

# Sustainability overview

## Our people

At a glance	FY2013	FY2012
FTE employees	12,610	14,740
JV employees	574	586
FTE contractors	~6,600	~6,300
Average length of service		
Australia	9.1 years	8.1 years
USA	7.7 years	7.5 years
Asia	7.5 years	6.4 years
Women in Boral	15%	14%
Women in management	11%	9%
Women on the Board	25%	25%

While a significant change program is taking place within the organisation, Boral's long-standing corporate values of Excellence, Integrity, Collaboration and Endurance are unchanged. Managers and employees are expected and empowered to take actions and work together in a way that supports the delivery of Boral's immediate priorities and longer-term objectives.

Across its global operations, Boral employed 12,610 full-time equivalent (FTE) employees and approximately 6,600 contractors as at 30 June 2013. As a result of major organisational changes, including closures, divestments, restructuring and an overhead cost reduction program, there was a 14% decrease in FTE employees compared to the prior year.

Boral's more streamlined organisational structure has reduced bureaucracy and is supporting more efficient decision-making and accountability.

The average length of service of a Boral employee in Australia is approximately 9.1 years, an increase on the prior year. In the USA, the average length of service remains relatively constant at 7.7 years with Asia's average length of service moving upwards to 7.5 years.

Employee turnover increased in FY2013 to 25% in Australia and 26% in the USA. The increase in employee turnover reflects the

impact of restructuring and divestments in both regions. Employee turnover for the Asian Gypsum business was 15% for the financial year, which is in line with recent years.

### Diversity

Diversity remains a key area of focus for Boral, specifically gender diversity and Indigenous relations.

The Company set a diversity objective for the year to improve the representation of women in key roles, with a specific focus on recruitment, leadership development, diversity reporting and pay equity. Women now represent 11% of people working in management roles in Boral, an increase on the previous year.

Boral continues to actively support and promote its Indigenous relations strategy and program with a revised Indigenous Employment Plan to be implemented in FY2014. The Group is proud of its high level of retention of Indigenous employees, retaining 97% of the 42 employed in the Australian operations under the FY2011 strategy.

### Training and development

It is an important part of Boral's people strategy to have engaged employees with the right skills and capabilities to develop their careers and perform their roles effectively. A range of methods to train and develop our people is provided, from on-the-job training through to leadership development programs.

More recently we have focused on building capability in the divisions in the areas of safety, people engagement, the Boral Production System (BPS), sales and innovation. Several regional initiatives are underway to build the skill sets necessary to deliver on the promise of these change management tools.

The annual Personal Development Process and mid-year employee review are important for managing and tracking employee development. The process is used to identify and communicate performance expectations and map out plans to help employees achieve their potential for their benefit and the benefit of Boral. This process is evolving so that employees are increasingly expected and supported to take responsibility for their own career trajectory and to essentially acquire the information and feedback necessary to put them in a position to excel and achieve their aspirations.

## Workplace health and safety

Our goal is zero harm. To get there, Boral needs the engagement of the entire workforce.

In FY2013, Boral's employee and contractor lost time injury frequency rate (LTIFR)<sup>1</sup> of 1.8 was in line with the prior year. Despite very good safety outcomes in some businesses, there has been no real overall improvement in Boral's safety performance for the past five years. We expect this to change, and quickly.

### Creating a world-class safety culture

Based on the five stages of creating a world-class safety culture<sup>2</sup>, Boral has been moving from "realisation" that we need to improve safety performance, through a stage of using "traditional" policies, procedures, rules and regulations, to a stage of "observation" using behaviour-based management and compliance to improve performance. Our standardised safety management system, known as 1Boral SMS, is being rolled out across the Australian

<sup>1</sup> Per million hours worked.

<sup>2</sup> WILSON, L, and HIGBEE, Gary A, "Inside Out", Electrolab Limited, 2012, p.253.

businesses and is reinforcing these earlier stages of development. In the USA and in Asia, similar behaviour-based systems are in place or being rolled out.

We are now progressing Boral's cultural change process through "empowerment" and heading to an **"employee-driven, self-sustaining" safety management culture**, which will deliver real change.

To support this change program, management and employees are expected to address safety first in all internal communications, and there is a cultural change taking place whereby the management of day-to-day safety is being turned over to Boral's front line teams. All employees are being empowered to put safety first and act accordingly. More importantly, we are insisting that the organisational leadership "walk this talk".

To further empower employees, senior level "safety interventions" have been introduced, and new behaviour-based safety systems are being piloted and integrated with the Boral Production System to support more effective problem solving, monitoring and reporting. Training programs regarding the awareness of risk are also being used to change the way employees identify and respond to health and safety risks in the workplace. The latest thinking on the "reticular activating system", which is a function of the brain that learns to ignore repetitive stimuli including risks, is being incorporated into this training.

