

Corporate Governance Report

Nicky Hartery



Chairman

Chairman's Introduction

In keeping with general reporting trends in recent years to focus on key issues for shareholders, the Corporate Governance Report this year addresses matters relevant to 2015 and includes separate updates from the respective Committee Chairmen. Details of CRH's general governance practices, which are largely unchanged from prior years, are available on CRH's website, www.crh.com (the "[Governance Appendix](#)").

Governance

CRH implements the 2014 UK Corporate Governance Code (the "2014 Code") and complied with its provisions in 2015. A copy of the 2014 Code can be obtained from the Financial Reporting Council's website, www.frc.org.uk.

The 2014 Code introduced a new requirement to include provisions in incentive plans that would enable a company to recover sums paid or withhold the payment of any sum. The *Remuneration Committee* has included clawback and malus provisions in the Annual Bonus Plan (see page 82 in the Directors' Remuneration Report). For the 2014 Performance Share Plan, awards are subject to malus during the three-year performance period and during the additional two-year holding period following performance assessment. Given that malus provisions apply for the combined five-year vesting period from the date of award, the *Remuneration Committee* considers that an additional clawback provision for Performance Share Plan awards is not necessary and is satisfied that the Company's arrangements are appropriate and balanced in the context of the intent of the 2014 Code. This position will, nevertheless, be kept under review.

We also have procedures in place for compliance with our obligations under the applicable rules and regulations issued by the United States Securities and Exchange Commission.

Board Renewal, Re-election and Succession Planning

Details in relation to the approach taken by the *Nomination & Corporate Governance Committee* in respect of Board renewal and succession planning in general are set out in my report as Chairman of the *Nomination & Corporate Governance Committee* on page 62.

There have been a number of executive and non-executive Director changes to the Board during 2015 and to-date in 2016, details of which are set out on page 111 of the Directors' Report.

Pat Kennedy, Rebecca McDonald and Lucinda Riches were appointed as non-executive Directors in 2015. In addition, Bill Teuber will join the Board with effect from 3 March 2016 as a non-executive Director. I welcome each of these individuals to the Board and look forward to working with them. In order to facilitate their full and active participation as Directors, I have put in place a detailed induction programme for each of them (a sample of CRH's induction programme is included in Section 1 of the Governance Appendix).

In relation to each of the Directors putting themselves forward for re-election at the 2016 Annual General Meeting, I have conducted a formal evaluation of the performance of each Director, which also considered individual training needs where appropriate. I can confirm that each of the Directors continues to perform effectively and to demonstrate strong commitment to the role. Following a review carried out by

* The Governance Appendix is published in conjunction with the Directors' Report in compliance with Section 1373 of the Companies Act 2014. For the purposes of Section 1373 (2) of the Companies Act 2014, the Governance Appendix and the risk management disclosures on pages 16, 17 and 113 to 119 form part of, and are incorporated by reference into, this Corporate Governance Report.

the *Nomination & Corporate Governance Committee*, the Board has determined that each non-executive Director continues to be independent. I strongly recommend that each Director be re-elected. Their biographies are set out on pages 52 to 55.

Board Training, Development and Effectiveness

Don McGovern, Senior Independent Director, and I organised a number of workshops for the Board in 2015. The Board has a very effective “working together dynamic”, which is reflected in the outcome of the external board evaluation referred to below. Nevertheless, the current environment presents constant challenges for boards and it is important that we continually seek to identify areas for potential beneficial advancement. The workshops, which were facilitated by an external expert, reviewed the workings of the Board, the Board’s role in strategy and executive and Board succession.

In order to facilitate the continued development of non-executive Directors in terms of their knowledge of CRH’s operations, in 2016 we will extend the number of Board visits from two to three, with the usual site visits in Europe and the United States, which generally last between three and five days, to be supplemented by the addition of a week-long visit to Asia, including CRH’s Asia Pacific Head Office in Singapore and a site visit to the operations acquired from Lafarge S.A. in the Philippines. In 2015, the Board visits were to Berlin in Germany and Utah in the United States. Also in 2015, a group of non-executive Directors visited CRH’s offices and Yatai’s operations in China.

An external consultant, ICSA Board Evaluation (“ICSA”), was engaged to

facilitate a formal external evaluation of the effectiveness of the Board during 2015. ICSA*, which also conducted the previous external evaluation in 2012, has reported its findings to the Board. Overall, similar to the 2012 evaluation, the performance of the Board was found to be “very good” as rated on a six-point scale, ranging from poor to excellent. Some relatively minor recommendations arose from the process which we will consider with a view to implementing over the course of the next year. These related to the interaction between the Board and its Committees as the work and responsibilities of the Committees evolve, the arrangements for feedback from non-executive Directors in relation to the performance of executive Directors and the establishment of additional protocols for certain Board discussions.

