



# Corporate Social Responsibility Report 2010

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 eighth Corporate Social Responsibility (CSR) Report.

This Report relates to activities in 2010.

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.



Gétaz Romang, CRH's Swiss Distribution business, delivers building materials for a renovation project located among the Lavaux Vineyards, which is a UNESCO world heritage site located on the shores of Lake Geneva. Gétaz Romang is proud to be associated with the protection of this unique cultural landscape by providing suitable materials for the specially permitted renovation and restoration work in the area. The Gétaz Romang transportation fleet has recently been upgraded to the highest environmental standards.

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## A Message from the CEO



Myles Lee

### WELCOME

Welcome to our eighth annual Corporate Social Responsibility (CSR) Report. This Report describes our continued progress in the four key CSR performance areas: corporate governance, environment & climate change, health & safety and social.

In 2010, economic activity continued to be severely impacted by the global recession arising from the dislocation in financial markets in 2008 and 2009. Group like-for-like revenues were down 7% for the year following declines of 19% in 2009 and 6% in 2008, a cumulative like-for-like decline of approximately 30% over the three-year period.

This reduction in business activity necessitated a significant management response including some short-term tactical actions and some more long-term structural changes, all aimed at positioning CRH to deliver sustainable benefits as markets recover.

Against this backdrop, we have continued to pursue with enthusiasm our CSR agenda in each area of our operations, believing firmly that excellence in CSR performance underpins strong overall corporate performance in the long-term.

[www.crh.com](http://www.crh.com)

“A positive commitment to CSR is at the centre of CRH’s business approach and management philosophy. We continue to purposefully advance our CSR agenda as we strive for excellence in CSR and in meeting the increasing expectations of our stakeholders. In this report, we outline for you our further progress in 2010 and are very pleased to have maintained our distinguished record of being ranked among sector leaders by prominent Socially Responsible Investment (SRI) rating agencies.”

### CORPORATE GOVERNANCE

Corporate Governance at CRH is widely recognised to be amongst the best in class. At Board level, we comply fully with the requirements of International Financial Reporting Standards (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 Code of Business Conduct continues to be the foundation on which we develop downstream policies. CRH strove to maintain its leadership position in governance issues in 2010 and in this context during the year we reviewed and further strengthened our risk assessment and compliance structures.

### ENVIRONMENT & CLIMATE CHANGE

CRH continues, through ongoing systematic plant and system upgrading, to make progress in increasing energy efficiency, reducing waste, optimising water usage and recycling secondary materials and fuels. We continue to restore worked-out pits and quarries where relevant and we actively encourage biodiversity across the Group. Many sites are working with local stakeholders in fostering natural heritage and have achieved public recognition for their work.

As part of our CSR commitments, we have been actively addressing climate change through research and through developing pragmatic solutions including significant investments in modern energy-efficient technologies in our cement, lime and clay brick plants. The production of lower carbon cements is now a priority. We are well on target to meet our commitment to reduce specific cement plant carbon emissions by 15% on 1990 levels by 2015.

Furthermore, climate change is a driving force in many activities, as a substantial proportion of CRH's product portfolio is ideally suited to assist in the implementation of strategies for adaptation to climate change.

#### HEALTH & SAFETY

The health and safety of employees and contractors working for the Group is a priority for the Board and for management at all levels of the organisation. We succeeded in reducing our accident frequency rate to an all-time low in 2010, achieving an 11% reduction on 2009.

We deeply regret that six fatalities (two employees and four contractors) were recorded in Group subsidiary companies during 2010. Our Fatality Elimination Plan, concentrating on the identified root causes of fatalities continues to be rigorously implemented at all levels of the organisation.

#### SOCIAL

CRH aims 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 our federal structure as assisting ongoing good employee relations.

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. We are now actively reviewing the ethical performance of major suppliers in higher risk areas.

#### COMMUNICATIONS

At Group level, we engage with the investor community, third-

party rating agencies and other interested parties on our CSR performance. 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.

#### EXTERNAL VERIFICATION

We continue to highly value external independent verification of our CSR activities and reporting. Our 2010 Report has been verified in its entirety by Det Norske Veritas (DNV) to the Global Reporting Initiative (GRI) A+ level.

During 2010 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 Dow Jones World and STOXX Sustainability Indexes and the FTSE4Good Index. GovernanceMetrics International, which specialises in corporate governance ratings, also rated CRH highly in 2010.

#### CONCLUSION

At Group and company level, CRH continues to make progress on its CSR Agenda, which is now deeply embedded in our sustainable performance and growth strategy. 2010 marked another year of progress despite the difficult global economic backdrop against which our business operated.

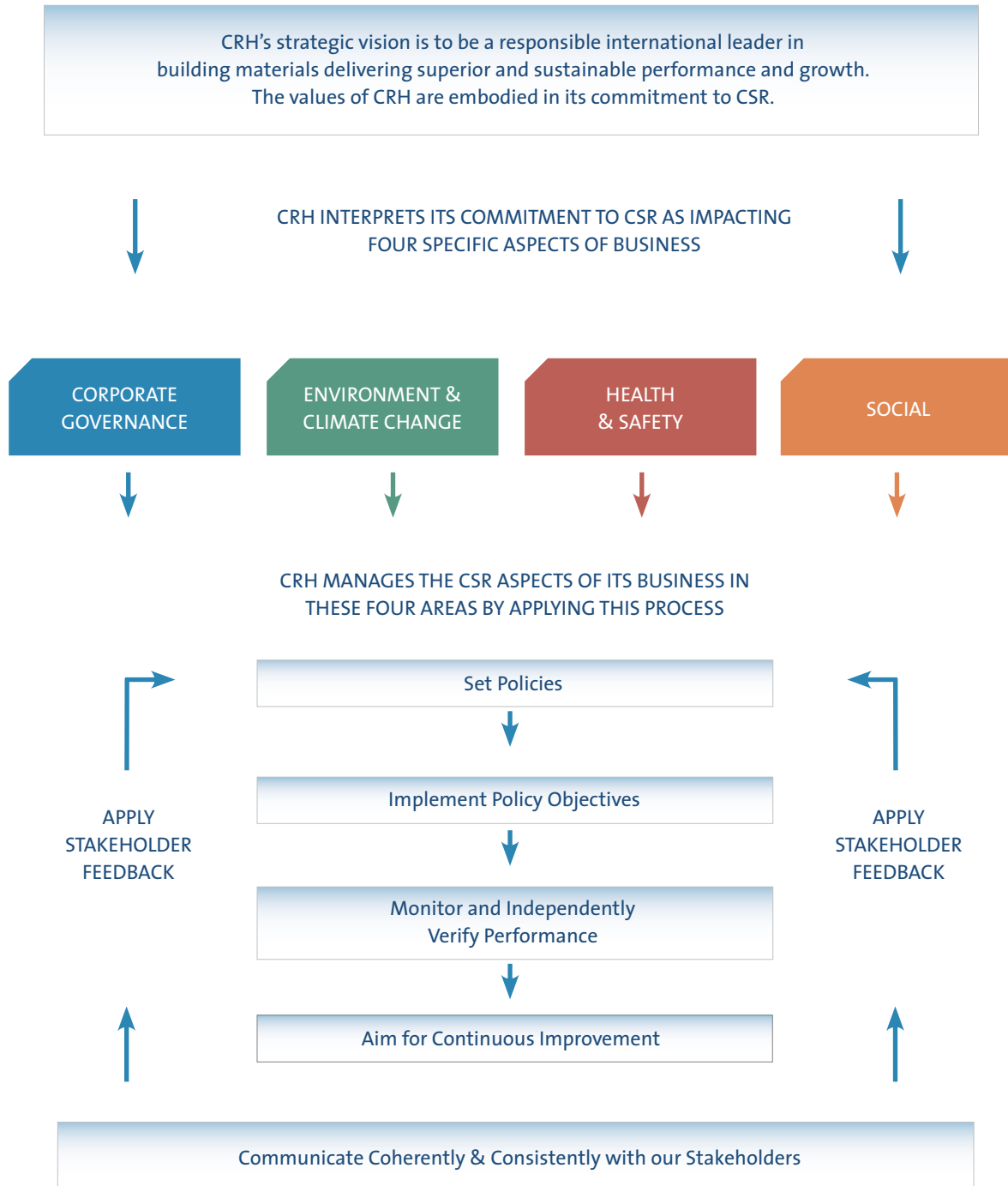
I would like to assure all our stakeholders that we remain solidly committed to meeting your expectations year on year. We will continue to keep you regularly informed on our CSR progress and we welcome your feedback on our performance at any time.

Myles Lee  
Chief Executive

# CSR in CRH

## OVERVIEW

The flowchart below outlines how CRH applies CSR concepts in the daily management of corporate governance, environment & 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.



KEY CSR ISSUES

The table below outlines the key CSR issues within each of the four main areas of CSR performance, together with progress to date and future objectives.

Key CSR Issues	Progress to 2010	Future Objectives
<b>CORPORATE GOVERNANCE</b>		
Compliance	Reporting continued to meet all requirements	Ensure ongoing highest standards of corporate governance
Risk Management	Significant risk review undertaken in 2010	Continue to proactively manage all risks, including new risks
Code of Conduct	Policies continued to be developed based on the Code	Continue to refine & roll out to acquisitions as soon as possible
<b>ENVIRONMENT &amp; CLIMATE CHANGE</b>		
Policy Implementation	Implementation remained a priority	Continue to refine & roll out to acquisitions as soon as practicable
Review Process	Annual review carried out & results for 2010 reported to Board	Continue to refine process & further increase accuracy of data
Climate Change	On target to reduce specific cement emissions by 15% (2015 vs 1990)	Continue progress towards achieving target
Air Emissions	On target to reduce specific cement dust emissions by 50% & NO <sub>x</sub> by 10% (2015 vs 2006) while maintaining low SO <sub>x</sub>	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	98% 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
Innovations & Awards	Continued high number of awards, successes in innovations	Continue to drive innovation & promote awards
<b>HEALTH &amp; SAFETY</b>		
Policy Implementation	Implementation remained a priority, Fatality Elimination Plan audited across the Group	Continue to refine & roll out to acquisitions as soon as possible. Continue implementation and audits of Fatality Elimination Plan
Review Process	Annual review carried out & results for 2010 reported to Board	Continue to refine process, further increase accuracy of data
Safety Management	Achieved an 11% reduction in accident frequency rate compared to 2009	Aim for zero fatalities & ultimately zero accidents
Innovations & Awards	Continued high number of awards, successes in innovation	Continue to drive innovation & promote awards
<b>SOCIAL</b>		
Policy Implementation	Implementation remained a priority	Continue to refine & roll out to acquisitions as soon as practicable
Review Process	Annual review carried out & results for 2010 reported to Board	Continue to refine process & further increase accuracy of data
Employee Development	Programmes rolled out throughout the Group	Continue to be an employer of choice
Management Development	Management development programmes continued	Extend the development programmes to continue to supply the depth & breadth of skills for a global organisation
Knowledge Transfer	Best practice activities continued in all key activities	Continue to drive horizontal knowledge-sharing
Suppliers & Customers	Extensive supplier & customer relationship management continued. Suppliers audited for CSR performance.	Continue to be the supplier & customer of choice throughout the supply chain, insisting on ethical standards
<b>STAKEHOLDER DIALOGUE</b>		
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	2010 Report verified by DNV	Maintain CSR external verification, improving annual reporting

## CRH – Profile

This section provides context to this Report by profiling CRH's history, distinctive culture, unique geographic, segmental and market balance and its global range of activities in over 3,600 locations across 35 countries. A more comprehensive

record of the Group's activities and performance is available in the CRH Annual Report 2010 and in the CRH 2010 Annual Report on Form 20-F filed with the US Securities & Exchange Commission, both available on [www.crh.com](http://www.crh.com).



## Overview

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 is the parent company for an international group of companies engaged in the manufacture and supply of a wide range of building materials and in the operation of builders’ merchandising and DIY stores. CRH employs approximately 75,000 people at over 3,600 operating locations in 35 countries, mainly in Western Europe and North America as well as in developing economies in Eastern Europe, South America, the Mediterranean basin, China and India.

CRH’s strategic vision is clear and consistent – be a responsible international leader in building materials delivering superior performance and growth. The strategy is to sustain and grow a geographically diversified business with exposure to all segments of construction demand, enabling CRH to achieve its vision.

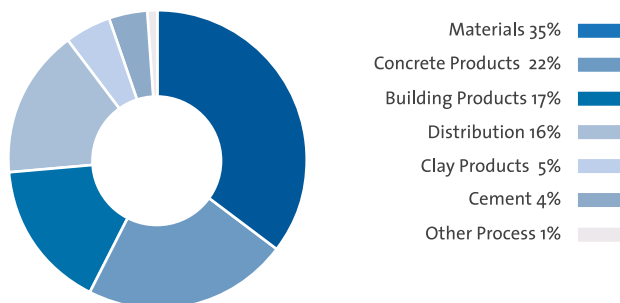
The Group is organised on a federal basis and there is strong management commitment to both the local company and to the CRH Group, supported by best practice and operational excellence teams that share experience and know-how across products and

regions. This dual citizenship motivates local entrepreneurship, while maintaining and benefiting from Group synergies. 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.

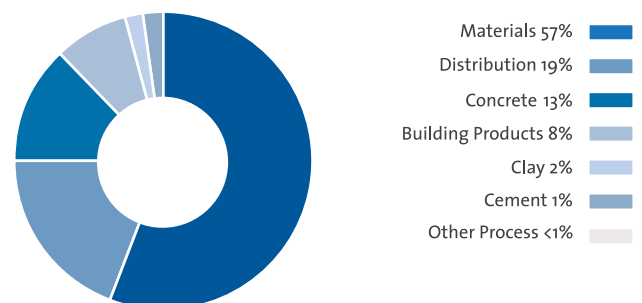
CRH is incorporated and domiciled in the Republic of Ireland and is a public limited company operating under the Companies Acts of Ireland 1963-2009 and the Investment Funds, Companies and Miscellaneous Provisions Act 2006, each as amended. CRH shares are listed on the Irish (ISE) and London (LSE) Stock Exchanges and on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs). The market capitalisation of CRH as of 31 December 2010 was €11.0 billion.

CRH contributes positively in many ways to the economies and societies in which it operates. For example, in 2010, CRH purchased approximately €9.6 billion worth of goods and paid €2.7 billion in wages and salaries to employees. CRH also paid total dividends of €438m (including €140m scrip) to shareholders, together with taxes of €95m. (Figures relate to subsidiaries and joint ventures on a percentage shareholding basis).

Employees by Activity



Locations by Activity



## Sustainability across a Diversified Business Portfolio

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 throughout all its activities.

Excellence in corporate governance, environmental management, safety management, social performance and communications at local level are top priorities for all management in CRH's three main areas of business activity.

### MATERIALS

CRH operates strong vertically-integrated primary materials businesses which have strategically located long-term reserves, balanced end-use exposure and leading market positions in all its major markets. The Group's position is underpinned by long-term permitted reserves which totalled 14 billion tonnes at the end of 2010. CRH continuously invests in plant and equipment for quality, efficiency and customer service while also seeking out value-creating expansion opportunities via greenfield development and acquisitions in selected markets.

Materials businesses, particularly cement and lime activities, are the larger energy users in the CRH Group. Carbon emissions from energy use and from decarbonation put climate change high on the agenda. Improving energy efficiency and increasing the use of alternative fuels and biofuels is a major focus throughout the materials businesses. The production of lower carbon cements is a priority.

In addition, alternative technologies, such as warm mix asphalt (WMA) production, are being progressed. The use of alternative materials, waste management and recycling represent significant business opportunities, e.g. the use of recycled asphalt pavement (RAP) in asphalt production and construction and demolition (C&D) materials in aggregate production.

With large land holdings around quarries and pits, materials businesses can have a positive impact on biodiversity, both during normal operations and in restoration of worked out quarries and pits. Local communications are a key focus for the materials businesses.



1. Materials: Staker Parson supplied four million tonnes of product in addition to completing all of the asphalt paving for the Legacy Parkway upgrade in Davis County, Utah, USA.



2. Products: Skilled specialists at Magnetic Autocontrol, Germany, assembling fare collection access control gates.



3. Distribution: Ricardo Alvaros of Allied Building Products unloads insulation at a new school construction site in Boulder, Colorado, USA.

## PRODUCTS

CRH manufactures products for use in residential, non-residential and, to a lesser extent, infrastructure construction applications. These include building systems and engineered concrete solutions for use in the electrical, transportation, and communications industries; architectural concrete products to enhance the façades and surroundings of buildings; and construction accessories to assist in the construction process. Complementary value-added exterior products include architectural glass, aluminium glazing systems, clay brick and block, and entrance control products. Focused on growth opportunities in stable markets, these businesses offer customers a broad range of engineered products and innovative building solutions to service both new build and the growing repair and maintenance demand in mature economies.

Improving energy efficiency is a key focus for brick and concrete producing operations. Internal recycling, both of internal by-product and externally sourced secondary materials, is being progressed. Products with environmental applications have been developed and many are suitable for use in climate change mitigation and adaptation.

## DISTRIBUTION

CRH distributes building materials to general building contractors and DIY customers in Europe and to professional roofing/siding and interior products contractors in the United States. The business model centres on building an extensive network of locations that penetrate major metropolitan areas, which together with well-recognised brands and strong logistics management, maximise the franchise potential. With a network of close to 750 branches in Europe and approximately 180 branches in the United States, CRH is a leading international player in building materials distribution with exposure to the growing repair, maintenance and improvement markets in Europe and the United States.