Senior management safety interventions commenced in Boral's US business two years ago and are culminating over the next two years throughout Asia and Australia. Safety interventions involve a senior executive spending several days in an operation meeting one-on-one with every employee to understand their issues and suggestions in relation to improving health and safety outcomes. During these discussions, the critically important message that safety must be given priority over production at all times is reinforced and discussed. Subject matter experts in the areas of health and safety and the Boral Production System work with site managers to coach them in using appropriate tools and implementing improvement actions.

### Performance

Boral deeply regrets that a contractor was fatally injured in a work related vehicle accident in country New South Wales in June 2013. The driver, who was employed by a contractor to Boral's Construction Materials & Cement division, was tragically killed when the truck left the road after striking another truck travelling in the opposite direction. While the accident remains under investigation, the circumstances surrounding this accident have been communicated throughout Boral to reinforce the potential risks many of our employees and contractors face in their daily activities.

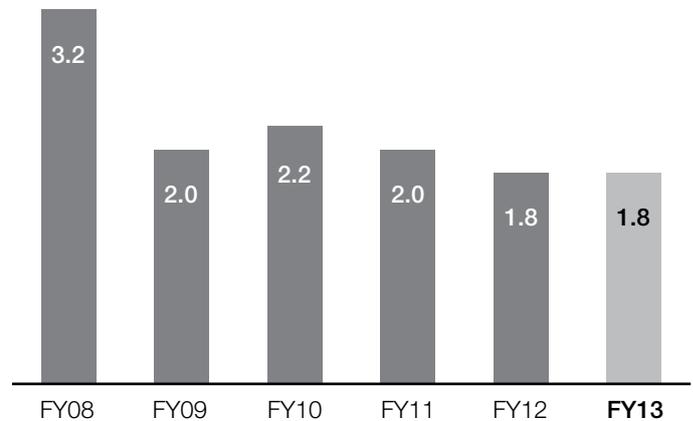
During FY2013, 81 lost time injuries were sustained in Boral businesses, resulting in a combined LTIFR for employees and contractors of 1.8, representing an 11% improvement over the average of the prior three years. Percentage hours lost across the businesses was 0.06 in FY2013, which was a slight deterioration on the average of the prior three years.

Three of Boral's businesses delivered a LTIFR in line with global best practice in FY2013 – Boral Cement reported a LTIFR of 0.5, Boral USA 0.7 and Boral Gypsum's LTIFR was 0.9.

Boral uses both lag and lead indicators to understand health and safety performance. We are attempting to rely less on lagging indicators (eg accidents) and activities (eg managing injuries) and more on leading indicators such as near miss reporting.

In the USA, Boral's employees reported over 17,000 near misses in FY2013, reflecting a heightened awareness and focus on managing risks.

### Employee and contractor LTIFR<sup>1</sup>

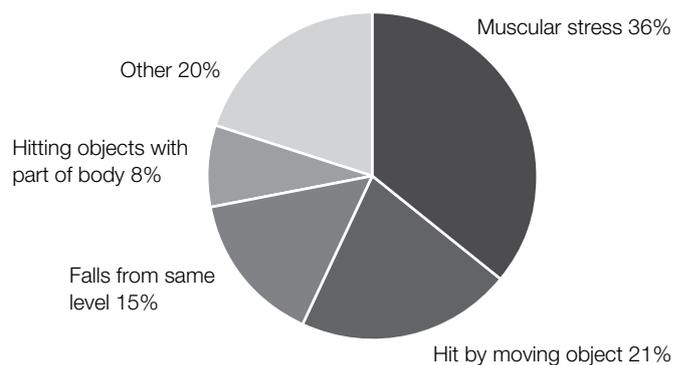


### Injury type

Injury analysis assists in the development of corrective action plans, training and process redesign. Four types of incidents made up around 80% of injuries in Boral's Australian workplaces in FY2013: muscular stress (36%), hit by moving object (21%), falls from same level (15%) and hitting objects with part of the body (8%). Of the incidents that occurred during the year, the five areas most affected were the back/neck (21%), shoulder (19%), knee/leg (18%) and head/face/eyes (15%).

Efforts continue to focus on the root causes of these incidents, and this has led to a significant decrease in the number of hand and finger injuries reported during the year, and an increased focus on ergonomics and the causes of muscular stress.

### Mechanism of injury



### Employee health and wellbeing

Every employee is required to be fit for work and have the required level of health and fitness to work safely. Pre-employment medical examinations are required for all roles within Boral, and regular employment medical examinations are carried out for high risk roles. Throughout the organisation, work groups and teams can be seen using pre-shift stretching exercises designed for the stresses and work practices encountered in their daily work. The equivalent to a "stretch work-out" before exercising is increasingly becoming a shift start-up requirement at Boral.

