



# Corporate Social Responsibility Report 2009

Sustainable Performance and Growth



CRH is an international leader in the building materials sector and is committed to ethically and responsibly managing all aspects of its operations relating to employees, customers, neighbours, local communities, shareholders and other stakeholders.

Corporate Social Responsibility (CSR) is now embedded as an integral component of CRH's performance and growth strategy.

CRH reports annually on CSR performance and this is CRH's seventh Corporate Social Responsibility (CSR) Report. This Report relates to activities in 2009.

Data from 100% of Group subsidiaries is included in this Report.

Data from joint ventures and/or associates is noted as appropriate on a percentage shareholding basis where relevant.



Sustainability in action: Jim Laske, Superintendent of Marine and Rail, Tilcon Connecticut, part of CRH's Oldcastle Materials Division in the United States, signs off on a consignment of aggregates at Pine Orchard Dock, situated in the pristine Stony Creek Area of Long Island Sound. Aggregates produced at the major North Branford Quarry in Connecticut are shipped by rail to Pine Orchard Dock and from there by barge to customers operating in the construction industry along the Connecticut shoreline and across the Sound in Long Island, New York.

# Table of Contents

1		A Message from the CEO	
3		CSR in CRH	
5		<b>CRH Profile</b> Introduction & Corporate Culture Sustainability Key Numbers CRH – Organisation Structure Strategic Balance CRH in Europe CRH in the Americas Performance - 2009 Recent Development Activity	
15		<b>Corporate Governance</b> Board of Directors Board Committees Code of Business Conduct Employee Hotline Risk Management	
21		<b>Environment and Climate Change</b> Policy Annual Review Process Environmental Investment Climate Change A Key Challenge for CRH Emissions Cement Commitment Investments Energy Use and Efficiency Air Quality Improvements Recycling, Waste, Water Restoration Biodiversity & Cultural Heritage Products Awards	
41		<b>Health &amp; Safety</b> Policy Annual Review Process Safety Record Safety Management Safety Innovation Awards	
51		<b>Social</b> Policy Employment Features Employee Development Management Development Customer Service Supply Chain Management	
59		<b>Communications</b> Internal and External Communications Communications – Local Communities External Endorsements	
67		<b>Appendices</b> Relationship to GRI Guidelines Cement CSI KPIs Glossary DNV Assurance Statements CRH CSR Reporting	

## A Message from the CEO



Myles Lee

“Our positive commitment to CSR is a defining characteristic of CRH. Despite the challenging economic background against which we operated in 2009 our commitment to excellence in CSR performance remained as firm as ever. During 2009 we maintained our distinguished record of being ranked among sector leaders by leading Socially Responsible Investment (SRI) rating agencies and we will continue to strive both to maintain our leadership position and to meet the ever-increasing expectations of our stakeholders into the future”.

### Welcome

I welcome you to CRH’s seventh annual Corporate Social Responsibility Report. This Report describes our continued progress in the four key CSR performance areas: corporate governance, environment and climate change, health & safety and social.

The extreme turbulence experienced in financial markets in the second half of 2008 took its toll on world economic activity in 2009, most particularly in Europe and the US. Construction activity in these regions was hard hit as residential and non-residential markets declined, with government-funded infrastructure investment only partially compensating. Against this backdrop, and despite significant ongoing cost reduction efforts, CRH suffered a significant profit decline.

Despite this, we continued in 2009 to pursue our CSR mission with enthusiasm and persistence and will do so into the future. We firmly believe that excellence in CSR performance is entirely consistent with and enhances our strong overall corporate performance.

### Corporate Governance

Corporate Governance at CRH is recognised to be amongst the best in class. At Board level, we comply fully with the requirements of IFRS reporting as well as those of the Combined Code on Corporate

Governance and also with the provisions of the Sarbanes-Oxley Act in so far as they apply to CRH. Our updated Code of Business Conduct which was rolled out in 2008 was fully bedded down in all operations during 2009.

### Environment and Climate Change

We acknowledge the challenges that climate change presents to humanity and to our businesses and we are committed to playing our part in developing pragmatic solutions. We continue to play a central role in the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), and we actively support its pioneering work in developing and promoting industry solutions. CRH currently co-chairs the CSI.

We have made a commitment to achieve a 15% reduction in the specific CO<sub>2</sub> emissions from the portfolio of cement plants under operational control in 2007 by 2015 (base year 1990). We continue to invest to ensure we will deliver on this commitment.

In all our activities, increasing energy efficiency and reducing CO<sub>2</sub> emissions remains a major focus. We see climate change and high energy costs as twin innovative driving forces of the future and

we recognise that the challenges of today can quickly become the opportunities of tomorrow. In addition, many of our core products can contribute to climate change mitigation and adaptation.

On the broad environmental front we continue, through ongoing systematic plant upgrading, to make progress in increasing energy efficiency, reducing waste, optimising water usage and recycling more secondary materials and fuels. Despite output reductions in 2009 our businesses increased the use of alternative materials and fuels, which demonstrates our commitment in this area of operations. We believe all of these initiatives are not only environmentally-positive but also business-positive.

### Health & Safety

We are pleased to report that we achieved a further 25% reduction in our accident frequency rate in 2009 versus 2008. Through relentless focus and commitment of safety resources, we expect further significant improvement in 2010 and beyond. In practice, we require safety to be the top agenda item at all operational meetings, reflecting our strong daily commitment to working safely.

We are very disappointed, and deeply regret, that there were 8 fatalities (5 employee and 3 contractor) in our subsidiaries in 2009. Though below sector average, every fatality is a tragedy too many. I personally wrote to every CRH employee in 2009 to formally roll out our Fatality Elimination Plan during the year to address this critical issue. This Plan concentrates on the identified root causes of fatalities and top-down management attention is being given to appropriate communication and training throughout the organisation. We are implementing a no compromise philosophy in this area and initial results are positive.

### Social

A defining characteristic of CRH is our decentralised structure which fosters vibrant local entrepreneurship and gives our people the opportunity to develop and excel in their careers. We aim to be the employer of choice in all our operating regions and to optimally match our resources to the demands of our seasonal and cyclical industry. We see ongoing good employee relations as a testament to the entrepreneurial CRH culture and to the positive working environment that we strive to foster across the Group.

We have a very diverse customer base across all our activities and we continually seek to be the supplier of choice. In highly competitive markets, particularly in the current challenging economic environment,

excellence in customer service is always our priority. We also value our commercial relationships with our wide supplier base, insisting always on good quality, fair prices and ethical business practices.

### Communications

We continue our open-door policy with key stakeholder groups. At Group level, we discuss our CSR performance openly with the investor community, third-party rating agencies and other interested parties. At company level we are in regular dialogue with our employees, local communities, national and local authorities and permitting agencies, thus underlining our commitment to operate as a good neighbour.

This CSR Report is posted on our website and made available to all stakeholders.

### Verification

We continue to value external independent verification of our CSR activities and reporting. Our 2009 Report has been verified in its entirety by Det Norske Veritas (DNV). This is a very positive process, both internally and externally, and we will continue to work to improve the quality and accuracy of our CSR reporting.

### Endorsements

During 2009 CRH was once again distinguished in its ranking among sector leaders by the leading Socially Responsible Investment (SRI) rating agencies. We continued as a constituent member of the FTSE4Good Index and the Dow Jones World and STOXX Sustainability Indexes. We also received the additional accolade of "Gold Class" from Sustainability Asset Management (SAM). GovernanceMetrics International, which specialises in corporate governance ratings, also highly rated CRH.

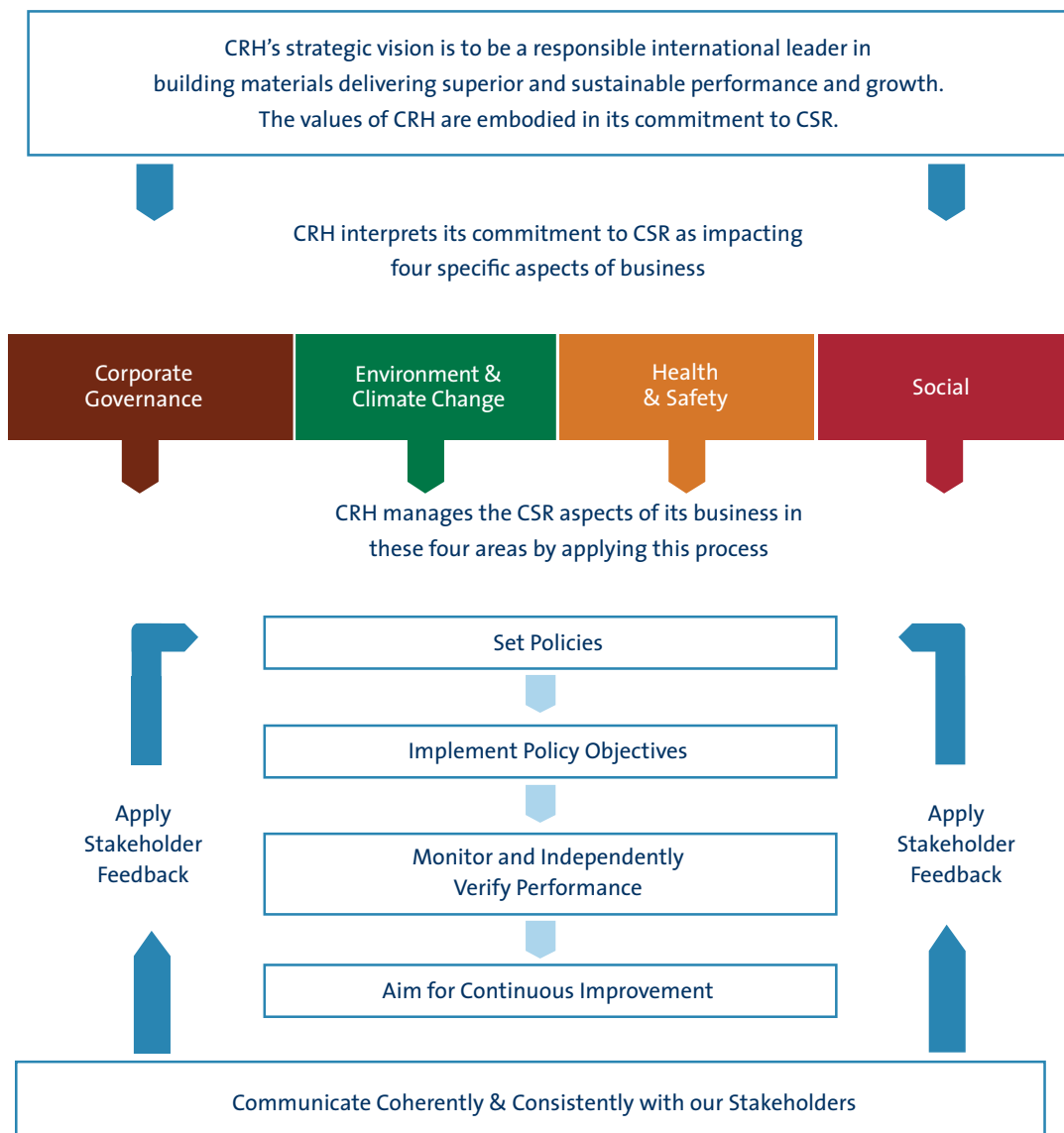
### Conclusion

CRH continues to achieve considerable CSR progress, as we pursue our ongoing mission of Sustainable Performance and Growth. 2009 marked another year of progress and I would like to assure all our stakeholders that we remain solidly committed to meeting their expectations in the years ahead, despite the challenging economic backdrop. We will continue to keep you regularly informed on our CSR progress and we welcome your feedback on our performance throughout the year.

Myles Lee  
Chief Executive

## CSR in CRH

The flowchart below outlines how CRH applies CSR concepts in the daily management of corporate governance, environment and climate change, health & safety and social activities throughout the Group. These four areas encompass all that is material to the scope of the Group's CSR performance and reporting, and reflect the interests of all stakeholders.



Corporate Governance		
Key Area	Progress to 2009	Future Objectives
Compliance with Statutory Requirements	Reporting continued to meet all requirements (IFRS, Combined Code, Sarbanes-Oxley, US GAAP)	Ensure ongoing highest standards of corporate governance
Risk Management	2009 Risk Review found that all risks are managed appropriately	Continue to proactively manage all risks, including new risks
Code of Conduct & Employee Hotline	Revised Code of Business Conduct embedded through 2009	Continue to refine & roll out to acquisitions as soon as practicable

Environment & Climate Change		
Key Area	Progress to 2009	Future Objectives
Policy Implementation	Implementation throughout the Group remained a priority	Continue to refine & roll out to acquisitions as soon as practicable
Review Process	Annual review carried out and results for 2009 reported to Board	Continue to refine process and further increase accuracy of data
Climate Change	On target to reduce specific cement emissions by 15% (2015 v 1990) for plants under operational control in 2007	Continue progress towards achieving target through optimisation of plant operations & major capital expenditure projects
Air Emissions	On target to reduce cement dust emissions by 50% & NOx by 10% (2015 v 2006) while maintaining low SOx	Proceed with investments that will ensure these targets are met
Energy, Water, Waste, Recycling	Progressive improvements being achieved on all parameters	Continue to reduce specific energy consumption, specific emissions & increase recycling
Quarry & Pit Reinstatement & Biodiversity	95% of sites now have reinstatement plans while biodiversity plans continue to be developed	Continue to develop reinstatement plans for all quarries & pits, with biodiversity plans where appropriate
Environmental Innovations & Awards	Continued high number of awards, successes in innovations	Continue to drive innovation & promote awards

Health & Safety		
Key Area	Progress to 2009	Future Objectives
Policy Implementation	Implementation throughout the Group remained a priority and Fatality Elimination Plan launched	Continue to refine & roll out to acquisitions as soon as practicable Audit implementation of Fatality Elimination Plan.
Review Process	Annual review carried out and results for 2009 reported to Board	Continue to refine process, further increase accuracy of data
Safety Management	Achieved 25% reduction in accident frequency rate compared to 2008	Aim for zero fatalities & ultimately zero accidents
Safety Innovations & Awards	Continued high number of awards, successes in innovations	Continue to drive innovation & promote awards

Social		
Key Area	Progress to 2009	Future Objectives
Policy Implementation	Implementation throughout the Group remained a priority	Continue to refine & roll out to acquisitions as soon as practicable
Review Process	Annual review carried out and results for 2009 reported to Board	Continue to refine process and further increase accuracy of data
Employee Development & Communications	Programmes rolled out throughout the Group at regional & local levels	Continue to be an employer of choice & motivate employees to deliver to their full potential
Management Development	Management development programmes continued to provide future world-class leaders	Extend the development programmes to continue to supply the depth & breadth of skills for a rapidly growing organisation
Knowledge Transfer	Best practice activities continued in all key activities	Continue to drive horizontal knowledge-sharing so that all activities are operated at world-class efficiencies
Suppliers & Customers	Extensive supplier & customer relationship management continued at regional & local level	Continue to be the supplier & customer of choice, insisting on ethical standards Implement Code of Conduct for ethical purchasing

Stakeholder Dialogue		
Key Area	Progress to 2009	Future Objectives
Stakeholder Communications	Extensive communication programmes continued with employees, investors, local NGOs & other interested parties	Continue to communicate openly with stakeholders & implement their feedback
Community Liaison	Extensive programmes continued at local & community levels	Continue to grow these programmes in all regions of operation
SRI Rating Agencies	Positive reviews received from leading Agencies	Maintain high level position
GRI Guidelines	Adopted the GRI G3 guidelines, achieved the "A+" level	Continue to achieve "A+" application level
External Verification	2009 report verified by DNV	Maintain CSR external verification, improving annual reporting

# CRH – Profile

## International Leader in Building Materials

This section provides context to this Report by profiling CRH's history, distinctive culture, range of activities, unique geographic, segmental and market balance and unrivalled record of performance and growth.

A more comprehensive record of the Group's activities and performance is available in the 2009 CRH Annual Report, in the Annual Report on Form 20-F filed with the US Securities & Exchange Commission and on [www.crh.com](http://www.crh.com).



## Introduction

CRH plc, the international building materials group (“the Group”), was founded in 1970 following the merger of two leading Irish companies, Cement Limited and Roadstone Limited. The Group was originally called “Cement Roadstone Holdings”, later abbreviated to CRH. Today, CRH is one of the five largest international groups in its sector and has its headquarters at Belgard Castle in Dublin, Ireland.

CRH’s strategic vision is clear and consistent – be a responsible international leader in building materials delivering superior performance and growth. In performance, CRH has achieved an enviable record of creating shareholder value. A shareholder who invested the equivalent of €100 in 1970 and re-invested gross dividends would hold shares valued at €47,762 based on a share price of €19.01 on 31st December 2009. This represents a 17% compound annual return.

With the deteriorating global economic environment in 2009, acquisition and development capital expenditure continued to be

curtailed. However, the development focus remains on seeking new geographic platforms in core businesses and taking advantage of complementary product opportunities. In delivering this strategy, CRH has established multiple platforms from which to replicate its twin imperatives of sustainable performance and growth. CRH achieves this responsibly through its commitment to CSR principles.

CRH contributes positively in many ways to the economies and societies in which it operates. For example, in 2009, CRH purchased over €9 billion worth of goods and paid €2.7 billion in wages and salaries to employees. CRH also paid total dividends of €386m (including €148m scrip) to shareholders, together with taxes of €134m. (Figures relate to subsidiaries and joint ventures on a percentage shareholding basis).

CRH’s shares are listed on the Dublin, London and New York Stock Exchanges and at year-end 2009 CRH’s market capitalisation was €13.3 billion.

## Corporate Culture

### Global yet local

There is strong management commitment to both the local company and to the CRH Group, supported by best practice teams that share experience and know-how across products and regions. This dual citizenship motivates local entrepreneurship, while maintaining and benefiting from Group synergies. CRH’s management philosophy could be described as global yet local.

### Local autonomy

Experienced operational management is given a high degree of individual autonomy and responsibility to accommodate national and cultural needs and to leverage local market knowledge, all in accordance with key centrally defined governance, financial and CSR policy guidelines and operating requirements.

### Mix of skills

CRH’s market-driven approach attracts, retains and motivates exceptional management including internally developed operational managers, highly qualified business professionals and owner-entrepreneurs who join on acquisition. This provides a healthy

mix and depth of skills with many managers having experience of previous economic cycles. CRH’s succession planning focuses on sharing this wealth of experience with the next generation of CRH management.

### Lean Group centre

Guidance, support, functional expertise and control are provided as appropriate by lean Group headquarter Teams in the areas of governance, performance measurement, financial reporting, cash management, strategic planning, business development, human resources, environment, health & safety and CSR.

### Perpetuating the CRH culture

As the Group grows, CRH makes considerable efforts to ensure that the unique CRH culture is propagated into new acquisitions, while simultaneously preserving their identity. This ensures that the Group culture thrives from generation to generation. These efforts include training programmes, seminars, newsletters, best practice meetings, the CSR Report and many other activities.

## Sustainability across the Breadth of Construction Demand

Sustainability is a core value for CRH in all its businesses from materials extraction through the production of value-added building materials and products to final delivery to the customer. CRH's CSR strategy is embedded through all its activities.

### 1. Materials: The Fundamentals

CRH operates vertically integrated primary materials businesses with strategically-located long-term reserves in all its major markets. CRH has permitted reserves totalling approximately 14 billion tonnes worldwide: circa 11 billion tonnes in the Americas and circa 3 billion tonnes in Europe. These materials businesses service both infrastructure development and maintenance and new construction demand.

### 3. Products: Completing the Envelope

CRH produces a range of complementary value-added building products to complete the building envelope, each of which serves to provide a balanced exposure to demand drivers. Principal products include architectural glass, clay brick and block, and entrance control products. Additional products include insulation and climate control products.

### 2. Products: Constructing the Frame

CRH manufactures structural and architectural concrete products and accessories for use in residential, non-residential and infrastructure applications. These include building systems and engineered concrete solutions for use in the electrical, transportation, drainage and communications industries and architectural products to enhance the facade and surroundings of buildings.

### 4. Distribution: Fit-out and Renewal

CRH distributes building materials to general building contractors and Do-It-Yourself (DIY) customers in Europe and to professional roofing/siding and interior products contractors in the United States. With a network of over 700 locations in Europe and over 180 locations in the United States, CRH is a leading international player in building materials distribution.



# Key Numbers

CRH is an international group with strong national, regional and international leadership positions. With operations in 35 countries, CRH employed approximately 80,000 people at close to 4,000 locations in 2009. From a strong developed-world base, CRH is growing its presence in emerging economic regions.

Annualised production volumes for subsidiaries and joint ventures (percentage shareholding basis) are set out below.

Annualised production volumes	
Aggregates	161.5 million tonnes
Cement	13.2 million tonnes*
Asphalt	43.3 million tonnes
Readymixed Concrete	14.8 million cubic metres*

Annualised production volumes	
Clay	2.6 million tonnes
Glass/Rooflights	9.7 million square metres
Insulation	5.3 million cubic metres
Fencing & Security	10.9 million lineal metres

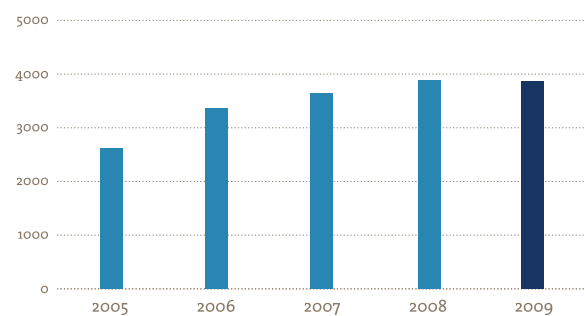
Annualised production volumes	
Structural/Precast Concrete	7.6 million tonnes
Architectural Concrete	15.1 million tonnes
Concrete Products	5.0 million tonnes

Outlets	
Builders Merchants	663 stores
DIY	241 stores

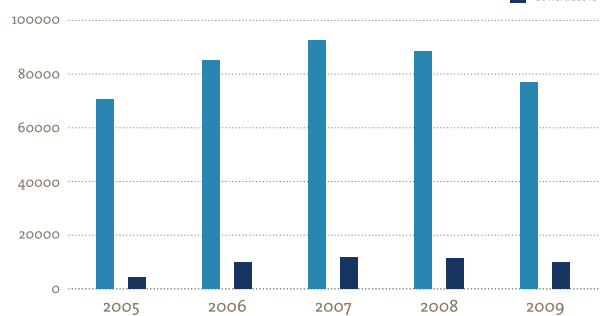
\*Excludes CRH share of cement (circa 5.3m tonnes) and readymixed concrete (circa 0.6m cubic metres) attributable to associates Uniland in Spain (26.34%) Mashav in Israel (25%) and Yatai Cement in China (26%).

The figures below illustrate key data relating to subsidiaries.

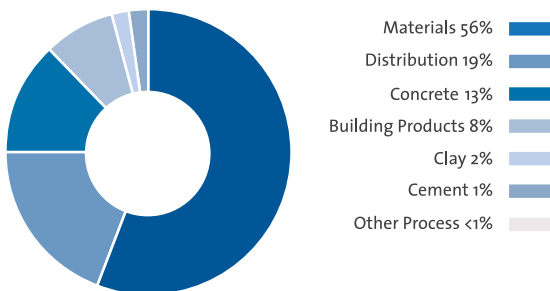
## Number of Locations



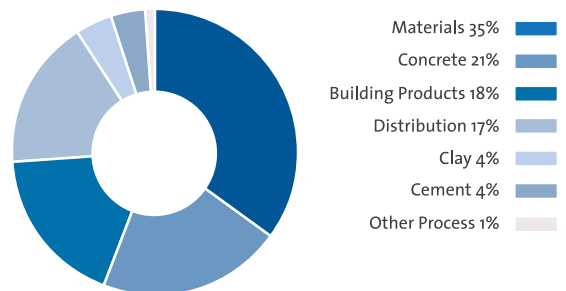
## Numbers Employed



## Locations by Activity



## Employees by Activity 2009



## CRH – Organisation Structure

CRH plc is the holding company for an international group of businesses which are organised into six reporting segments; Europe Materials, Europe Products, Europe Distribution, Americas Materials, Americas Products and Americas Distribution, as illustrated in the organisation chart below. CSR policies are defined at Group level and implemented systematically in each of the six business segments by line management, assisted by safety officers, environmental liaison officers and human resource managers in the operating companies. Group CSR performance is monitored and reported centrally by the Group Technical Advisor and a small support team.



Notes

\* Recent acquisitions in India and China report through Europe Materials.

