Executive Summary

Environmental stewardship is necessary for Vulcan's long-term sustainability and growth. Production of construction aggregates requires land, energy, and water. Efficient use of these resources and management of the environmental impacts of our operations are integrated in our business planning. Our intentional approach to environmental stewardship is embedded in our Enhance Our Core, Expand Our Reach business strategy, which produces increased operational efficiency and reduced costs, generates new opportunities for growth, and incorporates effective risk management.

Over the past several years, we have taken several actions to enhance our climate action strategy while addressing climate-related risks identified in our 2023 Climate Risk Analysis and utilizing opportunities stemming from the transition to a low-carbon economy. Among other actions, we:

- Further established our governance and oversight of climate
- Integrated climate-related risks into our company's Enterprise Risk Management (ERM) framework
- Enhanced our data collection process to account for climate-related metrics
- Conducted a company-wide Water Risk Assessment (WRA) to identify the highest-priority sites by water stress

This report is based on the newly formed International Sustainability Standards Board (ISSB) International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures recommendations, and the Task Force on Climate-related Financial Disclosures (TCFD). It provides an overview of our governance and oversight of climate-related issues, risks, and opportunities we identified as potentially material* to our business. Furthermore, this report outlines our current and planned strategy to identify, assess, and manage these climate risks, as well as the metrics used to track progress against our goals.

In 2024 and beyond, we will utilize scenario analysis and other climate models to evaluate the financial materiality of each risk, including transition risks, and opportunities identified so that our climate and other environmental, social, and governance (ESG)-related reporting can continue to evolve over time.

Disclaimer: Certain disclosures are based on best-practice plausible scenarios such as Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). These models are planning tools and do not represent actual and accurate predictions of the future. Therefore, certain matters discussed in this report, including expectations regarding future performance, contain forward-looking statements.

** This report represents Vulcan's current policies and intentions and is not intended to create legal rights or obligations. In this report, our use of the terms "material," "materiality" and other similar terms is consistent with that of GRI, SASB, TCFD and other standards referenced in the preparation of this report, or refers to topics that reflect Vulcan's significant economic, social and environmental impacts or that substantially influence the assessments and decisions of a diverse set of stakeholders. We are not using these terms as they are used under the securities or other laws of the United States or any other jurisdiction or as these terms are used in the context of financial statements and financial reporting. This report is not comprehensive, and for that reason, should be read in conjunction with our most recent Annual Report on Form 10- K, our subsequent reports on Forms 10-Q and 8-K and other filings made with the Securities and Exchange Commission (SEC).*

Governance

Oversight of climate-related risks and opportunities.

Recommended Disclosure a): The governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.

BOARD OF DIRECTORS

Three of the Board's six committees exercise oversight of climate-related risks and opportunities.

GOVERNANCE COMMITTEE	• Oversees ESG matters, including performance, strategies, goals, and policies • Reviews ESG strategic plans, sustainability reports, and third-party assessments of ESG performance
AUDIT COMMITTEE	• Oversees the company's risk assessment and risk management policies, including those related to climate change and other ESG-related risks • Ensures periodic climate- and ESG-related reporting are according to company's standards and procedures and in compliance and internal controls, and accounting standards
SAFETY, HEALTH, AND ENVIRONMENTAL (SHE) AFFAIRS COMMITTEE	• Reviews policies, practices, and programs with respect to the management of SHE affairs • Monitors our compliance with SHE laws and regulations and oversees operational risk

The SHE Affairs Committee includes top company executives with specific climate- and ESG-related responsibilities:

RESPONSIBLE ENTITY	RESPONSIBILITIES
Chief Executive Officer (CEO)	• Providing leadership and direction regarding company climate change goal setting and performance • Allocating resources, including financial, operational, and other support groups, to ensure management of climate change issues across the company • Engaging with the company's Board and other stakeholders to promote the company's climate action and efforts • Ensuring strong ESG performance and continuous improvement across topics material to the company • Along with other Named Executive Officers, receiving compensation with short- and long-term performance-based incentives
Chief Financial Officer (CFO)	• Determining capital expenditure budgets and directing funds toward projects that target greenhouse gas (GHG) emission reductions, low-carbon product innovation, and operational response to natural disasters (climate-related events)
Chief Legal Officer	• Addressing potential legal risks facing the company, including ensuring that climate change risks are being adequately managed and properly disclosed through financial reporting

BOARD MEMBERS

Our Board members come from a variety of industries and have experience and expertise in incorporating climate-related management into the governance strategy of their own organizations.

