

# Alun Griffiths (Contractors) Limited

## Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the “Regulations”) have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. Amongst other things, the Regulations require Alun Griffiths (Contractors) Limited (the “Company”) to report how the directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the “Act”)) (“Section 172”), to promote the success of the Company, during the reporting period.

The Company is part of the Tarmac sub-group of companies in the UK and is ultimately owned by CRH plc (“CRH”). CRH and its subsidiaries are referred to as the Group. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of both the immediate entity and the wider Group with consideration to the Company's immediate stakeholders and those of the Group also. The Company's corporate purpose is to provide infrastructure, rail and building activities in England and Wales for both the public and private sectors. Our values are set out on our website which can be found at: <https://www.alungriffiths.co.uk/about-us/visions-and-values/>

The Group recognises the need to have appropriate levels of governance across its subsidiaries as part of its approach to risk mitigation and wider stakeholder engagement strategy. The Group maintains strong levels of governance at both an enterprise wide and legal entity level, and as a result of increased regulation, CRH and its UK subsidiary boards recognise the need to move to a more structured approach and formalise key governance standards across its UK subsidiaries. As such the Company intends to, during the course of 2020, adopt a UK subsidiary governance policy (the “Policy”), which provides detailed guidance for directors and management on the application and execution of Section 172 duties formalising a number of established governance processes and controls already in operation across the Group.

### *Decision making and corporate governance process*

The Company's board of directors (the “Board”) meets regularly and during the year ended 31 December 2019, held eight board meetings. The Company has standing agenda items which are considered at each meeting including, business operations, health & safety and finance. The Board have clear processes to follow and operate within delegations of authorities provided to it when considering decisions, including principal decisions which are those considered to be strategically and commercially material decisions which impact the Company's key stakeholders. Responsibility for decision making on certain decisions, including principal decisions, is delegated to the board of CRH except where they cannot be delegated under the Act. The Board confirms and ratifies any decisions made on its behalf by CRH.

As part of the governance process, board paper preparers must ensure sufficient information is provided to the Board with high levels of quality and integrity. The governance process provides a framework to ensure everyone involved in and contributing to the decision making process understands the duties which the directors are obligated to consider in the decision making process and applicable regulations, in order to be able to provide relevant information and therefore lead to effective decision making. These governance processes will be formalised in the Policy.

### *Directors' training*

The Group's Legal and Compliance programmes support the Group in operating sustainably and consistently with its values which includes leading with integrity and building enduring relationships. The Group's Legal and Compliance team provides advice, guidance and support to management and works closely with them to provide training to our employees. Legal and Compliance provides support on a range of matters, including establishing policies and procedures, providing compliance training, communications and legal advice on compliance and business issues.

Employees and directors of the Group, which include the Board, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Modern Slavery, Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the directors to be committed to operating the business to the highest ethical, moral and legal standards when making decisions and putting the Group's core ethical values of integrity, honesty and respect for the law into practice in their daily duties.

During the year external training sessions, facilitated by the Company Secretary, were provided to the Board to support them in discharging their roles and responsibilities as statutory directors. This included training on directors' statutory duties under the Act, along with an update on the Regulations and wider regulatory responsibilities. Under the Policy, all newly appointed directors will receive director training within 3 months of being appointed and all directors will refresh their training at least once every calendar

year. The provision of training will be facilitated by Company's Legal Department.

### ***Board composition***

The Board, which comprises six directors, collectively have a broad range of skills, knowledge and industry experience including general management, finance, engineering and operations to enable the Company to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making and align the decisions to the corporate purpose of the Company in providing infrastructure, rail and building activities across England and Wales.

Before any director is to be appointed to the Board, consultation with the Group is undertaken to ensure the composition of the Board is appropriate, taking into consideration the skills and experience of the appointee and the overall diversity mix.

### ***Stakeholder engagement***

The principal activity of the Company is to provide infrastructure, rail and building activities in England and Wales for both the public and private sectors. The Company's key stakeholders are its workforce, customers, suppliers and the local communities in which it operates. As part of the Group, the Board must consider how the decisions made on behalf of the Company affect both the shareholder and the key stakeholder groups to ensure the success of the Company and value creation for the shareholder and ultimately, CRH.

We engage with our key stakeholders using a variety of engagement mechanisms including working with other industry organisations to support safety initiatives. For our employees, our main mechanisms for engagement include delivery of information on the Group's intranet, undertaking employee surveys along with supporting industry causes and initiatives on issues impacting people in our industry.

Where a principal decision is to be made an impact assessment will be undertaken by the Board or on its behalf, the results of which will be documented for recommendation to the Board or CRH where the decision has been delegated. The impact assessment will provide an assessment of the impact of the principal decision on key stakeholders, how each key stakeholders' interest was considered throughout the assessment process, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks and consideration of any potential impacts on the Company's reputation and how that impact will be monitored. The Company maintains a stakeholder register, recording details of impact assessments and principal decisions made. On an annual basis, the Board will review and confirm the Company's key stakeholders, recording how the directors formed the opinion that they are key stakeholders.

### ***Principal decisions***

The Board and the board of CRH have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term.

In line with the Regulations and in accordance with the approach taken during the financial year under review along with having considered the Company's principal risks and uncertainties as detailed in the Strategic Report and FRC guidance, the Company did not make any principal decisions during the year under review.