Introduce a new reporting and Integrated Management System platform.
- Extend BES 6001 certification to our concrete blocks.
- Achieve PAS 2080 Carbon Management accreditation.
- Complete the DMA and prepare for CSRD-aligned reporting.

Section 172 Statement

Section 172 Statement

The directors believe that they have acted in good faith in a way which is likely to promote the success of the Company for the benefit of its members and other stakeholders through the decisions they have taken in the year to 31 December 2023.

The directors consider the interests of stakeholders and the impact of the decisions it takes. In performing their duties during 2023, the directors have had regard to the matters set out in S172 of the Companies Act 2006. You can read more on how the Board had regard to each matter during the year as follows:



The likely consequences of any decision in the long term	The interests of the Company's employees	The need to foster business relationships with suppliers, customers and others	The impact of the Company's operations on the community and the environment	The desirability of the Company maintaining a reputation for high standards of business conduct	The need to act fairly as between members of the Company
Investment case »10	People »87	From quarry to customer »01	Market review »16	Business model »22	Sustainability »71
Business model »22	Engagement with workforce »117	Business model »22	Operating reviews »36	Managing our risks and opportunities »50	Engagement with workforce »117
CEO review & strategy »28	Monitoring culture »118	Operating reviews »36	Managing our risks and opportunities »50	Governance report »110	Monitoring culture »118
CFO review »44	Diversity reporting »121	Sustainability »71	Sustainability »71	Whistleblowing »130	Stakeholder engagement »119
	Whistleblowing »130			Code compliance »135	

Section 172 Statement

	Colleagues	Customers and suppliers	Communities	Investors and lenders	Regulators, local government, industry associations
Key concerns	<ul style="list-style-type: none"> — Physical working conditions — Pay and benefits — Communication — Opportunities for development and training — Health, safety and wellbeing — Sustainability 	<ul style="list-style-type: none"> — Product development — Service levels — Sustainability commitments — Product quality — Payment practices — Cost 	<ul style="list-style-type: none"> — Noise — Transportation routes — Health and safety — Environment — Communication — Support for local causes 	<ul style="list-style-type: none"> — Governance — Profitability and return on investment — Sustainability commitments — Dividend policies — Environment — Strategy 	<ul style="list-style-type: none"> — Climate change — Emissions and discharges — Site restoration and aftercare — Health and safety — Logistics practices — Planning compliance
Direct methods of engagement	<ul style="list-style-type: none"> — Colleague focus groups — Colleague groups and social committees — DNED for workforce engagement — Personal development reviews 	<ul style="list-style-type: none"> — In person engagement — Contracts and terms of business — Tender quotations 	<ul style="list-style-type: none"> — Targeted consultations — 360 feedback — Local liaison meetings — Good neighbour plans — Community events — Site tours, open days — School visits 	<ul style="list-style-type: none"> — Capital Markets event — Site visits and field trips — One-to-one meetings — Telephone calls — Investor conferences — Brokers' contacts — AGM and General Meetings 	<ul style="list-style-type: none"> — Regulator visits and meetings — Liaison with local MPs and government offices — Participation in industry associations
In-direct methods of engagement	<ul style="list-style-type: none"> — Colleague engagement surveys — Intranet, post, emails, newsletters, notices 	<ul style="list-style-type: none"> — Third-party engagement — Website — Industry associations 	<ul style="list-style-type: none"> — Social media — Letters, emails, notices — Websites 	<ul style="list-style-type: none"> — Website — Annual Report and Accounts — Social media 	<ul style="list-style-type: none"> — Mandatory returns and applications — Notices
Value created	Improved engagement with colleagues ensures we develop, motivate and retain our valued workforce while promoting and attracting new colleagues who want to work for us.	Engaging with our customers helps us deliver excellent customer service and 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 and take into account 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 lenders ensures that they have a clear understanding of our business and objectives and are prepared to continue with their financial support.	Through our engagement we are able to respond and contribute to sector needs and requirements, deliver on compliance and regulatory standards, and have input in their development.

Section 172 Statement

Board decisions

2023 stakeholder impact

Here we describe some of the key Board decisions taken in the year and how stakeholder interests were considered as well as other S172 considerations.



Alternative raw material project

Context

The Board, with the Cement division management team, evaluated a project that would allow production at Hope to use a range of alternative raw materials in the clinker production process, which include PFA and Welsh slate. In order to facilitate the use of these alternative raw materials and the use of rail-fed supplies, a new handling and storage facility would need to be constructed. In January 2023 the Board gave approval for the investment.

Consideration of S172 stakeholders

- Customers and suppliers – commercial negotiations with suppliers.
- Communities – direct engagement with local residents/stakeholders regarding intentions for this project for a number of years with public consultations held both virtually and in person.
- Regulators, local government and industry associations – engagement with the Environment Agency regarding our permit to operate and with the Peak District National Park Authority.

Value created

The project enables Hope to increase the use of secondary materials while enabling a significant reduction in sulphur dioxide emission limits.

Section 172 Statement

Dividend



Context

In June 2021, the Board implemented a structured cash return to shareholders in the form of a committed and progressive dividend policy that targeted a consistent return to shareholders of around 40% of underlying earnings over time.

Consideration of S172 stakeholders

— Investors and lenders – at the AGM in April 2023 the Board recommended the payment of a final dividend in respect of the year ended 31 December 2022. In recommending the dividend the Board took into account the historic and prospective profitability and cash generation of the Group and the Group's Covenant Leverage. The cash

cost of the dividend was also considered as part of the preparation of the Group's Viability Statement.

— A number of shareholders were present at the 2023 AGM and were given the opportunity to engage with the Board. All resolutions were passed.

Value created

For the year ended 31 December 2022 a total shareholder dividend was paid of 10.5p. Subject to approval at the AGM in April 2024, a total dividend of 13.5p will be paid in respect of the 2023 financial year.

Assuming that the 2023 final dividend is approved by shareholders, the Group will have achieved its target dividend policy.

AIM to Main



Context

The Board considered that the Admission to the Main Market of the London Stock Exchange would further enhance Breedon's corporate profile and recognition, as well as extending the opportunity to invest in the Group to a broader investor population. At the same time the Board felt that it was appropriate that the Group create a new holding company incorporated in England and undertake a 5:1 share consolidation.

Consideration of S172 stakeholders

— Investors and lenders – a General Meeting for shareholders was held regarding the new holding company and the share consolidation. A prospectus was issued to shareholders regarding the application

for the new listing. Many shareholders attended this meeting in person and engaged with the Board.

— Regulators, local government and industry associations – applications made with the Financial Conduct Authority (FCA) and the London Stock Exchange for the ordinary share capital of the Company to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market.

Value created

Breedon is now a constituent of the FTSE 250 Index and the listing has enabled index tracker funds together with a broader group of international shareholders to invest in the Company.

Section 172 Statement

2030 SBTi target and net zero commitment



Context

The Board took the decision to engage with the SBTi and commit to develop SBTi aligned near-term and 2050 Net Zero emissions reduction targets for the Group.

Consideration of S172 stakeholders

- Customers and suppliers – the Board approved a new Sustainable Procurement Policy to promote the reduction of Scope 3 emissions in the supply chain.
- Communities – reducing emissions in line with SBTi reduction pathways aims to mitigate the worst impacts of climate change on communities locally and globally.

- Investors – SBTi is recognised by investors as a credible framework.
- Regulators, local government and industry associations – active engagement through our memberships with the MPA and GCCA to influence and drive progress on the key levers needed to achieve the emissions reductions.

Value created

The Board acknowledge that the SBTi targets are recognised by and provide confidence to our investors, customers and suppliers.

Acquisitions



Context

During the year, the Group acquired three businesses to enhance the current business portfolio: Robinsons, Broome Bros and Minster. Each of the acquisitions was presented to the Board by the acquiring division.

Consideration of S172 stakeholders

- Customers and suppliers – engagement and assurance provided with customers and suppliers regarding the continuation of services.
- Colleagues – joining the Group as enabled our new colleagues have access to Breedon benefits including share schemes.

Value created

The Group's active M&A pipeline has continued to yield high-quality earnings enhancing opportunities that enable the Group to progress its sustainable growth strategy.

Each of the acquisitions is aligned with our vertically-integrated operating model, providing further opportunity to pull through upstream building materials while extending our downstream footprint to deliver profitable growth.

Governance

Board of Directors	»112	Nomination Committee report	»131
Corporate governance statement	»114	Sustainability Committee report	»133
Board in action	»115	Compliance statement against the Code	»135
Engaging with our workforce	»117	Directors' Remuneration report	»145
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Audit & Risk Committee report	»125	Directors' report	»169
		Statement of directors' responsibilities	»172



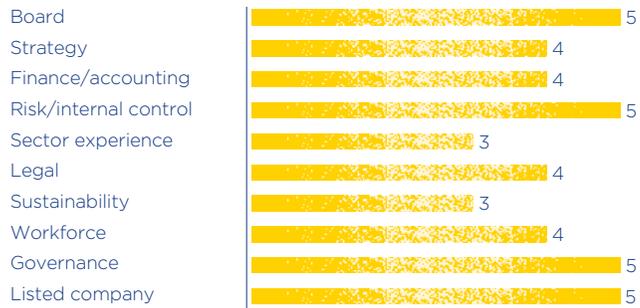
Corporate governance at a glance

Board overview

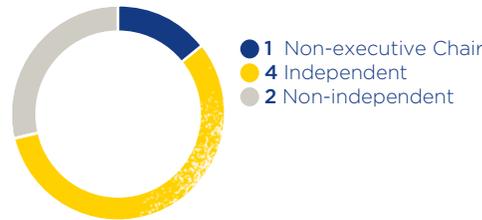
Non-executive tenure



Non-executive experience



Independence



Attendance

	Board	Audit & Risk	Remuneration	Nomination	Sustainability
Amit Bhatia	6/6	-	-	3/3	3/3
Rob Wood	6/6	-	-	-	-
James Brotherton	6/6	-	-	-	-
Carol Hui	6/6	3/3	5/5	3/3	3/3
Pauline Lafferty	6/6	3/3	5/5	3/3	3/3
Helen Miles	6/6	3/3	5/5	3/3	3/3
Clive Watson	6/6	3/3	5/5	3/3	3/3

Ethnicity

White Ethnic minority representation



Gender

Male Female



Board of Directors

Board leadership

Our Board comprises an executive leadership team with extensive knowledge of the international construction materials industry, supported by experienced non-executive directors who bring strong governance disciplines and a valuable external perspective to our business.

Messrs Wood and Brotherton were appointed Directors of new Breedon Group plc on 17 March 2023 with the remaining directors on 26 April 2023. The biographical details given on these pages provide the first appointment dates to old Breedon Group plc which was registered in Jersey.

Key

- A** Member of the Audit & Risk Committee
- R** Member of the Remuneration Committee
- N** Member of the Nomination Committee
- S** Member of the Sustainability Committee
- Committee chair

**Amit Bhatia**

Chair of the Board

N S Independent: No

Amit was appointed to the Board in August 2016, appointed Deputy Chairman in April 2018 and Chair in May 2019.

Skills, experience and contribution

Amit has over 20 years' corporate finance and private equity experience. He is a founding Partner at Summix Capital, a strategic land and property fund. He was Executive Chairman of Hope Construction Materials until it was acquired by Breedon Group in August 2016 when he joined the Board as a non-executive.

Amit has a strong strategic and entrepreneurial approach which he brings to the Board together with his governance and stewardship experience which, as Chair, continues to ensure the long-term success of the Group.

Other positions held:

- Director, Queens Park Rangers Football Club
- Partner at Summix Capital
- Managing Director – AyBe Capital Advisers Limited

**Rob Wood**

Chief Executive Officer

Independent: No

Rob was appointed to the Board in March 2014 as Group Finance Director and took the position of Chief Executive Officer in April 2021.

Skills, experience and contribution

Rob has 20 years' experience in the international building materials industry. He qualified as a Chartered Accountant with Ernst & Young and subsequently joined Hanson PLC where he held a number of senior positions including Finance Director Brick Continental Europe, Finance Director Building Products UK and Chief Financial Officer Australia and Asia Pacific. Following the acquisition of Hanson PLC by HeidelbergCement AG, Rob returned to the UK and joined Drax Group plc as Group Financial Controller. During his time at Drax he also spent a period of time as Head of Mergers & Acquisitions.

Rob has held an executive position on the Board for a number of years bringing solid and invaluable operational leadership, as both Group Finance Director and Chief Executive Officer and fully understands the challenges and opportunities for the Group.

Other positions held:

- None

**James Brotherton**

Chief Financial Officer

Independent: No

James was appointed to the Board in April 2021 as Chief Financial Officer.

Skills, experience and contribution

James joined Breedon in January 2021. Previously he was CFO of Tyman Plc between 2010 and 2019, prior to which he was Director of Corporate Development. Earlier in his career, James worked in investment banking roles at Citi and HSBC, after qualifying as a chartered accountant at Ernst & Young.

James has considerable international construction sector and corporate experience in the areas of finance, strategy, operational efficiency, systems development, mergers and acquisitions and business integration and has contributed significantly to the financial longevity and strategic success of the Group.

Other positions held:

- Director, The Quoted Companies Alliance
- Member of the Panel on Takeovers and Mergers
- Member of the Pre-Emption Group

**Carol Hui, OBE**

Non-executive Director

A R N S

Independent: Yes

Carol was appointed to the Board in May 2020 and as Chair of the Sustainability Committee in January 2022.

Skills, experience and contribution

Carol was the Non-executive Chairman at Robert Walters plc, an Executive Board Director at Heathrow Airport Limited and held senior positions at large companies including Amey plc and British Gas plc. Previously she was a corporate finance lawyer with Slaughter and May. Carol is an experienced non-executive director having served on varied boards in major infrastructure, real estate, tourism, charities, consultancy and education. She has received numerous legal and business awards throughout her career. Carol received an OBE in the 2024 New Year's Honours List for her services to tourism.

Carol brings a diverse perspective to the Board and provides it with valuable insight from her extensive strategic, commercial, legal and sustainability expertise.

Other positions held:

- Non-executive Director, Grainger plc, Chair of Responsible Business Committee
- Non-executive Director, Lord Chamberlain's Committee, Royal Household
- Board Trustee, Christian Aid

**Pauline Lafferty**

Non-executive Director

A R N S

Independent: Yes

Pauline was appointed to the Board and as Chair of the Remuneration Committee in August 2021 and is the Designated Non-executive Director for Workforce Engagement.

Skills, experience and contribution

Pauline brings significant experience from an international career spanning manufacturing and supply, executive search and human resources. Since retiring from her role as Chief People Officer at Weir Group plc, where she was responsible for progressing the Group's agenda on all aspects of strategic HR, she has embarked on a non-executive portfolio that includes being the Chair of the Remuneration Committee for XP Power Limited and Scottish Events Campus Limited. Prior to Weir Group plc, Pauline was a Partner with The Miles Partnership and an Executive Director at Russell Reynolds Associates in the UK and Australia, and Asia Pacific Director of Materials & Supply at Digital Equipment Corporation in Hong Kong.

Pauline brings to the Board significant experience with regards to human resources, particularly in the key areas for the Board of talent, development and retention, employee engagement and cultural change. Pauline is a strong advocate on the Board for both employee engagement and positive culture changes.

Other positions held:

- Non-executive Director, XP Power Limited, Chair of Remuneration Committee

**Helen Miles**

Non-executive Director

A R N S

Independent: Yes

Helen was appointed to the Board in April 2021 as an independent Non-executive Director.

Skills, experience and contribution

Helen brings with her a breadth of operational and commercial experience having worked within regulated businesses together with her broader infrastructure experience developed across Telecoms, Leisure and Banking. As a member of the UK Board, Helen was instrumental in delivering HomeServe's future growth strategy and ensuring a sustainable, customer-focused business. As an experienced finance professional, Helen was previously Chief Financial Officer for Openreach, part of BT Group plc, and has extensive experience of delivering major business transformation across the Group. Prior to BT Group, Helen worked in a variety of sectors and organisations such as Bass Taverns Limited, Barclays Bank plc, and Compass Group plc.

Helen's strong expertise in the Board's key areas of growth strategy and sustainability and her customer-focused business and transformation experience, fully supports and complements the Board's skill set. Helen brings skills associated with her current appointment as an executive on a FTSE 100 Board.

Other positions held:

- Chief Financial Officer, Severn Trent Plc

**Clive Watson**

Non-executive Director

A R N S

Independent: Yes

Clive was appointed to the Board in September 2019 and became the Senior Independent Director and Chair of the Audit & Risk Committee in April 2020.

Skills, experience and contribution

Clive has considerable finance experience, having previously been the Group Finance Director of Spectris plc, Chief Financial Officer and Executive Vice President for business support at Borealis, Group Finance Director at Thorn Lighting Group and held a variety of finance roles at Black & Decker. In 2019, Clive retired as a Non-executive Director of Spirax Sarco Engineering plc, where he was Chair of the Audit Committee and Senior Independent Director.

Clive is both a Chartered Accountant and member of the Chartered Institute of Tax with significant finance experience in a variety of industries which allows him to continue to support the Board with its long-term success.

Other positions held:

- Non-executive Director discoverIE Group plc, Chair of Audit & Risk Committee
- Non-executive Director Kier Group plc, Chair of Risk Management & Audit Committee
- Non-executive Director Trifast plc, Senior Independent Director and Chair of Audit and Risk Committee

Corporate governance statement



2023 has been an impactful year with regards to governance particularly following our move from AIM to a Main Market listing and the associated change to our adoption of the UK Corporate Governance Code.

Amit Bhatia
Chair

Until 16 May 2023, while listed on the AIM market of the London Stock Exchange, the Board complied fully with the QCA Corporate Governance Code.

On 17 May 2023 the Group adopted the Code. Set out on pages 135 to 144 is how we have met the provisions and principles of the Code since our move to the Main Market and where we have not, further details have been provided. We had positioned ourselves with the principles of the Code while we were still AIM listed and have therefore experienced a smooth transition. During 2024 the Board will be reviewing the newly published revised Code to align with the governance expectations of all our stakeholders.

The Board is committed to an inclusive environment, with its role being to influence and monitor culture to ensure that policy, practices and behaviour throughout our entire organisation are aligned with the Group's purpose, values and strategy.

The Board reviews its Group Diversity and Inclusivity Policy annually and in 2023 adopted a Board Diversity and Inclusion Policy to support the Board's attainment

of the recommendations of the Listing Rules, FTSE Women Leaders Review and the Parker Review. Further details can be found on pages 121 and 122 and I am pleased to report that we meet two of the three criteria, set out in the Listing Rules. The Board will continue to review its composition and succession plan in line with the Policy.

The Board have undertaken direct engagement with colleagues, taking part in two site visits in the year where all directors were able to meet with colleagues from our Ireland, Cement and GB Materials businesses. Pauline Lafferty, our Designated Non-executive Director for Workforce Engagement, has separately undertaken direct engagement with colleagues, the outcome of which was subsequently shared with the Board. See page 117 for further information on Board engagement.

The Board approved a revised Whistleblowing Policy and process to ensure that our colleagues may raise any concerns confidentially. We were pleased to receive positive feedback following the annual 'Your Say' survey and following our

first cultural health and safety survey, the Board can more closely monitor culture with regards to the health, safety and wellbeing of our colleagues.

During the year, we further embedded our Sustainability Committee which continues to oversee our sustainability strategy objectives and goals. The Board has developed a robust framework for measuring progress against sustainability objectives and targets on our achievement towards our carbon reduction and net zero pathways and how short-term targets are linked to the Group's Remuneration Policy as a key stakeholder consideration. The report of the Sustainability Committee can be found on pages 133 and 134 and the Sustainability report can be found on pages 71 to 104.

Amit Bhatia
Chair

6 March 2024

Board in action

Board in action

The Board held six scheduled meetings during the year together with two site visits, a strategy day and two Board update calls.

Each meeting of the Board and Committees were attended by all respective members. If the Board needs to make decisions in between meetings, it can do so through unanimous approval by email however will only do so in such situations where the matter has been discussed at previous meetings so that directors are fully appraised, have had the opportunity to ask questions and are therefore in a position to make a fully informed decision.

The Board has delegated certain aspects to Board Committees, details of which can be found on pages 138 to 140.

The Board held various dinners throughout the year, some of which were exclusively for non-executive directors and some which included the whole Board, the Executive Committee and their leadership teams. No decisions are made at dinners. However these present the Board with the opportunity to discuss matters impacting the business in an informal manner and provides the opportunity to engage with colleagues outside the workplace setting.

The non-executive directors meet without the executive directors being present either as part of a Committee meeting or prior to each Board meeting. On a regular basis, individual members of the Executive Committee and leadership team are invited to attend to present on strategic or operational matters.

Key topics for the Board

Strategy

- Strategic Plan reviewed
- Acquisitions
- Move to Main Market
- Creation of new holding company
- 5:1 share consolidation
- External adviser strategy presentations
- Economics update
- IT and cyber security

Financial

- CFO reports on financial performance
- Budgets and forecasts
- Final and interim dividend
- Going Concern and Viability Statement
- Assessment of fair balanced and understandable
- Investor Relations Reports and interactions
- Preliminary Results
- Annual Report and Accounts
- AGM Trading Statement
- Half-Year Results
- November Trading Statement

Operational

- Presentations from GB Materials, Cement, Ireland
- Board visits to Ireland and Mansfield
- CEO reports on operational activity
- Modern Slavery Statement

Risk and governance

- Risk appetite and principal risk review
- Board performance external review
- Legal and litigation update
- AGM
- Insurance review
- Directors' responsibilities training
- Audit reviews
- Audit issues and judgements
- Whistleblowing reports
- Board succession and dynamics
- Matters Reserved to the Board
- Declaration of Interests

People and organisation

- Health, safety and wellbeing reports
- Succession planning
- Talent management
- Diversity and Inclusion Policy
- Gender Pay report
- Employee engagement and culture
- Remuneration, incentives and share awards
- Directors' Remuneration Policy

Sustainability

- Alternative raw material project approval
- Sustainability strategic objectives and targets
- SBTi and net zero commitment
- ESG performance
- Sustainability risks and opportunities
- ESG policies

Board in action

Training and updates

The Board receive regular training opportunities during the year including governance, regulatory and operational updates. As part of the move to the Main Market, the Board received an externally facilitated training session on Directors' Duties. In addition the Board received a presentation on the economy and markets from the CPA, business presentations from various managing directors and their finance directors together with internal presentations on areas that were of importance to the Board including cyber security and workforce engagement.

Further details on the impact on stakeholders through the Board's decision-making, can be found in our S172 statement on pages 105 to 109.

Getting to know our people

Our modern cement plant, Kinnegad

In January, the Board visited Ireland to inspect our cement plant in Kinnegad, Co. Westmeath. Commissioned in 2002, the site is one of the most modern cement plants in Europe.

The Board visited surfacing works that were being carried out nearby, then took a tour of Lobinstown quarry and met the workforce on site.



The Board site visit to Kinnegad cement plant January 2023

The Board also took the opportunity to sit down for a meal with several colleagues from the Cement business including Brick and Tile.

The visit offered the Board valuable insights into how our cement facilities function, and the opportunity to engage with a number of our people.



Our new asphalt plant, Mansfield

The Board visited our Mansfield, Nottinghamshire asphalt plant in September for a tour and to meet with colleagues.

Mansfield is one of our newest facilities, installed in 2022 at a cost of £6.9m to replace an existing ageing plant, and offers greatly expanded capacity and reduced power consumption.



The Board enjoyed the opportunity to see one of our most modern asphalt plants in action, and to better understand the perspective of the people working there, finishing off the day with a dinner with several Breedon GB Materials employees.



The Board site visit to Mansfield in September 2023

Engaging with our workforce

Engaging with our workforce

Our colleagues are the people behind our brand. They know our business better than anyone, with a diverse range of views and experience, making them well placed to help us identify new ways of working and opportunities for improvement.

Board engagement with colleagues



The Board uses various channels to understand the views of colleagues. How these interests have been considered in Board discussions and decision making can be found in the Section 172 Statement on pages 105 to 109. The Board gathers feedback on what colleagues need to support them to be their best and to ensure Breedon continues to be a great place to work.

In addition to sites visits that the Board undertook (see page 116), Pauline Lafferty our DNED for Workforce Engagement during September and October held face-to-face and virtual sessions across both our GB and Ireland businesses.

Each session is designed to involve colleagues at differing levels of experience, grade and role to stimulate good discussion. Various topics were covered such as engagement, training and development, site leadership, employee recognition mechanisms and colleague communications.

Updates are provided to the Board following all engagement activities to ensure colleagues views are kept at the centre of the Board's decision-making.

The Board also utilises indirect methods of engagement with colleagues and received the results of the engagement survey, Your Say. The colleague engagement survey provides key insights into people data and trends and levels of engagement, together with the areas of focus for the company for the forthcoming year.

Our colleague wellbeing continues to be paramount, and we have continued to 'show that we care' when it comes to all aspects of health, safety and wellbeing. Support and guidance has been provided throughout the year around the physical and mental wellbeing of our colleagues through the provision of external support such as financial wellbeing webinars covering debt and budgeting, and pensions, together with details of the Company's share schemes and how colleagues can participate. Further information on employee engagement can be found on pages 87 to 92.

The Board's 2024 annual business programme provides for ongoing direct engagement with colleagues through both site visits and sessions undertaken by the DNED for Workforce Engagement ensuring that Breedon remains a great place to work.

Monitoring culture

Monitoring culture

All Group colleagues are expected to maintain an appropriate standard of conduct in all of their activities, and the directors seek to set the tone for such behaviour through their own actions.

To promote a common culture across the organisation, we have defined a clear purpose and set of values that support the successful delivery of our strategy. Led by the Board and Executive Committee, the Group continues to embed the purpose 'to make a material difference to the lives of our colleagues, customers and communities' to create a workplace where people feel safe, proud and motivated to do their best.

Our purpose is underpinned by our values: keep it simple; make it happen; strive to improve; and show we care. These values were formally introduced at the beginning of 2020 following collaboration across our workforce to ensure that they were relevant to and resonated with our people.

A Company-wide programme of workshops ensured that our values and behaviours were well understood, and they are now an integral part of our Company ethos and an established way of working together to ensure long-term success.

This is maintained through our leaders, embedding of values and behaviours in all learning interventions and colleague engagement through a variety of means, including annual engagement surveys. The Board has received regular reports and provided oversight and guidance throughout, recognising the importance and benefits of clear and embraced values and culture to the workplace experience.

The Board recognises the importance to monitor our culture for the Group, with its role being to influence and monitor culture to ensure that our policy, practices and behaviour throughout our entire organisation are aligned with the Group's purpose, values and strategy.

During the year, the Board has monitored culture in a number of ways, including:

- Receiving health and safety statistics at all Board meetings, together with regular updates on the Group's activities to further enhance the culture of safety within the business.
- Through the Group's colleague engagement activities including the annual Your Say survey, feedback on the Group's diversity, equity and inclusion approach and through direct engagement with colleagues.

We have established a number of sub-committees. Through our sustainability framework we measure our performance indicators to drive our sustainability performance, while increasing transparency and disclosure, all under our framework of Planet, People and Places, underpinned by our Principles.

Our number one priority remains sending our colleagues Home Safe and Well. This year we carried out our first cultural survey, which provided us with a benchmark on our health, safety and wellbeing culture. The results gave the business valuable feedback on what our colleagues thought worked well and the areas that need to be improved.

This will be further supported by effective health, safety and wellbeing communications, detailed investigations into both actual and potential incidents, and the sharing of lessons to help to prevent recurrence.

Breedon remains focused on being a great place to work. At the heart of this is nurturing a culture of respect; valuing colleagues for who they are and the individual experience and perspectives they bring to Breedon. This is achieved by creating a sense of team and investing in colleagues so they have the opportunity to grow, learn and be the best they can be.

We support colleagues with technical and professional qualifications, funded through our levy and business sponsorship. We have strengthened our relationships with existing training providers across the UK and established new relationships.

Engaging with shareholders

Engaging with shareholders

The Board is committed to maintaining regular dialogue with our shareholders and market participants, supporting a comprehensive programme of investor relations activity.

Our approach

We encourage clear and transparent communication to promote a full understanding of Breedon's business model and strategy. The programme includes direct Board engagement through the Chief Executive Officer and Chief Financial Officer, with Chair participation upon request. All directors are available to meet with shareholders at our AGM.

The Board receives regular reports providing updates on key market events and share price performance, shareholder engagement and register analysis, analyst forecasts and recommendations, market updates and investor relations activities. Investor and market participant feedback are shared with the Board and contribute to the strategic decisions taken by the Board.

Meeting activity

Through the year we undertook nearly 400 meetings and interactions with institutions and private investors, extending our engagement with non-holders and non-UK investors. The Board conducted an active engagement programme with private shareholders in relation to our move from AIM to the Main Market. The Chair of the Remuneration Committee engaged with investors regarding our Remuneration Policy.

Top questions



“How are end-markets performing?”

Our primary markets, infrastructure and housebuilding, are underpinned by long-term structural growth drivers. Short-term both markets have experienced macroeconomic headwinds with rising interest rates and persistent inflation impacting the purchasing power of private households and public bodies.

Market review »16

“How have volumes and pricing responded to short-term macroeconomic volatility?”

Volumes of our products have moderated. However, industry fundamentals have stayed resilient and end-market demand

has remained sufficient to support robust pricing, ensuring full cost recovery.

Chief Executive Officer's review and strategy »28
 Operating reviews »36

“What are your plans for M&A expansion?”

We have an active M&A pipeline of opportunities in GB and Ireland where we seek to in-fill our existing footprint, add downstream routes to market and new capabilities. In addition, we are evaluating opportunities in the US.

Chief Executive Officer's review and strategy »28

“What are your priorities for capital deployment?”

Our disciplined financial framework sets out how we allocate capital to the multiple growth options available to us. The framework prioritises sustainable growth, promoting return on invested capital and profitability while ensuring a strong and flexible balance sheet.

Chief Executive Officer's review and strategy »28
 Chief Financial Officer's review »44

Engaging with shareholders

Investor relations activity in 2023



February

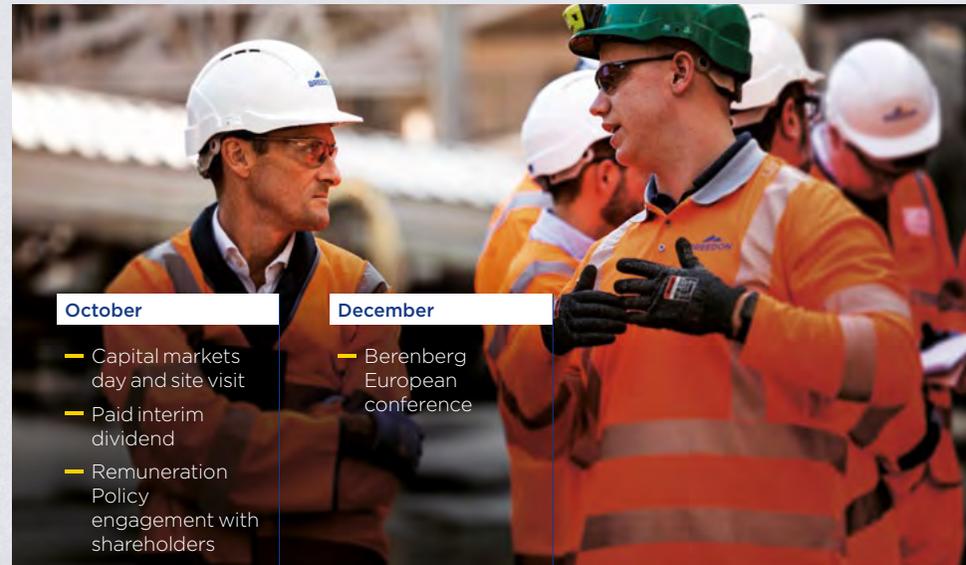
- Closed period

April

- Q1 trading update
- Held AGM, EGM & Court Meetings

June

- Sustainability investor site visit to Hope



October

- Capital markets day and site visit
- Paid interim dividend
- Remuneration Policy engagement with shareholders

December

- Berenberg European conference

January February March April May June July August September October November December

March

- 2022 Annual results
- Investor roadshow; London, virtual
- Published notice of intention to move from AIM to Main Market
- Published 2022 Annual Report and Accounts, Notice of shareholder meetings
- Berenberg UK Corporate conference

May

- Paid final dividend
- Investor roadshow; Edinburgh
- Institutional investor lunch
- UBS Pan-Europe Small and Mid-cap conference
- Publication of Prospectus
- AIM to Main Market London Stock Exchange launch event

July

- 2023 interim results
- Investor roadshow; London, virtual

September

- Investor roadshow; London, virtual

November

- Ten-month trading update
- Investec UK CEO conference
- Goodbody Annual Equity Conference
- Chair ad hoc meetings



Diversity reporting

Diversity reporting

The Board, and the Group, are committed to improve our diversity and inclusion and strive to build a culture where all colleagues feel they can belong.

FCA Listing Rules

FCA Listing Rule target	Position as at 31 December 2023	Outcome
At least 40% of Board directors are women	43%	Achieved Three Board directors were women
At least one senior Board position* held by a woman	0	Not met No senior Board positions were held by women
At least one Board director from a minority ethnic background	29%	Achieved Two Board directors were from a minority ethnic background

* Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer.

We achieved two of the three FCA Listing Rules targets

All appointments to the Board are made on the basis of merit, having regard to diversity to allow contribution from a range of views, insights, perspectives and opinions together with the skills, experience, independence and knowledge it can bring to Board decision-making and effectiveness.

The Nomination Committee keeps the composition of the Board, and its diversity, under close review and in 2023 approved a Board Diversity and Inclusion Policy in which it supports the FCA Listing Rules targets. The Nomination Committee considers the wider benefits of diversity to include age, gender, ethnicity, educational profile and socioeconomic background.

As at 31 December 2023, the Board acknowledges that no senior Board positions were held by women. However, the Chair of both the Remuneration Committee and Sustainability Committee was held by a woman.

The Nomination Committee will review annually the progress on the implementation of the Board Diversity and Inclusion Policy to meet the FCA Listing Rules targets.

FTSE Women Leaders Review

In February 2022 the FTSE Women Leaders Review, which succeeds and builds upon the success of the Hampton-Alexander Review and Davies Review, announced its gender diversity targets for FTSE 350 companies. Their target is for women to comprise 40% of all FTSE 350 boards by the end of 2025 and 40% of leadership teams to be women by the end of 2025 (leadership team is defined as the Executive Committee and their direct reports). At 31 December 2023, the Board was represented by 43% women and for our leadership team this was 27%.