	Melissa H. Anderson	O.B. Grayson Hall, Jr.	James T. Prokopanko	George Willis	Lydia H. Kennard	Kathleen L. Quirk	David P. Steiner	Lee J. Styslinger, III	Thomas A. Fanning	J. Thomas Hill	Cynthia L. Hostetler	Richard T. O'Brien
Public Company CEO (current or former)		●	●				●		●	●		●
General Management	●	●	●	●	●	●	●	●	●	●	●	●
Large Cap Operations Management		●		●				●	●	●		
Mining and Construction			●		●	●				●		●
Heavy Industry	●		●		●	●	●	●	●	●		●
Financial and Audit		●		●	●	●	●	●	●		●	●
Capital Markets		●				●	●		●	●	●	●
Government Relations and Political	●						●	●	●	●	●	
Legal and Risk Management	●	●			●	●	●	●	●		●	●
Human Resources	●	●		●	●	●	●	●	●			
Safety, Health and Environmental	●		●	●	●	●	●	●	●	●		●
Logistics			●	●	●		●	●	●	●		
Technology and Cyber Risks		●		●		●		●	●			

Our 2024 Proxy Statement contains more information about the structure, tenure, and composition of our Board of Directors. Our website provides information about the experiences and expertise of individual Board members.

MANAGEMENT

Recommended Disclosure b): Management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities.

ESG STEERING COMMITTEE

Our ESG Steering Committee is comprised of executives from across the organization and is led by the Senior Vice President and General Counsel. Vulcan's Vice President, External Affairs and Corporate Communications, leads the development of the company's sustainability strategy and coordinates its implementation through working groups consisting of subject matter experts who understand how material sustainability topics are embedded in planning and analysis, decision-making, operations, and other key processes.

We expect the working group structure and focus areas to evolve in 2024 as a result of strategic planning sessions, driven by an updated materiality assessment, enhanced climate risk analysis, and stakeholder engagement.

OVERSIGHT

Board of Directors

Governance Committee | **SHE Affairs Committee** | **Audit Committee**

MANAGEMENT

ESG Steering Committee

IMPLEMENTATION WORKING GROUPS

Employee Engagement & Well-Being

Supply Chain & Operations

Products & Services

Governance, Stakeholder Engagement, Transparency, and Disclosure

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material, including the company's prospects, business model and value chain, strategy, and financial performance, over the short, medium, and long term.[1]

In 2023, we initiated our climate action and strategy development based on our first formal Climate Risk Analysis conducted in 2022, in conjunction with a third-party partner. This analysis evaluated the current vulnerabilities of our operations to both transition and physical risk. We have recently updated it to align with the most up-to-date, publicly available data.

The analysis also used industry-recognized climate models and scenarios to examine our predicted exposure to physical risks under generally accepted climate scenarios. Such models include the Intergovernmental Panel on Climate Change's (IPCC's) Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). Lastly, the analysis laid the foundation for ongoing monitoring of climate-related risks and opportunities and their integration into our ERM frameworks and business operations.

We have been examining not only our site exposure, but also the implications for our major distribution hubs, logistics, surrounding communities, and major metropolitan markets that comprise our customers. The findings from this analysis are being evaluated by members of our ESG Steering Committee, ERM program, and senior leadership.

In 2024 and beyond, we will utilize scenario analysis and other climate models to evaluate the financial materiality of each risk, including transition risks and opportunities. Such models will include the International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA), which provide insights into plausible scenarios over various time frames.

[1] Recommended Disclosure a): Entity's prospects; Recommended Disclosure b): Entity's business model and value chain; Recommended Disclosure c): Entity's strategy and decision-making; Recommended Disclosure d): Entity's financial position, financial performance, and cash flows for the reporting period and their anticipated effects on the entity's financial position over the short, medium, and long term; Recommended Disclosure e): Entity's Climate resilience strategy.

