



CRH plc Audit Committee

Audit and Non-audit Services Pre-approval Policy



1. General

This policy applies to CRH plc and any entities over which CRH plc has control or joint control (the 'Group'); the policy therefore applies to subsidiaries and joint operations.

The Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. This responsibility requires the Audit Committee to pre-approve audit and non-audit services performed by the independent auditor to ensure they do not impair the auditor's independence from the Group in line with Independence Requirements ("Independence Requirements" as defined in Appendix E).

The Audit Committee has established pre-approval policies and procedures for the engagement of the independent auditor to render audit and certain permitted audit-related and non-audit services. This revised policy supersedes the policy approved in 2012.

The policy and procedures outlined below are not intended to prevent or supersede the authority of shareholders under Irish Law to approve the appointment of the independent auditor.

2. Permitted Services and Fees

The appendices to this policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise. On an annual basis the Audit Committee will review and pre-approve the services which may be provided by the independent auditor. The Audit Committee will add to or subtract from, where necessary, the list of general pre-approved services from time to time. The Audit Committee may grant general pre-approval for other audit services, which are those services that only the independent auditor reasonably can provide.

No approval will be granted in respect of prohibited non-audit services as defined by Independence Requirements. A list of prohibited non-audit services is attached as Exhibit 1.

2.1. Audit Services

The Audit Committee will approve the annual audit engagement terms and related fees. The independent auditor's engagement includes the following:

- Annual audit of the financial statements of CRH plc;
- Statutory audit and any other opinions on the financial statements of entities within the Group; and
- Any other procedures required to form an opinion on the Group's Consolidated Financial Statements

Other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control and consultations relating to the audit. Audit services also include the attestation engagement for the independent auditor's report on internal controls for financial reporting.

The Audit Committee has pre-approved the audit services in Appendix A. All other audit services not listed in Appendix A must be specifically pre-approved by the Audit Committee.

2.2. Audit Fees

Under the Audit Committee's Terms of Reference, which have been approved by the Board, the remuneration of the independent auditor is approved by the Audit Committee. At each Annual General Meeting, shareholders are asked to authorise the Board to fix the level of remuneration.

2.3. Audit-Related, Tax and All Other services

The Audit Committee has, in Appendices B, C and D, outlined the type of audit-related, non-audit and all other services that they will permit the independent auditor to carry out on behalf of the Group (“general pre-approval”). Where a type of service has not received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditor.

Appendix B lists the audit-related services and Appendix C lists the tax services pre-approved by the Audit Committee. Furthermore, all large and/or complex tax transactions requiring a non-listed service from the independent auditor must obtain specific pre-approval. This includes tax services to any executive officer or Director of the Company, in his or her individual capacity, to the extent that the individual is not engaged in a financial reporting oversight role, where such services are paid for by the Company.

The Audit Committee will not permit the retention of the independent auditor to provide tax services in connection with a transaction initially recommended by the independent auditor (see Exhibit 1 for prohibited non-audit services). The Audit Committee will consult with the Group Taxation Director or outside counsel to determine that the tax planning and reporting positions are consistent with this policy.

The Audit Committee has pre-approved all other services in Appendix D. The Audit Committee believes, based on Independence Requirements prohibiting the independent auditor from providing specific non-audit services, that certain other types of non-audit services are permitted. Those documented in Appendix D are believed to be routine and recurring services and would not impair the independence of the auditor and are consistent with the rules on auditor independence.

In all cases where it is unclear whether or not a proposed service falls within the general pre-approvals, the Finance Director must be informed and will seek specific Audit Committee pre-approval.

2.4. Non-Audit Fees

Pre-approval fee levels for all categories of service to be provided by the independent auditor will be established annually and approved by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval by the Audit Committee.

3. Approval Procedures for Audit and Non-Audit Services

This policy does not delegate the Audit Committee’s responsibilities to pre-approve services being performed by the independent auditor to management. The Audit Committee may delegate either type of pre-approval authority to one or more of its members. The Chairman of the Audit Committee is authorised to give specific pre-approval to any audit or non-audit service to be provided by the independent auditor. All such pre-approval decisions must be reported, for informational purposes only, to the Audit Committee at its next scheduled meeting.