Diversity reporting



43%
of women on the Board

27%
of women in the leadership team

	Number of Board Members	Percentage on the Board	Number of Senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	5	71%	3	8	100%
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	2	29%	1	0	0
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Approach to data collection

All colleagues are asked to provide the Group with information regarding their gender and ethnicity when they join. If provided, the gender and ethnicity information for colleagues is entered into the Group’s HR Information System. Colleagues can update this information at any time during their employment and are periodically reminded to provide their gender and ethnicity information.

The Board are asked to provide the same information to the Company Secretary which is confirmed on a regular basis.

Colleagues and the Board are able to self-identify as either male, female or “other”. For ethnicity, they are asked to self-identify based on the Office for National Statistics ethnicity categories.

Annual Board performance

Annual Board performance

As a company newly adhering to the UK Corporate Governance Code, this was our first Code-compliant external Board performance review. We will continue to conduct these external reviews every third year.

Comprehensive external review

The Board Performance Review took place during 2023, with the main review period being that of June to September 2023. The objective of the review was to evaluate how the Board had progressed since the previous external review which had taken place three years prior and to review the Board's strengths and to recommend further improvements that could be made for the continued effectiveness of the Board.

Broader scope

The scope of the evaluation was broader than that conducted three years ago and included a comprehensive review of all aspects of the Board's effectiveness and that of its Committees. Particular focus was on succession planning, dynamics, risk and control, secretariat, people and culture, ESG, environment and safety and stakeholders.

Criteria and responsibilities

A number of different criteria were used during the performance review including observations of Board and Committee meetings, reviewing Board and committee papers and one-to-one interviews with the individual members of the Board,

Company Secretary, Group People Director, Deputy Company Secretary, Head of Sustainability, Group Financial Controller and Group Head of Risk and Control. External parties who support the Board, namely the external audit partner, internal audit partner and the remuneration consultant were interviewed on a one-to-one basis.

The Company Secretary was responsible for providing the external reviewer with the necessary access and support, and the Senior Independent Director (SID) and Chair were identified as the reviewer's escalation point.

External evaluator appointment and process

Independent Audit were appointed by the Board to carry out the Board performance review. Independent Audit do not have any other connection with the Company or any of the individual directors or anyone that took part in the review. During the process, Independent Audit met with the Board as a whole and with individual directors to undertake the evaluation.

Independent Audit undertook the previous external review which had taken place in 2020. In that regard, they had been appointed following a tender process which had been overseen by both the

Chair and Senior Independent Director. For the review in 2023 Independent Audit were appointed by the Board with no other candidates shortlisted.

The Board considered independence and objectivity of appointing Independent Audit alongside that of continuity and development during the Board's transition to a Main Market listing. As Independent Audit had undertaken the previous external review, some members of the team changed to provide independence whilst maintaining some continuity. The review was supported by a different partner who undertook a peer review of the final report.

As part of the Board performance review, Independent Audit performed a high-level review of Breedon's current Internal Audit arrangements with the objective to consider whether the Board should commission an external quality assessment (EQA) of Internal Audit. Following the outcome of the review, the Board have agreed that an EQA will be undertaken in the first half of 2024. No other services were or are provided by Independent Audit to the Company. Independent Audit are a signatory of The Chartered Governance Institute Code of Practice for Independent Board Reviewers.

Annual Board performance

Outcomes

There were three areas for consideration identified by the external Board Performance Review which were presented to the Board, together with a number of strengths.

Areas for consideration by the Board

1. Further develop the Board's strategic role;
2. Continue the development of the assurance framework; and
3. Deepen the Board's contact within the organisation.

The Board accepted all three considerations and the actions to ensure that they are implemented in a way to support the Board's continued effectiveness. These include the inclusion of an annual strategy day into the Board programme; the commissioning of an EQA of internal audit which will take place in the first half of 2024; and development further of the Board's engagement plan with more regular interaction to a wider group.

Strengths identified

It was noted from the external Board performance review that the current composition of the Board brought a broad range of business and functional skills. The review did not identify any adverse composition findings, therefore the Board have concluded that no changes to the Board composition are required as a consequence of the evaluation.

Other strengths that were identified are:

- The Board was chaired by a highly respected Chair;
- The executive directors were praised for their delivery of consistently strong business performance;
- There was strong engagement and setting of the right level of strategic ambition for growth and sustainability;

- There is a common commitment to health and safety;
- The Audit & Risk Committee, the finance function and risk and controls have strengthened the risk and assurance framework;
- All Committees were well chaired; and
- The Board papers were of high quality with the Board being supported with professional guidance.

“Independent Audit identified in their report that the Board had evolved and strengthened considerably since their last review three years ago.”

Audit & Risk Committee report



The Audit & Risk Committee maintained its focus on **ensuring high standards** of financial governance during the year.

Clive Watson

Chair, Audit & Risk Committee

Attendance

	Meetings attended	Eligible to attend
Clive Watson	3	3
Carol Hui	3	3
Pauline Lafferty	3	3
Helen Miles	3	3

The role of the Committee is to monitor the integrity of the Group's financial statements and ensure that the interests of shareholders are properly protected in relation to financial reporting, internal control and risk management.

The Committee monitors and reviews the effectiveness of the internal control and risk management framework alongside the wider compliance environment operating within the Group, which includes the Group's whistleblowing arrangements.

The Committee makes recommendations to the Board in respect of the appointment of the external auditor, reviews and monitors their independence and objectivity, and approves their remuneration. It consults with the external auditor on the scope of their work and reviews all major points arising from the audit.

The Committee oversees the Group's outsourced internal audit function which reports directly to the Committee, and has responsibility for appointing the Head of Internal Audit, approving the annual internal audit plan, reviewing key outputs from internal audit reviews and assessing the performance of the function.

The Committee has relevant financial experience at a senior level as set out in the biographies on pages 112 and 113.

Terms of reference

The Committee's terms of reference reflect the current regulatory requirements and best practice appropriate to the Group's size, nature and stage of development.

They were last revised in 2023 following the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange and are available on the Group's website at www.breedongroup.com/board-committees.

Key activities carried out in the year

During the year, the Committee met three times. Relevant members of management including the CEO, CFO, Group Financial Controller and Group Head of Risk and Control were in attendance at these meetings, which covered the following topics:

March

- review of the Annual Report, including:
 - significant accounting issues and disclosures;
 - Going Concern and Viability;
 - fair, balanced and understandable reporting;
 - risk disclosures;

- discussion of KPMG's findings from the 2022 audit and their independence as external auditors;
- review of independent assurance in relation to sustainability KPIs;
- review of solvency position to support final dividend;
- update on risk management review processes and financial controls framework implementation;
- update on AIM to Main Market workstream and approval of the associated non-audit fees; and
- update on progress against the internal audit plan and findings of control reviews.

July

- review and approval of the revised terms of reference;
- review of the interim financial statements, including interim risk disclosure;
- review of the accounting for the corporate reorganisation undertaken alongside the AIM to Main Market move;
- review of Company Initial Accounts prepared to support the interim dividend;
- update on risk management review processes and financial controls framework implementation;
- update on findings of internal control reviews;

Audit & Risk Committee report

July continued

- annual review of effectiveness and independence of the external auditor;
- approval of KPMG's external audit engagement letter and 2023 fees; and
- review of whistleblowing reports and actions taken.

November

- review of external audit plan and strategy;
- review and approval of revisions to non-audit services policy;
- annual review of effectiveness of Group's risk management and internal control framework;
- update on financial controls framework implementation and fraud risk assessment process;
- review of the Group tax strategy;
- annual review of the effectiveness of internal audit;
- update on progress against the internal audit plan and findings of internal control reviews;
- agreed internal audit plan for the 2024 Internal Audit Cycle; and
- review of whistleblowing reports and actions taken.

Significant accounting matters

The Committee considered key accounting issues, judgements and disclosures in relation to the Group's 2023 financial statements, the most significant of which were goodwill impairment testing and restoration provisions.

These key issues were discussed and reviewed with management and the external auditors. The Committee challenged judgements made and sought clarification where necessary.

The Committee received a report from the external auditor on the work they had performed to arrive at their conclusions and discussed in detail all significant findings contained within that report. The information contained in the following table should be considered together with KPMG's independent external audit report on pages 174 to 183 and the accounting policies disclosed in the notes to the financial statements as referenced in the table.

Area of focus	Audit & Risk Committee review	Conclusions
Impairment of goodwill – Key Audit Risk		
See note 9 to the consolidated financial statements	<p>The Group has £474.1m of goodwill arising from acquisitions. This is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that the goodwill may be impaired.</p> <p>The recoverable amounts for each segment to which goodwill has been allocated are calculated by determining the value in use of each segment, based on the net present value of projected cash flows, with the most significant judgements being the forecast financial performance, longer-term growth rates and discount rates.</p> <p>The Committee was presented with a written report from management setting out the basis of the calculation, support for the key assumptions used alongside a sensitivity analysis to quantify the impact of possible changes to those assumptions. This report included detail on the judgements made about the impact of climate change on forecast financial performance in the impairment review, in particular for the Cement operating segment.</p> <p>The Committee discussed these judgements with both management and the external auditor, and considered the appropriateness of the key assumptions and the adequacy of the disclosure provided in note 9 of the consolidated financial statements.</p>	<p>The recoverable amounts of each segment showed significant headroom compared to their carrying value when reasonably possible changes are made to key assumptions.</p> <p>The Committee noted that key judgements were reasonable, with the trading performance in 2023 providing additional comfort over the cash flows used in the review.</p> <p>They confirmed that management continues to utilise an external expert to calculate discount rates, and that these had risen during 2023 to reflect increased risk-free rates.</p> <p>The impact of climate change and the associated disclosures, in particular in respect of the Cement operating segment, was reviewed and considered by the Committee to provide a balanced presentation of the risk of future impairments against a backdrop of significant current uncertainty.</p> <p>The Committee was satisfied that no impairment of goodwill was necessary, and that the disclosures in the financial statements were appropriate.</p>

Audit & Risk Committee report

Area of focus	Audit & Risk Committee review	Conclusions
Restoration provisions – Key Audit Risk		
See notes 16 and 26 to the consolidated financial statements	<p>The Group holds a provision of £91.3m for the future costs of restoring and decommissioning its trading assets. These amounts can be especially significant for the Group's 108 quarries and two cement plants.</p> <p>The Group conducts an annual process to review the ongoing accuracy and adequacy of these provisions, with the aid of external experts, where appropriate.</p> <p>During the year, the level of provision increased by £6.6m to reflect the impact of higher inflation on the cost of restoration, partially offset by an increase in the rate used to discount these costs.</p> <p>The Committee discussed the output from the annual review of provisions with management and the external auditor.</p>	<p>The Committee noted the impact of inflation on the calculation of restoration provisions during the year.</p> <p>They concluded that provisions were appropriately calculated and fairly stated in the accounts.</p>

Accounting impact of climate change		
See notes 9 and 26 to the consolidated financial statements	<p>Climate change has been identified by the Group as a principal risk, and both the physical and transitional risks posed by climate change could affect accounting judgements made in preparing the financial statements.</p> <p>The Committee was presented with a paper from management which assessed this potential impact, concluding that the judgements made in the impairment of non-current assets were the only area with potential to materially impact the financial statements, as a result of the uncertainty surrounding the costs involved to transition to net zero by 2050.</p> <p>The Committee reviewed this disclosure as a key accounting judgement in the financial statements.</p>	<p>The Committee was satisfied that the potential impact of climate change had been appropriately considered in preparing the financial statements, and that the disclosure fairly reflected the nature of the risk and judgements made by management.</p>

Area of focus	Audit & Risk Committee review	Conclusions
Identification of non-underlying items		
See note 3 to the consolidated financial statements	<p>The identification and presentation of certain items as non-underlying on the face of the consolidated income statement requires management to apply judgement in identifying and appropriately disclosing these items.</p> <p>In 2023, total non-underlying items before tax were £10.5m (2022: £7.0m), being primarily the amortisation of acquired intangible assets and costs incurred on the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange.</p> <p>The Committee considered the nature of the items which were presented as non-underlying and the associated disclosures in the notes to the financial statements.</p>	<p>The Committee was satisfied that the non-underlying items identified by management were appropriately disclosed and that this presentation provides stakeholders with useful additional understanding of business performance by reflecting the way in which the business is managed.</p> <p>They noted that the nature of such items was consistent over time and were clearly disclosed in the accounts with reconciliations provided to statutory measures.</p>

Acquisition accounting for intangible assets and goodwill		
See note 25 to the consolidated financial statements	<p>During the year, the Group completed the acquisition of the three entities for a combined consideration of £27.1m. Management performed a fair value exercise for each of the acquisitions in which intangible assets were identified, along with mineral reserves and resources they were all fair valued and assigned a useful economic life, over which the assets will be amortised.</p> <p>The Audit & Risk Committee reviewed and discussed, with both management and the external auditor, a paper prepared by management setting out the process followed to identify the intangible assets, the basis of the fair value of these assets and the mineral reserves and resources as well as the assigned useful economic lives.</p>	<p>The Committee was satisfied that the intangible assets and mineral reserves and resources identified as part of the acquisitions are appropriate and have been accounted for in line with the applicable accounting standards.</p> <p>They noted that the assumptions used in the valuation of the assets were determined on a consistent basis to historical acquisitions.</p>



Audit & Risk Committee report

Area of focus	Audit & Risk Committee review	Conclusions
Alternative Performance Measures		
See note 27 to the consolidated financial statements	<p>The Group utilises a number of Alternative Performance Measures in response to demand from its shareholders. Care is required to ensure that the use of these measures is compatible with the Group's obligation to prepare an Annual Report which is fair, balanced and understandable.</p> <p>In particular, these measures should be calculated on a consistent and transparent basis over time and given no more prominence than related statutory measures.</p> <p>The Committee reviewed the use and presentation of these measures throughout the Annual Report, alongside the full reconciliations back to statutory measures provided in note 27 to the consolidated financial statements.</p>	<p>The Committee was satisfied the use of Alternative Performance Measures enhances the reporting of the Group by providing additional information that is useful to users of the accounts.</p> <p>They further concluded that these Alternative Performance Measures were consistently calculated and have been presented fairly together with full reconciliations alongside the relevant statutory measures.</p>

Going Concern and Viability		
See note 1 to the consolidated financial statements and the Viability Statement on page 69	<p>At each reporting date the Group assesses whether it remains appropriate to prepare accounts on a Going Concern basis and makes a statement on its longer-term viability as part of its risk reporting.</p> <p>The Committee reviewed and considered a paper setting out why management believe that the Group remains a Going Concern. This included details of available facilities, the profit and cash generation of the Group and a sensitivity analysis in the form of a 'severe but plausible' downside scenario. Going Concern was also discussed with the external auditor.</p> <p>The Viability Statement was reviewed, alongside a supporting paper from management, incorporating both a base case and downside scenario covering the three-year period of the statement.</p>	<p>The Committee recommended to the Board the use of the Going Concern assumption and approved the Viability Statement.</p> <p>They noted that following the strong levels of profit and cash generation, the risks facing the Group have continued to reduce since 2020. The Committee was satisfied that the disclosure in the basis of preparation note to the financial statements included all factors relevant to users of the accounts.</p>

Area of focus	Audit & Risk Committee review	Conclusions
Corporate reorganisation		
See note 1 to the consolidated financial statements	<p>During 2023 the Group undertook a restructuring exercise alongside its move from AIM to the Main Market.</p> <p>This involved the incorporation of a new holding company, which acquired control of the group via a court approved scheme of arrangement on 17 May 2023, a 5:1 share consolidation and a subsequent capital reduction.</p> <p>A paper prepared by management explaining the accounting impact of these changes was presented to the Committee.</p>	<p>The Committee was satisfied that the accounting aspects of the corporate reorganisation had been appropriately assessed and reflected in the financial statements.</p>

Fair, balanced and understandable assessment

The Committee reviewed the Annual Report and was able to confirm to the Board that the Committee considered the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's performance, business model and strategy.

External auditor

The external auditor, KPMG, has an independent reporting line to the Committee and attended all Committee meetings held in 2023. At these meetings, the Committee met KPMG without the

executive directors being present to provide a forum to raise any matters of concern in confidence.

The Committee discussed and agreed the scope of the audit plan with KPMG, and subsequently reviewed their findings, covering the control environment in the Group, key accounting matters and mandatory communications.

The Committee considers the effectiveness of KPMG's audit on an annual basis, including consideration of the standard of KPMG's formal communication around audit strategy and findings, ad hoc engagements throughout the year and the feedback which is provided by management following an internal survey of relevant stakeholders.

Audit & Risk Committee report

The Committee remains satisfied with the quality of the audit provided by KPMG and that they remain objective and independent.

During 2023, Anna Barrell began acting as KPMG's audit partner following the approval of her appointment by the Committee in 2022.

KPMG, either directly or via KPMG Channel Islands Limited, has acted as auditor to the Group since its formation in 2008, with the audit last subject to a full competitive tender in 2019.

KPMG provided £0.6m of non-audit services during the year which all related to reporting accountant services, in connection with the AIM to Main Market move, expressly permitted by the FRC's 2019 ethical standard. All work was approved in advance by the Committee, is significantly less than the audit fee and in the opinion of the Committee does not lead to an actual or perceived conflict of interest.

Internal audit

RSM continue to provide an outsourced internal audit function to the Group. They are independent of management and the Head of Internal Audit, provided by RSM, reports directly to the Chair of the Committee.

The 2023 internal audit plan was completed in line with the plan approved by the Committee, which received reports from RSM on the outcome of those reviews and regular updates on actions taken in addressing issues previously identified.

RSM attended the Audit & Risk Committee meetings held during the year. At these meetings, the Committee met RSM without the executive directors being present to provide a forum to raise any matters of concern in confidence.

The internal audit plan for 2024 has been approved and includes reviews covering health & safety and cyber security alongside a range of other financial and non-financial processes.

During the year, the Committee undertook the annual assessment of the performance of the function. An internal survey was sent out to relevant stakeholders who had worked with RSM, with feedback obtained against a balanced scorecard of criteria which included technical ability, business understanding, effective communication, process management and the quality of audit reporting.

The Committee concluded that it was satisfied with the work performed by RSM and that the internal audit function was effective.

During 2024, marking three years since the establishment of the function, we will undertake an external quality assessment of the Group's internal audit arrangements.

Risk management and internal control

The Audit & Risk Committee monitors the effectiveness of the Group's risk management and internal control systems, through the following processes:

— The Executive team:

- Reports to the Board on changes in the business and external environment which present significant risks.
- Provides the Board with monthly trading and financial information and comparison versus KPIs.
- Regularly informs the Board on changes to the competitive landscape.
- Performs a review at least twice a year of the principal risks and mitigations identified by management through the risk management processes.

— The Audit & Risk Committee:

- Receives regular reports on significant legal, ethical, compliance and insurance matters from the Group General Counsel, including summaries of any reports received through the Group's whistleblowing hotline.
- Approves the Group risk management and internal control framework, which sets out the governance, risk assessment policies and processes, for their review and approval.
- Receives formal reporting from the Group Head of Risk and Control on the risk review processes followed and the outcome of the formal risk reviews which form the basis of the principal and emerging risks reporting.
- Reviews progress updates from the Group Head of Risk and Control covering control remediation actions, progress against the internal audit plan and reviews both the financial controls framework implementation and risk management activities.
- Receives an update on the outcomes from the annual self-certification process for our key financial controls against the agreed minimum standards, as defined in the Breedon Financial Controls Manual, and is provided a summary of the results of the second line testing performed.

Audit & Risk Committee report

- Reviews reports from RSM concerning the design, implementation and operating effectiveness of internal controls across the Group's operations, including IT and cyber security controls. This reporting covers both the scope and findings of reviews, actions agreed with management as well as the progress made by management to address any actions.
- Receives regular updates from KPMG, which includes findings on risk and internal controls arising from their work. Subsequent updates on issues identified by KPMG are reported to the Audit & Risk Committee.
- Receives significant financial accounting policies for their review and approval.

The Committee completed its annual review of the effectiveness of the Group's internal control and risk management framework, concluding that this remained effective.

Whistleblowing

The Group has adopted a whistleblowing policy which, together with our confidential whistleblowing helpline, gives colleagues or any other third party the means to raise concerns in confidence and, if they wish, anonymously.

The Committee reviews reports on notifications received and ensures that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

Committee effectiveness

The Committee believes that it has been effective in 2023. An external evaluation of the Board and Committee performance was undertaken during the year (see pages 123 and 124).

The primary recommendation for the Committee was to consider commissioning an external quality assessment in respect of the internal audit function to complement the internal effectiveness assessment undertaken in the year.

The Committee has now commissioned the Chartered Institute of Internal Auditors to undertake this review, which will report to the Committee in the first half of 2024, and is progressing with actioning a number of more minor recommendations.

Areas of focus for 2024

The following areas will be key areas of focus heading into 2024 including:

- implementation of the recommendations arising from the Committee effectiveness review undertaken during the year;
- further work on the assessment of the Group's operational, reporting and compliance controls in advance of the implementation of UK corporate governance reforms, including development of the associated Audit & Assurance policy; and
- oversight of the development of the Group Fraud Risk Management and the Information and Security governance frameworks.

In 2024, the Committee intends to hold four scheduled meetings to ensure that there is sufficient time allocated to each of its key areas of focus.

Clive Watson

Chair, Audit & Risk Committee

6 March 2024

Nomination Committee report



The Nomination Committee continues to ensure that the Board is effective through the governorship and leadership of an appropriately constituted diverse Board with the right qualities of skills and experience to **lead a successful organisation**.

Amit Bhatia

Chair, Nomination Committee

Attendance

	Meetings attended	Eligible to attend
Amit Bhatia	3	3
Carol Hui	3	3
Pauline Lafferty	3	3
Helen Miles	3	3
Clive Watson	3	3

It is the responsibility of the Nomination Committee to:

- lead the process for Board and senior management appointments, which should be subject to a formal, rigorous and transparent procedure;
- ensure effective succession plans are in place for orderly succession to Board and senior management positions;
- evaluate the skills, experience and knowledge of the Board and its committees including an annual evaluation of the Board and directors; and
- oversee the development of a diverse pipeline for succession.

The terms of reference for the Nomination Committee are available on our website at www.breedongroup.com/board-committees and were revised following the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange and are compliant with the Code.

As required by the Committee's terms of reference, throughout the year the Nomination Committee was chaired by the Chair of the Company. The Committee comprises at least three directors, the

majority of which were independent non-executive directors. The quorum for Committee meetings is a minimum of two directors which must comprise a majority of independent directors. Invites to meetings were extended to the Chief Executive Officer, the Group People Director and external advisers.

The Committee was quorate for all meetings in 2023 and all members of the Committee were available to speak to shareholders at the AGM in 2023. All directors were re-appointed at the AGM.

Key activities carried out in the year

During the year, the Committee met three times and discussed the following:

- approved the Board Diversity and Inclusion Policy;
- reviewed succession plans for the Board including those for the Chair and two executive directors together with the Executive Committee;
- reviewed talent management within the Group;
- reviewed the structure, size and composition of the Board;

- considered the external review of Board performance; and
- reviewed its terms of reference.

Review of 2023

The Committee terms of reference were revised during the year to ensure that they complied with all aspects of Section 3 – Composition, Succession and Evaluation of the Code.

In line with the move to the Main Market, the Committee approved a Board Diversity and Inclusion Policy in which it supports compliance with the FCA Listing Rule targets on diversity. Further details can be found on pages 121 and 122. The Nomination Committee is pleased to confirm that as at 31 December 2023, over 40% of Board directors were women and that two Board directors came from a minority ethnic background. The Committee considers the wider benefits of diversity to include age, gender, ethnicity, educational profile and socioeconomic background.

Nomination Committee report

Succession planning has been on the agenda at all meetings for the Committee during the year. The Committee keeps under review the position regarding the Chair not being independent on appointment as per provision 9 of the Code and will continue to do so into 2024. The Committee considered the succession planning of the CEO both in terms of emergency planning for any short-term incapacity and for the longer-term, as well as succession plans with regards to the CFO.

The Nomination Committee received a presentation on talent management within the Group and the Executive Committee succession plan, as part of its wider considerations of succession planning for both the Executive Committee and the leadership population below and to ensure that effective plans are in place.

The Nomination Committee has kept the review of the structure, size and composition of the Board under review and has made no recommendations during the year either with regards to any appointments for any Board or senior management positions.

The Nomination Committee reviewed skills, experience and knowledge of its directors and notes the positive outcome contained in the external Board Performance Review which took place during the year where the findings were that the current composition of the Board brought a broad range of business and functional skills. The Committee will keep this under review and supports all directors in their re-election. Please see pages 123 and 124 in relation to the external Board Performance Review.

I am pleased to confirm that this resulted in the Committee declaring that it believed that it had been effective in 2023.

Focus for 2024

The Nomination Committee will review and explore the succession plan together with the talent management plan for the executive leaders, as well as that for the Board and in particular the tenure of the Board including that of the Chair.

In line with the adoption of the Board Diversity and Inclusion Policy, the Committee will support the Board on its journey to increase diversity with the objective of meeting the FCA target of at least one senior Board position to be held by a woman by the end of 2025 which it currently does not meet.

The Committee firmly believes that an inclusive culture, with a range of perspectives, continues as a driver of business success and is committed to ensuring that there is a diverse Board with key skills and experiences, so as to make effective contribution to the sustainable long-term growth of the Company.

Amit Bhatia

Chair, Nomination Committee

Sustainability Committee report



The Sustainability Committee has ensured the Board consider and **manage our sustainability impact** and wider business responsibilities effectively.

Carol Hui OBE

Chair, Sustainability Committee

Attendance

	Meetings attended	Eligible to attend
Carol Hui	3	3
Amit Bhatia	3	3
Pauline Lafferty	3	3
Helen Miles	3	3
Clive Watson	3	3

It is the responsibility of the Sustainability Committee, on behalf of the Board, to:

- review the environmental impact and sustainability of the Group's operations particularly in relation to those activities where the Company has its most significant environmental impacts in respect of energy management and climate change, water use, and biodiversity and land use. In doing so, considering the Board's duty to have regard to the impact of the Company's operations on the community and the environment as well as the Company's other stakeholders, when promoting the success of the Company;
- ensure the promotion of socially responsible values and standards that relate to the social and economic communities in which the Group operates, are in accordance with the Company's corporate sustainability strategy. 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;
- review the Group's policies and procedures in relation to sustainability and associated matters;
- review and evaluate the sustainability performance of the Group, including but not limited to, energy and carbon emissions, materials and waste management and social and community matters;
- monitor, plan and implement relevant actions for current and pending regulation and policy changes in relation to ESG and sustainability matters;
- 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;
- consider matters linked to the Company's corporate sustainability strategy; and
- consider 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.

The Committee was quorate for all meetings in 2023 and all members were available to speak to shareholders at the AGM in 2023.

The terms of reference for the Sustainability Committee are available on our website at www.breedongroup.com/board-committees and were revised following the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange. The main change reflected the Committee's new responsibility regarding a proactive approach to Sustainability and ESG regulation and policy changes.

Throughout the year the Sustainability Committee was chaired by Carol Hui.

The Group's Head of Sustainability, Group People Director and the Head of Health, Safety and Wellbeing have a standing invitation to attend, and provide updates to the Committee at each meeting.

The Board is responsible for sustainability within the Group. However, the Sustainability Committee keeps the Board updated on its delegated responsibilities in relation to sustainability and climate-related issues through regular updates, and all non-executive directors are members of the Committee. The Committee, in consultation with the Audit & Risk Committee, oversees and monitors sustainability-related risks and opportunities and the development of the Group's sustainability disclosures including those made in the Company's Annual Report.

Sustainability Committee report

Key activities carried out in the year

During the year, the Sustainability Committee met three times and discussed a number of standing items including sustainability objectives and progress against targets, objectives, risks and opportunities and stakeholder engagement and communication and in particular the following:

- Group-level strategic objectives for sustainability for 2023 and progress made against these during the year;
- progress against Group-wide sustainability targets and key performance indicators;
- reports on stakeholder and community engagement;
- review and approval of nine sustainability related Group-level policies;
- review of the social value framework and methodology for measuring positive impact;
- approval of the commitment to develop carbon reduction targets aligned to the SBTi standards;
- review of sustainability risks and opportunities;
- review of the Annual Report disclosures; and
- consideration of the report from the external review of Board performance.

Review of 2023

The Committee has continued to develop and monitor the Board's corporate sustainability targets and key performance indicators. During the year the Committee received and reviewed progress reports on the Group-wide 2030 targets:

- 30% reduction in gross carbon intensity per tonne of cementitious product (from 2005 baseline);
- 100,000 people to be positively impacted; and
- 50% concrete and asphalt revenue to be from products with enhanced sustainability attributes.

Following the decision made in 2022 for the Company to develop science-based targets, the Sustainability Committee reviewed and approved the proposed SBTi-aligned near-term and net zero targets for Group-wide Scope 1 and 2 emissions, and the Cement-specific Scope 3 reduction target relating to purchased clinker and cement. These targets have been submitted to the SBTi for formal validation during 2024.

The Sustainability Committee reviewed the priorities of the GCCA and those of the MPA's UK Concrete Sustainable Construction Strategy and were satisfied that Breedon's sustainability objectives were aligned with those of our industry associations.

During the year the Committee has carefully reviewed the sustainability risks and opportunities as part of monitoring the Sustainability Risk Register.

The Sustainability Committee, on behalf of the Board, reviewed and approved the climate-related disclosures for the 2022 Annual Report and approved a suite of sustainability policies.

Aligned with the Company's promotion of socially responsible values and standards, the Sustainability Committee has supported engagement with external stakeholders on key topics, and the increased engagement with colleagues. This included the sharing of knowledge through internal cross-divisional Planet, People and Places working groups focused on sharing best practice and supporting the divisions in achieving their sustainability objectives.

The Sustainability Committee had oversight of sustainability management and governance within the operations of the Company and has reviewed the environmental impact and sustainability of the Group's operations particularly in relation to those activities where the Company has its most significant environmental impacts. For further details on sustainability please see the report on pages 71 to 104.

As part of the external Board performance review, the Sustainability Committee received a report regarding its own effectiveness. The report was positive regarding the Committee's performance and observations have been taken on board and implemented. These were for the Committee meetings to be scheduled earlier in the day's running order of meetings, to provide a short overview of the Committee's agenda, and to invite more business representatives to the meetings. I am pleased to confirm that this resulted in the Committee declaring that it believed that it had been effective in 2023.

Focus for 2024

The Sustainability Committee will look at the short-term targets for the year as well as the longer-term carbon reduction target which is linked to the Group's Remuneration Policy.

Furthermore, following an exercise to assess the most material areas of impact that the Group has on the economy, environment and stakeholders, the Sustainability Committee will undertake a robust review of the sustainability framework and targets to ensure that these remain fit for the future.

Carol Hui

Chair, Sustainability Committee

Compliance statement against the Code

Compliance Statement

Until 16 May 2023, while listed on AIM, the Board complied fully with the provisions of the QCA Governance Code. Since 17 May 2023, on entry to the Premium segment of the Main Market of the London Stock Exchange, the Company adopted the UK Corporate Governance Code.

The Code can be found at www.frc.org.uk.

The Board is pleased to report that they applied the principles and complied with all provisions of the Code with the exception of Provision 9 Chair independence and Provision 36 with regards to a formal policy for post-employment shareholding requirements. Further details on non-compliance are provided below.

Provision 9 – Chair independence

The Chair, Amit Bhatia was not deemed to be independent upon his appointment as Chair.

The Code recommends that a chair should meet the independence criteria set out in the Code on appointment. Mr Bhatia is not considered to have been independent on appointment to the Board, having been initially appointed as the representative of Abicad Holding Limited, a significant Breedon shareholder pursuant to the terms of a relationship agreement in force at the time of his appointment as Chair.

Accordingly, although Mr Bhatia is no longer a representative of Abicad Holding Limited, he is not considered to have been independent on appointment to the Board and therefore the current Board structure does not comply with Provision 9 of the Code.

By way of background, Mr Bhatia was appointed to the Breedon Board in August 2016, appointed Deputy Chair in April 2018, and non-executive Chair in 2019. He has considerable experience in both the material sector and through corporate finance. Previously, Mr Bhatia was appointed as executive Chair of Hope Construction Materials in 2013, then the UK's largest independent building materials business before it was acquired by the Group in August 2016 (which is when he subsequently joined the Breedon Board).

Given Mr Bhatia's longstanding experience in the sector and tenure with the Group, the Company does not propose to appoint a new independent Chair in order to comply with the UK Corporate Governance Code.

Provision 36 – Long-term shareholdings

The Company did not fully comply with the provision in regards to post-employment shareholdings for its executive directors.

The Code states that remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.

The Directors' Remuneration Policy which can be found on page 145 to 168 which will be put to shareholders at the forthcoming AGM being held on 24 April 2024 provides for the incorporation of a post-cessation shareholding requirement for executive directors. If approved by shareholders, then the Company will fully comply with this provision.

Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
1 Board leadership and Company purpose		
A Board's role A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	<p>The Board has collective responsibility for the long-term success of the Company. The Board holds a periodic strategy day with discussions at every meeting through a robust decision-making process. Long-term strategy, divisional strategies and a progressive dividend policy are all considerations of the Board in generating value for shareholders. The Group's strategy and business model and details of the governance arrangements in place which contribute to the delivery of our strategy can be found in our Annual Report.</p> <p>The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company. The Board has a governance framework in place which includes the directors, board committees, an executive committee and a formal schedule of those matters that are reserved to the Board and is satisfied that during 2023 its responsibilities were met.</p>	<p>The Company applied all of the principles and complied with the provisions of Section 1</p> <p>Provision 1: pages 50 to 68 Managing our risks and opportunities pages 22 to 27 Business model pages 111 to 172 Governance report</p>
B Purpose and culture The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	<p>The Schedule of Matters Reserved for the Board specifies that the Board is responsible for ensuring that its culture and values are aligned to the Group's purpose, long-term strategy and objectives. Procedures for the regulation of Board conduct are detailed in individual appointment letters. The Annual Report sets out the activities taken by the Board in respect of monitoring culture and its approach to investing in and rewarding its workforce.</p> <p>To promote a common culture across the organisation, the Board defined a clear purpose and set of values that support the successful delivery of our strategy. Led by the Board and Executive Committee, the purpose 'to make a material difference to the lives of our colleagues, customers and communities' to create a workplace where people feel safe, proud and motivated to do their best. The values at the heart of our business: keep it simple; make it happen; strive to improve; and show you care, will drive the performance of the business, motivating and engaging colleagues, building customer loyalty and strengthening our relationship with local communities.</p>	<p>Provision 2: page 118 Monitoring culture pages 145 to 168 Directors' Remuneration report</p>
C Resources and controls The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	<p>The Board set and monitor the strategy for the Group, holding management to account on their delivery of the agreed strategy. This is assisted by a robust internal control and risk management framework, which is overseen by the Audit & Risk Committee. The Annual Report sets out how resources have been used to meet our strategy for the Group and those of the individual businesses. The Board has identified five strategic risks, acquisitions and material capital projects, climate change, markets, land and mineral management and people, all of which are detailed in the Annual Report.</p>	<p>Provision 1: pages 50 to 68 Managing our risks and opportunities pages 28 to 35 our CEO review and strategy pages 36 to 41 Operating reviews</p>

Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
1 Board leadership and company purpose continued		
D Stakeholder engagement In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	<p>The Board regularly receives and considers updates on the views of shareholders through reports from its brokers and directors following shareholder engagement. The Head of Investor Relations reports and analyst notes are reviewed to maintain a broad understanding of varying investor views. The Board, including the Chair and the Committee Chairs engage with shareholders at the AGM and in 2023 through communications such as the prospectus and other media relating to the move to the Main Market. The Chair of Remuneration Committee consulted with shareholders with regards to the proposed Remuneration Policy.</p> <p>At the AGM in 2023 there were no resolutions where 20% of the vote had been cast against a Board recommendation. The results are published following our AGM.</p> <p>The Board has appointed Pauline Lafferty as DNED for Workforce Engagement and during 2023 she has undertaken both face-to-face and virtual sessions across both our GB and Ireland businesses.</p>	<p>Provision 3: pages 119 and 120 Engaging with shareholders</p> <p>Provision 4: no AGM votes below 80%</p> <p>Provision 5: pages 105 to 109 S172 Statement</p> <p>page 117 Engaging with our workforce</p>
E Workforce policies and practices The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	<p>Group-wide policies are reviewed regularly and are accessible to all employees. The Board undertakes an annual engagement survey with all employees with the results being reviewed by the Board to ensure that a supportive and inclusive culture is in place. The Board engages directly with the workforce through site visits and through the DNED responsible for workforce engagement.</p> <p>The Group has in place a Whistleblowing Policy for any employee to raise concerns. The policy provides for a confidential process for notification and the arrangement for independent investigation to take place. The policy is monitored by the Audit & Risk Committee and overseen by the Board.</p> <p>The Board has a Conflicts of Interest Policy and all directors declare any potential interest at meetings and provides a list of all external directorships together with any third-party relationships. If a director has any concern regarding the operation of the Board then any such concerns will be minuted in the Board minutes. During the year, the Board determined that there were no relationships that posed any actual or potential conflict.</p>	<p>Provision 6: page 117 Engaging with our workforce</p> <p>Provision 7: pages 112 and 113 Board of Directors</p> <p>Provision 8: Director appointment letters</p> <p>Board Conflicts of Interest Policy</p>



Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
2	Division of responsibilities	
F <p>Role of the Chair</p> <p>The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.</p>	<p>The Chair was not independent on appointment. The Chair does not represent a significant shareholder, however he is a Closely Associated Person of a significant shareholder.</p> <p>The Chair sets the Board's agenda and the Board is provided with clear, regular and timely information on the financial performance of the businesses within the Group, and of the Group as a whole. In addition, other trading reports, contract performance and market reports and data, including reports on personnel-related matters such as health and safety and environmental issues, are provided. The Board has approved a schedule of matters reserved for the Board.</p>	<p>The Company applied all of the principles and complied with the provisions of Section 2 with the exception of Provision 9 in respect of the Chair's independence on appointment (see page 135 for details)</p> <p>Provision 9: pages 112 and 113 Board of Directors</p> <p>page 111 Corporate governance at a glance</p>
G <p>Composition of the Board</p> <p>The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.</p>	<p>All non-executive directors (excluding the Chair) have been identified by the Board as independent. The Board has a majority of independent directors. No changes to the composition of the Board occurred during the year.</p> <p>There is a clear division of responsibilities between the Chair, Senior Independent Officer and Chief Executive Officer. Each Board Committee has Terms of Reference agreed by the Board which sets out the role and responsibilities of that Committee.</p> <p>The Chair encourages and facilitates each directors contribution to ensure that no one individual can dominate its proceedings. All directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Senior Independent Director undertakes an evaluation of the Chair annually and the Board undertakes an external validation of its performance every three years.</p>	<p>Provision 10, 11 & 12: pages 112 and 113 Board of Directors</p> <p>Provision 14: Committee terms of reference</p> <p>Division of responsibilities</p> <p>page 111 Corporate governance at a glance</p>

Compliance statement against the Code

Requirements and principles

Application

Compliance and provisions

2 Division of responsibilities continued

There is a division of responsibilities between the CEO, the Chair and the SID which is summarised below.

Chair

- Ensure the Board is effective in setting and implementing the Group’s direction and strategy.
- Oversee the operation of the governance framework.
- Chair the meetings of the Company, Board and Nomination Committees.
- Ensure the Board is effective in all aspects of its role, including its legal, regulatory and shareholder responsibilities.
- Maintain dialogue with the CEO and the Board on important and strategic issues.

Senior Independent Director

- Act as a sounding board for the Chair and other members of the Board.
- Be an alternative point of contact for shareholders.
- Work with the Chair, Board and shareholders to resolve significant issues.
- Obtain a balanced understanding of the issues and concerns of shareholders.
- Lead the performance evaluation of the Chair on behalf of the Board.

Chief Executive Officer

- Oversee the operational day-to-day management of the Group’s businesses in line with the strategy and long-term objectives.
- Make decisions affecting the operations, performance and strategy of the Group’s businesses, except for matters reserved to the Board or Committees.
- Implement the strategy and long-term objectives, annual budget and operating plan.

There are clear responsibilities to ensure appropriate decision-making with delegations in place through the terms of reference for each Board Committee. The four main Board committees are:

Audit & Risk Committee
Report on pages 125 to 130

Supports the Board’s responsibilities with regard to internal controls and the risk management framework together with overseeing financial reporting.

Nomination Committee
Report on pages 131 and 132

Supports the Board with succession, appointments and the promotion of diversity and inclusion for the Board and Executive Committee together with ensuring a balance of skills and experience.

Sustainability Committee
Report on pages 133 and 134

Review strategies, policies and performance in relation to sustainability together with the environmental impact and sustainability of the Group’s operations and to promote socially responsible values.

Remuneration Committee
Report on pages 145 to 168

Responsible for determining the Remuneration Policy for executive directors, Executive Committee and the Chair together with appropriateness of workforce remuneration and share schemes.



Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
<p>2 Division of responsibilities continued</p> <p>H Role of Non-executive Directors</p> <p>Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.</p>	<p>All non-executive directors have letters of appointment which detail their responsibilities of the role and time expectations. The Chair holds regular sessions with the non-executive directors without executive directors being present. The Nomination Committee which is constituted of non-executive directors has the responsibility for recommending to the Board any appointments or removal of directors.</p> <p>The duties of the Board are detailed in our Schedule of Matters Reserved for the Board, which aligns to the requirements of this principle and includes the key role of appointing and removing executive directors.</p> <p>Each non-executive director's letter of appointment sets out the commitments expected to discharge their duties. Executive directors are prohibited from taking more than one additional listed directorship, with none of the executive directors holding any such positions during the year.</p> <p>All directors undergo an induction on appointment and training and development is provided throughout the year.</p>	<p>Provision 13: Letters of appointment pages 131 and 132 Nomination Committee report</p> <p>Provisions 15: Letters of appointment Schedule of Matters Reserved for the Board pages 112 and 113 Board of Directors pages 131 and 132 Nomination Committee report</p>
<p>I Role of the Company Secretary</p> <p>The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The Group General Counsel has been appointed by the Board as Company Secretary to act as a trusted advisor to the Board and its Committees, and ensure there are appropriate interactions between senior management and the non-executive directors. He is responsible for advising the Board on all governance matters and all directors have access to him for advice. The Matters Reserved for the Board states that only the Board can appoint or remove the Company Secretary.</p>	<p>Provision 16: Schedule of Matters Reserved for the Board</p>

Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
<p>3</p> <p>Composition, succession and evaluation</p> <p>J</p> <p>Appointment to the Board and succession planning</p> <p>Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>The Board has established a Nomination Committee to which it delegates certain responsibilities. The majority of the membership of the Committee are independent non-executive directors. The Chair of the Board is Chair of the Committee, however the terms of reference set out the process for another member to Chair the meeting when dealing with the Chair's successor. The Chair was not independent on appointment and is reaching nine years tenure on the Board. The SID chaired parts of the Nomination Committee meeting when discussions have taken place regarding Chair succession; the Chair was not present during these discussions.</p> <p>The Nomination Committee reviews succession plans for the Board and senior executives together with talent management strategies. The Board has a Diversity and Inclusion Policy which is detailed in the Annual Report.</p> <p>All directors are subject to re-election as per the Company's Articles and the supporting reasons for each directors re-election are set out in the Notice of Meeting.</p>	<p>The Company applied all of the principles and complied with the provisions of Section 3</p> <p>Provision 17: Terms of reference pages 131 and 132 Nomination Committee report</p> <p>pages 121 and 122 Diversity reporting</p> <p>Provision 18: Notice of meeting</p>
<p>K</p> <p>Skills, experience and knowledge of the Board</p> <p>The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.</p>	<p>The current composition of the Board comprises various skills, knowledge and experience that the Nomination Committee considers is requisite for the Board to discharge its responsibilities effectively. At 31 December 2023, the tenure of the Board consisted of one non-executive director in their third term (Chair), two in their second term (SID and Chair of Sustainability), with the remaining two in their first three-year term. The Chair has not been in post beyond nine years. The composition and performance of the Board, and the skills and experience of each director, are regularly evaluated, to ensure that they best fit the evolution of the Group's business. The Nomination Committee regularly reviews the succession plan to ensure that when seeking to recommend new members to the Board, consideration of a range of relevant matters including the diversity of its composition is given.</p> <p>The Board considers that each of the directors brings a senior level of experience and judgement to bear on issues of operations, finance, strategy, performance, governance and standards of conduct. Directors are given regular access to the Group's operations and personnel as and when required. Non-executive directors have a wealth and breadth of experience gained from their appointments on other boards.</p>	<p>Provision 19: pages 112 and 113 Board of directors</p> <p>Provision 20: pages 131 and 132 Nomination Committee report</p>

Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
<p>3 Composition, succession and evaluation continued</p> <p>L Board evaluation</p> <p>Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.</p>	<p>The Board regularly reviews its own effectiveness and the Chair is in regular contact with each member of the Board to ensure that any concerns are identified and acted upon. The SID undertakes an annual performance review of the Chair gaining feedback from the other members of the Board.</p> <p>The Board carries out an externally facilitated Board Performance Review every three years and welcomes input as part of the process from stakeholders outside of the Board. The Board also conducts an internal review of its effectiveness during the intervening period. The Board is committed to actioning any suggestions or recommendations that are made to improve its effectiveness. The Board undertook an external Board performance review in 2023, the details of which can be found in this Annual Report.</p> <p>The Board considers and reviews the requirement for continued professional development and each director is encouraged to reflect on their own individual needs. The Board is provided with development opportunities inside and outside the boardroom on a wide range of areas.</p>	<p>Provisions 21 and 22: pages 123 and 124 Board performance review</p> <p>pages 115 and 116 Board in action</p> <p>Provision 23: pages 131 and 132 Nomination Committee report</p> <p>pages 121 and 122 Diversity reporting</p>
<p>4 Audit, risk and internal control</p> <p>M Internal and external audit</p> <p>The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.</p>	<p>The Board has established an Audit & Risk Committee. Membership solely consists of non-executive directors. Two members have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector. The Chair of the Board is not a member. Terms of reference have been approved which complies fully with the roles and responsibilities set out in the Code.</p> <p>The Audit & Risk Committee manages the relationship with the internal and external audit functions on behalf of the Board satisfying itself of their independence and effectiveness. On an annual basis, the Committee considers reports on the effectiveness of both the internal and external audit functions which is carried out through assessments in which both the Group and the audit functions contribute. The Committee has evaluated and considers that the external auditor is independent and is compliant with the Committee's policy on the provision of non-audit services.</p> <p>The Committee also has oversight of the Risk and Control function within the Group together with the finance function. The Committee is responsible for reviewing the internal financial controls and risk management systems in order to ensure the integrity of the financial and narrative statements. The Audit & Risk Committee has an approved policy on the supply of non-audit services.</p> <p>The Directors' Responsibilities Statement, Going Concern and Viability Statements are contained within the Annual Report and are approved by the Board.</p>	<p>The Company applied all of the principles and complied with the provisions of Section 4</p> <p>Provisions 24 and 26: pages 125 to 130 Audit & Risk Committee report</p> <p>Provision 25: Terms of reference</p> <p>pages 125 to 130 Audit & Risk Committee report</p> <p>pages 69 and 70 Viability Statement</p> <p>page 172 Statement of Directors' responsibilities</p>



Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
<p>4 Audit, risk and internal control continued</p> <p>N Fair, balanced and understandable assessment</p> <p>The board should present a fair, balanced and understandable assessment of the company's position and prospects.</p>	<p>The Audit & Risk Committee provides advice to the Board as to whether it considers the Annual Report, taken as a whole, to be fair, balanced and understandable, and provides information necessary for shareholders to assess the Company's position, performance, business model and strategy. This responsibility of the Board is presented and confirmed by the Board in the Annual Report.</p> <p>The Annual Report contains disclosures that the Board considers it appropriate to adopt the Going Concern basis of accounting and how it has assessed the prospects of the Company. The Viability Statement confirms that the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall. The Statement of Directors' Responsibilities provides details of the director's responsibility for preparing the Annual Report.</p>	<p>Provision 25 and 27: pages 125 to 130 Audit & Risk Committee report</p> <p>Provision 30 and 31: pages 173 to 226 Financial statements pages 69 and 70 Viability Statement</p>
<p>O Risk management and internal control framework</p> <p>The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.</p>	<p>The Board is ultimately responsible for the internal control framework including risk management and internal controls, and for ensuring robust systems are in place for the assessment of principal risks and the emerging risks faced by the Company. The Board conducts an annual assessment of those risks, together with monitoring the risk management and internal controls and confirms that it has done so in the Annual Report. The procedures that the Board has in place to identify emerging risks and how these are being managed or mitigated are disclosed in the Annual Report. The Audit & Risk Committee supports the Board with their responsibility.</p>	<p>Provisions, 28 and 29: pages 50 to 68 Managing our risks and opportunities pages 125 to 130 Audit & Risk Committee report</p>
<p>5 Remuneration</p> <p>P Remuneration policies and practices Code</p> <p>Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.</p>	<p>The Board has established a Remuneration Committee consisting of independent non-executive directors and a Chair who has the requisite experience as set out in the Code. The Remuneration Committee assists in fulfilling the Board's oversight responsibilities relating to the Directors' Remuneration Policy and practices and is responsible for the formalisation of all elements of remuneration for the Chair, the executive directors, and the Executive Committee.</p> <p>The Remuneration Committee reviews workforce remuneration and relation policies and the alignment of those incentives and rewards with the culture of the Group. The policies are aligned to our purpose and values and are designed to support the Company's long-term strategic aims.</p>	<p>The Company applied all of the principles and complied with the provisions of Section 5 with the exception of provision 36 regarding a formal policy for post-employment shareholding requirements (see page 135 for detail).</p> <p>Provisions 32 and 33: Terms of reference pages 145 to 168 Directors' Remuneration report</p>



Compliance statement against the Code

Requirements and principles	Application	Compliance and provisions
<p>5 Remuneration continued</p> <p>Q Executive remuneration</p> <p>A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.</p>	<p>The Remuneration Committee has established remuneration schemes that promote long-term shareholding by executive directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period and post-employment shareholding requirements. The Remuneration Policy will be put to shareholders at 2024 AGM for approval.</p> <p>The Directors' Remuneration Policy is aligned with the Company's culture to drive behaviours consistent with Company strategy and purpose and values, which aims to attract, retain and motivate successfully without paying more than is necessary. Pension contribution rates for executive directors are aligned to those available to the workforce. A proportion of remuneration is performance-related with any such elements structured so as to be transparent, stretching and rigorously applied which do not reward poor performance.</p> <p>Details of all directors service agreements and letters of appointment are detailed in the Annual Report. Both executive directors have a contract notice period of one year, whether given by the individual or the Company. The Board's overriding approach to payments for loss of office is to act in shareholders' interests.</p> <p>Non-executive remuneration remains the responsibility of the Board, as specified in the Schedule of Matters to be Reserved for the Board and does not include share options or any performance-related elements.</p>	<p>Provisions 34: page 160 Directors' Remuneration report</p> <p>Provisions 36, 37, 38, 39: pages 145 to 168 Directors' Remuneration report</p> <p>Provisions 40 and 41: pages 145 to 168 Directors' Remuneration report</p>
<p>R Remuneration outcomes and independent judgement</p> <p>Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.</p>	<p>The Remuneration Committee consists of only independent non-executive directors and a Chair who has the requisite experience as set out in the Code.</p> <p>The Remuneration Committee is supported by an external consultant who provides independent advice and benchmarking and is identified in the Annual Report.</p> <p>Policies are in place to override formulaic outcomes and provide provisions for the Remuneration Committee to recover or withhold sums or share awards. Details of the proposed policy for 2024 is provided in the Annual Report.</p>	<p>Provision 35: page 167 Directors' Remuneration report</p> <p>Provision 37: pages 145 to 168 Directors' Remuneration report</p>

Directors' Remuneration report **ANNUAL STATEMENT**

The Committee has undertaken a review of pay as part of our move from AIM to the Main Market. The Policy for senior executives' pay supports our **strategy to deliver long-term sustainable performance** for the benefit of all our stakeholders.

Pauline Lafferty

Chair, Remuneration Committee

Attendance

	Meetings attended	Eligible to attend
Pauline Lafferty	5	5
Carol Hui	5	5
Helen Miles	5	5
Clive Watson	5	5

Dear shareholder

2023 represented a significant milestone for Breedon as we celebrated the Company's move from AIM to the Premium Listing Segment of the London Stock Exchange's Official List and admittance to the FTSE 250 Index.

Being a member of AIM served us well over the past decade. As one of the larger businesses on the AIM market, we had evolved our remuneration practices in order to ensure they were aligned to high standards of corporate governance and fit for purpose for a company of our size by reference to practices on the Main Market.

Following the successful move to the Main Market, the Company, for the first time, is required to have a binding vote on our Directors' Remuneration Policy (the 'Policy' or '2024 Policy'). In addition, we are required to provide further disclosures which build on the enhancements introduced in recent years.

At the 2024 AGM, shareholders will have the opportunity for an advisory vote on the Directors' Remuneration report; a vote to approve the 2024 Policy; and a separate vote to approve the Deferred Share Bonus Plan (DSBP). We look forward to your continued support.

Terms of reference

The Committee works within agreed terms of reference and makes recommendations to the Board. They were last revised in 2023 following the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange and are available on the Group's website at www.breedongroup.com/board-committees.

2023 business performance

We have delivered results in 2023 that are ahead of expectations. Revenues grew 7% to £1,487.5m and we delivered a record Underlying EBIT of £156.2m. This was despite tough market conditions and a challenging macroeconomic environment. We have also continued to support our growth ambitions through bolt-on acquisitions made during the year.

We made significant progress against our sustainability targets under our pillars of Planet, People and Places. Science-based targets were submitted for formal verification during the year, we made our first submission for assessment by CDP, and have now been awarded a rating of B for Climate Change and C for Water Security. All this has been delivered through the hard work and commitment of our great team of colleagues at Breedon and we are delighted to report an improvement in our engagement scores in 2023 to 80%.

2023 remuneration outcomes**Annual bonus**

The outcome for the 2023 annual bonus reflects the Group's strong financial performance and progress made against corporate objectives for the year.

75% of the annual bonus was based on underlying operating profit (EBIT) and 25% on strategic and sustainability objectives.

Underlying EBIT of £156.2m in 2023 was above the maximum target set and the financial element (75%) of the bonus paid out in full.

Excellent progress towards our corporate objectives in 2023 resulted in a payout of 98% of maximum for this element.

The overall bonus payout for 2023 was therefore 124% of base salary.

The Committee considered carefully whether the annual bonus outcome was consistent with the underlying performance of the business. On balance, the Committee agreed the bonus outcome was a fair reflection of performance considering the strong Group financial performance set out above and it supports the good progress on strategic and ESG priorities.

Directors' Remuneration report **ANNUAL STATEMENT**

Annual Statement outlines the key items considered by the Committee during the year, including pay outcomes, the conclusions of the Policy review and our approach to paying directors in 2024.

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Remuneration at a glance

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The Directors' Remuneration Policy

sets out the parameters within which we operate and implement our remuneration arrangements for directors, which will be subject to a shareholder vote at the 2024 AGM.

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Annual Report on Remuneration details the pay outcomes for 2023, sets out additional information on the context in which pay has been awarded, and describes in more detail how we propose to implement our Policy in 2024.

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2021 PSP

The 2021 PSP awards were half subject to a relative Total Shareholder Return (TSR) measure and half subject to an EPS measure for the three-year performance period ending 31 December 2023. Breedon's TSR over the period was below median of the peer group and therefore no part of this award will vest. The 2023 EPS of 33.9p was ahead of the maximum target set and was met in full. Therefore, 50% of the 2021 PSP award will vest in April 2024.

The Committee believe a 50% PSP outcome is a fair reflection of overall performance over the three-year performance period in the context of a challenging macroeconomic environment.

2023 Annual bonus	Weighting	% of maximum achieved	% of bonus achieved
Underlying EBIT	75%	100%	75%
Corporate objectives	25%	98%	24.5%

Overall, bonuses of 124.4% of salary became payable to executive directors.

PSP 2021 awards	Weighting	% of maximum achieved	% of bonus achieved
EPS	50%	100%	50%
TSR	50%	0%	0%

Key activities in 2023

During the year, the Remuneration Committee met five times and considered:

January

- measures and targets for the 2023 annual bonus.

March

- base salary changes for the executive directors and Executive Committee for 2023 in the context of workforce increases;
- annual bonus outcomes for 2022;
- a review of remuneration trends and a corporate governance update;
- approval of the 2020 PSP award vesting and the grant of the 2023 PSP awards; and
- progress against shareholding guidelines.

June

- a review of Directors' Remuneration.

September

- shareholder consultation feedback on our proposed Directors' Remuneration Policy.

November

- the Committee's terms of reference;
- update on 2024 incentive measures;
- preparation of the Directors' Remuneration report;
- the effectiveness of the Committee and its independent advisers;
- review of workforce arrangements; and
- update from shareholders on the Remuneration Policy review.

Directors' Remuneration report **ANNUAL STATEMENT**

Directors' Remuneration Policy

As one of the workstreams involved with our move from AIM to the Main Market, the Remuneration Committee reviewed senior executive pay in 2023 to ensure our practices are in line with shareholder guidance, the Code and practices in comparable FTSE businesses. This exercise concluded with a shareholder consultation exercise and I am very grateful for the views and constructive feedback received.

The Committee was of the view that the existing remuneration structure remains appropriate for Breedon and is broadly consistent with market and good practice. Therefore, the changes to pay in 2024 are focused on ensuring that our remuneration arrangements take into account developing good practice, continue to incentivise the successful delivery of our strategy (both from a financial and sustainability perspective) and remain market competitive.

A number of good practice features had already been introduced by the Remuneration Committee. For example, executive directors' pension contribution rates have been workforce aligned for a number of years; PSP awards have a two-year post vesting holding period, a 200% of salary shareholding guideline applies, malus and clawback provisions have kept up to date with developments in this area; and base salaries for both

executive directors were set at a discount to their predecessors upon their appointments.

The 2024 Policy will include the following features:

Incentive opportunities - bonuses have been set at 150% of salary for both directors and the PSP levels will be 200% of salary for the CEO and 175% of salary for the CFO. The Committee believes these are appropriate for the following reasons:

- This weighting on variable pay is aligned with Breedon's performance-related culture.
- Going forward, bonus deferral will be introduced requiring one-third of the annual bonus to be deferred in shares for two years, thereby reducing overall cash compensation. Deferral will provide further alignment with shareholders' expectations and ensure packages have greater retention effect.
- The incentive quantum is in line with mid-market levels for companies of Breedon's size in the FTSE 250.
- The overall quantum reflects the complexity of Breedon's business and operations and its size and scale.

Incorporation of a post-cessation shareholding guideline

- executive directors will be required to hold shares to the lower of their holding on cessation and 200% of salary for two years.

The shareholding requirement excludes purchased shares and shares acquired from PSP grants prior to approval of the Policy.

We consulted on these proposals with shareholders representing over 60% of our issued share capital and heard back from the majority. The feedback received was helpful and we were grateful for the high level of support provided.

Senior management and wider workforce

The Committee sets remuneration for senior executives, and during the year received updates on colleague remuneration, policies and practices across the Group. Pay increases for the wider workforce in 2023 were set to 6% underpinned by a minimum increase of £1,500 for lower paid colleagues. The executive directors and Executive Committee received a lower increase of 4.5%.

As the DNED, I attended a number of focus groups in 2023 with colleagues across our UK and Ireland businesses and discussed a wide range of topics (see pages 116 and 117).

Looking forward to 2024

For 2024, the Committee will implement the Remuneration Policy as follows:

Salary

Base salary increases for our two executive directors will be 4% in 2024 which is in line with the general workforce increase.

Benefits and pension

No change to benefits. Pension contribution rates remain in line with the general workforce contribution offering of 5% of salary.

Annual bonus

The bonus will be based 75% on adjusted Underlying EBIT with a moderator applied to reflect actual capital employed in the business versus budget.

The remaining 25% will be on key strategic objectives including ESG.

The targets and objectives are commercially sensitive and will be disclosed on a retrospective basis.

PSP

EPS and relative TSR will continue to apply with reduced weightings of 42.5% each. The remaining 15% will be based on a new carbon reduction metric, which reflects our environmental ambitions.

Pauline Lafferty

Chair, Remuneration Committee

6 March 2024

Directors' Remuneration report **REMUNERATION AT A GLANCE**

Executive directors 2023 remuneration



Note: The value of holdings in 2021 reflects a higher share price on 31 December 2021.

Executive director's remuneration in 2024

	CEO	CFO
Salary (annual base at 1 April) ¹	£668,382	£452,109
Benefits	— Private medical insurance, car allowance and executive medical screening.	
Pension	— 5% of salary in line with the workforce.	
Annual bonus²	150% of salary	150% of salary
Annual bonus measures	<ul style="list-style-type: none"> — 75% on adjusted Underlying EBIT with a moderator applied to reflect actual capital employed in the business versus budget. — 25% on key strategic objectives including ESG. — Malus and clawback provisions apply and Committee discretion to adjust the bonus outcome. 	
Bonus deferral	— 33% of any annual bonus outcome deferred into an award over shares to be held for two years.	
Performance Share Plan²	200% of salary	175% of salary
Performance measures	Awards subject to the Group's performance over a three year period to 31 December 2026: <ul style="list-style-type: none"> — 42.5% - EPS growth. — 42.5% - relative TSR (against the FTSE 250 excluding Investment Trusts). — 15% - carbon reduction. — Malus and clawback provisions apply and Committee discretion to adjust the bonus outcome. 	
Shareholding guidelines	<ul style="list-style-type: none"> — 200% of salary. — Requirement to retain half of any vested share awards (net of tax) until guideline is achieved. — Two year post-cessation shareholding guideline. 	

¹ With effect from 1 April 2024.

² Subject to approval of the Policy at the 2024 AGM.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY

Our new Directors' Remuneration Policy will be put to a binding shareholder vote at our AGM on 24 April 2024, and will take formal effect from that date, subject to shareholder approval.

The Policy will formally apply for three years unless a new policy is presented to shareholders before then. Following approval, all payments to directors will be consistent with the approved Policy.

The Policy has been prepared in accordance with Schedule 8: The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Listing Authority's Listing Rules.

Considerations in determining our Policy

The main goal of our Policy is to promote the Group's long-term success. In pursuit of this objective, the Remuneration Committee adheres to the following principles:

- Remuneration packages should be clear and simple.
- Pay should be set so that it attracts, retains and motivates high-calibre senior executives and focuses them on the delivery of the Group's strategic and business objectives.
- Remuneration should be competitive against appropriate market benchmarks. A significant proportion of remuneration should be based on performance-related components which provides scope to earn above-market rewards for strong performance.
- Incentive schemes should be subject to achieving challenging performance targets based on measures linked to the Group's KPIs and the best interests of our stakeholders.

- Remuneration should align with, and support, our values and culture.
- Remuneration should achieve the appropriate cascade of approach across the Group.
- Pay design should take due account of good governance and ensure it promotes the long-term success of the Group.

The Policy considered the principles of the 2018 UK Corporate Governance Code and the voting guidelines of major UK institutional investor bodies. Under the Code, the Committee is asked to address six factors in determining the Policy:

1. **Clarity** – the Policy is well understood by our directors and senior executives and has been clearly articulated to shareholders and proxy voting agencies.
2. **Simplicity** – the Committee believes the current market-standard remuneration structure is simple and well-understood. We have purposefully avoided any complex structures which have the potential to deliver unintended outcomes.
3. **Risk** – our policy and approach to target setting seek to discourage any inappropriate risk-taking. Measures may be a blend of share price, financial and non-financial objectives and the targets are appropriately stretching to help ensure that the risk of inappropriate actions being taken is mitigated. Malus and clawback provisions will apply.
4. **Predictability** – executives' incentive arrangements are subject to individual participation caps. An indication of the range of values in packages is provided in the illustration of reward scenario charts included in the Policy report. Deferred bonus and PSP awards provide alignment with the share price and their values will depend on share price at the time of vesting.
5. **Proportionality** – there is a clear link between individual awards, delivery of strategy and our long-term performance.
6. **Alignment to culture** – pay and policies cascade down the organisation and are fully aligned to Breedon's culture.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY**Policy table for executive directors**

The table below sets out the main components of the proposed Policy, together with information on how they will operate, subject to approval by shareholders at the AGM.

	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Base salary	To provide a competitive base salary reflective of the particular skills, calibre and experience of an individual.	<p>Salaries are normally reviewed annually or where there is a significant change of responsibilities and typically take effect from 1 April.</p> <p>Salaries are determined by reference to the skills and personal performance of the individual.</p> <p>The Committee takes into account external market data and pay and employment conditions elsewhere in the Group when considering increases to base salary levels.</p>	<p>While there is no maximum salary, increases will normally be broadly in line with the range of salary increases awarded (in percentage of salary terms) to the wider workforce.</p> <p>Salary increases above this level may be awarded to take into account individual circumstances, including a change in the scope or responsibilities of the role, a change in market practice, a change in the size or complexity of the business or to reflect development or performance in role.</p> <p>Other factors which will be taken into account will include progression within the role and competitive salary levels in companies of a broadly similar size and complexity.</p>	Although there are no formal performance conditions, any increase in base salary is only implemented after careful consideration of individual contribution and performance and having due regard to the factors set out in the 'Operation' column of this table.
Benefits	To provide market-competitive, cost-effective benefits to assist with retention and recruitment.	<p>Benefits may include private medical insurance, life assurance, car allowance and executive medical screening.</p> <p>Executive directors are eligible for any other benefits which are introduced for the wider workforce on broadly similar terms, and for other benefits that might be provided based on individual circumstances, if the Committee decides it is appropriate.</p> <p>For external and internal appointments or relocations, Breedon may pay certain relocation, travel and/or incidental expenses as appropriate.</p> <p>Any reasonable business-related expenses can be reimbursed (and any related tax met if determined to be a taxable benefit).</p>	As it is not possible to calculate in advance the cost of all benefits, a maximum is not pre-determined.	Not performance related.



Directors' Remuneration report **DIRECTORS' REMUNERATION POLICY**

	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Pension	To provide employees with long-term savings to allow for retirement planning.	The Group may offer participation in a defined contribution pension plan or permit executive directors to take a cash supplement in lieu of pension up to the same value, or a mixture of both.	The CEO and CFO, and any future director appointments, receive pension contributions aligned with the wider workforce pension contribution, currently set at 5% of base salary per annum.	Not performance related.
Annual bonus	<p>Rewards achievement of annual financial and business targets aligned with the Group's KPIs.</p> <p>Bonus deferral encourages long-term shareholding, supports retention and discourages excessive risk taking.</p>	<p>Bonuses are determined based on measures and targets that are agreed by the Remuneration Committee. Bonus measures are typically based on performance over the relevant financial year. Any payment is at the discretion of the Committee and will be subject to the achievement of performance targets.</p> <p>Bonuses are not pensionable.</p> <p>In respect of bonuses earned in respect of performance in 2024 and thereafter, up to two-thirds of the annual bonus will be payable in cash, following the end of the financial year.</p> <p>At least one-third of the bonus will be compulsorily deferred in shares for two years under the DSBP. The vesting of deferred shares is not subject to any additional performance conditions.</p> <p>Participants will be entitled to receive the value of dividends paid between grant and vesting on deferred shares. Calculation of the payment may assume dividend reinvestment.</p> <p>Bonus payments, including deferred bonus awards, are subject to malus and clawback provisions (see the 'Notes to the Policy table' for further detail).</p>	For executive directors, the maximum opportunity is 150% of salary.	<p>Performance measures will be determined each year and may be based on financial and/or non-financial objectives.</p> <p>Financial measures will normally determine the majority of the bonus opportunity and the balance may be based on non-financial, strategic, personal and/or ESG-related objectives.</p> <p>Where possible, a graduated scale of targets is normally set for financial measures, with no payout for performance below a threshold level of performance.</p> <p>The Committee has discretion to adjust the formulaic outcome arising from the performance conditions in the event that it considers such an outcome is not consistent with the Company's overall performance, taking account of any factors it considers relevant.</p>



Directors' Remuneration report **DIRECTORS' REMUNERATION POLICY**

	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Performance Share Plan	To drive superior performance of the Group and delivery of the Group's long-term objectives, aid retention and align directors' interests with those of the Company's shareholders.	<p>Share-based awards will typically be granted annually to executive directors in the form of nil or nominal cost options or conditional awards.</p> <p>Awards granted to executive directors will be subject to a two-year holding period following the end of the performance term, with shares typically not being released to participants until the end of the holding period.</p> <p>A 10% in ten years' dilution limit governing the issue of new shares to satisfy all share schemes operated by the Company applies.</p> <p>Participants may be entitled to receive the value of dividends paid between grant and vesting (or, if applicable, between grant and the earlier of the expiry of any holding period and the exercise of an award) on vested shares. The payment may be in cash or shares and may assume dividend reinvestment.</p> <p>Awards are subject to malus and clawback provisions (see the 'Notes to the Policy table' for further detail).</p>	The normal annual award level is 200% of salary for the CEO and 175% of salary for other executive directors.	<p>The vesting of awards is subject to the satisfaction of performance conditions, typically measured over a period of at least three years.</p> <p>Performance conditions, and their weightings where there is more than one metric, are reviewed annually to maintain appropriateness and relevance.</p> <p>Awards will be based on measures which could include, but are not limited to, EPS, relative TSR or sustainability-based measures. The Committee has the flexibility to vary the mix of measures or to introduce new measures for future awards, taking into account business priorities at the time of grant.</p> <p>Up to 25% of the award will vest for threshold performance with full vesting for maximum performance.</p> <p>The Committee may alter the vesting outcome if it considers that the level of vesting is inconsistent with the Company's overall performance, taking account of any factors it considers relevant. This will help to ensure that vesting reflects overall Company performance during the period.</p>
All-employee share schemes	Encourages colleague share ownership and therefore increase alignment with shareholders.	<p>The Company operates Sharesave schemes. These schemes are open to all colleagues of the Group, including executive directors, who have completed the requisite length of service at the launch of each invitation.</p> <p>The Company may introduce other all-employee schemes, if appropriate, over the life of the Policy.</p>	The scheme is subject to the limits set by HMRC from time to time.	Not performance related.