\*\* CRH operates in North America under the name Oldcastle Inc.

## Strategic Balance

Building materials is an inherently cyclical business linked primarily to GDP growth in local economies. Recognising the variability that cyclical brings, CRH strategy is to build and sustain a balanced business with exposure to multiple demand drivers. Geographic and product balance serves to smooth-out the effects of changing economic conditions and to provide multiple opportunities for growth. Sectoral and end-use balance reduces the effects of varying demand patterns across building and construction activity by maintaining a balanced portfolio of products, serving a broad customer base.

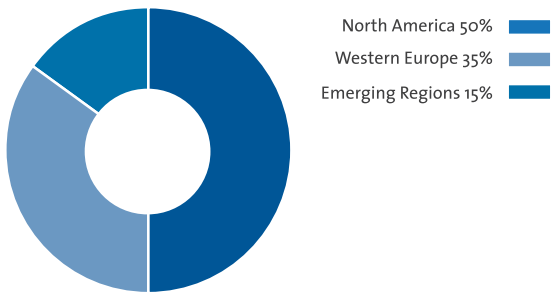
In 2009, CRH was evenly balanced between the geographies of North America and Western Europe with a growing component of activity in the emerging regions of Central and Eastern Europe, the Mediterranean, North Africa, South America and Asia.

While product balance remains weighted towards the heavyside with 80% in materials and concrete products and 20% in lightside products and distribution, each of these businesses delivers strong returns on capital through the cycle.

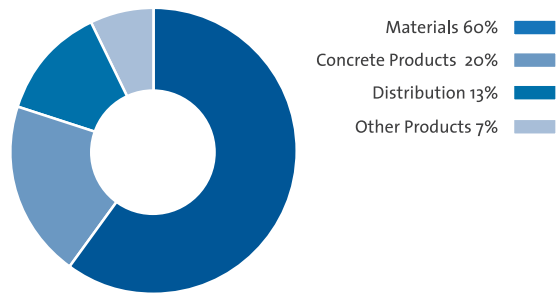
CRH's balance across the construction sectors remained stable in 2009. Residential demand accounted for approximately 35% of annualised Group EBITDA, non-residential for 30% and infrastructure for 35%.

End-use demand within the three construction sectors is further divided between new-build and repair, maintenance and improvement (RMI). End-use balance, which is more heavily weighted towards RMI in developed economies, is counter-balanced by significant new build demand in developing economies.

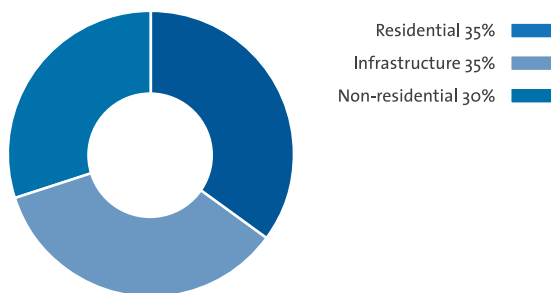
Geographic Balance



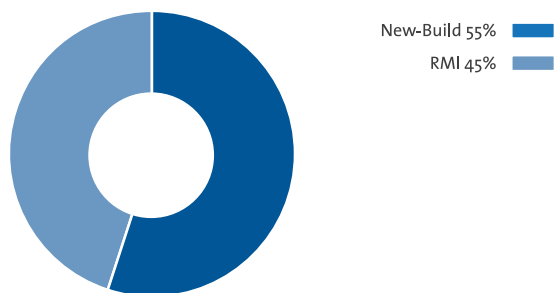
Product Balance



Product End-Use Balance



Product End-Use Balance



Note: Breakdown is by annualised EBITDA (includes joint ventures on a percentage shareholding basis)

# CRH in Europe

## Europe Materials

The Europe Materials Division is a major vertically integrated producer of primary materials and value-added manufactured products operating in 20 countries. The Division is actively involved in the Group's development efforts in Asia. Its principal products are cement, aggregates, readymixed concrete, concrete products, asphalt and lime.

## Leadership Positions

Top 10 Cement – Western Europe

Leading national positions: Aggregates and Readymixed Concrete

No.1 Building Materials – Poland

No.1 Cement – Northeastern China (26%)\*\*

No.2 Cement – Andhra Pradesh, India (50%)\*\*

\*\*CRH share

## Europe Products

Europe Products is organised as three groups of related manufacturing businesses involved in concrete, clay and building products and operates in 20 European countries.

## Leadership Positions

No.1 Concrete Products – Western Europe

No.2 Clay Facing Bricks, Pavers and Blocks – Western Europe

No.1 Construction Accessories – Western Europe

No.1 Fencing & Security – Western Europe

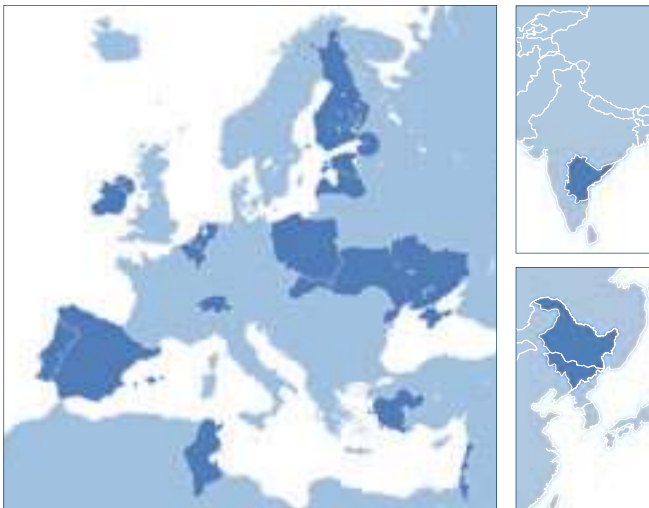
## Europe Distribution

Europe Distribution encompasses professional builders merchants and Do-It-Yourself (DIY) stores and operates in 8 European countries.

## Leadership Positions

Top 3 Building Materials Distributor – Western Europe

Europe Materials



Europe Products & Distribution



Note: CRH operations in China and India report through Europe Materials.

## CRH in the Americas

### Americas Materials

The Americas Materials Division operates in 44 states in the United States. Operations are geographically organised, segmented into East and West sectors, each containing four regional business units. These comprise integrated aggregates, asphalt and readymixed concrete operations.

### Leadership Positions

- No.1 Asphalt – US
- No.3 Aggregates – US
- Top 5 Readymixed Concrete – US

### Americas Products

Americas Products operates primarily in the United States and also has a significant presence in Canada. Its product groups – Architectural Products, Precast, Glass and MMI – all have leading positions in national and regional markets. Americas Products is also a leading producer of clay tile products in Argentina and operates glass fabrication businesses in Argentina and Chile.

### Leadership Positions

- No.1 Precast Concrete Products – US
- No.1 Architectural Concrete Products – Canada, US
- No.1 Architectural Glass Fabrication – US
- No.1 Engineered Aluminium Glazing Systems – US
- No.2 Construction Accessories – US

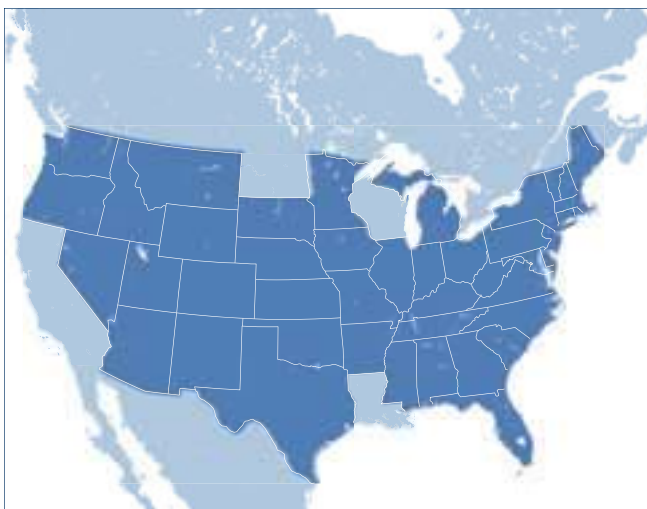
### Americas Distribution

Americas Distribution operates primarily in the United States. Its sub divisions – exterior and interior products – both have leading positions in national and regional markets.

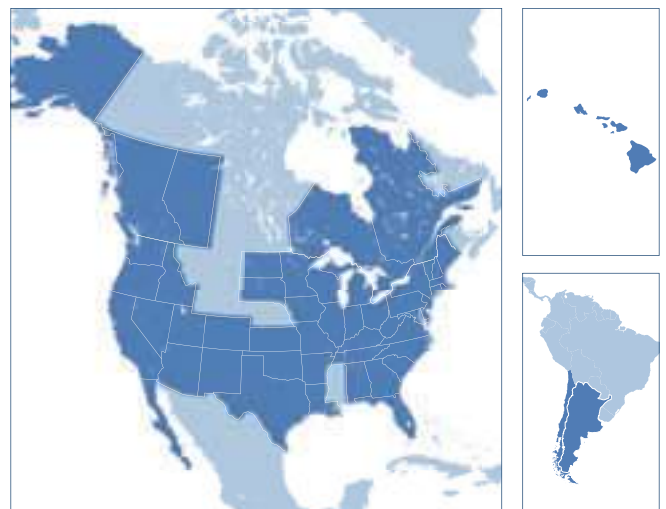
### Leadership Positions

- No.4 Roofing/Siding Distributor – US
- No.4 Interior Products Distributor – US

Americas Materials



Americas Products & Distribution



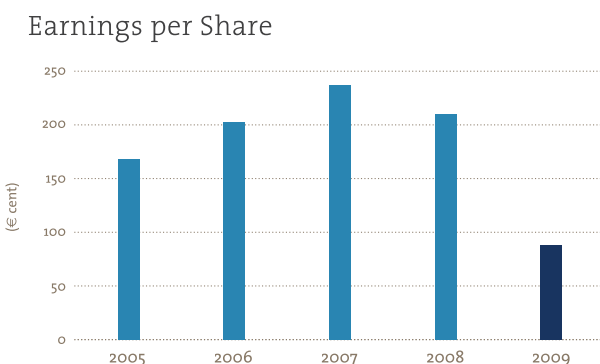
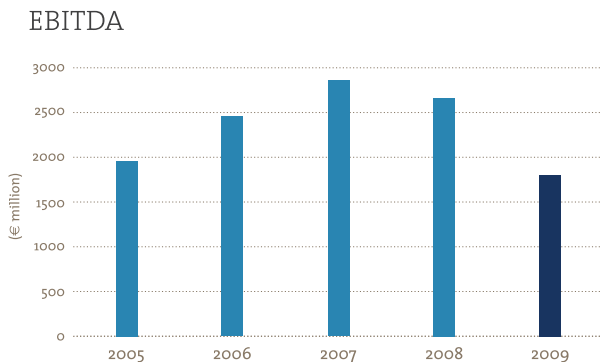
## Performance - 2009

2009 posed exceptionally difficult operating challenges for CRH. Demand levels were severely impacted by weakened economic activity and by the most extreme winter for many years across the Group's major markets of Europe and North America. During the year, the shift in CRH's short-term focus, initiated as markets deteriorated during 2008, continued with the implementation of further wide-ranging cost reduction measures across the Group. Against this background, the Group produced an EBITDA of €1.8 billion and earnings per share of 88.3 cent. While below the record levels achieved in 2007 and 2008, these results demonstrate the benefits of CRH's balanced spread of operations and management focus on the business essentials. CRH operates a progressive dividend policy and the dividend increased by 0.5% in 2009, the 26th consecutive year of dividend increase.

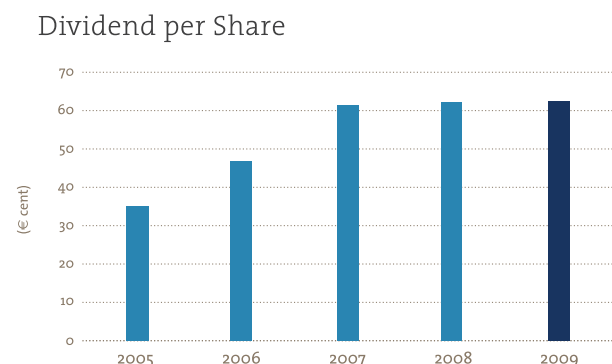
Complementing a strong emphasis on maximising performance in existing operations, the Group's organic growth strategy is focused on investing to improve capacity, product quality and energy efficiency. In parallel, developing new and innovative products and services, expanding the customer base through new channels and leveraging brands locally, nationally and regionally have been priorities. CSR is a core component of this strategy and is, in itself, a driving force for product and process innovation.

CRH is recognised for its competence and track record in sourcing, negotiating and integrating value-creating acquisition opportunities. The Group typically completes 50-75 small to medium-sized transactions each year augmented by periodic larger investments. Since 1999, CRH has averaged an acquisition spend of €1.6 billion per year. With the deteriorating economic environment, this was curtailed during 2009 when total spend amounted to €0.46 billion.

An important element of acquisition strategy has been the due diligence process. All potential acquisitions are examined carefully for material CSR issues and matters that may affect both the value of the purchase and the reputation of the Group. For acquisitions in developing economies due diligence also covers human rights and other ethical issues. Once companies join the Group as subsidiaries it is a requirement that they adopt CRH governance systems, Code of Conduct and environmental, health & safety and social reporting systems. In acquisitions where CRH does not have management control, the Group encourages its partners to comply in a similar manner and in most cases they actively embrace and report to CRH requirements.



Retirement Home, Cheshire, UK. Natural clay bricks were supplied by Ibstock Brick.



## Recent Development Activity

CRH's total acquisition spend for 2009 was approximately €0.46 billion. First-half expenditure included the purchase of a 26% stake in Yatai Cement, the leading cement producer in northeastern China, along with six other bolt-on acquisitions across the Group's Materials and Distribution businesses. During the second half of the year spending principally comprised of four important bolt-on transactions in the Americas Materials Division, completed in November/December plus six smaller Materials transactions in Poland, China and the US. Details of the most significant developments in 2009 are outlined below.

**Yatai Cement:** CRH announced completion of its acquisition of a 26% shareholding in the Jilin Yatai Group's cement operations (Yatai Cement) in January 2009. Yatai Cement's operations comprise 4 integrated cement plants and 4 separate grinding stations in Jilin and Heilongjiang provinces in north eastern China, with a current cement capacity of 14 million tonnes per annum. Yatai Cement is a top-10 cement supplier in China.

**Creyns N.V.:** CRH announced completion of its acquisition of Creyns N.V. in January 2009. Creyns N.V. is a leading player in the Belgium builders merchants market and is located in the north-east of the country.

**Warburton Acoustical Products:** Warburton Acoustical Products is an acoustical ceiling tile, grid and accessories distributor in Utah, United States and was acquired in March 2009.

**Cleason:** CRH announced the acquisition of certain assets of Cleason in July 2009. Cleason, an aggregates and readymixed concrete producer located 25 miles east of Rochester, New York, adds over 27 million tonnes of permitted reserves to the existing Rochester-based Dolomite Products business.

**Staker & Parson:** CRH announced completion of two acquisitions in Utah during the second half of the year providing additional strategic sources of quality aggregates and expanding Staker & Parson's presence in the state. In July, the Backus Pit, located 60 miles north of Salt Lake City and previously leased by Staker & Parson, was acquired outright. With 90 million tonnes of quality aggregates Backus offers significant expansion potential. Burdick Paving Corporation, an integrated aggregates, asphalt, construction and paving business based in Roosevelt, Utah was acquired in December 2009.

**Hilty Quarries:** CRH acquired Hilty Quarries, an integrated aggregates, asphalt and construction business based in Clinton, Missouri, 80 miles southeast of Kansas City in November 2009. Operating eight aggregates sites and three portable asphalt plants, Hilty's well-located reserves of approximately 105 million tonnes provide a strong geographical fit with existing operations and a platform for further expansion.

**Wheeler Companies:** In December 2009, CRH acquired Wheeler Companies, an asphalt, readymixed concrete and paving company based in Austin, Texas. Wheeler operates 6 asphalt and 8 readymixed concrete plants and is the market leader in and around Austin.

Yatai Cement's Shuangyang plant, is the largest cement plant in northeastern China, with a current clinker capacity of 5 million tonnes. This will rise to 7 million tonnes following the commissioning of a sixth kiln in the fourth quarter of 2010.



# Corporate Governance

Committed to excellence

CRH is committed to the highest standards of corporate governance. This section describes the Group's governance structures at Board and at operating level and explains how the Group ensures that its principles in the area of governance are implemented in an appropriate manner. It also records compliance with the relevant statutory and regulatory guidelines concerning corporate governance matters. Further detailed information may be found in the 2009 CRH Annual Report, in the CRH Annual Report on Form 20-F lodged with the US Securities & Exchange Commission and on the CRH website.



## Board of Directors



Kieran McGowan (Chairman)

“The Board of Directors of CRH is committed to maintaining the highest standards of corporate governance”

### Role of the Board

The Board is responsible for the leadership and control of the company. There is a formal schedule of matters reserved to the Board for consideration and

decision. This includes Board appointments, approval of strategic plans for the Group, approval of financial statements, the annual budget, major acquisitions, significant capital expenditure, and review of the Group’s system of internal controls. There were eight full Board meetings in 2009. The non-executive Directors met twice during 2009 without executives being present. The Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management.

### Membership and Remuneration

It is the practice of CRH that a majority of the Board comprises non-executive Directors and that the Chairman be non-executive. At present, there are four executive and nine non-executive Directors. Directors are appointed for specified terms and subject to the Memorandum and Articles of Association of the company.

### Chairman

Mr. Kieran McGowan has been Chairman of the CRH Board since May 2007. On his appointment as Chairman, Mr. McGowan met the independence criteria set out in the Combined Code. He is responsible for the efficient and effective working of the Board and ensures that Board agendas cover key strategic issues confronting the Group.

### Senior Independent Director

The Board has appointed Mr. Nicky Hartery as the Senior Independent Director. Mr. Hartery is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Finance Director.

### Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

### Induction and development

New Directors are provided with extensive briefing materials on the Group and its operations. Directors meet with key executives and, in the course of twice-yearly visits by the Board to Group locations, see CRH businesses at first hand and meet with local management.

### Performance appraisal

The Senior Independent Director conducts an annual review of corporate governance, the operation and performance of the Board and its Committees and the performance of the Chairman. This is achieved through discussion with each Director. A review of individual Directors’ performance is conducted by the Chairman and each Director is provided with feedback gathered from other members of the Board.

### Compliance

In 2009, CRH complied with the provisions set out in section 1 of the Combined Code. The company also complied with the rules issued by the United States Securities and Exchange Commission to implement the Sarbanes-Oxley Act 2002, in so far as they apply to the Group.

### CSR Governance

Corporate Social Responsibility is embedded in all CRH operations and activities. Excellence in environmental, health and safety and social performance is a daily key priority of management. The Group Chief Executive is responsible for ensuring the Group’s CSR policies are continuously implemented and reports on CSR performance are regularly provided to the Board.

### Committees

The Board has established five permanent Committees to assist in the execution of its responsibilities. These are the Acquisitions Committee, the Audit Committee, the Finance Committee, the Nomination Committee and the Remuneration Committee. Ad hoc committees are formed from time to time to deal with specific matters.

## Board Committees

Each of the permanent Board Committees has terms of reference, under which authority is delegated to them by the Board. The current memberships and terms of reference are available on the Group's website, with the attendance at meetings held in 2009 set out on page 46 of the Annual Report. The Chairmen of the Committees attend the Annual General Meeting and are available to answer questions from shareholders. During the year each of the relevant Committees reviewed its performance and terms of reference.

### Acquisitions Committee

The role of the Acquisitions Committee is to approve acquisitions and capital expenditure projects within limits agreed by the Board. In 2009, it consisted of three executive Directors and four non-executive Directors.

### Audit Committee

The Audit Committee consisted in 2009 of four non-executive Directors, considered by the Board to be independent. The external auditors attend as required and have direct access to the Committee Chairman. During the year, the Committee met with the Head of Internal Audit and with the external auditors in the absence of management. The main role and responsibilities are set out in written terms of reference and include: monitoring the integrity of the Group's financial statements and reviewing significant financial reporting.

### Finance Committee

The Finance Committee advises the Board on the financial requirements of the Group and on appropriate funding arrangements. In 2009, it consisted of two executive Directors and three non-executive Directors.

### Nomination Committee

The Nomination Committee assists the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Group by: assessing the skills, knowledge, experience and diversity required on the Board and the extent to which each are represented; establishing processes for the identification of suitable candidates for appointment to the Board; and overseeing succession planning for the Board and senior management. The Committee consisted in 2009 of five non-executive Directors and the Chief Executive.

### Remuneration Committee

The Remuneration Committee, which consists solely of non-executive Directors considered by the Board to be independent, determines the Group's policy on executive remuneration, determines the remuneration of the executive Directors, monitors the level and structure of remuneration for senior management and reviews and approves the design of all share incentive plans.

Members of the CRH Board during a visit to the new ACC cement in Florida, United States, September 2009. From Left to Right: J.M.C. O'Connor (Non-executive), J.M. de Jong (Non-executive), T. V. Neill (Non-executive), G.A. Culpepper (Finance Director), K. McGowan (Chairman), J.W. Kennedy (Non-executive), M. Lee (CEO), N. Hartery (Non-executive), W.I. O'Mahony (Non-executive), M. S. Towe (CEO, Oldcastle Inc.), U-H. Felcht (Non-executive), A. Manifold (COO). Inset: W.P. Egan (Non-executive), D.N. O'Connor (Non-executive).



## Code of Business Conduct



Since 2003, CRH has implemented a Code of Business Conduct throughout the Group. This Code was updated in 2008. The CRH Code of Business Conduct is applicable to all relevant Group employees and is supplemented by local codes throughout the Group's operations. It is available in 18 languages to facilitate its full implementation, and is also available on the Group's website. Compliance was monitored in 2009 by Group Internal Audit,

and no serious breaches were recorded or reported on the hotline facility (see below). Consequently there were no serious matters relating to implementation of the Code to be reported to the Audit Committee in 2009.

The Code systematically addresses the following areas:

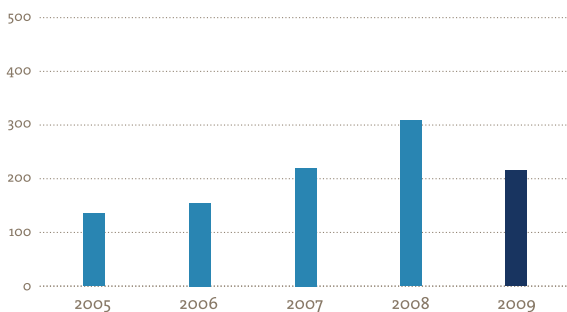
- Protecting integrity, defining its applicability and compliance reporting requirements.
- Doing business in a responsible way, covering conflicts of interest, competition (anti-trust) law, prevention of bribery, corruption and fraud.
- Dealing with customers, suppliers and the community, including requirements on ethical purchasing, giving and receipt of gifts and political and charitable donations.
- Treating people with honesty and respect, including human rights and employment policies.
- Managing health, safety and the environment, including policies on drugs and alcohol.

## Employee Hotline

The Sarbanes-Oxley Act, paralleled by a provision in the UK Combined Code, requires the Group to put in place procedures which facilitate employee complaints, or confidential submission of information or concerns regarding governance, personnel, accounting or auditing matters anywhere in Group companies. The provision of a hotline facility is detailed in the Code of Business Conduct. Implementation is also rolled out into new countries as acquisitions are completed. Calls can be made in the local language. There are procedures to

ensure that all calls are systematically dealt with and appropriate actions taken. In 2009, there were a total of 216 (309 in 2008) hotline calls, mostly from North America. The breakdown by type is shown below. All of the issues raised in the calls have either been resolved or are being appropriately managed. None were of sufficient gravity to report to the Audit Committee. The Group website also lists contact details of persons to whom any complaints can be made verbally or by e-mail.

Number of Hotline Calls 2009



Hotline Calls by Type 2009



## Risk Management

The Directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors confirmed in the 2009 Annual Report that the Group's ongoing process for identifying, evaluating and managing its significant risks is in accordance with the updated Turnbull guidance (Internal Control: Revised Guidance for Directors on the Combined Code) published in October 2005.

