

Corporate Governance Report



Chairman's Overview

The Corporate Governance report contains details of CRH's governance structures and highlights the main areas of focus for the Board during 2018. In keeping with prior years, details of CRH's general governance practices are available in the governance appendix on CRH's website, www.crh.com (the 'Governance Appendix')¹. CRH implemented the 2016 UK Corporate Governance Code (the '2016 Code') and complied with its provisions in 2018. A copy of the 2016 Code can be obtained from the Financial Reporting Council's website, www.frc.org.uk.

The 2019 Annual Report and Form 20-F will contain details of the implementation of the 2018 UK Corporate Governance Code (the '2018 Code'), which was published in July 2018 and is effective for CRH from 1 January 2019.

Areas of Focus for the Board

In 2018, the Board focused on strategy, Board renewal, succession planning, talent management and safety, and these areas will continue to be areas of priority for the Board over the next 12 months.

In May 2018, we announced our plans for margin improvement and financial capacity targets over the next number of years. This gave us an opportunity to provide shareholders with additional details on the strategic direction and

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ambitions of the Group in the medium-term. An ad-hoc committee of the Board has been formed to monitor delivery and progress against these plans.

The report from the Nomination & Corporate Governance Committee on pages 63 and 64 contains details on the Board renewal process. The Board views executive talent management and succession planning as core responsibilities and receives regular updates from the Chief Human Resources Officer on developments in this area generally and, in particular, in relation to retaining and adding world class talent, ensuring we have capacity to support growth, developing the talent pipeline and succession planning for senior executive roles. The non-executive Directors also have a number of opportunities to interact directly with executives in formal

meeting settings throughout the year and during twice yearly Board visits to our operations.

Safety is a key strategic issue for the Board. The Chief Executive commented in his review in last year's Annual Report and Form 20-F that, despite our progress in safety matters, a number of fatalities at our operations underlined the need for us to do even more to ensure that all of our people return home safe to their families at the end of each working day. When fatalities occur, the full Board receives a report on the background circumstances and the actions being taken to ensure that any corrective actions or procedure changes have been taken not only at the site concerned but across the Group. During 2018, the Board received regular updates on the progress of a number of new initiatives, including, the creation of an external advisory panel of safety management experts who were tasked with reviewing the background to recent fatalities and existing safety programmes, undertaking site visits and identifying areas for improvement.

Priorities for the Board's Committees in 2018

During the last year, the Audit Committee oversaw an audit tender process, which resulted in the Board selecting Deloitte for appointment as the Group's auditors, with effect from the 2020 financial year. The appointment will be subject to a confirmatory advisory vote at the 2020 Annual General Meeting (AGM). Further details on the process and on other matters dealt with by the Audit Committee during 2018 are set out on pages 60 to 62.

In addition to its work in the area of Board renewal mentioned above, the Nomination & Corporate Governance Committee report describes the work of the Committee in the areas of committee composition and diversity.

In his role as Remuneration Committee Chairman, Richie Boucher has led an in-depth consultation with shareholders on the Group's remuneration policy and on how remuneration will be implemented in 2019. This follows a significant vote against the 2017 Directors' Remuneration Report at the 2018 AGM.

1. 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 22, 23 and 104 to 109 form part of, and are incorporated by reference into, this Corporate Governance Report.

The primary (premium) listing of CRH plc is on the LSE, with the listing on Euronext Dublin characterised as secondary. For this reason, CRH plc is not subject to the same ongoing listing requirements as would apply to an Irish company with a primary listing on Euronext Dublin. For further information, shareholders should consult their financial adviser. Further details on the Group's listing arrangements, including its premium listing on the LSE, are set out on page 66.

The 2018 Directors' Remuneration Report on pages 68 to 97 sets out how the feedback received from shareholders has been reflected in the Committee's remuneration proposals, which will be submitted to shareholders at the 2019 AGM.

During 2018, the Board set up a new permanent committee to deal with safety, environmental and social responsibility (SESR) matters. The SESR Committee receives regular updates in each of these areas and is responsible for external reporting on sustainability matters. It will also monitor progress being made in relation to inclusion and diversity and will be responsible for the new provisions in the 2018 Code regarding culture monitoring and stakeholder engagement.