CRH's distribution businesses manage their direct potential sustainability impacts by focusing on energy efficiency. Transportation efficiencies are being rigorously progressed. Many distribution businesses are using their position to promote environmentally-driven products in the marketplace.

## Annualised Production Volumes

MATERIALS	PRODUCTS	DISTRIBUTION
Cement 13.2 million tonnes	Structural/Precast Concrete 7.7 million tonnes	Builders' Merchants 677 stores
Aggregates 159.4 million tonnes	Architectural Concrete 18.3 million tonnes	DIY 243 stores
Asphalt 41.9 million tonnes	Clay 2.8 million tonnes	
Readymixed Concrete 15.0 million cubic meters	Fencing and Security 12.2 million lineal metres	
	Glass/Rooflights 9.2 million square metres	

Note: These annualised production volumes include subsidiaries and joint ventures on a percentage shareholding basis. CRH's share of cement (c. 7.2 m tonnes) and readymixed concrete (c. 0.6m tonnes) attributable to associates Uniland in Spain (26.34%), Mashav in Israel (25%) and Yatai Building Materials in China (26%) are excluded.

# Strategy

## RESPONSIBLE INTERNATIONAL LEADER

CRH's strategy is to sustain and grow a geographically diversified business with exposure to all segments of construction demand, enabling CRH to achieve its vision of being a responsible international leader in building materials delivering superior performance and growth.

## STRATEGIC BALANCE

In 2010, CRH operated in 17 developed-world economies in Western Europe and North America, which together delivered approximately 85% of Group EBITDA, and in 18 developing economies in Central and Eastern Europe, the Mediterranean Basin, South America and Asia, which together delivered approximately 15% of Group EBITDA.

## DEVELOPED ECONOMIES

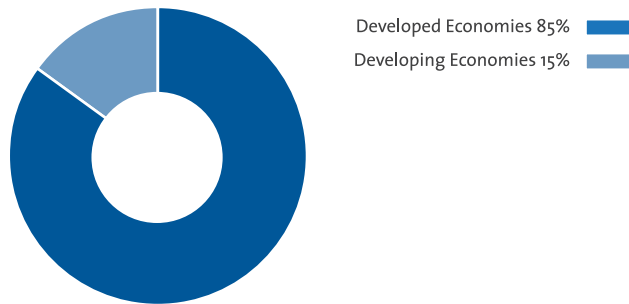
In the developed world, CRH's strategic focus is to continue to reinvest in its established platforms for operational efficiency, product quality and customer service. CRH develops these businesses further through bolt-on acquisitions which achieve vertical integration, bolster its

strong long-term permitted reserves positions and fill out regional and product level positions. CSR is a core component of this strategy and is, in itself, a driving force for product and process innovation.

## DEVELOPING ECONOMIES

In developing economies, CRH's strategy is to target premium assets as an initial footprint, usually in cement and often in partnership with strong local established businesses. CRH identifies entry platforms that have well-located quality operations and good regional market positions and which have the potential to develop further downstream into integrated building materials businesses as construction markets become more sophisticated over time. In the mid-1990s, CRH applied this approach to its entry into the Polish market and today the Group is the leading integrated building materials company in Poland. CRH is now replicating this approach in its new platforms in India and China.

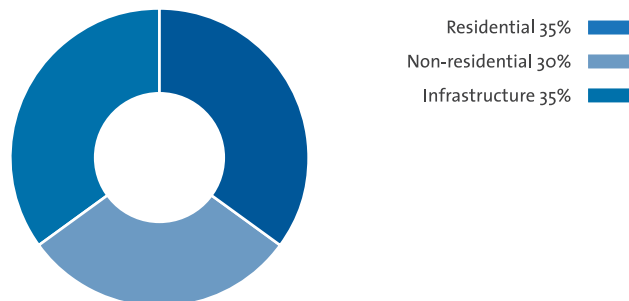
Geographic Balance



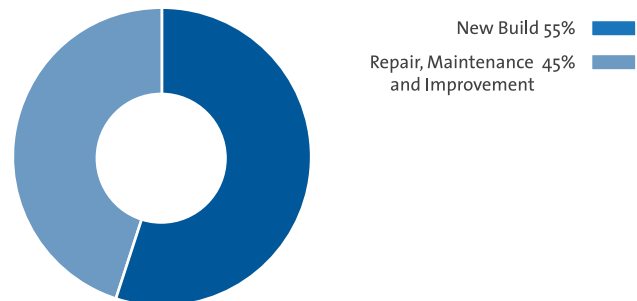
Product Balance



Product End-Use Balance



Product End-Use Balance



Note: Breakdown is by annualised Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which includes joint ventures on a percentage shareholding basis.

**SUSTAINABLE BUSINESS MODEL**

CRH strives to excel in its business operations, develop its people and build regional market leadership positions across an actively managed portfolio. Through its federal structure, it leverages large company resources with local company entrepreneurship. The portfolio is well balanced across geographies, sector end-uses, new and repair, maintenance and improvement (RMI) construction, thus providing exposure to multiple demand drivers which help smooth the effects of varying economic cycles.

Through a rigorous approach to capital allocation and a strong focus on cash generation, CRH reinvests in its existing assets and acquires well-run, value-creating businesses while seeking exposure to new development opportunities and creating platforms for future growth. In a fragmented industry, CRH typically acquires small to mid-sized companies which complement the existing network, and this is augmented from time to time with larger deals. This sustainable business model and overall strategic approach enables CRH to deliver superior performance and growth through the business cycle.

**ORGANISED FOR SUSTAINABILITY**

CRH plc is the parent company of an international group of businesses which are organised into six business segments; Europe Materials, Europe Products, Europe Distribution, Americas Materials, Americas Products and Americas Distribution, as illustrated in the organisation chart below.

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.

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 Sustainability Manager and a small support team.



# 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.

## EUROPE PRODUCTS

Europe Products is organised as three groups of related manufacturing businesses involved in concrete, clay and building products and operates in 19 European countries.

## EUROPE DISTRIBUTION

Europe Distribution encompasses professional builders' merchants, sanitary, heating and plumbing distribution (SHAP) and Do-It-Yourself (DIY) stores. The Division operates in eight European countries.

### Europe

Top 10 Cement

Regional leadership in aggregates and readymixed concrete

No. 1 Concrete products

No. 1 Construction accessories

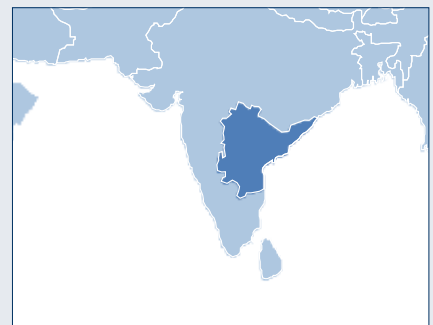
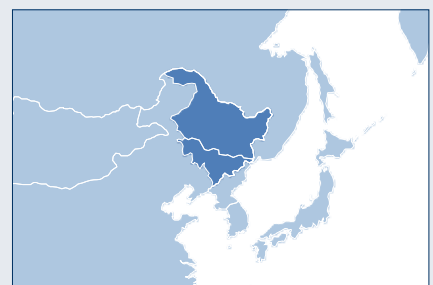
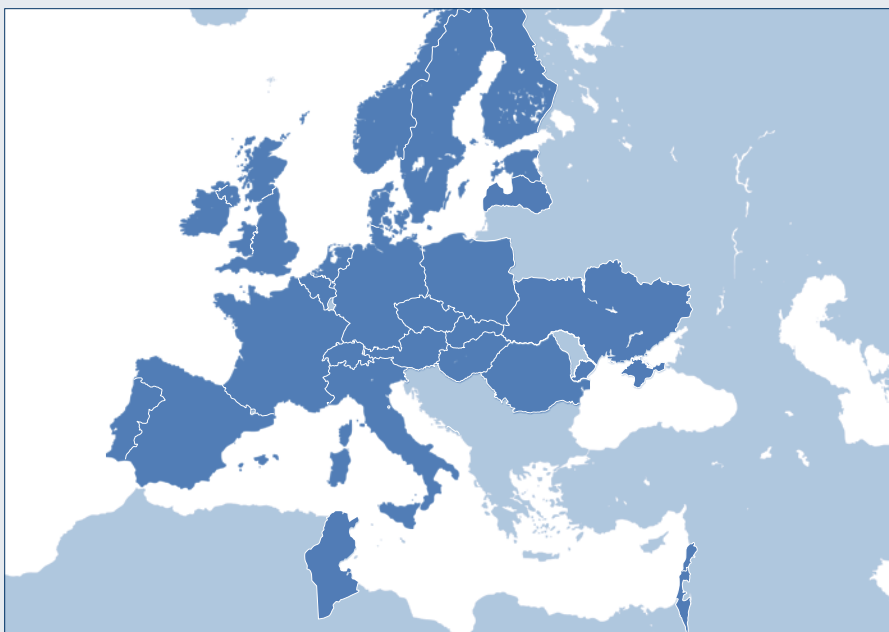
Top 3 Building materials distributor

### Developing Economies

No. 1 Building materials in Poland

No. 1 Cement in northeast China

No. 2 Cement in Andhra Pradesh, India



Note: Operations in India (50% CRH Share) and China (Yatai, 26% CRH Share) report through Europe Materials.

# CRH in the Americas

## AMERICAS MATERIALS

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

## AMERICAS PRODUCTS

Americas Products operates primarily in the United States and has a significant presence in Canada. Its sub-divisions Building Products (precast and architectural concrete, concrete accessories, clay, fencing products, packaged lawn and garden products, and packaged concrete mixes) and 'BuildingEnvelope' Solutions (glass and aluminium glazing systems) all have leading positions in national and regional markets.

## 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.

### United States

No. 1 Asphalt

No. 3 Aggregates

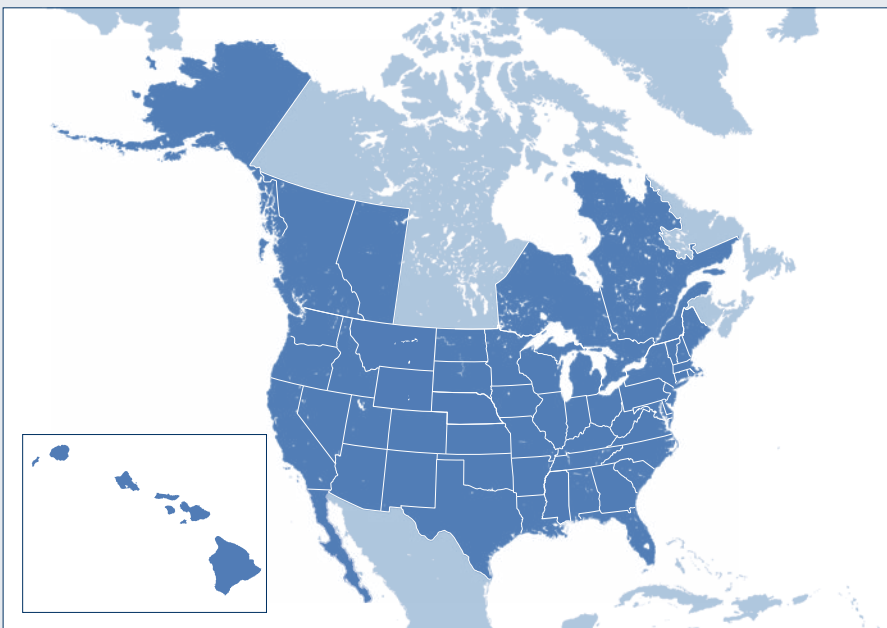
Top 5 Readymixed concrete

No. 1 Concrete products

No. 1 Architectural glass

Top 3 Roofing/siding distributor

No. 3 Interior products distributor



## Performance - 2010

Following the sharp declines experienced in 2009, market conditions remained difficult in 2010 as global activity continued to be severely impacted by the dislocation in financial markets in 2008 and 2009. Severe weather conditions both at the beginning and the end of 2010 also impacted demand levels in the Group's major markets of Europe and North America.

Against this background, the Group delivered profit before tax for the year of €0.534 billion and earnings per share of 61.3 cent. With a solid balance sheet and strong cash generation from operations, the Group was well positioned financially to reinvest €0.5 billion in its existing operations, to complete 28 traditional bolt-on acquisitions for €0.6 billion and to maintain the total dividend for the year at 62.5 cent per share.

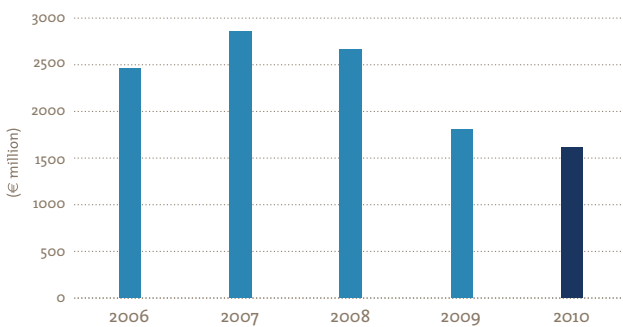
CRH's cost reduction programme, initiated in 2007 to mitigate the impact of deteriorating market conditions, was reviewed and extended in 2010 as further measures were put in place to improve efficiency. This brought the cumulative annualised gross savings

implemented over the period 2007-2011 to €2 billion of which €0.5 billion was realised in 2010.

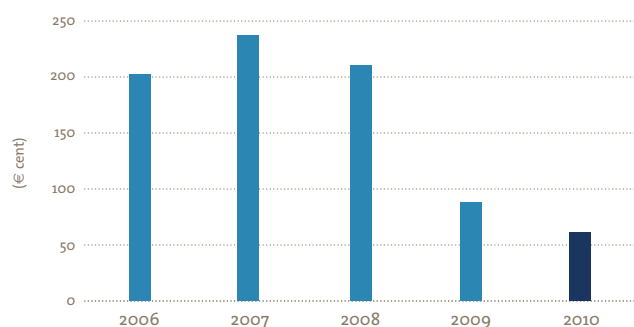
During 2010, the ongoing evaluation of the Group's portfolio of operations led to the decision to dispose of a number of businesses where CRH did not see potential to gain market leadership positions. The sale of Ivy Steel in the US was completed prior to year end and agreements were reached for the disposal of CRH's European Insulation and Climate Control businesses, both of which have been largely completed as at mid-year 2011. Proceeds from these disposals provide additional funds for CRH to invest in core development areas.

Acquisitions in 2010 included the addition of well-located strategic aggregates reserves to our Materials platforms in both Europe and the US in addition to investments with our partners in India and China. Opportunities also arose in our European Distribution business to extend our Sanitary, Heating and Plumbing (SHAP) footprint into Belgium and to substantially expand our general builders merchants presence in the attractive German market.

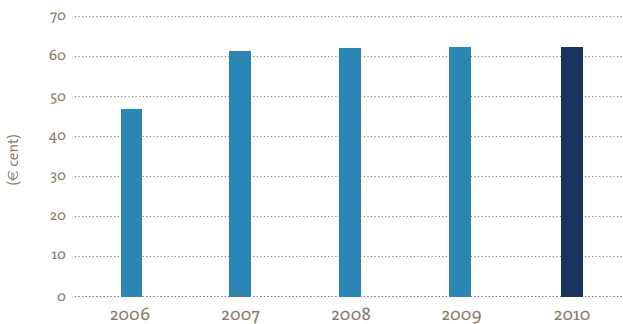
### EBITDA



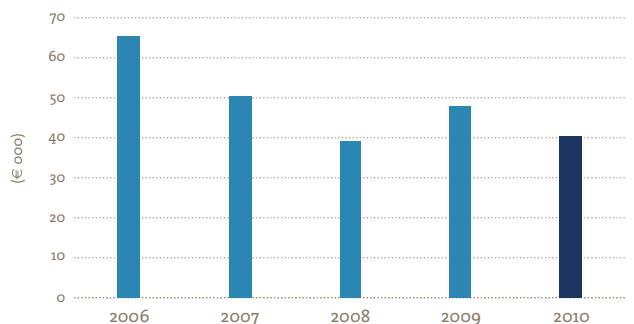
### Earnings per share



### Dividend per share



### Total Shareholder Return\*



Note: \*Total Shareholder Return calculated at each period end on an initial €100 investment in 1970. (Averaging 16.2% per annum since 1970).

## Recent Development Activity

Details of some of the more significant developments in 2010 are outlined below:

### RISI

In September, CRH acquired RISI, an aggregates and readymixed concrete business based in the canton of Zug, Switzerland.

### SAX SANITAIR

In August, Europe Distribution acquired 75% of Sax Sanitair, a leading merchant in Sanitary, Heating and Plumbing (SHAP) with nine branches in the Flanders region of Belgium.

### BAUKING

The buy-out of the Bauking distribution business in Germany was completed in December. The purchase of the additional 50% of Bauking greatly strengthens CRH's existing position in Germany, Europe's largest construction market.

### SCHWAB

Schwab, which has ready mix operations in northeast Ohio and southwest Florida, was acquired by the Americas Materials Division in June.

### CMC

In December, CRH strengthened its position in Utah with the acquisition of Construction Materials Company (CMC), which has seven quarries including significant reserves.

### GREEN COUNTRY SOILS

In September, Green Country Soils, a leading supplier of soils, mulches and decorative stone, was acquired by the Americas Products and Distribution Division.

