

To: Employees of CRH entities in the Netherlands who are members of CRH Pension fund

Re: Amendments to the pension plan per January 1st, 2022

Date: March, 2022

Dear participant,

Last year, the pension agreement between CRH Netherlands and the pension council ended. This council represents the employees regarding their pension plan. It is agreed among the various Works Councils of CRH that a decision of the pension council for the Works Councils counts as a strongly given advice. The pension council has made new agreements with the employer about the pension plan for the next four years. With this letter we would like to inform you about the amendments made to the pension plan and how they will impact you.

Why are amendments made to the pension plan?

The interest rate has strongly decreased in the past years. This means that the premium that you have paid in the past years will result in less pension accrual than expected. For this reason the pension council and the employer have agreed upon a revision of the pension premium and the accrual rate. Note that this only holds for future pension accrual and does not impact currently accrued pension.

The amendments

The amendments to your pension plan are twofold:

- The pension premium will increase. Your employer will account for 75% of the increased costs. Employees will account for the remaining 25% via their own pension contribution.
- Considering the increased costs of pension accrual, the premium will result in lower expected accrual rates in the coming four years compared to the past four years. The pension fund will continue to annually evaluate the attainable accrual rate. If it is possible to increase the accrual rate, intermediate adjustment is possible. This is the case for 2022.

Other than the amendments stated above, the pension plan will remain unchanged. The pension premium is now determined for the next four years.

Elaboration of the amendments

Increased pension premium

On a monthly basis, you and your employer pay a certain premium for your pension accrual. No premium is paid, nor is pension accrued, for the part of the pensionable earnings minus the offset (2022: €21,845). The part for which pension is accrued, is called the pension base (= pensionable earnings – offset). Your contribution according to the pension plan consists of two parts:

- The first part contains the premium paid over the pension base that falls below the contribution threshold (2022: €10,163).
- The second part contains the premium paid over the remaining part of the pension base.

Your employer, as mentioned above, will account for the majority of the premium increase and pays a fixed contribution over your pension base. The table below shows the premium percentages in the current and new pension plan.

Part of the pension base	Premium 2018-2021		Premium 2022-2025	
	Employee	Employer	Employee	Employer
Below the contribution threshold	2.7%	26.4%	2.9%	27.8%
Above the contribution threshold	6.4%	26.4%	6.9%	27.8%

The offset and the contribution threshold between low and high rates for the employers contribution will increase annually. This is captured in the pension plan. In case of a part time contract, the premium will be calculated proportionally.

Ambition accrual rate, with the possibility for intermediate up- and downward change

A pension fund pursues a certain pension accrual for its participants of the pension plan. This is the so called ambition accrual rate, to which the premium that is paid is related. This ambition is agreed to during several years. It is expected that the agreed premium will allow an accrual rate equal to the ambition accrual rate. It could happen that economic circumstances develop differently than anticipated. Especially the actuarial interest for pension funds is an important factor. Higher interest rates will result in a lower price of pension and vice versa. The agreed premium can thus result in more or less pension accrual than anticipated beforehand. The premium is fixed for the coming four years and is not subject to intermediate change.

Considering the interest rate developments, the accrual rate has decreased two years in a row: from 1.875% in 2019 to 1.50% in 2020 and subsequently to 1.35% in 2021. The accrual rate will be applied over the pension base. Based on interest rate developments in combination with the fixed premium, the old ambition accrual rate of 1.875% is not realistic anymore for the next couple of years.

For the next couple of years, the ambition accrual rate will be 1.35%. It is agreed with CRH pension fund that the actual accrual rate will be calculated annually, considering the agreed fixed premium, the premium policy of CRH pension fund and legal frameworks. Because of increased interest rates and a higher pension premium, the actual accrual rate is higher than the ambition accrual rate in 2022. The actual accrual rate will be 1.50% for old age pension and spousal pension will be 70% of the old age pension.

How do the amendments impact you?

- The pension premium that you pay (by means of salary reduction) increases with approximately 0.4%-point of the pension base. The premium is fixed for the next couple of years.
- The ambition for the accrual rate of the old age pension is equal to 1.35% of the pension base for the next four years. Depending on the financial status of the pension fund and laws and regulations, the accrual rate can be adjusted up- or downwards. For 2022, the accrual rate is adjusted to 1.50%.
- The table below shows the impact of the new amendments to your own contribution for different incomes. Furthermore, the difference in increased pension accrual is presented.

Impact amendments	€	€	€
Gross annual salary	35,000	50,000	75,000
Higher monthly premium employee	2.94	9.19	19.61
Higher annual benefit after 68	19.73	42.23	79.73

How do the amendments impact the employer?

- Our annual pension costs will increase. These costs are clear and manageable for the entities, given the agreed fixed premium.
- The share of premium that the employer pays at CRH entities is relatively high compared to other employers in the Dutch pension industry. The employer, furthermore, accounts for the majority (75%) of the increased premium.
- After amending the pension plan, CRH entities will keep a modern pension plan in 2022. The amendments are made for a period of four years. This way, the employment conditions are fixed for a longer period of time. By means of developments in laws or regulations, it could be necessary to reevaluate the pension agreements. We will pick this up in a timely fashion in collaboration with the pension fund, the pension council and the Works Councils.
- In the coming years, the national Pension Framework will be discussed further once it will have been worked out in more detail in the legislation. We will inform you about this in due time.

Right of consent

With this letter, we explained the amendments to the pension plan, to which you have the right to consent. If you do not wish to grant consent, we ask you to inform us about this at the latest 1 May 2022 by sending an email to: HRadministratie@crh.com. If we do not receive any objection, we will consider that you grant consent regarding the amendments to the pension plan.

Given that the pension council and the Works Councils have given their consent regarding the amendments to the pension plan, we trust that the employees will also grant their consent. Questions can be directed to your HR department.

Kind regards,

Onne van der Weijde, board member CRH Nederland BV
Jos Deassauvagie, SVP Reward