

BREEDON GROUP plc

REMUNERATION COMMITTEE

Terms Of Reference

The Remuneration Committee shall have the following terms of reference

1. Constitution

1.1 The Board has established a committee of the Board known as the Remuneration Committee.

1.2 The Terms of Reference for the Committee outlined below are defined by the Board and may be amended by the Board at any time.

2. Membership

2.1 The Board is responsible for the appointment of members to the Remuneration Committee, for setting the term of members' appointments and for the revocation of any such appointments.

2.2 The Remuneration Committee shall comprise of at least two independent Non-Executive Directors. The quorum shall be two Committee members one of whom should be the Committee Chairman unless he/she is unable to attend. All members of the Committee shall be advised of the business to be transacted at any meeting even if they are unable to be present.

2.3 The Board shall appoint the Chairman of the Committee who shall be a Non-Executive Director. No one other than members of the Committee are entitled to be present at Committee meetings. However, other individuals such as the Chairman and/or the Chief Executive may be invited to attend but shall not participate when issues regarding their own remuneration are discussed. The Company's remuneration consultants may be invited to attend meetings if appropriate.

2.4 The Company Secretary or its nominee shall act as secretary to the Committee and shall produce such papers and minutes of the Committee's meetings as are appropriate, in a timely manner.

2.5 The Remuneration Committee is authorised by the Board to obtain legal, remuneration or other professional advice from both inside and outside the Group as and when required, at the Company's expense, and to appoint and secure the attendance of external consultants and advisors if it considers this beneficial.

3. Frequency of meetings

3.1 Meetings of the Remuneration Committee shall be held as necessary but not less than twice a year and at such other times as the Chairman of the Committee shall require.

3.2 The Chairman of the Committee shall report to the Board after each meeting. The minutes of the meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to the other members of the Board unless in the opinion of the Committee it would be inappropriate to do so.

4. Duties

4.1 The Committee shall:

- i. determine and agree with the Board the broad policy for the remuneration of the Group Board Executive Directors, the Chairman and any other members of the Group's senior executive management;
- ii. have delegated authority to set individual remuneration arrangements for the Chairman, Group Chief Executive, other Group Executive Board Directors and any other members of the Group's senior executive management. No director or senior manager shall be involved in any decisions as to their own remuneration;
- iii. recommend and monitor the level and structure of remuneration for senior management; and
- iv. in determining remuneration for those referred to above, the Committee shall review and agree
 - the overall market positioning of the remuneration package and the ongoing appropriateness and relevance of the remuneration policy. To assist it in doing so, the Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
 - individual base salaries and increases;
 - determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
 - the remuneration trends across the company or group;
 - the policy for authorising claims for expenses from the directors.
 - the design of all share incentive plans for approval by the board and shareholders (if required). For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used.

4.3 The Committee shall approve the service contracts of each Executive Director, including termination arrangements so as to ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

4.4 In determining remuneration policy and packages, the Committee shall have regard to all relevant codes, laws and regulations to which the Company may be subject or which it may have adopted. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.

4.5 The remuneration of the Non-Executive Directors shall be a matter for consideration by the Board as a whole.

5. Other Matters

5.1 The Committee will consider and recommend to the Board the content of the Directors' Remuneration Report, having regard to any relevant legislation, codes, and regulations to which the Company may be subject or which it may have adopted, and that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

5.2 The Chairman of the Committee shall be available to answer questions at the Annual General Meeting on remuneration issues with regard to the Group Board and senior management and generally on remuneration principles and practice.

5.3 The Committee shall undertake any other related duties as directed by the Board.

These Terms of Reference were adopted by the Board on 26 January 2016.