3.1. Non-Audit Service Procedures

All requests for services to be provided by the independent auditor will be submitted to the Finance Director. All requests must include a detailed description of the services to be rendered and an outline of the maximum fee to provide the service. The Finance Director will determine whether such services are included within the Audit Committee’s general pre-approval listing of non-audit services. Where the service is not listed or is large and/or complex in nature the Finance Director will bring it to the attention of the Audit Committee for their specific approval.

Requests to provide services requiring specific approval by the Audit Committee will be submitted by both the independent auditor and the Finance Director and must include a joint statement as to whether, in their view, the request or application is consistent with the rules on auditor independence.

3.2. Tax Services

Permissible tax services performed by the independent auditors are outlined in Appendix C. The independent auditor is required to provide the following information when seeking Audit Committee pre-approval for these services:

- a. The scope of service, the fee structure for the engagement, and any side letter or other amendment to the engagement letter, or any other agreement (whether oral, written, or otherwise) between the firm and CRH, relating to the service; and
- b. Any compensation agreement or other agreement, such as a referral fee or fee-sharing arrangement, between the independent auditor (or an affiliate of the firm) and any person (other than CRH) with respect to the promoting, marketing, or recommending of a transaction covered by the service.

The independent auditor is also required to discuss with the Audit Committee the potential effects of the services on the independence of the firm; and document the substance of its discussion with the Audit Committee.

The fee structure for all tax services outlined in Appendix C will be either on a fixed fee or a time and materials basis.

4. Other Procedures

The Audit Committee has designated that the Internal Audit Department be available to Group Finance for consultation on the non-audit activities of the independent auditors. Internal Audit reviews the pre-approval process annually to ensure it is robust in meeting the Independence Requirements and does not impinge on the independent auditor's independence.

5. Audit Committee Annual Reviews

The Audit Committee will review the following on an annual basis:

- A formal written statement from the independent auditor delineating all relationships between the independent auditor and the Company and discuss with the independent auditor its methods and procedures for ensuring independence; and
- The Finance Director's report outlining the audit-related and non-audit services that were approved during the previous year that corresponded to the general pre-approval listing and the amount up to which those services were approved

Appendix A

Pre-Approved Audit Services:

- Statutory audits or financial audits for the Group
- Audit of the Company's internal control over financial reporting
- Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the Securities and Exchange Commission (SEC), International Accounting Standards Board (IASB), Irish Auditing & Accounting Supervisory Authority (IAASA), or other regulatory or standard setting bodies (Note: Under SEC rules, some consultations may be "audit-related" services rather than "audit" services)
- Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g. comfort letters, consents), and assistance in responding to SEC comment letters
- Other opinions or statements required to be made by the Group's statutory auditors

Appendix B

Pre-Approved Audit-Related Services:

- The provision of an opinion in relation to the fulfillment of conditions set out in the Performance Share Plan
- Due diligence services pertaining to potential business acquisitions/dispositions
- Financial statement audits of employee benefit plans
- Agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters
- Internal control, risk management and corporate governance reviews and assistance with associated reporting requirements¹
- Consultations by the Group's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, IASB, IAASA, or other regulatory or standard-setting bodies. (Note: Under SEC rules, some consultations may be "audit" services rather than "audit-related" services)
- Attestation services not required by statute or regulation
- Information systems reviews not performed in connection with the audit (e.g. application, data centre, business continuity and technical reviews)¹
- Subsidiary or equity investee audits not required by statute or regulation that are incremental to the audit of the Consolidated Financial Statements
- Closing balance sheet audits pertaining to dispositions
- Provision of seminars, training and reference material with regards to auditing, tax and accounting
- Review of the effectiveness/governance of the Internal Audit function (Note: services relating to the Internal Audit function are prohibited as outlined in Exhibit 1)
- General assistance with implementation of the requirements of SEC rules or listing standards promulgated pursuant to the Sarbanes-Oxley Act

¹ Subject to the design and implementation of financial control or risk management procedures restriction

Appendix C

Pre-Approved Tax Services*:

The fee arrangements for all tax services

• Tax Compliance Services

- Preparation of corporate tax returns/foreign jurisdiction tax filings
- Requests to extend the due date of returns and corporation tax computations
- Responses to routine inquiries from tax authorities concerning tax return processing matters
- Tax return preparation for international assignees (excluding persons in a “Financial Reporting Oversight Role”)
- Assistance with corporate income tax reporting and filing obligations
- Tax audit representation and dispute resolution services to assist the Group’s undergoing tax examination by the tax authorities (not including representation before a tax court or behind the scenes assistance to counsel) to the extent permitted by the Independence Requirements

• Direct and Indirect Tax Advisory Services

- Assistance with domestic and international tax planning (including issues on VAT, GST, sales and use and excise duty tax compliance)
- Identify specific approaches to addressing the Group’s efforts to structure transactions tax-efficiently and to report tax liability appropriately
- Provide tax opinions, technical memoranda or assistance in obtaining private letter rulings from tax authorities, i.e. services relating to the provision of tax advice
- Identify governmental tax and non-tax economic incentives for business expansion, hiring or job retention
- Provide routine tax advice and assistance (“on-call tax advisory services”)
- Assistance with one-off questions on specific tax issues, drafting memos on specific tax rules, and assisting with general transactional questions
- Advisory assistance with tax function reviews, tax data enablement of source systems, and related change management service¹
- Meeting with Group to review status of tax legislative activities
- Issuing legislative alerts and identifying issues and advising on approach

• Other Tax Advisory Services

- Buy-side and sell-side advisory services (tax due diligence, acquisition structures, review of tax positions, tax review of transaction-related documents) (Note: services linked to financing and capital structures are prohibited)
- Assistance and communication in compensation design and structure
- Review of compensation plans and all aspects of compliance of employee benefit plans
- Analysis of tax effects of compensation paid or payable as a result of corporate merger and acquisition transactions
- Tax only valuation services including transfer pricing and costs segregation studies

* All pre-approved tax services provided by the independent auditor and its network firms to the Group within the European Union are subject to derogation as outlined in the Independence Requirements. Such derogation applies on the fulfilment of certain conditions as set out in Exhibit 2.

¹ Subject to the design and implementation of financial control or risk management procedures restriction

Appendix D

Pre-Approved All Other Services:

- Risk management advisory services, e.g. assessment and testing of security infrastructure controls¹
- Treasury advisory services, e.g. review of cheque-clearing and float-management practices and recommendations regarding potential areas of improvement¹
- Human capital advisory services e.g. assistance and communication in compensation design and structure; review of compensation plans and all aspects of compliance of employee benefit plans; and advisory services on the costs of administering human capital programmes except where these services relate to cost control
- Items do not fit within above categories, e.g. assistance in obtaining government grants

Appendix E

Independence Requirements

Independence requirements comprise the rules issued by the SEC, the Public Company Accounting Oversight Board (PCAOB), IAASA and also by European Union and Irish legislation.

¹ Subject to the design and implementation of financial control or risk management procedures restriction

Exhibit 1

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the Group
- Preparation of financial statements
- Financial information systems design and implementation
- Design and implementation of internal controls and risk management procedures related to the preparation and/or control of financial information
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Services, including outsourcing, relating to internal audit
- Management functions
- Human Resource services
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit
- Tax services relating to the promotion of aggressive tax structures/products and services in connection with transactions initially recommended by the independent auditor
- Transaction related services that involve contingent fees or commission being paid to the independent auditor
- Payroll services
- Tax services relating to customs duties
- Advisory services on costs of administering human capital programmes
- Corporate Finance services
- Promoting shares of the entity

Exhibit 2

Derogation is subject to:

- The non-audit services have no direct or have immaterial effect, separately or in the aggregate on the audited financial statements;
- The estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the Audit Committee; and
- The principles of independence set out in the Independence Requirements are complied with by the statutory auditor or audit firm



CRH plc

Belgard Castle
Clondalkin
Dublin 22
D22 AV61
Ireland

Telephone: +353 1 404 1000
E-mail: mail@crh.com
Website: www.crh.com

CRH® is a registered trade mark
of CRH plc.