

---

# CRH UK - Tax Objectives, Strategy & Governance Framework

This document sets out the tax objectives, strategy and governance framework of the CRH (UK) Ltd subgroup (see list of the relevant UK businesses in Appendix 1), Halfen Ltd and Cityroofs UK Ltd<sup>1</sup> for the period to 31 December 2019. A review of this document is undertaken and published annually in line with para 16(2) Sch 19 FA 2016.

## COMMERCIAL CONTEXT

- 1.1. The CRH Group is a leading global diversified building materials group engaged in the manufacture and supply of building materials across the spectrum of the building materials industry. CRH is committed to improving the built environment through the delivery of superior materials and products for the construction and maintenance of infrastructure, housing and commercial projects. It is the largest building materials company in North America and the second largest worldwide. The Group has leadership positions in Europe as well as established strategic positions in the emerging economic regions of Asia and South America. It employs around 78,000 at c.3,100 operating locations in 31 countries.
- 1.2. The Group originated in 1970 (with its roots as a local business venture in Ireland in the 1930's) and is now a FSTE 100, EURO STOXX 50, ISEQ 20 & Fortune 500 company. CRH's American Depositary Shares (ADSs) are listed on the New York stock exchange (NYSE).
- 1.3. Since its formation, the Group is led from its headquarters in Ireland and it exercises strong central oversight of its businesses while also fostering an entrepreneurial approach at local operating level.
- 1.4. As a large global organisation, CRH acknowledges its responsibilities with respect to taxation in the multiple communities and jurisdictions in which it operates. CRH contributes a significant amount of tax to local and national governments, including corporate tax on profits, environmental levies, mining licence fees, taxes on property, customs & excise duties, withholding taxes and social taxes on employment. In addition, CRH collects taxes on behalf of revenue authorities, including payroll taxes on salaries paid to employees, sales taxes charged to customers, etc. CRH is committed to paying its fair share of tax across all tax heads and recognises the important contribution these payments make to the local communities in which CRH operates.

## GROUP TAX OBJECTIVES

- 1.5. CRH is dedicated to:
  - 1.5.1. compliance with all relevant legal and regulatory tax obligations in all territories where CRH operates;
  - 1.5.2. the balanced and active management of the Group's tax affairs and risks in order to deliver CRH's business strategy and to create long term sustainable shareholder value; and
  - 1.5.3. ensuring the tax strategy is fully aligned with the Group's commercial operations and adds value to the business.
- 1.6. As such, the impact of tax on a transaction or the implementation of new tax laws will be considered and arranged in a manner which is economically sustainable for the business. Where there is more than one way a commercial transaction can be structured, CRH will take a holistic approach, considering all factors including tax.

## UK TAX STRATEGY

- 1.7. The principles governing the management of CRH's tax affairs and risks are as follows:
  - 1.7.1. To pay taxes and file tax returns on time in all relevant territories where tax payments and returns are due in accordance with applicable tax

---

<sup>1</sup> in liquidation

- 
- laws, rules, regulations, disclosure and tax payment requirements;
- 1.7.2. To fully align and maintain continuous interaction with the Group's commercial operations by maintaining a network of colleagues in business teams and functions as well as providing training and guidance to aid understanding;
  - 1.7.3. To use legitimate and standard tax exemptions and reliefs which are available in legislation and within the spirit of the law;
  - 1.7.4. To apply arm's length principles in the pricing of all intra-group (i) transactions of goods and services and (ii) financial transactions in accordance with OECD guidelines. This ensures that the Group's global profits are taxed where economic activities are performed and where value is created; and
  - 1.7.5. To proactively monitor both government and industry information in order to maintain awareness of new developments in the external tax environment so that CRH continues to be compliant with new legislation and regulations in the UK and all other relevant jurisdictions.
- 1.8. CRH seeks a constructive and cooperative working relationship with the UK tax authorities through discussions and updates between the in-house tax team and the HM Revenue & Customs Customer Compliance Manager. Where differences of opinion on technical issues arise we seek to resolve these proactively.
  - 1.9. Where appropriate, CRH engages with a variety of stakeholders on a range of industry issues relating to tax. Our input helps improve the commercial understanding of the relevant stakeholders and our engagement assists the Group tax team to better manage our compliance with the relevant tax obligations.

#### **GROUP TAX GOVERNANCE FRAMEWORK**

- 1.10. The Group employs experienced and qualified tax professionals in the UK to manage its tax affairs and risks. This in-house tax team is based in the Tarmac business but supports all CRH UK businesses under the overall supervision of the Group Tax Director. In addition, external advisors are engaged where required to supplement the capacity of the Group's in-house expertise.
- 1.11. Each UK business appoints a Senior Accounting Officer who reviews and certifies whether their respective business has appropriate tax accounting arrangements in place.
- 1.12. Under the overall CRH Governance Framework, responsibility for certain matters is delegated to sub Committees of the Board of CRH plc. Monitoring the Group's tax position has been delegated by the Board to the Finance Committee. The Finance Committee comprises of a number of Executive and Non-Executive Board Members and tax matters are presented to the Committee by the Group Tax Director on a regular basis.
- 1.13. In addition, the Group's tax affairs are covered by the Group's SOX controls and are also examined in detail by the external auditors as part of the annual audit process.
- 1.14. Under no circumstances is tax fraud acceptable in the CRH Group. In accordance with the CRH Code of Business Conduct, which is underpinned by CRH's anti-fraud and anti-theft policy, CRH management are required to maintain adequate controls to ensure that risk of fraud, or any facilitation of fraud, is properly identified, monitored and mitigated.
- 1.15. The overall Group Tax Strategy is reviewed on an annual basis to ensure continued compliance with law and alignment with commercial operations. Any updates to the Group Tax Strategy will be reflected in reviews of this document as appropriate.

---

## Appendix 1 – CRH (UK) Ltd businesses operating in the UK

- Tarmac
- Northstone
- Farrans
- Cubis
- NAL
- CRH Fencing & Security Group<sup>2</sup>
- Ancon Building Products
- Isedio<sup>3</sup>
- Premier & Southern Cement
- SWS UK<sup>4</sup>
- CR Laurence
- Filoform<sup>5</sup>

---

<sup>2</sup> Divested by the group in September 2019

<sup>3</sup> Acquired in September 2019

<sup>4</sup> Divested by the group in June 2019

<sup>5</sup> Acquired in October 2019