While the building materials industry is somewhat challenging from a gender diversity perspective, we are committed to a sustainable approach to inclusion and diversity across the Group and we have a comprehensive strategy in place that is supported by the senior leadership team and includes changes in policy, recruitment practices, culture and Board oversight.

Re-election of Directors

I have evaluated the performance of each Director and am satisfied that each Director is committed to their role, provides constructive challenge and devotes sufficient time and energy to contribute effectively to the performance of the Board.

Table 8 on page 65 provides a summary of competencies, important to the long-term success of the Group, that each Director seeking re-election at the 2019 AGM brings to the Board. Their full biographies are set out on pages 54 to 57. I recommend that shareholders vote in favour of the re-appointment of each Director going forward for re-election at the 2019 AGM.

Conclusion

The governance landscape is ever-changing and there is now an important new focus on the alignment of corporate purpose, strategy, culture and stakeholder engagement. We believe that the structures and processes outlined in this report leave us well placed to demonstrate this alignment. Nevertheless, we have carried out a review of our structures and processes in the context of the 2018 Code and we look forward to sharing details with you on how these will evolve in the 2019 Annual Report and Form 20-F.

Nicky Hartery

Chairman

February 2019



In September 2018, the Board visited Suwannee American Cement Company's Sumterville Plant in Florida. The company, which is part of CRH's Americas Materials Division, has two plants in Florida and is a leading cement supplier in the State. Following the acquisition of Ash Grove in 2018, CRH is now one of the leading cement producers in North America.

Corporate Governance Report - continued

Audit Committee Report



Chairman's Overview

On behalf of the Committee, I am pleased to introduce the Audit Committee Report for the year ended 31 December 2018. The purpose of this report is to provide shareholders with an insight into the workings of, and principal matters considered by, the Committee in 2018. General details in relation to the roles and responsibilities of the Committee, its operation and the policies applied by it can be found in the Governance Appendix.

Table 2 on page 62 outlines the key areas that the Committee focused on in 2018.

Audit Committee Membership

The Committee currently consists of six non-executive Directors considered by the Board to be independent¹. The biographical details of each member are set out on pages 56 and 57. Together, the members of the Committee bring a broad range of relevant experience and expertise from a variety of industries which is vital in supporting effective governance.

External Auditors

Audit Tender/Rotation of Auditors

As outlined in last year's Audit Committee Report, a key focus for the Committee during 2018 was the launch of a competitive audit tender process with a view to appointing a new external auditor for the 2020 financial year.

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The Committee was responsible for the design and operation of the tender process and our key objectives were to ensure that (i) the process was efficient, fair, effective, open and transparent; and (ii) at the end of the tender process we would be in a position to submit two potential firms to the Board for appointment, with a reasoned preference for the appointment of one of them.

An assessment was carried out in 2017 to identify the firms reasonably likely to be capable of performing the audit. This assessment considered:

- Sector experience;
- Size and geographical presence; and
- Extent and nature of existing non-audit services provided to CRH

Based on this assessment, three firms were invited to tender. EY, CRH's current auditor, was not invited to participate due to the length of their tenure.

Following the issuance of the Request for Proposal (RFP) in April 2018, we conducted a number of evaluation activities, including site visits with each firm covering CRH's Divisions, key functions and geographies. In addition, we sought assurance that each firm would be capable of being independent in the timeframe

required by applicable law or regulation before being appointed as auditor.

The proposals received, and other activities conducted, were evaluated against the following criteria:

- Audit quality;
- Cultural fit;
- Corporate fit; and
- Experience

Following evaluation of the proposals and activities, which was done on a “fee blind” basis, it was agreed to invite two of the firms to make final presentations to the Committee and Group Finance Director.

Following these final presentations and discussions, the Committee² recommended to the Board that Deloitte be appointed to succeed EY as CRH's auditor. Whilst the Committee appreciated the quality of the proposals presented by all the firms, it believes that the strength and experience of Deloitte's team best met the predefined criteria it had set.

After considering the Committee's recommendation, the Board selected Deloitte as CRH's auditor for the financial year ending 31 December 2020. The appointment will be subject to a confirmatory advisory vote at the 2020 AGM.

On behalf of the Committee, I would like to express my sincere thanks to each of the firms who participated in the tender process.

