The CRH way

A tried and tested development strategy

- CRH's overall strategic direction as set by its Board involves:
  - building regional market leadership positions
  - gaining exposure to new development opportunities which create horizons for further growth
  - paying fair prices through negotiated deals that meet sellers' needs.
- A strategy implemented by 14 devolved development teams reporting to regional heads.
- Projects are approved subject to strict tiered authorisation limits.
- There is a rigorous approach to evaluation, project approval and subsequent performance review.

A decentralised organisation in a value-adding structure

- Experienced operational management has a high degree of individual responsibility.
- Local autonomy, within Group guidelines and controls, accommodates national and cultural needs and capitalises on local market knowledge.
- Lean divisional and group centres co-ordinate and support regional operations.
- The Group's size and structure is leveraged to drive margin improvement and earnings growth.
- Product-based *Best Practice* teams promote performance improvement through the sharing of experience, technologies and ideas.

A focus on measured performance

- Key performance metrics are understood and consistently applied across the entire Group.
- Financial control is exercised through a rigorous annual budgeting process and timely monthly reporting.
- Monthly results are vetted by divisional management and critically reviewed at Group headquarters.
- Full year performance is regularly re-forecast under prudent accounting policies.
- *Best Practice* initiatives in production, distribution and administration are benchmarked against quantified targets.

An experienced management team

- A healthy mix and depth comprises:
  - owner-entrepreneurs who have joined with their companies
  - internally developed operating managers
  - highly qualified finance and development professionals.
- There is experience at senior level of managing through previous economic cycles.
- Development of talented successors is a priority of all managers.
- Regular formal reviews of management development strategy are carried out by each division.
- Guidance and support is provided by the Group Human Resources function.

A remuneration policy that rewards performance

- CRH's market-driven approach is central to attracting, retaining and motivating exceptional managers.
- Performance-related rewards are based on measured targets for the creation of shareholder value.
- There is a potential for a high proportion of compensation to be variable.
- Share options are granted to key managers to encourage identification with shareholders' long-term interests.
- Employee share participation and savings-related share option schemes create a community of interest among different regions and nationalities.

A responsible neighbour and employer

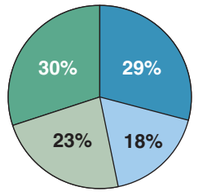
- CRH companies conduct business with integrity as socially and environmentally responsible neighbours.
- Our companies contribute to the enrichment of the local communities in which they operate.
- A safe and healthy workplace for employees is a key objective at all Group locations.
- Safety improvement programmes are driven by regular meetings of *Safety Best Practice* groups.
- The results of safety initiatives are benchmarked against the highest international standards.
- There is a clear code of conduct for Board and all its managers.

A balanced business

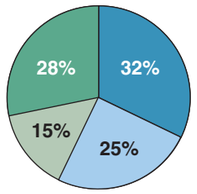
Regional and product balance

CRH smooths the effects of varying economic conditions by a unique balance in its geographic presence and between primary materials and building products.

Sales



Operating profit

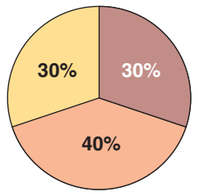


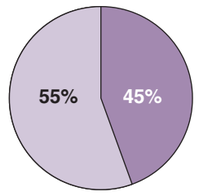
Europe Materials
Europe Products & Distribution
Americas Materials
Americas Products & Distribution

Sectoral balance

Within each geographic region, CRH seeks to reduce the effects of varying demand across building and construction sectors by a balanced portfolio of products

Product end-use





Residential
Non-residential
Infrastructure
New construction
Repair, maintenance and improvement

Geographical and product spread

Number of operations:

	US	*Canada*	*Chile*	*Argentina*	*Ireland*	*UK*	*Portugal*	*Spain*	*France*	*Belgium*	*Netherlands*	*Germany*	*Switzerland*	*Denmark*	*Sweden*	*Poland*	*Finland*	*Estonia*	*Latvia*	*Russia*	*Ukraine*	*Israel*	**Annualised production volumes**
Primary materials																							
Cement					2								2			2	2				1	3	10.8m tonnes
Aggregates	314				72	12		6					17			14	133	1	4		2	3	172.3m tonnes
Asphalt and surfacing	258				22	7							1			3	5						36.6m tonnes
Readymixed concrete	162				55	14		64					11			24	53	4	2	3			13.6m cubic metres
Agricultural and chemical lime					21								1										0.5m tonnes
Value-added building products																							
Precast concrete products	67	1			2	4		12	22	6	4					4							4.3m tonnes
Concrete blocks, pavers and rooftiles	95	11		1	34	19		16	1	10	15	34				13		1					21.7m tonnes
Clay bricks, pavers and tiles	11			1	1	32					5	6				4							4.0m tonnes
Insulation products					3	4				1	1	6		1	2	3	4	1					3.4m cubic metres
Security gates and fencing						10			2	1	9	5				1							1.6m lineal metres
Glass fabrication and rooflights	37	4	1	1	1	1				1	4	4											14.0m square metres
Distribution																							
DIY stores							13			1	60												
Builders merchants	117								28		48		45			10							