Further details in relation to Board training and development, and the processes by which the Board evaluates its effectiveness are included in the Governance Appendix.

Talent Management/Succession Planning

In last year’s Annual Report, I reported that the Board was working with the Chief Executive and the Group Human Resources and Talent Development Director to take a fresh look at our talent management and succession processes to ensure we have a pipeline of executives at all levels to match our needs. We are pleased with the progress, both in terms of assessing the Group’s existing management talent base and the executives recruited as part of the acquisition of assets from Lafarge S.A. and Holcim Limited. Talent management/succession planning will be a regular agenda item for the Board during 2016.

Risk Management & Cyber Security

The 2014 Code introduced a new requirement for the Directors to explain in the Annual Report how they have assessed the prospects of the Group over an extended period of time and to state whether they have a reasonable expectation that it will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. This “viability statement” is included in the Directors’ Report on page 110. The 2015 Annual Report also contains additional disclosures regarding risk management in CRH (see pages 16, 17 and 113 to 119).

Cyber security has been identified as a key risk for the Board. In relation to the Group’s readiness to deal with any cyber security issues, the Group’s head office team has been strengthened in recent years by the addition of a number of specialist information security professionals, and an information security programme has been implemented across the Group, including the United States, Asia and Europe, to bring uniform approaches and practices to security. The programme has involved the engagement of third party experts to advise on global standards and frameworks and to ensure that adequate capabilities and resourcing are available. Responsibility for monitoring progress in this area has been delegated to the *Audit Committee*, while the Board receives regular updates on the status of the programme.

Committees of the Board

I am pleased to report that CRH’s Board Committees continue to work very effectively, enabling the Board increasingly to concentrate on matters of strategic importance.

* ICSA is part of an organisation which provides software solutions to third parties, including CRH. The value of the contract is de minimus and otherwise ICSA has no business connection with CRH.

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The *Audit Committee* determined in 2015 that it would not be appropriate to carry out a tender for the Group's external audit in 2016. However, the position will be kept under review. Ernst & Young have been CRH's auditors since 1988 and under new EU rules cannot hold the position after 2020. The reasons for not carrying out a tender in 2016, along with further details on the work of the *Audit Committee*, are set out in the report from Committee Chairman, Ernst Bärtschi, on page 59.

The *Remuneration Committee* has, as indicated in last year's Annual Report, carried out an extensive review of CRH's remuneration policies. The purpose of the review was to ensure that the Group's remuneration structures were appropriate for the needs of the business. The Committee Chairman, Don McGovern, consulted with shareholders on the proposals which are the subject of a policy vote at the 2016 Annual General Meeting. I believe these proposals are measured and appropriate for CRH in the coming years and I would recommend that shareholders vote in favour of the changes to the policy at the Annual General Meeting. Further details are set out in the Directors' Remuneration Report on page 74.

In 2015, the Board set up an ad-hoc committee to support management in relation to the integration of the LH Assets.

Conclusion

Good corporate governance is important in enabling the Board to meet the challenges, and avail of the opportunities, which an environment of continual change, both internal and external to CRH, presents. We, therefore, keep our governance structures and arrangements under review on an on-going basis and I am satisfied that our processes remain at the forefront of best practice, are aligned to the needs of the business, help us manage risk and provide assurance and accountability in a transparent way for the benefit of our shareholders and all stakeholders.

Nicky Hartery

Chairman

2 March 2016

Audit Committee Report

Ernst Bärtschi



Chairman of Audit Committee
Audit Committee Financial Expert
(as determined by the Board)

Chairman's Overview

On behalf of the *Audit Committee*, I am pleased to introduce the Audit Committee Report for the year ended 31 December 2015. The purpose of this report is to provide shareholders with an insight into the workings of the Committee in the last 12 months. In keeping with the changes outlined in the Chairman's introduction on page 56, the format of the Audit Committee Report has been amended this year to focus more clearly on the principal matters we have dealt with at the nine meetings we held in the past 12 months. General details in relation to the operation of the Committee and the policies applied by it can be found in the Governance Appendix.

Table 1 outlines the key areas that the Committee focused on in 2015.

Audit Committee Effectiveness and Priorities for 2016

During 2015, the effectiveness of the Committee was reviewed by both the Board as part of the external evaluation facilitated by ICSA and by the Committee itself. No issues of concern were identified.

The key areas of focus for the Committee in 2016 will be on internal control, external audit planning, IT governance, cyber security and Enterprise Risk Management.

