

CEMENT ROADSTONE HOLDINGS



Divestment Task Force

P.O. Box 9273
Warwick, RI 02889-9273

William P. Aldrich, Chair Email: wpaldrich@cox.net

July 14, 2006

Mr. W. I. O'Mahony
Chief Executive Officer
Cement Roadstone Holdings
CRH plc
Belgard Castle, Clondalkin
Dublin 22, Ireland

Re: Corporate support for the Israeli occupation of Palestinian land

Dear Mr. O'Mahony:

The Divestment Task Force of the New England Conference of the United Methodist Church has been charged by Resolution 204 (ref. the attachment) to, in part:

“examine and submit to United Methodist churches and investment managers...a list of companies that support in a significant way the Israeli occupation of Palestinian territories....Before placing a company on the list, the committee should write to that company, explain the committee’s concerns, and request a change in the company’s relationship to the Israeli occupation.”

The list will serve as a guide for churches and organizations within the Conference when making investment decisions.

We understand that the Europe Materials Division of Cement Roadstone Holdings has acquired a 25% stake in the Mashav group in Israel. Mashav is the holding company for Neshar Cement, which, according to its website, is the sole producer of cement in Israel. It is widely believed that Neshar is involved in the building of the separation wall inside the West Bank which, in effect, annexes Palestinian land to Israel and has been declared illegal by the International Court of Justice. Such action supports and sustains the illegal Israeli occupation of Palestinian land.

We also believe that Neshar Cement is used in the construction of illegal settlements in the occupied territories, checkpoints that impede travel and commerce for Palestinians, and more than 700 kilometers of Israeli-only roads in the West Bank. Our concern about these instruments of occupation, which violate the Fourth Geneva Convention, the Universal Declaration of Human Rights, and numerous United Nations resolutions, is more fully detailed in the attached resolution.

We invite you to explain your position before we decide whether to place your corporation on the divestment list. Are the above allegations incorrect or misleading? Are there facts of which the Conference should be made aware that place your corporation's actions in a different light, such as a decision to discontinue your company's involvement with Mashav unless assurances are given that Nesher cement will not be used in building the wall, settlements, checkpoints or Israeli-only roads in the West Bank?

If the allegations are true, this letter is a formal request for Cement Roadstone Holdings to terminate its involvement in any actions or companies that support the Israeli occupation of Palestinian territories.

A response to our questions and concerns from your corporation within the next 60 days is respectfully requested, either by mail or by email. If you or someone on your staff would like to talk directly with me concerning this matter, please contact me at 00-1-401-785-1596. We would welcome such a discussion.

Sincerely yours,

William P. Aldrich, Chairperson
Divestment Task Force, New England Conference

Attachment: Resolution 204 as passed by the New England Conference of the
United Methodist Church on June 11, 2005

CRH REPLY TO COMMITTEE (next page)

11th September 2006

Mr William P. Aldrich
New England Conference
The United Methodist Church
P.O. Box 9273
Warwick
RI 02889-9273
USA

Dear Mr Aldrich,

Your letter to W. I. O'Mahony, dated 14th July has been referred to me for my attention and I am happy to clarify our position in relation to your queries.

CRH has a minority, indirect shareholding in Neshor Cement, which supplies cement throughout Israel, the West Bank and Gaza. The company enjoys excellent long term relations with a wide variety of clients in the area including many important Palestinian customers. As is the case in most countries including Ireland, competition law in Israel forbids any form of discrimination between customers. In effect this means that Neshor Cement in accordance with Israeli law must supply all companies in the area (Palestinian or Israeli) wishing to buy its products. Neshor complies fully with its legal obligations in this regard

Cement is a commodity raw material product. It is widely available in the region from different sources and international companies who supply to Israeli and Palestinian concrete product manufacturers in Israel, the West Bank and Gaza. Neshor is not the exclusive supplier of cement in the region.

Specifically, Neshor does not manufacture concrete or concrete products, is not a construction company and has no involvement in the construction of the security barrier or of other building projects in the region.

As an organisation, CRH's strategic vision is to be a responsible international leader in building materials that delivers superior performance and growth to shareholders. Our commitment to Corporate Social Responsibility is detailed in our recently published CSR Report (available on our website) and may provide further colour for you on the approach that we take to doing business.

In the specific case of Israel, and within the rights awarded to us as minority investor, we continue to ensure that CRH meets all the local legal requirements for the conduct of business in the region. Hopefully in time, if lasting peace emerges in the region, CRH may have the opportunity to be a positive influence on the direction of the Building Materials Industry in the region.