Effectiveness

The Committee, on behalf of the Board, is responsible for the relationship with EY and for monitoring 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 the experience and knowledge of the EY audit team and the results of post-audit interviews with management and the Audit Committee Chairman. These annual procedures are supplemented by periodic formal reviews of the performance of EY.

All of the above procedures indicate a continued high level of satisfaction with EY and the services provided by them to CRH.

1. The Board has determined that all of the non-executive Directors on the Audit Committee are independent according to the requirements of Rule 10A.3 of the rules of the Securities and Exchange Commission (SEC).

2. Due to his connection with one of the firms, Mr. McGovern took no part in the Committee's recommendation and recused himself when the Board discussed and approved the appointment.

3. A copy of Section 404 of the Sarbanes Oxley Act 2002 can be obtained from the SEC's website, www.sec.gov.

Further details in relation to the external auditors, including information on how auditor objectivity and independence are maintained, are included in Section 2 of the Governance Appendix.

Non-audit Fees

In order to ensure auditor independence and objectivity, the Committee has a policy on the provision of audit and non-audit services by the external auditor.

In 2018, the external auditors provided a number of audit-related services, including Sarbanes-Oxley Section 404 attestation⁹, and non-audit services, including due diligence services associated with proposed acquisitions and disposals. EY were also engaged during 2018 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 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 EY for non-audit work in 2018, which amounted to €1.2 million and represented 6% 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 5 to the Consolidated Financial Statements on page 147 (see also table 4 on page 62). Further details in relation to the Group's policy regarding non-audit fees are set out in Section 2 of the Governance Appendix.

Internal Audit Effectiveness

In December 2017, the Committee received and approved the Internal Audit plan for 2018. During the year, the Committee received regular updates from the Head of Internal Audit outlining the principal findings from the work of Internal Audit and management's responses thereto.

Audit Committee Effectiveness and Priorities for 2019

During 2018, the Committee and the Board reviewed the operation, performance and effectiveness of the Committee and I am pleased to confirm that the Committee continues to operate effectively. I would like

Audit Tender - Key Activities & Timeline

Table 1

2017	Jul	<ul style="list-style-type: none"> Gather requirements and design process Establish governance structure
	Sep	<ul style="list-style-type: none"> Issue Request for Information (RFI) Consider evaluation criteria
	Oct	<ul style="list-style-type: none"> Assess RFI responses Commence independence assessment Confirm shortlist of firms and evaluation criteria
2018	Nov-Mar	<ul style="list-style-type: none"> Prepare RFP Establish and launch data room Determine and prepare for evaluation activities Hold initial briefing meetings with the firms and one to one meetings with the Audit Committee Chairman
	Apr-Jun	<ul style="list-style-type: none"> Develop, finalise and issue RFP Support firms to ensure accurate understanding of requirements Create evaluation template Organise additional evaluation activities i.e. site visits, challenges Submission of RFP responses
	Jul-Aug	<ul style="list-style-type: none"> Review and evaluate RFP responses Shortlist audit firms Presentations by firms to Management
	Sep	<ul style="list-style-type: none"> Final presentations to Audit Committee and Group Finance Director Finalisation of Audit Committee recommendation Approval by the Board of Audit Committee recommended firm
	Oct-Dec	<ul style="list-style-type: none"> Commence exit/transition activities

to thank my fellow Committee members for their commitment and input to the work of the Committee during 2018.

The Committee will continue to focus on external audit planning, internal control, IT governance and cyber security and enterprise risk management during 2019. In addition, the

Committee will receive regular updates in 2019 on the plans to transition external audit services from EY to Deloitte in 2020.

