

# CRH PLC

## CORPORATE GOVERNANCE GUIDELINES

### 1. Introduction

Following CRH plc's transfer of its primary listing to the New York Stock Exchange ("NYSE") and transition of its listing category on the London Stock Exchange from a Premium to an international secondary listing, CRH is required to disclose its corporate governance practices by both the New York Stock Exchange and by the UK Disclosure and Transparency Rules ("UK DTRs"). This document outlines CRH's Corporate Governance Guidelines, which meet the requirements outlined in the New York Stock Exchange's Rule 303A.09.

With effect from December 6, 2023, these Corporate Governance Guidelines also represent the corporate governance code which the Board has voluntarily decided to adopt in accordance with UK DTR 7.2.2 in place of the 2018 U.K. Corporate Governance Code (the "UK Code"), which no longer applies to the Group.

Although the UK Code no longer applies to CRH, our governance arrangements and disclosures are generally responsive to the provisions of the UK Code.<sup>1</sup>

### 2. Purpose of governance guidelines

These Corporate Governance Guidelines have been adopted by the Board of Directors of CRH plc to assist the Board in the exercise of its responsibilities. The guidelines are subject to modification from time to time by the Board.

### 3. Board Composition and Director Qualification Standards

#### 3.1 Board Size

The number of directors shall be determined by the Board in accordance with the Company's Articles of Association.

We consider the current size and composition of the Board to be within a range which is appropriate. The Board believes generally it should have between 10 and 13 directors.

The Nomination & Corporate Governance Committee supports the Board by monitoring the Board's structure, size, composition and balance of skills and experience to ensure that the Board can meet its strategic objectives and its governance and regulatory responsibilities.

#### 3.2 Criteria Used to Determine the Independence of Directors

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<sup>1</sup> The following provisions of the UK Code have not been addressed as they differ from typical governance practices and arrangements applied by NYSE listed companies: 4, 5, 9, 10, 19, 31, 32, 33, 40, 41.

A majority of the members of the Board shall be independent, as defined by the NYSE listing standards.

In addition, all members of the Audit, Compensation, and Nomination & Corporate Governance Committees must meet all applicable independence tests set forth in the NYSE listing standards and any additional requirements imposed under U.S. securities laws and the rules and regulations of the U.S. Securities and Exchange Commission. All members of the Compensation Committee shall additionally qualify as a “Non-Employee Director” for the purposes of Rule 16b-3 under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The Nomination & Corporate Governance Committee reviews the independence of each Director annually and makes recommendations to the Board regarding independence. The Board will annually determine and disclose the independence of directors.

### 3.3 Tenure of Directors

All Directors serve a one-year term, except that the initial term for each Director shall run from the date of appointment until the next Annual General Meeting (“AGM”), and are subject to election by shareholders at each AGM (see also section 3.4).

The Board does not believe that it should limit the number of terms for which a person may serve as a Director as they develop significant insights into the Group and its operations over time. Nonetheless, the Board keeps the tenure of Directors under review to ensure there is an appropriate focus on Board refreshment and mix of skills and experience relevant to the needs of the Board and the Group. Directors with long tenure are subject to a rigorous performance review.

The Chair is elected for an initial three-year term. The Senior Independent Director consults with all Board members to ascertain if the Board wishes to invite the Chair to remain in office for a second term. If a further extension to the Chair’s term of office is being contemplated, the Senior Independent Director consults with all Board members at the end of the fifth year, to ascertain their views. A similar process shall apply for further terms. Unless the Board otherwise determines, the term of the Chair will not exceed nine years.

### 3.4 Re-election of Directors

All Directors retire at each AGM and, unless they are stepping down from the Board, submit themselves to shareholders for re-election. Directors who are seeking re-election are subject to a satisfactory performance appraisal.

### 3.5 Processes for Appraising the Performance of Directors

An annual review of individual Directors’ performance is conducted by the Chair and overseen by the Nomination & Corporate Governance Committee. The performance of each Director is assessed against a number of measures, including the ability of the Director to contribute to the development of strategy, to understand the major risks affecting the

Group, to contribute to the cohesion of the Board, to commit the time required to fulfill the role and to listen to and respect the views of other Directors and the management team.

### 3.6 Diversity Policy

The Board is committed to ensuring that the Board and senior executive team is sufficiently diverse and appropriately balanced. The objective of this policy is to ensure that diversity in all its forms is a core component in the decision-making process for Board renewal and management succession.