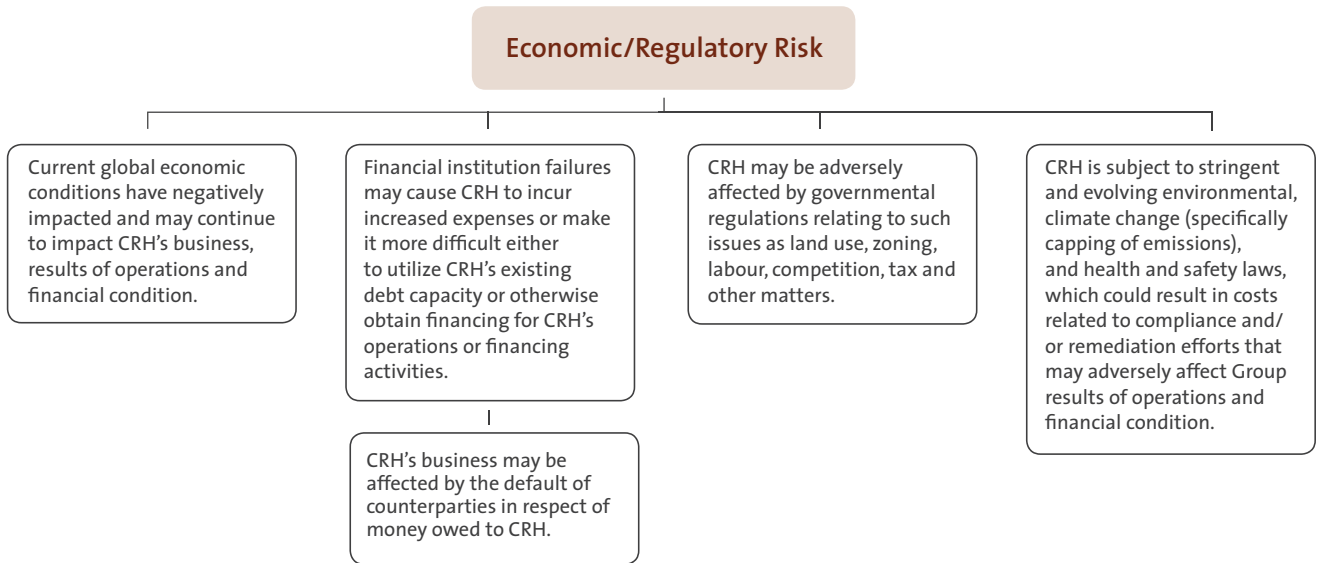
Group management has responsibility for major strategic development and financing decisions. Responsibility for operational issues is devolved, subject to limits of authority, to product group and operating company management. Management at all levels is responsible for internal control over the respective business functions that have been delegated. This embedding of the system of internal control throughout the Group's operations ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management.

The Board receives, on a regular basis, reports on the key risks to the business and the steps being taken to manage such risks. It considers whether the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity. In addition, the Audit Committee meets with internal auditors on a regular basis and satisfies itself as to the adequacy of the Group's internal control system. The Audit Committee also meets with and receives reports from the external auditors. The Chairman of the Audit Committee reports to the Board on all significant issues considered by the Committee and the minutes of its meetings are circulated to all Directors. The Directors confirmed in the Annual Report that they have conducted an annual review of the effectiveness of the system of internal control. This had regard to the material risks that could affect the Group's business (as outlined in the Directors' Report in the Annual Report on pages 48 to 50), the methods of managing those risks, the controls that are in place to contain them and the procedures to monitor them.

The main risks to which CRH is exposed are summarised on Page 20, and the key elements of CRH's risk management strategy are set out below.

### Managing the Risks:

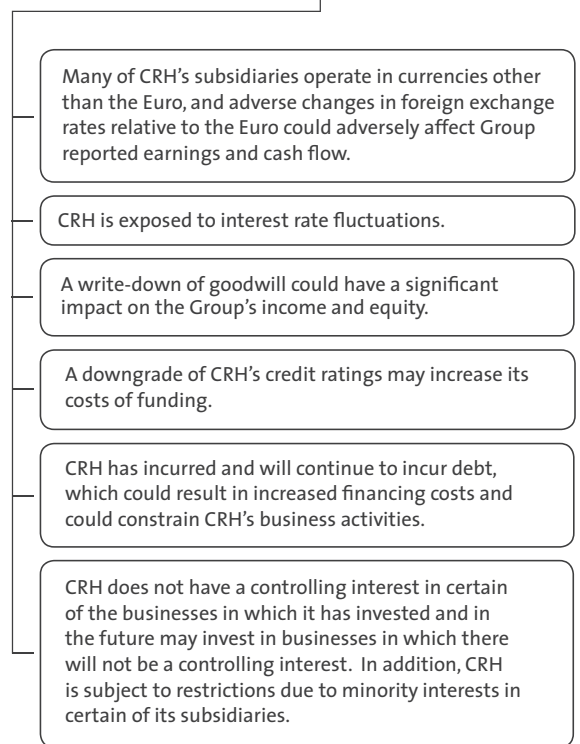
- CRH has a history of strong financial performance coupled with appropriate accounting practices, robust and rigorous monitoring systems and comprehensive and effective control processes.
- CRH's unique regional spread, product diversification and end-use balance mitigates the potential effects of varying economic and financial conditions.
- Net worth, net debt and net interest are spread across the currencies in which the Group operates.
- CRH has an ongoing commitment to full compliance with all regulations and standards and to communicating best practices across the Group.
- CRH's acquisition strategy is aimed at delivering a string of acquisitions comprising many small deals complemented by selected larger acquisitions.
- CRH is focused on being the competitive low cost producer in all its markets.
- Group companies continually focus on product and process innovation.
- Diversity of operations and activities and continual upgrading investments combined with product development ensures the impacts of all regulations, including those relating to climate change, are proactively managed.
- CRH's diversification strategy minimises the possibility that an isolated instance or single point of failure could have a material impact on the Group.



**Operating Risk**



**Financial Risk**



# Environment & Climate Change

## Environmental Protection is a CRH priority in all operations

CRH is committed to the highest standards of environmental management in all its activities and is proactively addressing the challenges of climate change. This section describes the Group's Environmental Policy and how it is implemented. It also describes how environmental performance is systematically reviewed and reported each year. CRH's responses to the challenges of climate change in cement and other activities are addressed and detailed environmental performance data from across the Group is presented and reviewed.



# Environmental Policy

## Policy

The CRH Environmental Policy, applied across all Group companies, is to:

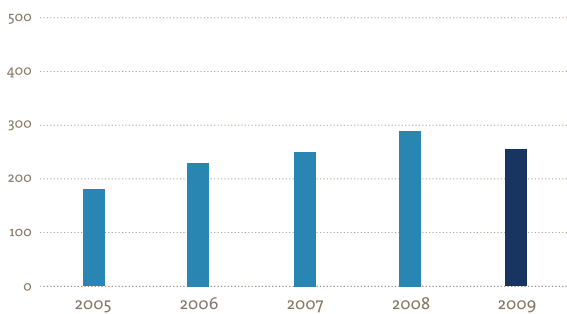
- Comply, at a minimum, with all applicable environmental legislation and continually improve our environmental stewardship towards industry best practice.
- Ensure that our employees and contractors respect their environmental responsibilities.
- Proactively address the challenges and opportunities of climate change.
- Optimise our use of energy and resources through efficiency gains and recycling.
- Promote environmentally-driven product and process innovation and new business opportunities.
- Be good neighbours in the many communities in which we operate.

## Implementation

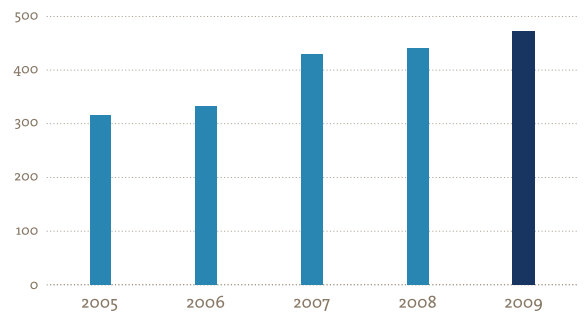
Company and plant managers throughout CRH are responsible for implementing the environmental policy and achieving its objectives. This line responsibility continues right up through Company Managing Directors to Divisional Managing Directors, the Chief Operating Officer, the Chief Executive Officer and ultimately to the CRH Board. Line managers in each Group company are assisted by a designated Environmental Liaison Officer (ELO). The ELOs (255 in CRH in 2009) are required to be familiar with all relevant environmental legislation, and to advise line managers how to achieve compliance and excellence in environmental management. The reduced number of ELOs in 2009, (289 in 2008) is due to rationalisation of reporting structures in line with company reorganisation within Divisions. In each region, the ELOs network with each other and the Group Technical Advisor and his team in the sharing of environmental best practice. Acquisitions are systematically integrated into the ELO network as soon as is practicable, generally within 6 months.

Companies are required to have an appropriate environmental management system, the scope of which will depend on the type of operating activity concerned and the specific demands of the local permitting regime. In its higher potential impact activities, 80% of CRH's subsidiary cement plants are now certified to ISO 14001, while the total number of Group locations with this certification is now 473. It should be noted that ISO Environmental Certification is not common in industrial operations in the USA.

Number of ELO's in the Group



Number of Locations with ISO 14001



← HK Contractors, Rocky Mountain Division, Oldcastle Materials, USA, completing a paving contract for the Federal Highway Administration in Glacier National Park in Montana.

## Annual Review Process

At each year-end, the ELOs assist the Group Technical Advisor and his team in carrying out a detailed assessment of environmental performance in all Group companies. Every Group company is required to complete and submit a detailed environmental questionnaire by mid-January, and by mid-March a comprehensive report is submitted to and reviewed by the CRH Board.

The information from this Group Environmental Review has been used to provide the environmental performance information in this report. The pages that follow summarise the key 2009 data and compare performance with that in previous years.

The year-end review encompasses the following key areas:

- Compliance with Group environmental policy, local regulations and national legislation.
- Environmental training, audits and certification.
- Environmental upgrades and improvements.
- Mitigating climate change and minimising energy and fuel usage.
- Improving air quality.
- Water and waste management.
- Recycling activities.
- Biodiversity and quarry reinstatement activities.
- Environmentally-driven product developments and opportunities.
- Local stakeholder and community engagement.

As part of this process, it is required that any compliance deficiencies are actively addressed and resolved. Fines from regulatory authorities in

2009 amounted to €259k, reflecting a number of minor incidents, none of which caused significant environmental damage. In addition, 107 Group companies were satisfactorily externally audited during 2009.

The environmental review process ensures environmental risks are being managed appropriately. The 2009 review indicated that there was excellent compliance with legislation across the Group. There were no fuel spills and unprotected underground fuel storage tanks continue to be phased out in accordance with company policy. The small number of locations with electrical equipment containing polychlorinated biphenyls (PCBs) and with a potential for Legionnaire's disease are being well managed. Audits of all locations for asbestos containing material (ACM) are progressing well with identified risks being managed appropriately.

The review process also annually updates CRH's database of all Group CO<sub>2</sub> emissions and energy usage, as well as air, water, waste and other environmental impacts. Acquisitions are systematically introduced to the process to ensure that all subsidiaries are covered each year. Most joint ventures and associates also actively participate in the review process.

During 2009, environmental review and best practice meetings were held in various countries and regions to provide feedback and ongoing support to ELOs.

An overview of the various environmental impacts associated with CRH activities is provided in the Table below. Each of these impact areas is addressed in the sections which follow.

Environmental Impacts by Activity	Climate Change/CO <sub>2</sub>	Other Air Emissions	Water	Waste	Reinstatement	Biodiversity	Transport
Cement	•	•	•	•	•	•	•
Other Process	•	•	•	•	•	•	•
Materials	•	•	•	•	•	•	•
Concrete Products	•		•	•			•
Clay Products	•	•	•	•	•	•	•
Building Products	•			•			•
Distribution	•			•			•

## Environmental Investment

As part of its continuous environmental improvement process, CRH regularly invests in processes which improve performance or that offer innovation opportunities. In 2009, CRH invested €56m, similar to 2008, in a wide range of environmental projects and upgrades that encompassed all the Group’s activities and countries of operation. This figure includes investment in specific environmental projects and an appropriate proportion of expenditure on other major investment projects. Major cement plant capital expenditure is not included in this figure.

Significant areas of expenditure (with the associated % of the 2009 spend) were:

- Reduction in emissions to air (16%).
- Restoration, landscaping, paving and other location upgrades (18%).
- Reduction of water usage and discharges (14%).
- Improved waste reduction and management (19%).
- Energy reduction and process optimisation (8%).
- Increased use of alternative materials and fuels (13%).
- Monitoring and licensing (12%).

1. The Pike Industries’ Portsmouth plant in New Hampshire, USA, where a major investment has been made in warm mix asphalt production.
2. New Bag Filter commissioned in 2009 on the Kiln 6 line at Irish Cement’s Limerick Works, Ireland.
3. The 9 MW Waste Heat Power Generation facility at the Shuangyang plant of Yatai Cement, China. This was commissioned in 2009 to recover heat from clinker production.

This level of expenditure has been sustained over recent years to keep ahead of increasingly challenging legislative requirements and to maintain industry best practice, despite the economic downturn.

The total environmental expenditure in 2009, excluding major cement plant capital expenditure, for CRH subsidiary companies and joint ventures and associates, when included on an equity share basis, was €65.5m.



2



1



3

## Climate Change: A key Challenge for CRH

CRH recognises that climate change is a major challenge facing humanity and is committed to playing its part in developing practical solutions at national, regional and global level. Like other responsible players in the building materials sector CRH is very actively addressing the challenges of climate change through specific CO<sub>2</sub> reduction programmes in its worldwide operations.

The majority of CRH Group CO<sub>2</sub> emissions arise from cement and lime production. In these processes, CO<sub>2</sub> arises both from the high temperature chemical decarbonation of the limestone raw material, and also from fuel combustion. Group CO<sub>2</sub> emissions also arise from the firing at high temperatures of clay and ceramic products, as well as from lightweight aggregate production and from the heating of raw materials in asphalt

mixing plants. Minor CO<sub>2</sub> emissions arise from fuel use in other activities and from transport.

Climate change also presents opportunities for CRH. Group products are ideally suited to make a meaningful contribution to climate change mitigation (e.g. concrete thermal mass, lightweight aggregates, insulation) and adaptation (e.g. flood defence and stormwater systems) and are actively being promoted in this context.

The Table below summarises some of CRH's many approaches towards reducing specific CO<sub>2</sub> emissions (CO<sub>2</sub> per tonne of product) in all of its activities.

### Addressing the Challenges of Climate Change

#### Cement

- Optimally operating cement plants
- Reducing clinker factor by producing blended cements (low carbon "green" cements)
- Using alternative fuels particularly biomass where available and permitted
- Reducing power consumption
- Investing in new and replacement state-of-the-art plants
- Research into new cement/concrete technologies, including carbon capture

#### Other Process

- Lime – optimising existing plants and investing in new state-of-the-art plants
- Lightweight aggregates and periclase – optimising plant operation

#### Materials

- Optimising quarrying and aggregates crushing and recycling activities
- Optimising mix design in readymixed concrete
- Using cementitious by-products where commercially available
- Optimising asphalt mixing plant operations
- Using recycled asphalt pavement (RAP) and alternative fuels
- Pioneering warm mix asphalt technology

#### Transport

- Optimising logistics and modes of transport

#### Concrete Products

- Optimising mix design in all products
- Using vapour energy curing where possible
- Using recycled materials where practicable
- In precast products, pioneering the use of carbon-fibre reinforcement which can reduce concrete rebar cover, achieving performance with thinner, lighter sections

#### Clay Products

- Optimising plant operation and fuel usage
- Using alternative fuels where available and permitted
- Insulation of brick kilns to minimise heat loss
- Progressively upgrading plants to latest technology
- Introducing unfired bricks for certain indoor applications

#### Building Products

- Insulation – developing higher-performance insulation materials applications
- Construction Accessories – developing innovative energy-saving solutions
- Daylight and Ventilation – developing energy-saving solutions

#### Distribution

- Optimising product distribution logistics
- Promoting environmentally-positive products

# Climate Change: Emissions

Total CRH direct CO<sub>2</sub> emissions (designated as Scope 1 under the Greenhouse Gas Protocol) from all wholly-owned subsidiaries amounted to 9.4m tonnes in 2009, down from 13m tonnes emitted in 2008. Reduced activity in 2009 together with energy efficiencies in production accounted for the reduction.

The breakdown of CO<sub>2</sub> emissions by activity was broadly similar to the previous year, as was the breakdown of CO<sub>2</sub> emissions by source. Cement accounted for 63% of direct Group emissions, which is reflected in the fact that decarbonation is the largest single source of direct CO<sub>2</sub> emissions in the Group. Specific CO<sub>2</sub> emissions (per tonne of product) are reported for cement activities only (including joint ventures and associates on a percentage shareholding basis) in accordance with CRH's WBCSD CSI charter commitments on Page 71.

CRH has publicly committed to reductions in specific CO<sub>2</sub> emissions in cement activities and progress towards meeting this commitment is addressed in the next section.

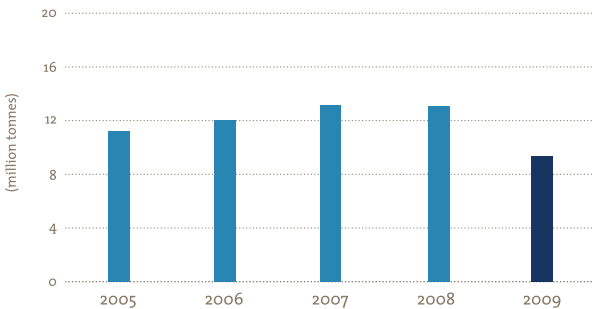
CRH is confident, that due to the many current plant upgrade investments and ongoing focus on energy management, specific CO<sub>2</sub> emissions in all activities will decline in the years ahead.

Scope 2 2009 CO<sub>2</sub> emissions, calculated on a total electrical energy usage of approximately 2.7TWh, are estimated to be in the order of 1.15m tonnes.

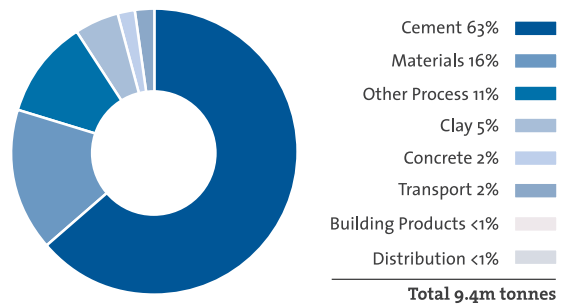
Scope 3 emissions for contracted transport are estimated to be 0.44m tonnes.

As indicated above, this data relates to wholly-owned subsidiaries. If joint ventures and associates were included on a basis proportionate to CRH's shareholding, the combined Scope 1 emissions would amount to 16.5m tonnes. The combined Scope 2 and 3 emissions (excluding Yatai Cement) would correspondingly be estimated to be in the order of 1.58m tonnes and 0.48m tonnes respectively.

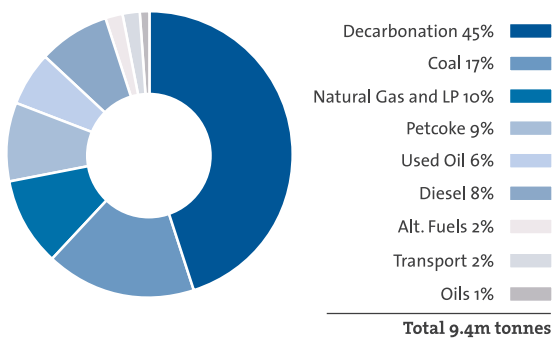
CO<sub>2</sub> Emissions by Year (Scope 1)



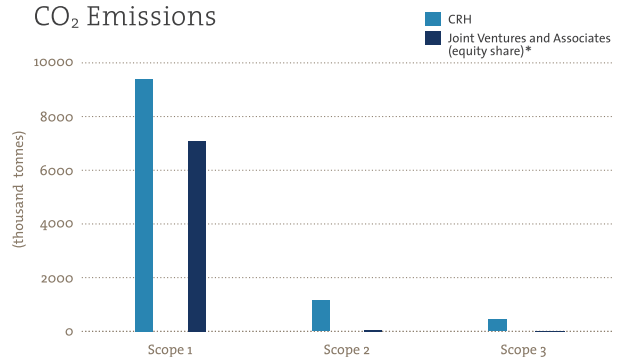
CO<sub>2</sub> Emissions by Activity (Scope 1)



CO<sub>2</sub> Emissions by Source (Scope 1)



CO<sub>2</sub> Emissions



\*Yatai Cement emissions not included in Scope 2 and 3 emissions.

## Climate Change: Cement Commitment

CRH has committed to a 15% reduction in specific CO<sub>2</sub> cement plant emissions by 2015 compared with the 1990 specific emissions for the portfolio of plants under management control on 1st January 2007. This commitment covers CRH's plants in Ireland, Finland, Poland, Switzerland and Ukraine, and those of its joint venture partner in Portugal and Tunisia (the latter two with CO<sub>2</sub> data taken at 100%).

These reductions in specific emissions are being achieved through four parallel approaches:

- Major investments in modern kiln technology.
- A constant drive towards optimal operational efficiency in Group cement plants, such as minimising unplanned kiln stops and optimising energy consumption.
- Progressively reducing the clinker:cement ratio, through moving production towards blended ("low carbon") cements by using alternative materials where available.
- Increasing the use of alternative fuels of all types, which have a lower or zero carbon rating compared to primary fuels.

These approaches are implemented through CRH's operational Best Practice programmes where line management is specifically charged with achieving best possible performance from all cement plants.

1. Jura Cement in Switzerland has developed a process to substitute virgin raw materials in the production of clinker with contaminated mineral aggregates, lime and marl.



1

CRH is pleased to report that it is on-track with its reduction commitment. The 2009 specific emissions (0.686t CO<sub>2</sub>/t cementitious product) were almost 8.5% lower than 1990 emissions (0.750t CO<sub>2</sub>/t cementitious product). This is on-track for the 2015 target (0.638t CO<sub>2</sub>/t cementitious product). The coming on-stream of current cement plant investments during 2010/2011 will make a significant contribution to sharply reducing specific CO<sub>2</sub> emissions further, as will the ongoing clinker:cement ratio reduction and alternative fuel programmes.

Within the European Union, the European Emissions Trading Scheme Phase 2 (2008-2012) National Allocation Plans (NAPs) prepared by Member States and approved by the European Commission dictate the emission caps that currently apply to operations and CRH is striving to work optimally within the Phase 2 NAPs.

CRH achieved the world's first Joint Implementation (JI) project registered with the UN, at Podilsky Cement in Ukraine, and a Clean Development Mechanism (CDM) Project, with its associate Mashav, through a new high-efficiency cement milling installation at Nesher's Ramla cement plant in Israel.

2. New alternative fuel storage and handling facility at the Lappeenranta plant of Finnsementti, Finland.



2

**Working with Peers**

Since 2005, CRH has been a core member of the Cement Sustainability Initiative (CSI) within the World Business Council for Sustainable Development (WBCSD). The CSI is a voluntary initiative by 23 major global cement players to address the sustainability challenges of the industry in consultation with a wide range of stakeholders. CRH is actively involved in the CSI and reports to the agreed CSI performance indicators (KPIs) as shown in the appendices to this report. CRH is now actively addressing the post-Kyoto period, in cooperation with the CSI at global level and with CEMBUREAU at European level.

In relation to operation of the EU ETS in the 2013-2020 period CRH has actively supported work by the EU industry through CEMBUREAU to agree an appropriate 'benchmark' for the industry that will be acceptable to all stakeholders.

As regards the longer-term, CRH has supported CSI work on modelling how a 'sectoral approach' might contribute globally to emissions reductions.

All of these activities underline CRH's strong commitment on climate change action.

**Alternative Materials and Fuels**

Key to achieving CRH's climate change commitment is the use of alternative materials and fuels in its cement activities.

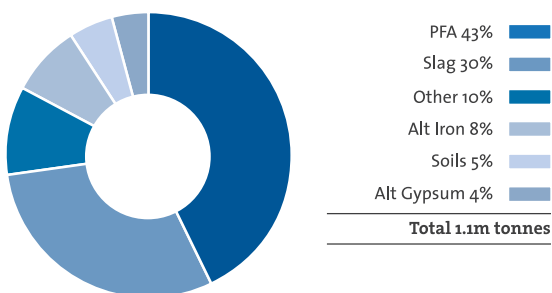
Initiatives progressively being adopted in Group cement plants include:

- Use of alternative materials to replace virgin quarried raw materials as kiln input.
- Use of alternative materials (such as ground limestone, fly-ash (PFA) and slag) in so far as permitted by technical standards to replace a proportion of clinker in cement (thereby proportionately reducing the CO<sub>2</sub> per tonne of cement).
- Use of biomass alternative fuels (such as waste water treatment plant (WWTP) outputs and meat and bone meal (MBM)) which are carbon neutral.
- Use of other alternative fuels (such as solid recovered fuels (SRF) (which can have a significant biomass content), tyres and solvents), thus making beneficial use of waste materials that would otherwise go to landfill or incineration.