We hope this addresses your queries and that CRH remains an investment vehicle for the New England Conference churches and organisations.

Yours sincerely,


Declan Doyle

Declan Doyle
Managing Director
CRH Europe - Materials

Shrewsbury House
Cabinteely
Dublin 18
Ireland

—
TELEPHONE

+353.1.204 8200/8202

FAX

+353.1.284 7075

E-MAIL

declan.doyle@crh.com

WEBSITE

www.crh.com



REGISTERED OFFICE:
42 Fitzwilliam Square
Dublin 2, Ireland

Registered in Dublin
No. 12965

—
DIRECTORS:

P.J. Molloy Chairman

W.I. O'Mahony Chief Executive

D.W. Doyle

N. Hartery

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D.M. Kennedy

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T.V. Neill

D.M. O'Sullivan

COMMITTEE REPLY TO CRH

February 1, 2007

Mr. Declan Doyle
Managing Director
CRH Europe – Materials
Shrewsbury House, Cabinteely
Dublin 18, Ireland

Dear Mr. Doyle:

Thank you for your letter of September 11, 2006. Our task force has reviewed the letter and wishes to respond.

In your letter, you state that “CRH has a minority, indirect shareholding in Neshar Cement.” The following statements are from a CRH press release of 2001, located on your web site (<http://www.crh.ie/crhcorp/media/press/2001/2001-08-10/>):

“In the Middle East, the Europe Materials Division has acquired a 25% stake in the Mashav group in Israel... CRH has secured a call option, exercisable before January 2004, to acquire an additional 25% of Mashav.”

A 25% holding is certainly enough for CRH to influence the business decisions of Mashav and to be responsible for them.

You state that “Neshar is not the exclusive supplier of cement in the region. Yet your website claims: “Mashav is the holding company for Neshar Cement, the sole producer of cement in Israel.” Neshar’s web site further states that Neshar supplies most of the cement needs of Israel. (http://www.neshar.co.il/new_site/en/index.htm)

If Neshar is the sole producer of cement in Israel and Israel is building the Separation Wall, it is inconceivable that this cement is not being used in that structure. Your 2003 Annual Report suggests that CRH does profit from sales of its cement for structures in the West Bank and Gaza. In it, CRH states that cement demand in Israel had reduced, but that the market in the West Bank and Gaza had improved. The main structures using cement in these areas at the time were (1) the Separation Wall, (2) settlement buildings, and (3) checkpoints, all of which are increasing in scope as Israel’s occupation expands.

With rising unemployment, a crumbling economy, and a confined Palestinian Authority, it is highly unlikely that this is attributable to Palestinian purchases. There can be little doubt that the market increase in that year was attributable to the construction of the Separation Wall and illegal Israeli settlements in the West Bank and Gaza, which were escalating during that period. This trend continues.

If a company which you own supplies a key ingredient in the building materials used to produce the wall and settlements and checkpoints, we find it hard to understand how you can say that CRH “has no involvement in the construction of the security barrier or other building projects in the region.” You pointed out that CRH does not produce concrete.

However, cement is a key ingredient in concrete, and is essential to the construction of concrete walls, checkpoints and settlement buildings.

The Separation Wall is a key element in the Israeli occupation and in the annexation of some of the most fertile Palestinian farmland to Israel. Cooperating with Israel's illegal occupation contravenes the UN "Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003)." (<http://www.unhchr.ch/Huridocda/Huridoca.nsf/0/64155e7e8141b38cc1256d63002c55e8?Opendocument>)

You state that "Israel's competition law forbids any discrimination among customers." However, we believe that international laws including the Universal Declaration of Human Rights and the Geneva Conventions as well as the obligations of companies under UN norms take precedence over any national non-discrimination laws. If a fertilizer manufacturer knowingly and repeatedly sells its product to a person who is making bombs and killing innocent people with those bombs, the fertilizer company can be held responsible. It cannot hide behind the assertion that it chose not to discriminate against the customer, even though it knew the customer was engaged in an illegal activity. The International Court of Justice has ruled that the Separation Wall is illegal under international law.

Unless we are to believe that Israel bypasses the sole producer of cement in its own country in securing vendors for these structures, we believe that CRH profits from these elements of occupation. Any hard evidence to the contrary will always be welcome.

Sincerely,

William P. Aldrich, Chair
Divestment Task Force, New England Conference
The United Methodist Church