### TIELING TIEXIN CEMENT COMPANY

CRH's associate in China, Yatai Building Materials, completed the acquisition of Tieling Tiexin Cement Company in the second half of 2010.

### MY HOME CONSTRUCTIONS PRIVATE

My Home Industries, the Indian cement company in which CRH has a 50% stake, acquired the readymixed concrete assets of My Home Constructions Private in Hyderabad in January. This transaction represents the initial step in vertical integration of the materials business in India.

CRH continues to maintain its rigorous approach to acquisition evaluation. All potential acquisitions are carefully examined 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 and Code of Business Conduct, environmental, health & safety and social reporting systems. In acquisitions where CRH does not have full management control, the Group encourages its partners to introduce similar compliance and reporting systems.



1. A Bauking truck pictured at the Iserlohn location, one of 128 branches, in Germany.



2. Tieling Tiexin Cement Company, which was acquired by CRH's associate in China, Yatai Building Materials.

# Corporate Governance

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 CRH Annual Report 2010 and in the CRH 2010 Annual Report on Form 20-F filed with the US Securities & Exchange Commission, both available on [www.crh.com](http://www.crh.com).



## Board of Directors



Kieran McGowan (Chairman)

### 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 2010. The non-executive Directors met three times during 2010 without executives being present. The Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management. From 2011, the Board has decided that all Directors will retire from the Board and seek re-election at each Annual General Meeting, in line with emerging best practice.

### 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 the 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 2010, 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

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.

## Governance

### 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 & Corporate Governance Committee and the Remuneration Committee. Ad hoc Committees are formed from time to time to deal with specific matters.

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 2010 set out on page 40 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. Its terms were amended during 2010 to authorise it to deal with disposals within agreed limits.

#### Audit Committee

The Audit Committee consisted, in 2010, 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.

#### Nomination & Corporate Governance Committee

The Nomination & Corporate Governance Committee consisted, in 2010, of four non-executive Directors and the Chief Executive. In addition to its existing responsibilities in assisting the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Group, this Committee's responsibilities were extended in July 2010 to keep corporate

governance developments under review, recommend changes, where appropriate, to the Board, monitor compliance with governance codes and review the content of the Corporate Governance Report to shareholders.

#### Remuneration Committee

The Remuneration Committee consists solely of non-executive Directors considered by the Board to be independent and is chaired by the Senior Independent Director. It determines the Group's policy on executive remuneration, determines the remuneration of the executive Directors and senior management, monitors the level and structure of remuneration for senior management and reviews and approves the design of all share incentive plans. Performance-related awards, based on measured targets, including CSR targets where relevant, are a key component of remuneration.

### 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 19 languages and can be downloaded from the Group's website.

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.

### COMPLIANCE WITH THE CODE

CRH has a formal compliance procedure in place whereby every year each company and Division is required to certify compliance with the Code of Business Conduct. A Report on this certification process is provided to the Audit Committee of the Board. No serious breaches of the Code of Business Conduct were recorded in 2010.

Compliance procedures continued to receive appropriate management attention throughout 2010 with relevant training carried out through country co-ordinators.

**EMPLOYEE HOTLINE**

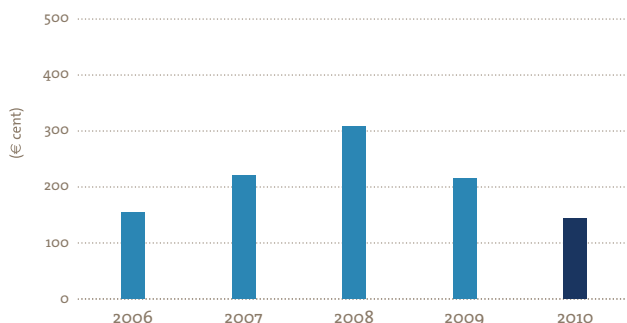
The Sarbanes-Oxley Act, paralleled by a provision in the UK Combined Code, requires the Group to put in place procedures which facilitate employee complaints, or confidential submission of information or concerns regarding governance, personnel, accounting or auditing matters anywhere in Group companies.

The provision of a hotline facility is detailed in the Code of Business

Conduct and the telephone numbers, along with the contact details of persons to whom any complaints can be made verbally or by e-mail, are provided on the Group website. 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 2010, there were a total of 143 (216 in 2009) hotline calls, mostly from North America. Most calls related to HR-issues and 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.

**Hotline Calls**



**Hotline Calls by Type**



1. The CRH Board pictured during a visit to Baubedarf, Switzerland in 2010.



## Risk Management

The Board has overall responsibility for the Group’s systems of risk management and internal control and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, in the case of internal control systems, can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with EC Directive 2006/43 and with effect from January 2011, the Board has delegated responsibility for the monitoring of the effectiveness of the Group’s risk management and internal control systems to the Audit Committee.

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 area of risk management has become a major point of focus in recent times in the context of a recessionary environment and high profile failures of risk systems in global organisations. During 2010, Group management undertook a significant review of the Group’s risk management framework to ensure that the

systems in place are appropriate and reflect the organisation and structure and diversity of the Group.

The Board and Audit Committee receive, on a regular basis, reports on the key risks to the business and the steps being taken to manage such risks and consider 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 2010 Annual Report that, in addition to the monitoring carried out by the Audit Committee under its terms of reference, they have reviewed the effectiveness of the Group’s risk management and internal control systems up to and including the date of approval of the financial statements. This had regard to all material controls, including financial, operational and compliance controls that could affect the Group’s business.

The principal risks and uncertainties (detailed on pages 42 and 43 of the CRH 2010 Annual Report), which reflect the international scope of the Group’s operations and the Group’s decentralised organisational structure, are summarised below, while the key factors that assist in prudent risk management are also outlined.

### ECONOMIC, STRATEGIC AND OPERATIONAL RISKS

- CRH operates in cyclical industries which are influenced by global and national economic circumstances and the level of construction activity.
- As an international business, CRH operates in many countries with differing, and in some cases potentially fast-changing, economic, social and political conditions.
- CRH faces strong volume and price competition across its activities.
- Existing products may be replaced by substitute products.
- Growth through acquisition is a key element of CRH’s strategy. CRH may not be able to continue to grow as contemplated in its business plan if it is unable to complete such acquisition transactions and integrate the operations of the acquired businesses.
- CRH does not have a controlling interest in certain businesses (i.e. joint ventures and associates) in which it has invested and may invest.
- Given the decentralised structure of CRH, existing processes to recruit, develop and retain talented individuals and promote their mobility may be inadequate thus giving rise to difficulties in succession planning.

## COMPLIANCE AND REGULATORY RISKS

CRH is subject to stringent and evolving laws, regulations, standards and best practices in the area of Corporate Social Responsibility which may give rise to increased ongoing remediation and/or other compliance costs and may adversely affect the Group's reported results and financial condition.

CRH is subject to many laws and regulations (both local and international) throughout the many jurisdictions in which it operates and is thus exposed to changes in those laws and regulations and to the outcome of any investigations conducted by governmental, international and other regulatory authorities, which may result in the imposition of fines and/or sanctions for non-compliance.

## FINANCIAL AND REPORTING RISKS

CRH uses financial instruments throughout its businesses thus giving rise to interest rate, foreign currency, credit/counterparty and liquidity risks. A downgrade of CRH's credit ratings may give rise to increases in funding costs. In addition, insolvency of the financial institutions with which CRH conducts business (or a downgrade in their credit ratings) may lead to losses.

CRH operates a number of defined benefit pension schemes in certain of its operating jurisdictions. The assets and liabilities of these schemes may exhibit significant period-on-period volatility.

In the event of the failure of one or more of its insurance counterparties, the Group could be impacted by losses where recovery from such counterparties is not possible.

The principal foreign exchange risks to which the consolidated financial statements are exposed pertain to adverse movements in reported results when translated into euro and declines in the value of reported net assets.

Significant under-performance in any of CRH's major cash-generating units may give rise to a material write-down of goodwill which would have a substantial impact on the Group's income and equity.

### 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 assist in mitigating 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 is focused on being the competitive low cost producer in all its markets.
- CRH's acquisition strategy is aimed at delivering a flow of acquisitions comprising many small deals complemented by selected larger acquisitions.
- 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.

# Environment & Climate Change

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 (211 in CRH in 2010) 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 2010, (255 in 2009) 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 Sustainability Manager 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 six 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. 80% of CRH's subsidiary cement plants are now certified to ISO 14001 and the total number of Group locations with this certification is now 461. This a reduction on the number of locations holding such certification in 2009 (473), mainly due to the dormancy of certain aggregate producing locations. It should be noted that ISO Environmental Certification is not common in industrial operations in the United States.

An overview of the various environmental impacts associated with CRH activities is provided in the table below. All of these impact areas are 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	•			•			•

## Annual Review Process

At each year-end, the ELOs assist the Group Sustainability Manager 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 reviewed by the CRH Board.

The information from this environmental review has been used to provide the environmental performance information in this Report. The pages that follow summarise the key 2010 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.

1. Heembeton in the Netherlands produces energy-efficient precast concrete wall panels for use in the construction of sustainable housing. Windows and insulation are installed into the concrete shell at the factory, and the strictest attention to quality ensures optimum efficiency of the completed home.



As part of this process, it is required that any compliance deficiencies are actively addressed and resolved. Fines from regulatory authorities in 2010 amounted to €476k. Two specific fines amounted to €376k in total and related to historical issues in the United States and the remaining €100k related to a number of other minor issues across the group. None of these non-compliances caused significant environmental damage. In addition, 100 Group companies were satisfactorily externally audited during 2010.

The environmental review process ensures environmental risks are being managed appropriately. The 2010 review indicated that there was excellent compliance with legislation across the Group. There were no significant 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 environmental database. 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 2010, environmental review and best practice meetings were held in various countries and regions to provide feedback and ongoing support to ELOs.

2. CRH's Chinese associate Yatai Building Materials has installed waste heat power generators at the majority of its cement plants in line with government policy to reduce the use of fossil fuels. These provide up to 30% of the power requirements at each plant. Waste heat power-engineer You Renjie is pictured at the Mingcheng cement plant.



# 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

drying and 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 making a meaningful contribution to climate change mitigation (e.g. concrete thermal mass, lightweight aggregates) 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 the heat of reaction in curing

Using recycled materials where practicable

In precast products, pioneering the use of carbon-fibre reinforcement

### 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

Developing innovative 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 9.8m tonnes in 2010, compared with 9.4m tonnes emitted in 2009. The increase in 2010 is mainly due to increased production of cement clinker in some countries, together with increased lime production.

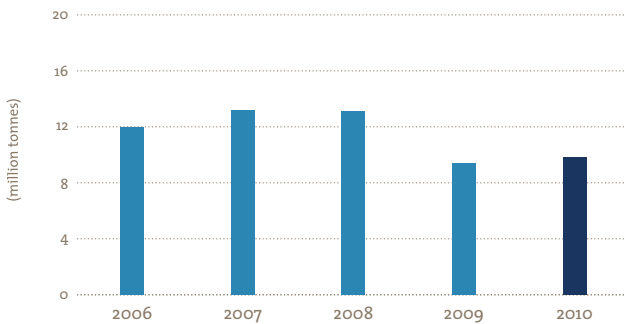
The breakdown of CO<sub>2</sub> emissions by activity was broadly similar to the previous year, as was the breakdown of CO<sub>2</sub> emissions by source. Cement accounted for 62% of direct Group emissions, which is reflected in the fact that decarbonation is the largest single source of direct CO<sub>2</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 on page 26.

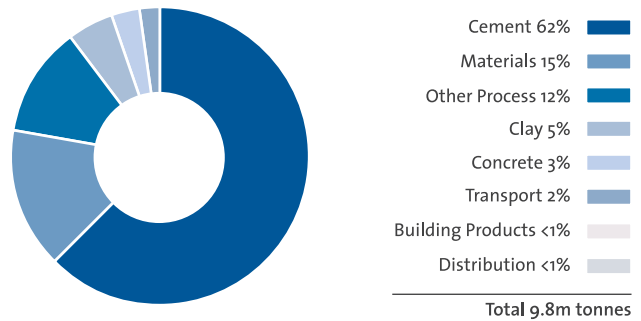
Scope 2 2010 CO<sub>2</sub> emissions, calculated on a total electrical energy usage of approximately 2.6TWh, are estimated to be in the order of 1.1m tonnes. Scope 3 emissions for contracted transport are estimated to be of the order of 1m tonnes.

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 17.6m tonnes. The combined Scope 2 and 3 emissions would correspondingly be estimated to be in the order of 1.55m tonnes and 1.22m tonnes, respectively.

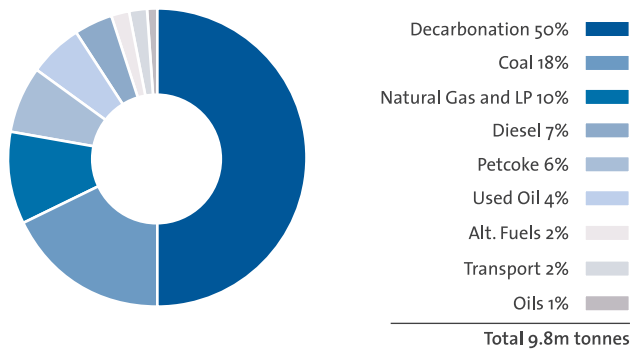
CO<sub>2</sub> Emissions by year (Scope 1)



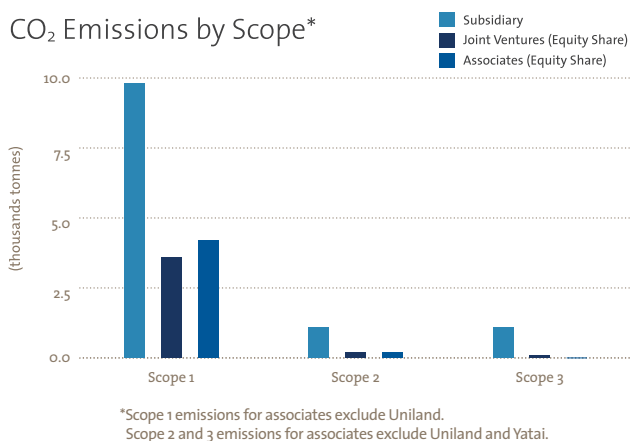
CO<sub>2</sub> Emissions by Activity (Scope 1)



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



CO<sub>2</sub> Emissions by Scope\*



## Climate Change: Reduction Commitment

As part of the implementation of its environmental policy and in line with its membership of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development, CRH publicly committed, in 2007, to a 15% reduction in specific CO<sub>2</sub> cement plant emissions by 2015 compared with 1990.

The commitment covers the portfolio of plants under management control on 1st January 2007 which includes CRH's cement 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%).

Excellent progress towards achieving this has been made and CRH is on-track to meeting its public commitment by the 2015 target. The 2010 specific emissions (0.699t CO<sub>2</sub>/t cementitious product) were 6.8% 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 rate of progress towards meeting the commitment slowed in 2010, mainly due to increased production at some older plants as a result of market demand. However, 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 across the Group.

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

- Major investments in modern kiln technology. New kilns at Lappeenranta in Finland and Platin in Ireland were commissioned in 2007 and 2008 respectively. The upgrade of Podilsky cement plant in Ukraine is anticipated to be completed in mid-2011. This project, which involves the conversion from wet process to dry process, was the world's first registered Joint Implementation (JI) project registered with the UN. When commissioned, specific CO<sub>2</sub> emissions will be substantially decreased.
- 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.
- 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 excellence programmes where line management is specifically charged with achieving best possible performance from all cement plants.

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.

1. The new dry process line under construction at Podilsky Cement in Ukraine. This project, which involves the conversion from wet process to dry process will lead to substantial reductions in specific CO<sub>2</sub> emissions.



# Climate Change: Cement

The upgrading of cement plants to enable the use of alternative fuels and materials has been rigorously pursued in recent years. CRH's strategy is to continue to increase the use of alternative materials and fuels as far as practicable in the years ahead.

## ALTERNATIVE FUELS

Approximately 40% of the CO<sub>2</sub> generated in the production of cement clinker arises from the carbon content of the fuels used. This arises due to the traditional reliance on fossil fuels within the industry. CO<sub>2</sub> from decarbonation, being the product of a chemical reaction, cannot be decreased. Therefore, the use of alternative fuels, together with energy efficiency, is key to reducing CO<sub>2</sub> emissions in the production of clinker and ultimately, cement.

In CRH plants, initiatives being adopted include:

- Use of biomass alternative fuels, such as sawdust, 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.

Alternative fuels used in Group cement plants in 2010 amounted to 200k tonnes, an increase on the quantity used in 2009. In the broader context of all Group activities, in 2010 the total usage of alternative fuels was 340k tonnes.

1. The first delivery of alternative fuels to Irish Cement's Platin plant in Ireland took place during 2010. Fossil fuels are replaced with specially prepared Solid Recovered Fuel (SRF), which is the clean dry blend of fragments of plastics, paper, cardboard and textiles that arise once recycling of waste materials has been completed.



## ALTERNATIVE MATERIALS

Increasing the portion of alternative raw materials, both in the raw meal kiln input and in the production of blended cements has many environmental benefits.

Initiatives progressively being adopted in Group cement plants include:

- Use of alternative materials to replace virgin quarried raw materials in the kiln raw meal, thus conserving resources.
- 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).

