

3 CEO and Senior Executive Remuneration

Remuneration Strategy

The Board has set a remuneration strategy that supports and drives the achievement of Boral's strategic objectives. By establishing a remuneration structure that motivates and rewards executives for achieving targets linked to Boral's business objectives, the Board is confident that its remuneration strategy focuses Boral's people on creating superior shareholder wealth in line with the Company's strategic intent.

The diagram below illustrates how Boral's remuneration strategy and the structures the Board has put in place to achieve this strategy align with the Company's business objectives.

Boral's Strategic Business Objectives

Exceed the weighted average cost of capital (WACC) on a sustainable basis through the building cycle

Deliver better financial returns than the competition in comparable markets

Deliver superior total shareholder returns

Achieve superior returns in a sustainable way



Remuneration Components

Fixed Remuneration

- provides "predictable" base level of reward
- set at market median (for local geographic market) using external benchmark data
- varies based on employee's experience, skills and performance
- consideration given to both external and internal relativities

Short Term Incentive

- set at market median for target performance with potential for top quartile reward when stretch outcomes are achieved
- non-financial targets linked to critical sustainability measures (eg safety, business improvement, sales outcomes, environmental performance, HR outcomes)
- financial targets linked to budgeted profit after funding (PAF) at group, division, and business unit level
- specific strategic and operational targets relative to competitors where appropriate (eg product development targets)

Long Term Incentive

- set at market median
- delivered in equity to align executives with shareholder interests
- tested three times after three, five and seven years
 - a performance period reflecting the typical building cycle
- no value derived unless returns to shareholders exceed market median
- full vesting only where Boral achieves top quartile performance



Boral's Remuneration Strategy

Attract and retain high calibre executives by:

- rewarding competitively in the markets in which Boral operates
- providing a balance of fixed and "at risk" remuneration

Align executive rewards to Boral's performance by:

- assessing rewards against financial and non-financial business measures
- making short-term and long-term components of remuneration "at risk" based on performance