William J. Teuber, Jr.
Chairman of Audit Committee
 February 2019

Corporate Governance Report - continued

Audit Committee Report - continued

Key Areas of Focus in 2018

Table 2

Issue	Description
External Auditors	EY have been the Group's external auditors since 1988. Following an assessment of EY's continued independence, objectivity and performance, and having received confirmation of their willingness to continue in office, the Committee has recommended to the Board their continuance in office for the 2019 financial year. As in prior years, their continuance in office will be subject to a non-binding advisory vote at the 2019 AGM. Pat O'Neill has been the Group's lead audit engagement partner with effect from the financial year beginning 1 January 2016. Following the conclusion of a competitive tender process during 2018, the Board has selected, subject to a confirmatory advisory vote at the 2020 AGM, Deloitte for appointment as the external auditor for the financial year commencing 1 January 2020. Further details of the tender process are outlined on pages 60 and 61.
Financial Reporting and External Audit	We reviewed the 2018 Annual Report and Form 20-F, together with the annual and half-year trading statements and recommended them to Board for approval. In July, we met with EY to agree the 2018 external audit plan. Table 3 below 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 EY, we reviewed management's impairment testing methodology and processes. We found the methodology to be robust and the results of the testing process appropriate.
New Accounting Standards	The Committee considered and discussed with management the plans for, and expected impact of, the implementation of the new accounting standard in relation to IFRS 16 Leases with effect from 1 January 2019. Please see page 129 for further information on the implementation of IFRS 16.
Enterprise Risk Management	The Committee continued to monitor and review the Group's Enterprise Risk Management framework and the methodology and process underlying the Viability Statement included on page 100 of the Directors' Report (further details in relation to CRH's risk governance are outlined on pages 22 and 23). 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.
IT Governance and Cyber Security	We continued to monitor the Group's IT governance and information security programme and ability to address cyber security threats.

Areas Identified for Focus during the 2018 External Audit Planning Process

Table 3

Area of Focus	Audit Committee Action
Impairment of Goodwill	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 16 to the Consolidated Financial Statements) based on a value-in-use computation or fair value less costs to sell. 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 Audit Committee. Following its deliberations, the Audit Committee was satisfied that the methodology used by management and the results of the assessment, together with the disclosures in note 16, were appropriate.
Impairment of Property, Plant and Equipment, and Financial Assets	In addition to the goodwill impairment testing process discussed above, the Group also undertook its annual assessment of the need for impairment of other non-current assets (property, plant and equipment and financial assets) as and when indicators of impairment exist. The Audit Committee considered the methodology used by management in that process and was satisfied that it was appropriate.
Contract Revenue Recognition	IFRS 15 <i>Revenue from Contracts with Customers</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 percentage-of-completion using an input method based on the proportion of contract costs incurred at the balance sheet date. If it is anticipated that the contract will be onerous (i.e. its unavoidable cost exceeds the economic benefit of the contract), a provision is created; being the lower of costs to complete the contract and the cost of exiting the contract. Following discussion with management and EY, and on the basis that the majority of contracts were completed within the financial year, the Audit Committee was satisfied that the recognition of contract revenue was appropriate for the Group in 2018.
Accounting for Acquisitions and Divestments	During 2018, the Group completed 46 acquisitions and investments at a total cost of €3.6 billion and realised disposal proceeds of approximately €3.0 billion across 20 business disposals. Particular focus was given to the acquisition of Ash Grove, due to its size and scale, and the judgements and estimates used by management in relation to the purchase price allocation for property, plant and equipment and in the recognition of provisions related to this acquisition. Following discussion with management and EY, the Committee was satisfied that the accounting treatment applied to all acquisitions and divestments during 2018 was appropriate.

Percentage of Audit and Non-audit Fees

Table 4



Nomination & Corporate Governance Committee Report

Chairman's Overview

During the last 12 months, the main areas of focus for the Committee were the ongoing renewal and refreshment of the Board, the composition of the Board's Committees and reviewing the approach to improving inclusion and diversity in the Group.

Nomination & Corporate Governance Committee Membership

The Committee currently consists of six non-executive Directors, considered by the Board to be independent. The biographical details of each member are set out on pages 54 to 57. The Chief Executive normally attends meetings of the Committee.

Board Renewal

The focus for Board renewal is aligned to CRH's strategy and the needs of the business. The Committee maintains a skills matrix of the current Board to identify areas for enhancement and to highlight skills which may need to be replaced due to Board retirements.

During the year, the Committee recommended to the Board that the following be appointed as non-executive Directors:

- Richie Boucher (March 2018);
- Mary K. Rhinehart (October 2018); and
- Siobhán Talbot (December 2018)

In order to identify shortlists for these roles, the areas of focus were industry expertise, increasing the number of non-executive Directors with financial expertise for the Audit Committee (in the context of potential retirements in the coming years), global experience, mergers and acquisitions expertise, strategic planning skills and improving Board diversity.