In 2010, a total of 1.4m tonnes of alternative materials were used in Group cement plants. Considering all CRH Group activities, in 2010 the total usage of externally sourced alternative materials amounted to 19m tonnes.

## CLINKER FACTOR REDUCTION

CRH is committed to reducing its clinker factor to the lowest possible figure consistent with market requirements for specific products.

## WORKING WITH PEERS

CRH is a member of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development. 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.

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.

In relation to operation of the EU ETS in the 2013-2020 period, during 2010 CRH actively supported work by the EU industry through CEMBUREAU with the EU Commission and member states, through which agreement was reached on an appropriate 'benchmark' for the industry.

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

CSI KEY PERFORMANCE INDICATORS

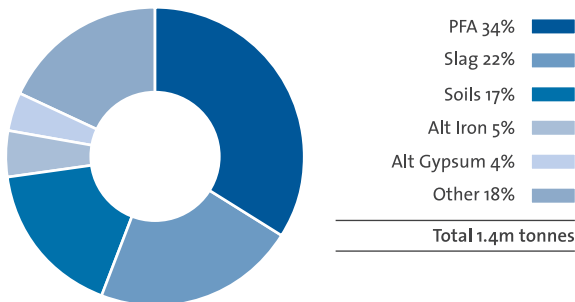
CRH Reports on the agreed CSI performance indicators (KPIs) as shown on page 71. It should be noted that many of these KPIs include

subsidiaries in addition to joint ventures and some associates on a percentage shareholding basis and the resultant figures should be reviewed separately from those relating to the commitments noted on page 26 and the total Group CO<sub>2</sub> emissions.

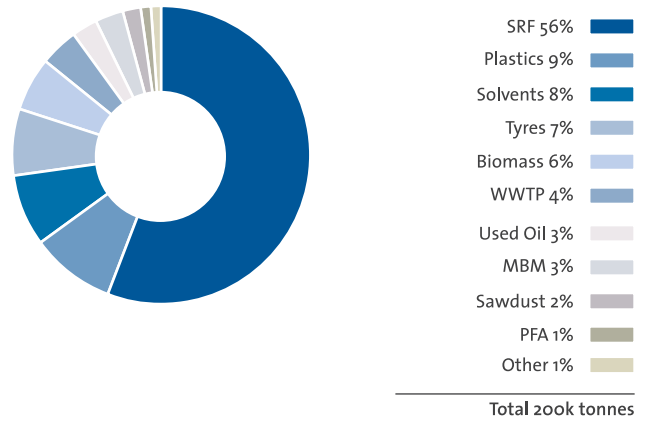
The 2010 specific cement emission KPIs, on both a gross and net basis, increased in comparison with the previous year. Despite the benefits of more alternative materials, clinker production increased in the less efficient eastern European plants with a resulting marginal increase in specific emissions. The commissioning of the new dry process plant at Podilsky will be significant in driving emission reductions in future years.

The KPI on alternative fuels, which expresses alternative fuels as a percentage of the fuel mix, increased and this resulted in a slight decrease in energy efficiency. Alternative materials as a percentage of clinker and cement decreased, due to increased market demand in some markets for cement blends not containing secondary cementitious materials.

Alternative Materials used in CRH Cement Plants



Alternative Fuels used in CRH Cement Plants



1. At Jura Cement's Wildeggen plant in Switzerland alternative fuels, including the paper sludge pictured, provide over 50% of the energy required for clinker production.



## Climate Change: Other Activities

Reducing specific CO<sub>2</sub> emissions is an imperative in all CRH's activities, not just in cement operations.

In lime operations, CRH 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 2010 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. The use of warm mix asphalt is growing, and at the end of 2010, Oldcastle Materials had over 100 warm mix asphalt plants producing four million tonnes of warm mix asphalt per annum. Recycled asphalt pavement (RAP) can be used in warm mix asphalt production, the quantities depending

on local permitted standards, making this product a truly sustainable building material.

In the production of clay bricks and ceramic tiles, CRH has recently modernised many kilns, each investment yielding significant energy efficiency improvements and CO<sub>2</sub> emission reductions.

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. In the USA, Oldcastle Materials has pioneered the use of warm mix asphalt, which requires up to 30% less energy than traditional hot mix asphalt. Hills Materials laid the first warm mix asphalt pavement in the state of South Dakota.



# Climate Change: Energy Use and Efficiency

## ENERGY USE AND MANAGEMENT

Energy efficiency improvements are being rigorously pursued at all CRH's production locations globally and specific energy management teams have been established where relevant. Due mainly to increased production at certain plants, total Group energy usage (electricity and all fuels) rose slightly in 2010 in comparison with 2009. Total Group energy usage in all subsidiaries was 20.2TWh in 2010, compared with 20.1TWh in 2009. The breakdown of energy usage by fuel type was similar to previous years.

Cement operations accounted for 38% of energy use across the Group. Specific (per tonne of product) energy efficiency data for cement production is given for 2010 and previous years on Page 71, where CSI KPIs are reported for cement activities (including joint ventures and associates on a percentage shareholding basis).

Formal energy management systems are continuously being investigated and rolled out in many companies.

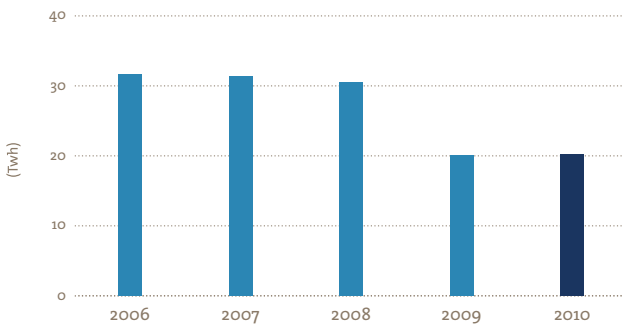
## TRANSPORT

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 and 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.

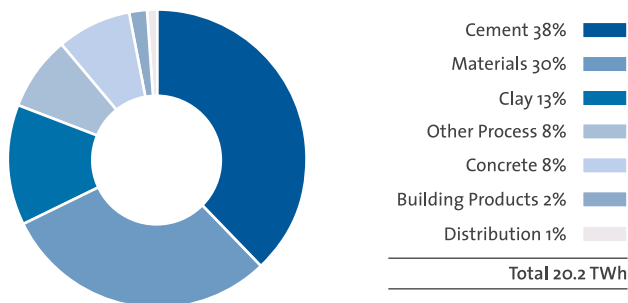
Energy Use



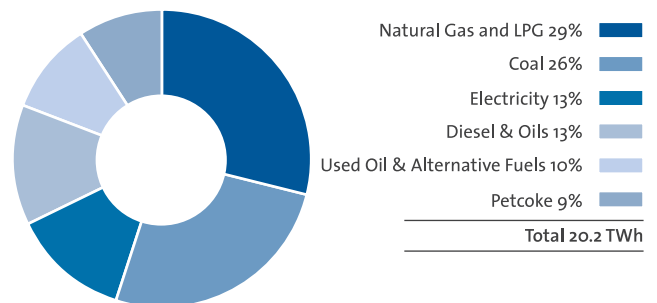
1. Conrad Yelvington Distributors, Inc. (CYDI), Florida, USA, celebrated a milestone in 2010 with the shipment of its one millionth rail car of aggregates.



Energy Use by Activity



Energy Use by Source



## Other Air Emissions

For the entire CRH Group, particulate emissions in 2010, at 8.5k tonnes, were slightly higher than in 2009. This was due to increased production led by market demand at the wet process cement plant in the Ukraine. This resulted in increased emissions that outweighed the reductions achieved at other plants following recent investments in dust abatement. In future years, when the impact of recent investments is fully embedded, particulate emissions will significantly decrease.

NO<sub>x</sub> emissions in 2010 remained similar to 2009 at 20k tonnes. SO<sub>x</sub> emissions in 2010, at 6k tonnes, decreased slightly on 2009.

Within the CRH Group, the greater proportion of stack air emissions arise from cement plants, with cement accounting for a significant portion of particulate, NO<sub>x</sub> and SO<sub>x</sub> emissions. CRH's air emissions reduction commitment is therefore focused on cement production.

In addition, many Group companies have programmes to improve air quality. These programmes generally include investing in new

abatement technology and implementing operational efficiencies to reduce potential air emissions.

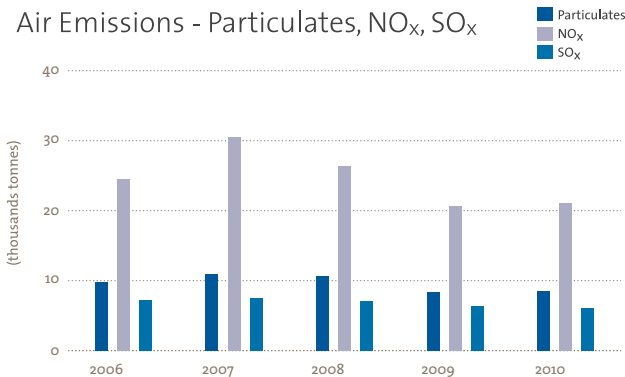
### AIR EMISSION REDUCTION COMMITMENT

As part of its strategic vision of being a responsible leader in building materials and in line with its CSI sustainability obligations, CRH has committed to reducing emissions from cement production. In 2008, CRH made the following commitments:

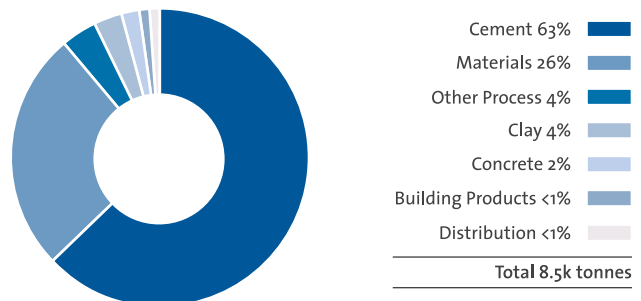
- 50% reduction on the mean specific particulate emissions by 2015 compared with the 2006 specific emissions.
- 10% reduction on the mean specific NO<sub>x</sub> emissions by 2015 compared with the 2006 specific emissions.

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.

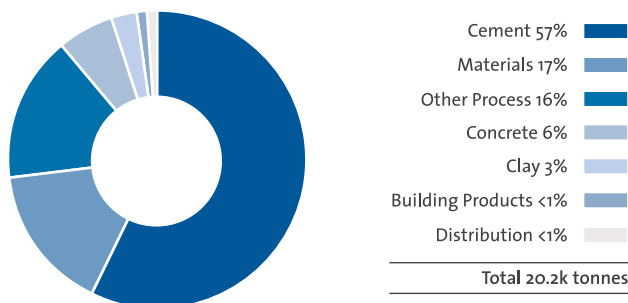
Air Emissions - Particulates, NO<sub>x</sub>, SO<sub>x</sub>



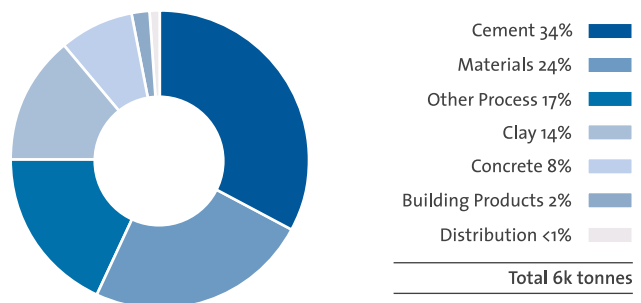
Particulate Emissions by Activity



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



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



The commitment covers the portfolio of plants under management control on 1st January 2007. These are CRH's cement plants in Ireland, Finland, Poland, Switzerland and Ukraine, and the joint venture plants in Portugal and Tunisia.

Particulate emissions at many plants have already been reduced significantly as a result of filter upgrades and plant optimisation. With the coming on-stream of the new dry process cement plant in Ukraine, particulate emissions will decrease sharply. This and other investments will ensure the commitment on particulate emissions reduction will be met by 2015.

NO<sub>x</sub> emissions for the plants within the commitment are reducing, with the reduction being achieved following installation of Selective Non-Catalytic Reduction (SNCR) equipment on many kilns and other performance improvements. In 2010, a NO<sub>x</sub> reduction of 7% on the base year has already been achieved, with 2010 specific emissions at

1,618g/tonne clinker. The NO<sub>x</sub> reduction achieved to date is close to the 2015 commitment.

#### CSI KEY PERFORMANCE INDICATORS: EMISSIONS

CRH Reports on the agreed CSI key performance indicators (KPIs) for its cement activities as shown on page 71. It should be noted that many of these KPIs include subsidiaries and in addition, joint ventures and some associates on a percentage shareholding basis. The figures should therefore be reviewed separately from the commitments.

Regarding the CSI air emissions KPIs, both specific and total particulate emissions increased due to the reasons outlined earlier. The specific NO<sub>x</sub> and SO<sub>x</sub> emissions declined on the previous year. SO<sub>x</sub> emissions in general are low due to low sulphur raw materials and the scrubbing effect of clinker production.

1. Finnsementti's modern dry process cement plant at Lappeenranta, Finland, uses modern filter technology to reduce particulate emissions and Selective Non-Catalytic Reduction (SNCR) for NO<sub>x</sub> abatement.



## Environmental Investment

As part of its continuous environmental improvement process, CRH regularly invests in processes which improve performance or that offer innovation opportunities.

In 2010, CRH invested €49m (excluding major cement plant capital expenditure), a similar amount as in 2009, 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.

This level of expenditure has been sustained over recent years to ensure CRH operates at industry best practice, despite the economic downturn.

The total environmental expenditure in 2010, excluding major cement plant capital expenditure, for CRH subsidiary companies and joint ventures and associates, when included on an equity share basis, was €60m.

Significant areas of expenditure (with the associated % of the 2010 spend) were:

- Reduction in emissions to air (10%).
- Restoration, landscaping, paving and other location upgrades (5%).
- Reduction of water usage and discharges (9%).
- Improved waste reduction and management (24%).
- Energy reduction and process optimisation (4%).
- Increased use of alternative materials and fuels (13%).
- Monitoring and licensing (35%).



1. A new gas-fired boiler, which contributes to reduced energy use, has been installed at Prefabet's Reda aerated concrete production plant in northern Poland.



2. The new energy efficient Rudus Jätkäsaari concrete plant is located near its main markets in Helsinki, Finland, thus minimising transport distance. It is designed to operate with minimum energy consumption and minimum emissions to the environment or disturbance to neighbours.

3. Improvements to fuel storage at Tilcon Connecticut in the USA included replacement of underground fuel storage tanks with concrete ConVault protected tanks along with fuel management and tank monitoring equipment.



# 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 externally sourced 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 at approximately 5% overall.

The components of the 19m tonnes of recycled materials used by Group companies in 2010 were:

- 8.6m 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.

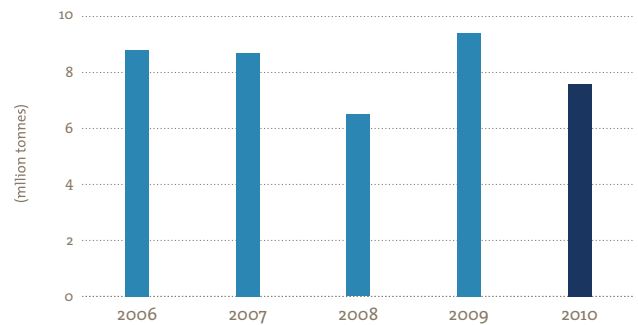
- 7.6m tonnes of Construction & Demolition (C&D) materials: these arise from construction and demolition activities and can replace virgin aggregates or can be reused for fill applications, most commonly in road construction.
- 2.8m tonnes of fly-ash, slag and other materials with cementitious properties which are by-product materials sourced mainly from external power generation and steel production respectively; these are used as raw materials or in the production of cement, or as cement substitutes in concrete products.

CRH strives to maximise the quantities of recycled materials used according to local market availability. C&D materials recycled fell in comparison with 2009 due to reduced market demand for materials containing these in 2010. RAP increased due to an increase in the quantities used in paving. The quantities of fly-ash, slag and other materials used were similar to those used in 2009.

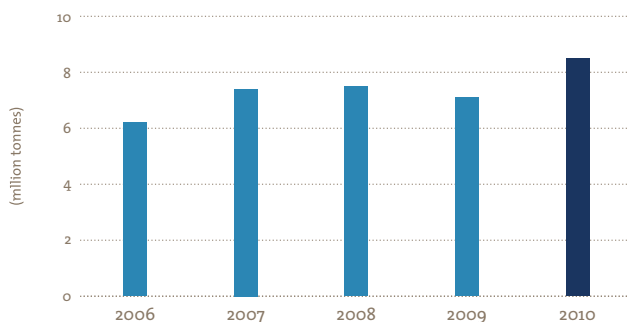
1. APAC-Texas Bitulithic, USA, utilises recycled asphalt-containing roofing material (shingles) in the production of asphalt.



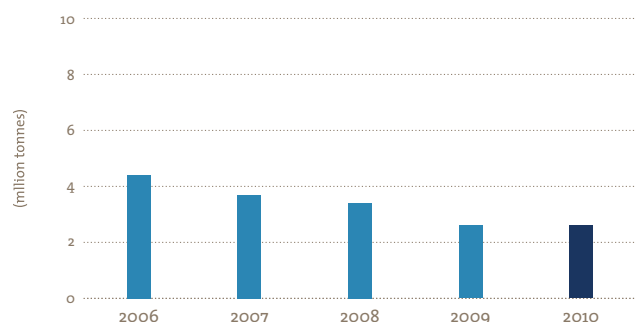
Alternative Raw Materials - C & D



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.