Directors' Remuneration report **DIRECTORS' REMUNERATION POLICY**

	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Shareholding guidelines	Encourages executive directors to build a meaningful shareholding in the Group so as to further align their interests with those of shareholders.	<p>Executive directors are required to retain at least half of any share awards vesting (after the sale of any shares to settle tax due) until they have reached the required level of holding.</p> <p>Shares owned outright by the executive director or a connected person count towards the in-employment guideline.</p> <p>Share awards which remain subject to a performance condition are not included. Unvested deferred bonus shares and vested PSP awards which remain unexercised may count towards the in-employment guideline on a net of tax basis.</p>	<p><i>During employment:</i> Executive directors are required to build and retain a shareholding in Breedon equivalent to at least 200% of their base salary.</p> <p><i>Post-employment:</i> Executive directors are normally required to hold shares at a level equal to the lower of their shareholding at cessation and 200% of salary for two years post-cessation (excluding shares purchased with own funds and any shares acquired from share plan awards granted before the approval of the Policy).</p>	Not performance related.
Chair and non-executive directors' fees	To attract high-calibre individuals and appropriately reflect knowledge, skills and experience.	<p>Fees are normally reviewed annually, taking into account factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity.</p> <p>The Chair is paid an all-inclusive fee for all Board responsibilities.</p> <p>Fees for the other non-executive directors may include a basic fee and additional fees for further responsibilities (for example, chairing of major Board committees or holding the office of Senior Independent Director).</p> <p>Breedon repays any reasonable expenses that a non-executive director incurs in carrying out their duties, including travel, hospitality-related and other modest benefits and related tax liabilities, if appropriate.</p> <p>In exceptional circumstances, if there is a temporary yet material increase in the time commitments for non-executive directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload.</p>	When reviewing fee levels, account is taken of market movements in the fees of non-executive directors, Group Board Committee responsibilities and ongoing time commitments.	Not performance related.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY**Notes to the Policy table****Malus and clawback**

All awards under the annual bonus, the DSBP and the PSP are subject to malus and clawback provisions which permit the Remuneration Committee, at its discretion, to reduce the size of any future bonus or share award, to reduce the size of any granted but unvested share award, or to require the director to make a payment to the Company.

The circumstances in which the Committee may apply the malus and clawback provisions are:

- a material misstatement of the Company's financial results;
- a miscalculation or an assessment of any condition (including any performance condition) that was based on an error;
- gross misconduct by a director;
- the Company becomes insolvent or otherwise suffers a corporate failure; or
- significant impact on the reputation and potential financial strength of the Company.

Malus and clawback provisions may apply up to:

- two years from the date of payment in respect of cash bonus payments;

- two years from the date of grant of a share award under the DSBP; and
- two years from the normal vesting date of a share award under the PSP.

Approach to performance measures

Annual bonus performance measures are selected annually to align with the Group's KPIs and strategic imperatives and the interests of our shareholders and other stakeholders. Financial measures (for example, operating profit) will normally influence the majority of the bonus with any remainder based on key strategic, sustainability and/or personal objectives designed to ensure executive directors are incentivised across a range of objectives.

When setting targets, the Committee considers a number of reference points, including the Company's own plans, external expectations and the economic environment. Only modest rewards are available at threshold performance levels, with rewards at stretch requiring material outperformance of the business plan. Details of the specific measures used for the annual bonus are set out in the Annual Report on Remuneration.

PSP performance measures will be selected to: provide a robust and transparent basis on which to measure the Group's performance; link remuneration outcomes

to delivery of the business strategy over the longer term; and provide strong alignment between senior management and shareholders. The Policy provides for the Committee to alter the PSP measures and weightings from year to year. This is to ensure that the Committee can continue to incentivise performance appropriately, if the Group's strategic ambitions evolve over the life of the Policy. The Committee will review the calibration of targets annually to ensure they remain appropriate and sufficiently challenging, taking into account a number of different factors. As with the annual bonus, these may include the Group's business plans and strategy, external forecasts and the wider economic environment.

The Committee retains the discretion to amend the bonus payout and to alter the PSP vesting level if the outcome does not reflect its assessment of overall performance over the relevant periods.

Differences in remuneration policy between executive directors and other employees

The overall approach to reward for employees across the workforce is a key reference point when setting the remuneration of the executive directors. When reviewing the salaries of the executive directors, the Committee pays

close attention to pay and employment conditions across the wider workforce and increases for executive directors will be set in the context of increases for the general workforce.

The annual bonus plan cascades down the business and covers c.500 employees with payouts usually based on the similar measures and targets applying to executive directors. The bonus opportunity varies by role.

A key difference between the remuneration of executive directors and that of our other employees is that, overall, at senior levels, remuneration is increasingly long term and 'at risk', with an emphasis on performance-related remuneration linked to business performance, and share-based remuneration. This ensures that remuneration at senior levels will increase or decrease in line with business performance and provides alignment between the interests of executive directors and shareholders. In particular, long-term incentives are provided to a small number of individuals across the Group, as they are reserved for those considered to have the greatest potential to influence overall levels of performance.



Directors' Remuneration report **DIRECTORS' REMUNERATION POLICY**

Flexibility, discretion and judgement

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval (PSP and DSBP) or to approval by the Board (annual bonus scheme). These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Policy is fair, both to the individual director and to shareholders. The Committee has discretion to set components of remuneration within a range, from time to time. The extent of such discretion is set out in the relevant rules, the maximum opportunity or the performance metrics section of the Policy table. To ensure the efficient administration of the variable incentive plans outlined above, the Committee will apply certain operational discretions.

These include the following:

- selecting participants in the plans on an annual basis;
- determining the timing of grants of awards and/or payments;
- determining the quantum of awards and/or payments (within the limits set out in the Directors' Remuneration Policy table);
- determining the choice and adjustment of performance measures and targets for each incentive plan in accordance with the Policy set out above and the rules of the relevant plan;
- determining the extent of vesting based on the assessment of performance, and judgement relating to measurement of performance in certain circumstances such as a change of control or reconstruction or other corporate events;
- whether malus and clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which it shall be applied;
- making appropriate adjustments as required in certain circumstances, for instance changes in capital structure;
- determining 'good leaver' status for incentive plan purposes and applying the appropriate treatment; and
- undertaking the annual review of performance measures including their weightings and setting targets for the annual bonus plan and other incentive schemes, where applicable, from year to year.

If an event occurs which results in the annual bonus or PSP performance conditions and/or targets being deemed no longer appropriate (for example, material acquisitions or divestments), the Committee has the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions.

Any use of this discretion would, where relevant, be explained in the Directors' Remuneration Report and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Legacy arrangements

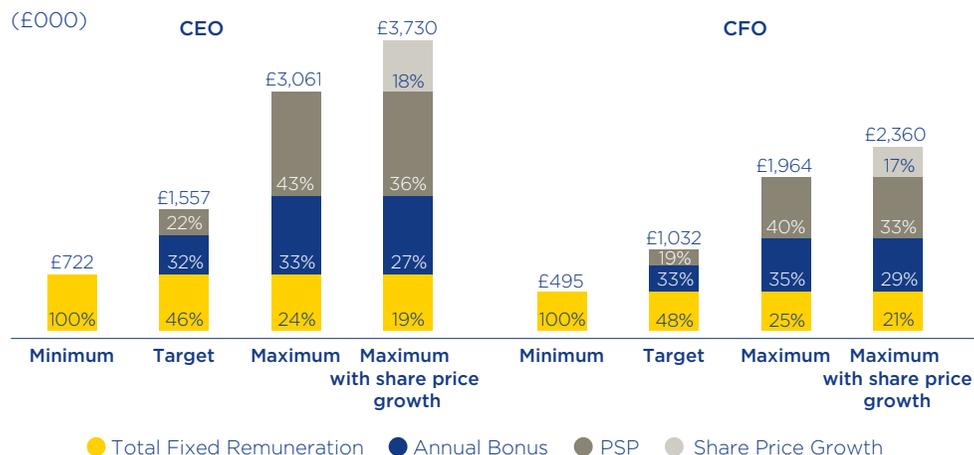
For the avoidance of doubt, the Committee may approve payments to satisfy commitments agreed prior to the approval of this Directors' Remuneration Policy, that have been disclosed to shareholders previously. The Committee may approve payments outside this Policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) promotion to the Board.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY

Illustration of the application of the Policy



The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our Policy results in a significant proportion of remuneration received by executive directors being dependent on Company performance. The charts above illustrate how the policy would function for minimum, on target and maximum performance for each executive director in 2024.

Assumptions for the chart above:

- Minimum: comprises fixed pay made up of base salary levels (applying from 1 April 2024), the value of pension at 5% of annual basic salary and other benefits estimated at the value shown in the single total figure of remuneration table for 2023.

- On-target: bonus achieved at 50% of the maximum opportunity, and the on-target level of vesting under the PSP taken to be 25% of the face value of the award at grant.
- Maximum: full bonus achieved and PSP vesting in full i.e. 150% of salary bonus payout and PSP awards to the value of 200% of salary and 175% of salary vesting for the CEO and CFO respectively.
- Share price appreciation of 50% has been assumed for the PSP awards under the final 'maximum with growth' scenario (no share price appreciation has been assumed for the first three sections).
- Amounts relating to all-employee share schemes have, for simplicity, been excluded from the charts.

Service agreements/letters of appointment and loss of office

Each director has a service agreement or letter of appointment with the Company as follows:

Director	Service agreements/ letters of appointment and loss of office	Date of contract/ letter of appointment following Admission	Notice period	
			From the director	From the Company
Executive directors				
Rob Wood	27 February 2014	10 May 2023	12 months	12 months
James Brotherton	17 November 2020	10 May 2023	12 months	12 months
Non-executive directors				
Amit Bhatia	1 August 2016	26 April 2023	-	-
Carol Hui	3 March 2020	26 April 2023	-	-
Pauline Lafferty	17 June 2021	26 April 2023	-	-
Helen Miles	18 November 2020	26 April 2023	-	-
Clive Watson	24 July 2019	26 April 2023	-	-

The executive directors, Rob Wood and James Brotherton, entered into new service agreements with new Breedon on 10 May 2023 in order that their arrangements reflect the revised structure of the Group following Admission to the Premium Listing Segment of the Official List and to trading on the Main Market. The terms of the Service Agreements remain substantially the same as those in place with Breedon prior to Admission. The non-executive directors, Amit Bhatia, Carol Hui, Pauline Lafferty, Helen Miles and Clive Watson, entered into new letters of appointment with new Breedon on 26 April 2023.

There are no provisions in the Service Agreements for contractual benefits (for example, any enhanced redundancy payments and/or any 'exit' bonus) to be payable to the executive directors in the event of termination of their respective Service Agreements.

The Board's overriding approach to payments for loss of office is to act in shareholders' interests. The principles on which payments for loss of office will be approached are set out opposite.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY

Notice periods and payments in lieu of notice	The maximum notice period for executive directors is 12 months. The Committee retains the right to terminate an executive director's service agreement by making a payment in lieu of notice, consisting of salary, cost of benefits and loss of pension provision for the notice period (or the unexpired portion of it). It is the Company's policy to have regard to the executive director's duty to mitigate their loss in respect of those contractual rights that they would otherwise be entitled to receive.
Annual bonus	<p>The payment of bonus for the year in which an executive director leaves will take into consideration the circumstances of the individual's departure and their contribution up to the leaving date. Any amounts paid will be pro-rated for the time served and will, subject to performance, be paid at the usual time (although the Committee retains discretion to pay the annual bonus award earlier). Any bonus earned for the year of departure and, if relevant, for the prior year may be paid wholly in cash at the Committee's discretion. On a change of control, annual bonuses will either continue for the full year or be paid to the time of completion on a pro-rata basis.</p> <p>Deferred share bonus awards will normally lapse on cessation of employment. However, if an executive director leaves due to death, ill-health, injury, disability, retirement with the agreement of the Committee (a good leaver), sale of their employing company or business out of the group, or any other reason at the discretion of the Committee, their award shall either vest on the normal vesting date or, at the discretion of the Committee, at the date of cessation of employment. On a change of control, DSBP awards will generally vest in full on the date that control alters, unless the Committee permits (or requires) awards to roll over into equivalent shares in the acquiror.</p>
PSP	<p>PSP awards will usually lapse on cessation of employment. However, if an executive director leaves due to reason of a 'good leaver' their award shall either vest on the normal vesting date or, at the discretion of the Committee, at cessation of employment. In either case, the extent of vesting will be based on the satisfaction of performance conditions and, unless the Committee determines otherwise, a pro-rata reduction for time served.</p> <p>On a change of control, any vesting of awards will be subject to assessment of performance against the performance conditions and will normally be pro-rated unless the Committee determines otherwise.</p>
Other payments	<p>Payments may be made in the event of a loss of office under the Sharesave scheme, which is governed by its rules and the applicable legislation and which does not provide discretion in the case of leavers.</p> <p>In appropriate circumstances, other payments may be made, such as in respect of accrued holiday and outplacement and legal fees and the Company may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company.</p>

Where the Committee retains discretion, it will be used to provide flexibility in certain situations, taking into account the circumstances of the director's departure and performance.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY

Recruitment policy

The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business, execute Breedon's strategy effectively and promote our long-term success for the benefit of our shareholders and other stakeholders.

When appointing a new executive director, the Committee's approach when considering the overall remuneration arrangements in the recruitment of a new executive director is to take account of the calibre, expertise and responsibilities of the individual, his or her remuneration package in their prior role, and market rates.

Remuneration will be in line with our Policy and the Committee will not pay more than is necessary to facilitate recruitment. Further details are provided in the table.

Depending on the timing and responsibilities of the appointment, it may be necessary to set different annual bonus/PSP performance measures and targets from those applicable to awards made to other senior executives.

Any incentive awards granted to employees prior to their promotion to the Board will be permitted to vest on their original terms. The terms of appointment for a non-executive director would be in accordance with the Policy for non-executive directors as set out in the Policy table.

Base salary	<p>The Committee will set a base salary appropriate to reflect the calibre, experience and responsibilities of the new appointee. In arriving at a salary, the Committee may consider, among other things, the market rate for the role, internal relativities and his or her salary level prior to joining the Board.</p> <p>The Committee has the flexibility to set the salary of a new executive director at a lower level initially, with a series of planned (above workforce) increases implemented over the following few years to bring the salary to the desired positioning, subject to individual performance.</p> <p>In certain circumstances, the Committee has the ability to set the salary of a new executive director at a rate higher than the market level to reflect the criticality of the role and the experience and performance of the individual.</p>
Benefits	Benefits will normally be consistent with the principles of the Policy set out in the Policy table. The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, living and transportation expenses, educational costs for children and, if applicable, tax equalisation to allow flexibility in employing an overseas national.
Annual bonus	The maximum bonus opportunity is 150% of base salary.
Performance Share Plan	The maximum opportunity is 200% of base salary. This may be used on recruitment and on an initial and ongoing basis, if appropriate.
Replacement or buyout awards	<p>In addition to the above, the Committee may offer additional cash and/or share-based elements in order to 'buy out' remuneration relinquished on leaving a former employer. For the avoidance of doubt, such awards are not subject to the annual bonus and PSP individual limit caps. In the event of Breedon acquiring or merging with a business, awards held at the former employer may be rolled over into awards over Breedon shares.</p> <p>In the event that such a buyout is necessary to secure the services of an executive director, the structure of any award or payment will mirror, as far as is possible, the arrangements in place at the incoming executive director's previous employer.</p> <p>Any share awards made in this regard may have no performance conditions, or different performance conditions, or a shorter vesting period compared with the Company's existing plans, as appropriate.</p> <p>Awards may be made under the existing incentive schemes or as special one-off arrangements that are permitting under the Listing Rules. Shareholders will be informed of any buyout arrangements at the time of the executive director's appointment or in the next Directors' Remuneration report.</p>
Notice periods	Notice periods shall be up to 12 months.



Directors' Remuneration report

DIRECTORS' REMUNERATION POLICY

External appointments for executive directors

The Company recognises that its executive directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden a director's experience and knowledge which can benefit Breedon. Subject to approval by the Board, executive directors are allowed to accept non-executive appointments, provided that these appointments are not likely to lead to conflicts of interest, and the Committee will consider its approach to the treatment of any fees received by executive directors in respect of non-executive roles as they arise.

Consideration of shareholders' views

In its 2023 review of executive remuneration as part of Breedon's move to the Main Market, the Committee conducted a comprehensive consultation exercise which elicited feedback from the Company's largest shareholders. The Committee was very grateful for the views received. The feedback was used constructively to shape the 2024 Directors' Remuneration Policy.

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on directors' remuneration. The Committee seeks to engage directly with major shareholders and their representative bodies on changes to the Policy. The Committee considers shareholder feedback received in relation to the remuneration-related resolutions each year following the AGM. This, together with any additional feedback received from time to time (including any updates to shareholders' remuneration guidelines), is then considered as part of the Committee's annual review of the Policy and its implementation.

Consideration of employment conditions across the Group

The Committee closely monitors the pay and conditions of the wider workforce and the design of the Directors' Remuneration Policy is informed by the policy for employees across the Group.

While employees are not formally consulted on the design of the Policy, the Board will receive views through our designated non-executive director for workforce engagement on a variety of areas including pay. The views are considered by the Committee in determining the approach to senior executive pay design and outcomes.

Differences in pay policy for executive directors compared to the wider workforce

There are some differences in the structure of the Policy for the executive directors compared to that for other employees within the organisation, which the Committee believes are necessary to reflect the differing levels of seniority and responsibility. At senior levels, remuneration is increasingly long-term, and 'at risk' with an increased emphasis on performance-related pay and share-based remuneration. This ensures the remuneration of the executives is aligned with both the long-term performance of the Company and the interests of shareholders.

Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION**

This section of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and Rule 9.8.6 of the Listing Rules. The Directors' Remuneration Report (excluding the

Directors' Remuneration Policy), comprising the Annual Statement to shareholders by the Remuneration Committee Chair and the Annual Report on Remuneration will be put to a single advisory shareholder vote at the AGM on 24 April 2024.

This part of the report comprises five sections:

- A. Remuneration for 2023**
- B. Directors' share ownership and share interests**
- C. Pay comparison**
- D. Remuneration Committee membership, governance and voting**
- E. Implementation of Remuneration policy in 2024**

A. Remuneration for 2023**Single total figure of directors' remuneration**

The total remuneration of the directors for the year ended 31 December 2023 and the prior year is shown in the table below:

Director	Salary/fees £'000		Benefits ¹ £'000		Pension ² £'000		Fixed pay Sub-total £'000		Annual bonus ³ £'000		PSP awards vesting ⁴ £'000		Variable pay Sub-total £'000		Total £'000	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Executive directors																
Rob Wood	636	605	20	21	28	26	684	652	799	752	290	464	1,089	1,216	1,773	1,868
James Brotherton	430	412	20	21	19	18	469	451	541	509	168	-	709	509	1,178	960
Non-executive directors																
Amit Bhatia	183	175	-	-	-	-	183	175	-	-	-	-	-	-	183	175
Carol Hui	64	61	-	-	-	-	64	61	-	-	-	-	-	-	64	61
Pauline Lafferty	69	67	-	-	-	-	69	67	-	-	-	-	-	-	69	67
Helen Miles	54	52	-	-	-	-	54	52	-	-	-	-	-	-	54	52
Clive Watson	74	71	-	-	-	-	74	71	-	-	-	-	-	-	74	71

1 Benefits paid to Rob Wood and James Brotherton comprise the provision of private medical insurance and a car allowance.

2 Rob Wood and James Brotherton received a salary supplement in lieu of a contribution to a pension arrangement.

3 Further information in relation to the bonuses payable to Rob Wood and James Brotherton is given on pages 161 to 163 and these bonuses were earned pursuant to the terms of the 2023 annual bonus scheme.

4 Both executive directors were granted PSP awards on 23 April 2021 which are due to vest at 50% on 23 April 2024. As the vesting date falls after the remuneration report is signed off, the value of these awards has been estimated using the three-month average share price to 31 December 2023 (337.5p). The actual value of these awards at the point of vesting will be set out in next year's remuneration report. The 2022 PSP figures have been updated to reflect the actual share price on the date of vesting (337.0p and the value of accrued dividends during the vesting period).



Directors' Remuneration report ANNUAL REPORT ON REMUNERATION

Annual bonus for the year ended 31 December 2023 (audited)

The annual bonus opportunity for each executive director was 125% of base salary. The 2023 annual bonus was based on the achievement of stretching Underlying EBIT targets for 75% with the remaining 25% based on corporate objectives.

Underlying EBIT (75% of the total bonus)

Threshold level of Underlying EBIT (10% payout) £m	Maximum level of Underlying EBIT £m	Actual level of Underlying EBIT £m	Actual level of Underlying EBIT after application of capital employed moderator £m	Bonus earned (percentage of maximum) %
135.0	155.0	156.2	156.2	100

The rules of the annual bonus scheme provide that the actual level of Underlying EBIT achieved is subject to the capital moderator. In 2023 the impact of the capital moderator on the Underlying EBIT achieved was nil (2022: £0.3m Underlying EBIT decrease) as increases in capital employed from acquisition of businesses were fully offset by a stronger than budgeted working capital performance.

The Group's estimated weighted average pre-tax cost of capital at the start of the year was 13.8%.

Corporate objectives (25% of the total bonus)

Objectives	Assessment
A measured improvement in customer satisfaction across all divisions.	All divisions measure customer satisfaction through NPS. During 2023 all four divisions achieved very good scores with GB Materials and Cement having made excellent progress on the back of improvement plans put in place in 2022. Achievement: Met in full.
As part of the Group's digitalisation strategy determine and scope a new Group-wide integrated finance platform.	A detailed assessment was made in 2023 of the requirements of the business for a future state finance platform. Following an assessment of leaders in finance solutions, a partner was chosen from a shortlist and was approved by the Board in November 2023. The appointment of a CIO was made at the end of 2023 to progress our digitalisation strategy in 2024. Achievement: Met in full.

Objectives

Home Safe and Well programme to progress the Group's safety culture during 2023.

Assessment

The Group's first Safety Culture survey was implemented to establish a baseline for improvement. A programme of training for operational managers and supervisors across the Group was delivered as part of our Home Safe and Well programme. More work on safety leadership will be incorporated into the management programme designed for 2024. Achievement: Mostly met.

Achieve a 2% improvement in Group carbon intensity and develop science based carbon reduction targets.

Carbon intensity per tonne was reduced by 5% and science based targets have been developed and submitted for verification in 2024 with a roadmap to support their delivery. Achievement: Met in full.

Improve sales revenue from products with enhanced sustainability attributes; and launch, monitor and start to report on the proportion of revenue achieved from products that meet the Breedon Balance criteria.

Sales from concrete and asphalt products with enhanced sustainability attributes represented 40% of revenue for the year which met the target set and was up from 37% in 2022. The Breedon Balance range was launched with sales figures being tracked. Achievement: Met in full.

Detailed disclosure of ESG performance data to the CDP.

First Climate Change and Water Security Disclosure submitted to CDP and B and C score achieved respectively. Achievement: Met in full.

Further embed the social value methodology developed in 2022 and demonstrate the positive impact to 25,000 people by the end of 2023.

Over 25,000 people positively impacted during the year and the Group is now over 55% of the way to the 2030 target. Achievement: Met in full.

The above objectives made up 25% of the total bonus for the CEO and CFO. The Committee determined that very strong progress had been made against each of the objectives and targets and this resulted in a payout of 24.5%.

Corporate objectives for 2023 were based 15% on sustainability and 10% on strategic priorities goals. The table provides disclosure of the objectives against each area and actual performance.



Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION**

Overall the bonus outcome for the year, taking into account financial performance and the delivery of corporate objectives, was 99.5% of maximum. The overall bonus for the period in service as a director was as follows:

	Maximum bonus opportunity (% of salary)	Bonus payout (% of maximum)	Bonus earned (£'000s)
Rob Wood	125%	124%	799
James Brotherton	125%	124%	541

The Remuneration Committee believes these outcomes fairly reflect the performance of the business over the 2023 financial year and therefore no adjustment is required to the formulaic outcomes. In arriving at this conclusion, the Committee recognised the record profit delivered in 2023 in a very challenging macroeconomic environment. The Committee also considered progress on strategic delivery and sustainability objectives delivered during the year.

2021 PSP vesting outcome in respect of performance to 31 December 2023 (audited)

Awards were granted under the PSP on 23 April 2021, with vesting subject to two performance conditions, each with an equal weighting – Underlying Diluted EPS growth and relative TSR against the constituents of the FTSE 250 (excluding investment trusts).

The performance period for both measures ended in December 2023 and the awards will become exercisable on the third anniversary of grant subject to continued service. These awards are subject to a two-year holding period.

	Threshold (25% vesting)	Maximum (100% vesting)	Actual	Vesting (% of maximum)
Relative TSR (50%)	Median rank (1.1)% TSR	Median + 7.5%p.a. 21.4% TSR	(9.2)% TSR, below median ranking	0.0%
EPS (50%) ¹	26.5p	32.5p or higher	33.9p	100.0%

¹ The EPS targets were adjusted for the one-for-five share consolidation undertaken as part of the move to the Main Market.

The EPS performance over the period was such that this part of the award will vest in full. For TSR, the Company ranked below median of the comparator group and therefore none of this part of the award will vest. As such, 50% of the awards will vest on 23 April 2024. Vested awards are subject to a two-year post-vesting holding period.

	Number of PSP awards granted '000	Performance outcome %	Number of awards vesting '000	Value due to share price appreciation £'000	PSP single total figure value £'000
Rob Wood	172	50%	86	(141)	290
James Brotherton	100	50%	50	(82)	168

The value of these awards as set out in the above table is based on the average three-month share price to 31 December 2023 of 337.5p.

The Committee believes the vesting outcome is a fair reflection of performance over the three-year period and therefore no discretion has been applied to amend the formulaic outcomes.

Payments to former directors (audited)

Pat Ward's 2020 PSP award vested in August 2023. In accordance with the EPS outcome set out in the 2022 Annual Report, the 2020 award vested in full. Pat's award was pro-rated to reflect his time served as an employee of Breedon Group.

Payments for loss of office (audited)

There were no payments for loss of office during the year.

Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION****Pro-rata single total figure of remuneration (audited)**

The following table sets out the single figure of total remuneration for executive directors in 2023 for the period since qualifying services were provided by the directors to the new Breedon holding company, 17 May 2023 to 31 December 2023.

2023	Salary/ Fees ¹ £'000	Benefits £'000	Pension supplement cash £'000	Fixed pay sub-total £'000	Bonus £'000	PSP awards vesting ² £'000	Variable pay sub-total £'000	Total £'000
Executive directors								
Rob Wood	401	13	18	432	501	290	791	1,223
James Brotherton	271	12	12	295	339	168	507	802
Non-executive directors								
Amit Bhatia	115	-	-	115	-	-	-	115
Clive Watson	46	-	-	46	-	-	-	46
Carol Hui	40	-	-	40	-	-	-	40
Helen Miles	34	-	-	34	-	-	-	34
Pauline Lafferty	43	-	-	43	-	-	-	43

1 Salary/fees, pension, benefits and bonus values reflect pay for the period between 17 May 2023 and 31 December 2023.

2 The PSP values relate to the award granted in April 2021 and their full estimated value as set out in the single figure table on page 160.

B. Directors' share ownership and share interests**Share awards granted in 2023 (audited)**

The table below provides details of PSP awards made to executive directors on 11 April 2023.

Director	Type of award	Percentage of salary Basis of award	Number of shares under award ¹ '000	Face value of award £'000 ¹	Percentage vesting at threshold	End of performance period
Rob Wood	Conditional shares	150%	272	964	25%	31 Dec 2025
James Brotherton	Conditional shares	150%	184	652	25%	31 Dec 2025

1 The number of awards was based on a share price of 355.0p being the middle market closing price on the dealing day prior to grant. This reflects the rollover grant of 16 May 2023 due to the 5:1 share consolidation.

The vesting of the above awards is subject to the achievement of two performance conditions, measured independently.

Based on Adjusted Underlying Diluted EPS	Relative TSR	Percentage of award relating to that part of the performance condition that vests
Less than 33.25p	Below median	0%
Equal to 33.25p	Median TSR	25%
Between 33.25p and 37.0p	Between median and upper quartile	Between 25% and 100% on a straight-line basis
37.0p or more	Upper quartile TSR or better	100%

Comparative values for earnings per share measures have been restated to reflect the impact of the 5:1 share consolidation undertaken during the period.

The EPS condition for 50% of the award measures the Group's compound annual growth rate in the Group's Adjusted Underlying Diluted EPS over the performance period. No portion of the EPS element may vest unless the Group's full EPS for 2025 is at least 33.25p, for which 25% of the EPS element may vest, rising on a straight-line basis to full vesting of the EPS element for EPS 37.00p or better.

The other 50% of the award compares the Group's TSR performance over the performance



Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION**

period relative to the constituents of the FTSE 250 Index (excluding investment trusts) as at the start of the performance period. No portion of the TSR element may vest unless the Group's TSR performance over the performance period at least equals the median TSR performance within the comparator group, for which 25% of the TSR element may vest, rising on a straight-line basis to full vesting of the TSR element for an upper quartile ranking or better.

Outstanding PSP and SAYE awards (audited)

PSP

	Year of award	Awards held as at 1 Jan 2023 '000	Granted '000	Vested ¹ '000	Lapsed ¹ '000	Movements in the year	
						Awards held as at 31 Dec 2023 '000	Vesting date
Rob Wood	2020	131	-	137	-	-	August 2023
	2021	172	-	-	-	172	April 2024
	2022	229	-	-	-	229	April 2025
	2023	-	272	-	-	272	April 2026
Total		532	272	137	0	673	
James Brotherton	2021	100	-	-	-	100	April 2024
	2022	155	-	-	-	155	April 2025
	2023	-	184	-	-	184	April 2026
Total		255	184	0	0	439	

¹ 2020 PSP - additional dividend shares 6,347 accrued on vested shares.

* Comparative values for earnings and dividend per share measures have been restated to reflect the impact of the 5:1 share consolidation undertaken during the year.

SAYE

	Shares under option '000	Option date	Maturity date	Term (months)	Options matured during the year
Rob Wood	11	1 April 2019	1 May 2024	60	Nil
James Brotherton	8	1 April 2021	1 May 2026	60	Nil

* Comparative values for earnings and dividend per share measures have been restated to reflect the impact of the 5:1 share consolidation undertaken during the year.

Beneficial interests (audited)

The share interests of each director as at 31 December 2023 (together with interests held by connected persons) are set out in the table below. To align executive directors with the interests of shareholders, the Committee has implemented shareholding guidelines for executive directors and key senior colleagues. The guidelines require that executive directors build up and maintain an interest in the Ordinary shares of the Company that is 200% of their annual base salary and retain half of any vested share awards (net of any taxes due) until this guideline is met.

Shareholdings for directors who have held office during the year ended 31 December 2023 are set out as a percentage of salary or fees in the table below.

	No. of shares owned outright (including connected persons) 31 Dec 2023 '000	No. of shares owned outright (including connected persons) 31 Dec 2022 '000	Vested but unexercised share awards	Unvested shares subject to performance conditions '000	SAYE Options held '000	Shareholding as a % of salary as at 31 Dec 2023 ¹ '000	Shareholding guidelines (200% of salary) met?
Executive directors							
Rob Wood	344	271	0	673	11	194	No
James Brotherton	15	15	0	439	8	12	No
Non-executive directors							
Amit Bhatia	100	100	-	-	-	-	-
Carol Hui	4	0	-	-	-	-	-
Pauline Lafferty	0	0	-	-	-	-	-
Helen Miles	0	0	-	-	-	-	-
Clive Watson	39	25	-	-	-	-	-

¹ Includes the value of beneficially owned shares and any vested but unexercised share awards on a net of tax basis.

* Comparative values for earnings and dividend per share measures have been restated to reflect the impact of the 5:1 share consolidation undertaken during the year.

Executive directors are expected to build and maintain a shareholding equivalent to 200% of their base salary. There was no change in the interests set out above between 31 December 2023 and 6 March 2024.



Directors' Remuneration report ANNUAL REPORT ON REMUNERATION

C. Pay comparison

Percentage change in directors' remuneration versus employee pay

The table below shows the percentage changes in base salary or fees, taxable benefits and annual bonus of each director in the financial year indicated, compared to the previous financial year, together with the approximate comparative average figures for those employees who were employed for a full 12 months in the UK. In respect of the 2023 financial year, this section of the employee population (comprising approximately 2,700 individuals across a number of levels) is considered to be the most appropriate group for comparison purposes, as its remuneration is controlled by the Group and is subject to similar external market forces as those that relate to the executive directors' remuneration. This is a new disclosure for Breedon and will build up over time to show five years' worth of data.

	2023		
	Salary/Fees	Benefits	Annual bonus
Rob Wood	4.5%	(4.8)%	6.3%
James Brotherton	4.5%	(4.8)%	6.3%
Amit Bhatia	4.6%	-	-
Carol Hui	4.9%	-	-
Pauline Lafferty	3.0%	-	-
Helen Miles	3.8%	-	-
Clive Watson	4.2%	-	-
Workforce average ¹	6.6%	1.0%	9.6%

¹ The salaries for part time employees have been pro-rated to full time equivalents. Weekly paid employees have been excluded from the report as the pay conditions are different from those employees who are monthly paid making comparison misleading.