[2] Definitions of short, medium, and long term apply solely to climate-related risks and should not be used to interpret other Vulcan public reporting.

Vulcan's definition of short-, medium-, and long-term horizons is as follows:[2]

TIME FRAME	DESCRIPTION
Short term (0–5 years)	Vulcan considers 0–5 years as a short-term time horizon, which is consistent with short-term financial reporting horizons and with operational performance incentives. This short-term horizon also covers the focal period needed for the establishment and reporting of the company's Scope 3 emissions and of company GHG reduction performance goals and targets.
Medium term (5–10 years)	Vulcan considers 5–10 years as a medium-range time period. During this time frame, Vulcan can explore large-scale projects with higher-dollar capital expenditures and potential partnerships, and research can be conducted to help achieve science-based targets and goals for GHG reductions and climate change mitigation. This time frame also provides the opportunity to pilot and incorporate new technology into our operations to reduce GHG emissions and to explore through carbon sequestration and carbon neutralization ideas and technologies.
Long term (10–50 years)	Vulcan considers 10–50 years as a long-term time period. During this time frame, we expect climate change risks will be impacting the company and its operations more extensively. The GHG reductions and climate resiliency planning being conducted at Vulcan in present day are influenced by the climate change impacts expected in the long term. What is done today to combat climate change will have the greatest impact on this time frame. This is the time frame that our efforts and planning need to focus most on when evaluating the cost benefits of the implementation of climate change measures and the establishment of climate change goals.

CLIMATE-RELATED RISKS

The following is a summary of selected climate-related risks over the short, medium, and long term, as identified in our climate risks analysis. The summary provides an overview of key actions we look to mitigate and manage these risks.

RISK TYPE	TIME HORIZON	DESCRIPTION	STRATEGY
TRANSITION RISKS			
Current regulation	Short term	Our operations are affected by numerous federal, state, and local laws and regulations, including those related to zoning, land use, and environmental matters. In addition, our operations require numerous governmental approvals and permits, which often require us to make significant capital and operating expenditures to comply with the applicable requirements.	• **Permitting:** We continually monitor any changes in legal requirements and governmental policies across our operations. We adapt and manage our permitting process for proposed sites, balancing strategic locations in high-growth markets with increasingly stringent zoning and permitting regulations. • **Building Codes:** Since much of our product is used in public construction, changes to building codes and standards or the creation of governmental preferences for certain types of materials are among our current, and emerging, risk and opportunity assessment. We continue to explore low-carbon and global warming potential (GWP) budget requirements for construction projects, most notably within California as part of the state-wide net-zero emissions goal.
Emerging regulation	Short term	As a U.S.-based, publicly traded company, Vulcan will be subjected to several climate-related regulations in the upcoming years. Failure to comply and/or failure to ensure accurate data disclosure may result in negative consequences such as fines, litigation, and reputational damage. In addition, and though not currently applicable to Vulcan's operations, several governmental bodies have introduced legislative and regulatory changes to set a price on carbon or other measures aimed to curb GHG emissions.	• **Mandatory & Voluntary Climate-Related Disclosures:** ◦ In preparing our 2023 Sustainability Report, we considered the final U.S. Securities and Exchange Commission (SEC) rules for The Enhancement and Standardization of Climate-Related Disclosures for Investors, passed March 6, 2024, and the recently passed California SB-253 (Climate Corporate Data Accountability Act) and SB-261 (Climate-Related Financial Risk Act). As a Large Accelerated Filer, and a company operating in California, we are working to ensure our reporting capabilities are in alignment with these regulations and their respective timelines. ◦ We already report on our Scopes 1, 2, and 3 GHG emissions and are currently strengthening our GHG data collection and tracking process to ensure an audit-ready reporting and will evaluate their materiality to determine inclusion in our annual SEC filings. ◦ In addition, we continue to mature our risk and opportunity identification process in alignment with voluntary reporting frameworks such as SASB, TCFD, and CDP. Lastly, starting in 2022, we have begun analyzing our Scope 3 emissions, a reporting exercise we intend to roll out in phases, in accordance with CA SB-253's timeline.