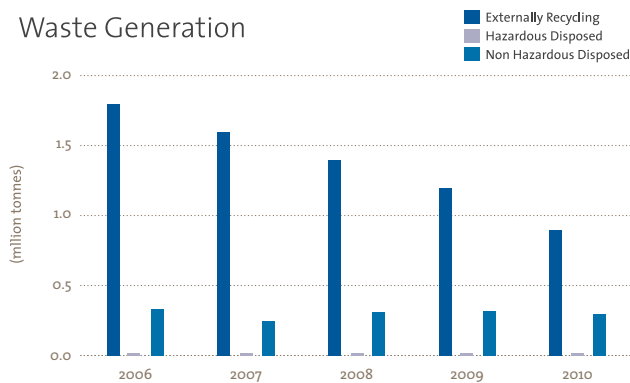
The total amount of waste generated and required to be recycled or disposed off-site reduced to 1.2m tonnes in 2010 (1.5m tonnes in 2009). Of this, 0.9m tonnes were externally recycled. Of the 0.3m tonnes remaining for disposal, 5k tonnes were hazardous. The portion

of waste being recycled is maximised as a matter of policy, but will vary from year to year depending on local conditions and in 2010 was approximately 75%. This reduction was mainly due to some businesses recycling by-product internally and thus reducing waste.

CRH is committed to participating in European national packaging waste recycling schemes and some 67 Group companies, after consolidation and restructuring during 2010, 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.

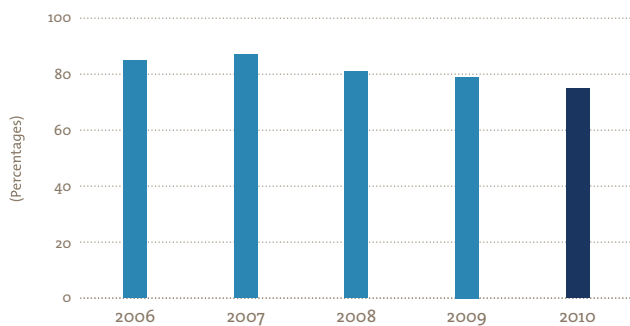
Waste Generation



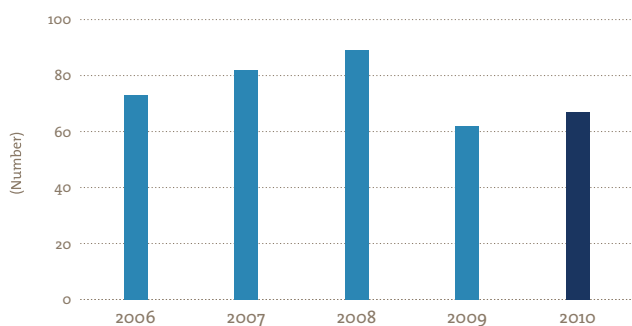
Waste by Activity



Waste Recycled



Companies in Packaging Recycling Schemes



# 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 intake in 2010 was 34m m<sup>3</sup>, a slight decrease on the figure for 2009. The largest usage is in Materials activities, where water is used for processing, washing and dust suppression. Some 66% of water intake is sourced as surface water including rainwater, while well water accounts for 22% and mains supply for 12%.

CRH emphasises reduction in process water intake through water recycling. In 2010, 766 active Group locations recycled process water and this represented an estimated 65% of Group total water usage. Additionally, 383 active locations used rainwater in their operations.

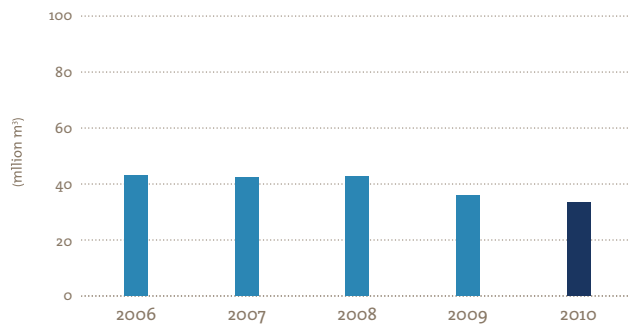
As with water intake, water discharge can also be difficult to quantify, not only because it is often not metered, but also because of the contribution of stormwater. As a result of the nature of CRH's activities, water

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.

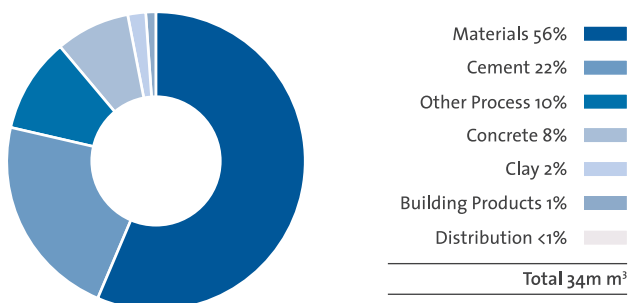
Water-stressed regions are defined by the World Business Council for Sustainable Development (WBCSD) as being regions where water availability does not meet the demand from all industrial, agricultural and domestic users. Although it is difficult to determine a precise measure for water-stress, the World Resources Institute proposes that it is experienced by countries suffering from periodic water shortages, where water supplies are below 1,700m<sup>3</sup>/person/annum.

During 2010, CRH carried out a formal review, using the WBCSD's Global Water Tool, of subsidiaries operating in regions potentially exposed to water stress. It was concluded that CRH does not generally operate in areas which are water stressed. The only operations within or close to areas of water stress are small localised quarries, production plants and distribution outlets in the southwest of the United States.

## Water Intake



## Water intake by Activity



1. At RoadstoneWood's Belgard Quarry in Dublin, Ireland, a comprehensive water management system is employed to ensure water discharges meet stringent quality limits.



# Restoration and Heritage

## RESTORATION

A significant proportion of the raw materials used by CRH Group companies is extracted from quarries, sand & gravel pits and clay pits, typically over a long operating lifetime. 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 2010, a total of 503 hectares (1,258 acres) were reinstated. The reinstated areas average out at about 1.0% per annum of total quarry and pit area.

A significant 98% 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 70,000 trees were planted in 2010. Group companies have planted over 1 million trees over the last five years.

## HERITAGE

CRH considers that protecting and preserving cultural heritage for future generations is an essential aspect of being a responsible company as the heritage that survives from the past is non-renewable and may be unique. 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.

Within the CRH Group, there are 15 Group companies protecting particular cultural heritage features at 22 locations in Ireland, Poland, the Netherlands, the UK and the United States. Joint ventures and associates in Portugal, the United States, Estonia and Israel are preserving cultural heritage aspects at a further nine locations.



1. A restoration project at the APAC Mid-South Hollywood Pit in Pensacola, Florida, USA, took place in June 2010. This project will also promote wildlife habitat enhancement through the Wildlife Habitat Council (WHC) partnership.
2. Michigan Paving and Materials, Michigan, USA, is restoring the worked-out sections of its Wenger sand and gravel pit.
3. Mammoth remains dating from the last ice age (approximately 200,000 years ago), are shown enveloped in plaster after discovery, in 2010, at Jura Cement's Wildeggen quarry in Switzerland.



# Biodiversity

## 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 can be enhanced and protected both during and after extraction of raw materials and this is important for the protection and preservation of special species as well as for the enhancement of local biodiversity. At many extractive locations, in particular, wetland and terrestrial habitats can be created and maintained.

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. All environmental impact assessments associated with permit applications require management plans for site biodiversity.

Working with local and national stakeholders has become a key feature of biodiversity management at many Group locations. Areas where wildlife is fostered can become an educational resource for students of all levels.

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

Oldcastle Materials has been working with the Wildlife Habitat Council (WHC) to increase the amount of quality wildlife habitat sites on its corporate lands since 2005 and there are now a total of 12 certified sites across the USA. Shown are local scouts at Pike's New Haven location in Vermont installing bird houses to encourage local wildlife (1), a Canada Goose (2), native flora at a location in Iowa (3) and the Shelly team collecting an award for increasing habitat for native pollinator species and populations at the Montpelier Site in Ohio (4).



## 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 positive environmental and energy enhancements.

CRH products are ideally suited to climate change mitigation and adaptation. 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.

CRH Distribution businesses supply a wide variety of products that improve the built environment and energy efficiency of buildings and these businesses actively promote the benefits of the products they stock and distribute.

1. Allied Building Products in the USA supplied over 3,800 solar panels as well as inverters, monitoring hardware and the white roofing material to this solar project, in Moonachie, New Jersey.
2. CRH managers at Stradus Infra Belgium proudly display their air-purifying pavers, which remove atmospheric pollutants from the air. The pavers have been used at several projects in Antwerp city centre.
3. Northfield Bend's Oldcastle Green Block is produced with 20% post-consumer recycled glass, which is equivalent to eight glass bottles per block.
4. Arfman, headquartered in the Netherlands, produces several products for use in conservation and protection of wildlife, such as tunnels that allow wildlife to safely cross roadways.



## Awards

Excellence in environmental management is promoted throughout the Group and all companies are encouraged to enter award schemes. CRH companies won 215 external environmental awards in 2010, demonstrating CRH's ongoing solid commitment to environmental management.

### AWARDS WON BY CRH COMPANIES IN THE AMERICAS INCLUDE:

- Oldcastle Materials won ten awards from the National Stone, Sand and Gravel Association, 186 awards from the National Asphalt Pavement Association as well as 14 awards from the National Ready Mixed Concrete Association and other bodies.

1. Northstone's Farrans Division was successful in the Arena Network Environmental Management Survey which was organised by Business in the Community Northern Ireland.
3. Jack B. Parson Companies' (JBP) ready mixed concrete plant located in West Haven, Utah, USA, received the National Ready Mixed Concrete Association's (NRMCA) prestigious Green-Star Certification.



### AWARDS WON BY CRH COMPANIES IN EUROPE INCLUDE:

- In Ireland, Irish Cement Platin Works won a Chamber of Commerce Environmental Award and Northstone won an Arena Network, Platinum Environmental Management Award.
- In Poland, Cementownia Ożarów was awarded a Regional Forbes CSR Award.
- In Switzerland, Jura Materials won a Swiss Environmental Award for its AROMA project.
- In the Netherlands, CRH Roofing Materials received a "Be Lean Be Green" sustainability award.

2. CRH Roofing Materials, which distributes roofing materials in the Netherlands, was awarded the "Be Lean Be Green" award for its CO<sub>2</sub> reduction objectives in logistics and its sustainable operations.
4. The APAC Mid-South Dothan plant in Alabama, USA, which received a National Asphalt Pavement (NAPA) award for excellence, including sustainability, in paving.



# Health & Safety

The health and safety of those working for CRH continues to receive the highest priority across all operations globally. 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 2010 are summarised. Safety management, including the implementation and auditing of the Fatality Elimination Plan, is reviewed and safety innovations and awards are outlined.



# Health & 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 and safety management is a daily priority of line management in every CRH 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 approximately 300 Safety Officers. Safety Officers assist line managers in continuously improving safety performance and work closely with other Safety Officers in each country or product group, as well as the Group Sustainability Manager and his team.

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

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 the number of accidents continues to decline year on year, fatalities continue to occur. 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.

1. Risk Assessment is a key component of safety management. An on the spot risk assessment is shown here being undertaken at Remacle's Concrete Products manufacturing location at Floriffoux in Belgium.



← Allied Building Products, delivering asphalt shingles directly to a construction site in Port St. Lucie, Florida, USA. Operators all wear appropriate fall protection, helmets and high visibility vests. [www.crh.com](http://www.crh.com)

# Annual Review Process

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

The year-end review addresses the following key areas:

- Implementation of CRH's safety policy.
- Analysis of all fatalities focusing on direct and root causes.
- 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.
- Safety management relating to employees and contractors, including use of personal protective equipment, recording of near misses, minor injuries and recordable incidents,

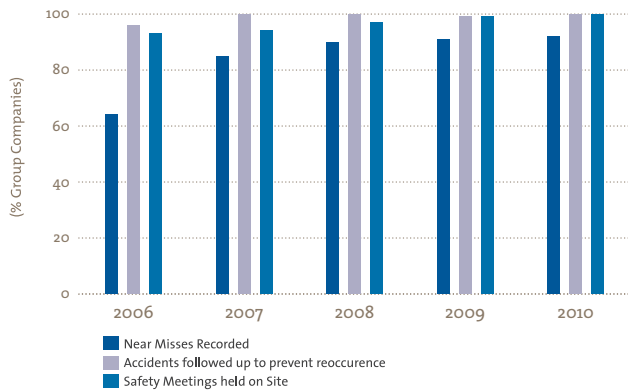
frequency of safety meetings, hours of safety training, use of disciplinary measures and incentives to reduce accidents.

- Details relating to internal and external safety audits and risk assessments.
- Workplace hygiene and employee health management.

The results of this review are 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 in safety performance at all Group companies.

The 2010 review indicated that all CRH locations have appropriate safety management systems in place. Also, during 2010, 77% of CRH locations were formally audited in respect of health and safety. The data below demonstrates the progress being achieved on several safety management indicators.

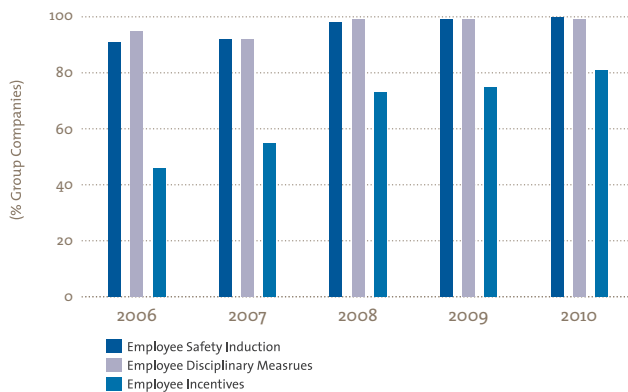
## Safety Management



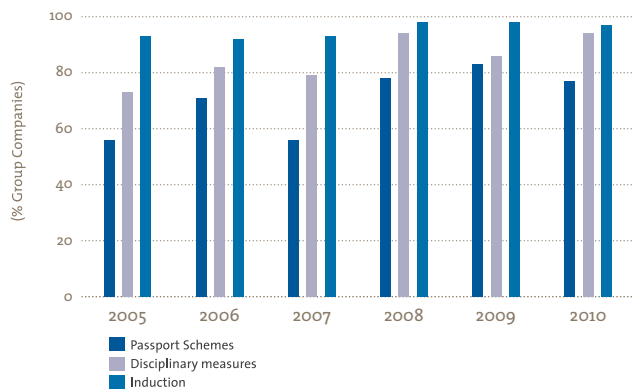
1. CRH-Oldcastle's senior safety team at the 2010 Annual Review Meeting in Tampa, Florida, USA, at which best practice was shared.



## Employee Safety Management



## Contractor Safety Management



# Safety Record

## ACCIDENTS

The 2010 review demonstrated further improvement in safety management and practice across the Group. The 2010 Accident Frequency Rate (combining both employees and contractors) improved to 3.4 lost time accidents per million manhours, down 11% on the 2009 figure. The Accident Severity Rate increased slightly by 3% to 76 lost working days per million manhours.

Over the last decade, Group Accident Frequency and Severity Rates have been reduced by an average of 12% and 10% respectively per annum, significant in the context of the growth of the Group over the same period. There is a particular focus on bringing acquisitions up to Group safety standards, and while most of the 2010 acquisitions already had good safety performance, this remains a particular challenge where CRH does not have full management control.

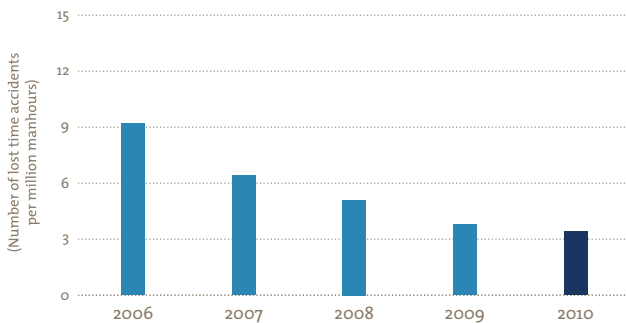
Some 89% of CRH active locations were accident-free in 2010. CRH continuously strives to improve this figure through ongoing

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.

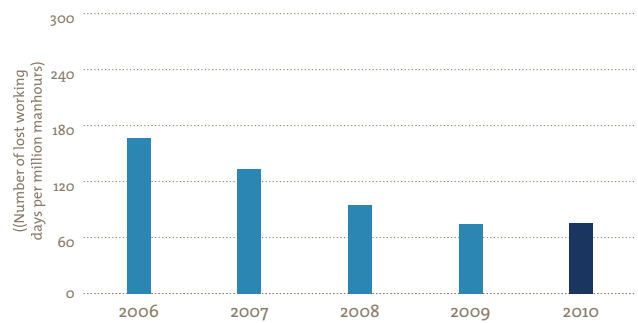
The Accident Frequency Rate for joint ventures and associates, where CRH does not have full management control, (if counted on a 100% basis) was 6.0 and the Severity Rate was 150, reflecting a generally poorer performance than subsidiaries.

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, with specific initiatives currently being rolled out relating to mobile plant and contractor safety management.