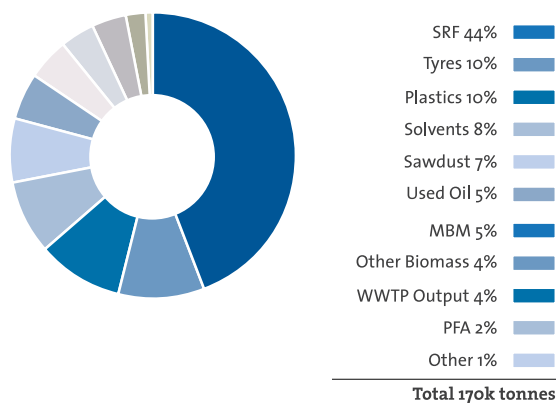
In 2009, a total of 1.1m tonnes of alternative materials were used in Group cement plants. Alternative fuels used in Group cement plants in 2009 amounted to 170k tonnes, an increase on the 113k tonnes used in 2008. This is a significant achievement given the reduced demand for cement in 2009. CRH's strategy is to continue to increase the use of alternative materials and fuels as far as practicable in the years ahead.

In the broader context of all Group activities, the total usage of alternative materials amounted to 19.1m tonnes. The total usage of alternative fuels in 2009 across the Group was 343k tonnes.

Alternative Materials used in CRH Cement Plants



Alternative Fuels used in CRH Cement Plants



## Climate Change: Cement Investments

During 2009, CRH continued to modernise its cement plant portfolio. The investment in Ukraine is progressing well and will deliver significant efficiency savings and reduced CO<sub>2</sub> emissions when commissioned in 2010/11.

Investments are targeted at achieving CRH's climate change commitment as well as modernising and optimising lower carbon cement production in the five key European markets of Ireland, Poland, Finland, Switzerland and Portugal. CRH's first investment in cement in the United States was commissioned in Florida in 2009. This joint venture project utilises the most modern energy efficient technology.

Major new kiln systems, most notably at Lappeenranta cement in Finland and the new Kiln 3 at Irish Cement's Platin plant, were commissioned in 2007 and 2008 respectively. These major cement investments are ensuring CRH's portfolio of cement plants operate at world-class standards in terms of specific CO<sub>2</sub> emissions and will underpin the attainment of its climate change commitment.

Reducing specific CO<sub>2</sub> emissions and increasing energy efficiency are twin imperatives in all CRH's activities, not just in cement operations.

1. Ożarów Cement in Poland commissioned a new vertical cement mill in May 2009. The new vertical mill will use up to 50% less energy and is well suited to the grinding of alternative materials such as slag.

2. The American Cement Company plant in Florida, USA, a CRH joint venture, was commissioned in 2009 and utilises the most energy efficient production technology.



## Climate Change: Other Investments

In lime operations, the company has progressively invested in high-efficiency lime kilns which are over 20% more efficient than older kilns. The Group wide specific CO<sub>2</sub> emission from lime production in 2009 was approximately 1.0t /t product, reflecting the Group fuel mix portfolio and the significant investments in modern technology in recent years.

In the production of asphalt mixes, CRH in the United States is pioneering “warm mix” technology which can potentially reduce energy usage and CO<sub>2</sub> emissions by 30% compared to conventional “hot-mix” technology.

In the production of clay bricks and ceramic tiles, CRH is progressively modernising kilns, each investment yielding significant energy efficiency

improvements and CO<sub>2</sub> emission reductions. In addition, through transport optimisation throughout operations CO<sub>2</sub> emissions are also being reduced.

Several innovations are also coming through in the production of concrete products and readymixed concrete, all leading to greater efficiency in the use of cement, hence reducing the carbon footprint of concrete operations.

Energy efficiency and climate change mitigation is a driving force in process and product development in all CRH’s activities. Examples of environmentally-driven products are illustrated later in this report.

1. The tube conveyor at Irish Cement Platin, Ireland, which transports limestone from the quarry to the cement mills for use in the production of CEM II portland-limestone “green” cements.
2. The new state-of-the-art warm mix asphalt plant in Wytheville, Virginia, USA, commissioned by W-L Construction & Paving, during 2009.
3. Modern vertical shaft kiln at Trzuskawica lime works in Poland.



1



2



3

## Climate Change: Energy Use and Efficiency

Total Group energy usage (electricity plus all fuels) in all subsidiaries was 20.1TWh in 2009, compared with 30.5TWh in 2008. Reduced activity in 2009 together with energy efficiencies in production accounted for the reduction. The breakdown of energy usage by fuel type was similar to previous years.

Cement operations accounted for 37% of energy use across the Group. Specific energy efficiency data (per tonne of product) is given for 2009 and previous years on Page 71, where WBCSD CSI KPIs are reported for cement activities (including joint ventures and associates on a percentage shareholding basis).

CRH Companies are focusing on optimising transport to reduce fuel usage and correspondingly their overall carbon footprint. Transport optimisation also has the benefit of reducing other air emissions. Transport by road is the most common mode, driven by the imperatives of timely delivery to a diverse local customer base.

Most CRH Group companies have initiatives in place to optimise transport through, for example, use of GPS in route planning, ensuring full loads, fleet management, engine idling alerts and maximising back-loading. These initiatives, not only reduce emissions, but also contribute towards improved customer service and reduced delivery costs.

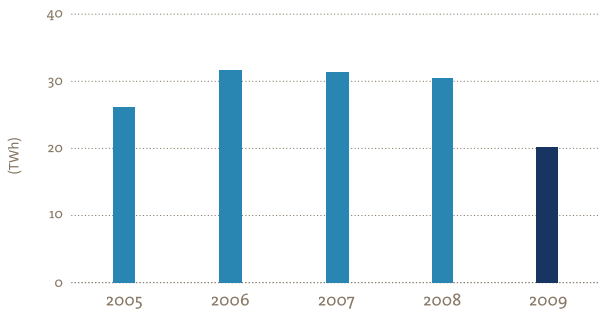
Where possible, Group companies use fuel-efficient rail, boat or barge transport. These modes are ideal for larger bulk consignments over generally longer distances to fixed destinations. In the United States CRH has invested specifically in rail, boat and barge transport companies.

Formal Energy Management Systems are now being investigated and rolled out in many companies.

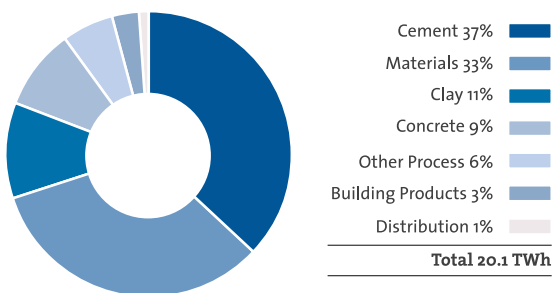
The Slane Quarry of Roadstone Wood in Ireland has achieved the distinction of becoming the first European Quarry to achieve certification to EMS 16001 "Energy Management System".



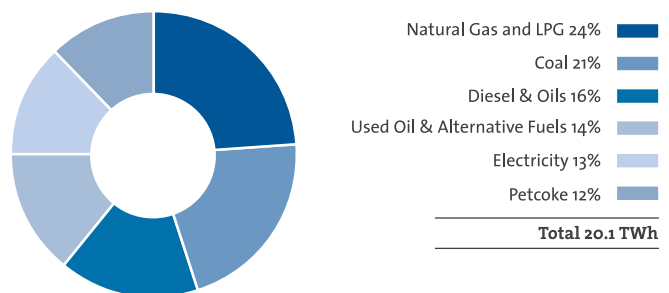
Energy Use



Energy Use by Activity



Energy Use by Source



## Air Quality Improvements

For the building materials sector, the most relevant air emissions are Particulates (dust), Nitrogen Oxides (NO<sub>x</sub>) and Sulphur Oxides (SO<sub>x</sub>). There is an ongoing focus on minimising the impact of these on air quality. Data is presented below.

In absolute terms, Particulate emissions in 2009 all decreased compared to 2008. This is due to a combination of reduced production and the coming on-stream of investments in emissions abatement equipment.

In 2008, CRH committed to the following air emission reductions in cement activities:

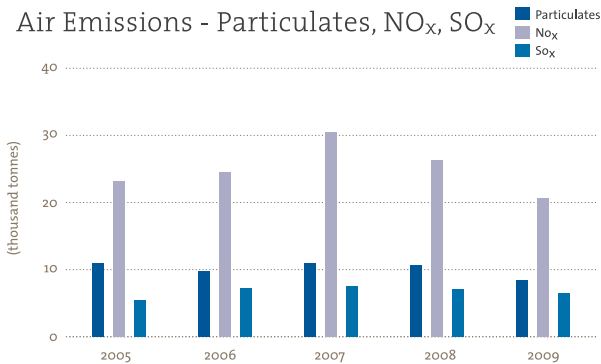
- By 2015, a reduction of at least 50% of the mean specific particulate emissions of 2006 for participating facilities.
- By 2015, a reduction of 10% of the mean specific NO<sub>x</sub> emissions of 2006 for the same facilities.

- As CRH is already at a very low SO<sub>x</sub> level, it is not technically practicable to attain further decreases; accordingly a reduction commitment is not appropriate.

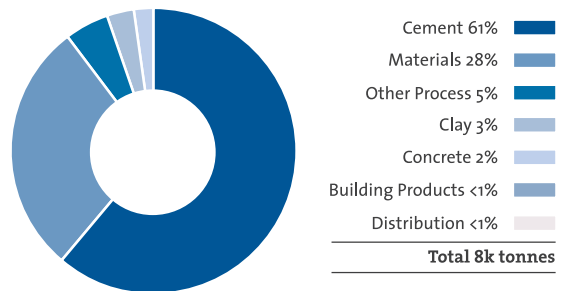
These commitments cover Group subsidiary and joint venture cement plants in Finland, Ireland, Poland, Portugal, Switzerland, Tunisia, and Ukraine.

Emissions are being reduced by a combination of plant modernisation, installation at more plants of Selective Non-Catalytic Reduction (SNCR) systems for NO<sub>x</sub> abatement, filter upgrades and other performance improvements.

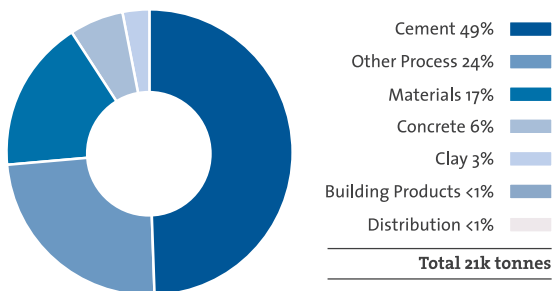
Air Emissions - Particulates, NO<sub>x</sub>, SO<sub>x</sub>



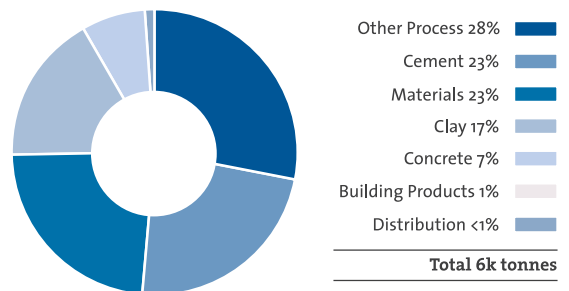
Particulate Emissions by Activity



NO<sub>x</sub> Emissions by Activity



SO<sub>x</sub> Emissions by Activity



## Materials Recycling

CRH's environmental policy requires optimisation of the use of resources through the use of recycled materials. Where practical and technically feasible, CRH recycles used inert materials in its production processes, using materials that would otherwise go to landfill. This has both environmental and financial benefits. The percentage of recycled materials used in finished products depends on the product and process and averages 5% overall.

The components of the 19.1m tonnes of recycled materials used by Group companies in 2009 were:

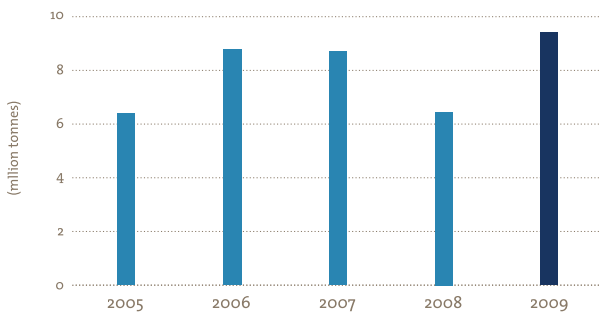
- 9.4m tonnes of Construction & Demolition (C&D) materials: these arise from construction and demolition activities and can replace virgin aggregates or be reused for fill applications, most commonly in road construction.

- 7.1m tonnes of Recycled Asphalt Pavement (RAP) materials: these arise when existing road or runway surfaces are milled, crushed and reused as a raw material for new asphalt mixes; this has the added advantage of reducing the use of virgin bitumen.
- 2.6m tonnes of fly-ash, slag and other materials with cementitious properties which are by-product materials sourced mainly from external power generation and steel production respectively; these are used as raw materials for cement, or as cement substitutes in concrete products.

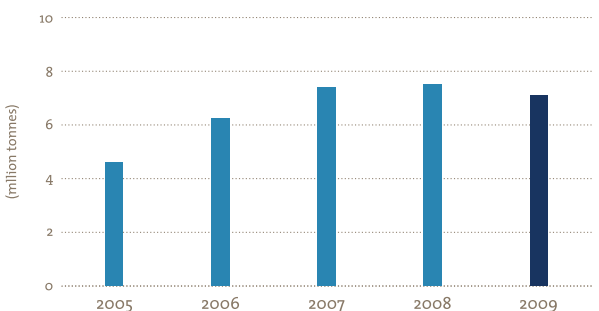
CRH strives to maximise the quantities used according to local market availability. C&D materials recycled grew by over 2.9 million tonnes with approximately 2.0m tonnes of this due to increased opportunities identified in Finland. The quantity of fly-ash, RAP and other materials used declined due to reduced market demand in 2009.

Calduran, a producer and distributor of sandlime blocks in the Netherlands, in 2009 recycled old sandlime blocks from a demolished apartment block to be used in new production.

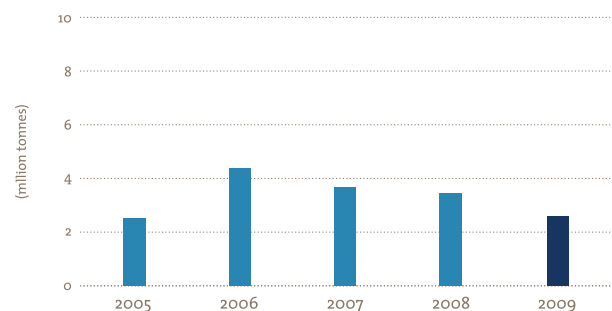
Alternative Raw Materials - C & D



Alternative Raw Materials - RAP



Alternative Raw Materials - Other



# Waste Management

CRH's environmental policy is to minimise waste generation and to recycle waste where possible. Hence CRH companies operate to the following principles: In production processes, any by-product is internally recycled back into the process where possible, thereby reducing raw material usage and enhancing process efficiency; remaining waste is minimised and recycled externally where possible. This is mostly inert waste and predominantly comprises concrete from readymixed and concrete products production.

Most locations make every effort to maximise the recycling of waste going off-site. When not possible, waste is sent for final disposal to licenced sites.

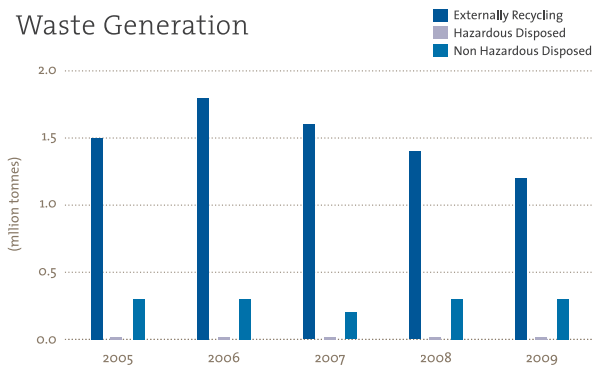
The total amount of waste generated and required to be recycled or disposed off-site reduced to 1.5m tonnes in 2009 (1.7m tonnes in 2008). Of this, 1.2m tonnes were externally recycled. Of the 300k tonnes remaining

for disposal, 3,5k tonnes were hazardous. The portion of waste being recycled is maximised as a matter of policy, but will vary from year to year depending on local conditions. The portion recycled in 2009 remained at approximately 80%, reflecting the focus on diversion of waste from landfill.

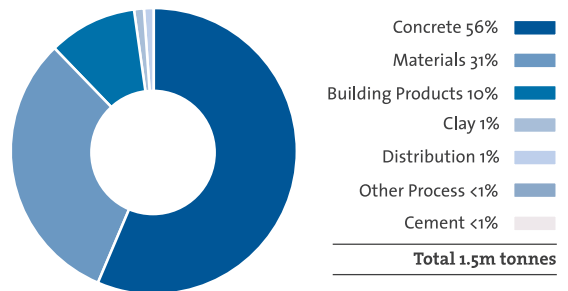
CRH is committed to participating in European national packaging waste recycling schemes and some 62 Group companies, after consolidation and restructuring during 2009, currently participate in such schemes. Such schemes are not a feature of industrial waste management in the United States.

A small number of Group companies are permitted to landfill waste on-site and in these cases it is carried out strictly to the permit requirements. All Group companies are now taking extensive precautions to prevent any incidents of unauthorised waste disposal.

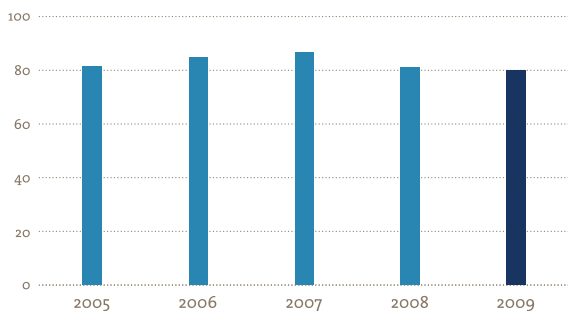
Waste Generation



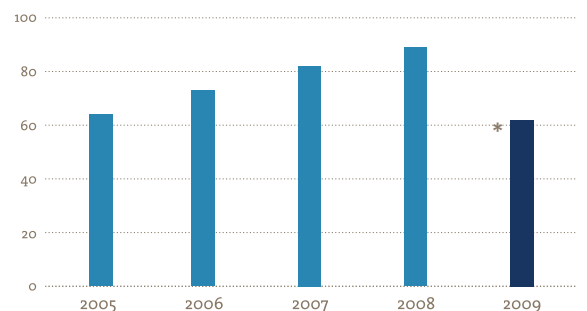
Waste by Activity



Percentage of Waste Recycled



Companies in Packaging Recycling Schemes



\*Reduction due to company restructuring/consolidation

## Water Management

CRH's environmental policy is to minimise its use of natural resources including water. Process water can often be abstracted from several sources all of which may not be metered; hence precise determination of intake quantities is sometimes difficult, though this is the Group's objective.

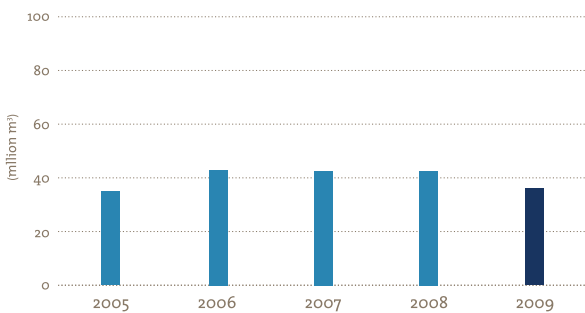
As a best estimate, CRH water usage in 2009 was 36m m<sup>3</sup>. The largest usage is in Materials activities, where water is used for processing, washing and dust suppression. Some 54% of water is sourced as surface water including rainwater, while well water accounts for 31% and mains supply for 15%.

CRH emphasises reduction in process water usage through water recycling, and there has been a steady increase in the number of Group locations

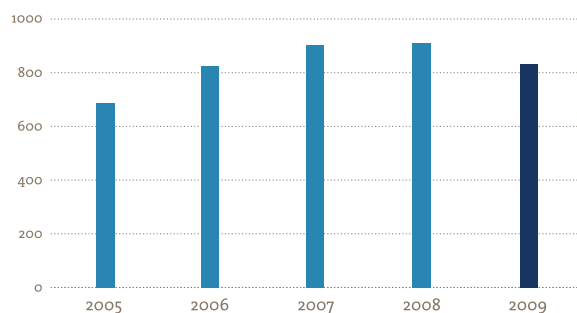
recycling water each year, with 832 active Group locations (which together represent 85% of Group total water usage) now carrying out at least some recycling. Additionally, 424 active locations (together representing 71% of water usage) use rainwater in their operations.

As with water intake, water discharge can also be difficult to quantify, not only because it is often not metered, but also because of the contribution of stormwater. As a result of the nature of CRH's activities, water discharges can occasionally contain suspended solids or be high in pH. Locations employ settling ponds and other solutions to reduce suspended solids to within good practice limits, while pH can be brought to acceptable levels if the natural neutralisation process is insufficient. Oil-water separators are used if there is a risk of oil spillage from a plant.

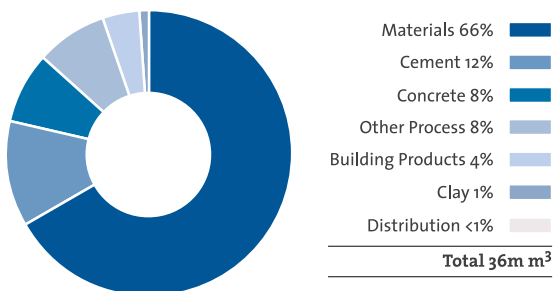
Water Usage



Locations Recycling Water



Water intake by Activity



Cerro Negro invested in a new ceramic tile production plant at Cordoba in Argentina. Water from the production processes is recycled reducing overall water consumption by 30%.



## Quarry and Pit Restoration

Much of the raw materials used by CRH Group companies are extracted from quarries, sand & gravel pits and clay pits, typically over a long operating lifetime. Therefore, when these raw materials are fully extracted, good environmental stewardship demands that CRH reinstates these areas or finds another appropriate after-use, in consultation with the local permitting authorities, neighbours, and other stakeholders.

Each year, Group companies continue to reinstate and landscape worked-out quarries and pits. In 2009, a total of 489 hectares (1,223 acres) were reinstated. The reinstated areas average out at about 1.5% per annum of total quarry and pit area.

A significant 95% of all Group quarries and pits now have formal reinstatement plans, up from previous years. The remaining quarries and pits will have complete plans within a few years. The actual amount of reinstatement achieved in any one year depends on the closure of specific quarries or pits as reinstatement and landscaping can typically only be carried out close to completion of excavation activities.

Reinstatement often includes tree planting and a further 229,000 trees were planted in 2009 bringing the total number of trees planted in the last five years to greater than 1 million across the group.

1. B&B Excavating, Rocky Mountain Division, USA, restored the Eagle River floodplain in 2009, resulting in the river amenity being significantly enhanced.
2. Ecological conservation area at Hard AG, Volketswil, Switzerland.
3. Worked out excavation area, after restoration, at the Wenger location of Stoneco, Michigan, USA.