RISK TYPE	TIME HORIZON	DESCRIPTION	STRATEGY
			• **Carbon Pricing:** Any changes to carbon pricing legislation are monitored by our Director of Environmental Compliance, VP of External Affairs and Corporate Communication, and energy procurement team.
Legal	Short to medium term	There is potential exposure to litigation related to Vulcan's climate reporting as regulatory requirements become stricter and as concern increases around transparent and accurate disclosure and claims.	• **Reporting:** Vulcan's General Counsel and legal professionals are responsible for ensuring the company's disclosures are appropriate and accurate for financial reporting and for external reporting on climate change impacts. Litigation risks, including those related to climate and the environment, are part of our ERM framework.
Market	Short to medium term	Climate-related issues can impact markets in multiple ways. Market opportunities that arise from climate change, and from sustainability aims more generally, are also a focus – most notably, our ability to meet increasing customer demand for more sustainable, low-carbon materials.	• **Sustainable Products & Services:** We work closely with both our customers and sustainability partners to identify needs and help support the development of products and services that have reduced environmental impact while also providing cost-effective solutions. We have focused on creating technologies that reduce the overall embodied carbon in construction and on sustainable and low-carbon downstream asphalt mix and ready-mixed concrete products that directly contribute to a low-carbon future.
Technology	Medium to long term	We anticipate risks to Vulcan's market presence if we were to lag in our ability to develop innovative, low-carbon, and climate-resilient materials. We also anticipate financial risks associated with the cost of upgrading to more efficient equipment, as well as potential regulatory fines for not upgrading and incurring regulatory fines.	• **Equipment Efficiency:** We are in the process of replacing our off-road mobile equipment with new units that incorporate Tier IV clean engine technology. We mitigate the financial burden of a total fleet replacement by replacing mobile equipment when it reaches the end of its useful life while still making significant air pollution reductions year over year. • **Renewable Energy**: Our energy procurement team is directly responsible for evaluating the environmental benefits and market-based financial feasibility of renewable energy sourcing. • **Products & Services:** Our technical services teams across the business mitigate risks associated with customer demands for low-carbon products by engaging with stakeholders to innovate on our products and processes, providing our customers an increasing variety of sustainable product offerings, including alternative materials, low-emissions cement, and concrete treated with CarbonCure technology.

RISK TYPE	TIME HORIZON	DESCRIPTION	STRATEGY
Reputation	Medium to long term	We make statements about our ESG goals and initiatives through our Sustainability Report, company website, and communications. Managing ESG-related issues and achieving our goals involves risks and uncertainties, requires investments, and depends in part on third-party performance or data that is outside our control. In addition, even though our primary products have a relatively low-emissions intensity, we are frequently categorized as part of a higher-emitting peer group who engage in the production of cement. Therefore, there is a reputational risk associated with our industry, especially if stakeholders perceive Vulcan as not engaging with climate action.	• **Existing & Future Goals:** As part of our good-faith commitments to sustaining durable growth of our business while reducing our environmental impact, we engage with diverse stakeholders to develop relevant, consistent, and effective targets and implementation plans. For more information regarding our progress, please see page 7 of our 2023 Sustainability Report. • **Association With High-Emitting Sectors:** Vulcan does not produce cement, but instead purchases relatively small amounts as an input to our ready-mixed concrete products. We do not have access to the same decarbonization opportunities or sector-specific guidance as cementitious materials. We mitigate these reputational risks by engaging with a variety of stakeholders to educate on the emissions intensity of our products while collaborating with our suppliers to find carbon-reduction opportunities.
PHYSICAL RISKS			
Acute	Short to medium term	Acute physical risks such as storms and heat waves could interfere with our ability to supply materials to our customers. Such impact could include delays on construction activity, negative impacts to the health and safety of Vulcan employees and the surrounding communities, and damage to infrastructure that supports our ability to deliver product to our customers.	• **Heat Wave:** Vulcan currently operates in areas with extreme heat. Scenario planning from our climate risk assessment has identified an increased likelihood and severity of heat waves in already vulnerable regions. Our Mountain West Division, which encompasses Arizona and New Mexico, has been developing and presenting best practices company-wide to reduce employee heat-stress incidents. These programs are led by our Safety & Health teams, reporting to senior leadership in the SHE Affairs Committee.