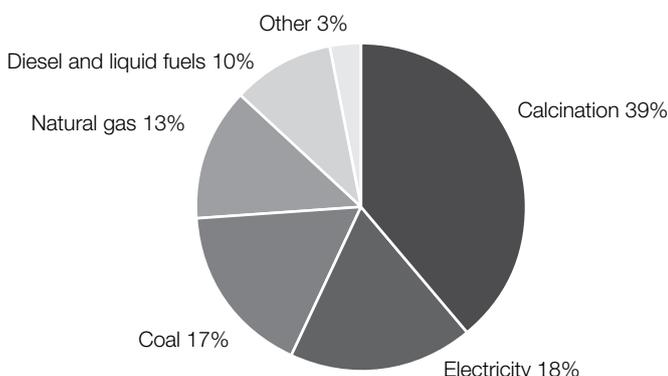
<sup>1</sup> Per million hours worked.

Boral continues to be committed to supporting the health and wellbeing of its employees through its BWell and Employee Assistance programs, including health assessments, educational information and counselling services for employees and their families.

## Environment

At a glance	FY2013	FY2012	FY2011 <sup>1</sup>
<b>GHG emissions (million T CO<sub>2e</sub>)</b>			
Australia	<b>2.7</b>	2.9	3.0
USA	<b>0.2</b>	0.2	0.2
Asia	<b>0.5</b>	0.4	0.4 <sup>1</sup>
<b>Total</b>	<b>3.4</b>	3.5	3.6
<b>Mains water (million litres)</b>	<b>3,916</b>	3,500	2,130
<b>PINs</b>			
Number	<b>8</b>	7	5
Fines	<b>\$31,960</b>	\$10,750	\$12,473

### Boral's Australian GHG emissions



Following our program of restructuring and right-sizing, we are now optimising integration of environment with health and safety as well as other relevant functions, and the use of Boral Production System tools in achieving a sustainable zero harm culture.

While Boral's operations currently consume a significant amount of energy and some businesses are particularly emissions intensive, Boral is transforming itself. We are aiming to have a high performance, participative culture using the Boral Production System to eliminate waste, and to integrate research and development globally into process, product and platform technologies to migrate away from energy intensive, natural materials.

### Greenhouse gas emissions and energy use

In FY2013, greenhouse gas (GHG) emissions from Boral's fully owned businesses in Australia, the USA and Asia totalled 3.4 million tonnes of CO<sub>2e</sub>, which was 3% lower than the prior year. Australian operations were down 5%, the US operations up 2%, and the Asian operations up 11% on the prior year.

Boral's overall energy use in FY2013 was 21.4 petajoules from fully owned businesses, down 8% on the prior year. Australian operations were down 10%, the US operations up 6%, and the Asian operations up 13% on the prior year.

The changes in Boral's GHG emissions and energy consumption generally reflect the significantly lower production of building products and clinker in Australia due to lower demand and a decision to suspend clinker manufacturing in Victoria and replace these volumes with imported clinker. This change came into effect in April 2013. These reductions were only partially offset by increased construction materials production in Australia and increased production in Asia.

Boral's Energy Efficiency Program, which is underpinned by Boral Production System techniques, has been coupled with a kiln energy efficiency program to form the basis of our statutory obligations under the federal Energy Efficiency Opportunities program.

### Implications of carbon pricing schemes

Boral submitted its "Interim Emissions Number" report for its Australian operations in May 2013 and subsequently surrendered 1.4 million carbon credit units in the Australian scheme. These units had been issued to Boral as Jobs and Competitiveness Program assistance in late 2012, as Boral is an emissions intensive trade exposed clinker and lime manufacturer.

Boral's Western Landfill (Victoria) operation generated its first tranche of 135,000 carbon credit units, for combusting landfill gas, under the federal Carbon Farming Initiative, which were then sold for \$3m. Boral received a \$3.2m grant towards the upgrade of our Darra brick kiln in Queensland under the Clean Technology Investment Program which is funded from carbon pricing revenue.

In China, at least two of Boral's plasterboard operations are subject to pilot regional carbon emissions trading schemes and mandated government energy efficiency schemes. The requirements and likely cost impacts of these schemes are yet to be confirmed.

### Infringements

During FY2013 Boral incurred eight Penalty Infringement Notices (PINs), with seven related to environmental contraventions in Australia and one in Thailand, resulting in \$31,960 in fines. One fine in Western Australia was for \$15,000, for unauthorised vegetation clearing (sometime in 2008, but only discovered mid-2012) within a quarry production area, while another for \$9,400 was in Shongkha, Thailand for exceedence of trade (water) waste discharge criteria in October 2012. The other penalties were low level, for minor air emissions or water discharge contraventions. There were no infringements in the USA.