Ernst Bärtschi

Chairman of Audit Committee

2 March 2016

Key areas - 2015

Issue	Description	Table 1
Financial Reporting and External Audit	In July 2015, we met with Ernst & Young to agree the 2015 external audit plan. Table 2 on page 60 outlines the key areas identified as being potentially significant and how we addressed these during the year.	
Impairment Testing	Through discussion with both management and Ernst & Young, we reviewed management's impairment testing methodology and processes. We found the methodology to be robust and the results of the testing process appropriate. Details of the impairments recorded during the year, which amount to a total of €44 million, are set out in note 2 on page 152.	
Acquisitions	During 2015, the Group acquired a number of significant assets and businesses. We considered various related aspects, including, estimates and judgements regarding valuations, the recognition of intangible assets and the implementation of CRH's internal control structures.	
Enterprise Risk Management	We monitored progress in respect of the ongoing formalisation of Enterprise Risk Management, including development of a Risk Appetite & Tolerance Framework and preparations for the "viability statement" disclosed in the Directors' Report (further details in relation to CRH's risk governance are outlined on pages 16 and 17). We also considered an assessment of the Group's risk management and internal control systems. This had regard to all material controls, including financial, operational and compliance controls that could affect the Group's business.	
Cyber Security	We monitored progress in refining the Group's information security programme and cyber security capabilities.	
External Auditors	Ernst & Young have been the Group's auditors since 1988. During 2015, we considered whether to put the external audit contract out to tender. Given the focus on the integration of the major acquisitions completed in 2015, the appointment of a new Finance Director in January 2016 and the Committee's continued satisfaction with the performance of Ernst & Young (details of the Committee's processes in reviewing the effectiveness of the external audit are set out on page 61), we concluded that it would not be in the best interests of the Group to carry out a tender at this time. We will continue to keep this under review in the context of EU rules mandating the rotation of external auditors which, for CRH, would require a transition by the end of 2020. As in prior years, the continuance in office of Ernst & Young will be subject to a non-binding advisory vote at the 2016 Annual General Meeting.	
Internal Audit	We considered the results of an independent external assessment of the Internal Audit function. The assessment included interviews with key stakeholders across the Group (including the members of the Committee) and the examination of the information provided to the Committee. The results, which were generally very positive, identified some areas where the effectiveness of the function and its reporting to the Committee could be enhanced. A detailed action plan to address these was agreed.	

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Areas identified for focus during the 2015 External Audit Planning Process

Area of Focus	Audit Committee Action	Table 2
Impairment of Goodwill	<p>For the purposes of its annual impairment testing process, the Group assesses the recoverable amount of each of CRH's cash-generating units (CGUs – see details in note 14 to the Consolidated Financial Statements) based on a value-in-use computation. The annual goodwill impairment testing was conducted by management, and papers outlining the methodology and assumptions used in, and the results of, that assessment were presented to the <i>Audit Committee</i>. Following its deliberations, the <i>Audit Committee</i> was satisfied that the methodology used by management (which was consistent with prior years) and the results of the assessment, together with the disclosures in note 14, were appropriate.</p> <p>Similar to 2014, a separate assessment was carried out in 2015 in respect of any remaining business units identified for divestment as part of the previously announced Group-wide portfolio review. The valuation of each business unit (based on the estimated fair value less costs of disposal) was reassessed in 2015 on a standalone CGU basis and compared with its carrying value. The <i>Audit Committee</i> reviewed and considered the methodology used by management in the reassessment process and was satisfied that it was appropriate.</p> <p>During 2015, and as noted elsewhere in this report, the Group completed two significant acquisitions. As the initial allocation of the goodwill to CGUs is not complete, CRH is required to assess whether indicators of impairment exist in relation to goodwill attributable to these businesses. Papers outlining the methodology used in, and the results of, that assessment were presented to the <i>Audit Committee</i>. Following its deliberations, the <i>Audit Committee</i> was satisfied that the methodology used by management and the results of the assessment were appropriate (see note 14 for further details).</p>	
Impairment of Property, Plant and Equipment, and Financial Assets	<p>In addition to the goodwill impairment testing process discussed above, the Group also annually assesses the need for impairment of other non-current assets (property, plant and equipment and financial assets) as and when indicators of impairment exist. The <i>Audit Committee</i> considered the methodology used by management in that process and was satisfied that it was appropriate.</p>	
Contract Revenue Recognition	<p>IAS 11 – <i>Construction Contracts</i> requires revenue and expenses to be recognised on uncompleted contracts, with the underlying principle that, once the outcome of a long-term construction contract can be reliably estimated, revenue and expenses associated with that contract should be recognised by reference to the stage of completion of the contract activity at the balance sheet date. If it is anticipated that the contract will be loss-making, the expected loss must be recognised immediately. Following discussions with management and Ernst & Young, the <i>Audit Committee</i> was satisfied that contract revenue recognition was not a material issue for the Group in 2015 as the majority of contracts were completed within the financial year.</p>	
Accounting for Acquisitions and Disposals	<p>During 2015, the Group completed 22 acquisitions and investments at a total cost of approximately €8 billion and realised total disposal proceeds of approximately €1 billion across 30 business disposals. Following discussions with management and Ernst & Young, the <i>Audit Committee</i> was satisfied that the accounting treatment applied to acquisitions and disposals during 2015 was appropriate.</p>	
LH Assets Acquisition – Fair Value Accounting for Property, Plant and Equipment and Provisions	<p>Given the significant scale of the acquisition of the LH Assets, both in terms of monetary value and geographical spread, the <i>Audit Committee</i> considered with management and Ernst & Young the judgements and estimates used by management in the fair value accounting for property, plant and equipment and in the recognition of provisions related to the acquisition and was satisfied that these were appropriate.</p>	
C.R. Laurence Acquisition – Identification and Valuation of Acquired Intangible Assets	<p>The <i>Audit Committee</i> considered with management and Ernst & Young the estimates and judgements used by management in the identification and valuation of intangible assets related to the CRL acquisition and determined that these were appropriate.</p>	