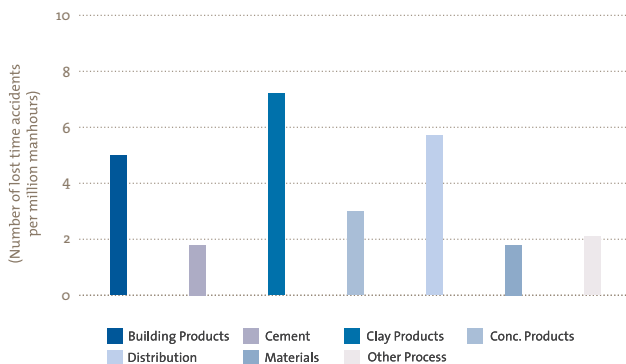
Group Frequency Rate



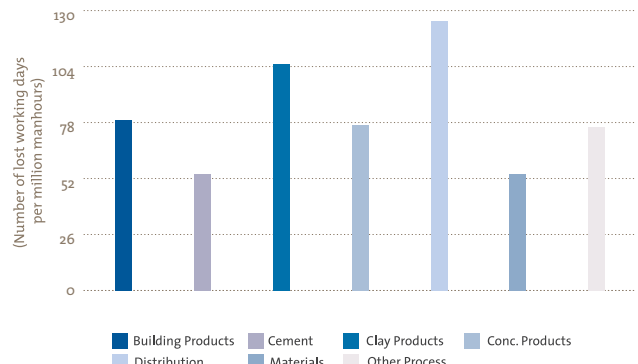
Group Severity Rate



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 and also age, length of service and job category of those injured, in order to better structure training and accident prevention programmes.

The data from 2010 indicated that the three main accident causes continued to be slips, trips and falls on the same level, falling and moving objects and lifting or overload. The most frequent injuries were to the arms, hands, legs and feet. Trends in 2010 were similar to previous years. In 2010 accident prevention measures continued to include regular safety meetings, toolbox talks, focused training programmes, circulation of safety alerts, and detailed analysis of near misses and incidents.

## FATALITIES

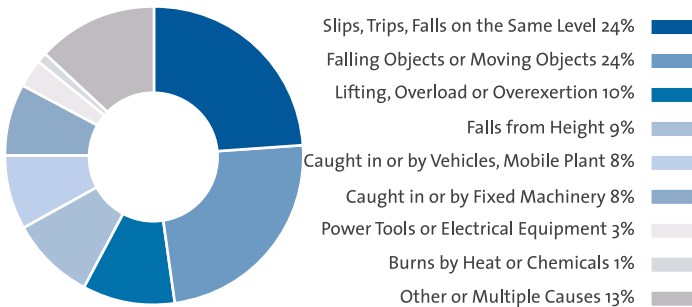
Despite the very considerable focus on safety, CRH deeply regrets that there were 6 fatalities (2 employees and 4 contractors) in 2010 across subsidiaries in Poland, China, Belgium and the United States (3).

These fatalities correspond to Fatality Rates (number of Fatalities per 10,000 employed) of 0.28 (0.65 in 2009) for employees and 3.90 (3.03 in 2009) for contractors, equivalent to 0.74 (0.92 in 2009) on a combined basis. While the number of fatalities declined, zero is the only acceptable figure and the Group wide Fatality Elimination Plan is being rigorously pursued. There were no third-party fatalities reported in 2010.

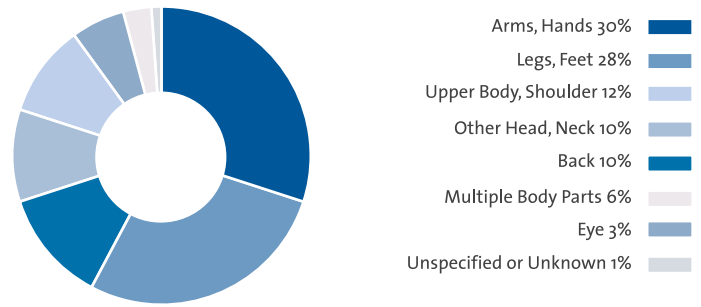
In addition to the figures reported for subsidiary companies there were also three fatalities in our joint venture and associate Companies, (2 employees and 1 contractor) in China (2) and Turkey. CRH strives to ensure that those responsible in joint ventures and associates adopt the Group's strong commitment 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.

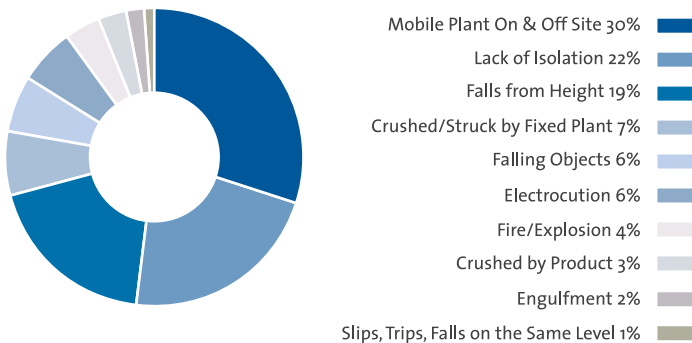
Accidents by Cause 2010



Accidents by Injury Type 2010



Fatalities by Cause 2001-2010



1. Participants at a safety leadership training course at Oldcastle Materials, USA.



# Safety Management

## FATALITY ELIMINATION PLAN

The CRH Fatality Elimination Plan is a Group-wide initiative aimed at eliminating fatalities from operations. It was launched in July 2009 and is based on the implementation of 11 Fundamentals for Fatality Elimination relevant to Group operations.

Development of the Plan followed a rigorous analysis of fatality statistics and preventative programmes across a wide range of global industries, which indicated that there are two essential elements of a successful fatality elimination strategy: a major corporate effort and a separate focus on fatalities.

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 Fundamentals for Fatality Elimination target the identified causes of fatalities, which have been shown to be different to the causes of accidents.

The implementation of these Fundamentals is mandatory and they are now embedded in day to day operations across the CRH Group. The Fundamentals are on the top of the agenda at every operational meeting across the Group.

Auditing of the implementation of the Fatality Fundamentals is ongoing and audits were completed in accordance with an agreed Plan in 2010 across all Divisions. The audit process has been very positive and has assisted in maintaining focus on the Fundamentals throughout the Group. The audits carried out to date indicate a high level of Plan implementation across the Group and significant management attention on a daily basis.

A Group-wide Fundamental Safety Alert continues to be distributed every month through the Divisional Safety Directors to supplement ongoing initiatives within the four Divisions.



1. Fatality Elimination Plan in Action: Each month, a Safety Alert focused on one of the Fundamentals for Fatality Elimination is circulated across the Group.

2. Employees at BBN Amsterdam in the Netherlands discussing a Safety Alert circulated within the Europe Products and Distribution Division.

3. An audit of the implementation of the Fundamentals for Fatality Elimination at Oldcastle Precast, California, USA.



# Safety Management

Safety is a daily priority for all levels of management. Each company (sometimes groups of companies, depending on size) has a full or part-time Safety Officer in place. Companies are required to have safety induction programmes for new employees, hold safety meetings, follow up on any accidents, circulate safety alerts and monitor near misses.

Safety meetings with employees took place on a regular basis in all companies during 2010. Independent of normal training and operational meetings, over half of all Group employees were involved either directly or indirectly in formal joint management/worker safety dialogue in 2010.

Training programmes which are focused and presented in a concise and understandable manner have been found to be a

1. Employees of the Oldcastle 'BuildingEnvelope' Albertville glass plant in Minnesota, USA, celebrating 1,000 days without an accident or recordable incident.
2. Employees at Struyk Verwo Infra concrete products plant in the Netherlands celebrating an excellent achievement of 2 years without a lost time accident.



key parameter in reducing the accident frequency rate. Over the last three years each employee at CRH has received, on average, 43 hours training specifically on health and 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 significant challenges in countries and regions that traditionally have a poor safety culture.

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.

3. An emergency drill was carried out at Jura Cement's Wildeggen plant in Switzerland in 2010. The regional fire service together with Jura's own fire service tested rescue operations including containment and extinguishing of a simulated fire.



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, developed by the WBCSD CSI, are being rolled out across the Group.

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 2010, CRH companies incurred several minor fines totalling €320k with over two thirds 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 €122 million over the last five years on upgrades on all aspects of health and safety across the Group. The level of spending underlines a dedication to improvements in safety, ergonomics, and general workplace conditions.

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.

**EMPLOYEE HEALTH**

The review process also captures extensive data on employee health and well-being. The 2010 review indicated that workplace hygiene monitoring is taking place across the Group in accordance with local and national requirements as appropriate.

There was a very low incidence of occupational illness claims recorded in Group companies in 2010, indicating a positive position in occupational health across the Group.

In the EU, relevant companies 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, 61% 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, 74% of Group companies offer assistance on employee health insurance.

1. Mattest in Ireland provided health assessments for its employees in 2010. This included a series of medical tests and extensive advice on a healthier lifestyle.



2. During 2010, Bonsal American in the USA introduced a fitness challenge programme to encourage employees to live a healthier and more active lifestyle.



## Transport Safety

### ELIMINATING FATALITIES – PRACTICAL INITIATIVES

Each of CRH's four Divisions have developed specific programmes focusing on the Fundamentals that are deemed particularly relevant to their operations. These programmes have been rolled out across the Divisions in 2010. There was a particular focus on Fundamental No. 2 "Mobile Plant Safety". CRH requires companies to have specific documented assessments and site transport rules with appropriate vehicle - pedestrian segregation in place. Extensive awareness programmes were implemented in 2010.

In the Europe Materials Division, a "Transport Safety Awareness Campaign" was launched in November 2010 to coincide with the typical seasonal increase in the number of accidents due to poor weather and deteriorating driving conditions. The campaign was led and supported by senior management and included a training

pack with six DVDs on various aspects of transport safety. The DVDs were provided in seven different languages and a booklet also accompanied each DVD with relevant guidance. Other supplementary information was also provided to aid safety officers and supervisors during the training programme.

In the Americas Products & Distribution Division, best practice for vehicle – pedestrian segregation has been identified and is now being rolled out in all precast plants in North America. In addition, employee engagement was a feature of transport safety improvements. Consultation with employees identified innovative ideas and solutions in segregating pedestrians and mobile equipment in a number of locations.

1 & 2. In November 2010 the Europe Materials Division launched a "Transport Safety Awareness Campaign". This Campaign was accompanied by an extensive training pack including DVDs and Booklets with relevant guidance and training advice.

3. At the Oldcastle Precast Madera Enclosures Solutions – Meter Box Plant in California, USA, management worked with employees to identify and implement innovative solutions to segregate pedestrians and mobile plant.



## Awards

Health and 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 334 health and safety external awards and recognitions were achieved by Group companies in 2010.

### AWARDS WON BY THE AMERICAS COMPANIES INCLUDED:

- America Materials won 202 safety awards from various awarding bodies including: Associated General Contractors, Mine Safety and Health Administration, Aggregate Producers Association, National Asphalt Pavement Association, National Stone, Sand & Gravel Association, National Ready Mixed Concrete Association, North Carolina Department of Labour, Missouri Limestone Producers Association, Joseph A. Holmes Foundation.
  - Americas Products & Distribution won 97 safety awards from various awarding bodies including: Occupational Safety and
1. Heras Netherlands was recognised by one of its clients for its commitment to safety at work and the safe completion of a fencing project.



Health Administration, National Concrete Masonry Association, Interlocking Concrete Paving Institute, North Carolina Department of Labour, Expanded Shale, Clay and Slate Institute, Black Swamp Safety Council, National Precast Concrete Association.

### AWARDS WON BY THE EUROPEAN COMPANIES INCLUDED:

- Europe Materials and Europe Products & Distribution won 35 safety awards from various awarding bodies including: British Safety Council, European Aggregates Association, Royal Society for Prevention of Accidents, Mineral Products Association, British Precast Federation, British Ceramic Industry, British Precast Concrete Federation, Polish National Labour Inspectorate, Finland Concrete Association, Finland Aggregate Industry, Swiss Sécurité & Sante, European Agency for Health and Safety at Work.
2. Mountain Enterprises, Kentucky, USA, was recognised by the Association of Highway Contractors for its excellent safety record in 2010.
  3. Oldcastle Precast's Wilsonville plant, Oregon, USA, was re-approved for the third year as a Voluntary Protection Program (VPP) Star facility.



## Social

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.
- Support freedom of association and recognise the right to collective bargaining.
- Prohibit forced, compulsory and child labour.
- 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

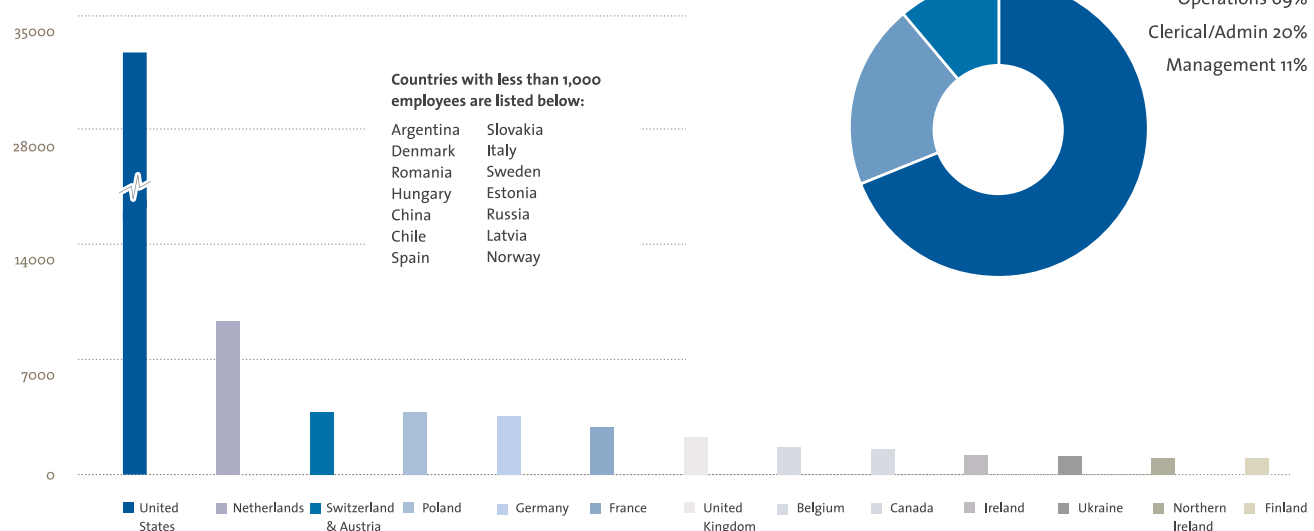
CRH believes that continued business success is rooted in good employee, customer, supplier and neighbour relations. This is particularly true in a decentralised organisation, where management responsibility is delegated as far as possible to the local level.

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. Data is provided below on the geographic employee footprint of the Group.

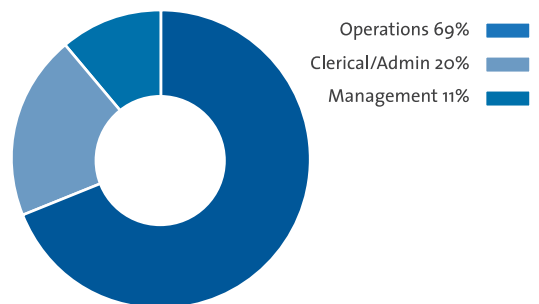
A breakdown is also set out below of the number of employees in the three main employment categories of Management, Clerical/Administration and Operations.

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

Number of employees by country at end-2010



Employees by Category



← Employees at CRH's Harbin Sanling Cement Plant, China, competing in the "Harbin City Rural Cup" tournament in September 2010.

# Employment Features

## STATISTICS

In 2010, the CRH Group employed approximately 75,000 people directly and a further 10,000 as contractors. An overview of employment data for 2010, 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 49% of people employed in clerical and administrative roles. The overall male/female ratio is 81:19. 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.

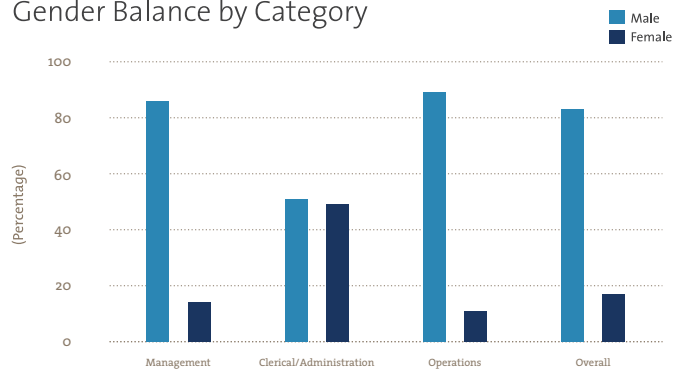
While the nature of the industry makes it difficult to employ people with physical disabilities, CRH takes its responsibilities in this area seriously. In 2010, 50 companies employed a total of 384 disabled or disadvantaged people.

It is noteworthy that in 2010, the overall employee absenteeism level was reported at less than 3%. This can be regarded as a good overall indicator of employee satisfaction. Details relating to absenteeism are set out below.