It is the policy of the Board that there is regular refreshment of the Board's Committees, which ensures to the extent possible that the overall experience and diversity of the Directors is reflected in the composition of the Committees and committee Chair roles, taking into account other requirements such as Board succession planning and the need for financial experts to be members of the Audit Committee.

### 3.7 Board Renewal

The Board plans for its own succession with the assistance of the Nomination & Corporate Governance Committee. For non-management appointments, independent consultants may be engaged as provided for in the charter of the Nomination & Corporate Governance Committee to search for suitable candidates. The process to identify, evaluate and appoint a non-management Director with the suitable experience, skills and time commitment takes into account both the needs of the Group and the diversity, tenure, skills and experience of existing Board members.

In its work in the area of Board renewal and succession planning, the Nomination & Corporate Governance Committee looks at the following five criteria when considering Director roles:

- International business experience, particularly in the regions in which the Group operates or into which it intends to expand;
- Skills, knowledge and experience (including education or professional background) in areas relevant to the operation of the Board;
- Appropriate characteristics and qualities;
- Diversity in all aspects, including nationality, gender, ethnicity, sexual orientation, disability, educational, professional and socio-economic backgrounds, and personal strengths; 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.

To date, the Board has not set any policy regarding age.

### 3.8 Non-management Director Appointments:

Non-management Director recruitment processes may be supported by an external recruitment agent.

A matrix is maintained to identify particular skills and experience that would enhance the Board or which might need to be replaced following planned Board retirements.

Potential candidate lists are collated based on specifications agreed following input from the Nomination & Corporate Governance Committee.

The Nomination & Corporate Governance Committee reviews candidate lists and selects individuals for interview.

Prior to making a formal recommendation to the Board in relation to an appointment, once a preferred candidate is identified other members of the Board are invited to meet with them. The Board then formally considers their appointment to the Board.

### 3.9 Time Commitment and Conflicts of Interest

It is the policy of the Board that external appointments should not be undertaken by Directors without prior approval of the Board. The Board has delegated responsibility for considering approval requests to the Chair. The Board will consider approval requests made by the Chair in relation to his or her external appointments.

Management directors may not take on more than one non-management directorship in another listed company or other significant appointment. Subject to exceptions in certain circumstances as may be approved by the Board and additional limitations applicable to members of the Audit Committee as outlined in such committee's charter, non-management Directors may hold a maximum of three directorships of listed companies in addition to their directorship of CRH plc. However, a management director of another listed company may not be a director of more than two listed companies (including CRH).

In accordance with Irish Company Law requirements, all Directors are required to declare any interest in business to be transacted by the Group in advance of such business being considered by the Board.

In addition, on an annual basis, all Directors are required to provide confirmations regarding related party transactions. The Nomination & Corporate Governance Committee will conduct a prior review and oversight for potential conflicts of interest of related party transactions with a value exceeding \$120,000 that the Group would be required to disclose pursuant to Item 404 of Regulation S-K under the Exchange Act and will prohibit such a transaction if it determines it to be inconsistent with the interests of CRH and its shareholders. In addition, if an actual or potential conflict of interest arises for a Director at any time, the Director will promptly inform the Chair of the material facts and circumstances regarding the conflict.

Where a conflict is identified, the Director will generally be required to recuse him or herself from related decision-making processes.

### 3.10 Change of Director's Principal Occupation

If a Director's principal occupation or business association changes substantially during his or her tenure as a director, the Board expects that the Director shall submit an offer to resign as a director of the Company for consideration by the Nomination & Corporate Governance Committee.

If such a submission is made, the Nomination & Corporate Governance Committee will recommend to the Board whether to accept the resignation.

## **4. Responsibilities of Directors and the Board**

### 4.1 Roles of the Chair and Chief Executive

The Board will periodically appoint a Chair of the Board. Whether the roles of Chair and Chief Executive Officer are separate, as is currently the case, or combined is based on the structure that is most appropriate for the Group at any particular time.

Under the current structure, the Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management. There is a clear division of responsibilities between the roles of the Chair and the Chief Executive, which has been approved by the Board.

The Chair is responsible for:

- The efficient and effective working of the Board;
- Ensuring that Board agendas cover the key strategic issues confronting the Group, that the Board reviews and approves management's plans for the Group and that the Directors receive accurate, timely, clear and relevant information;
- Making certain that the Board applies sufficient challenge to management proposals and examines and reviews management performance in meeting agreed objectives and targets; and
- Overseeing the search for new Board members.