CEO pay ratio

In line with the reporting regulations, set out below is the ratio of CEO pay compared to the pay of UK full-time equivalent colleagues of the Group for the financial year ended 31 December 2023. This is another new disclosure for Breedon and we will build up to five years' worth of data over time. We expect the pay ratio to vary from year to year, driven largely by variability in incentive outcomes for the CEO, which will significantly outweigh any other general employee pay changes at Breedon. The CEO single total figure remuneration of £1,777,081¹ is used in the table below. The Committee will monitor the CEO pay ratio over time to check that it appears reasonable and is consistent with the Company's wider policies on colleague pay, reward and progression. We have chosen to use Option A in calculating the ratios, which is a calculation based on the pay of all UK employees on a full-time equivalent basis, as this option is considered to be more statistically robust. The ratios are based on total pay and benefits inclusive of short-term and long-term incentives applicable for the respective financial year (1 January to 31 December). The reference employees at the 25th, 50th and 75th percentile have been determined by reference to pay and taxable benefits as at the 30 November 2023 with the final month included on a 1/12 basis.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	51.8:1	43.1:1	33.8:1

The Committee is satisfied that the resulting figures are reasonable and are appropriately representative for the purposes of the CEO pay ratio calculations. The ratio is largely driven by the high bonus payouts reflecting record level of profit delivered in 2023.

Set out in the table below is the base salary and total pay and benefits for each of the percentiles.

	25th percentile	Median	75th percentile
Salary	£33,072	£32,306	£47,000
Total pay and benefits	£34,302	£41,275	£52,586

¹ This figure is calculated as per the regulatory requirements to include life assurance benefit.



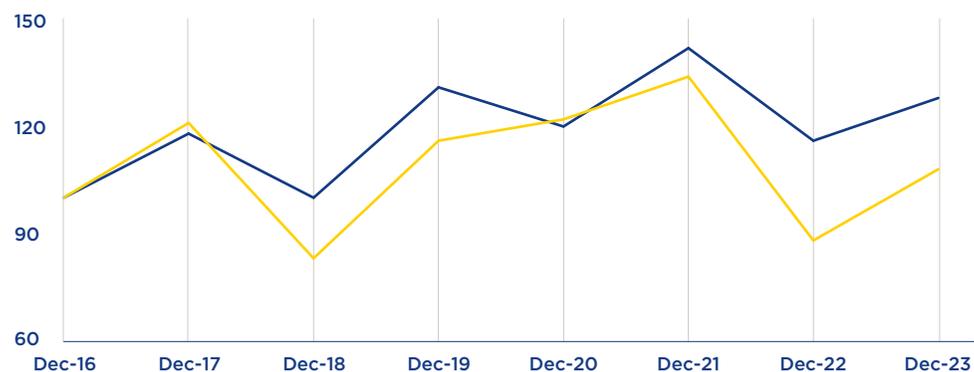
Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION**

Total shareholder return performance graph and CEO total pay

The following graph illustrates the total return, in terms of share price growth and dividends on a notional investment of £100 in Breedon over the last seven years relative to the FTSE 250 Index (excluding investment trusts).

This index was chosen by the Committee as Breedon is a constituent of the index and it provides an indicator of general UK market performance for companies of a broadly similar size.

TSR Chart



- Breedon Group
- FTSE 250 (excluding investment trusts)

Source: Datastream (a Refinitiv product).

The total remuneration figures, including annual bonus and vested PSP awards (shown as a percentage of the maximum that could have been achieved) for the CEO for each of the last seven financial years are shown in the table below.

Year	CEO	CEO single figure of total remuneration £'000	Annual bonus payout against maximum opportunity %	PSP vesting rates %
2023	Rob Wood	1,773	99.5	50.0
2022	Rob Wood	1,868	97.8	100.0
2021	Rob Wood ¹	1,722	100.0	70.8
2021	Pat Ward ²	1,210	100.0	70.8
2020	Pat Ward	1,444	100.0	0
2019	Pat Ward	2,076	82.6	61.9
2018	Pat Ward	1,334	60.5	83.5
2017	Pat Ward	1,056	67.1	100

1 Total remuneration for Rob Wood including the period 1 January 2021 to 31 March 2021 when he served as Group Finance Director.

2 Pat Ward's remuneration above is for the period ended 31 March 2021 when he retired from the Board.

Relative importance of the spend on pay

The following table shows the Company's actual spend on pay for all Group colleagues relative to dividends:

	2023 £m	2022 £m	% change %
Staff costs ¹	208.3	192.2	8.4
Dividends ²	37.3	30.5	22.3

1 Note 5 of the consolidated financial statements.

2 Dividend paid to Breedon Group shareholders.



Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION**

D. Remuneration Committee membership, governance and voting

Remuneration Committee membership

The Committee in 2023 comprised Pauline Lafferty as Chair of the Committee, Carol Hui, Helen Miles and Clive Watson all independent non-executive directors. The Committee met five times during the year and all Committee members were present.

The Chair and selected members of management (including the CEO, the CFO and Group People Director) are invited to attend meetings where appropriate. The Deputy Company Secretary is the secretary to the Committee. Attendees are not involved in any decisions and are not present for any discussions regarding their own remuneration. The Company Chair may attend meetings but is not present when his own remuneration arrangements are being decided.

Independent advisers

The Committee takes account of information from both internal and independent sources, including FIT Remuneration Consultants LLP (FIT) who act as the Committee's independent adviser. FIT was appointed by the Committee as a result of a tender process and advised on all aspects of senior executive remuneration, including remuneration trends, corporate governance and shareholder views.

FIT is a founder member of the Remuneration Consultants' Group and complies with its Code of Conduct, which sets out guidelines to ensure that its advice is independent and free of undue influence. The Committee reviews the performance and independence of its advisers on an annual basis. The Committee was satisfied that FIT's advice was independent and objective. Breedon incurred fees of £77,996 excluding VAT during 2023 relating to Committee advice. FIT billed on a time and materials basis and did not provide any other services other than share plan implementation advice to Breedon during 2023.

Shareholder voting

Breedon submitted the Directors' Remuneration report for a shareholder vote at the AGM held on 26 April 2023. The vote was advisory and received the following support.

	Directors' Remuneration report (2023)	
	Total number of votes	% of votes cast
For	1,275,901,377	97.26
Against	35,911,563	2.74
Total votes cast (for and against)	1,312,118,841	100%
Votes withheld	305,901	-

E. Implementation of policy in 2024

Base salaries

Base salary increases for our two executive directors will be 4% in 2024 which is in line with the general workforce increase.

Salaries effective from 1 April 2024 will be as follows:

- CEO: £668k (2023: £643k).
- CFO: £452k (2023: £435k).



Directors' Remuneration report **ANNUAL REPORT ON REMUNERATION**

Non-executive director' fees

The fee for the non-executive chair for 2024 is £230,000 (2023: £184,965). The Committee has reset the Chair's fee to reflect his contribution to the business and the significant time commitment in fulfilling the role. The Committee believes this provides a fair level of remuneration for an experienced Chair and that it is comparable, and not in excess of, market rates.

The fees payable to the non-executive directors for 2024 are:

- Basic fee of £60,000 (2023: £54,340);
- An additional fee for holding the office of Senior Independent Director of £10,500;
- An additional fee for chairing the Audit & Risk, Remuneration or Sustainability Committees of £12,500; and
- An additional fee of £7,500 to the non-executive director designated with responsibility for workforce engagement.

Annual bonus

For 2024, the executive directors will have the opportunity to earn a bonus of up to 150% of salary. The bonus will be subject to stretching performance conditions based on Underlying EBIT (75%) and corporate objectives (25%). Financial performance will incorporate a capital employed moderator designed to incentivise a strong balance sheet and cash management and penalise poor performance in these areas. In addition, a 'Quality of Earnings' assessment will apply in determining the financial bonus outcome. This subjective assessment of earnings would consider – in the round – whether the Underlying EBIT outcome is reasonable taking into account other financial indicators, and assurance from the Audit & Risk Committee.

The performance targets contain confidential information and so are not disclosed on a prospective basis. The Committee proposes to disclose the targets, and performance against them, in next year's report.

PSP awards

For 2024, it is anticipated that the CEO will receive an award with a face value of 200% of base salary and the CFO will receive an award of 175% of salary.

The awards will vest subject to the satisfaction of stretching performance conditions assessed over the three year period ending 31 December 2026. These measures and weightings will be EPS (42.5%), relative TSR (42.5%) and carbon reduction (15%).

At the time of signing off this report, the EPS and carbon reduction metrics have not been finalised. The targets will be disclosed at the time of grant of the PSP awards, expected to be in late April 2024.

Pauline Lafferty

Chair, Remuneration Committee

6 March 2024

Directors' report

Directors' report

The directors present their report, together with the audited financial statements, for the year ended 31 December 2023.

The Directors' report for the year ended 31 December 2023 is presented and includes sections of the Annual Report incorporated by reference. This includes the Governance report set out on pages 111 to 172 and, accordingly, should be read as part of this report and as permitted by legislation, some of the matters required to be included in the Directors' report have instead been included in the Strategic report on pages 01 to 109, as the Board considers them to be of strategic importance. Specifically, these are:

- pages 01 to 49 provide detailed information relating to a review of the market, our business model, strategy, business operations, future developments and the results and financial position for the year ended 31 December 2023;
- details of the Company's policy on addressing the principal risks and uncertainties facing the Company, which are set out in the Strategic report on pages 54 to 60;
- information as to the Group's greenhouse gas emissions for the year ended 31 December 2023, which can be found on pages 75 to 80;
- Section 172 Statement, which is set out on pages 105 to 109;
- how we have engaged with our people and stakeholders on pages 117 to 120; and

- business relationships on pages 01 to 09, 22 to 27, 36 to 41, and 87 to 104.

Disclosures required under Listing Rule 9.8.4R

The information required to be disclosed in accordance with Listing Rule 9.8.4R of the Financial Conduct Authority's Listing Rules can be located in the following pages of this Annual Report:

- (4) Details of long-term incentive schemes – pages 162 to 164; and
- (1), (2), (5), (6), (7) – (14) Not applicable.

The Strategic report and the Directors' report together form the Management report for the purposes of the Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Principal activities

The principal activities of the Company are the quarrying of aggregates and manufacture and sale of construction materials and building products in GB and Ireland, including cement, asphalt and ready-mixed concrete, and specialist building products and delivery of surfacing solutions as a further route to market for our construction materials. Details of our UK subsidiaries together with those outside of the UK can be found on pages 226 and 227.

Dividends

The Company paid an interim dividend on 10 November 2023 of 4.0p per share to holders of ordinary shares of £0.01 who were on the register as at 13 October 2023. A final dividend of 13.5p per share will be proposed for shareholder approval at the AGM on 24 April 2024. If approved, the final dividend will be paid on 17 May 2024 to shareholders on the Register of Members on 5 April 2024. The Board has approved a progressive dividend policy with a target pay-out of 40%.

Annual General Meeting

The Annual General Meeting of the Company will be held at Pinnacle House, Breedon Quarry, Breedon on the Hill, DE73 8AP on 24 April 2024 at 2.00pm. The formal notice convening the AGM, together with explanatory notes on the resolutions contained therein, is included in the separate circular accompanying this document and which is available on the Company's website at www.breedongroup.com/agm.

Directors' report

Substantial shareholdings

The Company is aware that, as at 20 February 2024, the interests of shareholders holding 3% or more of the issued share capital of the Company were as shown in the table below:

	Number	%
Abicad Holding Limited	61,704,894	18.2
Blackrock	31,062,271	9.1
Lansdowne Partners	20,941,200	6.2
MFS Investment Management	14,942,741	4.4
Columbia Threadneedle Investments	14,562,382	4.3
GLG Partners	13,745,139	4.0

Capital structure

Details of the Company's issued share capital and of the movements during the year are shown in note 17 to the consolidated financial statements. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at General Meetings of the Company. There are no restrictions on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares

that may result in restrictions on the transfer of securities or on voting rights. The Chair is recognised by the Board as being a Person Closely Associated with Abicad Holding Limited. There are no persons holding shares carrying special rights regarding control of the Company.

Details of employee share schemes are set out in note 18 to the consolidated financial statements. No person has any special rights of control over the Company's share capital.

The Company did not purchase or acquire any of its own shares in the financial year to 31 December 2023.

Under the Articles, the directors have authority to allot ordinary shares, subject to the aggregate nominal amount limit set at the General Meeting held on 26 April 2023 of 112,961,901. Shareholders granted the Company authority to purchase up to an aggregate of 33,888,570 of its own shares. No shares have been purchased to date under this authority and therefore at 31 December 2023 the authority remained outstanding. Both authorities expire at the conclusion of the AGM to be held in 2024 or on 26 July 2024 (whichever is sooner) and a resolution to renew the authorities will be put to shareholders at the forthcoming AGM. At 31 December 2023 the Company held no shares in treasury.

With regard to the appointment and replacement of directors, the Company is governed by its Articles, the 2018 UK Corporate Governance Code, the Companies Act 2006 and related legislation. Each director stands for election or re-election annually by shareholders at each AGM.

The Articles may be amended by Special Resolution of the shareholders.

Change of control

There are no significant agreements that take effect, alter or terminate on change of control of the Company following a takeover. However, there are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. No agreements exist with the Company and its directors or employees for compensation for loss of office or employment that occurs because of a takeover bid.

Directors

Biographical details of the directors serving at 31 December 2023 can be found on pages 112 and 113 and details of their service contracts are given in the Directors' Remuneration report on page 156. The beneficial and non-beneficial interests of the directors and their connected persons in the shares of the Company at 31 December 2023 and as at the date of this report are disclosed in the Directors' Remuneration report on page 164.

As set out in the Notice of Meeting, all the directors will retire at this year's AGM and submit themselves for re-election by shareholders. All directors took part in the Board performance review in 2023.

Indemnity provisions

The Company maintains Directors' and Officers' liability insurance in respect of legal action that might be brought against its Directors and Officers. The Company has granted an indemnity in favour of its directors against certain liabilities that may be incurred as a result of their being in office to the extent permitted by Section 234 of the Companies Act 2006. The Company has not issued any qualifying pension scheme indemnity provisions.

Directors' report

Colleagues

The Group recognises the importance of colleague involvement in the operation and development of its business units, which are given autonomy, within a Group policy and structure, to enable management to be fully accountable for their own actions and gain maximum benefit from local knowledge. Colleagues are informed by regular consultation, intranet, and internal newsletters of the progress of both their own business units and the Group as a whole.

The Group is committed to providing equal opportunities for individuals in all aspects of employment. It considers the skills and aptitudes of disabled persons in recruitment, career development, training and promotion. If existing colleagues become disabled, every effort is made to retain them, and retraining is arranged wherever possible.

How the Board has engaged with employees can be found on page 117 and provides details of how information has been provided to them and how their involvement has been encouraged. The Section 172 Statement sets out how the Board has had regard to employees interests and is set out on page 106.

Research & Development

Innovation is a key part of the Breedon culture and its future, from the development of lower carbon cements, to utilising recycled materials in products and from adopting new production methods to utilising additives that enhance the product lifecycle. Activities of the Group with regards to research and development can be found on pages 93 to 96.

Political contributions

The Group did not make any contributions to political parties during the current or the previous year.

Financial instruments

Details of the Group's financial instruments are set out in note 14 of the consolidated financial statements.

Sustainability

The Board considers sustainability to be of strategic importance and as such relevant information is contained in the Strategic report on pages 71 to 104 together with our TCFD disclosures on pages 61 to 68.

Going concern

The directors have continued to adopt the going concern basis in preparing the

financial statements (see note 1 to the consolidated financial statements).

Business relationships

The directors have regard to foster business relationships with key stakeholders including suppliers and customers. How engagement has taken place can be found on pages 97 to 104. How the effect of that regard influenced the principal decisions taken by the directors during the financial year can be found in the Board's Section 172 Statement on pages 105 to 109 of the Strategic report.

Risk management and internal control

The Board is responsible for the Group's system of risk management and continues to develop policies and procedures that reflect the nature and scale of the Group's business. Further details of the key areas of risk to the business identified by the Board are included on pages 54 to 60 and the report of the Board's Audit & Risk Committee, which details the internal control framework can be found on pages 125 to 130. The Group's operational key performance indicators are shown on pages 42 and 43.

Disclosure of information to auditor

The directors who hold office at the date of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

KPMG LLP has expressed willingness to continue in office and a resolution to re-appoint KPMG LLP will be proposed at the forthcoming AGM.

Events after the reporting period

These have been disclosed within note 28 of the consolidated financial statements.

By order of the Board

Amit Bhatia
Non-executive
Chair

Rob Wood
Chief Executive
Officer

6 March 2024

Statement of directors' responsibilities

in respect of the annual report and financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable and, in respect of the parent Company financial statements only, prudent;

- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that complies with that law and those regulations.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Rob Wood
Chief Executive
Officer

James Brotherton
Chief Financial
Officer

6 March 2024

Consolidated financial statements

Consolidated financial statements for the year ended 31 December 2023

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Independent Auditor's report

Independent auditor's report to the members of Breedon Group plc

1. Our opinion is unmodified

We have audited the financial statements of Breedon Group plc ("the Company") for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cashflows, the company balance sheet, company statement of changes in equity and the related notes, including the accounting policies in note 1 to the consolidated financial statements and note 1 to the parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with accounting standards, including FRS 101 Reduced Disclosures Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk committee.

We were first appointed as auditor by the directors on 21 July 2023. The period of total uninterrupted engagement is for the one financial year ended 31 December 2023. Prior to that we were also auditor to the Group's previous parent company, but which, as it was listed on AIM, was not a public-interest entity. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality:	£6.25m (2022:£6.5m)
Group financial statements as a whole	4.7% (2022: 4.8%) of Group profit before tax
Coverage	88% (2022: 87%) of Group profit before tax
Key audit matters	vs 2022
Recurring risks	Recoverability of goodwill allocated to Cement ◀▶
	Provision for restoration and decommissioning obligations ▲
New	Recoverability of parent Company debtor

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's report

	The risk	Our response
<p>Recoverability of goodwill allocated to Cement</p> <p>(£162.1 million; 2022: £163.3 million)</p> <p>Refer to page 126 (Audit & Risk Committee report), page 192 (Accounting policies) and page 201 (financial disclosures).</p>	<p>Forecast-based assessment</p> <p>Goodwill and the estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cashflows. In addition, the Group is not able to quantify the longer-term gross cost of the transition to net zero, as the technology to achieve this is not yet proven at scale. Demand for cement could be impacted by the price increases needed to recover these costs, substitute products becoming available or longer-term changes in consumer behaviour.</p> <p>The future cash flows are also dependent on the continued availability of limestone resources over the remaining life of the asset base and are subject to obtaining incremental planning permissions for quarries and plants.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the consolidated financial statements as a whole, and possibly many times that amount.</p> <p>In conducting our final audit work we concluded that reasonably possible changes in the assumptions would not be expected to result in a material change to the carrying value of goodwill in the next financial year.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> — Our sector experience: We assessed whether the assumptions used, in particular those relating to the levels of capital expenditure required to meet the Group's capital commitments and the assessment of the continued availability of limestone resources, reflect our knowledge of the business and industry. We used our own climate change specialists to assist with verifying management's statement that the longer-term cost of transition to net zero cannot be quantified; — Historical comparisons: We considered the historical forecasting accuracy, by comparing previously forecast cash flows to actual results achieved; — Benchmarking assumptions: We challenged the key inputs used in the Group's calculation of the discount rate, forecasts and capital expenditure, using both internal and external market data where available, including available sources for comparable companies; — Sensitivity analysis: We performed our own sensitivity analysis over the reasonably possible combination of changes in the forecasts on the assumptions noted above; — Comparing valuations: We compared the sum of the discounted cash flows of all cash generating units (CGUs) to the Group's market capitalisation, thus assessing the reasonableness of these cash flows; and — Assessing transparency: We assessed whether the Group's disclosures regarding the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of goodwill. We considered whether the Group's disclosure in respect of the potential longer term impact of climate change was appropriate. <p>Our results</p> <p>We found the Group's conclusion that there is no impairment of goodwill allocated to Cement to be acceptable (2022 result: acceptable).</p>

Independent Auditor's report

	The risk	Our response
<p>Restoration and decommissioning provisions</p> <p>(£91.3 million; 2022: £84.7 million)</p> <p>Refer to page 127 (Audit & Risk Committee report), page 193 (Accounting policies) and page 205 (financial disclosures).</p>	<p>Subjective estimate:</p> <p>The calculation of restoration and decommissioning provisions requires the Group to estimate the quantum and timing of future costs to restore and decommission sites.</p> <p>These assumptions are inherently difficult to forecast and small changes in assumption of certain costs could have a significant effect of the estimation of the provision .</p> <p>In addition as the amount of the restoration estimate can significantly affect results, and given the pressure to meet targets and the nature of incentive arrangements we also consider there to be a risk of fraud through the potential for management bias associated with the restoration estimate.</p> <p>These calculations also require the Group to determine an appropriate rate to discount future costs to their net present value.</p> <p>As a result of the volatility in markets, inflation and discount rates are difficult to assess and impact significantly on the calculation.</p> <p>There is limited restoration and decommissioning activity and historical precedent against which to benchmark estimates of future costs.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that restoration and decommissioning provisions have a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole. The consolidated financial statements (note 26) disclose the sensitivities estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included:</p> <ul style="list-style-type: none"> — Assessing experience of external experts: We evaluated the competence and objectivity of external experts appointed by the Group to determine an estimate of restoration and decommissioning costs; — Challenging assumptions and inputs: We critically assessed the consistency of the assumptions used by the Group in generating the estimated costs of restoration and decommissioning and agree a sample of estimated costs to external sources; — Historical comparisons: Considered historical forecasting accuracy, by comparing previously forecast costs to actual costs incurred; — Benchmarking assumptions: We challenged the inflation and discount rates by comparing them to externally derived data, including available sources for comparable companies; — Test of details: We evaluated a sample of underlying planning consents to assess the possible timing of the obligations with respect to restoration and decommissioning costs; and — Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of changes in key assumptions reflected the risks inherent in the estimation of the liability. <p>Our results</p> <p>As a result of our work we found the level of restoration and decommissioning provision recognised to be acceptable (2022 result: acceptable).</p>

Independent Auditor's report

	The risk	Our response
<p>Recoverability of parent Company debtor</p> <p>(£507.5 million; 2022: n/a)</p> <p>Page 223 (Accounting policies) and page 224 (financial disclosures).</p>	<p>Subjective estimate:</p> <p>The amount of the parent Company's intercompany debtor with the intermediate holding company for the rest of the Group's subsidiaries represents over 99% of the parent Company's assets.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, due to its materiality and in the context of the parent Company financial statements this is considered to be one of the areas that has the greatest effect on our overall parent Company audit.</p>	<p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> — Tests of details: We compared the carrying amount of the parent Company's intercompany debtor evaluating the likely risk of default with reference to the Company's definition of default and budgets and forecasts of future profitability. — Sensitivity analysis: For the same counterparty we performed sensitivity analysis to identify the probability of default required in order for the expected credit losses to be material. <p>Our results</p> <p>We found the conclusion that there is no impairment of the intra-group group debtors balance to be acceptable.</p>

Independent Auditor's report

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £6.25m (2022: £6.5m), determined with reference to a benchmark of Group profit before tax of which it represents 4.7% (2022: 4.8%).

Materiality for the parent Company financial statements as a whole was set at £6.0m, determined with reference to a benchmark of parent Company total assets, of which it represents 1.2%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

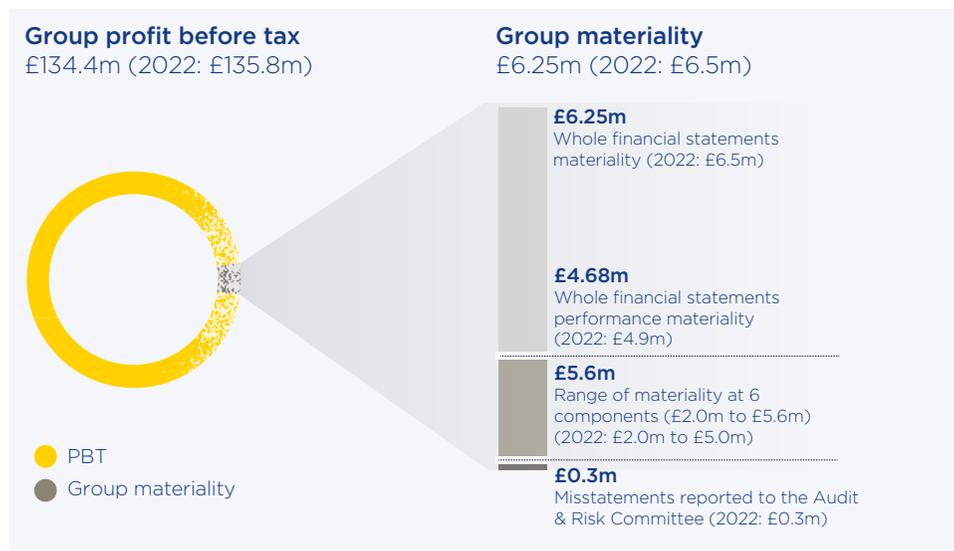
Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £4.7m (2022: £4.9m) for the Group and £4.5m for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.3m (2022: £0.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 33 (2022: 27) reporting components, we subjected 6 (2022: 6) to full scope audits for Group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £2.0m to £5.6m (2022: £2.0m to £5.0m), having regard to the mix of size and risk profile of the Group across the components. The work on 3 of the 6 components (2022: 3 of the 6 components) was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team.



Independent Auditor's report

3. Our application of materiality and an overview of the scope of our audit (continued)

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited one (2022: none) component locations in Ireland to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. The impact of climate change in our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements.

The Group has set out its targets to reduce gross carbon intensity in the Cement division by 30% by 2030 and committed to net zero by 2050 for Scope 1 and Scope 2 emissions.

However, whilst the Group has set targets to be carbon neutral by 2050, the gross cost of this transition, how the demand for cement might be impacted by the price increases needed to recover these costs, the possibility of substitute products becoming available and the longer term changes in customer behaviour are not yet known.

To the extent there are known implications, these have been reflected in the financial statements in accordance with IFRS requirements and have been considered in our audit as set out in our key audit matter on the recoverability of goodwill allocated to the Cement cash generating unit. It is therefore possible that the future carrying amounts of assets will be impacted due to the outcome of these judgements and estimates as the Group responds to its climate change targets.

Our key audit matter on the recoverability of goodwill allocated to the Cement cash generating unit explains how we have assessed the Group's climate related assumptions and relevant disclosures in arriving at our audit conclusions. This included holding discussions with our own climate change professionals to challenge our risk assessment.

We have also read the Group's disclosure of climate related information in the Strategic report of the Annual Report and compared this to our knowledge gained from our financial statement audit work which includes the disclosures as recommended by the TCFD on page 61 to 68 of the Annual Report.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, as they have concluded that the Group's and the parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and parent Company's available financial resources over this period were:

- The ability of the Group to comply with debt covenants.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the consolidated financial statements and note 1 to the parent Company financial statements gives a full and accurate description of the assessment of going concern.

Independent Auditor's report

5. Going concern (continued)

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the consolidated financial statements and note 1 to the parent Company financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 171 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and other management as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;

- reading Board, Audit & Risk Committee and Remuneration Committee minutes;
- considering remuneration incentive schemes and performance targets for management and the directors;
- using analytical procedures to identify any unusual or unexpected relationships; and
- considering the existence of significant unusual transactions.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the estimation of restoration and decommission provisions.

On this audit we do not believe there is a fraud risk related to revenue recognition because product revenue recognition is straightforward and contract revenue contains limited management judgement, therefore limiting the opportunity to commit a material fraud.

We also identified a fraud risk related to the estimation of restoration and decommissioning provisions. Further detail in respect of this is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals that move costs from above EBITDA to below EBITDA;
- incorporating an element of unpredictability in our audit procedures; and
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Independent Auditor's report

6. Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation.

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Independent Auditor's report

7. We have nothing to report on the other information in the Annual Report (continued)

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration report

In our opinion the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risk and the Viability Statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the compliance against the Code section on page 143 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the managing of risks and opportunities disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable

expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 69 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit & Risk Committee, including the significant issues that the Audit & Risk committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

Independent Auditor's report

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 172, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Barrell (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

6 March 2024

Consolidated income statement

For the year ended 31 December 2023

	Note	2023			2022		
		Underlying £m	Non- underlying* (note 3) £m	Total £m	Underlying £m	Non- underlying* (note 3) £m	Total £m
Revenue	2	1,487.5	-	1,487.5	1,396.3	-	1,396.3
Operating expenses	4	(1,333.9)	(10.5)	(1,344.4)	(1,244.8)	(7.0)	(1,251.8)
Group operating profit		153.6	(10.5)	143.1	151.5	(7.0)	144.5
Share of profit of associate and joint ventures	10	2.6	-	2.6	3.5	-	3.5
Profit from operations	2	156.2	(10.5)	145.7	155.0	(7.0)	148.0
Financial income	6	2.6	-	2.6	0.2	-	0.2
Financial expense	6	(13.9)	-	(13.9)	(12.4)	-	(12.4)
Profit before taxation		144.9	(10.5)	134.4	142.8	(7.0)	135.8
Tax at effective rate	7	(29.5)	1.4	(28.1)	(22.9)	0.8	(22.1)
Changes in deferred tax rate	7	(0.7)	-	(0.7)	(1.1)	-	(1.1)
Taxation		(30.2)	1.4	(28.8)	(24.0)	0.8	(23.2)
Profit for the year		114.7	(9.1)	105.6	118.8	(6.2)	112.6
Attributable to:							
Breedon Group shareholders		114.6	(9.1)	105.5	118.7	(6.2)	112.5
Non-controlling interests		0.1	-	0.1	0.1	-	0.1
Profit for the year		114.7	(9.1)	105.6	118.8	(6.2)	112.6

* Non-underlying items represent acquisition-related expenses, property gains or losses, amortisation of acquisition intangibles, AIM to Main Market costs and related tax items.

Earnings per share**

Basic	23			31.1p		33.2p
Diluted	23			31.0p		33.2p

Underlying earnings per share are shown in note 23.

Dividends in respect of the year**

Dividend per share	17			13.5p		10.5p
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** Restated comparatives to reflect the impact of the 5:1 share consolidation undertaken during the year. See note 1.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Profit for the year		105.6	112.6
Other comprehensive (expense)/income			
<i>Items which may be reclassified subsequently to profit and loss:</i>			
Foreign exchange differences on translation of foreign operations, net of hedging		(4.1)	10.2
Effective portion of changes in fair value of cash flow hedges		(0.7)	(1.3)
Taxation on items taken directly to other comprehensive income	7	0.1	0.2
Other comprehensive (expense)/income for the year		(4.7)	9.1
Total comprehensive income for the year		100.9	121.7
Total comprehensive income for the year is attributable to:			
Breedon Group shareholders		100.8	121.6
Non-controlling interests		0.1	0.1
		100.9	121.7

Consolidated statement of financial position

At 31 December 2023

	Note	2023 £m	2022 £m		Note	2023 £m	2022 £m
Non-current assets				Equity attributable to Breedon Group shareholders			
Property, plant and equipment	8	817.2	787.9	Share capital	17	3.4	-
Right-of-use assets	20	45.1	47.1	Share premium	17	0.7	-
Intangible assets	9	520.2	518.2	Stated capital	17	-	555.0
Investment in associate and joint ventures	10	14.5	13.7	Hedging reserve	17	(0.5)	0.1
Trade and other receivables	13	0.9	3.8	Translation reserve	17	(3.7)	0.4
Total non-current assets		1,397.9	1,370.7	Merger reserve	17	80.5	-
Current assets				Retained earnings		1,030.0	488.0
Inventories	12	120.1	94.8	Total equity attributable to Breedon Group shareholders		1,110.4	1,043.5
Trade and other receivables	13	227.9	218.6	Non-controlling interests		0.3	0.3
Cash and cash equivalents	14	126.9	101.7	Total equity		1,110.7	1,043.8
Total current assets		474.9	415.1	These financial statements were approved by the Board of Directors on 6 March 2024 and were signed on its behalf by:			
Total assets		1,872.8	1,785.8	Rob Wood	James Brotherton		
Current liabilities				Chief Executive Officer	Chief Financial Officer		
Interest-bearing loans and borrowings	14	(8.1)	(7.9)				
Trade and other payables	15	(278.6)	(263.8)				
Current tax payable		(0.1)	(3.8)				
Provisions	16	(8.8)	(9.2)				
Total current liabilities		(295.6)	(284.7)				
Non-current liabilities							
Interest-bearing loans and borrowings	14	(288.7)	(291.5)				
Provisions	16	(85.8)	(76.8)				
Deferred tax liabilities	11	(92.0)	(89.0)				
Total non-current liabilities		(466.5)	(457.3)				
Total liabilities		(762.1)	(742.0)				
Net assets							
		1,110.7	1,043.8				



Consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Share capital £m	Share premium £m	Stated capital £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Attributable to Breedon Group shareholders £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2022		-	-	553.0	1.2	(9.8)	-	405.2	949.6	0.2	949.8
Shares issued	17	-	-	2.0	-	-	-	-	2.0	-	2.0
Dividends paid	17	-	-	-	-	-	-	(30.5)	(30.5)	-	(30.5)
Total comprehensive income for the year		-	-	-	(1.1)	10.2	-	112.5	121.6	0.1	121.7
Share-based payments ¹	18	-	-	-	-	-	-	0.8	0.8	-	0.8
Balance at 31 December 2022		-	-	555.0	0.1	0.4	-	488.0	1,043.5	0.3	1,043.8
Shares issued	17	-	0.7	-	-	-	-	-	0.7	-	0.7
Corporate Reorganisation	1	474.5	-	(555.0)	-	-	80.5	-	-	-	-
Capital reduction ²		(471.1)	-	-	-	-	-	471.1	-	-	-
Transfer to non-controlling interests	17	-	-	-	-	-	-	(0.2)	(0.2)	0.2	-
Dividends paid	17	-	-	-	-	-	-	(37.3)	(37.3)	(0.3)	(37.6)
Total comprehensive income for the year		-	-	-	(0.6)	(4.1)	-	105.5	100.8	0.1	100.9
Share-based payments ¹	18	-	-	-	-	-	-	2.9	2.9	-	2.9
Balance at 31 December 2023		3.4	0.7	-	(0.5)	(3.7)	80.5	1,030.0	1,110.4	0.3	1,110.7

1 Share-based payments are shown inclusive of deferred tax recognised in equity.

2 On 9 June 2023, New Breedon undertook a capital reduction to convert £471.1m of share capital to distributable reserves, with share capital remaining at 338.9 million shares but with a nominal value of £0.01 per share.

