

BREEDON GROUP plc
(“the Company” or “the Group”)

REMUNERATION COMMITTEE

Terms of Reference

Constitution

The Board has established a Committee of the Board known as the Remuneration Committee (“the Committee”). The Terms of Reference (“TOR”) for the Committee outlined below are defined by the Board and may only be amended by the Board.

The Remuneration Committee shall have the following TOR.

1. Membership

- 1.1. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment as Chair.
- 1.2. Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee and shall be periodically refreshed.
- 1.3. Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further periods of up to three years, provided members still meet the criteria for membership of the Committee and, in particular, continue to be independent.
- 1.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the Board, the Chief Executive, the Group Human Resources Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.5. The Board shall appoint the Committee Chair who shall be an independent non-executive director who should have served on a Remuneration Committee for at least 12 months. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these TOR to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.

2. Secretary

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

3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of meetings

The Committee shall meet at least twice a year and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of the Committee Chair or any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 5.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

7. Engagement with shareholders

The Committee Chair should attend the Annual General Meeting (“AGM”) to answer any shareholder questions on the Committee’s activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee’s areas of responsibility.

8. Duties

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 8.1 Have delegated responsibility for determining the remuneration policy for all executive directors, other members of the Executive Committee and setting remuneration for the Company’s Chair.
- 8.2 Establish 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 of at least five years, and a formal policy for shareholding requirements.
- 8.3 Consider, when determining the remuneration policy and practices the ability to use discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.

- 8.4 Ensure that no director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board itself should determine the remuneration of the non-executive directors.
- 8.5 In determining remuneration policy and practices, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, and the provisions and recommendations of any applicable governance codes and associated guidance. The objective of such policy shall be to promote the long-term sustainable success of the Company. In fulfilment of this objective the policy shall be designed to align remuneration with Company strategy and with Company purpose and values and to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary having regard to views of shareholders and other stakeholders, and a proportion of remuneration shall be performance-related with any such elements structured so as to be transparent, stretching and rigorously applied.
- 8.6 Review the ongoing appropriateness and relevance of the remuneration policy.
- 8.7 Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive, as appropriate, approve the service contracts of each executive director and determine the total individual remuneration package of each executive director, the Company Chair and other designated senior managers including salaries, bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances.
- 8.8 Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 8.9 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee, and for obtaining reliable, up-to-date information about remuneration in other comparable companies of similar size and complexity. The Committee shall have full authority to commission or purchase any reports, surveys or information which it deems necessary to help fulfil its obligations at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.
- 8.10 Review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for executive directors and senior managers, and the performance targets to be used.
- 8.11 When setting remuneration policy for directors and senior managers, review and have regard to workforce pay and related policies and the alignment of incentives and rewards with culture.
- 8.12 Work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.

9. *Reporting responsibilities*

- 9.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
- 9.3 The Committee shall ensure that provisions regarding disclosure of information are fulfilled, and that a report on the work of the Committee and on the directors' remuneration policy and practices is included in the Company's annual report and put to shareholders for approval at the AGM, as necessary.
- 9.4 If the Committee has appointed remuneration consultants, the consultant shall be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.

10. Other matters

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.3 Give due consideration to all relevant laws and regulations, the provisions of any relevant governance codes and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
- 10.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 10.5 At least annually, review its constitution and TOR to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.6 The Committee shall undertake any other related duties as directed by the Board.

11. Authority

The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and to obtain, at the Company's expense, outside legal or other professional advice on any matters within its TOR.

These Terms of Reference were adopted by the Board on 28 January 2022.