The Chair also leads the process of engagement with shareholders on governance matters. These meetings provide a valuable opportunity for the Chair to outline the Board's priorities and perspectives on certain matters and to ascertain shareholders' views on a wide range of topics such as Board composition, succession planning, our strategy, capital allocation policies, our approach to sustainability and compensation. The feedback from these meetings is provided to the Board and relevant Committees and taken into account in the Board's decision-making processes.

The Chief Executive is responsible for:

- Full day-to-day operational and profit performance of the Group and accountability to the Board for all authority delegated to executive management;
- Executing strategy agreed with the Board and reporting regularly on the progress and performance of the Group;
- Coordinating and overseeing the profitable growth of the Group's portfolio of businesses;
- Maximizing the contribution of senior management to business planning, operational control and profit performance;
- Ensuring that there is a robust process of talent development and succession planning individually and collectively for members of the senior management team; and
- Building a safe and inclusive organization.

#### 4.2 Senior Independent Director

The Senior Independent Director is available to shareholders who have concerns that cannot be addressed through the Chair, Chief Executive or Chief Financial Officer. The Senior Independent Director is appointed by the Board. The normal term of appointment will be for a period of two years, which is renewable.

The Senior Independent Director is responsible for:

- Chairing Board and Committee meetings in the absence of the Chair;
- Resolving any shareholder concerns, where contact through the normal channels of Chair, Chief Executive or Chief Financial Officer has failed to resolve or for which such contact is inappropriate; and
- Such other responsibilities outlined herein.

#### 4.3 Non-management Directors

The role of non-management Directors is to:

- Challenge management proposals constructively and to examine and review management performance in meeting agreed objectives and targets;
- Draw on their experience and knowledge in respect of the challenges and opportunities facing the Group and in relation to the development of proposals on strategy;

- Satisfy themselves on the integrity of financial information and that financial and other controls and systems of risk management are robust and defensible; and
- Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

#### 4.4 Duties and Responsibilities of the Board

All Directors have the same general legal responsibilities and must take decisions objectively in the interests of the Company.

The duties and responsibility of the Board include:

- Succession planning, including the appointment of the Chief Executive;
- Setting the Group's strategy;
- Monitoring business performance, against approved targets;
- Approval of acquisition proposals and capital expenditure projects above agreed thresholds;
- Setting the Group's capital allocation policy, including in relation to the level of dividend payments and activity under the Group's share buyback program; and
- Setting the risk appetite for the Group and ensuring that risks are being managed appropriately.\*

\*The Board has delegated responsibility for monitoring the effectiveness of the Group's risk management and internal control systems to the Audit Committee in accordance with Section 167(7) of the Irish Companies Act 2014.

## 5. **Board Structures and Operation**

### 5.1 Meetings

The Board currently meets in-person at least five times a year. Directors are generally expected to attend all scheduled meetings of the Board and the Committees of which they are members.

Additional meetings, held in person, by telephone or other electronic means, to consider general updates or specific matters are held when, and if, required.

Three in-person meetings are ordinarily scheduled to be held in Ireland, with the other two being held in Europe and North America, or as the Board may otherwise determine from time to time. The Board meetings may overlap with a Board visit to CRH sites. Annual General Meetings are held in Ireland.

Each Committee shall have the number of meetings as may be provided for in its respective charter. Further Committee meetings may be held when deemed necessary or desirable by the Committee or its chair.

Prior to their appointment, potential non-management Directors are made aware of the calendar of meetings and are asked to confirm that they are able to allocate sufficient time to meet the expectations of their role.

The Chair of the Board sets the agenda for each meeting in consultation with the Chief Executive and Company Secretary. In setting the agendas, the Chair ensures that sufficient time is allocated to strategy setting and review, performance monitoring, capital allocation, succession planning and talent management.

The papers for meetings are generally circulated electronically in the week prior to the meeting.

Directors are expected to devote appropriate preparation time ahead of each meeting.

## 5.2 Executive Sessions

The non-management Directors have periodic executive sessions in the absence of the management Directors, typically during or after each in-person Board meeting.

## 5.3 Board Committees

The Board has established five permanent Committees to assist in the execution of its responsibilities:

- Acquisitions, Divestments & Finance Committee;
- Audit Committee;
- Nomination & Corporate Governance Committee;
- Compensation Committee; and
- Safety, Environment & Social Responsibility (SESR) Committee

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

The Chair of each Committee reports to the Board on its deliberations and minutes of all Committee meetings are circulated to all Directors. The Chair of the Board may not be a member of the Audit Committee.

