

Environmental review

The CRH environmental policy

The CRH environmental policy requires all our location managers to:

- comply with all applicable environmental legislation
- continuously improve environmental stewardship in line with best industry practice
- optimise the use of energy and material resources and
- be good neighbours in every community in which we operate.

Implementation of the policy

Environmental stewardship is a daily key priority of line management in all our activities, and this line of environmental responsibility continues right up to CRH Board level. Achieving all our environmental policy objectives every day at every one of our locations is an extremely challenging task, but is our objective. Additionally, an internal network of Environmental Liaison Officers (ELOs) in the operating companies provides regular technical advice and

support to line management, always recognising increasingly complex legislative demands and rising stakeholder expectations. At the end of each year, these ELOs assist the Group Technical Advisor in internally reviewing environmental performance throughout the Group and the results are reported to the CRH Board.

Maintaining compliance

The 2002 review again confirmed a high degree of compliance right across our locations. A number of non-compliances were noted, many of which were of an administrative nature; all have been or are being proactively resolved to the satisfaction of the respective permitting authorities. In Ireland a situation involving unauthorised illegal dumping of waste by third parties on Roadstone Dublin's Blessington site is under investigation.

All acquisitions during the year were subjected to specific environmental due diligence, and were subsequently integrated into the ELO review structure. Additionally,

over 250 of our locations have opted for ISO 14001 independent certification of their environmental management systems. For example, Ibstock achieved ISO14001 certification at all 24 of its brick plants, twice as many as the rest of the UK brick industry put together.

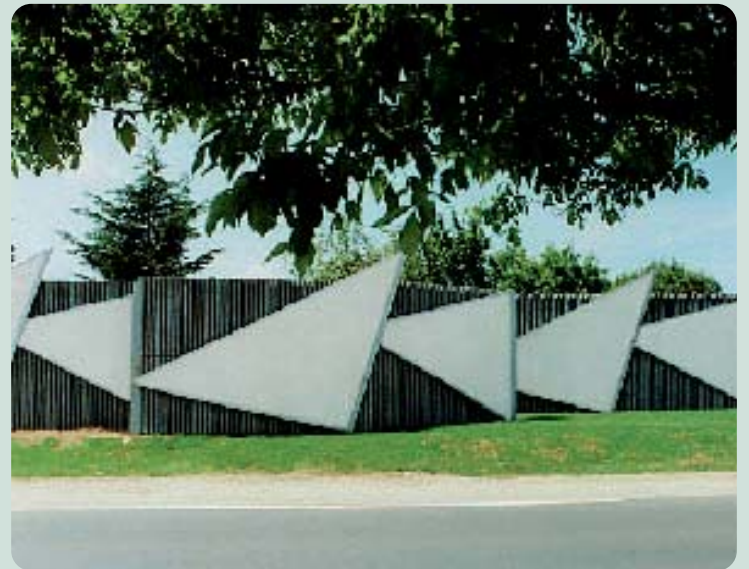
Investing in the environment

In 2002, we continued with a significant €28 million further investment in a wide range of environmental improvements across all our activities and countries of operation. These investments improved and modernised production processes, reducing air and dust emissions, reducing water usage and discharges, reducing noise and waste, moving us towards best industry practice in all those areas. As an outstanding example, Tilcon Connecticut won a Globe Award from the American Road and Transportation Builders Association for its innovative stormwater retention system at its flagship North Branford Quarry (picture 1). In parallel,

1. North Branford Stormwater Retention and Remediation Basin Project



2. Motorway acoustic walls, La Rochelle, France



“We continue to strive for best practice in environmental stewardship at all our operating locations worldwide. In 2002, we again achieved good progress in the context of challenging environmental legislation and increasing stakeholder expectations. Our overall sustainability performance received positive recognition by several leading rating agencies.”

environmental developments drive product innovation. For example, BMI supplied motorway acoustic walls at La Rochelle, France, with excellent architectural features and engineered sound-dampening properties (picture 2). The US Precast Group was acclaimed by the New York City Partnership for the affordability, speed of construction and ground-breaking energy conservation of the Melrose Commons development in South Bronx, New York City (picture 3).

Optimising resources

We recycled eight million tonnes of demolition materials and four million tonnes of asphalt pavement materials, equivalent to over 4% and 10% of our production of aggregates and asphalt respectively. We additionally recycled four million tonnes of fly-ash, slag and other secondary materials into our processes and products, again adding value to materials that would otherwise go to landfill. Some 380 of our locations recycled water, enabling

conservation of valuable water resources. We restored or landscaped another 390 hectares (975 acres) of worked-out quarries and pits and planted another 220,000 trees, demonstrating our longer-term commitment to return these areas to nature. For example, in Finland, Lohja Rudus restored, landscaped and planted the worked-out Sandudden Pits, creating an acclaimed nature reserve, later chosen for a multi-art event “Recovery: Earth – Air – Water 2002” (picture 4).

