

Compliance

The Company has adopted policies requiring compliance with occupational health and safety, environmental and trade practices laws.

There are also procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct. The Company acknowledges that whistleblowing can be an appropriate means to protect Boral and individuals and to ensure that operations and businesses are conducted within the law.

There are ongoing programs for audit of Boral's large number of operating sites. Occupational health and safety, environmental and other risks are covered by these audits. Boral also has staff to monitor and advise on workplace health and safety and environmental issues and, in addition, education programs provide training and information on regulatory issues.

Despite the Company's policies and actions to avoid occurrences which infringe regulations, there have been a small number of prosecutions against subsidiary companies for breach of occupational health and safety legislation.

CEO and Chief Financial Officer declaration

The CEO and the Chief Financial Officer have provided the Directors with a declaration in accordance with section 295A of the *Corporations Act 2001* for the 2008/09 financial year, including confirmation that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results. The Board confirms that it has received assurance from the CEO and the Chief Financial Officer that the above statement was founded on a sound system of risk management and internal control, and that such system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly**Remuneration Committee**

The Board has a Remuneration Committee which comprises four independent non-executive Directors. The members of the Committee are:

Brian Clark (Chairman from 27 July 2009)
John Cloney (Chairman until 27 July 2009)
Bob Every
Ken Moss

The Committee met on six occasions during the 2008/09 financial year, and attendance by members at these meetings is shown on page 40 of the Annual Review.

The Remuneration Committee has a formal Charter which sets out its role and responsibilities, composition structure and membership requirements.

A copy of the Remuneration Committee Charter is available on Boral's website.

The Committee makes recommendations to the full Board on remuneration arrangements for the CEO and senior executives and, as appropriate, on other aspects arising from its functions.

Part of the role of the Remuneration Committee is to advise the Board on the remuneration policies and practices for Boral generally and the remuneration arrangements for senior executives.

The Chairman of the Remuneration Committee reports to the full Board after Committee Meetings. Minutes of Meetings of the Remuneration Committee are included in the papers for the next Board Meeting after each Committee Meeting.

Boral's remuneration policy and practices are designed to attract, motivate and retain high quality people. The policy is built around principles that:

- executive rewards be competitive in the markets in which Boral operates;
- executive remuneration has an appropriate balance of fixed and variable reward;
- remuneration be linked to Boral's performance and the creation of shareholder value;
- variable remuneration for executives has both short and long term components, and
- a significant proportion of executive reward be dependent on performance assessed against key business measures, both financial and non-financial.

These principles ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Boral's Share Trading Policy, which is referred to on pages 33 and 34 of this Statement under the sub-heading 'Dealings in Boral Shares' under Principle 3, prohibits executives entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under Boral's equity-based remuneration schemes.

Remuneration of non-executive Directors

The remuneration of the non-executive Directors is fixed and they do not receive any options, variable remuneration or other performance-related incentives. Nor are there any schemes for retirement benefits for non-executive Directors.

Further information relating to the remuneration of the non-executive Directors is set out in the Remuneration Report on page 59. This information includes a summary of the terms of the Non-Executive Directors' Share Plan.

Conclusion

While the Board is satisfied with its level of compliance with governance requirements, it recognises that practices and procedures can always be improved. Accordingly, Boral's corporate governance framework will be kept under review to take account of changing standards and regulations.