Audit Committee Membership

The *Audit Committee* currently consists of four non-executive Directors considered by the Board to be independent. The biographical details of each member are set out on pages 53 to 55. Together the members of the Committee bring a broad range of experience and expertise from a wide range of industries which is vital in supporting effective governance.

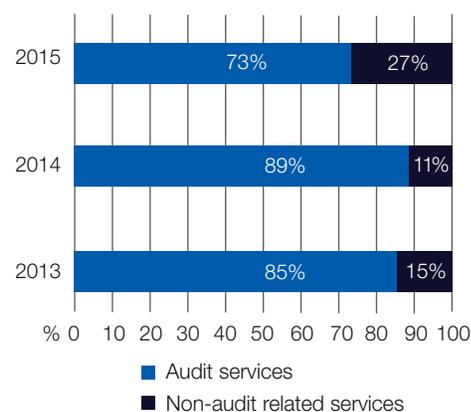
External Audit Effectiveness

The Committee, on behalf of the Board, is responsible for the relationship with Ernst & Young and for ensuring the effectiveness and quality of the external audit process. The Committee's primary means of assessing the effectiveness of the external audit process is by monitoring performance against the agreed audit plan. Each year the Committee considers (i) the experience and knowledge of the Ernst & Young audit team; (ii) the results of post-audit interviews with management and the *Audit Committee* Chairman; (iii) the transparency reports issued under the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 by Ernst & Young Ireland; and (iv) where applicable, relevant reports by regulatory bodies on the performance of Ernst & Young. These annual procedures are supplemented by periodic formal reviews of the performance of Ernst & Young, the most recent of which took place in late 2014. The 2014 review captured the views of relevant stakeholders across the Group and members of the Committee. The results indicated a continued high level of satisfaction with Ernst & Young and the services provided by them to CRH. Further details in relation to the external auditors, including information on how auditor objectivity and independence are maintained, are included in the Governance Appendix.

Non-audit Fees

In 2015, the external auditors provided a number of audit-related services, including Sarbanes-Oxley section 404 attestation, and non-audit services, including due diligence services associated with proposed acquisitions and disposals. Ernst & Young were also engaged during 2015 in a number of jurisdictions in which the Group operates to provide help with local tax compliance, advice on taxation laws and other related matters; assignments which typically involve relatively small fees. The *Audit Committee* is satisfied that the external auditors' knowledge of the Group was an important factor in choosing them to provide these services. The Committee is also satisfied that the fees paid to Ernst & Young for non-audit work in 2015, which amounted to €7 million and represented 27% of the total fees for the year, did not compromise their independence or integrity. Details of the amounts paid to the external auditors during the year for audit and other services are set out in note 3 to the Consolidated Financial Statements on page 153 (see also table 3). Further details in relation to the Group's policy regarding non-audit fees are set out in Section 2 of the Governance Appendix.

Percentage of Audit and Non-audit Fees Table 3



Nomination & Corporate Governance Committee

Nicky Hartery



Chairman of Nomination & Corporate Governance Committee

Chairman's Overview

Board Renewal

The *Nomination & Corporate Governance Committee* regularly reviews the Board's skill mix, experience and tenure in order that the renewal process is orderly and planned. A skills matrix has been developed to aid this process and is used by the Committee to identify candidates for the role of non-executive Director.