## Biodiversity & Cultural Heritage

### Biodiversity

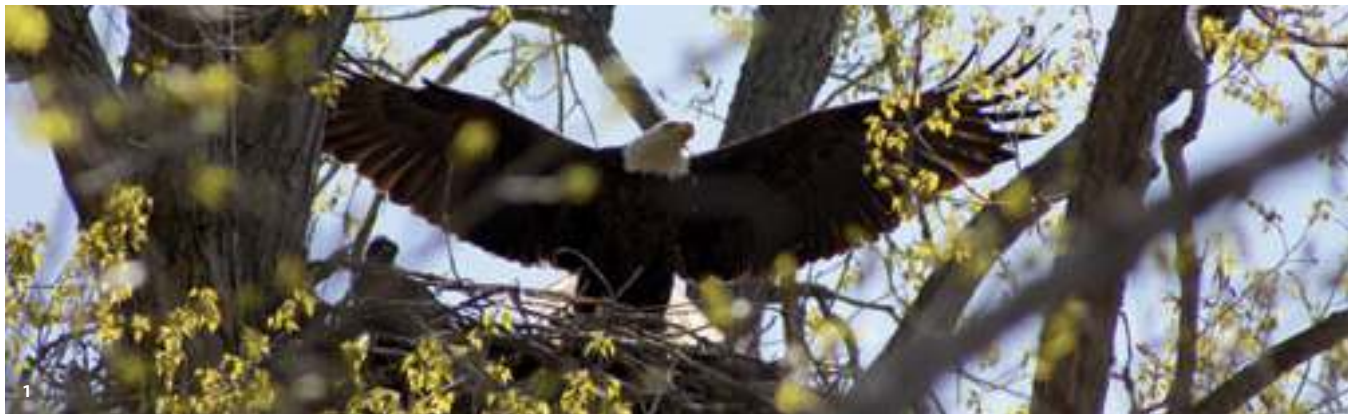
Many CRH Group quarries and pits, even during normal operations, are favoured by wildlife as a safe and natural habitat, becoming even more enriched after final reinstatement takes place.

Biodiversity management strives to enhance natural habitats while mitigating potential negative impacts of operations such as fragmentation of biodiversity corridors, impacts on water quality and disturbance to birds or animals. While almost every quarry and pit has some form of associated biodiversity, several quarries and pits are noted for special biodiversity such as particular species of flora and fauna.

All environmental impact assessments associated with permit applications require investigation of site biodiversity and that appropriate management plans are put in place.

Specific biodiversity is currently being actively managed at 94 locations across the CRH Group in Argentina, Belgium, China, Finland, Ireland, Netherlands, Northern Ireland, Poland, Switzerland, UK, Ukraine and USA. A further five locations in Portugal, Israel and USA are noted for special biodiversity species.

1. A bald eagle pictured at the Hallett Materials Lake View Sand and Gravel operation, Iowa, USA.
2. Students from the local community at the Shelly Company's Dresden Wildlife Council "Corporate Lands for Learning Site", Ohio, USA.



## Biodiversity & Cultural Heritage

### Cultural Heritage

Protecting and preserving cultural heritage for future generations is essential, as the heritage that survives from the past and is discovered through quarrying and development operations is often unique and non-renewable. CRH considers this a key aspect of being a responsible company.

Within the CRH Group, there are 17 Group companies protecting particular cultural heritage features in Ireland, Northern Ireland, Poland, Netherlands, Switzerland, the UK and the USA. Joint ventures and associates in Israel, Portugal and Estonia are preserving cultural heritage aspects at four locations.

Some quarries are noted for geological heritage, which is often noticed only when rock faces are exposed and the underlying geology can be viewed. Group companies work with local stakeholders to ensure that these features are protected appropriately, for example, by leaving some rock faces visible during restoration activities. All new quarries and pit areas are surveyed where appropriate by archaeologists to check if there is potential for any archaeological interest on the site.

1. A butterfly at the Shelly Company's Wildlife Habitat Site in Dresden, Ohio, USA. The site was recertified in 2009 as a "Corporate Lands for Learning Site".
3. A Cladonia sp. lichen thriving at a Northstone Quarry in Northern Ireland.

2. Researchers from the Geological Survey of Northern Ireland and University College Dublin visiting Northstone's Carmean Quarry to research igneous dykes present.
4. Fossils found between the chalk and sandstone strata at Northstone's Carmean Limeworks near Moneymore in Northern Ireland.



## CRH Products and the Environment

In tandem with CRH's commitment to act as a socially responsible corporate citizen, the Group views the development of products that specifically benefit the environment as a significant business opportunity.

A small number of the many examples from across the CRH Group are provided here. They all illustrate real-life win-win situations, with significant commercial as well as environmental benefits. CRH products are ideally suited to climate change mitigation and adaptation.

1. Eugene Sand & Gravel Company, Washington, USA, completed the first Federal Highway Administration's warm-mix asphalt (WMA) project using the water-injection method and including reclaimed asphalt pavement on the Old McKenzie Highway.
3. Mr. Aki Kyckling, Sales Manager at Finnsementti, informs customers about Plus Cement, Finnsementti's new "green" cement.



When concrete is used as a building material, the energy savings made possible by the thermal mass in concrete can reduce heating and cooling requirements of buildings. In addition, as a heavyweight material, concrete has the effect of smoothing out temperature peaks and troughs.

As regards adaptation to climate change, concrete construction is a well-established solution to reduce the impact of flooding through flood defence systems and stormwater management systems.

2. Oldcastle Precast installed a Storm Capture Module system for a project at Horizon Bay, Tampa, Florida, USA.
4. Stradal, in the Europe Products & Distribution Division, now produces photocatalytic pavers. This paving is made of cement containing titanium dioxide which in the presence of light oxidises atmospheric pollutants to innocuous substances.



## Awards

Excellence in environmental management is promoted throughout the Group and all companies are encouraged to enter external award schemes. CRH companies won 250 environmental awards in 2009, demonstrating CRH's ongoing solid commitment to environmental management.

### Awards won by CRH companies in the Americas include:

- Oldcastle Materials won 29 awards from the National Stone, Sand and Gravel Association, 184 awards from the National Asphalt Pavement Association as well as 29 awards from the National Ready Mixed Concrete Association and other bodies.
- APG Big River Industries was awarded an energy stewardship award.
- Glen-Gery was honoured by the Brick Industry Association.

### Awards won by CRH companies in Europe include:

- In Northern Ireland, Northstone won awards from the QPANI and an Energy and Environmental Innovation Award.
- Rudus Recycling was awarded the Responsible Player Brand.
- In Switzerland, Getaz received 'Minenergie Certificates' for two locations.

1. Jura Cement in Switzerland received the "Umweltpreis Schweiz" Award for technical innovations for its use of alternative raw materials.

3. Plant Managers from Glen-Gery Brick received the Environmental Stewardship Award from the Brick Industry Association.

2. Conrad Yelvington Distributors in the USA received the CSX Transportation Company's award recognising the reduced carbon emissions from the transportation of aggregates by rail.

4. Rudus in Finland received the 'Responsible Player' Award for recycling from the Association of Environmental Enterprises in 2009.



## Health & Safety

The Health and Safety of those who work for CRH is our No.1 priority

This section describes CRH's Health & Safety Policy and how it is implemented throughout the Group. The annual review process is described and the results for 2009 are then summarised. The Fatality Elimination Plan, formulated and implemented during the year, is discussed in detail. Safety management is reviewed and safety innovations and awards are outlined.



## Safety Policy

### Policy

CRH's Health & Safety Policy, applied rigorously across all Group companies, is to:

- Comply, at a minimum, with all applicable legislation and continually improve our health & safety stewardship towards industry best practice.
- Ensure that our employees and contractors respect the Group's health & safety imperatives.
- Ensure that our companies provide a healthy and safe work place for our employees and contractors and take due care of customers and visitors at our locations.
- Require all our employees and contractors to work in a safe manner as mandated by law and industry best practice.

### Implementation

Health & safety management is a daily priority of line management in every company and location. This line responsibility continues up to Divisional Managing Director, the Chief Operating Officer, the Chief Executive Officer and ultimately to CRH Board level. Line managers are supported at operating company level by a network of Safety Officers. Safety Officers assist line managers in working towards industry best practice, and work closely with other Safety Officers in each country or product group, as well as the Group Technical Advisor and his team.

Line management is responsible for ensuring that the company Health & Safety Policy is adhered to and that site managers and employees are trained in health & safety risk analysis and accident prevention. Where

accidents or near misses occur, these are investigated and corrective action is taken to avoid a recurrence. Contractor management also receives high priority. CRH's experience indicates that contractors have a higher risk of fatalities than employees. Contractor safety performance evaluations and management procedures are, therefore, being steadily strengthened.

While accident statistics continue to improve year on year the number of fatalities recorded on an annual basis has remained a cause of concern. CRH launched a specific top down Fatality Elimination Plan in 2009 following a detailed review of Group accident and fatality statistics over the last decade and a study of the approach to fatality elimination in other global companies across all industry sectors.

A member of Pike Industries' heavy highway division's safety committee in New Hampshire, USA, developed signs based on the US Department of Transportation's web site and had them approved by the Federal Highway Administration for use along paving projects across the state.



## Annual Review Process

At each year-end, the Safety Officers assist the Group Technical Advisor and his team in carrying out a detailed assessment of health & safety performance in all Group companies. Every Group company is required to complete and submit a detailed health & safety questionnaire by mid-January, and by mid-March a comprehensive report is submitted to and reviewed by the CRH Board.

The year-end review addressed the following key areas:

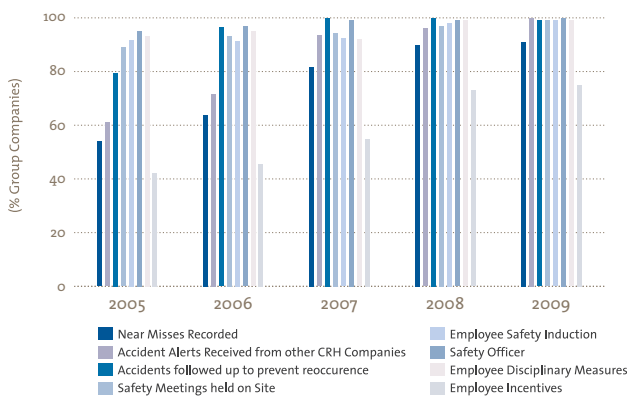
- Implementation of CRH's safety policy and effectiveness of the safety officer network.
- Detailed analysis of every situation which resulted in a fatality or serious injury.
- Implementation of the Fatality Elimination Plan.
- Analysis of all lost time injuries focusing on trends in root cause, injury type and employed person's profile.
- Improvements in safety management, including proper use of personal protective equipment, recording of near misses, frequency of safety meetings, hours of safety training, use of disciplinary measures and incentives to reduce injuries.
- Number and results of internal and external safety audits carried out.
- Workplace hygiene and employee health management.
- Occupational illness claims.

81% of CRH locations were formally audited in respect of health and safety performance in 2009.

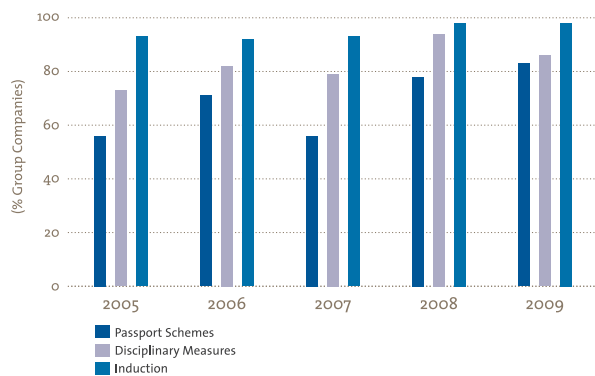
Results of the health & safety review are analysed each year in detail and statistical information is correlated to identify any higher risk aspects of CRH activities. This data is then used to better focus training programmes. This information is fed back to operating companies through the network of safety officers and safety best practice groups throughout the year. This process ensures a culture of continuous improvement of safety in all Group companies. Safety best practice is also actively shared on an industry-wide basis through the WBCSD CSI Health & Safety Task Force. All CSI Members are strongly committed to improving the safety performance of the industry.

The data below demonstrates the continued progress being achieved on several employee and contractor safety management indicators.

Employee Safety Management



Contractor Safety Management



# Safety Record

## Accidents

The 2009 annual review demonstrated further improvement in safety management and practice across the Group. The 2009 Accident Frequency Rate (combining both employees and contractors) improved to 3.8 lost time accidents per million manhours, down a significant 25% on the 2008 figure. The Accident Severity Rate also improved to 74 lost working days per million manhours, down 22% on the 2008 figure. These positive results were reflected across all four Divisions, all product groups and most activities and countries, indicating the continued huge dedication to safety management right across the Group.

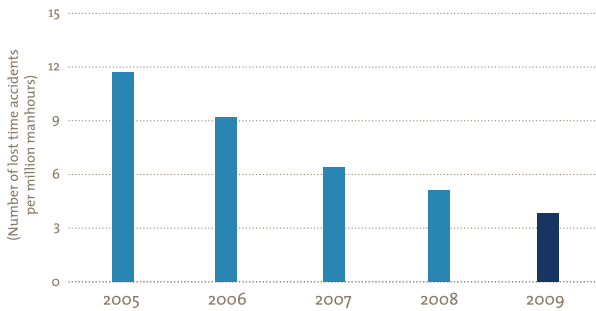
Over the last decade, Group Accident Frequency and Severity Rates have been reduced by an average of 13% per annum, significant in the context of organic and acquisition-led growth, which increased the workforce by 75% over the same timescale.

There is a particular focus on bringing acquisitions up to Group safety standards, and while most of the 2009 acquisitions already have good safety performance, this remains a particular challenge where CRH does not have management control.

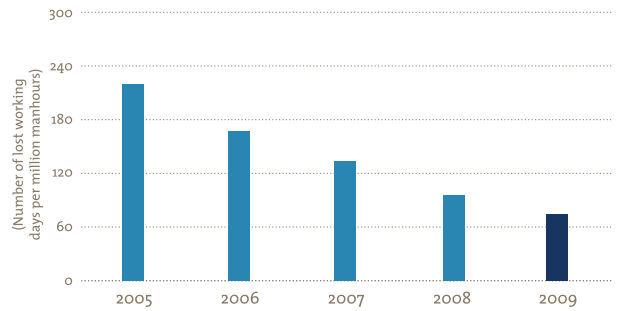
Some 76% of CRH locations were accident-free in 2009. CRH continuously strives to improve this figure through ongoing intensive safety management, training and sharing of safety best practice across all locations. Operations with poorer safety performance continue to be subject to intense management focus for improvement.

The Accident Frequency Rate for joint ventures and associates (if counted on a 100% basis) was 6.0 and the Severity Rate was 142, reflecting a generally poorer performance than subsidiaries.

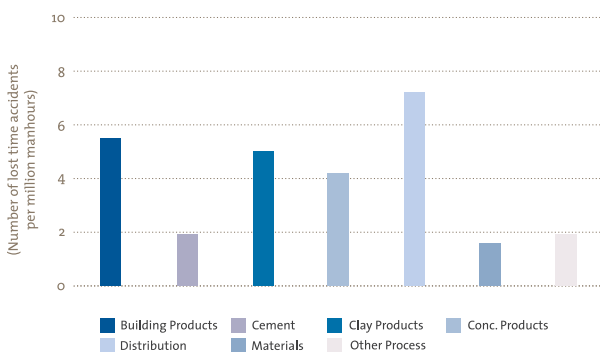
Group Frequency Rate



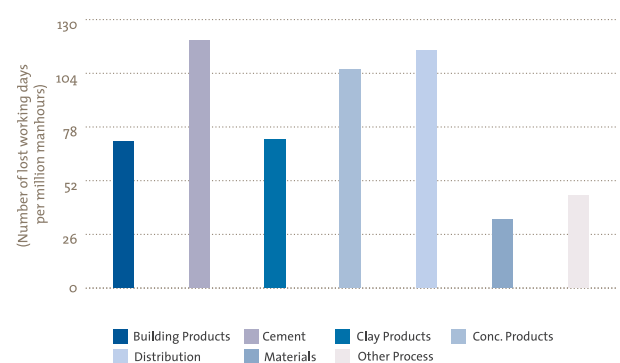
Group Severity Rate



Frequency Rate by Activity



Severity Rate by Activity



Note: All Frequency and Severity Rates quoted here are on a million manhour basis, in accordance with CSI definitions. Internally, CRH continues to use a 100,000 manhour basis, the corresponding rates being of lower magnitude by a factor of ten.

## Safety Record

### Accident Causes

Each year, CRH extensively analyses all accidents by direct cause, root cause and type of injury, age, length of service and job category of those injured, in order to better structure training and accident prevention programmes.

The data from 2009 indicates that the three main accident causes continue to be slips, trips and falls on the same level, falling and moving objects and lifting or overload. The most frequent injuries are to the arms, hands, legs and feet. This knowledge has led to well-focused programmes for accident prevention. CRH has identified that the leading safety management actions that improve safety performance are regular safety meetings, toolbox talks, more hours of training, circulation of safety alerts, and detailed analysis of near misses and incidents.

### Fatalities

Despite the very considerable focus on safety, CRH deeply regrets that there were 8 fatalities (5 employee and 3 contractor) in 2009 across subsidiaries in Poland, Ukraine, Switzerland, France, Belgium (3) and the USA. Every fatality is a tragedy too many, and CRH continues to do its utmost to eliminate fatalities from operations.

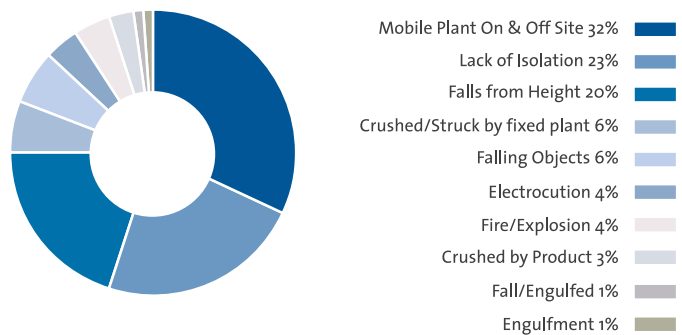
These fatalities correspond to Fatality Rates (number of Fatalities per 10,000 employed) of 0.65 (0.79 in 2008) for employees and 3.03 (0.88 in 2008) for contractors, equivalent to 0.92 (0.80 in 2008) on a combined basis. Zero is the only acceptable figure.

There were 2 third-party fatalities, which occurred in the USA. In addition to the figures reported for subsidiary companies there was also 1 contractor fatality in the new associate, Yatai Cement in China.

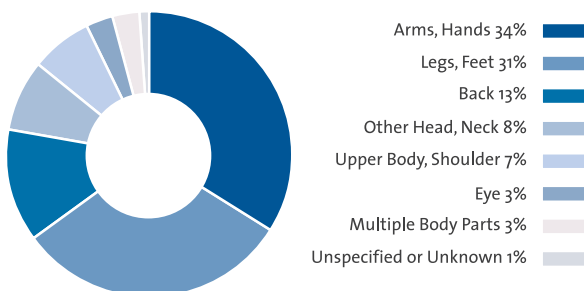
As mentioned above, CRH strives to ensure that those responsible in joint ventures and associates adopt the Group's strong commitment to good safety management.

Fatalities have been thoroughly reviewed. The three main causes of fatalities have been identified as mobile plant movements, failures by individuals to abide by established plant isolation (Lock Out/Tag Out) procedures and falls from height.

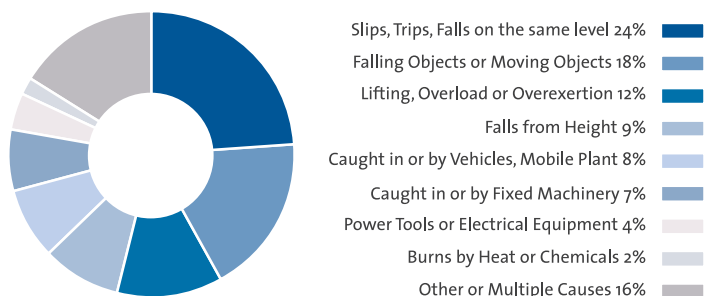
Fatalities by Cause 2001-2009



Accidents by Injury Type 2009



Accidents by Cause 2009



## Safety Management

### Fatality Elimination Plan

A rigorous analysis of fatality statistics and preventative programmes across a wide range of global industries undertaken in 2009 clearly indicated that there are two essential elements of a successful fatality elimination strategy: a major corporate effort and a separate focus on fatalities. CRH launched its Fatality Elimination Plan in July 2009 which is based on the implementation of 11 Fundamentals for Fatality Elimination relevant to Group operations. The core Fundamentals relate to:

- Risk Assessment
- Mobile Plant Safety
- Isolation of Operating Machinery
- Machinery Guarding
- Confined Space Entry
- Working at Heights
- Lifting Operations
- Underground and Overhead Utility Dangers
- Use of PPE
- Conveying and Storage of Materials under Pressure
- Blast Operations

The Fundamentals for Fatality Elimination are now implemented Group wide and are mandatory. The Plan aims to develop a greater sense of vulnerability and instil a no compromise philosophy on safety as management and employees go about their daily work.

The CEO led Plan was rolled out across all Divisions and Companies in 2009. Every CRH employee received a personal letter from the CEO endorsed by the Divisional Directors and local briefings were held in every Company.

The Plan is being integrated into every facet of the Group's activities with the Fundamentals on the top of the agenda at every operational meeting across the Group. The Fundamentals are being incorporated into existing training programmes. A monthly Fundamental Safety Alert is now distributed to each location across the Group. Auditing of the implementation of the Plan is now being pursued across all Divisions.

Mr. Domingo Gonzalez, Supervisor and Safety Coordinator at the Bonsal American Franklin Park location in the USA, standing beside a poster incorporating the core CRH Fatality Fundamentals. These posters are distributed throughout all locations at Bonsal American.



## Safety Management

Safety is a daily priority for all levels of management. Each company (sometimes groups of companies, depending on size) is required to appoint a full or part-time Safety Officer. In 2009 the number of Safety Officers across the Group was 330 (reduced from 340 in 2008 due to restructuring/consolidation). Each company is also required to have safety induction programmes for new employees, hold safety meetings, follow up on any accidents, circulate safety alerts and monitor near misses.

The number of hours spent on safety training has been found to be a key parameter in reducing the accident frequency rate. Over the last three years each employee at CRH has received, on average, 42 hours training specifically on health & safety. Incentives for good safety performance are in place in many companies, while any negligence identified is subject to disciplinary action.

There is a strong focus on the integration of the CRH safety management culture into acquisitions and associated contractors as rapidly as is practicable. This can present extra

challenges in countries and regions that traditionally have a poor safety culture.

While CRH at Group level does not have formal agreements with trade unions on safety matters, safety improvement forms an integral part of discussions with trade unions at local company level.

Driver and Contractor training also receive high priority. Many CRH companies use a “passport” scheme to ensure that contractors have appropriate safety training and experience before they come on-site. Most companies have pre-qualification systems for vetting the safety record of contractors before selection. Contractor safety inductions and formalised evaluation and disciplinary procedures are being steadily increased.

Recommended Good Practice Guidelines for Contractor Safety and for Driving Safety have been developed by the Safety Task Force of the WBCSD CSI of which CRH is a member. These Guidelines will be incorporated into existing safety programmes and rolled out across the Group over the next two years.

1. In 2009 Rudus in Finland developed a new safety training park which received national acclaim. The safety park focuses on teaching best practices through using relevant on-site scenarios. The photo shows employees from Rudus Finland receiving safety training at the safety park.



2. An employee receiving safety training and instruction on the use of fall arrest systems at Bazaltex in Poland. During the training participants are shown how to use personal fall protection systems and emergency rescue methods.



## Safety Management

In most joint ventures and associates, CRH does not have direct responsibility for safety management, but partners are actively encouraged to adopt CRH’s dedication to safety performance. In most cases CRH partners actively embrace Group safety policy, report safety data and willingly participate in CRH best practice activities.

In 2009, CRH incurred several minor fines totalling €288k with over half of these occurring in the United States, mostly resulting from OSHA/MSHA inspections. All deficiencies notified have been rectified.

On the positive side, CRH has invested approximately €110 million over the last five years on upgrades on all aspects of safety across the Group. The level of spending underlines a dedication to improvements in safety, ergonomics, and general workplace conditions. Training is an essential part of managing safety, and extensive training is ongoing within CRH.

### Employee Health

The annual review process also captures extensive data on employee health and well-being. In the 2009 review, most companies confirmed that they were already compliant with current national regulations on workplace hygiene monitoring. The remaining companies are completing their programmes in accordance with appropriate targets.

There was a very low incidence of occupational illness claims recorded in Group companies in 2009, indicating a positive position in occupational health across the Group.

In the EU, relevant companies also participate in the European Social Dialogue Agreement (ESDA) on respirable crystalline silica exposure. Where necessary, CRH companies have also actively planned upgrades to comply with developing legislative requirements.

Furthermore, 64% of Group companies provide well-being programmes for their employees. These typically include smoking cessation, weight control, vaccinations and drug and alcohol rehabilitation programmes. Also, 76% of Group companies offer assistance on employee health insurance.

1. The Safety Leadership Team at Texas Bitulithic, Dallas, USA, redesigned equipment to improve manual handling.



2. At the Yatai Group, China, performance review meetings start with a 3km run to encourage the management team to keep fit.



