

## **CORPORATE GOVERNANCE GUIDELINES**

### **(Vulcan Materials Company)**

The Board of Directors is elected by the shareholders to oversee management and to assure that the long-term interests of the shareholders are being served. The Board reviews and approves the corporate strategy. The Company's day-to-day business is conducted by its officers and employees under the direction of the chief executive officer (CEO) with oversight and counsel from the Board. These guidelines are adopted to promote the effective functioning of the Board and its committees.

#### **1. Director Qualifications**

The Board shall be comprised of a substantial majority of "independent" directors, as that term is defined from time to time by the listing standards of the New York Stock Exchange (NYSE). The Board has adopted the Director Independence Criteria set forth in the attached Exhibit A to assist it in determining director independence. The Director Independence Criteria are intended to comply with the NYSE corporate governance rules and all other applicable laws, rules and regulations regarding director independence in effect from time to time. The Board believes it should never have more than two management directors.

The Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Governance Committee in accordance with the policies and principles in its charter. The Board is committed to actively seeking out diverse candidates, including qualified women and individuals from minority groups, to include in the pool from which nominees for the Board are selected. The invitation to join the Board should be extended by the Board itself, through the Chair of the Governance Committee, the Chairman of the Board or the Lead Director. As an alternative to term limits, the Governance Committee will evaluate each existing director's performance and contributions to the Board, as well as the director's qualifications, skills, independence and competence prior to recommending such director to the Board for renomination. In conducting its evaluation, the Governance Committee shall also consider the director's past attendance at meetings and participation in the activities of the Board.

All non-employee directors are required to hold at least 5,000 shares of the Company's common stock. New directors shall have five years to obtain this ownership threshold. Shares or units held by a director under any deferred plan will be included in calculating the director's ownership.

When a director's principal occupation or business association changes substantially during his or her tenure as a director, that director shall automatically be deemed to have offered his or her resignation as a director of the Company for consideration by the Governance Committee. The Governance Committee will recommend to the Board whether to accept the resignation.

The Company expects all directors to devote sufficient time and attention to fulfill properly their duties and responsibilities to the Company. Accordingly, directors are encouraged to restrict the number of public company boards on which they serve. Directors who also serve as executive officers of public companies should not serve on more than one board of a public company other

than the Board (two total), and other directors should not serve on more than three boards of public companies other than the Board (four total). Directors should advise the Chairman of the Board and the Chair of the Governance Committee in advance of accepting an invitation to serve on another public company board. If a director serves on the audit committee of more than three public companies (including the Audit Committee of the Board), the Board must determine whether or not such simultaneous service impairs such director's ability to effectively serve on the Audit Committee of the Board, and the Board's decision shall be disclosed in the Company's proxy statement or in another manner permitted by the applicable rules of the NYSE. No director may be nominated for election or re-election after his or her 74<sup>th</sup> birthday; provided, however, the Board may nominate a director who has reached such retirement age of 74 for an additional term of one or more years if the Board determines such nomination is in the best interest of the Company and its shareholders.

The Board believes that it should generally have no less than nine (9) and no more than thirteen (13) directors.

## **2. Director Responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. Each director shall adhere to the Company's Business Conduct Policy and these Corporate Governance Guidelines. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's charter, by-laws and any indemnification agreements, and to exculpation as provided by state law and the Company's charter.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Board believes that it should select the Chairman of the Board, from time to time, based on criteria that it deems to be in the best interests of the Company and its shareholders. The positions of Chairman of the Board and Chief Executive Officer may be filled by one individual or by two different individuals. The independent directors shall annually elect, from their number, a lead director. The lead director's responsibilities shall include:

- presiding at all meetings or sessions of meetings of the Board at which the Chairman is not present, including at executive sessions of the non-management and independent directors;
- serving as liaison between the Chairman and the non-management and independent directors;
- approving Board meeting schedules to assure that there is sufficient time for discussion of all agenda items, as well as meeting agendas and information sent to the Board;
- having authority to call meetings of the non-management and independent directors; and

- if requested by major shareholders, ensuring that he or she is available for consultation and direct communication.

The non-management directors will meet in executive sessions without management at each regularly scheduled Board meeting. If the non-management directors include any directors who are not "independent" pursuant to the Company's Director Independence Criteria, at least one executive session per year will include only independent directors. The non-management directors may meet without management at such other times as determined by the lead director. The lead director or his or her designee shall be responsible for taking appropriate minutes of each executive session. The Chairman shall propose, and the lead director will approve, the meeting schedule and agenda for each Board meeting. At the beginning of the year, the Chairman, in consultation with the lead director, will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year. The lead director, acting on behalf of the Board, shall have the power to hire independent legal, financial or other advisors as deemed necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board believes that the management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. But it is expected that Board members would do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management. Directors shall also comply with the Confidentiality provisions set forth in Section 9 hereof.