During 2015, the members of the Committee along with other Board members participated in a workshop which in part considered the issue of Board renewal and succession planning. The purpose of the session was to consider the challenges of succession generally and whether CRH's processes could be strengthened. The output from the workshop will be taken into consideration during the course of 2016.

During 2015, and to-date in 2016, the Committee identified and recommended to the Board that the following individuals be appointed:

- Rebecca McDonald (non-executive Director), appointed to the Board with effect from 1 September 2015;
- Senan Murphy (executive Director), appointed to the Board and as Finance Director with effect from 4 January 2016; and
- Bill Teuber (non-executive Director), to be appointed to the Board with effect from 3 March 2016.

The search criteria for the non-executive Director appointments included candidates with a Chief Executive or senior management background, experience in CRH's industry in an executive or non-executive capacity, financial expertise and experience in emerging markets.

Senan Murphy joined the Group from Bank of Ireland and his biography, along with those of Rebecca McDonald and Bill Teuber are set out on pages 52, 54 and 55 respectively.

With effect from January 2016, Maeve Carton and Mark Towe have taken on new, challenging and important roles as Group Transformation Director and Chairman, CRH Americas respectively. They remain as executive Directors.

The services of Board Works and KornFerry were used for the recruitment of Rebecca McDonald and Bill Teuber. Other than the provision of recruitment services, neither agency has any connections with CRH.

Following the Annual General Meeting to be held on 28 April 2016, Bill Egan and Utz-Hellmuth Felcht will retire as Directors following nine years' service on the Board.

Diversity

I am pleased to report that women will represent 31% of CRH's Board following the 2016 Annual General Meeting. As previously reported, the Board had set itself the goal of increasing the number of female Directors to circa 25% of the Board by the end of 2015. The *Nomination & Corporate Governance Committee* will continue to retain gender diversity as a key factor to consider in all Board appointments for the foreseeable future.

Board Committees

In accordance with the Terms of Reference of the *Remuneration Committee*, I will cease to be a member of that Committee following the 2016 Annual General Meeting. Following our recommendation to the Board regarding other changes, the membership of the Committees following the 2016 Annual General Meeting will be as set out in table 4.

Corporate Governance

During the course of the year the Committee agreed the terms of reference for the external Board evaluation conducted by ICSA Board Evaluation, made recommendations to the Board to maximise the usage of its Committees for the benefit of the Board's efficiency and effectiveness, and considered various developments in the area of Corporate Governance.

The Committee also reviewed the voting outcome at the 2015 Annual General Meeting and concluded that there was no issue or pattern in voting which was unexplained or warranted discussion with individual shareholders.

Nicky Hartery

Chairman of Nomination & Corporate Governance Committee

2 March 2016

Membership of Board Committees - Post 2016 AGM⁽ⁱ⁾ Table 4

	Acquisitions	Audit	Finance	Nomination	Remuneration
Ernst Bärtschi	-	CH	M	-	-
Maeve Carton	M	-	M	-	-
Nicky Hartery	CH	-	CH	CH	-
Pat Kennedy	-	-	-	M	M
Albert Manifold	M	-	-	-	-
Senan Murphy	M	-	M	-	-
Rebecca McDonald	M	-	M	-	-
Don McGovern	-	-	-	M	CH
Heather Ann McSharry	-	M	-	-	M
Henk Rottinghuis	M	M	-	-	-
Lucinda Riches	-	-	-	M	M
Bill Teuber	-	M	M	-	-

(i) M = Member; CH = Chairman

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Nomination & Corporate Governance Committee Membership

The *Nomination & Corporate Governance Committee* consists of four non-executive Directors, considered by the Board to be independent. The biographical details of each member are set out on pages 52 to 55. The Chief Executive normally attends meetings of the Committee.

Policy on Diversity

We are committed to ensuring that the Board is sufficiently diverse and appropriately balanced. In its work in the area of Board renewal, the *Nomination & Corporate Governance Committee* looks at the following four criteria when considering non-executive Director candidates:

- international business experience, particularly in the regions in which the Group operates or into which it intends to expand;
- skills, knowledge and expertise in areas relevant to the operation of the Board;
- diversity, including nationality and gender; and
- the need for an appropriately sized Board.

During the ongoing process of Board renewal, each, or a combination, of these factors can take priority.