## Safety Innovation

### Eliminating Fatalities – a practical initiative

It was reported in 2008 that Ibstock and Forticrete in the UK were working with forklift truck manufactures to install a system which would automatically apply the brakes of a reversing forklift if a sensor indicates the potential for a collision with an object or a person. A prototype was evaluated at the Throckley site.

The basic auto reversing braking system parameters include a rear-facing sensor to register an object at a distance of 3m and a side sensor to detect an object at 0.6m distance. An alarm is activated at a distance of 3m from the object, a second alarm is activated at 2m from the object and automatically slows the forklift from 5kph to 1kph, and a third alarm is activated at 1m from the object.

Following highly successful trials, an order has been placed to retrofit the auto-reverse braking system to the fleet of forklift trucks at the Ibstock Throckley site. Other forklift truck manufacturers have also been developing prototypes which will be trialled at other sites within the UK.

With the success of the auto-reverse braking system installed on the forklift trucks the team at Ibstock decided to review other machines on site to establish if the same principles of protection could be installed.

An Ogden Radar system has been fitted to two new loading shovels. The system incorporates a rear-facing radar detection system, which alerts the driver to the presence of an object or person in close proximity and if the loading shovel continues to get closer to the object and there is a danger of a collision then the brakes are activated. This system is currently being assessed.

A rear facing radar detection system fitted to a loading shovel at Ibstock's clay brick plant at Throckley, UK.



## Awards

Health & Safety is promoted throughout the Group and all companies are encouraged to enter external award schemes. In addition, many internal company award schemes are in place. A significant 321 health & safety external awards and recognitions were achieved by Group companies in 2009.

### Awards won by the Americas companies included:

- America Materials won 180 safety awards from various awarding bodies including: Associated General Contractors, MSHA (Sentinels of Safety), Aggregate Producers Association (Morgison), NAPA (Diamond Achievement), National Stone, Sand & Gravel Association, Joseph A Holmes.
- Americas P&D won 88 safety awards from various awarding bodies including: OSHA, NCMA (National Concrete Masonry Association), ICPI, (Interlocking Concrete Paving Institute) MSHA, ESCSI (Expanded Shale, Clay and Slate Institute), OSHA (VPP Star recertification), NCDOL (NC Department of Labour), NPCA (National Precast Concrete Association).

### Awards won by the European companies included:

- Europe Materials and Europe P&D won 53 safety awards from various awarding bodies including: Irish Concrete Federation, RoSPA, Construction Employers Federation, Quarry Products Association Northern Ireland, Mineral Products Association, British Precast Federation, British Ceramic Industry (Safety Pledge), Polish National Labour Inspectorate, Finland Aggregate Industry, Swiss Sécurité & Santé, European Agency for Health and Safety at Work.

1. The Stoneco team at Michigan, USA, reached a remarkable safety milestone in April 2009 of 10 years without a lost time accident.
3. Employees at the Super Glass plant in Argentina successfully participated in fire fighting training which was conducted by the firefighters from the Local Authority.

2. Mr. Angus Kennedy, Northstone, Northern Ireland, receives an award from the President of the Royal Society for the Prevention of Accidents, Lord Jordan of Bournville CBE, for developing and using the "Guardian Goal Post" system.
4. Mr. Hans Kuijvenhoven, Health & Safety Director, CRH Europe Concrete Products, presents a Safety award to Mr. Marc Paredis, Plant Manager, Marlux, Zolder, Belgium.



1



2



3



4

## Social

CRH's objective is to exceed the expectations of all our stakeholders on social policy.

This section focuses on CRH's Social Policy relating to employees, customers, suppliers and neighbours. The Group's social policy is outlined in the CRH Code of Conduct and is applicable in all subsidiary companies. Implementation and monitoring of performance is the responsibility of operating company management reporting through the divisional structure to Group headquarters.



# Social Policy

## Policy

CRH's Social Policy, applied across all Group companies, is to:

- Comply, at a minimum, with all applicable legislation and ensure that our social stewardship is consistent with industry best practice.
- Manage our businesses in a fair and equitable manner, meeting all our social responsibilities as both a direct and indirect employer.
- Apply the principle of equal opportunity, valuing diversity regardless of age, gender, disability, creed, ethnic origin or sexual orientation, while insisting that merit is the ultimate basis for recruitment and selection decisions.
- Ensure that we deal responsibly with our suppliers and customers in accordance with our Code of Business Conduct and proper business practice.

## Implementation

CRH believes that continued business success is rooted in good employee, customer, supplier and neighbour relations. This is particularly true in a decentralised organisation, where management responsibility is delegated as far as possible to the local level.

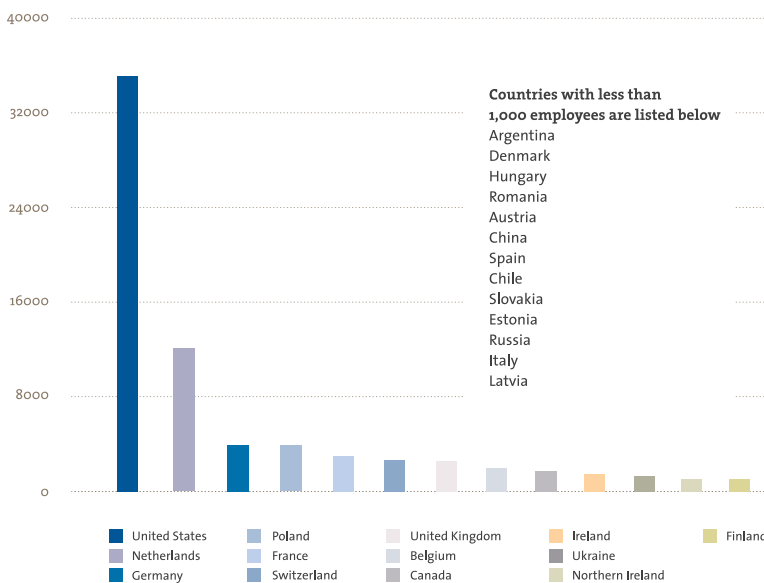
Company Managing Directors are responsible for the implementation of CRH employment policies, guidelines and objectives in their areas of responsibility. They are supported in this role and in reporting at Group level by their Human Resources (HR) teams which have a functional reporting line through Product Group and Divisional HR Directors to the Group Human Resources Director. Data is provided below on the geographic employee footprint of the Group.

A breakdown is also set out below of the number of employees in the three main employment categories of Management, Clerical/Administration and Operations.

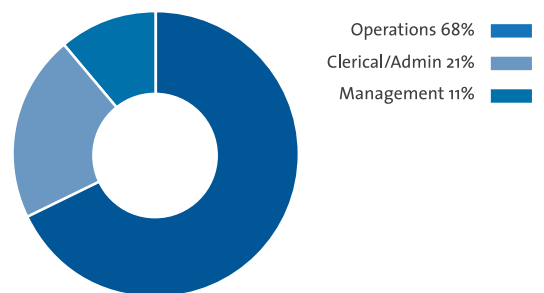
Operating company management is responsible for managing customer and supplier relations in local markets in accordance with overall CRH policy. This work is often supported by national, regional or product group contracts with large customers and with suppliers of critical inputs such as cement and energy.

The updated CRH Code of Conduct outlines key management responsibilities in relation to employment, purchasing, competition and customer relationships.

Number of Employees by Country at end-2009



Employees by Category 2009



## Employment Features

### Statistics

In 2009, the CRH Group employed approximately 80,000 people directly and a further 10,000 as contractors. An overview of employment data by length of service, gender, and age is set out below.

The traditional nature of the building materials industry is reflected in the high proportion of males employed, particularly in operations, while women represent 44% of people employed in clerical and administrative roles. The overall male/female ratio is 83:17. The overall age profile of the Group is well balanced.

At all locations, the majority of CRH employees come from the local population, typically reflecting its ethnic diversity; this inherently enhances bonds with local communities. A number of key industry characteristics should be noted when analysing employment data:

- Many jobs in CRH companies are physically demanding, often outdoors.
- As CRH continues to develop, there is an ongoing need to acquire new skills to operate more specialised, complex equipment and to continually improve quality, safety and environmental performance.
- The seasonal and cyclical nature of the industry places particular demands on management and workforce to deal with peaks and troughs in demand.

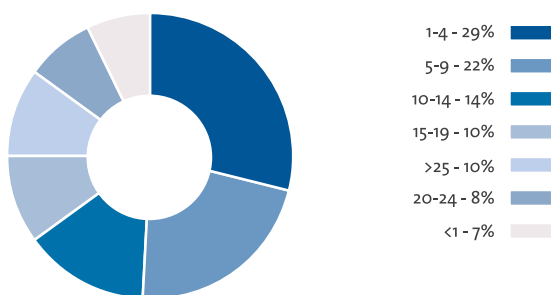
As a result, Group companies focus on:

- Training and creating opportunities for career development.
- Continuously improving employee welfare in line with best industry standards.
- Steadily improving workplace ergonomics and automation of repetitive and strenuous operations.
- Implementing all aspects of safety management throughout operations.
- Implementing specific policies to assist management and employees with retirement planning and with downsizing when necessary. For major operational changes appropriate notice periods are implemented.

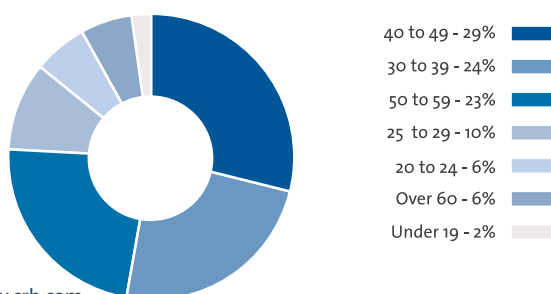
While the nature of the industry makes it difficult to employ people with physical disabilities, CRH takes its responsibilities in this area seriously. In 2009, 50 companies employed a total of 332 disabled or disadvantaged people.

It is noteworthy that in 2009, the overall employee absenteeism level was reported at less than 3%, which is very low by industry norms, and can be regarded as a good overall indicator of employee satisfaction. Details relating to absenteeism are set out below.

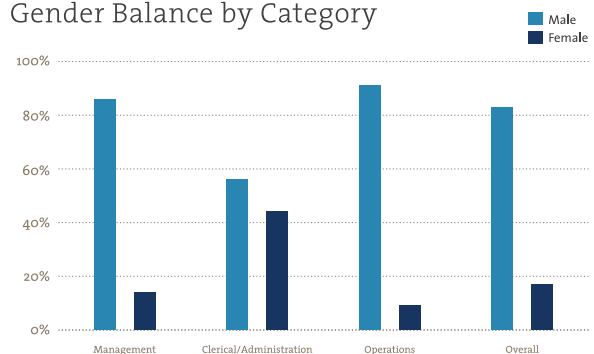
Length of Service 2009



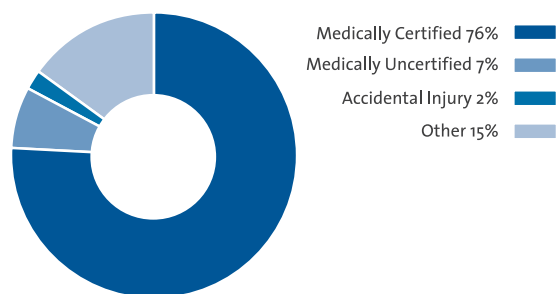
Employees by Age 2009



Gender Balance by Category



Absenteeism by Type 2009



## Employee Development

Many employees enjoy long-term careers with CRH, and this is a distinctive feature of the Group. CRH is regarded by many in the wider industry as a highly desirable employer, and many job applications are received each year.

The Group offers competitive pay, social and pension benefits at least in line with industry and local or national practice, often with bonuses linked to company and individual performance targets. In some cases, equity (share) based incentives are also provided in accordance with regulatory and industry practices in particular jurisdictions.

Some 92% of Group companies, covering 84% of all employees, carry out regular employee briefings. While only 15% of employees take part in formal employee satisfaction reviews, most companies gauge employee satisfaction on an informal basis, as there are on average only 20 employees at each location. The flat organisational structure, together with small locally-managed operating units, ensures that close links are maintained between management and employees.

### Training

CRH continues to commit significant resources to training and developing employees throughout the organisation. In 2009, over 80% of companies noted that they offered career development opportunities or advice.

In 2009 an average of almost 23.7 hours of training took place per employee, similar to 2008.

1. MMI in the USA held its first cross-divisional Safety Conference in October of 2009. The event was attended by MMI's safety representatives and topics discussed included the CRH Fundamentals for Fatality Elimination, Residual Risk Reduction, Ergonomics and MMI's Seven Safety Imperatives.



1

This training focused mainly on safety but also included environmental, technical, leadership and other skills training.

Aside from safety training the major focus of the operating companies is on skills training with an emphasis on performance improvement in the business. The Product Group, Divisional and CRH Group focus is longer term and emphasises management development, core skills enhancement and the building of an international leadership pipeline for the future.

CRH also runs educational support programmes for employees across the Group to pursue further studies. In 2009, approximately 200k hours of training was undertaken in areas such as administration, language, first-aid and supervisory/management skills.

Excluding seasonal employees, Group employee turnover rate is about 22%, and this is typically higher in the first few years of employment. Fair and flexible hiring and lay-off practices apply, particularly in seasonal businesses. In these seasonal situations, some employees return year after year, which is in itself a good indicator of employee satisfaction.

The CRH culture is to foster employee entrepreneurship at a local level. In 2009, 51% of Group companies had employee suggestion schemes, which further enhance employee creativity and allow for appropriate recognition for innovative ideas.

2. Group companies use DVDs as an integral component of their training programmes.



2

## Employee Development

CRH is also noted for recording a very low number of days lost due to industrial disputes: in 2009, less than 150 man days were lost in the whole Group, equivalent to only 0.001% of all man days worked, another positive indicator of good employee relations.

### Trade Unions

Trade union membership varies by country. In 2009, overall trade union membership was 22%. Wage negotiation is carried out at a variety of levels, depending on local industry practice. Overall in 2009, nearly half of the wage reviews were carried out on an individual basis, with the remainder being carried out through unions/groups or national pay deals. Over 94% of CRH companies have retirement benefits tied in with national schemes, while 72% of companies provide additional retirement benefits.

### Human Rights

CRH fully subscribes to the principles of the United Nations Declaration on Human Rights in all activities, particularly as they relate to employees, contractors and local communities. The Code of Business Conduct requires that Group companies, both in setting out policies and in practice, conform with the principles of the United Nations Declaration on Human Rights in so far as they apply to Group operations.

CRH also considers human rights implications, where applicable in investment decisions. For example, as mentioned on page 13, acquisition due diligence in developing countries covers human rights and other issues.

CRH pays special attention to the purchase, directly or indirectly, of products in or from developing economies, and requires that its principal suppliers meet good practice and standards in respect of human rights.

### Best Practice Sharing

The CRH Group is highly diversified geographically, culturally and by activity. Therefore, it is essential to have a very effective and rapid means of horizontally sharing knowledge across borders and cultures. This is achieved through best practice sharing which occurs through a variety of mechanisms across the Group.

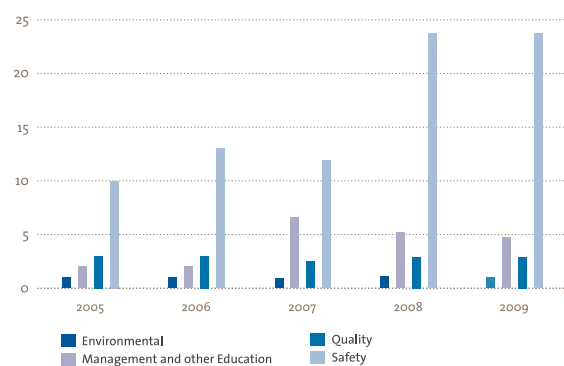
Best practice groups in key product areas meet regularly at national, regional and international level. These best practice groups also focus on CSR issues, particularly safety and environmental performance, in the context of each product group. The best practice activities are, therefore, in themselves a powerful conduit for continuous improvement in CSR performance. In addition to the product-specific best practice groups, cross-divisional and cross-product groups also meet specifically on environmental and health and safety issues. Best practice groups on key operational areas such as energy management and procurement are now making a significant contribution to the enhancement of operational excellence.

Audit programmes also assist in the sharing of best practice.

Members of the CRH Euroforum meeting in the Netherlands in May 2009.



Hours of Training per Employee



## Management Development

CRH management comprises a powerful blend of people from three distinct streams:

- Employees at operational, administrative, professional and management levels whose career opportunities grow as CRH grows.
- Highly skilled finance and development professionals who, on proving themselves, can then move into senior management roles.
- Owner-entrepreneurs, who choose to stay on post-acquisition, bringing a strong “can do” attitude to the businesses they run and grow.

CRH’s decentralised structure gives local, but disciplined, autonomy, which balances entrepreneurial drive with prudent operating practices consistent with Group guidelines. This continually fuels the Group’s performance and growth imperatives. CRH commits significant resources to training and developing high-potential employees throughout the organisation to meet the leadership challenges of performance and growth.

All Divisions run management and leadership development programmes in conjunction with Group Human Resources, complementing the initiatives at company, regional and product group levels.

These programmes combine inputs from faculty members of leading international business schools with contributions from senior CRH management.

The Group makes wide use of succession planning tools, on-the-job development, performance management, coaching and mentoring as well as formal training to ensure a plentiful availability of leadership talent to meet the Group’s strategic objectives.

Selected senior managers from around the Group are regularly brought together to focus on corporate and business strategy, organisational culture and the latest developments in management science. The annual Group Management Seminar is a highlight in this process.

Participants in the January 2010 CRH Management Seminar which reviewed 2009 performance and looked forward to 2010 and beyond.



## Customer Service

The Group's broad customer base reflects its product and geographical diversity. Sales across the Group totalled approximately €17 billion in 2009. Individual businesses serve a wide range of customers including government agencies, contractors, distributors and private individuals, with no individual customer accounting for more than 1% of total Group sales.

Products are sold in highly competitive markets. CRH companies focus on excellence in customer care, product quality, value and service to distinguish CRH from competitors. Many products are independently certified to the highest quality.

Customer satisfaction is monitored formally and informally throughout the Group. In 2009, 70% of companies carried out formal customer satisfaction surveys, with smaller companies monitoring their progress through informal daily contacts with their customers. CRH strongly believes that continued success in business is only achieved by continually exceeding customer expectations in the highly competitive markets in which it operates.

The CRH Code of Business Conduct specifically addresses customer relationships and has been distributed to marketing and sales managers

throughout the Group. The dissemination of the Code of Business Conduct has been continuously supported by a series of seminars and training events which explain compliance requirements. The updated Code further strengthens CRH rules in relation to competition law (Anti Trust). Division and Product Group management is responsible for the implementation of the Code, which is monitored by the Internal Audit function.

### Product Responsibility

The products delivered by CRH companies, when properly used, present negligible health risks throughout their life cycles. CRH products are accompanied by Material Safety Data Sheets containing appropriate advice on use and application.

The Group Technical Advisor and internal health & safety specialists regularly liaise with the relevant industry associations and regulatory bodies to ensure that Group companies are aware of and comply with their obligations in this area. In particular, Group companies in the EU are complying with the initial requirements of REACH, the European Regulation on chemicals and their safe use, in so far as the Regulation applies to the Group and its products.

1. Glen-Gery Brick in the United States hosted a number of distributor events in 2009. Nearly 300 distributors and their employees, architects and customers attended the events which included plant tours and information seminars.



2. Roadstone Wood product display area for customers in Tralee, Co. Kerry, Ireland.



## Supply Chain Management

Individual operating companies source raw materials and supplies both externally and also internally from other CRH companies. Internal sourcing arises from vertical integration and includes cement and aggregates supplied, for example, to readymixed concrete or concrete products producers within the Group. Competition in downstream markets ensures that internal sourcing remains competitive compared to alternatives.

The majority of external purchasing contracts are negotiated by individual operating companies. These are increasingly being supplemented by centrally negotiated supplier agreements at national, regional or product group level for products such as cement, bitumen and float glass, energy-related inputs such as natural gas, electricity, pet-coke and mobile plant, and significant consumables such as grinding media, paper sacks and safety equipment.

Major external purchasing contracts are awarded following a rigorous competitive tendering process. Decision criteria include price, quality, supplier reputation and CSR performance, including human rights. CRH is committed to responsible and cost-effective procurement from its

diverse supplier base. None of the Group's major suppliers provide more than 5% of total purchases and most are below 1%.

The CRH Code of Business Conduct contains several provisions aimed at ensuring that the Group conducts its business activities with its supply chain in a responsible manner. These relate to legal compliance, use of confidential or inside information, conflicts of interest, provision or acceptance of gifts and prohibition of any form of bribe or similar inducement.

Due to the local nature of CRH company business, most suppliers are based in Europe or North America. Currently only a very small percentage of purchases is sourced from developing economies such as China, India or Latin America.

Procurement standards are applied on a global basis with special attention being paid to human rights issues for purchases from developing regions and relevant training is being rolled out to procurement personnel.

1 & 2 Crusher parts are being sourced in China for CRH Europe Materials operations. Supplier reviews and audits include aspects of the CSR performance of individual suppliers.



# Communications

## CRH encourages open communication with all stakeholders

CRH attaches great importance to its communications with all stakeholders. The company welcomes enquiries from individuals, rating agencies and other groups interested in increasing their knowledge of CRH and its activities. A number of the many communication activities undertaken across CRH operations around the world are described in this section. Further information is available on [www.crh.com](http://www.crh.com), on individual company websites, or can be obtained by contacting CRH either locally or at Group level.



## Internal and External Communications

CRH communicates regularly with all its key stakeholder groups on a broad range of issues, including its CSR commitments and performance. Stakeholders include employees, shareholders, the investment community, rating agencies, legislative and regulatory authorities, contractors, customers and suppliers, as well as neighbours, local NGOs and community groups.

At Group level, CRH engages with shareholders and the investment community, third-party survey and assessment organisations and other interested parties. In 2009 key topics discussed were: CRH's performance in the context of the global economic environment, acquisition and cost reduction programmes and CSR policy implementation.

At company level, CRH is in regular dialogue with customers, suppliers, neighbours and local communities. Communications with legislative and regulatory authorities are either handled at company level, or at product group or regional level as appropriate. In addition, company representatives maintain a range of contacts with educational institutions, particularly universities throughout the countries in which CRH does business.

### Employees

Internal communications make a valuable contribution to CRH's success in the competitive environment of the building materials industry. Divisions, regions and product groups have strong traditions of regular and open communication. The employee voice within CRH is heard directly through a variety of representative structures depending on the business or country concerned. Mechanisms exist throughout the Group for informing and consulting employees

on matters impacting on them directly and on the businesses in which they work.

In the European Union, the CRH Euroforum (in compliance with the European Works Council Directive) provides a regular opportunity for employee representatives to discuss a wide range of business and social issues, including CSR strategy, with company management. Feedback on the annual CSR review process is given at Euroforum meetings.

In 2009, approximately 92% of all Group companies held regular formal employee briefings. In addition, smaller companies provided information on a more informal basis. This reflects the ongoing open dialogue across the organisation.

The CRH internal newsletter "Contact" is produced annually in ten languages from articles submitted by individuals and companies throughout the Group. Additionally, 38% of companies have their own newsletters with many opting for electronic newsletters, which can be disseminated more rapidly and efficiently.

### Investment Community

Communications with shareholders and the investment community are promoted through the Investor Relations (IR) team, based at Group headquarters at Belgard Castle. The quality and openness of CRH's IR activities has been highly acclaimed and CRH has won many awards for the quality of its communications with the investment community. IR data is downloadable from the CRH website, which has been specifically designed with the investor in mind and which offers an automatic alert facility.

Company publications at Europe Materials



CRH Contact Magazine 2009



← Children in a playground sponsored by American Cement Company, Florida, USA.

## Communications - Local Communities

CRH companies form an integral part of the many communities in which they operate. CRH is committed to ensuring that the genuine needs, views and interests of the local community are taken into consideration and is sensitive to the impact its operations may have on neighbours, particularly those in the immediate vicinity of operating locations. A key feature of many local engagements is the holding of advance discussions with neighbours on development plans and increasingly Group companies are formalising their neighbour relations programmes.

In 2009, 84 Group companies supported significant local initiatives, which included the provision of materials for churches, schools and homes, and support for local sporting, charity, nature conservation and educational events.