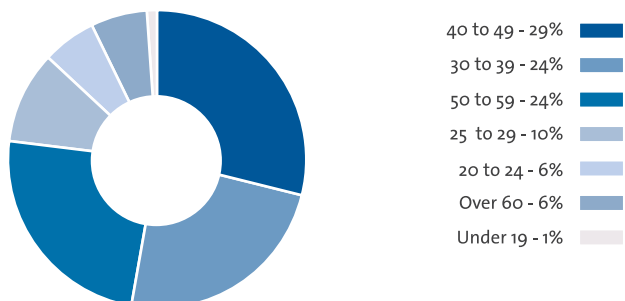
### Length of Service



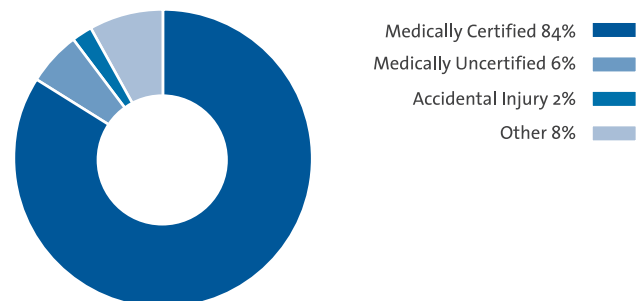
### Gender Balance by Category



### Employees by Age



### Absenteeism by Type



# 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. Where local legislation defines a minimum wage, Group Companies offer entry level wages at or above this.

Some 88% of Group companies, covering 79% of all employees, carry out regular employee briefings. While only 13% of employees take part in formal employee satisfaction reviews, most companies gauge employee satisfaction on an informal basis, as there are on average only 21 employees at each location. The flat organisational structure, together with small locally-managed operating units, ensures that close links are maintained between management and staff.

## TRAINING

CRH continues to commit significant resources to training and developing employees throughout the organisation. In 2010, over 84% of companies noted that they offered career development opportunities or advice.

In 2010 an average of almost 21.5 hours of training took place per employee. 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. At Divisional and Group level training focuses on the 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 2010, approximately 209k 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 16%, 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 2010, 53% of Group companies had employee suggestion schemes, which further enhance employee creativity and allow for appropriate recognition for innovative ideas.

1. Employees from APAC Mid-South Division, USA, receive awards for completing a one-year Management Development Course.



2. Training of EHL's sales teams from all over Germany took place in December 2010. There was a focus on maintaining a high technical and service expertise among the sales professionals.



## Employee Development

CRH is noted for recording a very low number of days lost due to industrial disputes: in 2010, less than 300 man days were lost in the whole Group, equivalent to only 0.002% of all man days worked, another positive indicator of good employee relations.

### TRADE UNIONS

Trade union membership varies by country. In 2010, overall trade union membership was 21%. Wage negotiation is carried out at a variety of levels, depending on local industry practice. Overall in 2010, over 40% of the wage reviews were carried out on an individual basis, with the remainder being carried out through unions/groups or national pay deals. All Companies operate in jurisdictions which provide employee retirement benefits. 70% of Companies offer additional retirement benefits to some or all of their employees.

### 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 specifically requires that Group companies, both in setting out policies and in practice, conform with the principles of the Declaration in so far as they apply to Group operations.

The CRH Social Policy has been updated to confirm the long standing Group commitment to the ILO Core Principles. Compliance with the Social Policy is reviewed and monitored centrally.

CRH also considers human rights implications, where applicable, in investment decisions. For example, as mentioned on page 14, acquisition due diligence in developing countries covers human rights and other CSR issues.

1. Employees of the Exterior Products Division at Allied in the United States attended a Leadership Conference in Gettysburg, Pennsylvania, USA.



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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.

In the review for the year 2010, all Group companies confirmed that there was no forced or compulsory labour employed at any location. In addition, all companies confirmed that no employees or contractors worked at Group locations during 2010 if they were under the legal age in the relevant operating jurisdiction. Some companies do allow under age personnel on their sites for training purposes such as Apprenticeships or Internships, always in accordance with local legislation and under regulation by government educational agencies.

### 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. 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.

2. Trainee employees of the Richner Aargau branch in Switzerland designed and built a model bathroom and presented it at a local trade fair.



## 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 there is continuous 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.

1. Participants in the January 2011 CRH Management Seminar which reviewed 2010 performance and looked forward to 2011 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 2010. 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 them from competitors. Many products are independently certified to the highest quality.

In 2010, in addition to regular ongoing monitoring of customer relations on a personal and daily basis, 75% of Group companies carried out regular customer satisfaction surveys. In 2010, Group companies estimated that the satisfaction of 99% of customers was average or better. 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 relationship management 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. Division and product group management are responsible for the implementation of the Code. Monitoring is carried out centrally. The Group compliance function was significantly strengthened in 2010.

### 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 Sustainability Manager and internal health and 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 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. In 2010, Forticrete in the UK received BES 6001 certification for all of its product groups – roofing, walling, cast stone and architectural masonry, covering all of its manufacturing sites. This BES standard for responsible sourcing demonstrates that a building material is sustainable and has been produced in a way that has minimised its environmental impact.

2. Quester, CRH's distribution business in Austria, has invited female staff and customers to join a new advisory panel to discuss key trends in the industry, interior design, quality and customer service.



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## Supply Chain Management

Individual operating companies source raw materials and supplies 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, petcoke 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. Most suppliers are local, where the performance and reputation of the supplier is well known. None of the Group's major suppliers provide more than 5% of total purchases and most are below 1%.

1. Recommendations arising from supplier audits can help drive forward improvements in many areas. For example, safety improvements made by CRH's suppliers include this rolling frame to assist the safe unloading of goods.



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 and India.

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.

The Divisional purchasing directors, who meet regularly, oversee purchasing policy. Methodologies to check on the CSR status of suppliers in higher risk areas of the world have been agreed and are implemented throughout the CRH Group. High value suppliers are now being audited for CSR performance, both by CRH purchasing personnel and independently.

2. CRH has developed an agreed supplier questionnaire for use in auditing suppliers for CSR performance. In addition, external agencies have been commissioned to carry out audits of some suppliers in higher risk areas.



# Communications

CRH attaches great importance to its communications with all stakeholders. The company welcomes enquiries from individuals, sustainability rating agencies, investors and other groups interested in increasing their knowledge of CRH and its activities. A number of the many communication

activities undertaken across CRH companies 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.



# Stakeholder Engagement

CRH maintains an open door policy on stakeholder engagement and communicates regularly with all its key stakeholder groups on a broad range of issues, including its CSR commitments and performance. Stakeholders are identified as including employees, customers, shareholders, the investment community, sustainability rating agencies, legislative and regulatory authorities, industry peers, government representatives, contractors, customers and suppliers, as well as neighbours, local NGOs and community groups.

CRH and its companies engage as appropriate with relevant associations and individuals. 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 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 companies operate.

The case studies in this section provide examples of the many ways in which CRH and its companies engage with stakeholders at many levels of the organisation with the overall aim of being a good neighbour in the many communities in which CRH companies operate.

1. The annual WBCSD Cement Sustainability Initiative Forum was hosted by CRH in September 2010 in Warsaw, Poland. It brought together 70 participants from CSI member companies and stakeholder groups. The Forum provided the opportunity to discuss key sustainability challenges facing the cement industry and included a visit to CRH's Cement Plant in Ożarów. The main topics discussed were sustainable construction, climate change, safety, technology developments, biodiversity and ecosystems management.

2. DNV auditors with Finnsementti management on a site visit to Parainen cement plant in Finland, during the external verification process for this 2010 CRH CSR Report.

3. United States Representative Scott Garrett visited Tilcon New Jersey's Oxford facility in New Jersey, USA, in November 2010. Representative Garrett discussed transportation issues with Tilcon operations and construction managers.



← On Earth Day (22 April) in 2010, Tilcon New Jersey, USA, joined with local elementary school students and teachers to celebrate. The day's activities included decorating wildlife shelters for use in the company's wildlife management plan.

## Stakeholder Engagement

### 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 2010, approximately 88% 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, 45% of companies have their

own newsletters with many opting for electronic newsletters, which can be disseminated more rapidly and efficiently.

### INVESTMENT COMMUNITY

At Group level, CRH engages with shareholders and the investment community, third-party survey and assessment organisations and other interested parties. In 2010 key topics discussed were: CRH's performance in the context of the current global economic environment, cost reduction programmes and CSR policy implementation.

Communications with shareholders and the investment community are promoted through the Investor Relations (IR) team, based at Group headquarters at Belgard Castle.

In 2010, CRH held investor days in London and New York, which were attended by the Group's global senior management team. These provided investors with an opportunity, outside of the normal results announcement process, to receive insights into the strategy of CRH and how it is being delivered across global operations.

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.

1. In 2010, CRH held investor days in London and New York to give detailed insight into the strategy of CRH.



# Community Engagement

CRH companies form an integral part of the many communities in which they operate. CRH companies are committed to ensuring that the genuine needs, views and interests of the local community are taken into consideration and are sensitive to the impact 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. Increasingly, Group companies are formalising their neighbour relations programmes.

Group companies held a total of 451 open days in 2010, demonstrating the ongoing increasing commitment to the local community. 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.

Open days provide an opportunity for neighbours to talk with company managers and employees, to see the production processes at first hand and be assured of the company's intention to be a good neighbour.

- 1. APAC Kansas City Olathe Quarry in Kansas, USA, hosted its second annual open house for the local community in October 2010. More than 650 guests attended for a fun-filled family outing.
- 2. During a visit from Ardee Community School's Green Committee, Peter Harty explains the workings of the masonry plant at RoadstoneWood Group's Huntstown location, Dublin, Ireland.

- 3. CRH's Joint Venture Portuguese DIY Company MaxMat held several open days for local children during 2010 including this one at Paredes.



# Community Support

## LOCAL AND CHARITABLE INITIATIVES

In 2010, 88 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.

CRH supports a wide variety of worthy charitable initiatives both at a central and local level. In 2010, CRH contributed €4.3m 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.

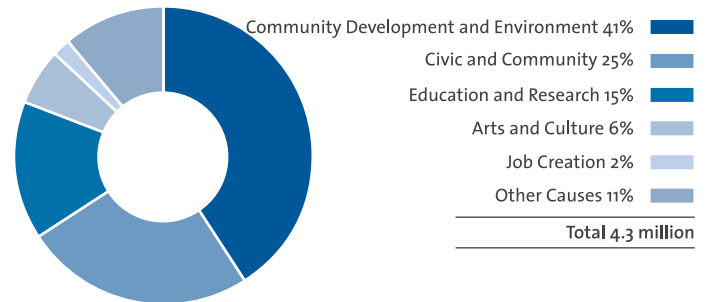
1. Three thousand tonnes of sand was donated by Rudus for the creation of Finland's largest sand sculpture in Lappeenranta on the shores of Lake Saimaa.
2. Brian Allison, Works Manager at Forticrete's Masoncrete location in Derby, UK is pictured with the Darley Dale Dynamos under seven football team, supported by Forticrete.



Approximately 70% of the annual donation budget is administered at local level where the focus is on supporting community development and civic 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 and their contributions are often matched by their company.

3. In the USA and Canada, Oldcastle Inc joined in the global effort to raise money to help Haiti recover from the devastating earthquake in January 2010. Funds were collected through a company-wide employee donation programme and employee donations were matched by the company. Cheques totalling \$154k were presented to CHF International (pictured), Hope for Haiti and the Canadian Red Cross.

CRH Donations 2010



**EDUCATION**

CRH sees education as an important societal issue and supports educational initiatives across its operations. In 2010, 15% of Group Donations were centred on such programmes.

Group companies are rooted in the communities in which they operate. They are linked in many ways, particularly through employees, to local schools and colleges, which are often identified as key stakeholders in the business. Group companies engage with schools and colleges through, for example, arranging visits to operations and visiting schools so that students can experience at first hand a variety of aspects of the building materials industry. These visits also provide a valuable learning

experience for students and have been focused on diverse areas including biodiversity, science, engineering and business.

In addition, many Group companies work to promote business, engineering and science as future careers for students, often in conjunction with professional associations and local educational establishments. This is supported through appropriate local means including bursaries, scholarships and provision of work experience.

Some case studies are provided below.

- 1. Helena Sand and Gravel in Montana, USA recently painted several concrete mixers in support of local high schools. Pictured are the State Champion Bengals Volleyball team with the newly painted mixer.
- 3. Ancon Building Products in the UK participates in the “Business Language Champions” project, which encourages students to excel in their learning of foreign languages. Pictured are a group of pupils of Minsthorpe Community College in Wakefield visiting Ancon’s head office in Sheffield.

- 2. In Poland, Trzuskawica Lime runs an annual “Knowledge of Lime” event in conjunction with the Technical College in Kielce. The three best students receive a bursary.
- 4. Sixth class pupils from Patrickswell Primary School, one of the many groups from local primary and secondary schools that visited Irish Cement’s Limerick plant during 2010.



## Community Support

### 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.

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 2010 this innovative approach had yielded €2.7 million for the Simon Community.

1. CRH Subsidiary Oldcastle Inc. supports Habitat for Humanity in its mission to provide affordable housing. In 2010, Oldcastle sponsored a Habitat home-build in Atlanta, Georgia, USA. Pictured with the homeowner are a number of the employee volunteers who assisted in the project over a seven-week period. Oldcastle also donated building materials for the project.

2. The launch of the “Dig Deep for the Simon Communities of Ireland” collection appeal in 2010, at which CRH employees collected money for the Simon Community.

3. Oldcastle APG employees at a Habitat for Humanity project in San Antonio, Texas, USA, supported by various companies including Oldcastle.



## External Endorsements

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.

### Dow Jones Sustainability Indexes (Zürich)

In its September 2010 review, 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 completion of a detailed questionnaire by CRH on governance, environmental and social performance. In February 2011, CRH was ranked by SAM amongst sector leaders as “Silver Class”.



### FTSE4GOOD (London)

CRH was included in the FTSE4Good Index in 2010. During 2010 CRH met several information requests from EIRIS, the research agency for the FTSE4Good. CRH's position in the FTSE4GOOD was again confirmed in March 2011.



FTSE4Good

### GovernanceMetrics International (GMI) (New York)

GMI, which focuses on corporate governance, continues to highly rank CRH.



### Vigeo (Paris)

Vigeo positively reviewed CRH'S CSR performance for 2010.



### Ethisphere (USA)

In March 2011, CRH was again recognised by the Ethisphere Institute as one of the World's Most Ethical Companies.



### Carbon Disclosure Project (CDP)

CRH participated in the 2010 CDP, which requests data on carbon emissions and carbon management on behalf of named institutional investors. CRH also participated in the first Water Disclosure Project, launched by the CDP in 2010.

CARBON DISCLOSURE PROJECT

# Relationship to GRI Guidelines

## CRH CSR Report 2010

GRI G3 Indicator	Description	2010 CSR Report Page Number	2010 Disclosure
<b>Strategy and Analysis</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	6-8, 11-12	Full Disclosure
2.3	Operational structure of the organisation	9-12, Annual Report 2010 p. 114-121	Full Disclosure
2.4	Location of organisation's headquarters	6, back cover	Full Disclosure
2.5	Countries where the organisation operates	5-6, 11-12	Full Disclosure
2.6	Nature of ownership and legal form	6	Full Disclosure
2.7	Markets served	7-9, 11-12	Full Disclosure
2.8	Scale of the reporting organisation	6, 8-9, 11-12, 52, 57, Annual Report 2010 p.16, 41, 57	Full Disclosure
2.9	Significant changes during the reporting period in size, structure, ownership	13-14	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	Full Disclosure
3.2	Date of most recent previous report (if any)	77	Full Disclosure
3.3	Reporting cycle (annual, biennial, etc.)	inside cover, 77	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	Full Disclosure
3.6	Boundary of the report	inside cover, 77	Full Disclosure
3.7	Any specific limitations on the scope or boundary of the report	inside cover, 77	Full Disclosure
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	inside cover, 77	Full Disclosure
3.9	Data measurement techniques and the bases of calculations	77	Full Disclosure
3.10	Explanation of effect of re-statements of information provided previously	Note: no restatements	Full Disclosure
3.11	Significant changes in scope, boundary, or measurement methods	Note: no significant changes	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	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	16-18, Annual Report 2010 p.34-35	Full Disclosure
4.4	Ways for shareholders and employees to provide recommendations or direction	16-18, 54-55, 61	Full Disclosure
4.5	Link between compensation of board and management with performance	17, Annual Report 2010 p.45-54	Full Disclosure
4.6	Processes in place for the board to ensure conflicts of interest are avoided	16, 17, 19-20, Annual Report 2010 p. 36-44	Full Disclosure
4.7	Process for determining the qualifications and expertise of the board	16-17, Annual Report 2010 p. 36-44	Full Disclosure
4.8	Internally developed statements of mission or values, codes of conduct, & principles	1-3, 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 2010 p. 36-44	Full Disclosure
4.11	Explanation of whether and how the precautionary approach or principle is addressed	1-2, 15-20, Annual Report 2010 p. 36-44	Full Disclosure
4.12	Externally developed economic, environmental, and social charters, principles	1-4, 22, 27-28, 42, 55, 71	Full Disclosure
4.13	Memberships in associations	1-2, 27-28, 66, 71	Full Disclosure
4.14	List of stakeholder groups engaged by the organisation	inside cover, 59-66, 77	Full Disclosure
4.15	Basis for identification and selection of stakeholders with whom to engage	inside cover, 59-66, 77	Full Disclosure
4.16	Approaches to stakeholder engagements	inside cover, 59-66, 77	Full Disclosure
4.17	Key topics and concerns that have been raised through stakeholder engagement	18, 59-66, 77	Full Disclosure