Board of Directors

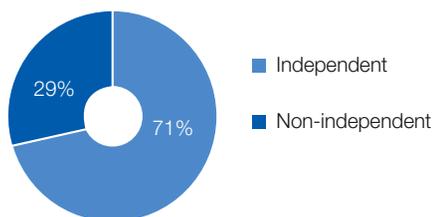
Membership Structure of the Board

We consider the current size and composition of the Board to be within a range which is appropriate. The spread of nationalities of the Directors reflects the geographical reach of the Group and we consider that the Board as a whole has the appropriate blend of skills, knowledge and experience, from a wide range of industries, regions and backgrounds, necessary to lead the Group. Section 1 of the Governance Appendix contains further details on the Board's structures. None of the executive Directors is a non-executive Director of another listed company.

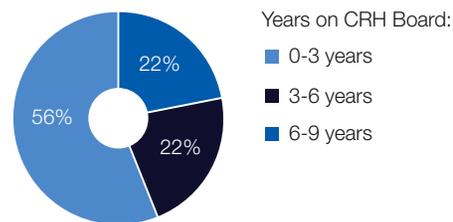
Membership of the CRH Board

Table 5

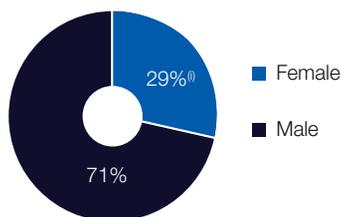
Independence (determined by CRH Board annually)



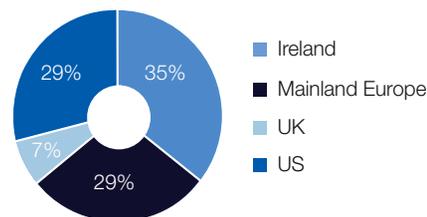
Tenure of non-executive Directors (excluding Chairman)



Gender Diversity



Geographical Spread (by residency)



(i) Will increase to 31% following 2016 Annual General Meeting

Role and Responsibilities of the Board

The Board is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behaviour throughout the organisation. There is a formal schedule of matters reserved to the Board for consideration and decision. This includes the matters set out in table 6.

The Group's strategy, which is regularly reviewed by the Board, and its business model are summarised on pages 8 to 11.

The Board has delegated some of its responsibilities to Committees of the Board. While responsibility for monitoring the effectiveness of the Group's risk management and internal control systems has been delegated to the *Audit Committee**, the Board retains ultimate responsibility for determining the Group's risk appetite and tolerance and annually considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties. In addition, the Board receives regular reports from the Chairman of the *Audit Committee* in relation to the work of that Committee in the area of risk management. As required by the 2014 Code, the "viability statement", which explains how the Directors have assessed the prospects of the Group over the five-year period to 31 December 2020, is included in the Directors' Report on page 110.

Individual Directors may seek independent professional advice, at the expense of the Company, in the furtherance of their duties as a Director.

Matters Reserved to the Board Table 6

Appointment of Directors
Strategic plans for the Group
Annual budget
Major acquisitions and disposals
Significant capital expenditure
Approval of the Annual Report
Approval of the Interim Results

The Group has a Directors' and Officers' Liability insurance policy in place.

Chairman

Nicky Hartery was appointed Chairman of the Group in 2012. On his appointment as Chairman, he met the independence criteria set out in the UK Corporate Governance Code. Although he holds a number of other directorships, including a Canadian listed company (see details on page 52), the Board has satisfied itself that these do not impact on his role as CRH Chairman.

Committees

The Board has established five permanent Committees to assist in the execution of its responsibilities. The current permanent Committees of the Board are the *Acquisitions Committee*, the *Audit Committee*, the *Finance Committee*, the *Nomination & Corporate Governance Committee* and the *Remuneration Committee*.

In addition, ad-hoc committees are formed from time to time to deal with specific matters. Each of the permanent Committees has Terms of Reference, under which authority is delegated to them by the Board. The Chairman of each Committee reports to the Board on its deliberations and minutes of all Committee meetings are circulated to all Directors. Chairmen of the Committees attend the Annual General Meeting and are available to answer questions from shareholders.

The *Audit, Nomination & Corporate Governance* and *Remuneration Committees* reviewed their respective Terms of Reference in December 2015 and determined that no changes were required.

In December 2015, the Terms of Reference of the *Acquisitions Committee* were updated to increase the limits under which the Committee can consider acquisition and capital expenditure proposals. In addition, the quorum for Committee meetings was changed from two to three. Also, in December 2015, the Terms of Reference of the *Finance Committee* were updated to enable it to consider and, if deemed appropriate, to approve the acceptance by the Company of any bank facility, or the issuance of any related guarantee or indemnity up to a maximum limit and to consider and, if deemed appropriate, to approve the affixing of the Company's common seal to documents.