Group companies held a total of 402 open days in 2009. Neighbours of all ages including school children, students, employees, community

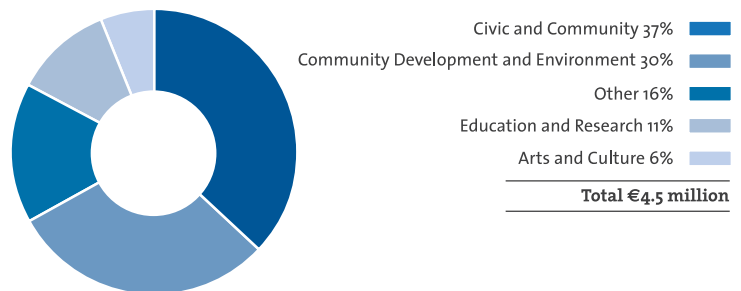
representatives, customers and local and regional public representatives and officials were invited to these events.

CRH supports a wide variety of worthy charitable initiatives both at a central and local level. In 2009, CRH contributed approximately €4.5m to civic and community causes, community development initiatives, education and research projects, local arts and culture initiatives, as well as other local causes such as job creation.

Approximately 70% of the annual donation budget is administered at local level where the focus is on supporting civic and community initiatives. Group-led initiatives tend to focus on education and research, the environment and a range of other issues - many of which are international in nature. In many companies, individual employees also contribute generously of their own time in supporting good local causes; their contributions are often matched by their company.

1. Farrans, Northern Ireland, provides primary school children with an opportunity to learn more about the hazards of unauthorised access to construction sites by presenting their "Play Safe Stay Safe" programme to local schools.
2. Tilcon, New Jersey, USA, held an open day at its Mount Hope location in 2009. These open days provide an opportunity for Tilcon employees to meet local residents and to inform the public about its operations. Events, including site tours, children's activities and a competition to guess the weight of a tyre used on one of the large shovel loaders at the site were organised.

CRH Donations 2009



## Communications - Local Communities

1. Students from the local Vocational school visited Secil's Cementos Madeira plant in Portugal in 2009. During their visit the students were briefed specifically on health and safety management.

3. Irish Cement, Platin, in Ireland continued to develop partnerships with local primary and secondary schools. 6th class pupils from the Donore primary school and their teacher visited the plant in 2009.

2. In October 2009, APAC-Kansas, USA, hosted an open day at its newly acquired Olathe facility. The open day drew large crowds and the day involved tours of the plant, safety awareness events and equipment displays. The day also included fun activities including a range of competitions.

4. Students from a local school visited Rejowiec cement plant in Poland.



1



2



3



4

## Communications - Local Communities

1. The Southern Minnesota Construction Company, Midwest Division of Oldcastle Materials, USA, conducted several site tours for students from local schools and universities. In October 2009 the pupils from the local St. Mary's School took part in a site tour.

2. In April 2009, students from the University of Warmia and Mazury in Olsztyn, Poland, visited the OKSM Zabi Róg location. During the visit students were briefed on "Geology and Morphology" as part of their study curriculum.

3. Sakrete, Bonsal American, USA, continued to develop partnerships with local schools. In April 2009 Mr. Bob Schmidt visited 1st grade pupils at Charlotte Providence Spring Elementary School to demonstrate some Sakrete concrete products.



## Communications - Local Communities

1. Employees of S.C. Elpreco S.A. in Romania organised a campaign with the local school to promote awareness of environmental issues. During the campaign, students and teachers from the local school along with employees from Elpreco collected waste from a pine nursery area at Craiova.

3. Cormela SA in Argentina supports the Sporting Club Defensores de la Esperanza through donations and many employees participate as volunteers. The Sporting Club is a non-profit organisation based in the city of Campana and brings together children of different ages and background through sport. The photo shows the team “Little Giants” with coach David Alzogaray at a football game in the city of Zarate.

2. School children from Ramla in Israel visiting the Nesher Cement Plant’s Visitor Centre. In 2009 approximately 1,600 visitors attended the centre and Nesher continues to develop and strengthen partnerships with local communities and schools.

4. Grupa Ożarów S.A. in Poland organised its annual open day in 2009. The programme included tours of the cement plant and activities involving competitions and performances by local artists including the children’s folklore music group.



## Communications - Local Communities

### Shelter

As CRH is a building materials company, many community and charitable initiatives across the Group have focused in recent years on the theme of "Shelter".

Many companies in the USA support Habitat for Humanity through the donation of building materials to build houses for low income families. In addition, many employees donate time to this worthy cause and help with the construction work.

1. The Annual Chambers Ireland President's Awards recognises achievements in Corporate Social Responsibility and in 2009 CRH's Irish Companies received the "Responsible Employer Category Award" for the CRH Simon Safety Challenge.
3. Bonsal American and Oldcastle Lawn & Garden partnered with local business and educational interests and the Carolina Panthers to build a new playground for a local school in Charlotte, NC, USA.



In recent years CRH businesses in Ireland have joined together in an initiative to support the Simon Communities of Ireland, an organisation dedicated to helping homeless people. This initiative involved the entire workforce, and linked donations to the local Simon Community to safety performance at each location. The scheme started in mid-2007 and up to the end of 2009 this innovative approach had yielded over €1.5 million for the Simon Community.

2. LS Jensen Construction & Ready Mix, Montana, USA, continued to donate materials to the Habitat for Humanity Missoula Montana Chapter. Stan Dugdale Vice President, LSJ & RM, presents a hard hat to Habitat for Humanity's Project Superintendent, Mike Sehorn.
4. My Home Industries, India, contributed to many local projects during 2009. One of these projects included the widening of the Zilla-Parishad Road connecting the Railway Line Crossing to Mulakapalli Village. Such infrastructural projects improve access to the local villages.



## External Endorsements

<p><b>Dow Jones Sustainability Indexes (Zürich)</b>                  In September 2009 CRH was again included in the Dow Jones World and STOXX Indexes. The rating was carried out on behalf of DJSI by SAM (Sustainability Asset Management), based on a very detailed evaluation of CRH’s governance, environmental and social performance. In January 2010, CRH was ranked by SAM as “Gold Class”.</p>	 
<p><b>FTSE4GOOD (London)</b>                  CRH was again included in the FTSE4Good Index in September 2009. During 2009, CRH met several information requests from EIRIS, the research agency for the FTSE4Good. In March 2010 FTSE4Good advised CRH of its continued inclusion in the Index.</p>	
<p><b>GovernanceMetrics International (GMI) (New York)</b>                  GMI, which focuses on corporate governance, continued to highly rank CRH in 2009.</p>	
<p><b>ECPI (Italy)</b>                  In its December 2009 review, ECPI included CRH as a constituent of the ECPI Ethical Index Euro.</p>	
<p><b>Vigeo (Paris)</b>                  Vigeo continued to highly rank CRH in 2009.</p>	
<p><b>Ethisphere (USA)</b>                  In April 2009, CRH was recognised by the Ethisphere Institute as one of the World’s Most Ethical Companies. This recognition was repeated in March 2010.</p>	

CRH actively engages in a transparent manner on an ongoing basis with the major Socially Responsible Investment (SRI) Agencies on its CSR performance. This engagement takes the form of completing formal questionnaires issued by many of the Agencies as well as interviews, meetings and other contacts as relevant.

## CRH CSR Report 2009

## Relationship to GRI Guidelines

GRI G3	Description	2009 CSR Report Page Number	2009 Disclosure
<b>Strategy &amp; Profile</b>			
<b>Profile</b>			
1.1	CEO Statement on relevance of sustainability to the organisation & strategy	1-2	Full Disclosure
1.2	Description of key impacts, risks, and opportunities	1-4, 19-20	Full Disclosure
<b>Organisational Profile</b>			
2.1	Name of the organisation	6	Full Disclosure
2.2	Primary brands, products, and/or services	7-8, 11-12	Full Disclosure
2.3	Operational structure of the organisation	9	Full Disclosure
2.4	Location of organisation's headquarters	6, back cover	Full Disclosure
2.5	Countries where the organisation operates	11-12	Full Disclosure
2.6	Nature of ownership and legal form	6	Full Disclosure
2.7	Markets served	7-8, 10-12	Full Disclosure
2.8	Scale of the reporting organisation	6-13	Full Disclosure
2.9	Significant changes during the reporting period in size, structure, ownership	14	Full Disclosure
2.10	Awards received in the reporting period	40, 50, 66	Full Disclosure
<b>Report Parameters</b>			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	front cover, 77-78	Full Disclosure
3.2	Date of most recent previous report (if any)	77-78	Full Disclosure
3.3	Reporting cycle (annual, biennial, etc.)	77-78	Full Disclosure
3.4	Contact point for questions regarding the report or its contents	back cover	Full Disclosure
3.5	Process for defining report content	1-4, 77-78	Full Disclosure
3.6	Boundary of the report	77-78	Full Disclosure
3.7	Any specific limitations on the scope or boundary of the report	77-78	Full Disclosure
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	77-78	Full Disclosure
3.9	Data measurement techniques and the bases of calculations	77-78	Full Disclosure
3.10	Explanation of effect of re-statements of information provided previously	no restatements	Full Disclosure
3.11	Significant changes in scope, boundary, or measurement methods	77-78	Full Disclosure
3.12	Table identifying the location of the Standard Disclosures in the report	67-70	Full Disclosure
3.13	Policy and current practice on seeking external assurance for the report	2, 77-78	Full Disclosure
<b>Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organisation	16-17	Full Disclosure
4.2	Indicate if Chair of the board is also an executive officer	16	Full Disclosure
4.3	The board members that are independent and/or non-executive members	17, Annual Report 40-41	Full Disclosure
4.4	Ways for shareholders & employees to provide recommendations or direction	17-18, 54-55, 60	Full Disclosure
4.5	Link between compensation of board and management with performance	16-17 & Annual Report 43, 51-59	Full Disclosure
4.6	Processes in place for the board to ensure conflicts of interest are avoided	16, 19-20, Annual Report p. 42-59	Full Disclosure
4.7	Process for determining the qualifications and expertise of the board	16-17 & Annual Report p. 42-59	Full Disclosure
4.8	Internally developed statements of mission or values, codes of conduct, & principles	1-2, 16, 18, 22, 42, 52	Full Disclosure
4.9	Procedures of the board for overseeing identification and management of performance	15-20, 23, 43, 52	Full Disclosure
4.10	Processes for evaluating the boards own CSR performance	16-18, Annual Report 42-59	Full Disclosure
4.11	Explanation of whether and how the precautionary approach or principle is addressed	1-2, 15-20, Annual Report 42-59	Full Disclosure
4.12	Externally developed economic, environmental, and social charters, principles	1-4, 22, 28, 42, 52, 55, 71	Full Disclosure
4.13	Memberships in associations	1-2, 28, 66, 71	Full Disclosure
4.14	List of stakeholder groups engaged by the organisation	1-2, 17, 59-66	Full Disclosure
4.15	Basis for identification and selection of stakeholders with whom to engage	1-2, 17, 51-66, 77-78	Full Disclosure
4.16	Approaches to stakeholder engagements	59-66, 77-78	Full Disclosure
4.17	Key topics and concerns that have been raised through stakeholder engagement	18, 59-66, 77-78	Full Disclosure

GRI G3	Description	2009 CSR Report Page Number	2009 Disclosure
<b>Management Approach and Performance Indicators</b>			
<b>Economic</b>			
	Disclosure on Management Approach	1-2, 5-13, 15-20	Full Disclosure
EC1	Direct economic value generated and distributed	6, 13, 61, Annual Report 72-77, 130-131	Full Disclosure
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	1-2, 19-20, 25-31, 39	Full Disclosure
EC3	Coverage of the organisation's defined benefit plan obligations	16-17, 55, Annual Report 103-108	Full Disclosure
EC4	Significant financial assistance received from government	no significant assistance	Full Disclosure
EC5	Additional: Range of ratios of standard entry level wage compared to local minimum wage	54	Partial Disclosure*
EC6	Policy, practices, and proportion of spending on locally-based suppliers	58	Partial Disclosure*
EC7	Local hiring and proportion of senior management hired from the local community	52, 53	Partial Disclosure*
EC8	Development and impact of infrastructure provided primarily for public benefit	6-12, 59-65	Full Disclosure
EC9	Additional: Understanding and describing significant indirect economic impacts	6, 59-65	Full Disclosure
<b>Environmental</b>			
	Disclosure on Management Approach	1-4, 21-25	Full Disclosure
EN1	Materials used by weight or volume	8	Partial Disclosure*
		Note: Production quantities relate closely to material use - many products	
EN2	Percentage of materials used that are recycled input materials	28, 33, 71	Full Disclosure
EN3	Direct energy consumption by primary energy source	26, 31	Full Disclosure
EN4	Indirect energy consumption by primary source	26, 31	Full Disclosure
		Note: Electricity is CRH's only significant indirect energy source.	
EN5	Additional: Energy saved due to conservation and efficiency improvements	31, 71	Partial Disclosure*
EN6	Additional: Energy-efficient or renewable energy products and services	25-31, 39, 71	Full Disclosure
EN7	Additional: Indirect energy consumption reduction initiatives and results	25-31, 71	Full Disclosure
EN8	Total water withdrawal by source	35	Full Disclosure
EN9	Additional: Water sources significantly affected by withdrawal of water	none significantly affected	Full Disclosure
EN10	Additional: Percentage and total volume of water recycled and reused	35 (number of locations recycling water)	Full Disclosure
EN11	Location and size of land by protected areas and areas of high biodiversity value	36-38	Partial Disclosure*
EN12	Description of significant impacts of activities, products & services on biodiversity	36-38	Full Disclosure
EN13	Additional: Habitats protected or restored	36-38	Full Disclosure
EN14	Additional: Managing impacts on biodiversity	36-38	Full Disclosure
EN15	Additional: IUCN Red List species and other list species with habitats affected by operations	37-38	Partial Disclosure*
EN16	Total direct and indirect greenhouse gas emissions by weight	26	Full Disclosure
EN17	Other relevant indirect greenhouse gas emissions by weight	CO <sub>2</sub> is only relevant GHG	Full Disclosure
EN18	Additional: Initiatives to reduce greenhouse gas emissions and reductions achieved	25-31	Full Disclosure
EN19	Emissions of ozone-depleting substances by weight	not material in the sector	
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	32	Full Disclosure
EN21	Total water discharge by quality and destination	35	Partial Disclosure*
		Note: destination varies.	
EN22	Total weight of waste by type and disposal method	34	Full Disclosure
EN23	Total number and volume of significant spills	23	Full Disclosure
EN24	Additional: Weight of waste deemed hazardous	34	Full Disclosure
EN25	Additional: Details of water & habitats significantly affected by discharges of water and runoff	37	Full Disclosure
		Note: No significant impacts to water bodies or habitats from water discharges.	
EN26	Initiatives and extent of environmental impacts of products and services mitigation	25-31, 39, 57	Full Disclosure
EN27	Percentage of products sold and their packaging materials reclaimed by category	34	Partial Disclosure*
EN28	Significant fines and non-monetary sanctions for non-compliance with environmental law	23	Full Disclosure

GRI G3	Description	2009 CSR Report Page Number	2009 Disclosure
EN29	Additional: Significant environmental impacts of transporting products etc. and workforce	30-31	Full Disclosure
EN30	Additional: Total environmental protection expenditures and investments by type	24	Full Disclosure
<b>Social : Labour Practices and Decent Work</b>			
	Disclosure on Management Approach	1, 2, 51-58	Full Disclosure
LA1	Total workforce by employment type, employment contract, and region	52-53	Full Disclosure
LA2	Total number and rate of employee turnover by age group, gender, and region	52-54	Partial Disclosure*
LA3	Additional: Benefits for full-time employees not provided to temporary or part-time	54-55	Partial Disclosure*
LA4	Percentage of employees covered by collective bargaining agreements	55	Full Disclosure
LA5	Minimum notice period(s) regarding significant operational changes	53, 55	Partial Disclosure*
LA6	Additional: % workforce in formal management-worker health and safety committees	41-48, 55, 60	Partial Disclosure*
LA7	Rates of injury, occupational diseases, lost days & absenteeism, & number of work-related fatalities by region	41-50	Full Disclosure
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	48, not material <small>Note: CRH does not have a significant presence in countries with endemic diseases such as HIV/AIDS</small>	
LA9	Additional: Health and safety topics covered in formal agreements with trade unions	46-48	Full Disclosure
LA10	Average hours of training per year per employee by employee category	47, 54, 55	Full Disclosure
LA11	Additional: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	51-56	Full Disclosure
LA12	Additional: % employees with regular performance & career development reviews	51-55	Partial Disclosure*
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	16-17, 52-53, Annual Report 40-41	Full Disclosure
LA14	Ratio of basic salary of men to women by employee category	same job same pay	Full Disclosure
<b>Social : Human Rights</b>			
	Disclosure on Management Approach	55, 58	Full Disclosure
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	13, 55, 58	Partial Disclosure*
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	18, 58	Partial Disclosure*
HR3	Additional: Hours and % of employee training on policies and procedures in human rights	18, 58	Partial Disclosure*
HR4	Total number of incidents of discrimination and actions taken	18	Partial Disclosure*
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	55, 58	Full Disclosure**
HR6	Operations with significant risk for incidents of child labour, and measures taken to eliminate	55, 58	Full Disclosure***
HR7	Operations with significant risk of forced or compulsory labour, and measures to eliminate	55, 58	Full Disclosure***
HR8	Additional: Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	40 companies provided relevant human rights training	Full Disclosure
HR9	Additional: Incidents of violations involving rights of indigenous people & actions taken	not applicable as CRH does not have a presence in countries of concern	

GRI G3	Description	2009 CSR Report Page Number	2009 Disclosure
<b>Social : Society</b>			
	Disclosure on Management Approach	1-2, 51-52, 59-65	Full Disclosure
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	36, 51-58, 59-65	Full Disclosure
SO2	Percentage and total number of business units analyzed for risks related to corruption	13, 19-20, Annual Report 42-47	Partial Disclosure*
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	18, 19-20, 54, 57, 58	Partial Disclosure*
SO4	Actions taken in response to incidents of corruption	no significant incidents	Full Disclosure
SO5	Public policy positions and participation in public policy development and lobbying	28	Full Disclosure
SO6	Additional: Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	no significant donations to political parties	Full Disclosure
SO7	Additional: Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Annual Report 13	Full Disclosure
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Annual Report 13	Full Disclosure
<b>Social : Product Responsibility</b>			
	Disclosure on Management Approach	1-2, 25, 39, 57-58	Full Disclosure
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	36, 57	Full Disclosure
PR2	Additional: Incidents of non-compliance with regulations and voluntary codes on health and safety impacts of products and services during their life cycle, by type of outcomes	none known, 57	Full Disclosure
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	57-58 for relevant products	Full Disclosure
PR4	Additional: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	none known, 57	Full Disclosure
PR5	Additional: Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	57	Partial Disclosure*
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	not material for building products due to the nature of these products.	
PR7	Additional: Total number of incidents of non-compliance with regulations and voluntary codes on marketing communications, including advertising, promotion, and sponsorship by type of outcomes	not material for building products due to the nature of these products.	
PR8	Additional: Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	none known	Full Disclosure
PR9	Additional: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	no significant fines	Full Disclosure

Notes:

\* CRH is a federal Group and consequently company-level data for some GRI indicators is not collated centrally although overall performance is monitored. For these indicators CRH has therefore reported a Partial Disclosure. CRH reviews annually the scope of the CSR data collection and where appropriate and practicable in the future will report a Full Disclosure on relevant indicators.

\*\* CRH fully supports the right to exercise freedom of association and collective bargaining and has not identified any operations where this is at risk.

\*\*\* Some CRH operations are in developing regions where risk of child labour and compulsory labour could exist. Management systems are in place to ensure the risk is eliminated and key suppliers in such regions are being audited.

# Key Performance Indicators for Cement Activities

## Cement Sustainability Initiative

Key Performance Indicator	2005	2006	2007	2008	2009
<b>Climate Change<sup>(1)</sup></b>					
Total CO <sub>2</sub> emissions (Gross), million tonnes	9.83	10.11	12.06	13.31	10.11
Total CO <sub>2</sub> emissions (Net), million tonnes	9.73	9.86	11.78	13.12	9.83
CO <sub>2</sub> emissions (kg) per tonne of cementitious product (Gross)	751	751	741	749	717
CO <sub>2</sub> emissions (kg) per tonne of cementitious product (Net)	744	733	724	738	697
<b>Alternative Fuels &amp; Materials<sup>(1)</sup></b>					
Energy efficiency (kcal/kg clinker)	954	973	964	955	926
% Fuel substitution for virgin fuels	7.5%	8.6%	7.2%	6.2%	10.8%
% Biomass in kiln fuel	1.5%	1.6%	1.5%	1.4%	2.0%
% alternative materials (clinker and cement)	6.0%	6.1%	10.1%	8.9%	12.2%
clinker : cement ratio	85.2%	85.0%	83.6%	81.8%	79.5%
<b>Health/Safety<sup>(2)</sup></b>					
No of fatalities (directly employed)	1	0	0	0	0
Fatality rate per 10000 (directly employed)	3.5	0	0	0	0
No of fatalities (indirectly employed)	1	1	1	0	1
No of fatalities (involving 3rd parties)	0	0	0	0	0
Number of lost time injuries (directly employed)	19	19	22	18	10
Number of lost days (directly employed)	577	346	850	646	677
LTI rate per 1m man hours (directly employed)	3.64	3.64	3.36	2.63	1.88
Severity rate per 1m man hours (directly employed)	111	66	130	94	127
Number of lost time injuries (indirectly employed)	1	8	7	12	5
<b>Emissions<sup>(1)</sup></b>					
Particulates, specific (g/tonne of clinker)	349	375	412	405	376
Particulates, total (tonnes per year)	4,060	4,332	5,631	5,924	4,222
NO <sub>x</sub> , specific (g/tonne of clinker)	1,684	1,554	1,929	1,646	1,580
NO <sub>x</sub> , total (tonnes per year)	19,568	17,932	26,383	24,051	17,730
SO <sub>x</sub> , specific (g/tonne of clinker)	144	154	257	200	224
SO <sub>x</sub> , total (tonnes per year)	1,671	1,778	3,513	2,917	2,510
<b>Emissions Monitoring<sup>(2)</sup></b>					
% Clinker Produced with monitoring of major and minor emissions	79.5%	79.9%	65.6%	74.7%	75.1%
% Clinker Produced using continuous monitoring of major emissions	67.6%	79.4%	78.8%	74.7%	75.1%
<b>Local Impacts<sup>(2) (3)</sup></b>					
No. of active quarries within, containing or adjacent to areas designated for their high biodiversity value	-	-	-	-	5
% of sites with high biodiversity value where biodiversity management plans are actively implemented	-	-	-	-	80.0%
% of sites with community engagement plans in place	78.6%	85.7%	85.7%	80.0%	72.2%
% of active sites with quarry rehabilitation plans	92.9%	92.9%	92.9%	86.7%	77.8%

<sup>(1)</sup> Subsidiary and joint venture/associate companies on an equity share basis.

<sup>(2)</sup> Subsidiary companies

<sup>(3)</sup> The original single KPI on biodiversity (Local Impacts) was updated by CSI members in early 2009 and expanded to two.