Richie is a former Chief Executive of Bank of Ireland and has experience in finance, risk management, mergers and acquisitions and private equity. Mary is currently Chief Executive of Johns Manville, and has c. 40 years' experience in the building materials sector, and was previously also Chief Financial Officer at Johns Manville. Siobhán is currently Managing Director of Glanbia, a listed multinational food company and has held a number of senior management roles including Finance Director. Their biographies, along with those of the rest of the Board, are set out in full on pages 54 to 57.



“ The focus for Board renewal is aligned to CRH's strategy and the needs of the business. ”

I have agreed tailored induction programmes with each of Richie, Mary and Siobhán. Further details in relation to the induction process, including an indicative sample induction programme, are set out on page 4 of the Governance Appendix.

External agents (Egon Zehnder and Leaders Mores) were used to identify candidates during the course of 2018. Egon Zehnder provides executive recruitment services to the business. Leaders Mores has no other connection with the Group.

In February 2019, the Committee recommended to the Board that Bill Teuber, who has completed his initial three-year term as a non-executive Director, be appointed for a second three-year term.

At the conclusion of the 2019 AGM, Don McGovern will retire from the Board following completion of his second three-year term as a Director.

Chairman Succession

As I reported in last year's Annual Report and Form 20-F, the Board asked me in February 2018 to extend my term as Chairman to act as a bridge until my successor is identified and a timeline for induction and appointment is agreed. A thorough and robust succession process is being led by Gillian Platt, Senior Independent Director, in conjunction with the Committee. The Board expects to make an announcement on the appointment of a Chairman Designate later this year.

As part of the process for the appointment of the next Chairman, the Committee will take the provision of the 2018 Code, that the chair should not remain in position beyond nine years from the

date of appointment to the Board, into account. The 2018 Code applies to CRH with effect from 1 January 2019.

Board Committee Composition

During the year, the Committee considered and made recommendations to the Board regarding changes to the composition of the Board's Committees to ensure refreshment of the membership. Details of each Director's Committee memberships are set out on pages 54 to 57.

In September 2018, Richie Boucher took over as Chairman of the Remuneration Committee from Don McGovern. Richie was a member of the Remuneration Committee of Atlas Mara, a listed company, for a year prior to his appointment as the CRH Remuneration Committee Chairman.

Senior Independent Director

In September 2018, Gillian Platt succeeded Don McGovern as Senior Independent Director.

Inclusion & Diversity

I am pleased to report that, as at 31 December 2018, 38% of the Directors on the Board were women. This percentage will increase to 42% at the conclusion of the 2019 AGM. Progress in improving the gender diversity on the Board since 2013 is shown in table 7 on page 65.

Diversity is a key criteria for consideration as part of the Board renewal process. The Committee has updated its policy on diversity to highlight the importance of diversity in all aspects, including gender, social and ethnic backgrounds, cognitive and personal strengths. The updated policy is set out on page 64.

Corporate Governance Report - continued

Increasing the percentage of women executives at below Board level and inclusion and diversity generally is also a key priority for the management team and the Board. Monitoring of progress being made in the area of inclusion and diversity comes under the terms of reference of the newly formed Safety, Environment and Social Responsibility Committee.

Board Effectiveness

Independent Audit was engaged to carry out an external evaluation of the effectiveness of the Board and its Committees in 2018. Independent Audit met Board members, the Head of Internal Audit, the Company Secretary and a number of the senior executive management team in one-to-one interviews. They also observed Board and Committee meetings and reviewed the content and structure of Board papers. The resulting report has recently been presented to the Board. The Nomination & Corporate Governance Committee will review the recommendations contained in the report and agree appropriate action plans with the Board during the course of 2019. Independent Audit has no other connection with CRH.

Time Commitment

During 2018, I was appointed as non-executive Chairman of Horse Racing Ireland, a body which is responsible for developing and promoting Ireland as a world centre of excellence for horse racing and breeding. I am satisfied that the responsibilities resulting from this new position will not impact on my time commitment to CRH. Prior to accepting the role, I discussed the nature of, and the time requirement associated with, the position with the Committee.