Consolidated statement of cash flows

For the year ended 31 December 2023

	Note	2023 £m	2022 £m		Note	2023 £m	2022 £m
Cash flows from operating activities				Cash flows used in financing activities			
Profit for the year		105.6	112.6	Dividends paid	17	(37.6)	(30.5)
Adjustments for:				Proceeds from the issue of shares (net of costs)	17	0.7	2.0
Depreciation and mineral depletion	4	88.7	83.5	Repayment of interest-bearing loans		(0.9)	-
Amortisation	3	6.0	4.8	Revolving Credit Facility extension costs	14	(0.7)	(0.7)
Financial income	6	(2.6)	(0.2)	Repayment of lease obligations		(8.1)	(8.8)
Financial expense	6	13.9	12.4	Net cash used in financing activities		(46.6)	(38.0)
Share of profit of associate and joint ventures	10	(2.6)	(3.5)	Net increase in cash and cash equivalents		24.9	17.1
(Gain)/loss on sale of property, plant and equipment	4	(1.4)	2.4	Cash and cash equivalents at 1 January		101.7	83.9
Gain on stepped acquisition		-	(0.3)	Foreign exchange differences		0.3	0.7
Share-based payments		3.0	1.2	Cash and cash equivalents at 31 December		126.9	101.7
Taxation	7	28.8	23.2				
Operating cash flows before changes in working capital and provisions		239.4	236.1				
Increase in inventories		(24.6)	(31.7)				
Increase in trade and other receivables		(1.0)	(0.2)				
Increase/(decrease) in trade and other payables		8.8	(9.1)				
Increase in provisions		8.3	7.7				
Cash generated from operating activities		230.9	202.8				
Interest paid		(6.8)	(6.7)				
Interest element of lease payments		(2.3)	(2.5)				
Interest received		2.6	0.2				
Income taxes paid		(32.5)	(25.8)				
Net cash from operating activities		191.9	168.0				
Cash flows used in investing activities							
Acquisition of businesses	25	(18.8)	(12.6)				
Dividends from associate and joint ventures	10	1.8	1.7				
Purchase of property, plant and equipment	8	(106.8)	(106.8)				
Proceeds from sale of property, plant and equipment		3.4	4.8				
Net cash used in investing activities		(120.4)	(112.9)				

Notes to the consolidated financial statements

1 Accounting policies

The principal activities of the Group are the quarrying of aggregates together with manufacture and sale of construction materials and building products, including cement, asphalt and ready-mixed concrete, together with related activities in GB and Ireland.

Breedon Group plc (the 'Company') is a company domiciled in England. The address of the Company's registered office is Pinnacle House, Breedon Quarry, Breedon on the Hill, Derby, England, DE73 8AP.

Basis of preparation

These financial statements consolidate the results of the Company and subsidiary undertakings, and equity accounts for the Group's interests in its associate and joint ventures (collectively 'the Group').

Corporate Reorganisation (AIM to Main)

In connection with the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange during the first half of 2023, a new holding company for the Group was established. Breedon Group plc ('New Breedon'), a company registered in England & Wales with registration number 14739556 was incorporated on 17 March 2023 to act as the new parent company for the Group, in place of Breedon Group plc ('Old Breedon'), a company incorporated in Jersey with registration number 98465.

New Breedon obtained control of the Group on 17 May 2023 via a court approved scheme of arrangement (the 'Corporate Reorganisation'). Under the scheme of arrangement, shares with nominal value of £1.40 were issued in exchange for all the shares in Old Breedon at a ratio of one share in New Breedon for every five shares in Old Breedon. There were no changes in rights or proportion of control exercised as a result of the transaction.

IFRS 3 excludes common control transactions and group reconstructions. These financial statements therefore incorporate the results of the reorganisation using the merger accounting method, whereby the results and cash flows of all the combining entities are brought into the financial statements from the beginning of the financial year in which the combination occurs and comparative figures also reflect the combination of the entities. The Group's equity is adjusted to reflect that of the new holding company, with the difference between Stated Capital reported by Old Breedon under Jersey company law and Share Capital reported by New Breedon recognised as a Merger Reserve. See note 17 for further disclosure.

Earnings and Dividend per share measures have been restated to reflect the impact of the five to one share consolidation. In all other aspects the Group's results and financial position are unaffected by the change and reflect the continuation of the Group.

Going concern

These financial statements are prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Group meets day-to-day working capital and other funding requirements through banking facilities, which include an overdraft facility. Longer-term debt financing is accessed through the Group's USPP loan note programme. The facilities comprise a £350m multi-currency RCF, which runs to June 2026 and £250m of USPP loan notes with maturities between 2028 and 2036. Further details of these facilities are provided in note 14 to the financial statements.

The Group comfortably met all covenants in 2023 and other terms of its borrowing agreements in the period, and maintained a track record of profitability and cash generation, with an overall profit before taxation of £134.4m and net cash from operating activities of £191.9m.

The Group has prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements, which show a sustained trend of profitability, cash generation and retained covenant headroom, even under a 'severe but plausible' downside scenario of forecast cash flows.

The impact of the acquisitions discussed in note 28 on the Group's borrowings and covenant headroom has been considered in making this assessment.

The base case assumes a trading performance delivered in line with market consensus over the forecast period, while the downside scenario models a 10% reduction in revenues, which the Group believes is an extremely severe sensitivity relative to likely outcomes and historic experience.

As at 31 December 2023, the Group had cash of £126.9m and undrawn banking facilities of £350.0m. At the date of this report, the Group retains a similar level of liquidity. Following the acquisitions discussed in note 28 the level of undrawn facilities will reduce to c.£175m. The remaining cash and undrawn facility is expected to provide sufficient available funds for the Group to discharge its liabilities as they fall due.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the consolidated financial statements

1 Accounting policies continued

Applicable laws and accounting standards

These financial statements have been prepared in accordance with UK-adopted international accounting standards. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation to fair value of certain financial instruments. The accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year.

Presentation currency

These financial statements are presented in sterling. All financial information presented has been rounded to the nearest £0.1m.

Basis of consolidation

Subsidiary undertakings are entities controlled by the Group. Control exists when the Group is exposed to or has rights to variable returns from its investment and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The Group considers an entity to be a subsidiary undertaking when the Group has control over the entity. Ordinarily this is when the Group holds more than 50% of the shares and voting rights. Subsidiary undertakings are consolidated in accordance with IFRS 10.

Associates are those entities in which the Group holds more than 20% of the shares and voting rights and has significant

influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, requiring unanimous consent of the owners for strategic financial and operating decisions.

The Group's financial statements includes the Group's share of the total comprehensive income of its associate and joint ventures, on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

Accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates, and for management to exercise judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 26.

New IFRS Standards and Interpretations adopted in the year

The Group adopted IFRS 17 and amendments to IAS 1, IAS 8 and IAS 12

from 1 January 2023. The adoption of these standards has not had a material impact on the financial statements.

New IFRS Standards and Interpretations not adopted

At the date on which these financial statements were authorised, there were no Standards, Interpretations and Amendments which had been issued but were not effective for the year ended 31 December 2023 that are expected to materially impact the Group's financial statements in the future.

Foreign exchange

Foreign exchange transactions

Transactions in foreign currencies are recorded at the spot rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the balance sheet date, with all currency translation differences recognised within the consolidated income statement, except for those monetary items that provide an effective hedge for a net investment in a foreign operation.

Foreign exchange translation

The consolidated financial statements are presented in sterling, which is the presentational currency of the Group. The individual financial statements of the Group's subsidiaries and joint ventures with a functional currency other than sterling are translated into sterling according to IAS 21.

Results and cash flows are translated monthly using average monthly exchange

rates. Accumulated, assets and liabilities are translated using the closing rates at the reporting date and equity is translated at historic exchange rates.

The resulting translation differences are recognised in the consolidated statement of comprehensive income until the subsidiary is disposed of. Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation and are translated accordingly.

Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

Trade receivables and trade payables

Trade receivables and trade payables are initially recognised at fair value and are then stated at amortised cost.

Contract assets and liabilities

Contract assets, presented within trade and other receivables, primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on surfacing contracts. The contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities, presented within trade and other payables, primarily relate to the advance consideration received from customers on these contracts.

Notes to the consolidated financial statements

1 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including bank deposits and money-market funds with original maturities of three months or less. For the purposes of the consolidated statement of cash flows, bank overdrafts are included in cash and cash equivalents as they are an integral part of the Group's cash management.

Bank and other borrowings

Interest-bearing bank loans, overdrafts and other loans, including USPP loan notes, are recognised initially at fair value less attributable transaction costs.

All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the consolidated income statement over the period to redemption on an effective interest basis.

Derivative financial instruments

The majority of the Group's strategic hedging programme is delivered using executory contracts to forward purchase commodities for our own use. The cost is recognised in the consolidated income statement at the agreed forward rates on receipt of the underlying items.

The Group uses financial instruments to manage financial risks associated with

the Group's underlying business activities and the financing of those activities. The Group does not undertake any trading in financial instruments.

Derivatives are initially recognised at fair value and subsequently remeasured in future periods at fair value. The gain or loss on remeasurement is recognised immediately in profit or loss, unless a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability.

In this instance the effective part of any gain or loss is recognised in the consolidated statement of comprehensive income and in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the consolidated income statement.

Amounts recorded in the hedging reserve are subsequently reclassified to the consolidated income statement when the expense for the hedged transaction is actually recognised.

To qualify for hedge accounting, the hedging relationship must meet several conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transaction.

This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions.

The Group documents an assessment, at hedge inception and on an annual basis, as to whether the derivatives that are used in hedging transactions have been, and are likely to continue to be, effective in offsetting changes in fair value or cash flows of hedged items.

Mineral reserves and resources

Mineral reserves and resources are stated at cost, including both the purchase price and costs incurred to gain access to the reserves, including costs of planning and initial site development. The value of mineral reserves and resources recognised as a result of business combinations is based on the fair value at the point of acquisition.

Mineral assets are depreciated using a physical unit-of-production method, over the commercial life of the quarry.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of assets, in order to write off the cost or deemed cost of assets.

The estimated useful lives are as follows:

Freehold buildings	50 years
Fixtures and fittings	up to 10 years
Office equipment	up to 5 years
Fixed plant	up to 35 years
Loose plant and machinery	up to 10 years
Motor vehicles	up to 10 years

No depreciation is provided on freehold land.

Business combinations, intangible assets and goodwill

The Group measures goodwill as the fair value of the purchase consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Fair value adjustments are always considered to be provisional at the first reporting date after the acquisition.

Goodwill arising on the acquisition of subsidiary undertakings is recognised as an asset in the consolidated statement of financial position and is subject to an annual impairment review.

Other intangible assets that are acquired by the Group as part of a business combination are stated at cost less accumulated amortisation and impairment losses.

Notes to the consolidated financial statements

1 Accounting policies continued

Business combinations, intangible assets and goodwill continued

Cost reflects management's judgement of the fair value of the individual intangible asset calculated by reference to the net present value of future economic benefits accruing to the Group from the utilisation of the asset, discounted at an appropriate rate. Other intangibles arising on the acquisition of associated undertakings are included within the carrying value of the investment.

Amortisation is based on the estimated useful economic lives of the assets concerned, which is considered by the directors to be a period of up to 20 years.

The Group measures non-controlling interests at a proportionate share of the recognised amount of the identifiable net assets at the acquisition date.

Where the Group has entered into put options relating to a minority shareholding as part of a transaction, the Group applies the 'anticipated acquisition' method to account for the put liability and does not recognise a separate non-controlling interest within reserves. Subsequently changes in the value of the put liability are recognised within equity.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than goodwill, inventories and deferred tax assets (see separate accounting policies),

are reviewed at each reporting date to determine whether there is any indication of impairment; including an assessment of any indication of impairment arising as a result of climate change.

Impairment reviews are undertaken at the level of each significant cash-generating unit, which is no larger than an operating segment as defined by IFRS 8. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of the value in use and the fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial and contract assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads, including mineral depletion where relevant. The level of overheads included in the cost of inventory is based on normal operating capacity.

Net realisable value is determined with reference to sales prices less cost to sell and, in the case of obsolete stock on an excess stock model of sales relative to inventories held.

Emissions rights

The Group is required to purchase carbon emissions credits to settle liabilities under both EU and UK ETS. Assets and liabilities arising in respect of emission rights are presented on a net basis in the consolidated financial statements.

Where an emissions credit is received for nil cost, these are initially measured at a nominal value of zero and an emissions liability is recognised only in circumstances where emissions have exceeded the allowance for a scheme, from the perspective of the Group as a whole, and will require the purchase of additional allowances to settle an emissions liability.

Emission credits purchased for consideration are measured at cost using the first-in first-out principle and presented within inventories where the net value is in excess of emissions liabilities.

Retirement benefits

The Group does not operate any defined benefit plans. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Notes to the consolidated financial statements

1 Accounting policies continued

Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group provides for the costs of decommissioning property, plant and equipment and to restore its sites. The initial cost of creating decommissioning provisions on commencement of operations is included in property, plant and equipment and depreciated over the life of the plant.

Changes in the measurement of a previously capitalised provision that result from changes in the estimated timing or amount of cash outflows are added to, or deducted from, the cost of the related asset. All other changes, including incremental extraction of minerals which increases the level of restoration provisions, are recognised in the consolidated income statement.

All provisions are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue

Group revenue arises from the sale of goods and surfacing. IFRS 15 requires revenue to be recognised in line with a principles-based five-step model.

This requires the Group to identify its performance obligations, determine the transaction price applicable to each of these performance obligations and then to select an appropriate method for the timing of revenue recognition, reflecting the substance of the performance obligation, being either recognition at a point in time or over time.

Revenue from sale of goods

The majority of the Group's revenue is derived from the sale of physical goods to customers. Depending on whether the goods are delivered to or collected by the customer, the contract contains either one performance obligation which is satisfied at the point of collection, or two performance obligations which are satisfied simultaneously at the point of delivery.

The transaction price for this revenue is the amount which can be invoiced to the customer once the performance obligations are fulfilled, reduced to reflect provisions recognised for returns, trade discounts and rebates. Where the Group offers discounts or volume rebates, the variable element of revenue is based on the most likely amount of consideration that the Group believes will be received. This value excludes items collected on behalf of third parties, such as sales taxes.

For all sales of goods, revenue is recognised at a point in time, being the point that the goods are transferred to the customer.

Revenue from surfacing

The majority of surfacing revenue comprises short-term performance obligations to supply and lay materials. Other surfacing revenue can contain more than one performance obligation dependent on the nature of the contract.

The transaction price is calculated as consideration specified by the contract, adjusted to reflect provisions recognised for returns, trade discounts and rebates.

Where the agreement with a customer provides for elements of variable consideration, these values are included in the calculation of the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

Where the transaction price is allocated between multiple performance obligations, this typically reflects the allocation of value to each performance obligation agreed with the end customer, unless this does not reflect the economic substance.

Surfacing performance obligations are satisfied over time, so revenue is typically recognised on an output basis, being volume of product laid for most surfacing revenue.

Warranties and customer claims

The Group provides assurance type warranties over the specification of products but does not provide extended

warranties or maintenance services in contracts with customers. Claims with customers may arise in the usual course of business. Both customer claims and warranties are accounted for under IAS 37.

Financial income and expense

Financial income and expense comprise interest payable, finance charges, lease interest, interest receivable on funds invested, and gains and losses on related hedging instruments that are recognised in the consolidated income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that income tax relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because taxable profit excludes items of income or expense that are not taxable or deductible.

The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the reporting date and includes any adjustment to tax payable in respect of previous years.

Notes to the consolidated financial statements

1 Accounting policies continued

Deferred tax

Deferred tax is provided in full using the statement of financial position liability method and represents the tax expected to be payable or recoverable on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- goodwill not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will

be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

Right-of-use assets and liabilities are recognised for any arrangements meeting the definition of a lease set out in IFRS 16.

Right-of-use assets are measured at cost, comprising the initial amount of the lease liability adjusted for any lease prepayments, plus any initial direct costs incurred, less any lease incentives received. Right-of-use assets are then depreciated using the straight-line method from the start of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities are presented within interest-bearing loans and borrowings. They are measured at the present value of future lease payments, discounted at a rate which reflects both the Group's incremental borrowing rate, adjusted for the time value of money, and the nature of the leased asset.

The Group has elected to take advantage of the practical expedients, permitted by IFRS 16, not to recognise lease assets and liabilities in respect of short-term and low-value leases. Charges recognised in the consolidated income statement in respect of these leases are not significant to the Group.

Share-based transactions

Equity-settled share-based payments to directors, key employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is expensed, with a corresponding increase in equity, on a straight-line basis over the period that the employees become unconditionally entitled to the awards.

At each reporting date, the Group revises the amount recognised as an expense to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market-based performance conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where a share-based payment is net-settled by withholding a specified portion of the shares to meet statutory obligations, the arrangement is accounted for as an equity-settled share-based payment in its entirety.

Dividends

Dividends are recognised as a liability in the financial statements in the period in which they are declared by the Company

and, in respect of final dividends, approved by shareholders.

Alternative performance measures

The following non-GAAP performance measures have been used in the financial statements:

- i. Underlying Earnings Before Interest and Tax (EBIT)
- ii. Underlying EBIT margin
- iii. Underlying EBITDA
- iv. Like-for-like Underlying EBIT
- v. Like-for-like revenue
- vi. Underlying Basic & Diluted Earnings per Share (EPS)
- vii. Adjusted Underlying Basic & Diluted EPS
- viii. Free Cash Flow
- ix. Free Cash Flow conversion
- x. Return on invested capital
- xi. Covenant Leverage
- xii. Net Debt
- xiii. Net Debt (excluding IFRS 16)

Management uses these terms as they believe these measures allow an understanding of the Group's underlying business performance. These alternative performance measures are well understood by investors and analysts, are consistent with the Group's historic communication with investors and reflects the way in which the business is managed.

A reconciliation between these alternative performance measures to the most directly related statutory measures is included within note 27.

Notes to the consolidated financial statements

2 Segmental analysis

The Group's activities comprise the following reportable segments:

- **Great Britain:** our construction materials and surfacing businesses in Great Britain.
- **Ireland:** our construction materials and surfacing businesses on the Island of Ireland.
- **Cement:** our cementitious operations in Great Britain and Ireland.

A description of the activities of each segment is included on pages 36 to 41.

Income statement

	2023		2022	
	Revenue £m	Underlying EBITDA* £m	Revenue £m	Underlying EBITDA* £m
Great Britain	1,033.8	138.6	972.4	136.1
Ireland	235.5	35.9	226.2	34.4
Cement	331.2	84.5	300.7	79.6
Central administration	-	(16.7)	-	(15.1)
Eliminations	(113.0)	-	(103.0)	-
Total	1,487.5	242.3	1,396.3	235.0
<i>Reconciliation to statutory profit</i>				
Underlying EBITDA as above		242.3		235.0
Depreciation and mineral depletion		(88.7)		(83.5)
Underlying Group operating profit		153.6		151.5
Great Britain		86.4		86.4
Ireland		29.0		28.3
Cement		55.2		52.1
Central administration		(17.0)		(15.3)
Underlying Group operating profit		153.6		151.5
Share of profit of associate and joint ventures		2.6		3.5
Underlying profit from operations (EBIT)		156.2		155.0
Non-underlying items (note 3)		(10.5)		(7.0)
Profit from operations		145.7		148.0

* Underlying EBITDA is earnings before interest, tax, depreciation and mineral depletion, amortisation, non-underlying items (note 3) and before our share of profit of associate and joint ventures.

Disaggregation of revenue from contracts with the customers

Analysis of revenue by geographic location of end-market

The primary geographic market for all Group revenues for the purpose of IFRS 15 is the UK and RoI. In line with the requirements of IFRS 8, this is analysed by individual countries as follows:

	2023 £m	2022 £m
United Kingdom	1,296.8	1,217.3
Republic of Ireland	188.1	176.5
Other	2.6	2.5
	1,487.5	1,396.3

Analysis of revenue by major products and service lines by segment

	2023 £m	2022 £m
<i>Sale of goods</i>		
Great Britain	855.8	829.0
Ireland	96.5	82.0
Cement	331.2	300.7
Eliminations	(113.0)	(103.0)
	1,170.5	1,108.7
<i>Surfacing</i>		
Great Britain	178.0	143.4
Ireland	139.0	144.2
	317.0	287.6
	1,487.5	1,396.3

Eliminations primarily comprise sales from Cement to the Great Britain and Ireland segments.

Timing of revenue recognition

Sale of goods revenue relates to products for which revenue is recognised at a point in time as the product is transferred to the customer. Surfacing revenues are accounted for as products and services for which revenue is recognised over time.

Notes to the consolidated financial statements

2 Segmental analysis continued

Statement of financial position

	2023		2022	
	Total assets £m	Total liabilities £m	Total assets £m	Total liabilities £m
Great Britain	920.6	(238.3)	900.9	(228.0)
Ireland	282.8	(40.6)	260.6	(40.5)
Cement	539.2	(73.8)	519.7	(62.0)
Central administration	3.3	(20.5)	2.9	(19.3)
Total operations	1,745.9	(373.2)	1,684.1	(349.8)
Current tax	-	(0.1)	-	(3.8)
Deferred tax	-	(92.0)	-	(89.0)
Net Debt	126.9	(296.8)	101.7	(299.4)
Total Group	1,872.8	(762.1)	1,785.8	(742.0)
Net assets		1,110.7		1,043.8

GB total assets include £13.4m (2022: £12.4m) and Cement total assets include £1.1m (2022: £1.3m) in respect of investments in associate and joint ventures.

Geographic location of property, plant and equipment and right-of-use assets

	2023 £m	2022 £m
United Kingdom	726.4	705.7
Republic of Ireland	135.9	129.3
	862.3	835.0

Analysis of depreciation, amortisation and capital expenditure

	Depreciation and mineral depletion £m	Amortisation of intangible assets £m	Additions to property, plant and equipment £m
2023			
Great Britain	52.2	3.6	56.9
Ireland	6.9	2.4	14.1
Cement	29.3	-	35.2
Central administration	0.3	-	0.6
	88.7	6.0	106.8
2022			
Great Britain	49.7	2.7	71.1
Ireland	6.1	2.1	10.5
Cement	27.5	-	24.9
Central administration	0.2	-	0.3
	83.5	4.8	106.8

Additions to owned property, plant and equipment exclude additions in respect of business combinations.

Notes to the consolidated financial statements

3 Non-underlying items

Non-underlying items are those which, because of their nature, size or incidence, are either unlikely to recur in future periods or which distort the underlying trading performance of the business, including non-cash items. For an item to be classified as non-underlying, it must meet defined criteria which are applied consistently by the Group.

The directors monitor the performance of the Group using alternative performance measures which are calculated on an underlying basis. In the opinion of the directors, this presentation aids understanding of the underlying business performance and any references to underlying earnings measures throughout this report are made on this basis.

Underlying measures are calculated and presented on a consistent basis over time to assist in the comparison of performance.

	2023 £m	2022 £m
<i>Included in operating expenses:</i>		
Acquisition costs (note 25)	0.9	0.7
Property losses	-	1.5
Amortisation of acquired intangible assets	6.0	4.8
AIM to Main Market costs	3.6	-
Total non-underlying items (before tax)	10.5	7.0
Non-underlying taxation	(1.4)	(0.8)
Total non-underlying items (after tax)	9.1	6.2

4 Operating expenses and auditor's remuneration

	2023 £m	2022 £m
Costs of raw materials purchased	263.1	246.2
Employee costs (note 5)	208.3	192.2
Depreciation and mineral depletion:		
Owned assets	80.6	74.8
Leased assets	8.1	8.7
(Gain)/loss on sale of plant and equipment	(1.4)	0.9
Other operating expenses	775.2	722.0
Underlying operating expenses	1,333.9	1,244.8
Non-underlying operating expenses (note 3)	10.5	7.0
Operating expenses	1,344.4	1,251.8

	2023 £m	2022 £m
<i>Auditor's remuneration</i>		
Audit of the Company	0.3	-
Audit of the Company's subsidiary undertakings	0.9	0.9
Reporting accountant's fees	0.6	0.1
	1.8	1.0

Notes to the consolidated financial statements

5 Employees and directors

Disclosure by individual director, including information on all outstanding share options, is provided in the Directors' Remuneration report from page 160. Remuneration received by the directors (the Group's key management personnel) is summarised below:

Directors' remuneration

	2023 £m	2022 £m
Salaries and short-term employee benefits	2.5	2.4
Directors' fees	0.4	0.4
Share-based payments (note 18)	1.1	0.7
	4.0	3.5

No pension contributions were paid by the Group directly to any pension schemes on behalf of the directors in either the current or prior years.

Staff numbers and costs

The average number of persons employed by the Group during the year was as follows:

	Number of employees	
	2023	2022 (*restated)
Great Britain	2,793	2,600
Ireland	346	328
Cement	525	515
Central administration	233	206
	3,897	3,649

* Restated for consistent presentation of central administrative headcount with 2023 to reflect changes to the Group's internal reporting during 2023.

The aggregate payroll costs of these persons were as follows:

	2023 £m	2022 £m
Wages and salaries	177.4	162.3
Social security costs	20.3	19.2
Pension costs	7.6	8.3
Share-based payments (note 18)	3.0	2.4
	208.3	192.2

Pension costs relate to various defined contribution pension schemes operated within the Group. These are accounted for on a contribution payable basis.

Contributions outstanding at 31 December 2023 amounted to £1.2m (2022: £1.1m) and are included in other payables.

6 Financial income and expense

	2023 £m	2022 £m
Interest received on cash deposits and money-market funds	2.6	0.2
Total financial income	2.6	0.2
Interest charged on bank loans, private placement notes and overdrafts	(6.8)	(6.7)
Amortisation of loan arrangement fees	(1.1)	(1.1)
Lease liabilities	(2.3)	(2.5)
Unwinding of discount on provisions	(3.7)	(2.1)
Total financial expense	(13.9)	(12.4)

Notes to the consolidated financial statements

7 Taxation

Recognised in the consolidated income statement

	2023 £m	2022 £m
Current tax		
Current year	30.5	23.6
Prior year	(2.1)	1.0
Total current tax	28.4	24.6
Deferred tax		
Current year	(1.9)	(1.8)
Change in deferred tax rate	0.7	1.1
Prior year	1.6	(0.7)
Total deferred tax	0.4	(1.4)
Total tax charge in the consolidated income statement	28.8	23.2

Recognised in equity

	2023 £m	2022 £m
Deferred tax		
Derivatives	(0.1)	(0.2)
Share-based payments	0.1	0.4
Total tax charge in equity	-	0.2

Reconciliation of effective tax rate

	2023 £m	2022 £m
Profit before taxation	134.4	135.8
Tax at the Company's domestic rate of 23.5% (2022: 19%)	31.6	25.8
Difference between Company and subsidiary statutory tax rates	(4.0)	(2.6)
Expenses not deductible for tax purposes	1.4	0.6
Enhanced capital allowances	(0.1)	(1.4)
Share-based payments	0.1	0.8
Unrecognised deferred tax assets (note 11)	-	(0.7)
Income from associate and joint ventures already taxed	(0.5)	(0.7)
Chargeable gain on property disposal	0.1	-
Change in deferred tax rate	0.7	1.1
Adjustment in respect of prior years	(0.5)	0.3
Total tax charge	28.8	23.2

The Company is tax resident in the UK, with a 23.5% tax rate. The Group's subsidiary operations pay tax at a rate of 23.5% (2022: 19%) in the UK and 12.5% (2022: 12.5%) in RoI.

Excluding the impact of non-underlying items and the change in deferred tax rate, the Group's Underlying effective tax rate is 20.4% (2022: 16.0%). Including these items, the Group's reported tax rate for the year is 21.4% (2022: 17.1%).

Global Minimum Corporate Tax Framework

In December 2021, the OECD released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million ('Pillar Two' rules). The UK substantively enacted legislation implementing these rules on 20 June 2023 and the rules apply to the Group as of 1 January 2024.

The Group is reviewing this legislation together with developing guidance. At 1 January 2024 the impact of Pillar Two rules on the Group is limited to the Group's taxable profits generated in RoI. Based on the information currently available, the impact of these rules on the Group tax position is not expected to be material.

In accordance with the mandatory exception under Amendments to IAS 12, the Group has not remeasured deferred tax assets and liabilities as a result of the implementation of the Pillar Two rules.

Notes to the consolidated financial statements

8 Property, plant and equipment

	Mineral reserves and resources £m	Land and buildings £m	Plant, equipment and vehicles £m	Total £m
Cost				
Balance at 1 January 2023	340.3	134.8	713.3	1,188.4
Translation adjustment	(0.6)	(0.7)	(1.8)	(3.1)
Business combinations (note 25)	6.5	1.6	2.9	11.0
Additions	13.5	10.9	82.4	106.8
Disposals and impairment	(2.0)	(0.5)	(6.7)	(9.2)
Change to capitalised provisions	-	(0.6)	(3.2)	(3.8)
Transfer from leased assets (note 20)	-	-	0.5	0.5
Reclassification	(2.9)	2.9	-	-
At 31 December 2023	354.8	148.4	787.4	1,290.6
Depreciation and mineral depletion				
Balance at 1 January 2023	86.4	32.8	281.3	400.5
Translation adjustment	(0.1)	-	(0.4)	(0.5)
Transfer from leased assets (note 20)	-	-	0.2	0.2
Charge for the year	13.8	5.9	60.9	80.6
Disposals and impairment	(1.5)	(0.1)	(5.8)	(7.4)
Reclassification	(2.1)	2.1	-	-
At 31 December 2023	96.5	40.7	336.2	473.4
Net book value				
At 31 December 2023	258.3	107.7	451.2	817.2

	Mineral reserves and resources £m	Land and buildings £m	Plant, equipment and vehicles £m	Total £m
Cost				
Balance at 1 January 2022	340.0	130.6	616.9	1,087.5
Translation adjustment	1.3	2.3	4.3	7.9
Business combinations (note 25)	-	0.3	3.3	3.6
Additions	1.8	0.5	104.5	106.8
Disposals and impairment	(1.0)	(0.3)	(18.4)	(19.7)
Change to capitalised provisions	-	(0.9)	3.2	2.3
Reclassification	(1.8)	2.3	(0.5)	-
At 31 December 2022	340.3	134.8	713.3	1,188.4
Depreciation and mineral depletion				
Balance at 1 January 2022	71.3	27.4	238.9	337.6
Translation adjustment	0.2	0.3	0.7	1.2
Charge for the year	15.0	5.2	54.6	74.8
Disposals and impairment	(0.1)	(0.1)	(12.9)	(13.1)
At 31 December 2022	86.4	32.8	281.3	400.5
Net book value				
At 31 December 2022	253.9	102.0	432.0	787.9

Assets under construction

Presented within plant, equipment and vehicles are assets in the course of construction totalling £59.3m (2022: £34.2m) which are not being depreciated.

Notes to the consolidated financial statements

9 Intangible assets

	Goodwill £m	Customer related £m	Other £m	Total £m
Cost				
At 1 January 2023	469.6	50.4	17.7	537.7
Translation adjustment	(2.4)	(0.5)	-	(2.9)
Business combinations (note 25)	6.9	3.9	-	10.8
At 31 December 2023	474.1	53.8	17.7	545.6
Amortisation				
At 1 January 2023	-	14.7	4.8	19.5
Translation adjustment	-	(0.1)	-	(0.1)
Charge for the year	-	4.3	1.7	6.0
At 31 December 2023	-	18.9	6.5	25.4
Net book value				
At 31 December 2023	474.1	34.9	11.2	520.2
Cost				
At 1 January 2022	454.8	44.3	16.6	515.7
Translation adjustment	6.1	1.4	-	7.5
Business combinations (note 25)	8.7	4.7	1.1	14.5
At 31 December 2022	469.6	50.4	17.7	537.7
Amortisation				
At 1 January 2022	-	10.7	3.5	14.2
Translation adjustment	-	0.5	-	0.5
Charge for the year	-	3.5	1.3	4.8
At 31 December 2022	-	14.7	4.8	19.5
Net book value				
At 31 December 2022	469.6	35.7	12.9	518.2

Other intangible assets primarily comprise brand and permit assets arising from acquisitions. The amortisation charge on these assets is recognised in non-underlying operating expenses in the consolidated income statement. The remaining life of the finite intangible assets ranges from 1-15 years.

Carrying value of goodwill by operating segment

	2023 £m	2022 £m
Great Britain	200.2	196.7
Ireland	111.8	109.6
Cement	162.1	163.3
	474.1	469.6

Impairment tests for cash-generating units ('CGUs') containing goodwill

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that the goodwill may be impaired. Goodwill is allocated to groups of CGUs according to the level at which management monitor that goodwill, being the Group's operating segments.

The key assumptions used in performing the impairment review are those used in calculating the value-in-use of each CGU, as set out below:

Cash flow projections

Cash flow projections for each operating segment are derived from the annual budget approved by the Board for 2024 and the three-year plan for 2025 and 2026. The key assumptions on which budgets and forecasts are based include sales growth, product mix and operating costs.

These cash flows are then extrapolated forward for a further period of up to 50 years reflecting the long-term nature of the underlying assets, subject to obtaining incremental planning permissions for our quarries and plants. Budgeted cash flows are based on past experience and forecast future trading conditions.

Long-term growth rates

Cash flow projections assume a growth rate of 3.2% (2022: 3.4%) from the fourth year of the value-in-use model, which reflects the impact of longer-term inflation projections on future earnings derived from published market data.

Notes to the consolidated financial statements

9 Intangible assets continued**Discount rate**

Forecast pre-tax cash flows for each segment have been discounted at pre-tax rates of between 11.5% and 14.7% (2022: between 11.9% and 12.6%). These rates were determined by an external expert based on market participants' cost of capital and adjusted to reflect factors specific to each segment.

Sensitivity

The Group has assessed the impact of possible changes in the key assumptions to the impairment review, including the capital costs of our carbon reduction strategy that are included in our financial plans. As discussed further below, it is not possible to quantify the gross cost of the transition over the longer term and this is therefore excluded from the sensitivity analysis. Having performed a sensitivity analysis over the key assumptions, the directors have concluded that there are no reasonably possible changes to assumptions which would result in an impairment charge being recognised.

Impact of climate change on impairment testing

Impacts related to climate change and the transition to a lower carbon economy may include:

- Physical impacts resulting from increased severity and frequency of extreme weather events, together with impacts arising from longer-term shifts in climate patterns.
- Transitional impacts, including changing demand for the Group's products due to shifts in policy, regulation (including carbon pricing mechanisms), legal, technological, market, customer or societal responses to climate change.

The Group's risk analysis indicates that the physical impacts of climate change are unlikely to have a significant impact on our impairment testing, with our operations typically located in the UK and RoI in regions that face relatively low physical challenges from climate change.

The impact of the transition to a lower carbon economy could be more significant. Breedon is committed to net zero by 2050 as well as to the manufacture of cement at our two well-invested cement plants; however, to achieve net zero will require a significant reduction in our carbon emissions.

As set out in more detail in our Sustainability report on pages 71 to 104, we have committed to a 30% reduction from a 2005 baseline in gross carbon intensity per tonne

of cementitious product by 2030, and we are taking near-term actions based on existing technologies to move towards this objective. In addition, the Group is working with governments, industry, academia and the GCCA to explore potential routes to further decarbonisation, including Carbon Capture and Storage through the Peak Cluster project.