<sup>1</sup> FY2011 GHG emissions data include 100% of BGA, Wagners and Sunshine Coast Quarries. FY2011 water data exclude 50% of BGA previously owned by Lafarge, Wagners and Sunshine Coast Quarries.

## Water management

Boral's operations consume water for manufacturing and maintenance processes. Mains and town water are Boral's most significant water source, with a total of 3.9 gigalitres of mains water used in Boral's wholly owned and controlled businesses in Australia, the USA and Asia in FY2013. Mains water use increased by 0.4 gigalitres on the prior year largely due to the increased manufacturing of plasterboard in Asia. The significant increase in mains water use on FY2011 levels reflects Boral's 100% ownership of the gypsum business in Asia since December 2011.

## Boral Timber and biodiversity

Boral's Environmental Policy includes a commitment to protect biodiversity. The majority of timber for Boral's timber business is supplied by the Forestry Corporation of NSW, which is certified to meet the Australian Forestry Standard (AFS), an independently audited forest management standard. All products made by Boral Timber are also certified to the AFS Australian Chain of Custody standard, which traces Boral's production back to its source of supply. This provides Boral's customers with certainty that its products come from legal and sustainable sources.

# Community partnerships

Boral undertakes a thorough selection process to identify the most appropriate and meaningful community partnerships. The organisations chosen must be well run and reputable, and share similar values to Boral.

In FY2013, Boral contributed a total of \$439,855 to its corporate community partnerships. In addition, Boral employees throughout Australia conducted further fundraising activities for Redkite and for the Juvenile Diabetes Research Foundation (JDRF). Over \$72,000 was raised by 22 Boral employees who participated in the JDRF Ride To Cure Diabetes held in South Australia in January 2013.

In addition to the Group's corporate partnerships, Boral's businesses support local community activities, including charities, emergency services, sporting and environmental groups.

As a matter of policy, the Group does not participate in or donate to any political or politically associated organisations.

## Bangarra Dance Theatre

Boral has partnered for over a decade with Bangarra, Australia's leading Indigenous contemporary dance company and is proud to be the Sydney season sponsor. Boral employees, customers and suppliers attended performances in regional centres and capital cities throughout Australia during FY2013. For the second year running, Boral has contributed towards the salary of a new trainee dancer for Bangarra as part of its sponsorship funding.

## Conservation Volunteers Australia (CVA)

This is Boral's longest-standing community partnership, and the current three year term is focused on developing biodiversity classrooms in schools across Australia. Each year up to 45 practical conservation projects are conducted on or near the school grounds of selected schools. This year, projects were concentrated in New South Wales, South Australia and Queensland, including creating vegetable or bush food gardens, maintaining rainforest habitat and creating frog-friendly environments.

## HomeAid

Boral continued its partnership, initially established in 2006, with HomeAid in the USA with contributions of cash and product to provide shelter for the homeless. Through this program Boral works with customers, showcases our products and engages employees.

## Glenn & Ken Moss Post Graduate Scholarships in Engineering Research

Boral has contributed to the Glenn & Ken Moss Post Graduate Scholarships in Engineering Research at the University of Newcastle in memory of Dr Ken Moss AM, Boral's past Chairman.

At the time of his death in October 2012, Dr Moss was Chancellor of the University and had himself established the scholarship program. It reflects his strong ties to the region and the field of engineering and it is a fitting tribute for Boral to assist an additional PhD student at the University for the next two years.

## Outward Bound

This is the second year that Boral has made a financial contribution to the Australian Outward Bound Development Fund to assist youth in need. This year's program was held in May 2013 in south east New South Wales and involved 41 high school students from Bega and the surrounding districts who could not otherwise have taken part in such a program.

## Redkite

Boral is a Supporting Partner of Redkite's Financial Assistance Program which enables the charity to assist families dealing with cancer to meet day-to-day needs such as buying groceries, paying utility bills and putting petrol in the car to get a child to treatment. Boral's support has assisted more than 110 families across Australia this year.

## Taronga Conservation Society

This very successful partnership has been in place since 2003, and Boral has recently renewed its sponsorship until October 2015. Boral has been involved in many aspects of Taronga Zoo's operations, including the supply of product and technical advice, and is currently the naming rights sponsor of the Youth at the Zoo (YATZ) program. Employees can access Zoo passes to visit Taronga and Western Plains Zoos, attend Boral's Family Day event and participate in the annual Boral YATZ Eco Fair. The Zoo's Twilight at Taronga Concert program also provides Boral's sales and marketing team with a unique customer hospitality opportunity.

## Touched by Olivia Foundation

Boral donated concrete to its second all-abilities playground through its national partnership with the Touched by Olivia Foundation. Alice's Place is located in St Albans in Victoria, and was officially opened in July 2013.

These playgrounds cater for children of varying abilities and ages to play side-by-side on the same equipment, ensuring the integration of children with special needs and their families in the community.