Nicky Hartery,

Chairman of Nomination & Corporate Governance Committee
February 2019

Board of Directors

Membership Structure of the Board

Following the changes outlined on page 63, the Board increased in size to 13 members during 2018. This will reduce to 12 following the 2019 AGM. This recent expansion beyond the Board's normal range of 10 to 11 members is primarily for timing and succession planning reasons and it is expected to reduce in size in due course.

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 on the CRH website (www.crh.com) contains further details on the Board's structures and the Board's policies with regard to the appointment and retirement of Directors.

Role and Responsibilities

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 5 below.

Matters Reserved to the Board Table 5

- Appointment of Directors
- Strategic plans for the Group
- Annual budget
- Major acquisitions and disposals
- Significant capital expenditure
- Approval of full-year results and the Annual Report and Form 20-F
- Approval of the interim results

The Group's strategy, which is regularly reviewed by the Board, and business model are summarised on pages 10 to 13.

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 Committee¹, 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.

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

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

Independence of Directors

The Nomination & Corporate Governance Committee has reviewed the interests of each Director and the Board has determined that each non-executive Director remains independent.

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 2016 Code. Notwithstanding the new provisions in the 2018 Code regarding tenure, the Board has determined that Mr. Hartery remains independent and is satisfied that he continues to demonstrate objective judgement and promotes constructive challenge amongst other Board members. Although he holds a number of other directorships, the Board has satisfied itself that these do not impact on his role as Chairman. Changes in Mr. Hartery's time commitments in the past 12 months are outlined in the Nomination & Corporate Governance Committee report above.

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 and succession planning, the Nomination & Corporate Governance Committee looks at the following four criteria when considering non-executive Director roles:

- international business experience, particularly in the regions in which the Group operates or into which it intends to expand;
- skills, knowledge and expertise (including education or professional background) in areas relevant to the operation of the Board;
- diversity in all aspects, including nationality, gender, social and ethnic backgrounds, cognitive and personal strengths; and
- the need for an appropriately sized Board

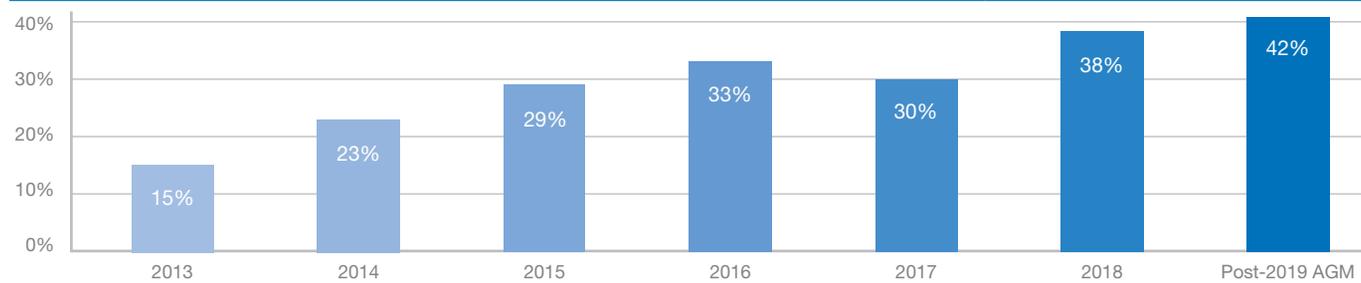
Membership of the CRH Board (as at 31 December 2018)

Table 6



Gender Diversity - % of Female Directors (as at 31 December)