While the cash flows associated with our near-term plans are incorporated into our impairment testing, it is not possible to quantify the gross cost of the transition to net zero accurately over the longer term, nor how demand for cement might be impacted by the price increases needed to recover these costs or longer-term changes in consumer behaviour.

In preparing our impairment testing, we have assumed that volumes remain broadly in line with current levels. We have assumed that increased costs, including carbon costs and increased capital investment, will be recovered through pricing, consistent with our historic experience and that no scalable substitute for concrete emerges in the near term. As the cost of transition to net zero and the consequent impact on end-market demand becomes clearer, these judgements will need to be refined and it is possible that this may result in future impairment charges.

The directors are aware of the evolving risks attached to climate change and will regularly assess these risks against estimates made in future value-in-use assessments. They continue to view future impairment charges as unlikely at the date of this report.

10 Investment in associate and joint ventures

The entities contributing to the Group's financial results are listed on pages 226 and 227. The Group equity accounts for investments in its associate and joint ventures.

	Associate £m	Joint ventures £m	Total £m
Carrying value			
At 1 January 2022	5.0	7.2	12.2
Share of profit of associate and joint ventures	1.3	2.2	3.5
Disposal as part of stepped acquisition	-	(0.3)	(0.3)
Dividends received	(0.6)	(1.1)	(1.7)
At 31 December 2022	5.7	8.0	13.7
Share of profit of associate and joint ventures	0.2	2.4	2.6
Dividends received	(0.4)	(1.4)	(1.8)
At 31 December 2023	5.5	9.0	14.5

Notes to the consolidated financial statements

10 Investment in associate and joint ventures continued

Summary financial information of associate and joint ventures

	2023		2022	
	Associate £m	Joint ventures £m	Associate £m	Joint ventures £m
Non-current assets	19.2	15.7	14.9	12.3
Current assets	41.6	21.3	34.9	21.7
Current liabilities	(37.0)	(23.3)	(26.7)	(19.7)
Non-current liabilities	(8.0)	(4.1)	(6.6)	(7.8)
Net assets	15.8	9.6	16.5	6.5
Revenue	161.6	125.8	225.4	118.6
Profit for the year	0.4	5.0	3.7	5.3

The table above shows the results and balances of the associate and joint ventures. Included within the consolidated results of the Group is the share of profit of the associate and joint ventures, as disclosed in the consolidated income statement.

11 Deferred tax

2023	1 January 2023 £m	Acquisitions (note 25) £m	Recognised in income £m	Recognised in equity £m	Translation adjustments £m	31 December 2023 £m
Property, plant and equipment	(95.7)	(2.3)	(5.7)	-	0.4	(103.3)
Intangible assets	(10.5)	(0.9)	1.3	-	0.2	(9.9)
Derivatives	-	-	(0.1)	0.1	-	-
Historic losses	0.9	-	(0.2)	-	-	0.7
Share-based payments	0.7	-	0.3	(0.1)	-	0.9
Working capital and provisions	15.6	-	4.0	-	-	19.6
	(89.0)	(3.2)	(0.4)	-	0.6	(92.0)

2022	1 January 2022 £m	Acquisitions (note 25) £m	Recognised in income £m	Recognised in equity £m	Translation adjustments £m	31 December 2022 £m
Property, plant and equipment	(93.6)	(0.8)	(0.8)	-	(0.5)	(95.7)
Intangible assets	(9.9)	(1.3)	0.8	-	(0.1)	(10.5)
Derivatives	(0.2)	-	-	0.2	-	-
Historic losses	0.3	-	0.6	-	-	0.9
Share-based payments	2.0	-	(0.9)	(0.4)	-	0.7
Working capital and provisions	13.9	-	1.7	-	-	15.6
	(87.5)	(2.1)	1.4	(0.2)	(0.6)	(89.0)

There are no identified unrecognised deferred tax assets or liabilities.

12 Inventories

	2023 £m	2022 £m
Raw materials and consumables	49.8	56.6
Work in progress	9.8	6.3
Finished goods and goods for resale	60.5	31.9
	120.1	94.8

Inventories (being directly attributable costs of production) of £928.7m (2022: £853.7m) have been expensed in the year.

ETS assets are presented within finished goods and goods for resale.

Notes to the consolidated financial statements

13 Trade and other receivables

	2023 £m	2022 £m
Trade receivables	185.1	175.3
Amounts due from associate and joint ventures (note 22)	6.1	5.8
Derivative assets	-	0.1
Contract assets	20.1	14.5
Other receivables and prepayments	17.5	26.7
	228.8	222.4

	2023 £m	2022 £m
Analysed as		
Current	227.9	218.6
Non-current	0.9	3.8
	228.8	222.4

The nature of contract assets has not changed materially during the reporting period.

14 Interest-bearing loans and borrowings**Net Debt**

	2023 £m	2022 £m
Cash and cash equivalents	126.9	101.7
Current borrowings	(8.1)	(7.9)
Non-current borrowings	(288.7)	(291.5)
Net Debt	(169.9)	(197.7)
IFRS 16 lease liabilities	48.0	49.3
Net Debt (excluding IFRS 16)	(121.9)	(148.4)

Analysis of borrowings between current and non-current

	2023 £m	2022 £m
Lease liabilities	8.1	7.9
Current borrowings	8.1	7.9
Bank and USPP debt	248.8	250.1
Lease liabilities	39.9	41.4
Non-current borrowings	288.7	291.5

The Group's borrowing facilities comprise a £350m multi-currency RCF and a £250m USPP.

The RCF is available to the Group until June 2026. Interest on the RCF is calculated as a margin referenced to the Group's Covenant Leverage plus SONIA or EURIBOR according to the currency of borrowing. Interest on the RCF was charged in the period at margins of between 1.8% and 1.9%.

The USPP was issued in 2021 with an average fixed coupon of approximately 2% and comprises £170m sterling and £80m drawn in Euro, with a maturity profile between 2028 and 2036.

During the year, the Group exercised an option to extend the RCF for a one-year period. Arrangement fees of £0.7m were capitalised in the year and will be amortised over the period of the additional borrowing.

Borrowing facilities are subject to leverage and interest cover covenants which are tested half-yearly. The Group remained fully compliant with all covenants during the year.

Notes to the consolidated financial statements

14 Interest-bearing loans and borrowings continued**Reconciliation of cash flow movement to movement in Net Debt**

	2023 £m	2022 £m
For the year ended 31 December		
Net increase in cash and cash equivalents	24.9	17.1
Foreign exchange differences – cash and cash equivalents	0.3	0.7
Net movement in cash and cash equivalents	25.2	17.8
Net cash flow movements in debt financing	9.7	9.5
<i>Non-cash movements</i>		
Net of lease additions and disposals	(6.4)	(4.7)
Amortisation of prepaid bank arrangement fee	(1.1)	(1.1)
Debt acquired via acquisitions (note 25)	(1.1)	(2.5)
Foreign exchange differences – interest-bearing loans and borrowings	1.5	(4.2)
Decrease in Net Debt in the year	27.8	14.8
Net Debt as at 1 January	(197.7)	(212.5)
Net Debt as at 31 December	(169.9)	(197.7)

15 Trade and other payables

	2023 £m	2022 £m
Trade payables	145.2	161.4
Amounts owed to associate and joint ventures (note 22)	-	0.1
Contract liabilities	12.1	4.0
Deferred consideration (note 25)	3.0	0.9
Derivative liabilities	0.3	-
Other payables and accrued expenses	99.9	79.4
Other taxation and social security	18.1	18.0
	278.6	263.8

The nature of contract liabilities has not changed significantly during the reporting period. Brought forward contract liabilities of £4.0m have all been recognised in revenue during the year.

16 Provisions

	Restoration £m	Other £m	Total £m
At 1 January 2022	70.7	2.7	73.4
Translation adjustment	0.2	-	0.2
Utilised during the year	(2.3)	-	(2.3)
Charged to income statement	11.5	-	11.5
Unused amounts reversed	-	(1.4)	(1.4)
Amounts arising from business combinations	0.2	-	0.2
Change to capitalised provisions (note 8)	2.3	-	2.3
Unwinding of discount	2.1	-	2.1
At 31 December 2022	84.7	1.3	86.0
Translation adjustment	(0.1)	-	(0.1)
Utilised during the year	(2.6)	-	(2.6)
Charged to income statement	9.1	2.0	11.1
Amounts arising from business combinations (note 25)	0.3	-	0.3
Change to capitalised provisions (note 8)	(3.8)	-	(3.8)
Unwinding of discount	3.7	-	3.7
At 31 December 2023	91.3	3.3	94.6

	2023 £m	2022 £m
Analysed as		
Current	8.8	9.2
Non-current	85.8	76.8
	94.6	86.0

Restoration provisions principally comprise provisions for the cost of restoring and decommissioning sites where an obligation arises to comply with contractual, environmental, planning and other legislation. The obligation is calculated on a site-by-site basis and is subject to regular reviews. Each obligation is discounted to reflect the period over which it is expected to be settled which, on average, is 10 years.

The discount rates used have been derived using UK and Irish Gilt rates and have been adjusted, where appropriate, for cash flow risk.

Notes to the consolidated financial statements

17 Capital, reserves and dividends**Corporate Reorganisation**

As described further in note 1, in connection with the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange during the first half of 2023, a new holding company for the Group was established, New Breedon. New Breedon obtained control of the Group on 17 May 2023 via a court approved scheme of arrangement.

The Group's equity has been adjusted to reflect that of the new holding company, with the difference between Stated Capital and Share Capital recognised as a Merger Reserve.

Stated and share capital

Following the Corporate Reorganisation, all shares issued by Breedon are ordinary shares which have a par value of £0.01 and are fully paid. The Company has no limit to the number of shares which may be issued.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

	Millions
Issued ordinary shares	
Old Breedon at 1 January 2022	1,689.7
Exercise of savings-related share options	3.1
Vesting of Performance Share Plan awards	1.6
Old Breedon at 31 December 2022	1,694.4
5:1 share consolidation as part of Corporate Reorganisation	(1,355.5)
New Breedon opening shares	338.9
Exercise of savings-related share options	0.2
Vesting of Performance Share Plan awards	0.6
New Breedon at 31 December 2023	339.7

Movements during 2023 (New Breedon):

The Company issued 0.2 million shares for cash raising £0.7m in connection with the exercise of certain savings-related share options, with £0.7m recognised as share premium. The Company issued 0.6 million shares for non-cash consideration of 1 pence per share, satisfied through the capitalisation of retained earnings, in connection with the vesting of awards under the Performance Share Plans (note 18).

Movements during 2022 (Old Breedon):

Old Breedon issued 3.1 million shares for cash raising £2.0m in connection with the exercise of certain savings-related share options and issued 1.6 million shares for nil consideration in connection with the vesting of awards under the Performance Share Plans (note 18).

Other reserves**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedged instruments related to hedged transactions which have not yet occurred.

Merger reserve

The merger reserve was created as part of the Corporate Reorganisation and represents the difference between the Stated Capital reported by Old Breedon and the Share Capital of New Breedon.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of the liabilities that hedge the Group's net investment in foreign operations.

Dividends**Paid in year**

Dividends paid comprise the following elements:

	2023 £m	2022 £m
Dividends paid to Breedon Group plc shareholders	37.3	30.5
Dividends paid to non-controlling interests in consolidated subsidiaries	0.3	-
Total dividends paid	37.6	30.5

Amounts recognised as dividends paid to Breedon Group plc shareholders in the year comprised £37.3m, being £23.7m in respect of the final dividend of the year ended 31 December 2022 of 7.0p per share and £13.6m in respect of an interim dividend of 4.0p per share for the year ended 31 December 2023.

Dividends totalling £0.2m have been paid to non-controlling interests relating to consolidated subsidiaries accounted for using the anticipated acquisition method and has been recognised directly in equity. A further £0.1m has been paid to non-controlling interests relating to other consolidated subsidiaries.

Notes to the consolidated financial statements

17 Capital, reserves and dividends continued**Future dividends**

The directors have proposed a final dividend in respect of the financial year ended 31 December 2023 of 9.5p per share which will absorb an estimated £32.2m of shareholders' funds. Assuming the final dividend is approved by shareholders at the Annual General Meeting of the Company to be held on 24 April 2024, the final dividend will be paid on 17 May 2024 to shareholders who are on the register at the close of business on 4 April 2024.

Subject to trading conditions and continued sustained cash generation, the Group intends to maintain a payout ratio of around 40% of Underlying Basic EPS. Future dividend payments by the Group are not guaranteed and will be determined by the directors in light of the facts and circumstances at the time.

18 Share-based payments

Share-based payments to employees include PSP awards made to senior executives and voluntary participation in savings-related share option schemes ('Sharesave Schemes') for the wider workforce.

Under the PSP, awards may be granted to key senior employees as either a conditional award or as a nil paid (or nominal) cost award. Awards will normally vest three years after grant subject to satisfaction of the relevant performance conditions; for certain employees these may be subject to an additional two-year holding period.

Sharesave Schemes are open to all eligible employees both in the UK and RoI. These schemes have a term of either three or five years.

Further details of these options and awards, as well as the interests of the directors in both the PSP and the Breedon Sharesave Schemes, can be found in the Directors' Remuneration report from page 145 to 168.

Movements in outstanding options and awards

Share options (millions)	Outstanding at 1 Jan 2023	Corporate Reorganisation (note 17)	Granted	Vested	Lapsed	Outstanding at 31 Dec 2023
PSP – non-market based performance conditions	6.7	(5.3)	0.7	(0.6)	(0.1)	1.4
PSP – market based performance conditions	3.7	(3.0)	0.5	-	(0.1)	1.1
Sharesave Schemes	19.0	(15.2)	1.6	(0.2)	(0.9)	4.3
	29.4	(23.5)	2.8	(0.8)	(1.1)	6.8

All PSP share awards have an exercise price of nil. The exercise price for outstanding Sharesave Schemes at 31 December 2023 is between £2.75 and £3.90.

Following the Corporate Reorganisation (note 17), holders of options in Old Breedon were able to exchange those options for options in New Breedon. The exercise price and number of options were adjusted at a ratio of five to one.

Options granted during the year

The fair value of options and awards granted during the year, and the key inputs used to derive the fair value, were as follows:

	PSP – non-market based performance conditions	PSP – market based performance conditions	Sharesave
Fair value at grant date	£3.56	£2.71	£0.83 – £0.97
Valuation model	Black-Scholes	Stochastic	Black-Scholes
Exercise price	-	-	£3.02 – £3.31
Share price at grant date	£3.56	£3.56	£3.55
Holding period	0–2 years	0–2 years	-
Expected volatility	29–31%	29–31%	29–33%
Risk-free rate	3.44%	3.44%	3.42–3.44%
Vesting period	3 years	3 years	3–5 years
Expected dividend yield	n/a	n/a	2.96%

Where share awards contain mechanisms to compensate for the dilutive impact of dividends paid during the vesting period, no dividend yield has been incorporated into the calculation of the fair value of those awards.

Expected volatility has been calculated on share price movements compared to historic option values, over the period consistent with the holding period prior to the date of grant.

Notes to the consolidated financial statements

19 Financial instruments

The Group has the following financial assets and liabilities:

	2023		
	Book value £m	Non- financial instruments £m	Financial instruments £m
Financial assets			
Trade and other receivables	228.8	10.9	217.9
Cash and cash equivalents	126.9	-	126.9
Total financial assets	355.7	10.9	344.8
Financial liabilities			
Borrowings	(248.8)	2.7	(251.5)
Lease liabilities	(48.0)	-	(48.0)
Trade and other payables	(278.6)	(30.2)	(248.4)
Total financial liabilities	(575.4)	(27.5)	(547.9)

	2022		
	Book value £m	Non-financial instruments £m	Financial instruments £m
Financial assets			
Trade and other receivables	222.4	16.3	206.1
Cash and cash equivalents	101.7	-	101.7
Total financial assets	324.1	16.3	307.8
Financial liabilities			
Borrowings	(250.1)	3.1	(253.2)
Lease liabilities	(49.3)	-	(49.3)
Trade and other payables	(263.8)	(22.0)	(241.8)
Total financial liabilities	(563.2)	(18.9)	(544.3)

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Foreign exchange risk
- Liquidity risk
- Interest rate risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet their contractual obligations. Credit risk arises principally from the Group's cash and cash equivalents held with financial counterparties and the Group's receivables due from customers.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. At the reporting date there were no significant concentrations of customer credit risk.

Credit risk associated with cash balances is managed and limited by transacting with financial institutions with high-quality credit ratings.

Exposure to credit risk

The carrying amount of financial assets at the reporting date represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2023 £m	2022 £m
Trade and other receivables	217.9	206.1
Cash and cash equivalents	126.9	101.7
	344.8	307.8

The maximum exposure to credit risk for trade and other receivables by reportable segment was:

	Carrying amount	
	2023 £m	2022 £m
Great Britain	144.0	138.9
Ireland	39.7	35.5
Cement	33.1	31.0
Central administration	1.1	0.7
	217.9	206.1

Management considers that the credit quality of the various receivables is good in respect of the amounts outstanding. The Group has no individually significant customers and the majority of the Group's customers are end-user customers. Credit insurance is in place to cover the majority of the Group's private sector UK and Ireland trade receivables, subject to an aggregate first loss. The Group has fully provided for all its doubtful debt exposure. The remaining credit risk is therefore considered to be low. Balances are only written off when the Group has exhausted all options to recover the amounts receivable.

Notes to the consolidated financial statements

19 Financial instruments continued**Exposure to credit risk** continued

The ageing of trade and other receivables at the reporting date was:

	2023			2022		
	Gross £m	Impairment £m	Net £m	Gross £m	Impairment £m	Net £m
Not past due	195.2	(2.3)	192.9	187.3	(2.1)	185.2
Past due 0-30 days	13.8	(0.9)	12.9	14.0	(1.1)	12.9
Past due 31-60 days	7.5	(1.2)	6.3	4.7	(0.7)	4.0
Past due more than 60 days	8.3	(2.5)	5.8	8.1	(4.1)	4.0
	224.8	(6.9)	217.9	214.1	(8.0)	206.1

Provisions for impairment of trade and other receivables are calculated on a lifetime expected loss model in line with IFRS 9. The key inputs in determining the level of provision are the historical level of bad debts experienced by the Group and ageing of outstanding amounts. Movements during the year were as follows:

	2023 £m	2022 £m
At 1 January	8.0	8.5
Charged to the consolidated income statement during the year	3.0	2.2
Utilised during the year	(2.0)	(1.3)
Unused amounts released	(2.1)	(1.4)
At 31 December	6.9	8.0

Foreign exchange risk**Transactional**

The Group has limited transactional currency exposures arising on sales and purchases made in currencies other than the functional currency of the entity making the sale or purchase. Significant exposures which are deemed at least highly probable are matched where possible.

Translation

The Group has significant net assets denominated in euro. The translation of these balances into sterling for reporting purposes exposes the Group to foreign exchange

movements in the consolidated statement of financial position and consolidated income statement, along with a corresponding impact on certain key performance indicators.

The Group's strategy is to mitigate this risk through utilising euro borrowings as a hedge against movements in the sterling value of euro investments. The level of this hedge is currently managed with the objective of mitigating the impact of foreign exchange movements on Covenant Leverage.

Currency analysis and exchange rate sensitivity

Foreign currency financial assets and liabilities, translated into sterling at the closing rate, are as follows:

	2023			2022		
	Sterling £m	Euro £m	Total £m	Sterling £m	Euro £m	Total £m
Financial assets						
Trade and other receivables	189.0	28.9	217.9	179.2	26.9	206.1
Cash and cash equivalents	121.2	5.7	126.9	80.9	20.8	101.7
Total financial assets	310.2	34.6	344.8	260.1	47.7	307.8
Financial liabilities						
Borrowings	(170.0)	(81.5)	(251.5)	(170.0)	(83.2)	(253.2)
Lease liabilities	(47.9)	(0.1)	(48.0)	(49.2)	(0.1)	(49.3)
Trade and other payables	(208.1)	(40.3)	(248.4)	(206.4)	(35.4)	(241.8)
Total financial liabilities	(426.0)	(121.9)	(547.9)	(425.6)	(118.7)	(544.3)
Potential impact on profit before taxation – gain/(loss)						
10% increase in functional currency	-	0.8	0.8	-	1.0	1.0
10% decrease in functional currency	-	(1.0)	(1.0)	-	(1.2)	(1.2)
Potential impact on other comprehensive income – gain/(loss)						
10% increase in functional currency	-	7.1	7.1	-	5.5	5.5
10% decrease in functional currency	-	(8.7)	(8.7)	-	(6.7)	(6.7)

Notes to the consolidated financial statements

19 Financial instruments continued**Significant exchange rates**

The following significant exchange rates applied during the year:

	2023		2022	
	Average rate	Year-end rate	Average rate	Year-end rate
Sterling/euro	1.15	1.15	1.17	1.13

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet obligations as they fall due. The Group manages liquidity risk by monitoring forecasts and cash flows and negotiating appropriate bank facilities. The Group uses term and revolving bank facilities and sufficient headroom is maintained above peak requirements to meet unforeseen events.

The following are the contractual maturities of financial liabilities, including estimated interest payments based on current utilisation:

31 December 2023	Carrying amount £m	Contractual cash flows £m	Within one year £m	Between one and five years £m	More than five years £m
Non-derivative financial liabilities					
Multi-currency revolving credit facility	-	5.3	2.1	3.2	-
USPP loan notes					
- Sterling	170.0	207.5	4.0	40.8	162.7
- Euro	81.5	88.0	1.0	44.6	42.4
Lease liabilities	48.0	72.1	9.0	23.0	40.1
Trade and other payables	248.4	248.4	248.4	-	-
	547.9	621.3	264.5	111.6	245.2

31 December 2022	Carrying amount £m	Contractual cash flows £m	Within one year £m	Between one and five years £m	More than five years £m
Non-derivative financial liabilities					
Multi-currency revolving credit facility	-	5.3	2.1	3.2	-
USPP loan notes					
- Sterling	170.0	211.5	4.0	15.8	191.7
- Euro	83.2	90.8	1.0	4.0	85.8
Lease liabilities	49.3	73.3	9.1	24.2	40.0
Trade and other payables	241.8	241.8	241.8	-	-
	544.3	622.7	258.0	47.2	317.5

Interest rate risk

The Group borrows at floating and fixed interest rates. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2023 £m	2022 £m
Fixed rate instruments		
Financial liabilities	(299.5)	(299.4)
Variable rate instruments		
Financial assets	126.9	101.7

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the consolidated financial statements

19 Financial instruments continued**Cash flow sensitivity analysis for variable rate instruments**

As at 31 December 2023, all our drawn borrowings are fixed rate instruments and as such, these are not exposed to interest rate fluctuations. An increase of 100 basis points in interest rates in respect of variable rate instruments at the reporting date values would increase profit for the year by £1.3m (2022: increase of £0.4m). A decrease of 100 basis points would decrease profit for the year by £1.3m (2022: £0.2m). These analyses assume that all other variables remain constant.

Fair values versus carrying amounts

The directors consider that the carrying amounts recorded in the financial information in respect of financial assets and liabilities, which are carried at amortised cost, approximates to their fair values with the exception of the £251.5m of USPP loan note liabilities which have an estimated fair value of £201.1m.

Derivative financial assets and liabilities are carried at fair value. The different levels have been defined as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of the derivative financial assets and liabilities are based on bank valuations.

Capital management

The Board's capital management policy is to maintain a strong balance sheet, providing flexibility to pursue growth opportunities. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

In maintaining the Group's capital structure in line with these principles, the Board may choose to adjust amounts paid as dividends to shareholders, issue new equity or dispose of assets as required.

The financial covenants associated with the Group's borrowings are a maximum leverage ratio and a minimum interest cover. The Group complied with these financial covenants throughout the financial year.

20 Leases**Right-of-use assets**

	Land and buildings £m	Plant, equipment and vehicles £m	Total £m
Cost			
Balance at 1 January 2023	45.9	33.7	79.6
Acquired on business combinations (note 25)	-	0.2	0.2
Additions	5.5	0.9	6.4
Transfer to owned assets	-	(0.5)	(0.5)
Disposals and impairments	(0.2)	(1.6)	(1.8)
Balance at 31 December 2023	51.2	32.7	83.9
Depreciation			
Balance at 1 January 2023	11.6	20.9	32.5
Charge for the year	3.4	4.7	8.1
Transfer to owned assets	-	(0.2)	(0.2)
Disposals and impairments	(0.2)	(1.4)	(1.6)
Balance at 31 December 2023	14.8	24.0	38.8
Net book value			
At 31 December 2023	36.4	8.7	45.1
Cost			
Balance at 1 January 2022	42.0	34.1	76.1
Acquired on business combinations (note 25)	0.9	1.6	2.5
Additions	3.8	0.5	4.3
Disposals and impairments	(0.8)	(2.5)	(3.3)
Balance at 31 December 2022	45.9	33.7	79.6
Depreciation			
Balance at 1 January 2022	9.0	17.5	26.5
Charge for the year	3.0	5.7	8.7
Disposals and impairments	(0.4)	(2.3)	(2.7)
Balance at 31 December 2022	11.6	20.9	32.5
Net book value			
At 31 December 2022	34.3	12.8	47.1

Notes to the consolidated financial statements

20 Leases continued

Lease liabilities are secured on the assets to which they relate and are payable as follows:

	2023 Minimum lease payments £m	2022 Minimum lease payments £m
Less than one year	9.0	9.1
Between one and five years	23.0	24.2
More than five years	40.1	40.0
	72.1	73.3

The value of lease payments made during the year was £10.4m (2022: £11.3m).

Movements between owned and leased assets

Items transferred to owned assets represent leases where the liability has been fully repaid in the normal course of business and legal ownership of the asset has transferred to the Group. Where an underlying physical asset is purchased by the Group and this causes an existing lease to end, this is presented as an addition to owned assets within note 8 and as a disposal of a leased asset within this note.

21 Capital commitments

At 31 December 2023 the Group had commitments to purchase property, plant and equipment for £27.9m (2022: £29.5m). These commitments are expected to be settled during the course of 2024.

22 Related parties

During the year the Group supplied services and materials to, and purchased services and materials from, its associate and joint ventures on an arm's length basis. The Group had the following transactions with these related parties during the year:

	Sales £m	Purchases £m	Receivables £m	Payables £m
2023				
BEAR Scotland	21.0	-	1.6	-
Other	12.0	2.5	4.5	-
	33.0	2.5	6.1	-
2022				
BEAR Scotland	40.5	-	0.8	-
Other	10.8	2.1	5.0	0.1
	51.3	2.1	5.8	0.1

Parent and ultimate controlling party

The Company's shares are traded on the Premium Segment of the Main Market of the London Stock Exchange. The Company's shareholder base is monitored on a regular basis. There is no controlling party and the Company does not have a parent.

Transactions with directors and directors' shareholdings

Details of transactions with directors, directors' shareholdings and outstanding share options and awards are given in the Directors' Remuneration report on pages 145 to 168.

Notes to the consolidated financial statements

23 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to Breedon Group shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to Breedon Group shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

Calculations of these measures and reconciliations to related alternative performance measures are as follows:

Basic EPS to Adjusted Underlying Basic EPS

	2023			2022 (*restated)		
	Earnings £m	Shares millions	EPS pence	Earnings £m	Shares millions	EPS pence
Basic EPS	105.5	339.148	31.1	112.5	338.553	33.2
Adjustments to earnings						
Earnings impact of change in deferred tax rate (note 7)	0.7	-	0.2	1.1	-	0.3
Non-underlying items (note 3)	9.1	-	2.7	6.2	-	1.9
Adjusted Underlying Basic EPS	115.3	339.148	34.0	119.8	338.553	35.4

Basic EPS to Underlying Basic EPS

	2023			2022 (*restated)		
	Earnings £m	Shares millions	EPS pence	Earnings £m	Shares millions	EPS pence
Basic EPS	105.5	339.148	31.1	112.5	338.553	33.2
Adjustments to earnings						
Non-underlying items (note 3)	9.1	-	2.7	6.2	-	1.9
Underlying Basic EPS	114.6	339.148	33.8	118.7	338.553	35.1

Diluted EPS to Adjusted Underlying Diluted EPS

	2023			2022 (*restated)		
	Earnings £m	Shares millions	EPS pence	Earnings £m	Shares millions	EPS pence
Diluted EPS	105.5	339.849	31.0	112.5	339.399	33.2
Adjustments to earnings						
Earnings impact of change in deferred tax rate (note 7)	0.7	-	0.2	1.1	-	0.3
Non-underlying items (note 3)	9.1	-	2.7	6.2	-	1.8
Adjusted Underlying Diluted EPS	115.3	339.849	33.9	119.8	339.399	35.3

Diluted EPS to Underlying Diluted EPS

	2023			2022 (*restated)		
	Earnings £m	Shares millions	EPS pence	Earnings £m	Shares millions	EPS pence
Diluted EPS	105.5	339.849	31.0	112.5	339.399	33.2
Adjustments to earnings						
Non-underlying items (note 3)	9.1	-	2.7	6.2	-	1.8
Underlying Diluted EPS	114.6	339.849	33.7	118.7	339.399	35.0

* Comparative figures restated to reflect the impact of the 5:1 share consolidation undertaken in the year. See Corporate Reorganisation disclosed within note 17.

Dilutive items in both the current and prior year related to share-based payments. Details of the Group's share schemes, which may become dilutive in the future, are set out in note 18.

Notes to the consolidated financial statements

24 Contingent liabilities

The Group has guaranteed its share of the banking facilities of BEAR Scotland. The maximum liability at 31 December 2023 amounted to £2.9m (2022: £2.9m). This has been accounted for as a Financial Guarantee Contract in line with IFRS 9.

The Group has guaranteed the performance of the BEAR Scotland contracts in respect of the maintenance of certain trunk roads in the North-West and South-East of Scotland and in respect of the M80 operating and maintenance contract. The Group has also guaranteed the performance of the Breedon Colas contract in respect of Lot 1 of the North Super Region of the Pavement Delivery Framework issued by National Highways. These guarantees have been accounted for as insurance contracts in line with IFRS 17.

For the year ended 31 December 2023, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Name of undertaking	Country of incorporation or registration	Company registration number
Breedon Midco Limited	England and Wales	14777332
Minster Surfacing Limited	England and Wales	04084446
Alliance Recycling (UK) Ltd	England and Wales	09418245

25 Acquisitions**Current year acquisitions**

The Group completed three individually immaterial acquisitions in the current year, being Broome Bros. (Doncaster) Limited (1 May 2023), Robinson Quarry Masters Limited (15 May 2023) and Minster Surfacing Limited (5 May 2023). Total consideration for these acquisitions was £27.1m. The fair value of the assets and liabilities acquired is set out as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value on acquisition £m
Intangible assets	-	3.9	3.9
Property, plant and equipment	4.5	6.5	11.0
Right-of-use assets	0.2	-	0.2
Inventories	1.2	-	1.2
Trade and other receivables	6.2	-	6.2
Cash and cash equivalents	6.2	-	6.2
Trade and other payables	(3.5)	-	(3.5)
Provisions	(0.3)	-	(0.3)
Lease liabilities	(0.2)	-	(0.2)
Borrowings	(0.9)	-	(0.9)
Current tax payable	(0.4)	-	(0.4)
Deferred tax liabilities	(0.7)	(2.5)	(3.2)
Total	12.3	7.9	20.2
Consideration - cash			25.0
Deferred consideration			2.1
Goodwill arising			6.9

Consideration

Deferred consideration includes £1.1m relating to an earnout arrangement and £1.0m relating to a put liability over the remaining 20% of the ordinary shares of Minster Surfacing Limited. The put liability has been accounted for using the anticipated acquisition method. The earnout will be paid to the former owner based on the performance of the acquired entity over a two year period.

Notes to the consolidated financial statements

25 Acquisitions continued

Fair value adjustments

The fair value adjustments comprised:

- Intangible assets, including the value of acquired customer lists;
- Revaluation of certain items of property, plant and equipment; and
- Associated deferred tax balances.

The goodwill arising represents expected synergies, the potential for future growth, access to new markets and the skills of the existing workforce. Goodwill is not deductible for tax purposes.

Impact of current year acquisition

Income statement

During the year, the combined acquisitions contributed revenues of £19.0m, Underlying EBIT of £1.8m and profit before tax of £1.8m to the Group. Had these acquisitions occurred on 1 January 2023, the results of the Group for the year ended 31 December 2023 would have shown revenue of £1,494.8m, Underlying EBIT of £157.3m and Profit before tax of £135.5m.

Cash flow

The cash flow impact of acquisitions in the year can be summarised as follows:

	£m
Consideration – Cash	25.0
Cash and cash equivalents acquired	(6.2)
Net cash consideration shown in the consolidated statement of cash flows	18.8

Acquisition costs

The Group incurred acquisition related costs of £0.9m (2022: £0.7m) which included external professional fees in relation to these acquisitions. These are presented as non-underlying operating costs (note 3).

Prior year acquisition

The Group completed three acquisitions in the prior year, acquiring 80% of the ordinary share capital of Thomas Bow Limited (1 July 2022), and 100% of the ordinary share capitals of R T Mycock & Sons Limited (1 July 2022) and Severn Sands Limited (1 August 2022) for total consideration of £20.5m. No additional adjustments have been made in respect of these acquisitions within the measurement period and the provisional values reported in the prior year are now considered final.

26 Accounting estimates and judgements

Preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and their associated underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial information are described below.

Accounting estimates

Restoration provisions

Restoration provisions principally comprise provisions for the cost of restoring and decommissioning sites where an obligation arises to comply with contractual, environmental, planning and other legislation. This is an inherently subjective calculation and there is significant estimation required to determine the exact cost of the restoration work.

Estimated future cash flows have been determined on a site by site basis based on the present day cost of restoration. An increase in these gross cash flow assumptions of 10% would result in an increase of the restoration liability of £8.8m. The estimated cost of restoration is subject to both internal and external expert evaluation in order to mitigate the risk of material error.

Notes to the consolidated financial statements

26 Accounting estimates and judgements continued

These cash flows are inflated to the point that the cash flow is expected to occur and discounted, at a rate which reflects both the time value of money and the risk specific to the restoration liability, in order to derive the net present value of the obligation as at the balance sheet date. The discount and long-term inflation rates used in this calculation are between 3.3-5.1% and 3.1-3.4% respectively. A 100 bps increase in discount rate or decrease in the long-term inflation rate would result in a decrease in the value of restoration provisions by £7.5m or £7.8m respectively. A 100 bps decrease in discount rate or increase in the long-term inflation rate would result in an increase in the value of restoration provisions by £9.0m or £9.2m respectively.