The Terms of Reference of each Committee are available on the CRH website, www.crh.com.

* In accordance with Section 167(7) of the Companies Act 2014

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Attendance at meetings during the year ended 31 December 2015

Table 7

	Board		Acquisitions		Audit		Finance		Nomination		Remuneration	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended
E.J. Bäertschi	8	7	-	-	9	9	4	4	-	-	-	-
M. Carton	8	8	5	5	-	-	4	4	-	-	-	-
W.P. Egan	8	8	-	-	-	-	-	-	6	6	10	10
U-H. Felcht	8	8	5	5	-	-	4	3	-	-	-	-
N. Hartery	8	8	5	5	-	-	4	4	6	6	10	10
J.W. Kennedy ⁽ⁱ⁾	2	2	1	1	-	-	-	-	-	-	-	-
P.J. Kennedy ⁽ⁱⁱ⁾	8	8	4	4	8	7	-	-	-	-	-	-
R. McDonald ^(iv)	3	3	2	2	-	-	3	3	-	-	-	-
D.A. McGovern, Jr.	8	8	-	-	-	-	-	-	6	6	10	10
H.A. McSharry	8	8	-	-	9	9	4	4	-	-	-	-
A. Manifold	8	8	5	5	-	-	-	-	-	-	-	-
D.N. O'Connor ⁽ⁱ⁾	2	2	-	-	-	-	-	-	1	1	2	2
L.J. Riches ⁽ⁱⁱⁱ⁾	7	6	-	-	-	-	-	-	5	5	9	8
H.Th. Rottinghuis	8	7	4	4	9	8	-	-	-	-	-	-
M.S. Towe	8	8	-	-	-	-	-	-	-	-	-	-

(i) Retired May 2015

(ii) Appointed to Board January 2015

(iii) Appointed to Board March 2015

(iv) Appointed to Board September 2015

All Directors attended the 2015 Annual General Meeting.

Substantial Holdings

Table 8

As at 31 December 2015, the Company had received notification of the following interests in its Ordinary share capital, which were equal to, or in excess of, 3%:

Name	31 December 2015		31 December 2014		31 December 2013	
	Holding/ Voting Rights	% at year end	Holding/ Voting Rights	% at year end	Holding/ Voting Rights	% at year end
Baillie Gifford Overseas Limited and Baillie Gifford & Co.	41,193,797	5.00	-	-	-	-
BlackRock, Inc. ⁽ⁱ⁾	74,030,167	8.99	40,681,647	5.49	43,857,751	5.98
Harbor International Fund	21,853,816	2.65	21,999,275	2.96	21,999,275	3.00
Templeton Global Advisors Limited	-	-	21,503,171	2.90	21,503,171	2.93
UBS AG	26,380,604	3.20	26,380,604	3.56	26,380,604	3.59

(i) BlackRock, Inc. has advised that its interests in CRH shares arise by reason of discretionary investment management arrangements entered into by it or its subsidiaries.

Substantial Holdings

The Company is not owned or controlled directly or indirectly by any government or by any corporation or by any other natural or legal person severally or jointly. The major shareholders do not have any special voting rights. Details of the substantial holdings as at 31 December 2015 are provided in table 8. Between 31 December 2015 and 2 March 2016, the Company has been advised that BlackRock, Inc. reduced its holding to 73,838,812 shares (8.97%).

Stock Exchange Listings and Corporate Governance codes

CRH, which is incorporated in Ireland and subject to Irish Company Law, has a premium listing on the London Stock Exchange, a secondary listing on the Irish Stock Exchange and its American Depository Shares are listed on the New York Stock Exchange.

Regulatory, Compliance & Ethics

The Group Regulatory, Compliance & Ethics ("RCE") programme continues to develop in scope and reach. The structure of the RCE organisation was strengthened in 2015 with the following appointments:

- Group Regulatory and Compliance Director
- Europe/Asia General Counsel
- Senior Competition Counsel at Group level
- Group Compliance Manager

In addition, in line with the Group's efforts to continually review and improve its RCE programmes, the Group commissioned an external quality assessment review to be completed in Q4 2015 - final reporting expected during Q1 2016 with

recommendations expected to be actioned during 2016.

Following updates to the CRH Code of Business Conduct (COBC) approved by the Board in February 2014, the RCE team's primary focus since then has been to ensure all relevant employees receive appropriate training. In the current training cycle, circa 28,000 employees participated in COBC training and over a mix of two and three year training cycles, a further 14,000 have also undertaken advanced instruction on competition law and anti-bribery, corruption and fraud. During 2015, COBC training, which had already been online in the US, was also rolled out across Europe. In addition, in Europe the roll out of a new fraud awareness online training tool commenced in 2015.