Table 7



Summary of Director Competencies

Table 8

Competency	Board Member
Accounting, Internal Control & Financial Expertise	A. Manifold, S. Murphy, M.K. Rhinehart, S. Talbot, W. J. Teuber Jr.
Financial Services	R. Boucher, S. Murphy, L.J. Riches
Governance	R. Boucher, N. Hartery, H.A. McSharry, G. Platt, M.K. Rhinehart, L.J. Riches, H. Th. Rottinghuis, W.J. Teuber Jr.
Industry Experience	N. Hartery, A. Manifold, S. Murphy, M.K. Rhinehart, H. Th. Rottinghuis
IT & Cyber Security	N. Hartery, S. Murphy, W.J. Teuber Jr.
Mergers & Acquisitions, Private Equity & Emerging Markets	R. Boucher, N. Hartery, P.J. Kennedy, A. Manifold, S. Murphy, L.J. Riches, H. Th. Rottinghuis, S. Talbot, W.J. Teuber Jr.
Organisational Change, Succession Planning & Talent Management	N. Hartery, G. Platt, M.K. Rhinehart
Remuneration	R. Boucher, N. Hartery, H.A. McSharry, G. Platt, L.J. Riches
Safety & Sustainability	N. Hartery, P.J. Kennedy, A. Manifold, G. Platt, M.K. Rhinehart, H. Th. Rottinghuis, S. Talbot
Strategy	R. Boucher, N. Hartery, P.J. Kennedy, H.A. McSharry, A. Manifold, S. Murphy, G. Platt, M. K. Rhinehart, L.J. Riches, H.Th. Rottinghuis, S. Talbot, W.J. Teuber Jr.

Attendance at Meetings during the year ended 31 December 2018

Table 9

Name	Board		Acquisitions		Audit		Finance		Nomination (i)		Remuneration		SESr (ii)	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended
R. Boucher (iii)	5	5	2	2	-	-	4	4	-	-	5	5	-	-
N. Hartery	6	6	3	3	-	-	6	6	6	6	-	-	2	2
P.J. Kennedy	6	6	1	1	-	-	-	-	6	6	11	11	2	2
D.A. McGovern, Jr.	6	6	-	-	6	5(vi)	-	-	6	6	11	11	-	-
H.A. McSharry	6	6	-	-	7	7	-	-	4	4	11	11	-	-
A. Manifold	6	6	3	3	-	-	-	-	-	-	-	-	2	2
S. Murphy	6	6	3	3	-	-	6	6	-	-	-	-	-	-
G.L. Platt	6	6	-	-	-	-	-	-	6	6	11	11	2	2
M.K. Rhinehart (iv)	1	1	-	-	-	-	-	-	-	-	-	-	-	-
L.J. Riches	6	6	2	2	6	6	4	4	2	2	6	5	-	-
H. Th. Rottinghuis	6	6	3	3	7	6	-	-	-	-	-	-	2	2
S. Talbot (v)	1	1	-	-	-	-	-	-	-	-	-	-	-	-
W.J. Teuber, Jr.	6	6	-	-	7	7	6	6	-	-	-	-	-	-

(i) Nomination & Corporate Governance Committee.

(ii) Safety, Environment & Social Responsibility Committee.

(iii) Appointed March 2018.

(iv) Appointed October 2018.

(v) Appointed December 2018.

(vi) Due to his connection with one of the prospective audit firms, Mr. McGovern took no part in the Audit Committee meeting where the two shortlisted firms for potential appointment as the Group's external auditor presented their final audit proposals.

Corporate Governance Report - continued

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

To date, the Board has not set any policy regarding age. The ages of the Directors range from 50 to 68, which the Nomination & Corporate Governance Committee believes is appropriate at the current time.

Committees

The Board has established six permanent Committees to assist in the execution of its responsibilities. The current permanent Committees are:

- Acquisitions;
- Audit;
- Finance;
- Nomination & Corporate Governance;
- Remuneration; and
- Safety, Environment & Social Responsibility

Ad-hoc Committees are formed from time to time to deal with specific matters.

Each of the permanent Committees has Terms of Reference¹, 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. The Chairmen of the Committees attend the AGM and are available to answer questions from shareholders.

Each of the Committees has reviewed their respective Terms of Reference.

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

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 2018 are provided in table 10 below. The Company has not been advised of any changes in holdings since 31 December 2018.

Stock Exchange Listings

CRH, which is incorporated in Ireland and subject to Irish company law, has a premium listing on the London Stock Exchange (LSE), a secondary listing on Euronext Dublin (formerly the Irish Stock Exchange) and its American Depository Shares are listed on the New York Stock Exchange (NYSE).

Regulatory, Compliance & Ethics

CRH's Regulatory, Compliance & Ethics (RCE) programmes support the Group in operating sustainably and consistently to its core values.

CRH's Legal and Compliance team provides support on a range of matters including establishing policies and procedures, providing compliance training and communications, providing legal advice on compliance issues, monitoring and investigating Hotline calls, competition/antitrust law, and ensuring the Group is informed of any changes to regulation and/or reporting requirements. During 2018, RCE's priorities included enhancing our compliance programmes around data privacy, trade sanctions, antitrust, and culture.