Climate change challenges

CRH was a sponsor of the WBCSD (The World Business Council for Sustainable Development) Study on the Sustainability of the Cement Industry, published in July 2002, and is already following its sustainability guidelines. Compared with the generally quoted baseline year of 1990, the overall Group CO₂ (carbon dioxide) emissions per tonne of cement have declined steadily, and will continue to do so. This is being achieved through successive plant optimisations,

and increasing use of secondary raw materials and fuels where permitted. Our seawater magnesia, lime, lightweight aggregates and clay brick plants have also made considerable strides in per unit CO₂ reductions over the same timescale. CRH strongly believes that voluntary industry agreements will be the best means of achieving CO₂ reductions when internationally mandated, and would regard energy taxation as an inappropriate means of achieving those goals.

Being a good neighbour

We acknowledge that our activities, if mismanaged, can be locally intrusive, and accordingly good neighbour relationships continue to be a daily priority. Our businesses are essentially local, and therefore always rely on the goodwill and trust of our neighbours. Accordingly, we maintain a progressive policy of fostering communications and plant open days for neighbours, students and interested stakeholders, particularly at our larger

3. Melrose Commons development, South Bronx, New York City

4. Restored Sandudden Pits, Finland



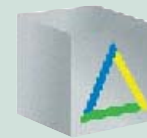
Environmental review *continued*

Materials locations in both Europe and in the US. These open days, together with ongoing support for innumerable well-focused local community initiatives, have been acclaimed by many local and industry organisations and continue to yield positive results.

Awards and recognitions

Our environmental initiatives received many accolades in 2002. In Ireland, Roadstone Provinces and John A. Wood won a total of six “Green Aggregates” awards from the Irish Concrete Federation. In Northern Ireland, R.J. Maxwell won three awards from the Quarry Products Association. In Britain, Forticrete was nominated as “Construction Product Manufacturer of the Year”. In Poland, both the Ożarów and Rejowiec cement plants won the coveted “Cleaner Production” diplomas for good environmental stewardship from the Ministry of Environmental Protection. In Switzerland, IFF AG and Gysi, both part of the Jura group, received “Foundation for Nature and Industry” awards from the Ministry of the Environment and the Sand & Gravel Association for excellence in pit restoration. In the US, the Materials Group had a record year in winning a total of 17 high-ranking awards from the National Stone, Sand & Gravel Association, and a total of 63 awards from the National Asphalt Pavement Association. The winning companies included Pike Industries, the New York State Group, Tilcon NY, Tilcon CT, Pennsy Supply, Thompson-McCully, as well as the Mountain, Northwestern and Southwestern groups. In Argentina, Cerro Negro was one of the first companies in its sector to receive a “Certificado de Aptitud Ambiental” recognising its superior environmental performance.

Our sustainability performance, as assessed by leading rating agencies



CRH was re-elected to one of the leading Sustainability Indicators, the Dow Jones Sustainability Index, in October 2002, and in March 2003 was promoted to sector sustainability leader. Their assessment of us was:

“CRH has an excellent sustainability score and is clearly positioned as the leader in its industry. This is illustrated through CRH’s strong capabilities in dealing with corporate sustainability in all three dimensions. In the economic dimension, CRH scores well above the industry average with a clear outperformance in corporate governance and customer relationship management. CRH’s management capabilities in the environmental dimension are very strong compared to the industry. Its environmental policy is centrally monitored by the Group Technical Advisor and implemented, in a decentralised manner, by its Environmental Liaison Officers who provide technical support for line managers around the globe. In addition, CRH’s performance in the social dimension is outstanding, with its management paying close attention to human resources and organisational learning.”

CRH was re-elected to the French ARESE Index in October 2002, and the following are some extracts from its corporate sustainability profile of CRH:

“The corporate governance policy of CRH remains the best practice of the sector. The environmental policy is based on compliance. The internal environmental reporting is consistent and comprehensive. The community relationships are based on engagement of the (local) company in the good neighbour principles.”

CRH was elected to the New York-based Innovest Index in October 2002, and given an “AAA” rating by them. Their assessment of us was:

“CRH has a superior sustainability strategy that includes environmental protection, effective corporate governance, strong health and safety standards, and developing a highly motivated and productive workforce. In the face of increasing regulation and growing market demand for greater corporate responsibility, this strategy is likely to enhance the company’s reputation and competitive position.”