# Glossary

Abbreviation	Explanation
Aggregates	Crushed stone, sand and gravel
Asphalt	A mixture of bitumen and aggregates: used for road and highway surfaces
Building Products	In the CRH context, this includes insulation, fencing and security systems, daylight and ventilation systems, roller shutters and awnings and construction accessories
C&D	Construction and Demolition
Cement	The primary binding agent used in building, made by grinding clinker and other materials to a fine powder, which can be mixed with water, sand and aggregates to set as concrete
Clay	A naturally occurring plastic material composed primarily of fine-grained minerals which can be mixed with other ingredients, shaped and fired to create clay bricks, roof tiles, pavers etc.
Clinker	A black nodular material which is the output of a cement kiln following decarbonation of limestone and reaction with other materials
Concrete	A building material consisting of sand, gravel or aggregates in a mortar or cement matrix, cast or moulded into blocks, pipes, tiles and other products
CO <sub>2</sub>	Carbon dioxide, generated by fuel combustion and decarbonation and/or oxidation of carbon in raw materials
CSI	Cement Sustainability Initiative
CSR	Corporate Social Responsibility
Decarbonation	The dissociation of calcium carbonate to calcium oxide with the evolution of carbon dioxide
Distribution	In the CRH context, distribution includes DIY stores, specialist building materials suppliers and builders' merchants
DJSI	Dow Jones Sustainability Index
EIA/EIS	Environmental Impact Assessment/Statement
ELO	Environmental Liaison Officer (designated person in each company with functional responsibility for environmental compliance)
EMS	Environmental Management System
EPA	Environmental Protection Agency (of the country concerned)
G	Giga (10 <sup>9</sup> units)
GHG	Green House Gas
GWh	Gigawatt hours
Ha	Hectares (of land restored or landscaped), where 1 ha= 2.5 acres
IPC, IPPC	Integrated Pollution (Prevention and) Control, i.e. permitting which integrates emissions to air, water, land etc into a single licence
ISO 9001	The International Standards Organisation model for management and external certification of quality
ISO 14001	The International Standards Organisation model for management and external certification of environmental performance
k	One thousand units
km	Kilometre
KPI	Key Performance Indicator
L	Litre
Leadership Position	Leadership positions quoted are on a volume basis
Lime	Calcium oxide, created by decarbonation of limestone, and calcium hydroxide
m	One million units
Materials	In the CRH context, this includes aggregates, asphalt, readymixed concrete
mg	Milligram
MSHA	Mine Safety and Health Administration (US)
NAP	National Allocation Plan (for CO <sub>2</sub> emissions)
NAPA	National Asphalt Pavement Association (US)
NGO	Non-Governmental Organisation
NO <sub>x</sub>	Nitrogen oxides
OHSAS 18001	Occupational Health & Safety Assessment Series certification of occupational health & safety
OSHA	Occupational Safety and Health Administration (US)
Other Process	In the CRH context, this includes lime, periclase and lightweight aggregates production
Periclase	Magnesium oxide, used in the manufacture of refractory linings for the steel, cement, glass and non-ferrous metal industries
NSSGA	National Stone, Sand & Gravel Association (US)
RAP	Recycled Asphalt Pavement
Readymixed Concrete	A mix of aggregates, sand and cement that can be poured into forms and sets as a solid mass
SAM	Sustainability Asset Management (Zürich-based Rating Agency for DJSI)
SO <sub>x</sub>	Sulphur oxides
SRI	Socially Responsible Investment
Specific	A term defining emissions on a per tonne of product basis
T	Tera (10 <sup>12</sup> units)
TWh	Terawatt hour
Tonnes	Metric tonnes
WBCSD	World Business Council for Sustainable Development



# DNV Assurance Statement

## CRH Corporate Social Responsibility Report 2009

### Introduction

Det Norske Veritas Ltd. (DNV) was commissioned by the management of CRH plc (CRH) to carry out an independent third party assurance engagement on CRH's 2009 Corporate Social Responsibility Report (the Report). The engagement focused on the information provided in the Report and the underlying management and reporting processes. As part of this engagement, DNV also verified CRH's reported World Business Council for Sustainable Development – Cement Sustainability Initiative (WBCSD-CSI) Key Performance Indicators (KPIs). The specific scope of this verification, our approach and specific conclusions on reliability are reported separately in the CSI Assurance Statement on page 75, but they form part of this assurance statement and should not be read, referred to or relied upon in isolation.

This Assurance Statement is intended for the readers of the CRH CSR Report. CRH is responsible for the collection, analysis, aggregation and presentation of all information and assertions made within the Report. DNV's responsibility regarding this assurance engagement is to the management of CRH only, in accordance with terms of reference and scope of work agreed. DNV disclaims any liability or responsibility to a third-party for any decisions, whether investment or otherwise, based upon this Assurance Statement.

### Scope of Assurance

This assurance engagement covered data from calendar year 2009. The scope of DNV's assurance engagement, as agreed with CRH, included the verification of:

- CSR policies, goals, initiatives, practices and performance for calendar year 2009, as described in the Report. These were verified at Group level as well as in site visits to 10 production facilities (sites) of CRH operating companies and joint ventures.
- The Health & Safety, Social and Environmental data management systems, and associated processes and tools for collecting, analysing, aggregating and reporting quantitative and qualitative information provided in the Report.
- Processes for defining the boundaries, focus and content of the Report.
- The extent to which the principles and requirements of the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting (2006) (GRI G3) are reflected in the Report and the corresponding application level declared by CRH.
- The extent to which the principles of Materiality, Inclusivity and Responsiveness are adopted, in line with the requirements of the AccountAbility1000 Assurance Standard (2008) (AA1000AS (2008)) for a Type 2 high level assurance engagement. The reliability of the information within the Report for calendar year 2009 was verified to a high level of assurance, with particular attention paid to the following:
  - Corporate Governance: communication of the code of conduct and hotline to employees and management at sites visited during the assurance engagement, and mechanisms for communication on these matters to the Board of Directors;
  - Environment: energy use, alternative materials and fuels, recycling, and waste management;
  - Health & Safety: safety management, frequency rate, severity rate, fatalities;
  - Social: number of employees, gender balance and absenteeism rates.

CRH's reporting boundaries include all operating companies over which CRH management exercises significant control. Where data and information

from joint ventures and associated companies is included, it is noted within the Report.

All elements of this assurance engagement were carried out in accordance with the requirements of AA1000AS (2008) for Type 2, high level of assurance, aside from the CSI KPIs for which a moderate level of assurance was provided. The verification of CRH's CSI KPIs for CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates and Health & Safety is detailed in the separate CSI assurance statement on page 75.

### Limitations

The engagement excluded the CSR management, performance and reporting practices of CRH's suppliers, contractors and any third-parties mentioned in the Report. DNV did not interview external stakeholders as part of this assurance engagement.

### Statement of Competence and Independence

DNV provides sustainability risk management services through specialists worldwide. This engagement was undertaken by a multi-disciplinary team of suitably qualified and experienced sustainability professionals. DNV was not involved in the preparation of any information presented in the Report, with the exception of the CSI Assurance Statement and this Assurance Statement. DNV did not provide any services to CRH or its stakeholders during 2009 that could compromise the independence or impartiality of our work.

### Verification Methodology

This assurance engagement was carried out between March and July 2010, and in accordance with the DNV Protocol for Verification of Sustainability Reporting, which is based on the GRI G3 and AA1000AS (2008).

In reaching our conclusions, we have undertaken the following work:

- Interviewed more than 15 CRH executives and management representatives from different Divisions and functions of the Group, in addition to more than 50 representatives interviewed during the site visits;
- Visited CRH's Head Office at Belgard Castle and CRH Europe Materials' Head Office in Ireland and conducted site visits to: Irish Cement (Limerick Works) in Ireland; Podilsky Cement in Ukraine; Cementownia Ożarów and Trzuskawica Lime in Poland; and the following sites in the USA – Oldcastle Precast, (Rehoboth, MA); Tilcon CT (New Britain Quarry, Asphalt and Readymix, CT); North Branford Quarry and Pine Orchard Dock (CT); Oldcastle Glass (Hauppauge, NY); and Allied Distribution (Hicksville, NY). These were selected with due regard to achieving a balanced range of products, geographies, length of time within the Group and the level of CSR maturity. DNV observations from visits to more than 60 CRH sites, during prior assurance engagements, were also taken into account;
- Examined relevant documents, data and other information requested by DNV and made available by CRH;
- Reviewed a selection of internal communication and external media reports relating to CRH's CSR management approach, performance and adherence to its policies;
- Reviewed the mechanisms implemented by CRH to promote and oversee its CSR-related policies across the Group, as described in the Report;
- Analysed CSR data management systems at Group, Divisional, Company and site level, assessing specified data and information reported by CRH (in accordance with the requirements of AA1000AS 2008). The assessment of reliability of data and information was based on explicit assertions regarding CSR performance on material issues and included

a review of their completeness and accuracy. It included a review of the methods, practices and tools used in the collection, aggregation, analysis, internal quality control and reporting of the data and information. DNV's assessment also included: high-level trend analysis; the identification and analysis of significant changes in performance since 2008; a review of data traceability; and record checks at different stages in the data flows, from source to Group level.

**Conclusions**

In DNV's opinion, and based on the scope of this assurance engagement, the Report provides a reliable and fair representation of CRH's CSR-related policies, goals, initiatives, practices and performance in 2009.

During 2009, CRH has continued to improve and expand its CSR programme, for example, by investing considerable effort in its Fatality Elimination Programme, which aims to successfully eliminate the occurrence of fatalities across the Company's operations, as described in the Report. That CRH has continued to further its investment in CSR, despite the challenging economic environment, is commendable.

CRH is committed to the Health & Safety of its employees and contractors. As detailed in the Report, significant improvements have been achieved in the Group's frequency and severity rates as compared with 2008, and are part of a general trend of improvement year upon year. DNV found that a high level of attention and focus is placed on health and safety by management across all sites visited as part of this assurance engagement.

The effort invested in environmental management across CRH subsidiaries varies, ranging from simple compliance with environmental legislation to comprehensive environmental management systems certified to ISO14001. Given the diversity of CRH divisions, product-types and operations, a range of approaches based on material significance is to be expected.

Based on the work undertaken as part of this assurance engagement, DNV believes that the Report generally meets the principles, content and quality requirements of GRI G3 and AA1000AS (2008) for a type 2 high level of assurance. We confirm the GRI application level of A+ declared by CRH. Further conclusions and observations on the adoption of reporting principles and specified performance information are made below:

**Inclusivity and Responsiveness:** Overall, CRH has a good understanding of its stakeholders and their information needs and has used this knowledge to inform the content and structure of the Report. Engagement with local stakeholders is delegated to line management at local operating companies, some of which have robust stakeholder engagement programmes. This is particularly true for Companies involved in more intensive production processes, which may have greater impact on the environment and surrounding community. At Group level CRH engages regularly with SRI rating agencies, investors and shareholders, and participates in industry associations such as the WBCSD-CSI, CEMBUREAU and others to address CSR issues material to its sector and its business.

The Report describes CRH's employees as a key stakeholder group. CRH engages them in a number of ways, including through best practice groups that have been established around a product or regional grouping to review environmental or health and safety matters. These best practice groups meet on a regular basis throughout the year. Recently, the CRH CSR team has enhanced the CSR communication process throughout the group by providing greater opportunity for critical feedback.

**Materiality:** Although CRH does not have a formal, structured materiality determination process, at Group level the organisation maintains a range of internal processes which are effective in bringing out CSR issues of relevance and importance to the business, society and key stakeholders. Through these processes, some of which are described above, CRH is able to continue to identify and address material CSR issues and is able to stay informed of

trends and changes in CSR over time. CRH has used these processes to inform the content of the Report.

**Reliability:** The data measurement techniques and basis for calculations have been duly described to DNV and can be replicated with similar results. No systematic errors have been detected for data and information verified in accordance with our scope of assurance. Furthermore, we have not found any material inaccuracies or gaps that would significantly affect the way performance is perceived by stakeholders.

CRH is to be commended for the comprehensive and rigorous CSR data management processes in place at Group level. Notably, in 2009, CRH considerably enhanced its data management systems through the implementation of version controls and improvement of internal data collection tools and guidance. These enhancements further improved the reliability of information submitted from site to Group level and facilitated reporting.

The Report presents information in a clear manner which facilitates the comparison of performance over a five year period. For cement, which accounts for a significant share of the Group's environmental impact, CRH reports specific (per tonne of product) values in line with the CSI KPIs. CRH has this year included similar information for Lime and is reviewing the practicality of expanding this approach to other significant product lines.

**Completeness:** The Report includes all entities that meet the criteria of being subject to control or significant influence of the reporting organisation, and does not omit relevant information that would influence stakeholders' decisions or that reflect significant Environmental or Health & Safety or Social issues.

**Neutrality:** In general the Report provides a fair and balanced representation of CRH's CSR approach and performance in 2009. There could be greater discussion of the CSR-related challenges faced by the Company and its subsidiaries.

**Opportunities for Improvement**

The following is an excerpt from the observations and opportunities reported back to the management of CRH to encourage continual improvement. However, these do not affect our conclusions on the Report.

- Consider further exploring the readership of the CSR Report, through local stakeholder engagement initiatives in key markets in order to identify which external stakeholder groups read the Report and better understand their needs and expectations with regards to the Report.
- Consider implementing a formalised materiality determination process that would assist in further informing the content and prioritisation of information reported.
- Consider setting additional quantitative environmental sustainability goals and reporting on annual progress towards the achievement of these goals within the Report.
- Continue to encourage Group subsidiaries to move toward best practice in environmental management.
- Continue to advance the efforts to manage CSR-related risks within the supply chain.
- We encourage CRH in the future to expand its reporting on the CSR related challenges faced by the Group, its subsidiaries and stakeholders.



Nili Safavi  
Lead CSR Verifier



Mark Purcell  
Lead GHG Verifier



Helena Barton  
Global Manager Corporate  
Responsibility Services

# DNV Assurance Statement

## CRH CSI KPIs for Calendar year 2009



### Introduction

CRH plc (CRH) commissioned Det Norske Veritas (DNV) to carry out an independent third party assurance engagement on the Key Performance Indicators (KPIs) reported for 2009 to the World Business Council for Sustainable Development – Cement Sustainability Initiative (WBCSD-CSI), as well as underlying management and reporting processes. The indicators are included in CRH's 2009 Corporate Social Responsibility Report (the Report) on page 71, and DNV's data verification task was part of the broader assurance engagement described in DNV's main Assurance Statement on pages 73-74 of this Report. This Assurance Statement on WBCSD-CSI KPIs should not be referred to in isolation from the main Assurance Statement.

The Assurance Statement is aimed at the readers of the Report. CRH is responsible for the collection, analysis, aggregation and presentation of all information and assertions made within the Report related to the WBCSD-CSI KPIs specified on page 71. DNV's responsibility is to CRH management only. DNV disclaims any liability or responsibility to a third-party for any decisions, whether investment or otherwise, based upon this Assurance Statement.

### Scope of Assurance and Limitations

The scope of DNV's CSI assurance engagement included verification of:

- The reported greenhouse gas emissions (specific and total direct CO<sub>2</sub> emissions, gross and net) as well as NO<sub>x</sub>, SO<sub>x</sub> and Particulates, specific and total emissions, generated within cement production facilities wholly and partially owned by CRH;
- The reported Health & Safety (H&S) KPIs (fatalities, lost time injuries, lost days, LTI and severity rates) for wholly owned cement production facilities;
- Group procedures, processes and guidance for measurement and reporting of CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, Particulates and H&S KPIs, and compliance with these at the sites visited;
- Processes for data collection, aggregation, analysis and reporting at site, Company and Group level;
- Alignment of site, Company and Group level procedures, processes and guidance with the WBCSD-CSI performance measurement and reporting guidelines for CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, Particulates and H&S, and other relevant standards identified below.

Data verified was for calendar year 2009. The assurance engagement did not include a detailed assessment of the adequacy, effectiveness or efficiency of CRH's strategy or management approach. It also excluded management, performance and reporting practices by CRH's suppliers and other third parties mentioned in the Report. For CO<sub>2</sub> data management and reporting purposes, CRH made use of the latest reporting tool recommended by the WBCSD-CSI (version 2.0). The validation of the WBCSD-CSI reporting tool was not part of the scope of this engagement.

### Verification Methodology

This assurance engagement was carried out between March and July 2010, by a multi-disciplinary team of suitably qualified and experienced sustainability professionals. It was planned and carried out in line with the DNV Protocol for Verification of Sustainability Reports, which is based on the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting (2006) and AA1000AS (2008).

In addition, our risk-based verification approach for CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, and Particulates performance information draws from the criteria set out in ISO14064 (part 3), the verification protocol developed by the International Emissions Trading Association, the WBCSD-CSI Protocol "CO<sub>2</sub> Accounting and Reporting Standard for the Cement Industry" (June 2005), and the WBCSD-CSI Protocol "Guidelines for Emissions

Monitoring and Reporting in the Cement Industry" (March 2005). Our risk-based verification for H&S performance information draws from the criteria set out in the WBCSD-CSI Safety in the Cement Industry: Guidelines for Measuring and Reporting (October 2008). All elements of the assurance engagement related to the above-described CSI performance data were carried out in accordance with the requirements of AA1000AS (2008) for type 2, moderate level of assurance.

As a part of the CSI verification process, the following tasks were undertaken by DNV:

- Reviewed Group procedures, policies and guidance for data collection, aggregation, measurement analysis and reporting of specified performance information at site, Company and Group levels, and assessed their alignment with WBCSD-CSI Protocols referenced above, and other relevant standards;
- Conducted 1-day site visits to 3 cement production facilities: Irish Cement Limerick Works (Ireland), Cementownia Ożarów (Poland) and Podilsky Cement (Ukraine). Together these sites represent approximately 60% of CRH's total CO<sub>2</sub> emissions for subsidiary Company cement facilities in 2009 and 30% of CRH's total CO<sub>2</sub> emissions for cement facilities on an equity share basis in 2009, as reported on page 71 of the Report. The primary purpose of the visits was to assess adequacy and effectiveness of the processes being implemented by these reporting units to collect, aggregate, analyse and report CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates and H&S data. This was carried out mainly through interviews with data owners and on-site review of the data repositories and performance records. The site visits also enabled DNV to assess compliance with Group procedures, processes and guidance;
- Verified the boundary setting and accounting processes for CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates, and H&S data;
- Performed tests, on a sample basis, of selected CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates, and H&S data, in order to assess the reliability of data and information managed at site, Company and Group levels;
- Reviewed the relevant sections of the Report and assessed the reliability of information presented on CRH Group's CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates, and H&S performance;
- Reviewed internal communications and external reports relating to CRH's CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates, and H&S performance. For cement plants covered by the European Emissions Trading Directive (2007/589/CE), DNV assessed consistency of CO<sub>2</sub> direct emissions (and fuel consumption data) reported internally with the figures verified and declared to relevant authorities.

### Conclusions

In DNV's opinion, based on the work carried out, the Report provides a reliable and fair representation of CRH's CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates, and H&S performance in 2009. The CSI performance data and KPIs reported on page 71 of the Report have been collected and reported based on requirements of the WBCSD-CSI protocols referenced above, and any exceptions have been noted by CRH.

DNV believe that the CSI-related performance information and KPIs reported generally meet the principles, content and quality requirements of the AA1000AS (2008) for a type 2 moderate level of assurance. Further conclusions and observations on the specified performance information verified are made below. For conclusions and observations related to the adoption of reporting principles and the AA1000 (2008) Assurance Principles of Materiality, Inclusivity and Responsiveness, please see DNV's main Assurance Statement on pages 73-74.

Reliability: The CSI data measurement techniques and basis for calculation of CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates and H&S CSI KPIs have been duly described to DNV and can be replicated with similar results. No systematic errors have been detected for data and information verified in accordance with the above-described scope of assurance. Furthermore, we have not found any material inaccuracies or gaps that would significantly affect the way performance is perceived by stakeholders.

Testing of the reporting systems currently in place for CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulates demonstrated a robust and well-managed process for collection, management and reporting of performance data at Group level and at the sites visited. Boundary setting (at Group and site levels) meets the mandatory requirements of the relevant performance measurement and reporting standards and guidelines. Relevant exceptions have been noted by CRH in the Report.

Comprehensive corporate procedures, guidelines and processes for Health & Safety data collection, management, internal quality assurance and reporting exist at Group level. At the sites visited processes for the collection and management of H&S performance data range from informal to robust. Nonetheless, the processes for reporting this data from site to Group level and associated quality assurance procedures are robust. These processes are aligned with the principles and fulfill the requirements of the relevant measurement and reporting guidelines referenced above. Relevant exceptions have been noted by CRH in the Report.

**Opportunities for improvement**

Based on our findings, the following recommendations are made to encourage continual improvement, though they do not affect the conclusions above:

- Within the annual review process, implement a formal procedure for reviewing the scope and boundaries of data to include in the CSI KPIs. This should take into account any changes to WBCSD-CSI protocols as well as to the Group's composition and shareholdings in joint-ventures and associates.



Mark Purcell  
Lead GHG Verifier



Nili Safavi  
Lead CSR Verifier



Helena Barton  
Global Manager Corporate  
Responsibility Services

## CRH CSR Reporting - History, Scope and Structural Aspects

### Reporting history

CRH produced its first Corporate Social Responsibility (CSR) Report in October 2004. The content and level of transparency was expanded in the second Report in August 2005. Following stakeholder consultation, CRH's third, fourth and fifth CSR Reports, which saw further advances in content and disclosure, were published in August 2006, July 2007 and July 2008 respectively. Based on stakeholder feedback, CRH adopted a new format for its sixth CSR Report, published in July 2009, covering the calendar year 2008. This new format was designed to make information more readily available for the reader and has been retained for this 2009 report, published in July 2010.

### Independent verification

CRH was among the first companies in its sector to achieve full independent verification of its CSR Report in August 2005, repeated in August 2006, July 2007, July 2008 and July 2009. This Report has also been independently verified by Det Norske Veritas (DNV) and the detailed verification statement is included in the Report.

### Scope of CSR reporting

CSR data from 100% of Group subsidiaries forms the basis of this Report. The scope of the Report addresses the full range of economic, environmental and social impacts of the organisation. Details of CRH's principal subsidiaries are recorded on pages 124-128 of the CRH 2009 Annual Report. In common with other large companies, CRH also owns shareholdings in several joint ventures and associates, with a listing of the principal investments provided on page 129 of the CRH 2009 Annual Report. Most of these companies supply CSR data to the Group and actively participate in CSR Programmes. Their key data is included on an appropriate % shareholding basis at appropriate points in the Report. While it is CRH's aspiration that all joint ventures and associates should adopt its CSR policies in full (or their own equivalent policies), this is clearly not always practicable where CRH does not have management control.

### Structure of the Report

This Report follows a similar structure to previous Reports. It opens with an introduction by the CEO, followed by a section outlining some background information about CRH. The next sections detail CRH's main CSR focus areas grouped under four headings; corporate governance, environment and climate change, health & safety and social. Each section records CRH's policy in the relevant area, gives details of how it is implemented, and describes material issues. The final section details CRH's stakeholder communications and community activities and the various SRI ratings that have been awarded to the Group's performance in CSR. The appendices cross-reference the content of the Report to the requirements of the GRI guidelines and include a glossary of terms.

### Intended audiences

The key audiences for this report are CRH stakeholders - employees, customers and suppliers, as well as current and potential investors, rating agencies, government and regulatory bodies, non-governmental organisations (NGOs) as well as neighbours and local communities. CRH hopes that this Report fulfils the expectations of all stakeholders and welcomes their feedback.

### Adoption of the Global Reporting Initiative (GRI)

As with the previous Report, CRH has voluntarily adopted the "G3" Sustainability Reporting Guidelines developed by the GRI, including the guidance on defining Report content and materiality. As many stakeholders will be aware, GRI is an independent institution whose mission is to provide a trusted and credible framework for Sustainability Reporting.

Data is provided under all indicators but in some cases only partial disclosure can currently be met. CRH declares that its 2009 Reporting qualifies for the GRI scope "A+" application level requirements, in accordance with the criteria table on page 78, and this has also been verified by DNV.

### Data accuracy

Every effort has been made to provide consistent physical data in this Report, a significant challenge when collating the 2009 data from a diverse range of activities from close to 4,000 locations in 35 countries. It is CRH's experience that the data accuracy and quality improves each year, enabling more confident trending of results and setting of future objectives. Metric units are used throughout. For the most part, data is based on measured or metered physical quantities, or best estimates based on industry knowledge and established calculation factors and representative samples, if actual data is not available. CO<sub>2</sub> emissions are calculated according to the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) GHG (Green House Gas) Protocol for cement plants, while those from other activities are estimated from established fuel and activity air emission factors. No universally-accepted methodology yet exists for calculating CO<sub>2</sub>/tonne for other activities, for example lime, clay brick or asphalt production. For cement activities, CRH Reports according to the agreed CSI KPIs, which are directly comparable across that sector. Specific emissions are reported for cement activities in accordance with the WBCSD CSI conventions. This year specific emissions are also reported for lime production. CRH is investigating the development of indicators for specific emissions for other activities.

GRI Application level requirements

(Ref. Adoption of the Global Reporting Initiative (GRI) - page 77)

Report Application Level	C	C+	B	B+	A	A+
<b>Standard Disclosures</b> G3 Profile Disclosures <b>OUTPUT</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
G3 Management Approach Disclosures <b>OUTPUT</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators <b>OUTPUT</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version



This Report is printed on paper manufactured to the highest environmental standards.

The wood pulp comes from forests that are continuously replanted.

Designed by Originate.



Belgard Castle

CRH welcomes feedback and comments from stakeholders on its CSR reporting.

CRH plc  
Belgard Castle  
Clondalkin, Dublin 22  
Ireland

Mr. Colm Bannon  
Group Technical Advisor

Telephone: + 353 1 404 1000  
Fax: + 353 1 404 1007  
E-mail: [mail@crh.com](mailto:mail@crh.com)  
website: [www.crh.com](http://www.crh.com)