Code of Business Conduct

The foundation of the RCE programmes is the Code of Business Conduct (CoBC) and supporting policies, which set out the guiding business principles and core values of the CRH Group. The Code complies with the applicable code of ethics regulations of the SEC arising from the Sarbanes-Oxley Act and it also reinforces the fundamental CRH principle that "there is never a good business reason to do the wrong thing." The Code is applicable to all employees of the CRH Group, including the Chief Executive and senior financial officers.

Awareness and Training

In line with our commitment to maintain high ethical business standards, the CoBC and Advanced Compliance Training (which includes Anti-bribery, Anti-fraud, Anti-theft and Competition/Antitrust topics) e-Learning modules were enhanced to include both a first time and refresher element to the programme in 23 languages.

During 2018, RCE implemented policies and guidance to support compliance with the General Data Privacy Regulation (GDPR) across the CRH businesses. Personal Data Privacy e-Learning along with general Personal Data Privacy information was rolled out. Additionally, a robust communication plan was put in place to promote awareness among employees in the form of toolkits, implementation checklists, and progress reports along with ensuring a "Business as Usual" operating model for data privacy within CRH.

Substantial Holdings

Table 10

As at 31 December 2018, 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 2018		31 December 2017		31 December 2016	
	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.	Holding below 3%		Holding below 3%		33,171,299	3.98
BlackRock, Inc. (i)	65,387,207	8.01	75,119,286	8.95	74,809,499	8.98
Standard Life Aberdeen plc.	Holding below 3%		25,643,747	3.05	Holding below 3%	
UBS AG	26,380,604	3.23	26,380,604	3.16	26,380,604	3.16

(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.

Hotline

A 24/7 multi-lingual confidential “Hotline” facility is available for employees to report good faith concerns of violations of the CRH policies or the law. The Hotline is maintained by an independent operator. All reports received via the Hotline (or through other channels) are handled discreetly and professionally, and investigated with appropriate actions taken based on investigation findings.

CRH is committed to creating an atmosphere where employees feel empowered to speak up when they have good faith concerns. Retaliation or reprisals are not tolerated at CRH.

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, regularly meet with institutional shareholders (each year covering over 60% 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 12 provides a brief outline of the nature of the activities undertaken by our Investor Relations team.

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.

During 2018, the Chairman, Senior Independent Director and Company Secretary again participated in a number of meetings with some of the Group’s major shareholders, in advance of the 2018 AGM. Also, as outlined in the Remuneration Committee Chairman’s introduction to the Directors’ Remuneration Report on page 68, there was extensive engagement with the Group’s major shareholders in late 2018/early 2019 on the Remuneration Committee’s proposals regarding the 2019 Directors’ Remuneration Policy.

We respond throughout the year to correspondence from shareholders on a wide range of issues.

US Listing - Additional Information

Table 11

Additional details in relation to CRH’s general corporate governance practices are set out in the Governance Appendix, which has been filed as an exhibit to the Annual Report on Form 20-F as filed with the SEC. For the purposes of the Annual Report on Form 20-F, the Governance Appendix, and in particular the following sections thereof, are incorporated by reference herein:

Section 1 - Frequently Asked Questions

- Page 3: For what period are non-executive Directors appointed?
- Page 5: What are the requirements regarding the retirement and re-election of Directors?

Section 2 - Operation of the Board’s Committees

- Page 6: Audit Committee: Role and Responsibilities
- Page 6: Audit Committee: Meetings
- Page 8: Audit Committee: Non-audit Fees

Details of the executive Directors’ service contracts and the policy for loss of office are set out on page 81.

Investor Relations Activities

Table 12

- **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 provides 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 13

Corporate Governance

- Governance Appendix
- Directors’ Remuneration Policy
- Terms of Reference of the Acquisitions, Audit, Finance, Nomination & Corporate Governance, Remuneration and Safety, Environment & Social Responsibility Committees
- 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

- Annual and Interim Reports, the Annual Report and Form 20-F (separate documents up to 2015) and the annual Sustainability Report
- News releases
- Webcast recordings of results 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