In addition, our development teams and procurement teams continue to receive appropriate instruction on both our RCE Mergers, Acquisitions and Joint Venture Due Diligence Programme and our Ethical Procurement Code. CRH continues to implement our Supplier Code of Conduct so that our Corporate Social Responsibility requirements are understood by existing and new suppliers. Similar procedures are being developed and implemented for engagements with business partners.

An updated version of the Anti-Fraud Policy will be finalised early in 2016. In addition, guidance underlying the following is under review:

- The Competition/Antitrust Compliance Code
- Speaking Up
- Gifts, Hospitality and Donations

The COBC has scored an "A" rating by New York Stock Exchange Governance Services and incorporates some welcome new features, including learning aids, an ethical decision making guide and a clear focus on the core values of the Group: Honesty, Integrity and Respect for the law. It was translated and distributed during 2014.

A robust communications plan is in place to complement the training programme. A multi-lingual "Hotline" facility called "Speak Up" is also available to employees to report issues that concern them, for example an issue concerning business ethics. All Hotline reports (or reports outside of the Hotline process) received are fully reviewed and investigated by appropriately qualified personnel.

The RCE programme has been integrated into our standard Internal Audit procedures and forms part of an annual management certification process (this process was changed to an online process during 2015). Its effectiveness is also regularly reviewed by the RCE function with appropriate oversight from senior management and the *Audit Committee*. The collective goal is to ensure the message is clearly understood that at CRH "there is never a good business reason to do the wrong thing".

Communications with Shareholders

Communications with shareholders are given high priority and the Group devotes considerable time and resources each year to shareholder engagement. We recognise the importance of effective dialogue as an integral element of good corporate governance. The Investor Relations team, together with the Chief Executive, Finance Director and other senior executives, meet

Corporate Governance Report | continued

regularly with institutional shareholders (each year covering over 50% of the shareholder base). Detailed reports on the issues covered in those meetings and the views of shareholders are circulated to the Board after each group of meetings. Table 9 provides a brief outline of the nature of the activities undertaken by our Investor Relations team.

During 2015, the Chairman, Senior Independent Director and Company Secretary participated in a number of conference calls with some of the Group's major shareholders in advance of the 2015 Annual General Meeting. The meetings were organised to provide those shareholders with an opportunity to discuss the resolutions on the 2015 Annual General Meeting agenda and corporate governance matters generally.

In addition to the above, major acquisitions are notified to the Stock Exchanges in accordance with the requirements of the Listing Rules and development updates, giving details of other acquisitions completed and major capital expenditure projects, are issued periodically (typically in January and July each year).

In addition, we respond throughout the year to correspondence from shareholders on a wide range of issues.

The Chief Executive made a presentation to shareholders at the 2015 Annual General Meeting on CRH's businesses.

Investor Relations Activities

Table 9

Formal Announcements, including the release of the annual and interim results and the issuance of trading statements. These announcements are typically accompanied by presentations and webcasts or conference calls.

Investor Roadshows, typically held following the release of formal announcements, provide an opportunity for the management team to meet existing and/or potential investors in a concentrated set of meetings.

Industry Conferences: Attendance at key sector and investor conferences affords members of the senior management team the opportunity to engage with key investors and analysts.

Investor Briefings: In addition to regular contact with investors and analysts during the year, the Company periodically holds capital market days, which include presentations on various aspects of CRH's operations and strategy and provide an opportunity for investors and analysts to meet with CRH's wider management team.

Media Briefings: Each year, the Company provides media briefings on numerous issues.

The following are available on the CRH website, www.crh.com

Table 10

Corporate Governance section:

- Governance Appendix
- Terms of Reference of *Acquisitions Committee* (amended December 2015)
- Terms of Reference of *Audit Committee* (amended December 2013)
- Terms of Reference of *Finance Committee* (amended December 2015)
- Terms of Reference of *Nomination & Corporate Governance Committee* (amended December 2013)
- Terms of Reference of *Remuneration Committee* (amended December 2013)
- The Memorandum and Articles of Association of the Company
- Pre-approval policy for non-audit services provided by the auditors
- Compliance & Ethics statement, Code of Business Conduct and Hotline contact numbers

Investors section:

- Annual & Interim Reports, the Annual Report on Form 20-F, the Sustainability Report, Trading Statements and copies of presentations to analysts and investors
 - News releases
 - Webcast recordings of key investor briefings
 - General Meeting dates, notices, shareholder circulars, presentations and poll results
 - Answers to Frequently Asked Questions, including questions regarding dividends and shareholder rights in respect of general meetings
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