Restoration dates have been determined as the earlier of the date at which reserves are expected to be exhausted or planning permission on reserves is expected to expire. Reasonably possible changes in restoration dates would not have a material impact on the financial statements, and management do not consider restoration dates to be significant estimates.

Accounting judgements**Impact of climate change on impairment review**

The Group is committed to achieving net zero by 2050, as well as to the manufacture of cement at its two well-invested cement plants; however, to achieve net zero will require a significant reduction in carbon emissions.

The cash flows used in our impairment review are underpinned by a judgement that future cement volumes remain broadly in line with current levels and that increased costs to achieve net zero will be recovered through market acceptance of increased pricing.

See note 9 for additional detail and further information on how the impact of climate change has been considered through the impairment testing.

27 Reconciliation to non-GAAP measures

Non-GAAP performance measures are used throughout this Annual Report and these consolidated financial statements. This note provides a reconciliation between these alternative performance measures to the most directly related statutory measures.

Reconciliation of earnings based alternative performance measures

2023	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	1,033.8	235.5	331.2	(113.0)	-	1,487.5
Profit from operations						145.7
Non-underlying items (note 3)						10.5
Underlying EBIT	86.4	29.0	55.2	(17.0)	2.6	156.2
Underlying EBIT margin	8.4%	12.3%	16.7%			10.5%
Underlying EBIT	86.4	29.0	55.2	(17.0)	2.6	156.2
Share of profit of associate and joint ventures	-	-	-	-	(2.6)	(2.6)
Depreciation and mineral depletion	52.2	6.9	29.3	0.3	-	88.7
Underlying EBITDA	138.6	35.9	84.5	(16.7)	-	242.3

Notes to the consolidated financial statements

27 Reconciliation to non-GAAP measures continued

2022	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	972.4	226.2	300.7	(103.0)	-	1,396.3
Profit from operations						148.0
Non-underlying items (note 3)						7.0
Underlying EBIT	86.4	28.3	52.1	(15.3)	3.5	155.0
Underlying EBIT margin	8.9%	12.5%	17.3%			11.1%
Underlying EBIT	86.4	28.3	52.1	(15.3)	3.5	155.0
Share of profit of associate and joint ventures	-	-	-	-	(3.5)	(3.5)
Depreciation and mineral depletion	49.7	6.1	27.5	0.2	-	83.5
Underlying EBITDA	136.1	34.4	79.6	(15.1)	-	235.0

Like-for-like alternative performance measures

There are a number of references throughout this report to like-for-like revenue, earnings and volumes. Like-for-like numbers exclude the impact of acquisitions and disposals and have been used alongside non-like-for-like measures to help the Group better communicate performance in the year when compared to previous reporting periods.

Covenant Leverage

Covenant Leverage is defined as the ratio of Underlying EBITDA to Net Debt, with both Underlying EBITDA and Net Debt adjusted to reflect the material items which are adjusted by the Group and its lenders in determining leverage for the purpose of assessing covenant compliance and, in the case of our bank facilities, the margin payable on overdrawn borrowings. In both the current and prior year, the only material adjusting item was the impact of IFRS 16.

	2023 £m	2022 £m
Underlying EBITDA	242.3	235.0
Impact of IFRS 16	(10.3)	(11.3)
Underlying EBITDA for covenants	232.0	223.7
Net Debt (excluding IFRS 16) (note 14)	121.9	148.4
Covenant Leverage	0.5x	0.7x

Free Cash Flow conversion

Free Cash Flow has been reconciled to net cash from operating activities, which is the most relevant GAAP measure.

	2023 £m	2022 £m
Net cash from operating activities	191.9	168.0
Net cash used in investing activities	(120.4)	(112.9)
Acquisition of businesses	18.8	12.6
Cash impact of non-underlying items	4.5	1.0
Free Cash Flow	94.8	68.7
Underlying EBITDA	242.3	235.0
Free Cash Flow conversion	39%	29%

Return on invested capital

	2023 £m	2022 £m
Underlying EBIT	156.2	155.0
Underlying effective tax rate (note 7)	20.4%	16.0%
Taxation at the Group's underlying effective rate	(31.9)	(24.8)
Underlying earnings before interest	124.3	130.2
Net assets	1,110.7	1,043.8
Net Debt (note 14)	169.9	197.7
Invested capital at 31 December	1,280.6	1,241.5
Average invested capital*	1,261.1	1,201.9
Return on invested capital**	9.9%	10.8%

* Average invested capital is calculated by taking the average of the opening invested capital at 1 January and the closing invested capital at 31 December. Opening invested capital at 1 January 2022 was £1,162.3m.

** Return on invested capital is calculated as Underlying earnings before interest, divided by average invested capital for the year.

Notes to the consolidated financial statements

28 Post balance sheet events

Acquisition of BMC Enterprises Inc

On 6 March 2024 the Group announced the proposed acquisition of the entire share capital of BMC Enterprises Inc, a supplier of aggregates and ready mixed concrete headquartered in St Louis, Missouri, USA. The acquisition is expected to complete by 7 March 2024.

Consideration payable is based on an enterprise value of US\$300m, of which US\$285m is payable in cash and the remaining US\$15m through the issue of newly created shares in Breedon Group plc. The consideration is subject to customary closing adjustments and retentions.

The cash element of the consideration will be satisfied through the utilisation of surplus cash balances and drawdown on the Group's existing borrowing facilities.

The acquisition is expected to have a material impact on the Group's results for the year ended 31 December 2024.

Given the proximity of the acquisition date to the date on which the financial statements were authorised, the Group is not yet able to provide certain disclosures required by IFRS 3, including the initial fair values of assets and liabilities acquired, which have not yet been ascertained. These disclosures will be presented as part of the Group's Interim Statement made up to 30 June 2024.

Acquisition of Eco-Asphalt Supplies Limited

On 31 January 2024 the Group acquired the entire share capital of Eco-Asphalt Supplies Limited, an asphalt supplier based in the UK, for an enterprise value of £5.5m. This acquisition is not expected to materially impact the earnings of the Group for the year ended 31 December 2024.

Given the proximity of the acquisition date to the date on which the financial statements were authorised, the Group is not yet able to provide certain disclosures required by IFRS 3, including the initial fair values of assets and liabilities acquired, which have not yet been ascertained. These disclosures will be presented as part of the Group's Interim Statement made up to 30 June 2024.

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Company balance sheet

As at 31 December 2023

	Note	2023 £m
Non-current assets		
Investment in subsidiary	7	-
Trade and other receivables		507.2
Current assets		
Trade and other receivables	4	0.9
Current liabilities		
Trade and other creditors	5	(13.6)
Net assets		
		494.5
Capital and reserves		
Share capital	6	3.4
Share premium	6	0.7
Merger reserve	2, 6	32.6
Profit and loss account		457.8
Equity shareholder's funds		
		494.5

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The result for the Company for the period was a loss of £1.8m.

The Company financial statements on pages 220 to 225 were approved by the Board on 6 March 2024 and signed on its behalf by:

Rob Wood

Chief Executive Officer

James Brotherton

Chief Financial Officer

Company number: 147395566

Company statement of changes in equity

For the period from 17 March 2023 to 31 December 2023

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance on incorporation at 17 March 2023	0.1	-	-	-	0.1
Scheme of arrangement (note 2)	474.4	-	32.6	-	507.0
Capital reduction (note 3)	(471.1)	-	-	471.1	-
Loss for the period	-	-	-	(1.8)	(1.8)
Share-based payments	-	-	-	2.1	2.1
Dividends paid	-	-	-	(13.6)	(13.6)
Shares issued	-	0.7	-	-	0.7
Balance at 31 December 2023	3.4	0.7	32.6	457.8	494.5

Notes to the Company financial statements

1 Accounting policies

Basis of accounting

Breedon Group plc (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The registered number is 14739556 and the address of the registered office is Pinnacle House, Breedon Quarry, Breedon on the Hill, Derby, England, DE73 8AP.

These financial statements present information about the Company from the point of its incorporation on 17 March 2023 as an individual undertaking and not about its Group. As the Company was incorporated in the period, no comparative information has been presented.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The financial statements are presented in pounds sterling (£), which is the Company's functional currency, and are shown in £millions to one decimal place.

The Company is included within the consolidated financial statements of Breedon Group plc. The consolidated financial statements of Breedon Group plc are prepared in accordance with IFRS and are publicly available. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- Disclosures in respect of capital management.

As the consolidated financial statements of Breedon Group plc include the equivalent disclosures, the Company has taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments.
- Certain disclosures required by IFRS 13 – Fair Value Measurement and the disclosures required by IFRS 7 – Financial Instrument Disclosures.

The Company intends to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Going Concern

The financial statements have been prepared on a Going Concern basis. As the Company is the parent company of the Group, the directors believe it is appropriate to consider the use of the Going Concern assumption at a Group level.

The Group meets day-to-day working capital and other funding requirements through banking facilities, which include an overdraft facility. Longer-term debt financing is accessed through the Group's USPP loan note programme. The facilities comprise a £350m multi-currency Revolving Credit Facility ('RCF') to June 2026 and £250m of USPP loan notes with maturities between 2028 and 2036. Further details of these facilities are provided in note 14 to the Group's consolidated financial statements.

The Group comfortably met all covenants in 2023 and other terms of its borrowing agreements in the period and maintained its track record of profitability and cash generation, with an overall profit before taxation for the period of £134.4m and net cash from operating activities of £191.9m.

The Group has prepared cash flow forecasts for a period of 12 months from the date of signing these financial statements, which show a sustained trend of profitability, cash generation and retained covenant headroom, even

under a 'severe but plausible' downside scenario of forecast cash flows.

The impact of the acquisitions discussed in note 28 of the consolidated financial statements on the Group's borrowings and covenant headroom has been considered in making this assessment.

The base case assumes a trading performance delivered in line with market consensus over the forecast period, whilst the downside scenario models a 10% reduction in revenues, which the Group believes is an extremely severe sensitivity relative to likely outcomes and historic experience.

At 31 December 2023, the Group had cash and cash equivalents of £126.9m and undrawn banking facilities of £350.0m. At the date of this report, the Group retains a similar level of liquidity. Following the acquisitions discussed in note 28 of the consolidated financial statements the level of undrawn facilities will reduce to c. £175m. The remaining cash and undrawn facility is expected to provide sufficient available funds for the Group to discharge its liabilities as they fall due.

Consequently, the directors are confident that the Group, and therefore the Company, will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the Company financial statements

1 Accounting policies continued

Company result for the period

In accordance with the exemption permitted under section 408(3) of the Companies Act 2006, the Company has elected not to present its own Income Statement or Statement of Comprehensive Income.

Accounting policies

The accounting policies set out in the notes below have been applied in preparing the financial statements for the period ended 31 December 2023.

Newly effective standards

There were no newly effective standards in the period from 17 March to 31 December 2023 which had a material impact on the Company, nor are any standards published but not yet effective which are expected to have a material impact on the Company.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount

of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any diminution in value.

Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

Trade receivables and payables

Trade receivable and trade payables are initially recognised at fair value and are then stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Share-based payments

Equity-settled share-based payments to directors, key employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value is recharged to the subsidiary entities which receive services from those individuals who have been granted awards on a straight-line basis over the period that the employees become unconditionally entitled to the awards.

Financial risk management

The Company's financial risk is managed as part of the Group's strategy and policies as discussed in note 19 of the Group financial statements.

Estimates and judgements

No significant estimates or judgements have been used by the directors in preparing these financial statements.

Directors' remuneration and staff numbers

The Company has no employees other than the directors, who did not receive any remuneration for their services directly from the Company the current period. See note 5 in the Group consolidated financial statements for Key Management Personnel compensation.

External auditor's remuneration

The remuneration paid to the external auditor in relation to the audit of the Company is disclosed in note 4 of the consolidated financial statements. The fees for the audit of the Company's financial statements are borne by a subsidiary of the Company and are not recharged.

Notes to the Company financial statements

2 Scheme of arrangement

Breedon Group plc ('New Breedon') is a public company domiciled in England & Wales with registration number 14739556 which was incorporated on 17 March 2023 to act as the new holding company for Breedon Group plc ('Old Breedon') and its subsidiaries (the 'Group') to replace Old Breedon, a company incorporated in Jersey with registration number 98465 in connection with the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange during the first half of 2023.

New Breedon obtained control of the Group on 17 May 2023 via a court approved scheme of arrangement. Under the scheme of arrangement, shares with a nominal value of £1.40 were issued in exchange for all the shares in Old Breedon at a ratio of one share in New Breedon for every five shares in Old Breedon. There were no changes in rights or proportion of control exercised as a result of the transaction.

The difference between the nominal value of the shares issued under the scheme of arrangement of £474.4m and the net assets of Old Breedon of £507.0m has been recognised within a Merger Reserve.

3 Capital reduction

On 9 June 2023, the Company undertook a capital reduction to convert £471.1m of share capital to distributable reserves, resulting in share capital of 338.9 million shares with a nominal value of £0.01 per share.

4 Trade and other receivables

	2023 £m
Amounts owed by Group undertakings	507.5
Prepayments and accrued income	0.1
Corporation tax	0.3
Deferred tax	0.2
	508.1

Included within amounts owed by Group undertakings is £507.2m due after more than one year. The loan was initially repayable on demand and interest free. The terms of the loan were revised during the period with interest being charged on the outstanding amount at a rate of SONIA plus a market rate margin. All other amounts owed by Group undertakings are unsecured, interest free, and due on demand.

The amounts owed by Group undertakings are financial assets and are held at amortised cost.

Deferred tax assets are recognised in relation to share-based payment arrangements. The charge for the current period has been recognised wholly within the income statement.

5 Trade and other creditors

	2023 £m
Amounts owed to Group undertakings	12.7
Accruals and other creditors	0.9
	13.6

Amounts owed by Group undertakings are interest free and repayable on demand. All trade and other creditors are financial liabilities and are held at amortised cost.

Notes to the Company financial statements

6 Capital and reserves**Share capital and premium**

	Number (millions)	£m
Allotted, called-up and fully paid as at 31 December 2023:		
Ordinary shares of £0.01 each	339.7	3.4

The Company had 14,286 ordinary shares with a nominal value of £3.50 on incorporation on 17 March 2023.

As part of the scheme of arrangement (note 2) the Company issued 338.9 million ordinary shares with a nominal value of £1.40. Subsequently, the Company undertook a capital reduction effective 9 June 2023 which cancelled the original 14,286 ordinary shares with a nominal value of £3.50 and reduced the nominal value of the remaining ordinary shares from £1.40 to £0.01.

The Company issued 0.2 million shares for cash raising £0.7m in connection with the exercise of certain savings-related share options, of which £0.7m was recognised as share premium. The Company issued 0.6 million shares for non-cash consideration of 1.0p per share, satisfied through the capitalisation of retained earnings, in connection with the vesting of awards under the Performance Share Plans.

Merger reserve

The Merger reserve was created as a result of the scheme of arrangement (note 2).

7 Investments

The Company holds an investment of £1, comprising 100% of the ordinary share capital of Breedon Midco Limited, a holding company within the Group registered in England & Wales with a company number of 14777332 and a registered address at Pinnacle House, Breedon Quarry, Breedon on the Hill, Derby, England, DE73 8AP.

A full list of subsidiaries is presented on pages 226 and 227 of the Breedon Group plc Annual Report.

Movements in investments during the period were as follows:

	2023 £m
Investments as at date of incorporation	-
Scheme of arrangement (note 2)	507.0
Disposal to subsidiary entity	(507.0)
	-

As noted in note 2, the Company obtained control of the Group and recognised this as an investment. The Company then sold this investment to Breedon Midco Limited, a directly held subsidiary, for consideration equal to the value of the investment, resulting in a nil gain or loss.

8 Share-based payments

Details of the Company's share-based payments are disclosed within note 18 of the Group consolidated financial statements.

9 Contingent liabilities

The Company acceded as guarantor to the Group's debt facilities during the period, which comprise a £350m Revolving Credit Facility and £250m US Private Placement. These have been accounted for as Financial Guarantee Contracts in line with IFRS 9.

For the year ended 31 December 2023, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Name of undertaking	Country of incorporation or registration	Company registration number
Breedon Midco Limited	England and Wales	14777332
Minster Surfacing Limited	England and Wales	04084446
Alliance Recycling (UK) Ltd	England and Wales	09418245

Subsidiaries

As at 31 December 2023, the companies listed below and on the following pages are indirectly held by Breedon Group plc except Breedon Midco Limited which is 100% directly owned.

Company name	Registered address	Proportion of ordinary shares held directly by the parent	Proportion of ordinary shares held by the Group
ALBA Traffic Management Limited	3	75	75
Alfred McAlpine Slate Penrhyn Limited	1	100	100
Alliance Recycling (UK) Ltd	1	80	80
Alpha Resource Management Ltd	2	100	100
Barney Precast Limited	1	100	99.4
Berwyn Granite Quarries Limited	1	100	100
Blinkbonny Quarry (Borders) Limited	3	100	100
Boyne Bay Lime Company Ltd, The	3	100	100
Breedon Aggregates SW Limited	3	100	100
Breedon Bow Highways Limited	1	100	100
Breedon Brick Limited	5	100	100
Breedon Cement Ireland Limited	5	100	100
Breedon Cement Limited	1	100	100
Breedon Employee Services Ireland Limited	4	100	100
Breedon Facilities Management Limited	3	100	100
Breedon Group Limited	6	100	100
Breedon Group Services Limited	1	100	100
Breedon Holdings (Jersey) Limited	6	100	100
Breedon Holdings Limited	1	100	100
Breedon Investments USA Inc	9	100	100
Breedon Midco Limited	1	100	100
Breedon Northern Limited	3	100	100
Breedon Properties Limited	1	100	100
Breedon Scotland Limited	3	100	100
Breedon Southern Limited	1	100	100
Breedon Surfacing Solutions Limited	1	100	100
Breedon Trading Limited	1	100	100
Breedon Whitemountain Ltd	3	100	100
Broome Bros. (Doncaster) Limited	1	100	100
City Asphalt Limited	8	100	80

Company name	Registered address	Proportion of ordinary shares held directly by the parent	Proportion of ordinary shares held by the Group
City Mini Mix (Notts) Limited	1	100	100
Clearwell Quarries Limited	1	100	99.4
Cocklebank Conservations Limited	1	100	100
Cwmorthin Slate Quarry 1994 Company Limited	1	100	100
Deckal Limited	7	100	100
EJCC Limited	1	100	100
Enneurope Limited	1	100	100
Enneurope Holdings Limited	1	100	100
Flemings' Coal Mines Limited	4	100	100
Flemings' Fireclays Limited	4	100	100
Flemings' Fireclays Manufacturing Limited	4	100	100
Glencarne Bricks Limited	4	100	100
Glenfarne Clayware Limited	4	100	100
Greenshine	7	100	100
Hart Aggregates Limited	1	100	100
Hope Construction Products Limited	1	100	100
Hope Dormant 1 Limited	1	100	100
Hope Ready Mixed Concrete Limited	1	100	100
Humberside Aggregates Limited	1	100	100
Huntsman's Quarries Limited	1	100	100
Kilcarn Limited	2	100	100
Kingscourt Bricks Limited	2	100	100
Kingscourt Clay Products Limited	2	100	100
Lagan Airports Limited	2	100	100
Lagan Asphalt (UK) Ltd	2	100	100
Lagan Asphalt Group Limited	2	100	100
Lagan Asphalt Limited	4	100	100
Lagan Bitumen Limited	1	100	100
Lagan Cement Limited	2	100	100
Lagan Cement Products Limited	2	100	100

Subsidiaries

Company name	Registered address	Proportion of ordinary shares held directly by the parent	Proportion of ordinary shares held by the Group
Lagan Group (Holdings) Limited	7	100	100
Lagan Group Limited	7	100	100
Lagan Hibernian Limited	4	100	100
Lagan Materials Limited	4	100	100
Lagan Whitemountain Limited	2	100	100
Marwyn Materials (UK) Limited	1	100	100
Midwest Aggregates Limited	5	100	100
Minster Surfacing Limited	1	80	80
Mulholland Bros (Brick and Sand) Limited	2	99.9	99.9
Natural Building Materials Limited	1	99.4	99.4
Nith Aggregates Limited	1	100	100
Nottingham Ready Mix Limited	1	100	100
Pinnacle Construction Materials Limited	1	100	100
Pro Mini Mix Concrete, Mortars and Screeds Limited	1	100	100
Roadmix Limited	2	100	100
Roadway Civil Engineering & Surfacing Ltd	1	100	100
Robinson Quarry Masters Limited	2	100	100
RT Mycock & Sons Limited	1	100	100
Severn Sands (Holdings) Limited	1	100	100
Severn Sands Limited	1	100	100
Sherburn Cement Limited	1	100	100
Sherburn Minerals Limited	1	100	100
Sherburn Sand Company Limited	1	100	100
Sherburn Stone Company Limited	1	100	100
Staffs Concrete Limited	1	100	100
The Cwt-Y-Bugail Slate Quarries Limited	1	100	100
The Waveney Asphalt Company Limited	1	100	100
Thomas Bow Limited	8	80	80
UK Stone Direct Limited	1	100	100
Welsh Slate Limited	1	100	100
Whitemountain Quarries Ltd	2	100	100

Joint ventures and associates

Company name	Registered address	Proportion of ordinary shares held directly by the parent	Proportion of ordinary shares held by the Group
BEAR Scotland Limited	14	37.5	37.5
Breedon Bowen Limited	1	50	50
Breedon Colas Limited	1	50	50
Capital Concrete Limited	10	43	43
H.V. Bowen & Sons (Quarry) Ltd	1	100	50
H.V. Bowen & Sons (Transport) Limited	1	100	50
Kingscourt Country Manor Brick Company Limited	11	50	50
Northern Quarry Products Limited	12	50	50
PSV (UK) Ltd	1	100	50
Welsh Slate Europe B.V.	13	50	50

Registered office addresses

1	Pinnacle House, Breedon Quarry, Breedon on the Hill, Derby, England, DE73 8AP
2	5 Blackwater Road, Newtownabbey, Northern Ireland, BT36 4TZ
3	Ethiebeaton Quarry, Kingennie, Monifieth, Angus, DD5 3RB
4	Rosemount Business Park, Ballycoolin Road, Dublin 11, Dublin
5	Killaskillen, Kinnegad, Westmeath, Ireland
6	28 Esplanade, St Helier, Jersey, JE2 3QA
7	Bank Chambers, 15-19 Athol Street, Douglas, IM11LB
8	Ashbow Court 4-12 Middleton Street, Lenton, Nottingham, England, NG7 2AL
9	1209 Orange Street, City of Wilmington, New Castle County, Delaware 19801, United States
10	Robert Brett House, Ashford Road, Canterbury, Kent, England, CT4 7PP
11	Unit 26 Airways Industrial Estate, Dublin 17, Santry, Dublin, D17 TH93
12	Rigifa, Cove, Aberdeen, United Kingdom, AB12 3LR
13	Battenweg 10, 6051AD Maasbracht, NL
14	BEAR House, Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW

Shareholder information

Registrar

All administrative enquiries relating to shareholdings, such as lost certificates, changes of address, change of ownership or dividend payments and requests to receive corporate documents by email should, in the first instance, be directed to the Company's Registrar, Link Group, and clearly state the shareholder's registered address and, if available, your investor code, which can be found on your share certificate:

By post: Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

By telephone: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. If you are outside the UK call +44 371 664 0300. Calls outside the UK will be charged at the applicable international rate. The helpline is open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.

E: shareholderenquiries@linkgroup.co.uk

W: www.linkgroup.eu

Registering on the Registrar's share portal, Signal Shares, enables you to view your shareholding, including an indicative share price and valuation, check your holding balance and transactions, change your address or bank details and view dividend payments. To register for Signal Shares just

visit www.breedonshares.com. All you need is your investor code, which can be found on your share certificate.

Group website and electronic communications

The 2023 Annual Report and other information about the Company are available on its website. The Company operates a service whereby you can register to receive notice by email of all announcements released by the Company.

The Company's share price (15-minute delay) is displayed on the Company's website.

Shareholder documents are now, following changes in company law and shareholder approval, primarily made available via the Company's website, unless a shareholder has requested to continue to receive hard copies of such documents. If a shareholder has registered their up-to-date email address, an email will be sent to that address when such documents are available on the website.

If shareholders have not provided an up-to-date email address and have not elected to receive documents in hard copy, a letter will be posted to their address that is recorded on the Register of Members notifying them that the documents are available on the website. Shareholders can continue to receive hard copies of shareholder documents by contacting the Registrar.

If you have not already registered your current email address, you can do so at www.breedonshares.com.

Investors who hold their shares via an intermediary should contact the intermediary regarding the receipt of shareholder documents from the Company.

The Group has a wide range of information that is available on the website including:

- financial information – annual reports and half year results, financial news and events;
- share price information;
- shareholder services information;
- dividend information; and
- press releases – both current and historical.

Multiple accounts

Shareholders who receive more than one copy of communications from the Company may have more than one account in their name on the Company's Register of Members. Any shareholder wishing to amalgamate such holdings should write to the Registrar giving details of the accounts concerned and instructions on how they should be amalgamated.

Dividend information

The Company pays its dividend to shareholders by electronic transfer. You will need to have a dividend mandate registered against your Breedon shareholder account by the record date which enables payment of the dividend straight to your bank account. By paying dividends by direct credit, it helps to reduce the Company's impact on the environment and provides greater benefits in terms of efficiency, cost, and safeguards the security of the payment.

Please register your bank details at www.breedongroup.com/dividends or contact our Registrar, Link Group, on 0371 664 0300 or +44 371 664 0300 if outside the UK.

Investors who hold their shares via an intermediary should contact the intermediary regarding the receipt of dividend payments from the Company.

Dividend reinvestment plan (UK and Channel Islands only)

Link Group provide a Dividend Reinvestment Plan (DRIP) which provides shareholders in the UK and Channel Islands with the opportunity to reinvest their dividend payments to purchase additional ordinary shares in the Company. If you choose to join the DRIP, Link Group will use the cash dividend payment to which you are entitled to acquire further ordinary shares in the Company on your behalf as soon as practicable after the dividend payment date. Terms and conditions and a brochure may be found online at www.breedonshares.com, where you can also join the DRIP or contact Link Group on 0371 664 0381 (see below for call charges) or email shares@linkgroup.co.uk to request a DRIP application form.

In order to be effective for a particular dividend, any application must reach Link by no later than the DRIP election date specified in the financial calendar, set out at www.breedongroup.com/dividends. Applications to join the DRIP received after that date will take effect from the next dividend payment date.

Shareholder information

Please note that due to the minimum charge, the service may not be cost effective for all participants, and the value of shares, and any income from them, can fall as well as rise. This is not a recommendation to purchase shares and if you are in any doubt as to what action you should take you should consult an appropriately qualified professional advisor.

Unsolicited mail, investment advice and fraud

The Company is obliged by law to make its share register publicly available and, as a consequence, some shareholders may receive unsolicited mail. In addition, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence, typically from overseas 'brokers', concerning investment matters.

These callers can be very persistent and extremely persuasive and their activities have resulted in considerable losses for some investors. It is not just the novice investor that has been deceived in this way; many victims have been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue with an offer to buy or sell shares.

If you receive any unsolicited mail or investment advice:

- Make sure you get the correct name of the person and organisation.
- Check the Financial Services Register at www.fca.org.uk.
- Use the details on the Financial Services Register to contact the firm.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date.
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- Use the firm's contact details listed on the Register if you want to call them back.
- Search the list of unauthorised firms and individuals to avoid doing business with at www.fca.org.uk/scams.
- Report a share scam by telling the FCA using the share fraud reporting form in the Consumers section of the FCA website.
- If the unsolicited phone calls persist, hang up.
- If you wish to limit the number of unsolicited calls you receive, contact the Telephone Preference Service (TPS) at www.tpsonline.org.uk and follow the link, or from your mobile phone register your mobile number, free of charge, by texting 'TPS' together with your email address to 85095.
- If you wish to limit the amount of unsolicited mail you receive, contact the Mailing Preference Service on 020 7291 3310 or visit the website at www.mpsonline.org.uk.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040 or report online at www.actionfraud.police.uk/reporting-fraud-and-cyber-crime.

Share dealing services

You can buy shares through any authorised stockbroker or bank that offers a share dealing service in the UK, or in your country of residence if outside the UK.

Link Group also provides a share dealing service to private shareholders in the UK or Channel Islands.

For further information on the share dealing service provided by Link Group, or to buy and sell shares via Link Group visit www.linksharedeal.com or call 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Lines are open between 8.00am and 4.30pm, Monday to Friday excluding public holidays in England and Wales.

This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms and conditions apply. Link Group is a trading name of Link Market Services Trustees Limited which is authorised and regulated by the Financial Conduct Authority. This service is only available to private shareholders resident in the United Kingdom, the Channel Islands or the Isle of Man.

Link Group is a trading name of Link Market Services Limited and Link Market Services Trustees Limited. Share registration and associated services are provided by Link Market Services Limited (registered in England and Wales, No. 2605568). Regulated services are provided by Link Market Services Trustees Limited (registered in England and Wales No. 2729260), which is authorised and regulated by the Financial Conduct Authority.

The registered office of each of these companies is Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Electronic voting

Shareholders can submit proxies for the 2024 AGM electronically by logging on to www.breedonshares.com. Electronic proxy appointments must be received by the Company's Registrar no later than 2.00pm on 22 April 2024 (or not less than 48 hours before the time fixed for any adjourned meeting).

Shareholder communication

E: shareholderenquiries@linkgroup.co.uk

T: 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. If you are outside the UK call +44 371 664 0300. Calls outside the UK will be charged at the applicable international rate. The helpline is open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Glossary

The following definitions apply throughout this Annual Report, unless the context requires otherwise.

AGM	Annual General Meeting of the Company
AIM	Alternative Investment Market of the London Stock Exchange
ARM	Alternative raw material
BAP	Biodiversity Action Plan
BEAR Scotland	BEAR Scotland Limited
bps	basis points
Breedon	Breedon Group plc
Breedon Colas	Breedon Colas Limited
Broome Bros	Broome Bros (Doncaster) Limited
CAGR	Compound annual growth rate
CBAM	Carbon Border Adjustment Mechanism
CCS	Carbon capture and storage
CEM II	Portland composite cement; comprising Portland cement and up to 35% of certain other single constituents
Cemex	Cemex UK Operations Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
CO ₂ e	Carbon dioxide equivalent
CPA	Construction Products Association
CSRD	Corporate Sustainability Reporting Directive
DMA	Double Materiality Assessment
DNED	Designated Non-executive Director
Division	One of the Group's three operating segments: GB, Ireland and Cement
DRIP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax, which equates to profit from operations
EPD	Environmental Product Declaration
EPOD	Electronic proof of delivery
EPS	Earnings per share
EQA	external quality assessment
ESG	Environment, Social and Governance
ETS	Emissions Trading Scheme

EU	European Union
EURIBOR	Euro Inter-bank Offered Rate
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GB	Great Britain
GCCA	Global Cement and Concrete Association
GDP	Gross domestic product
GHG	Greenhouse gas (emissions)
GJ	Gigajoule
GNI	Gross National Income
Group	Breedon and its subsidiary companies
HR	Human Resources
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
invested capital	Net assets plus Net Debt
Ireland	The Island of Ireland
ISO	International Organization for Standardisation
IT	Information Technology
KPI	Key Performance Indicator
kT	kilo tonnes
Lagan	Lagan Group (Holdings) Limited
Leverage	Net Debt expressed as a multiple of Underlying EBITDA
LGV	Large goods vehicle
LCA	Lifecycle analysis
Like-for-like	Like-for-like reflects reported values adjusted for the impact of acquisitions and disposals
LTI	Lost time injury
LTIFR	Lost time injury frequency rate
LTISR	Lost time injury severity rate
M&A	Mergers & acquisitions
Minster	Minster Surfacing Limited
MPA	Mineral Products Association
MW/MWh	Megawatt/Megawatt hour
NDP	National Development Plan
Net Debt	Net Debt including IFRS 16 lease liabilities
Net capital expenditure	Purchase of property, plant and equipment net of proceeds from sale of property, plant and equipment

New Breedon	the company registered in England & Wales and incorporated on 17 March 2023 to act as the new parent company for the Group, in place of Breedon Group plc (Old Breedon), a company incorporated in Jersey
NI	Northern Ireland
no mither	no bother
NPS	Net Promoter Scores
PPE	personal protective equipment
ppt	percentage points
PSP	Performance Share Plan
QCA	Quoted Companies Alliance
RAP	Recycled asphalt planings
RCF	Revolving Credit Facility
Robinsons	Robinson Quarry Masters Limited
RoI	Republic of Ireland
ROIC	Post-tax Return on Invested Capital
SBTi	Science Based Targets initiative
SECR	Streamlined Energy and Carbon Reporting
SDG	Sustainability Development Goal
SONIA	Sterling Overnight Index Average
Sterling	Pounds sterling
TCFD	Task Force on Climate-related Financial Disclosures
TIFR	Total injury frequency rate
TSR	Total shareholder return
UK	United Kingdom (GB and NI)
Underlying	Stated before acquisition related expenses, property gains or losses, amortisation of acquisition intangibles, AIM to Main Market costs and related tax items.
Underlying EBIT	Earnings before interest, tax and non-underlying items
Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation, non-underlying items and before our share of profit from associate and joint ventures
USPP	US Private Placement
VFL	Visible Felt Leadership

Advisers and Company information

Company information

Registered in England & Wales
Company number 14739556

Registered office

Pinnacle House
Breedon Quarry
Breedon on the Hill
Derby DE73 8AP
England

Directors

A Bhatia (appointed 26 April 2023)
J Brotherton (appointed 17 March 2023)
C Hui (appointed 26 April 2023)
P Lafferty (appointed 26 April 2023)
H Miles (appointed 26 April 2023)
C Watson (appointed 26 April 2023)
R Wood (appointed 17 March 2023)

Company secretary

J Atherton-Ham
(appointed 17 March 2023)

Registrar

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

Independent auditor

KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham B4 6GH

Joint broker

Deutsche Numis
45 Gresham Street
London EC4M 7LT

Joint broker

HSBC Bank plc
8 Canada Square
London E14 5HQ

Solicitors to the Company (UK)

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Contact

If you require information regarding
Breedon Group plc, please contact:

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Breedon on the Hill
Derby DE73 8AP
Tel: 01332 694010

E: info@breedongroup.com

W: www.breedongroup.com



Printed on Magno Satin, an FSC® certified Mixed Sources paper manufactured using pulp from well-managed forests and other controlled sources at a mill accredited with EMAS and ISO 14001 environmental standards.

Printed by Pureprint Group.

Pureprint are ISO 14001 certified, CarbonNeutral® and FSC® chain of custody certified.

Designed and produced by **Friend**.
www.friendstudio.com.



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