RISK TYPE	TIME HORIZON	DESCRIPTION	STRATEGY
Chronic	Medium to long term	Chronic physical risks such as water stress, sea level rise, and precipitation variability pose risks related to the availability, cost, and quality of water necessary to our operations. In addition, access to a reliable source of water is especially important for our ready-mixed concrete and aggregates processes.	• **Site Planning:** We consider chronic physical issues when planning expansions of existing facilities or greenfielding new sites, factoring in longer-term concerns such as sea level rise threats to facilities in close proximity to affected waters, availability of water supplies to support aspects of our operations (dust control, product washing), and water supply issues that develop due to periods of extended drought. • **Water Stress:** A portion of our sites, especially those located in the arid western United States, are in areas of high water stress. To address these risks, we recycle and conserve water, wherever possible, to preserve water availability and protect water quality by pretreating our water discharge. When considering the end of our quarry's lifespans, the nature of our mining operations does not leave toxic residues behind, and the quarries can be readily reclaimed for water conservation. Many of our former quarry sites have been reclaimed as drinking water reservoirs, improving the resilience of natural resources for local communities. For more information on our water conservation efforts, see page 30 of our 2023 Sustainability Report. • **Sea Level Rise:** As part of our Climate Risk Analysis, we examined our existing operations' exposure to coastal inundation of 0.5 and 1 meter of sea level rise. These sites have already begun planning for, and investing in, adaptive measures such as increased pumping capabilities, stormwater drainage, and wetland conservation to protect our operations from hazards and keep our employees and communities safe. In addition to our operations, we maintain a special focus on our customers in coastal communities, where the demand for climate-resilient and adaptive infrastructure will continue to grow in response to coastal inundation. • **Heavy precipitation (rain, hail, snow/ice):** Uncertainty and variability around weather and climate, including increases in frequency and severity of storms, as well as an expanded storm season, could affect our production operations, which are outdoors, and interrupt sales. We have determined that the risk of significant damage to any site is relatively low. Our operations are strategically located to manage any potential significant downtime of production because of severe weather/climate events and to continue delivering our products on schedule for customers by redirecting orders to adjacent, unaffected operations.

Risk Management

Vulcan's process for identifying, assessing, and managing climate-related risks.

Beyond mitigating risks, our ERM framework is a key driver for sustainable growth. It guides us in identifying and seizing opportunities aligned with our commitment to a lower-carbon economy and a more resilient built environment. By optimizing resource allocation and prioritizing responsible initiatives, we not only address potential challenges, but also unlock strategic possibilities, fueling continuous progress toward our sustainability goals.

We take a proactive approach to identify, quantify, mitigate, and monitor risks that could impact the enterprise across five risk types:

- Operational
- Strategic
- Legal/Regulatory
- Financial
- Other

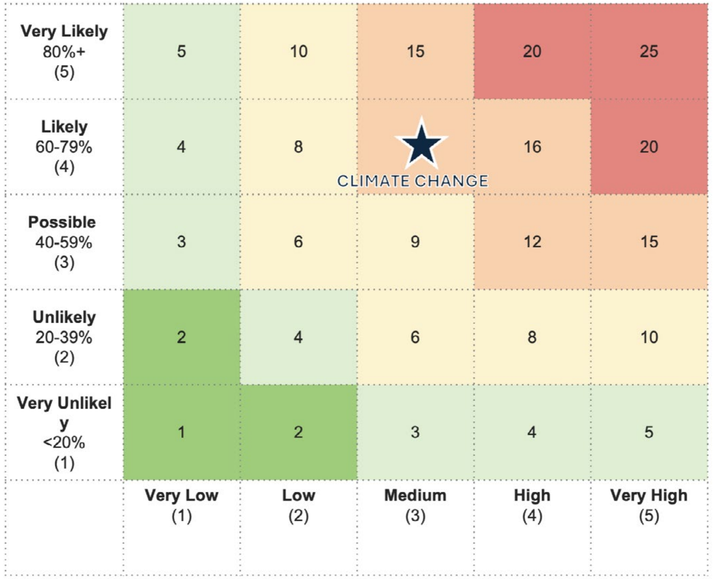
RISK IDENTIFICATION

Recommended Disclosures a–b): The processes the entity uses to identify, assess, prioritize, and monitor climate-related risks and opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.