The responsibilities of each Committee are set out in full in their respective Charters, which are available on the CRH website, [www.crh.com](http://www.crh.com).

## 5.4 Director Induction/Orientation and Continuing Education



*Orientation:* The Chair agrees a tailored and comprehensive induction program with each new Director. New Directors are provided with extensive briefing materials on the Group and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors under legislation and regulations that apply to the Company.

*Continuing Education:* Directors regularly receive copies of research and analysis conducted on the Group and the building materials sector, and receive relevant industry, economic and geopolitical updates. Directors are provided with regular training on compliance and ethics matters, while updates in relation to other relevant matters, for example, changes in Irish Company Law and U.S. securities legislation, are provided from time to time. Members of the Audit Committee additionally receive periodic updates on accounting developments.

#### 5.5 Processes for evaluating the effectiveness of the Board and its Committees

The Board has delegated to the Nomination & Corporate Governance Committee responsibility for conducting an annual review of Board effectiveness, the composition of the Board in the context of the skills, knowledge, experience and diversity required, the operation and performance of the Chair, the Board and its Committees, and the effectiveness of Board communications. The Senior Independent Director, who is a member of the Nomination & Corporate Governance Committee, is generally delegated responsibility by the Committee to lead the evaluation process on its behalf.

Periodically, the Board evaluation process is facilitated by an external service provider.

#### 5.6 Management Succession Planning

Long-term succession planning for the management Directors is an agenda item at most Board meetings.

Development programs for potential internal candidates are in place with the support of external advisers, and external candidate pools are regularly reviewed. The Board considers multiple potential scenarios to ensure the orderly functioning of management and oversight of the Group, with emergency arrangements in place for unexpected events.

In the case of the Chief Executive role, the Board, or a delegated committee of non-management Directors, leads the process. The incumbent Chief Executive generally acts as an advisor. External consultants are engaged for management Director recruitment if, and when, required.

#### 5.7 Director Access to Independent Advisors

The Board and each Committee have the power to select, retain, terminate and approve the fees and other retention terms of independent legal, financial or other advisors as they may deem necessary (except as otherwise provided in a Committee charter), without consulting or obtaining the approval of any officer of the Company in advance.

## 5.8 Director Access to Management

The Board and its Committees shall have unfettered access to the Group's senior management team and other employees as required, in order to perform their respective duties, and such individuals are directed to cooperate with any request made by the Board or any of its Committees (including attendance at a Board or committee meeting). The Board will have access to the Group's books, records and facilities.

## 6. **Director Compensation Practices**

### 6.1 Non-management Director Compensation

The compensation of the non-management Directors, excluding the Chair, is determined by a Committee of the Chair and the management Directors based on the policy for non-management Director compensation established by the Compensation Committee. The Chair's compensation is determined by the Compensation Committee in consultation with the Chief Executive.

Compensation is set at a level which will attract individuals with the necessary experience and ability to make a substantial contribution to the Group's affairs and reflect the time and travel demands of Board duties. Fee levels, which are set taking into account typical practice at other companies of a similar size and complexity to CRH, are reviewed annually.

Directors who are also employees of the Company do not receive additional compensation for service as directors.

### 6.2 Clawback Policy

The Board has approved an updated Clawback Policy which complies with the New York Stock Exchange requirements for such policies. The Board approved Clawback Policy is available on [www.crh.com](http://www.crh.com).

## 7. **CRH Code of Business Conduct**

Our culture is built on our commitment to uphold the CRH Values. The CRH Code of Business Conduct and supporting policies set out our standards of legal, honest and ethical behavior, including with respect to trading in CRH shares and securities, confidentiality and conflicts of interest. The Board is expected to be familiar with and adhere to the CRH Code of Business Conduct, as it may be updated from time to time.

## 8. **Communications with the Board**

### 8.1 Contacting Board members

Shareholders and other interested parties may contact any member (or all members) of the Board by mail. Such correspondence should be sent to: c/o Group Company Secretary, CRH plc, 42 Fitzwilliam Square, Dublin 2, D02 R279, Ireland.

## 8.2 Speaking on Behalf of the Group

Subject to the provisions of Section 4.1 above regarding the role of the Chair of the Board and the provisions of Section 4.2 regarding the role of the Senior Independent Director, it is the Company's general policy that management speaks on behalf of the Group.

Approved by the Board of CRH plc on December 4, 2024