MEMORANDUM

TO: Board of Directors
Brighton Tractor Supply Company

FROM: David Cifrino and Carl Fleming
McDermott Will & Emery LLP

DATED: June 16, 2021

RE: Corporate Sustainability Initiative

Overview

This memorandum provides a high level summary of key initial steps we recommend Brighton Tractor Supply Company (the Company) undertake to design and implement a firm-wide corporate sustainability program. These recommendations will both possibly enhance the efficiency of its operations and overall business performance and is in response to a rapidly growing number of requests for information from investors, customers, employees and other Company stakeholders about the Company's environmental, social and governance (ESG) issues and practices. In this memorandum, we use the terms ESG and sustainability interchangeably.

Financially material ESG information about the Company is increasingly sought by investors and other sources of capital as being significant to their assessment of the Company's short-, medium- and long-term prospects for enterprise value creation and by customers, employees and other stakeholders as to the impacts the Company's operations have on the economy, the environment and people. Businesses in all industries increasingly expect, and sometimes contractually require, that the companies in their supply chain have sustainability practices and product attributes aligned with their own sustainability efforts.

As a public company, the Company should be aware that the Securities and Exchange Commission (SEC) is actively considering new mandated disclosure requirements with respect to ESG issues, in particular regarding climate change risks and workforce data, significantly expanding upon existing disclosure requirements that are of limited scope. Accordingly, we believe that it is important that the Company not only evaluate its sustainability practices but develop systems and protocols for preparing disclosure on both a voluntary basis to investors and other stakeholders, but also as now required and by new SEC disclosure rules.

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Key Steps

Assemble the Team

Oversight of sustainability should be assigned to an existing or new board committee, which should address sustainability on a regular basis, linked to the Board's current oversight of risk management at the Company. The Company should consider designating a senior officer (ideally, whose principal responsibility is corporate sustainability) reporting directly to the CEO as head of sustainability, who would be expected to report to the board directly from time to time. The head of sustainability should form an ESG operational committee comprised of executives in relevant operational, finance, procurement, legal, product development, human relations, information technology and other areas. The committee will be tasked with ensuring that sustainability is addressed operationally throughout the organization on a holistic basis, including by the development of performance goals for approval by the Company's executive leadership team led by the CEO.

Outside consultants and service providers will be helpful in conducting the Company's initial assessment of its ESG risks and opportunities, engagement with various stakeholders, and disclosure of its goals and performance on the sustainability issues most material to the Company. The ESG ecosystem includes an "alphabet soup" of participants including survey providers (e.g., CDP, S&P Global) who collect ESG data from peer companies that may not otherwise be available, raters who rank companies based on public and private information (e.g., MSCI, ISS ESG, Sustainalytics), data aggregators who compile issuer data on publicly available platforms (e.g., Bloomberg ESG, S&P TruCost, Refinitiv), and voluntary disclosure frameworks and standards (e.g., TCFD, SASB, IR, GRI) for voluntary corporate ESG disclosure. An experienced head of sustainability and staff will be able to sort through all the acronyms to identify the providers and standards most useful to the Company's ESG efforts.

Determine the Company's Most Material ESG Risks and Opportunities

An important initial step for the ESG team is for the Company to identify its material ESG risks. After benchmarking and reviewing relevant literature (including academic literature, practitioner literature and peer reporting) management should map the risks to which the Company is most vulnerable based on consideration of probability and magnitude of a risk event occurring that are most significant to the Company.

ESG covers a broad array of possible topics for consideration. Following are just a few examples of some of the environmental and social issues the Company might initially identify and assess with the assistance of its outside advisers.

<u>Environmental Issues</u>

Climate change • Ecological impacts, such as pollution, deforestation, and loss of biodiversity • Energy management, such as energy-efficient buildings and production processes • Greenhouse gas emissions • Litigation risk, for example, related to environmental contamination • Policies and regulations • Raw material sourcing • Renewable energy • Sustainable products and packaging • Water and waste management

Social Issues

Community relations • Diversity, equity, and inclusion • Employee health and safety • Human capital development • Labor management • Privacy and data security • Product quality and safety • Supply-chain standards

Consult with Stakeholders

After completing its own assessment, the Company should then consult with its stakeholders by various means to test the Company's identification and prioritization of various risks and add any additional areas of concern not identified by management. Stakeholders should include, for example, employees, customers, suppliers, neighboring communities, regulators, industry groups, investors, lenders, and advocacy organizations that seek to address any concerns relating to the Company's operations. For example, environmental activists who are concerned about the Company's practices regarding the disposal of hazardous waste, or more generally its practices with regard to resource conservation (i.e., the circular economy). Many companies prepare materiality matrixes to identify where the Company's assessments of its ESG risks and those of its stakeholders align or not, using various qualitative, quantitative or monetary valuation techniques, and sometimes mapping a company's prioritization of its material issues to the U.N. Sustainable Development Goals. Where there is a lack of alignment, further internal assessment and consultation with stakeholders is appropriate before making final conclusions on where the Company will focus its sustainability efforts.

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After assembling its sustainability team and completion of its first materiality assessment, the Company will then be positioned to develop a strategic initiative designed to operationalize ESG throughout the organization (including by appropriate incentives to management and rank and file employees and new disclosure protocols) and upstream (with suppliers) and downstream (with customers) within its value chains.