Vulcan has a Management Risk Committee that is led by senior corporate officers and draws on the subject matter expertise of senior managers from various functional departments and from line operations management. The Management Risk Committee meets regularly to discuss and evaluate enterprise risks facing the company. The committee develops mitigation plans in response to identified risks and monitors the implementation of such plans. The Management Risk Committee makes regular reports to the Board, the Audit Committee, and the SHE Affairs Committee.

The quantification of enterprise risks uses a proprietary model that includes likelihood, impact, and mitigant strength scores to assess inherent risk and residual risk. Likelihood scores range from 1 (Very Unlikely) to 5 (Very Likely). Impact is measured in financial terms using either a) one-time cost (e.g., a fine) or b) annual earnings before interest, taxes, depreciation, and amortization (EBITDA) loss (e.g., substitute products), and the scores range from 1 (Very Low) to 5 (Very High). Finally, mitigant strength scores are None, Weak, Adequate, and Strong determined by the nature of the mitigant (e.g., insurance).

Climate Change currently has a likelihood score of 4 (High) and an impact score of 3 (Medium). It is one of the identified enterprise risks within the "other" risk type. The impact score is preliminary and subject to change based on our ongoing assessment of the potential impacts to our business of events resulting from Climate Change (e.g., sea level rise, more frequent and powerful weather events, higher energy costs, etc.).



RISK MITIGATION & ADAPTATION

Recommended Disclosure c): The extent to which, and how, the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

At the corporate level, there is a formal biannual risk assessment process, which is implemented under the Board of Directors' authority, that evaluates risks, including those related to climate change. Climate change risks are also discussed and evaluated to ensure adequate disclosures as part of the financial reporting process, including the preparation of the company's Annual Report.

1. **Assessment:** Evaluate and incorporate climate-related risks into analyses, including risks from severe weather events and disclosure of climate change impacts. The SHE Affairs Committee considers risks to employee and community health from issues that are attributable, at least in part, to climate change. Division safety and health teams lead local efforts and report back on emerging climate-related risks that may require mitigation or controls.
2. **Operations Support:** Identify and mitigate risks to production and distribution operations, including climate-related risks. They also identify opportunities to reduce energy use and increase efficiency, which contributes to reductions in GHG emissions.
3. **Commercial Excellence:** Anticipate and develop strategies to address demand for low-carbon products. They also collaborate with technical services teams to develop customer solutions.
4. **Government Relations:** Monitor legislative and regulatory trends and developments at the local, state, and federal levels of government. They also engage with trade associations such as the National Stone Sand and Gravel Association, National Asphalt Pavement Association, and National Ready-Mixed Concrete Association on industry initiatives to address climate change and to inform policy development in concert with industry partners.

Risks related to climate change were initially assessed through our ERM evaluation process. Our ERM approach assesses and prioritizes risks by analyzing the relative likelihood and impact of a risk on the entire organization over the short term (~three years). During our 2022 assessment, Climate Change received an Inherent Risk rating of High.

In addition to the ERM assessment, the cross-functional ESG Steering Committee, with representation from the C-suite, functional support Vice Presidents and operating Division Presidents, ensures coordination across functions and operations with regard to climate change risk identification and evaluation.

The ESG Steering Committee reviews climate risk and performance information, provides direction to the organization, informs the ERM process, guides preparation on ESG-related reporting, and participates in the annual cycle of stakeholder engagement meetings.

Metrics and Targets

For metrics and targets used to assess and manage relevant climate-related risks and opportunities,[3] please refer to the performance tables in our 2023 Sustainability Report and annual filings.

[3] *Recommended Disclosure a): Information relevant to the cross-industry metric categories; Recommended Disclosure b): Industry-based metrics that are associated with particular business models, activities, or other common features that characterize participation in an industry; Recommended Disclosure c): Targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress toward these targets.*