GRI G3 Indicator	Description	2010 CSR Report Page Number	2010 Disclosure
<b>Economic</b>			
	Disclosure on Management Approach	1-20, 25-30, 51-66	Full Disclosure
EC1	Direct economic value generated and distributed	6, 13, 63, Annual Report 2010 p. 67-72, 122-123	Full Disclosure
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	1-2, 19-20, 24-30, 39	Full Disclosure
EC3	Coverage of the organisation's defined benefit plan obligations	55, Annual Report 2010 p. 96-99	Full Disclosure
EC4	Significant financial assistance received from government	Note: 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	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, 8, 21-40, 57, 71	Full Disclosure
EN1	Materials used by weight or volume	8, 28, 30 Note: Production quantities relate closely to material use.	Partial Disclosure*
EN2	Percentage of materials used that are recycled input materials	28, 34, 71	Full Disclosure
EN3	Direct energy consumption by primary energy source	26, 30	Full Disclosure
EN4	Indirect energy consumption by primary source	25, 26, 30 Note: primary source breakdown not available	Partial Disclosure*
EN5	Additional: Energy saved due to conservation and efficiency improvements	28, 30, 71	Partial Disclosure*
EN6	Additional: Energy-efficient or renewable energy products and services	25-30, 39, 71	Full Disclosure
EN7	Additional: Indirect energy consumption reduction initiatives and results	25-30, 71	Full Disclosure
EN8	Total water withdrawal by source	36	Full Disclosure
EN9	Additional: Water sources significantly affected by withdrawal of water	Note: none significantly affected	Full Disclosure
EN10	Additional: Percentage and total volume of water recycled and reused	36	Full Disclosure
EN11	Location and size of land by protected areas and areas of high biodiversity value	37-38	Partial Disclosure*
EN12	Description of significant impacts of activities, products and services on biodiversity	37-38	Full Disclosure
EN13	Additional: Habitats protected or restored	37-38	Full Disclosure
EN14	Additional: Managing impacts on biodiversity	37-38	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	25, 71	Full Disclosure
EN17	Other relevant indirect greenhouse gas emissions by weight	24-30, 71 Note: CO <sub>2</sub> is the only relevant GHG	Full Disclosure
EN18	Additional: Initiatives to reduce greenhouse gas emissions and reductions achieved	24-30, 71	Full Disclosure
EN19	Emissions of ozone-depleting substances by weight	Note: not applicable to the building materials industry	
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	31-32, 71	Full Disclosure
EN21	Total water discharge by quality and destination	36 Note: destination varies	Partial Disclosure*
EN22	Total weight of waste by type and disposal method	35	Full Disclosure
EN23	Total number and volume of significant spills	23	Full Disclosure
EN24	Additional: Weight of waste deemed hazardous	35	Full Disclosure
EN25	Additional: Details of water and habitats significantly affected by discharges of water and runoff	35 Note: no significant impacts from water discharges	Full Disclosure
EN26	Initiatives and extent of environmental impacts of products and services mitigation	24-30, 39, 57	Full Disclosure
EN27	Percentage of products sold and their packaging materials reclaimed by category	35	Partial Disclosure*
EN28	Significant fines and non-monetary sanctions for non-compliance with environmental law	23 Note: no significant non-monetary sanctions were identified	Full Disclosure
EN29	Additional: Significant environmental impacts of transporting products etc. and workforce	24-25, 29-30	Full Disclosure
EN30	Additional: Total environmental protection expenditures and investments by type	33	Full Disclosure

GRI G3	Description	2010 CSR Report Page Number	2010 Disclosure
<b>Social : Labour Practices and Decent Work</b>			
	Disclosure on Management Approach	1-4, 41-50, 51-58	Full Disclosure
LA1	Total workforce by employment type, employment contract, and region	52-53 Note: breakdown by employment and contract type not available	Partial Disclosure*
LA2	Total number and rate of employee turnover by age group, gender, and region	54 Note: breakdown of turnover not available'	Partial Disclosure*
LA3	Additional: Benefits for full-time employees not provided to temporary or part-time	53-55	Partial Disclosure*
LA4	Percentage of employees covered by collective bargaining agreements	53, 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	46-48	Full Disclosure
LA7	Rates of injury, occupational diseases, lost days and absenteeism, & number of work-related fatalities by region	44, 45, 48, 53	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 Note: CRH does not have a significant presence in countries with endemic diseases such as HIV/AIDS	
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, 53, 54, 55	Full Disclosure
LA11	Additional: Programmes 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	51-56	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	16-18, 52-53, Annual Report 2010 p. 34-35	Full Disclosure
LA14	Ratio of basic salary of men to women by employee category	Note: same job same pay, breakdown not available	Partial Disclosure*
<b>Social : Human Rights</b>			
	Disclosure on Management Approach	1-4, 51-53	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	17-18, 58	Partial Disclosure*
HR3	Additional: Hours and % of employee training on policies and procedures in human rights	17-18, 58	Partial Disclosure*
HR4	Total number of incidents of discrimination and actions taken	17-18	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	Note: 49 Companies provided relevant human rights training during 2010	Full Disclosure
HR9	Additional: Incidents of violations involving rights of indigenous people & actions taken	Note: not applicable as CRH does not have a presence in countries of concern	

GRI G3	Description	2010 CSR Report Page Number	2010 Disclosure
<b>Social : Society</b>			
	Disclosure on Management Approach	1-4, 13, 15-20, 27-28, 37-38, 51-65	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	22, 37-38, 51-58, 59-65	Full Disclosure
SO2	Percentage and total number of business units analysed for risks related to corruption	17-18, Annual Report 2010 p. 39	Partial Disclosure*
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	17-18	Partial Disclosure*
SO4	Actions taken in response to incidents of corruption	Note: no significant incidents	Full Disclosure
SO5	Public policy positions and participation in public policy development and lobbying	27-28	Full Disclosure
SO6	Additional: Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Note: no significant donations	Full Disclosure
SO7	Additional: Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Annual Report 2010 p. 36-44 Note: no significant issues	Full Disclosure
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Annual Report 2010 p. 36-44 Note: no significant issues	Full Disclosure
<b>Social : Product Responsibility</b>			
	Disclosure on Management Approach	1-4, 24, 37, 41-42, 51-52, 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	37, 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	57 Note: none known	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 Note: 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	57 Note: none known	Full Disclosure
PR5	Additional: Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	57	Full Disclosure
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Note: not applicable for building materials 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	Note: not applicable for building materials due to the nature of these products	
PR8	Additional: Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Note: 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	Note: 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 its 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.

# WBCSD Cement Sustainability Initiative KPIs

## Key Performance Indicators for Cement Activities

Key Performance Indicator	2006	2007	2008	2009	2010
<b>Climate Change<sup>(1)</sup></b>					
Total CO <sub>2</sub> emissions (Gross), million tonnes	10.11	12.06	13.31	10.11	10.50
Total CO <sub>2</sub> emissions (Net), million tonnes	9.86	11.78	13.12	9.83	10.14
CO <sub>2</sub> emissions (kg) per tonne of cementitious product (Gross)	751	741	749	717	716
CO <sub>2</sub> emissions (kg) per tonne of cementitious product (Net)	733	724	738	697	692
<b>Alternative Fuels &amp; Materials<sup>(1)</sup></b>					
Energy efficiency (kcal/kg clinker)	973	964	955	926	931
% Fuel substitution for virgin fuels	8.6%	7.2%	6.2%	10.8%	12.6%
% Biomass in kiln fuel	1.6%	1.5%	1.4%	2.0%	1.7%
% alternative materials (clinker and cement)	6.1%	10.1%	8.9%	12.2%	11.4%
clinker : cement ratio	85.0%	83.6%	81.8%	79.5%	78.9%
<b>Health/Safety<sup>(2)</sup></b>					
No. of fatalities (directly employed)	0	0	0	0	1
Fatality rate per 10000 (directly employed)	0	0	0	0	3.97
No. of fatalities (indirectly employed)	1	1	0	1	0
No. of fatalities (involving 3rd parties)	0	0	0	0	0
No. of lost time injuries (directly employed)	19	22	18	10	9
No. of lost days (directly employed)	346	850	646	677	285
LTI rate per 1m man hours (directly employed)	3.64	3.36	2.63	1.88	1.84
Severity rate per 1m man hours (directly employed)	66	130	94	127	58
No. of lost time injuries (indirectly employed)	8	7	12	5	7
<b>Emissions<sup>(1)</sup></b>					
Particulates, specific g/tonne of clinker	375	412	405	376	380
Particulates, total (tonnes per year)	4,332	5,631	5,924	4,222	4,433
NO <sub>x</sub> , specific g/tonne of clinker	1,554	1,929	1,646	1,580	1,532
NO <sub>x</sub> , total tonnes per year	17,932	26,383	24,051	17,730	17,883
SO <sub>x</sub> , specific g/tonne of clinker	154	257	200	224	209
SO <sub>x</sub> , total tonnes per year	1,778	3,513	2,917	2,510	2,436
<b>Emissions Monitoring<sup>(2)</sup></b>					
% Clinker Produced with monitoring of major and minor emissions	79.9%	65.6%	74.7%	75.1%	77.5%
% Clinker Produced using continuous monitoring of major emissions	79.4%	78.8%	74.7%	75.1%	77.5%
<b>Local Impacts<sup>(2) (3)</sup></b>					
No. of active quarries within, containing or adjacent to areas designated for their high biodiversity value				1	1
% of sites with high biodiversity value where biodiversity management plans are actively implemented				100.0%	100.0%
% of sites with community engagement plans in place	85.7%	85.7%	80.0%	72.2%	100.0%
% of active sites with quarry rehabilitation plans	92.9%	92.9%	86.7%	77.8%	92.9%

Note 1: Subsidiary and joint ventures and associates on an equity share basis (excluding Kunda, Uniland and Yatai)

Note 2: Subsidiary Companies

Note 3: The original single KPI on biodiversity (Local Impacts) was updated by CSI in early 2009 and expanded

For definitions of these KPIs, refer to the CSI Interim Report, June 2005 on [www.wbcscement.org](http://www.wbcscement.org).

# 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 fencing and security 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 and 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 2010



### 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 2010 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 2010. 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 2010, as described in the Report. These were verified at Group level as well in site visits to 8 production facilities and in telephone / video conferences with 2 production facilities 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 AccountAbility 1000 Assurance Standard (2008) (AA1000AS (2008)) for a Type 2 high level assurance engagement. The reliability of the information within the Report for calendar year 2010 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, CO<sub>2</sub> emissions, 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 2010 that could compromise the independence or impartiality of our work.

### VERIFICATION METHODOLOGY

This assurance engagement was carried out between March and June 2011, 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 10 CRH executives and management representatives from different Divisions and functions of the Group, in addition to more than 40 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: American Cement Company in the USA; Oldcastle Southern in the USA; Oldcastle APG South in the USA; Premier Periclase in Ireland; Northstone in Northern Ireland; Struyk Verwo Infra in the Netherlands; Heras (Oirschot) in the Netherlands; and Finnsementti (Parainen) in Finland. Telephone / video conferences were carried out with Jura Cement (Wildeggen) in Switzerland and My Home Industries in India. These sites 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;
- 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 2009; 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 2010.

CRH has continued to improve and expand its CSR programme, for example by developing global procurement standards and establishing a programme to audit the CSR performance of selected suppliers.

CRH is committed to the Health & Safety of its employees and contractors. 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, including joint ventures and associates. As detailed in the Report, CRH has achieved significant improvements in employee safety over the past decade. DNV commends CRH for their increased focus on contractor safety.

Significant efforts have been made to further reduce CRH's carbon emissions and optimise transportation of CRH products and thereby reduce the Group's environmental impact. In addition, CRH continues to review and further enhance the environmental sustainability of its product portfolio, as well as making a concerted effort to maximise internal reuse of process waste.

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 the information needs of its stakeholders and has used this knowledge to inform the content and structure of the Report. As explained therein, CRH is a federal company and subsidiaries manage their external stakeholder engagement practices individually as appropriate to the local context. All subsidiaries follow Group guidelines on engaging employees on environment, health and safety and social matters. At Group level, employees are regularly involved in setting strategies, plans and actions through best practice meetings established around a product or regional grouping to review environmental or health and safety matters. CRH has further developed the work of its best practice group on procurement. In addition, CRH holds regular feedback meetings on environmental, health and safety and social matters across different regions and business lines. CRH also engages with a range of external stakeholders, including SRI rating agencies, investors and shareholders, governments and regulators, and participates in industry associations such as the WBCSD-CSI, CEMBUREAU and others to address CSR issues material to its sector and its business.

**Materiality:** While 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. These processes have also been used by CRH 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 continuous efforts to improve the company's rigorous and comprehensive CSR data management processes at Group level. In 2010, CRH considerably enhanced its Group level CSR data management systems through the implementation of an online sharepoint database for entry and management of CSR performance data and improved internal data collection tools and guidance. These enhancements resulted in improved automation of data collection, aggregation and internal review processes. They also further improved the reliability and consistency of information submitted from site to Group level, facilitated reporting and furthered the reliability of information reported in the 2010 CSR Report.

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) CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub> and particulate emissions values in line with the CSI KPIs. CRH is also reporting specific CO<sub>2</sub> emissions for Lime.

**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 2010. The Report includes information on challenges faced as well as explanations for changes in performance trends.

## 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.

- The management of CSR performance data at Group level is robust and reliable; consider working with subsidiaries and local sites, where appropriate, to enhance their data collection and management practices.
- We encourage CRH to provide additional guidance regarding energy and CO<sub>2</sub> conversion factors to enhance comparability of data reported to Group. In addition, consider providing local sites with estimation methodologies for surface water discharge, transport and water consumption in order to maintain comparability of reported data.
- Consider reviewing the process by which key material issues are determined and prioritised, as well as how this is communicated within the Report.
- Consider providing more information in the report regarding the impact of structural changes and divestments upon CRH's workforce and outlining measures taken by CRH to assist employees in managing transition processes.
- Consider the development of quantitative Group level environmental goals for the reduction of energy consumption, water consumption and waste generation, and reporting on progress annually in the CSR Report.
- Continue to explore specific (per tonne of product) environmental metrics which will enable the demonstration of savings and efficiencies in terms of energy and water consumption as well as emissions.



Nili Safavi  
Lead CSR Verifier



Priti Nigam  
GHG Verifier



Ingebjørg Gravlien  
Assurance Engagement Reviewer

For Det Norske Veritas Ltd., London, June 2011



# DNV Assurance Statement

## CRH CSI KPIs for Calendar year 2010



### 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 2010 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 2010 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;
- The reported emissions monitoring coverage rates;
- 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 2010. 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 June 2011, 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 Protocol "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 2 cement production facilities: American Cement Company in the USA, Finnsementti, Parainen in Finland, undertook detailed documentary due diligence of the performance data for My Home Industries in India and Jura Cement, Wildegg in Switzerland combined with video / telephone conferences. Together these 4 production facilities represent approximately 17% of CRH's total CO<sub>2</sub> emissions for subsidiary Company cement facilities in 2010 and 16% of CRH's total CO<sub>2</sub> emissions for cement facilities on an equity share basis in 2010, as reported on page 71 of the Report. The primary purpose of the visits and meetings 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, on-site review of the data repositories and performance records, and desktop study of performance data sent from site to Group. The interviews 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 2010. 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>, and 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.
- The implementation of an online database for automation of data collection will greatly enhance the quality and accuracy of data; DNV commends the efforts CRH has already made in automating data in 2010.

- Additional guidance to sites on relevant conversion factors and where to source these from could be provided to enhance data consistency across all sites.



Nili Safavi  
Lead CSR Verifier



Mark Purcell  
GHG Verifier



Priti Nigam  
GHG Verifier

For Det Norske Veritas Ltd., London, June 2011

# 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, which was designed to make information more readily available for the reader, was retained for the 2009 report and has been further enhanced for this 2010 report.

## INDEPENDENT VERIFICATION

CRH was among the first companies in its sector to achieve full independent verification of its CSR Reporting in 2005, repeated in 2006, 2007, 2008, 2009 and 2010. This Report, published in June 2011 and covering activities in 2010, has also been independently verified by Det Norske Veritas (DNV) and the detailed verification statement is included in this Report on page 73.

## 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 114-120 of the CRH Annual Report 2010. 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 121 of the CRH Annual Report 2010. 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 this 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 full 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 & 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. The DNV verification statement

on this Report is also included in the appendices, together with WBCSD-CSI KPI data and the associated DNV verification statement.

## INTENDED AUDIENCES

The key audiences for this report are CRH stakeholders - employees, customers and suppliers, as well as current and potential investors, sustainability rating agencies, government and regulatory bodies, non-governmental organisations (NGOs), 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 previous Reports, 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 2010 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 and independently checked by the GRI. The GRI statement is included on page 79 of this Report.

## DATA ACCURACY

Every effort has been made to provide consistent physical data in this Report, a significant challenge when collating the 2010 data from a diverse range of activities from over 3,600 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.

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. Specific emissions are reported for cement activities in accordance with the WBCSD CSI conventions.

Metric units are used throughout.

GRI Application level requirements

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

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	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 OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	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

## GRI Statement



### Statement GRI Application Level Check

GRI hereby states that CRH plc has presented its report "CRH Corporate Social Responsibility Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 8 July 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because CRH plc has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 28 June 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

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Belgard Castle

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

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