### **3. Board Committees**

The Board will have at all times an Audit Committee, a Compensation Committee, and a Governance Committee. All of the members of these committees will be independent directors under the applicable criteria established by the NYSE and the Securities Exchange Act of 1934, as amended. Committee members will be appointed by the Board upon recommendation of the Governance Committee with consideration of the desires of individual directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter, adopted by the Board. The charters will set forth the purposes, goals and responsibilities of the committees, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be

furnished to all directors. The Board shall appoint a replacement for the chairperson of any committee at least one year prior to such chairperson's retirement.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

#### **4. Director Access to Officers and Employees**

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at the non-executive sessions of each Board meeting of senior officers of the Company.

#### **5. Director Compensation**

The form and amount of director compensation will be determined by the Board upon recommendation of the Compensation Committee in accordance with the policies and principles set forth in the Compensation Committee's charter and the NYSE and other applicable rules, and the Compensation Committee will conduct an annual review of director compensation. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

#### **6. Director Orientation and Continuing Education**

All new directors must participate in the Company's Orientation Program, which should be conducted as soon as reasonably practicable after the meeting at which a new director is elected. This orientation will include presentations by senior management to familiarize new directors with the Company's business, strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Business Conduct Policy, its principal officers, and its internal and independent auditors. In addition, the Orientation Program will include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the Orientation Program.

In addition, the Company provides directors with continuing education opportunities through exposure to various aspects of the Company's business, including visits to Company operating facilities. Directors are also encouraged to attend appropriate outside continuing education programs, the costs of which shall be paid for by the Company.

## **7. CEO Evaluation and Management Succession**

The Compensation Committee, based on input from the entire Board, shall conduct an annual review of the CEO's performance. The Board of Directors will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long-and short-term.

The Governance Committee should make an annual report to the Board on succession planning. The entire Board will work with the Governance Committee to nominate and evaluate potential successors to the CEO and other senior officers. The CEO should at all times make available to the entire Board his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **8. Annual Performance Evaluation and Review of Corporate Governance Guidelines**

The Board of Directors, led by the Governance Committee, will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Governance Committee shall annually review and reassess these Corporate Governance Guidelines and recommend any proposed changes to the Board for approval.

## **9. Confidentiality**

In addition to complying with all other applicable confidentiality policies of the Company, each Director shall maintain the confidentiality of information provided to such Director by the Company or representatives thereof (including information disclosed at Board and committee meetings and information regarding Board deliberations and discussions) and any other information relating to or concerning the Company that comes to such director, from whatever source, in his or her capacity as a Director (all such information, the "confidential information") and shall not disclose any confidential information to any person or entity (including members of the media) other than the Directors and executive officers of the Company, the independent accountants, legal counsel and financial and other advisors retained by the Company and, except in each case, when disclosure is authorized by the Board or required by law. No Director shall use confidential information for his or her personal benefit or to benefit persons or entities other than the Company and its shareholders generally and except as authorized by the Board.

## Exhibit A

### **DIRECTOR INDEPENDENCE CRITERIA**

(Vulcan Materials Company)

In accordance with NYSE listing standards, the Board must determine that a director does not have any direct or indirect material relationship with the Company. In making this determination, a director shall be considered independent if he or she:

- (a) has not been an employee of the Company, or any of its consolidated subsidiaries, during the last three years;
- (b) has not received more than \$120,000 per year in direct compensation from the Company, or any of its consolidated subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) during any twelve-month period within the last three years;
- (c) has not during the last three years personally performed legal or professional services for the Company in an amount more than \$10,000;
- (d) is not a current partner or employee of the Company's independent auditor and has not been employed by the present or former independent auditor of the Company and personally worked on the Company's audit during the last three years;
- (e) during the last three years, has not been part of an interlocking directorate in which an executive officer of the Company, or any of its consolidated subsidiaries, served on the compensation committee of another company that concurrently employs the director;
- (f) is not, and has not been in the past three years, an executive officer or an employee of another company (exclusive of charitable organizations) that makes payments to, or receives payments from, the Company, or any of its consolidated subsidiaries, for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1,000,000 or 2% of the consolidated gross revenues of such other company;
- (g) has no immediate family member who is, or has been within the last three years, an executive officer of the Company, or any of its consolidated subsidiaries;
- (h) has no immediate family member meeting any of the criteria set forth in (b)-(f); except with respect to item (d) in which case an immediate family member may be an employee (not a partner) of the independent auditor so long as such family member does not personally work on the Company's audit; and

- (i) has no other material relationship with the Company, or any of its consolidated subsidiaries, either directly or as a partner, shareholder, director or officer of an organization that has a material relationship with the Company or any of its consolidated subsidiaries.

In making a determination regarding a director's independence, the Board shall consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships, and such other criteria as the Board may determine from time to time.